

Corporate Sustainability Report

2017 UPDATE

Contents

Our Sustainability and Values	2	Environmental Health and Safety	16
Message from our President and CEO	3	Environmental Principles	17
Corporate Sustainability Report Highlights	4	Pipeline Safety	17
About SJJ	5	Emergency Response Preparation	18
Sustainability at SJJ	6	Environmental Stewardship	18
Financial Performance	7	Compliance Commitment	20
Corporate Governance	7	Engaging Our Stakeholders	21
Compliance and Ethics Program	7	The Customer Experience	22
Recognition and Awards	8	Our Workplace and Employees	22
Fueling the Economy	9	South Jersey Gas Occupational Safety and Health	24
Employment in Southern New Jersey	10	Utility Training and Technology	25
South Jersey Gas Capital Programs	10	Community Impact	25
Procurement Strategy	11		
Efficiency, Comfort and Savings	12		
Utility Initiatives for Reducing Customer Energy Use	13		
Non-Utility Initiatives for Increasing Customer Efficiency, Comfort and Savings	15		



Our Sustainability and Values

Message from our President and CEO3
Corporate Sustainability Report Highlights4





August 2018

Sustainability is more than a choice. At SJJ, we believe it is living that choice each day and weighing each area of our business to assess its impact on stakeholders as well as the long-term economic and environmental viability of the communities where we live and work.

SJJ is committed to being a valued, supportive and respectful corporate citizen. We are proud to provide energy to more than 685,000 natural gas customers in New Jersey and Maryland, as well as for thousands of customers served through our non-utility businesses. We're happy to welcome Elizabethtown Gas and Elkton Gas to SJJ and look forward to including more detailed information on their contributions to our overall corporate sustainability beginning with our 2018 report.

We take seriously the responsibility that comes with a commitment to sustainability. In our ninth-annual Corporate Sustainability Report, we continue to highlight both business and social responsibility results that drive 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. 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 this while being mindful of the importance of growth to our shareholders.

Reaching our corporate objectives and doing so sustainably, is truly a team effort. From employees, to leadership, to our Board of Directors, I am grateful to each of these groups and I am thankful for their respective commitment to the customers who turn to us every day. It is for them, and for their families and businesses, that we continue down the path toward sustainability.

A handwritten signature in blue ink, appearing to read 'Michael J. Renna', with a stylized flourish at the end.

Michael J. Renna
President and CEO
SJJ

Corporate Sustainability Report Highlights

About SJJ	Growth	Fueling the Economy	Energy at Work	Engaging Stakeholders
 <p>763 Employees</p>	 <p>Approximately 385K Utility Customers</p>	 <p>\$1.3B Planned Capital Investment 2017-2021</p>	 <p>117 CNG Vehicles</p>	 <p>28 Interns from 14 Colleges</p>
 <p>6,651 Miles of Utility and Distribution Mains</p>	 <p>\$98.1M in Economic Earnings</p>	 <p>Proposed or Planned Accelerated Infrastructure Investment of Nearly \$23M through 2021</p>	 <p>51.4% Fewer Excavation Damages Per 1,000 Tickets Since 2012</p>	<p>\$160K</p> <p>\$160K Committed to Support Over 30 Local Nonprofit Organizations</p>
 <p>Serves 73% of Homes and Businesses in our Service Territory</p>	 <p>11 Fuel Supply Management Contracts Signed</p>	 <p>\$173M in Supplies and Services Purchased from NJ-Based Companies</p>	 <p>\$702K in Contributions to Sustainable Jersey Since 2013</p>	 <p>52% Diverse Workforce</p>

About SJI

Sustainability at SJI6
Financial Performance7
Corporate Governance7
Compliance and Ethics Program7
Recognition and Awards8

About SJI

SJI's mission is to provide safe, reliable, affordable energy services, ensuring the safety of our employees, customers and the communities we serve, while delivering value for our shareholders.

Headquartered in Folsom, New Jersey, SJI employs over 763 people in a variety of roles. The company is publicly traded on the New York Stock Exchange under the trading symbol SJI.

During 2017, SJI accomplished its mission through three primary subsidiaries:

South Jersey Gas

South Jersey Gas provides safe, reliable, affordable natural gas and promotes energy efficiency to 385,000 residential, commercial and industrial customers in Atlantic, Cape May, Cumberland, Salem and portions of Gloucester, Burlington and Camden counties in New Jersey.

South Jersey Energy Solutions

SJI's non-utility businesses, under South Jersey Energy Solutions, promote efficiency, clean energy technology and renewable energy by providing customized wholesale commodity marketing and fuel management services.

SJI Midstream

SJI Midstream houses the company's interest in the PennEast Pipeline Project.

Sustainability at SJI

We believe that business success demands sustainability and corporate social responsibility. Providing safe, reliable, affordable natural gas must be balanced with safety, diversity, community investments and environmental stewardship.

SJI businesses incorporate strategies and programs that promote sustainability, including:

- Compressed Natural Gas Vehicles in operations and fueling stations in southern New Jersey
- Home Energy Reports to help customers reduce consumption
- Partnerships that reduce redundancies to help conserve resources in the meter reading process
- Community Energy Aggregations for municipalities and residents that provide greater affordability
- Charitable donations, including time, community investments, volunteer and in-kind programs
- Investments that will help revitalize Atlantic City, a key economic base for southern New Jersey
- Local creation and distribution of Liquefied Natural Gas to eliminate trailer transport and ensure ample supply.



Financial Performance

Driven by a renewed focus on regulated investments and earnings from high quality, repeatable sources, SJI is committed to the following four corporate strategic priorities — economic earnings growth, high quality earnings, balance sheet strength and maintaining a low to moderate risk profile.

In 2017, Economic Earnings totaled \$98.1 million or \$1.23 cents per share as compared with \$102.8 million and \$1.34 cents per share in 2016. Results were impacted by the strategic exit from renewable energy development and the resultant elimination of \$9.1 million of investment tax credits that benefitted 2016 earnings. However, consistent with our long term strategy, this shift reinforces our focus on regulated returns from investments and initiatives like the acquisition of Elizabethtown Gas and Elkton Gas.



\$98.1M
in Economic
Earnings

For more information about SJI's 2017 performance and the non-GAAP measure of Economic Earnings, please visit the Investors section of our website.

Corporate Governance

SJI is governed by a 10-member Board of Directors, nine of whom are not SJI employees. Our Board of Directors, elected by the shareholders, is the company's ultimate decision-making entity, except 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 M. Rigby and Frank L. Sims.

There are seven standing committees of the Board:

- Audit Committee
- Compensation Committee
- Corporate Responsibility Committee
- Executive Committee
- Risk Committee
- Strategy & Finance Committee
- Governance Committee

The contents of this report were produced under the guidance of the Corporate Responsibility Committee of the SJI Board of Directors. We welcome your feedback on this report and our programs. To submit comments, email: CorpCommunications@sjindustries.com.

Compliance and Ethics Program

Affiliate Standards and Identity Theft Training

Affiliate standards govern the interactions between New Jersey energy utilities and their affiliated companies, ensuring that the affiliates receive no unfair competitive advantage. Employees are routinely provided needed training to ensure affiliate standards compliance. Affiliate standards training was conducted as part of the SJI EmpowerU education series.

Additionally, identity theft training was conducted to educate and help employees detect, prevent and mitigate identity theft. The employee training identifies "red flags" that are an indication of a potential identity theft.

Employee Hotline

SJI continues to offer employees a confidential, anonymous, safe resource to voice any concerns they may have in the workplace through MySafeWorkplace®. This is a secure incident reporting system used to create a bridge between employees and the company. Available 24/7, 365 days a year via a website or by calling a dedicated hotline, this service handles issues such as ethics violations, theft, fraud, discrimination, harassment, and substance abuse.

Recognition and Awards

Leader of the Year Award

Mike Renna was selected to receive the 2017 John G. Fitzpatrick Community Leader of the Year Award for his commitment to the community and recent involvement in the Atlantic City Gateway Project. The project includes a new headquarters for South Jersey Gas, a city campus for Stockton University, retail spaces and parking.

“SJI is committed to being a valued and supportive corporate citizen, and we are proud to be part of the collaboration with the Atlantic City Development Corporation and Stockton University to help grow and diversify the region’s economy.”

Mike Renna | President and CEO of SJI

→ Artist’s rendering of the new South Jersey Gas Headquarters in Atlantic City



Leading Infrastructure Project Award

South Jersey Gas received New Jersey’s Leading Infrastructure Project Award in 2017 from the New Jersey Alliance for Action in recognition of the company’s partnership in the Atlantic City Gateway Project along with Stockton University and the Atlantic City Development Corporation. The award was created to highlight innovative, pioneering, landmark construction initiatives that greatly benefit the state’s economy.

United Way Leading the Way Award and Investing in Impact Award

The United Way of Greater Philadelphia and Southern New Jersey recognized SJI with two awards for its continued efforts in helping the community in 2017. The Leading the Way Award recognized contributions by SJI’s leadership and a nearly 20 percent increase in employee donations. In 2017, the Employee Giving Campaign raised \$106,650. The Investing in Impact Award recognized SJI’s additional contributions to various nonprofits that focus on improving the education, income, health and basic needs of local communities.



\$106,650
Raised in Employee
United Way Campaign

Forum of Executive Women and Executive Women of New Jersey Awards

In 2017, the Forum of Executive Women recognized SJI along with other companies where women directors comprise at least 25 percent of the Board. In 2017, Executive Women of New Jersey named SJI to its Seat at the Table Honor Roll, a list of New Jersey-based companies with three or more women on its corporate boards and in the executive ranks. SJI shares this designation with 21 other New Jersey-based companies.

Fueling the Economy

Employment in Southern New Jersey	10
South Jersey Gas Capital Programs	10
Procurement Strategy	11

Fueling the Economy

SJI is one of the largest employers in southern New Jersey and promotes economic activity through infrastructure and system investments, as well as our investments in people.

Employment in Southern New Jersey

In 2017, SJI paid base salaries totaling \$63.7 million to more than 763 employees, most of whom live in southern New Jersey.

South Jersey Gas Capital Programs

Our utility capital programs are designed with safety and reliability in mind, to ensure that customers receive uninterrupted natural gas service. These programs include compliance and integrity management programs, distribution system upgrades and maintenance for transmission and distribution pipelines.

In 2017, South Jersey Gas capital spending totaled \$258.9 million.



**\$1.3B Planned
Capital Investment
2017-2021**

System Improvements

South Jersey Gas infrastructure improvement programs focus on enhancing the safety, reliability and resiliency of our natural gas distribution system. The programs demand strong partnerships with the municipalities we serve, planning and coordinating activities to minimize disruption in the respective communities.

Our system improvement efforts began in 2009 with our initial capital investment program, which created jobs in support of New Jersey's Economic Stimulus Plan and improved our natural gas delivery infrastructure. Since then, the New Jersey Board of Public Utilities has approved several vital programs, and extensions, to continue our infrastructure improvement progress.



Since 2009, SJI has replaced **792 miles of main** and **renewed 47,417 services**

Accelerated Infrastructure Replacement Program (AIRP)

Focused on the replacement of aging cast iron and bare steel infrastructure in our distribution system on an accelerated timeline, the AIRP will allow South Jersey Gas to replace all remaining bare steel and cast iron in its system by 2021. This prudent infrastructure replacement program removes aging, leak-prone infrastructure, continuously decreasing greenhouse gas emissions each year. To date, South Jersey Gas has replaced 504 miles of main and renewed 27,243 services through AIRP and AIRP II.



Replaced 504 miles of main and **renewed 27,243 services** through AIRP and AIRP II

Storm Hardening and Reliability Program (SHARP)

Focused on the replacement of low-pressure infrastructure in the coastal regions within our service territory, the SHARP program allows us to better serve customers in these coastal areas.

The support of these programs from the New Jersey Board of Public Utilities has been critical to maintaining the safety and reliability of our system. The program ended in 2017, and replaced 92 miles of main and renewed 11,090 services.



Replaced 92 miles of main and renewed 11,090 Services through SHARP

PennEast Pipeline Project

In support of our commitment to provide reliable, low-cost natural gas, SJI is a partner in the proposed PennEast Pipeline. This critically important project will bring over 1 BCF of affordable natural gas from the Marcellus Shale to New Jersey and help us meet the energy needs of our region.

Cape Atlantic Reliability Project

In February 2017, the Pinelands Commission approved the South Jersey Gas application for the Cape Atlantic Reliability Project, which will help with the conversion of the B.L. England electric generation facility in Upper Township, New Jersey from a coal-and-oil fired electric generator to a natural gas generator. The project also strengthens the pipeline system in Cape May and Atlantic counties, ensuring that natural gas services continue for the approximately 142,000 customers there, making them less vulnerable to a serious outage. The project continues to move through the state's legal appeal process, but upon a resolution a more specific timeline will develop in collaboration with the facility's owners.

South Jersey Gas Atlantic City Headquarters

In 2017, South Jersey Gas broke ground on its new headquarters. This new location provides us with a state of the art, beachfront workplace while bringing over 200 jobs to our original home of Atlantic City. The headquarters is part of the Atlantic City Gateway Project — a \$210 million public-private redevelopment initiative on 270,000 square feet of land in the heart of the city. Employees are expected to begin reporting to this new location late in 2018.

Procurement Strategy

It is our policy to encourage and afford opportunities to minority-, service-disabled veteran- and women-owned businesses. Of the company's \$304 million in purchases during 2017, SJI contributed \$173 million to the local economy by purchasing supplies and services from New Jersey-based companies.

South Jersey Gas alone contributed more than \$267 million through vendors and partners in 2017; some of whom qualify for our Supplier Diversity Program. Of note, \$160 million of these funds were spent with New Jersey-based businesses.

Examples of businesses that received funds include:

- Pipeline construction subcontractors
- Temporary staffing firms
- Uniform companies



\$173M in Supplies and Services Purchased from NJ-Based Companies

Efficiency, Comfort and Savings

Utility Initiatives for Reducing Customer Energy Use	13
Non-Utility Initiatives for Increasing Customer Efficiency, Comfort and Savings	15

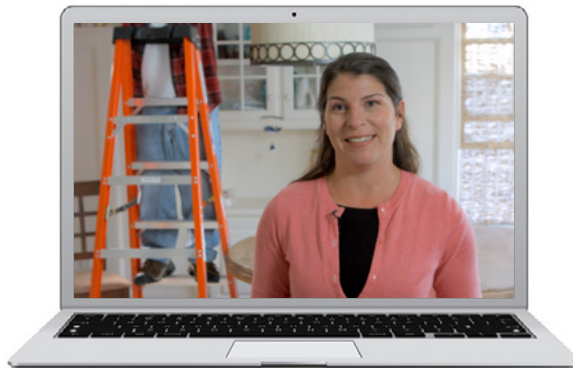


Efficiency, Comfort and Savings

SJI is committed to providing solutions to customers that encourage efficiency and make energy more affordable.

Utility Initiatives for Reducing Customer Energy Use

South Jersey Gas encourages customers to take steps toward lowering their energy consumption. Through marketing and educational materials, South Jersey Gas equips customers with energy conscious ideas and energy efficiency programs that guide homeowners and businesses toward conservation.



A series of videos produced by South Jersey Gas show customers how they can easily improve the energy efficiency of their homes.

Conservation Incentive Program

In 2006 South Jersey Gas was one of the first utilities in the country to implement a Conservation Incentive Program. Today, the program continues to encourage customers to use natural gas more efficiently and benefits both South Jersey Gas and its customers by eliminating the link between utility profits and the quantity of natural gas sold.

Since its inception, customers have reduced their natural gas usage by a total of 80.9 billion cubic feet, enabling them to save \$773.8 million in energy costs.

Energy Efficiency Programs

South Jersey Gas offers a series of energy efficiency incentives through its Smart Energy Partners Program, in conjunction with the New Jersey Clean Energy Program. The programs help customers reduce energy usage and save money while strengthening the local economy. Since 2009, more than 13,500 customers have participated in various residential and commercial/industrial rebate and loan offerings to make energy efficiency more affordable.

In 2017, South Jersey Gas received an extension from the New Jersey Board of Public Utilities to continue offering energy efficiency programs through December 31, 2018.

Comfort Partners

Since 2001, South Jersey Gas has partnered with other New Jersey utilities in assisting with the residential low-income program, Comfort Partners. The program works to improve energy affordability, ensure comfort and enhance health and safety conditions for low-income customers. In the past 17 years South Jersey Gas has aided in providing energy efficiency education and assisted with employing conservation tactics for more than 7,500 homes.

Home Energy Reports Using Custom Technology

In 2017, South Jersey Gas delivered 159,000 home energy reports to customers. Each personalized report, provided customers with personalized energy use data and targeted recommendations for controlling their energy consumption.



159K Home Energy Reports for homeowners

Sustainable Jersey

South Jersey Gas 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 2013, South Jersey Gas has provided Sustainable Jersey with more than \$702,000 to support energy savings and sustainable actions throughout our region.



\$702K in Contributions to Sustainable Jersey Since 2013

Vehicle Programs

Compressed Natural Gas for Vehicles

South Jersey Gas has committed to building an infrastructure for natural gas vehicles in southern New Jersey to promote the use of this environmentally friendly fuel option.

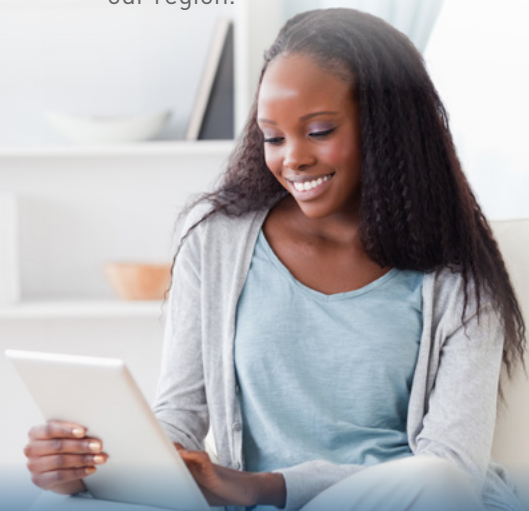
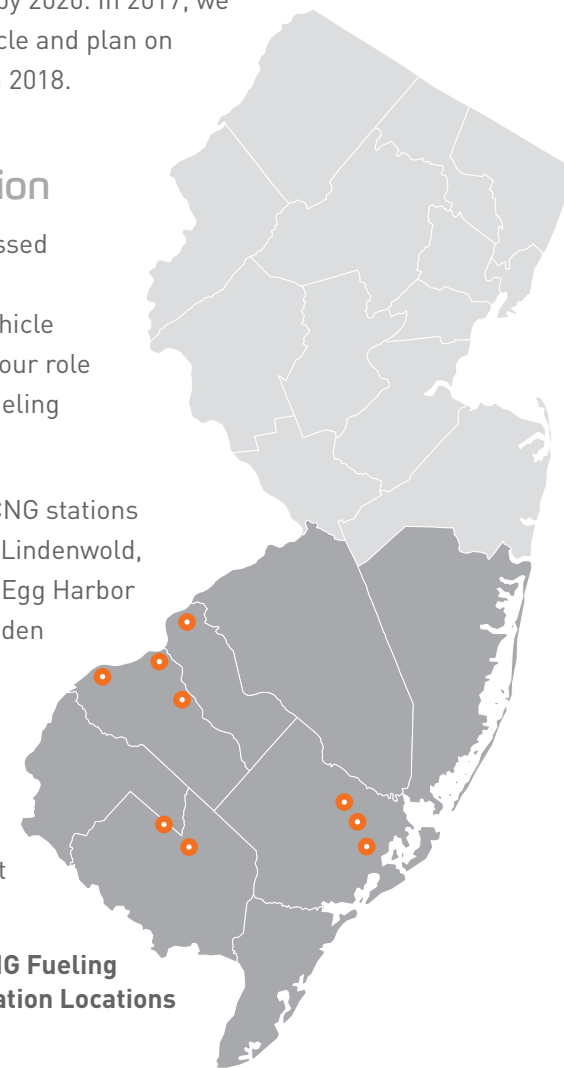
As part of that commitment, South Jersey Gas has agreed to convert its entire fleet of field vehicles by 2020. In 2017, we introduced our 117th CNG vehicle and plan on adding 33 additional vehicles in 2018.

CNG Station Expansion

To make conversion to compressed natural gas possible for more businesses and government vehicle fleets, we continue to evaluate our role in creating a more expansive fueling station infrastructure.

Local fleets can refuel at nine CNG stations across southern New Jersey in Lindenwold, Paulsboro, Glassboro, Millville, Egg Harbor Township (2), Atlantic City, Camden and Malaga. Construction is underway at three new stations in the area, with plans already developed to build additional stations. South Jersey Gas has agreed to convert its entire fleet of field vehicles by 2020.

→ CNG Fueling Station Locations



Non-Utility Initiatives for Increasing Customer Efficiency, Comfort and Savings

Our non-utility businesses, including South Jersey Energy and South Jersey Resources Group, remain uniquely positioned to increase efficiency, comfort and savings for customers.

The Power of Aggregation

South Jersey Energy helps lower energy costs for residents and school districts, preserving funds for what matters most in their households and classrooms. In 2017, South Jersey Energy was awarded the Alliance for Competitive Energy Service contract with the New Jersey School Boards Association. The contract is projected to save \$8.4 million in energy costs for 250 school boards in New Jersey. South Jersey Energy also has multiple municipal contracts that provide energy cost savings to residents.

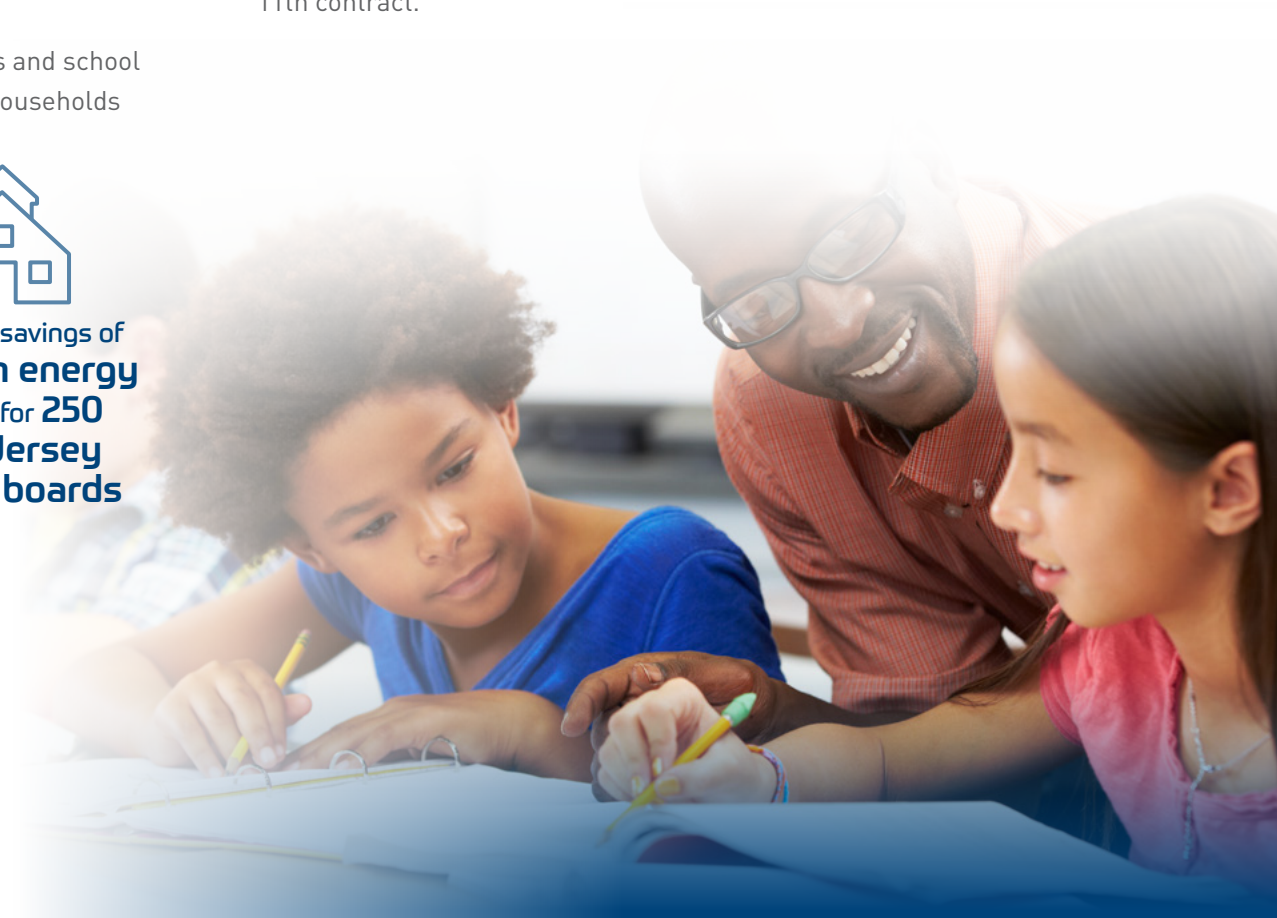


Projected savings of **\$8.4M in energy costs** for **250 New Jersey school boards**

Cleaner Air through Gas Supply to Electric Markets

Over the last three years, South Jersey Resources Group has solidified its standing as a premier partner in the fuel supply management space. This niche business, in which we manage the daily supply of natural gas needed by gas-fired electric generation plants, drives cleaner energy sources and more affordable electric generation from the abundant supplies in the Marcellus region.

In 2017, a new multi-year agreement was announced to supply fuel management services for Tyr Energy's Hickory Run energy station in Pennsylvania. This agreement marked South Jersey Resources Group's 11th contract.



Environmental Health and Safety

Environmental Principles	17
Pipeline Safety	17
Emergency Response Preparation	18
Environmental Stewardship	18
Compliance Commitment	20



Environmental Health and Safety

SJI is committed to conducting its business practices in a manner that protects and sustains the environment for future generations. Our Environmental Principles balance our daily operational activities and compliance with a corporate commitment to environmental stewardship.

Environmental Principles

- Conduct operations in compliance with all applicable environmental laws, regulations, and corporate policies.
- Provide sufficient resources to achieve our environmental obligations.
- Promote pollution prevention and/or waste minimization through best management practices.
- Strive to continuously improve our environmental performance through environmental awareness training.
- Assess the effectiveness and performance of the environmental program by conducting periodic site audits.
- Work with regulatory agencies to develop scientific, fact-based environmental policies and regulations.
- Seek to further our environmental stewardship through development of the next generation of environmentally friendly energy technologies.

Pipeline Safety

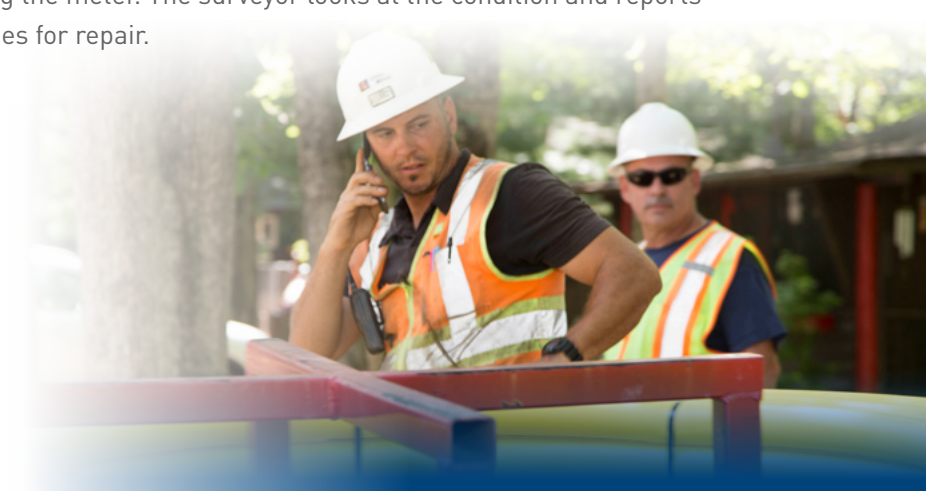
South Jersey Gas takes an aggressive approach to repairing, tracking and monitoring pipeline integrity and natural gas leaks. We also run additional programs that work to maintain the safety of our systems and the public.

Line Integrity

On a regular basis, South Jersey Gas inspects the vast majority of its transmission pipelines using a smart pig, an in-line inspection tool that is inserted into the pipeline and travels through it. The pig records if there are any signs of dents, corrosion, gouges, metal loss or other anomalies. South Jersey Gas uses the data from the readings to assess any needed repairs.

South Jersey Gas also uses a third-party vendor to conduct mobile monitoring on all the transmission and distribution mains throughout the service area. To conduct the monitoring, the vendor uses vehicles outfitted with sensing equipment that can identify the location and magnitude of a leak.

South Jersey Gas regularly completes Service Line Leak Surveys on the service lines running from the main in the street up to the meter. A physical walkthrough is conducted to assess the line and equipment, including the meter. The surveyor looks at the condition and reports any issues for repair.



“Any damage can be very dangerous whether or not it leads to injury or loss of property. The more we focus on educating employees, contractors and the public, the better equipped we are to prevent damage.”

Bill Tappin | Supervisor, Damage Prevention

Protection Through Excess Flow Valves

South Jersey Gas has been installing Excess Flow Valves on qualifying new and replacement service lines for nearly 18 years. The mechanical safety devices are designed to shut off the flow of natural gas automatically in the event of a service line break or excavation damage. In 2017, South Jersey Gas began notifying customers of the option to request the installation of an Excess Flow Valve on their natural gas service line if one is not already in place and is technically and operationally feasible.

Gas Leak Hotline

We encourage anyone to call our Gas Leak Hotline if they suspect a natural gas leak. In 2017, the hotline received nearly 11,181 potential leak calls, of which 57% were not gas related. The 43% verified were from a combination of customer in-home equipment and South Jersey Gas Infrastructure.

Emergency Response Preparation

SJI prioritizes the safety and security of our employees, customers and the communities we serve by regularly updating and exercising our preparedness plans for Business Continuity, Cyber Security, IT Disaster Recovery, Pandemic Flu, Gas Emergency Operations and crisis management.

To prepare first responders to respond to incidents involving natural gas, South Jersey Gas offers an online safety training program. The program was developed for the Northeast Gas Association in collaboration with a number of natural gas utilities in the region. The free training is an important part of our overall public safety program.

Environmental Stewardship

SJI engages stakeholders to preserve, restore and enhance the environment. The company also takes environmental impacts into consideration for all business decisions.

Remediation Program Progress

During the 1800s, in many towns and cities across the United States, manufactured gas was produced from materials such as coal and oil at Manufactured Gas Plants (MGP). When the interstate natural gas pipeline introduced natural gas to the area in the 1950's, these plants rapidly disappeared. The operations of these plants left byproducts at these sites that require clean up to meet today's environmental standards.

SJI oversees environmental investigation and remediation activities on long inactive coal-gas manufacturing sites, as well as sites currently or previously owned by SJI's past or present subsidiary companies.

In 2017, SJI completed remediation work at a former MGP site in Hammonton, New Jersey. The remediation addressed environmental impacts, such as soil and ground water, that were caused during the operation of the facility in the early 1900's. Work associated with the final phase of remediation at the former MGP site in Glassboro, New Jersey began in mid-2017. The final phase will consist of construction of a sub-surface containment unit that will surround the remaining affected area and eliminate it as a future source of groundwater contamination.

In addition to the remediation liabilities associated with the MGP sites, SJI also maintains environmental responsibility at several properties owned by two discontinued non-utility subsidiaries. Due to historic activities at the properties, eight sites are currently in various stages of environmental investigation or remediation.

Blue Carbon Feasibility Study

South Jersey Gas is partnering with the Nature Conservancy in support of its first "blue carbon" feasibility study in New Jersey. The study will determine the potential of establishing a coastal wetlands carbon sequestration program in New Jersey. If feasible, blue carbon credits could provide a new way to offset carbon emissions and generate revenue that could fund coastal wetland restoration and conservation.

Emissions Tracking

South Jersey Gas tracks the greenhouse gas emissions of its natural gas delivery system annually. In 2017, South Jersey Gas infrastructure emitted 58,469.4 metric tons of direct and 2,345,925.90 metric tons of product supplied CO₂-equivalent emissions from its system, a decrease of 23 percent from prior year direct and one percent product supplied 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 steadily decline year-over-year.

Overall, South Jersey Gas reduced CO₂-equivalent direct emissions by 57 percent and product supplied emissions by nine percent from 2011-2017. In addition, SJG has reduced other significant direct air emissions as presented in the following table.

Parameter	CO ₂	Methane	Nitrous Oxide
2017 Emissions	1,169.80	2,291.96	0.00
Percent Reduction 2016-2017	29%	23%	N/A
Percent Reduction 2011-2017	20%	44%	N/A

Marina Energy tracks the greenhouse gas emissions from its Marina Thermal Facility in Atlantic City, New Jersey on an annual basis. The energy produced at this natural gas-powered facility emitted 42,905.2 metric tons of direct CO₂ emissions in 2017. This is a reduction of approximately 110,781.74 metric tons when compared to a conventionally powered facility, such as a coal-fired plant.



Compliance Commitment

EPA Star Best Management Practice

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



Each year, we collaborate with industry peers to make ambitious and transparent commitments to reducing our methane emission. The STAR Methane Challenge aligns with our commitment to protect our region's environment and natural resources.

SJI management understands that there are risks and opportunities associated with this challenge. Our responsibility to our customers and shareholders is to prepare for a carbon constrained economy in the future.

As part of our participation, South Jersey Gas follows the Challenge's Cast Iron and Unprotected Steel Best Management Practice. We pledge to reduce emissions by replacing a significant portion of our aging bare steel and cast iron distribution mains and services over the next five years with modern medium-density plastic mains and services.



Projected 500 Tons of Methane Emissions Reduced Per Year at Current Replacement Rate

South Jersey Gas has committed to replace over 100 miles of steel and cast iron distribution main and replace approximately 5,500 services per year starting in 2016 to 2020. In 2017, South Jersey Gas renewed 163 miles of steel and cast iron distribution mains and replaced 7,323 services, reducing 683 tons of methane emissions. At this rate, South Jersey Gas expects to reduce methane emissions by more than 500 tons per year throughout the pipeline replacement process, anticipated to be complete by 2021.

Supply and Extraction

As a member of the American Gas Association, SJI endorses the Responsible Natural Gas Resource Development Principal. 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.

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.

Engaging Our Stakeholders

The Customer Experience	22
Our Workplace and Employees	22
South Jersey Gas Occupational Safety and Health	24
Utility Training and Technology	25
Community Impact	25

Engaging Our Stakeholders

Engaging our stakeholders allows us to collaborate with, involve, consult and inform key groups and individuals who can help improve our business and sustainability strategy.

The Customer Experience

South Jersey Gas has the responsibility to provide its approximately 385,000 customers with safe, reliable, affordable natural gas and has an important duty to provide those we serve with prompt, courteous and comprehensive support.

Ongoing improvements to the technology used to serve customers will improve the overall South Jersey Gas customer experience. Changes include upgrades to the Customer Contact Center and improvements to customer billing statements.



Our Workplace and Employees

SJI takes pride in recruiting and retaining the best talent available for every facet of our business. As of December 31, 2017, SJI had 763 employees.

- 143 corporate staff
- 533 utility staff
- 87 nonutility staff
- 40 percent of workforce represented by unions

	Female	Male	Total
American Indian or Alaska Native	3	0	3
Asian	7	17	24
Black	41	42	83
Hispanic	24	23	47
Two or More Races	4	3	7
White	234	365	599
Total	313	450	763

Diversity and Inclusion

SJI is committed to creating a culture of inclusion by leveraging the unique differences of our entire workforce. We believe that diversity of experience and perspective play a key role in our ability to drive business results and create an engaged workforce.



52% Diverse Workforce

Employee Health and Wellness

Promoting healthy, safe behavior is fundamental to improving the overall wellness of our employees and can lead to reduced absenteeism and improved capacity to learn, focus and stay mentally alert. To support the health of our employees SJI offers a Wellness Reimbursement Program to cover the cost of a gym or weight loss program and onsite programs that support wellbeing including: financial wellness seminars, flu shot clinics and workplace physical safety and wellness seminars among other offerings.

Training and Development

To deliver more development opportunities and create a high-performing workforce, SJI launched our corporate university, EmpowerU SJI University. EmpowerU offerings include a manager bootcamp series, a teambuilding series and Microsoft Office workshops among other offerings.



Additionally, we educate employees through the Public Utilities Regulation Program, which is designed to provide exposure and insight into public utility operations through half-day classroom sessions taught by experts from SJI business areas.

Talent Pipeline and Outreach

In 2017, SJI continued to attend regional and national events to assist with our efforts to recruit exceptional talent. As part of our talent acquisition strategy, SJI partnered with organizations such as the Hire Our Heroes Veteran's Initiative and HireAbility.

"We never stop working to leverage the diversity of our talent pool, while also building a workforce that better reflects the communities we serve. It's the unique backgrounds, experiences and traits that each employee brings to the table that make our organization successful."

Shawn Abner-Purnell | Director of Human Resources Programs

Future Workforce Development

SJI has intern and co-op programs that provide the opportunity for students to gain meaningful work experience. Beyond providing enrichment through professional experience, interns have a chance to network and give back to the community. In 2017, SJI had 28 students take part in the summer internship program from 14 different colleges and universities.



South Jersey Gas Occupational Safety and Health

The South Jersey Gas safety philosophy is based on six key principles:

1. All injuries can be prevented
2. All hazards can be controlled
3. Management is dedicated to preventing injuries and illnesses
4. Safety is a condition of employment
5. Employees must be trained to work safely
6. Preventing injuries is good for everyone

Incident/Accident Target Rates		
	2017 Target Rates	2017 Actual Rates
OSHA Recordable Work Incidents	1.3	4.11
Days Away, restrictions and Transfers (DART) Injury Rate	0.8	2.94
Preventable Motor Vehicle Accidents	2.1	2.68

South Jersey Gas is focused on reducing our number of Occupational, Safety and Health Administration recordable incidents and preventable motor vehicle accidents. While our ultimate goal is zero injuries and zero preventable motor vehicle accidents, we set target rates of a 15 percent year over year reduction that would result in achieving first quartile performance among our peers in five years. Efforts made in 2017 to meet our targets included initiating and Industrial Athlete program to address soft tissue incidents, conducting a Safety Culture Survey and starting to implement a Safety Management System.

“Safety is our top priority and our training supervisors are one of our greatest assets. They use hands on industry experience — some from careers that span over 30 years — and leverage knowledge and best practices to provide our employees the training and resources they need to do their jobs safely and correctly.”

Kenneth Harrison | General Manager, Training

Peer Review Assessment

In 2017, South Jersey Gas participated in a week-long peer review to analyze our performance in the areas of safety culture, technical training and work procedures and pipeline risk management. This program, run by the American Gas Association and launched in 2015, is a voluntary review that allows participating companies to be analyzed by peers, share leading practices and identify opportunities to improve operational performance.

Highlights from the review included our positive safety culture, proactive safety communications, employee professionalism, hands-on training program, effective contractor management and our great partnerships within the community. The review also identified improvement opportunities for the company to assess.



Utility Training and Technology

We believe that effectively training our employees fuels our collective success. Providing them with the necessary tools and technology is essential to this process.

Technical Training Center

The South Jersey Gas Technical Training Center serves as the company's resource for training street, utility and construction department employees.

In 2017, we made investments in our Technical Training Center and training technology:

- Additional training staff
- Larger classroom and workshop space
- New qualifications and trainings
- Computer-based trainings
- Secure paperless testing

Utility Line Locate Technician Training

Our Utility Line Locate Technician Training program, implemented in conjunction with Atlantic Cape Community College, the Northeast Gas Association and local workforce investment boards, continues to build a pool of qualified, diverse applicants for South Jersey Gas and area contractors.

New Cellphone Technology

In 2017, South Jersey Gas technicians in the field traded in their flip phones for smartphones. The new phones give employees the best technology available and make it safer for them to respond to potential gas leaks. A key feature of the new phones is their nonincendive feature, meaning they will not cause natural gas to ignite and are water resistant. The phones also include maps, email and a translation application — all tools that will improve the day to day efficiency and customer service capabilities of our employees.

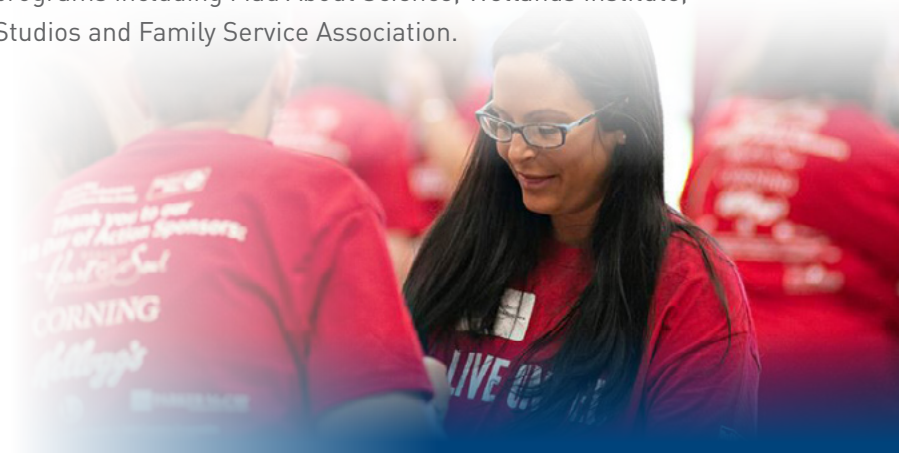
Community Impact

As part of the community, SJI continues to actively support local nonprofit, business and civic organizations that directly and positively impact the customers we serve.

Social Investment Program

Through its Social Investment Program, SJI seeks opportunities to enrich the lives of our neighbors, exercise environmental stewardship, encourage STEM education and promote healthy living.

In 2017, SJI committed approximately \$160,000 to fund over 30 local nonprofit programs including Mad About Science, Wetlands Institute, MudGirls Studios and Family Service Association.



First Responders Grant Program

The South Jersey Gas First Responders Grant Program provides critical support for operations conducted by first responder departments — including paid or volunteer fire, emergency medical services and police departments that assist at least one of the municipalities in our service area. During its second year in 2017, the program distributed \$21,500 in grants toward additional certified training, new rescue equipment, thermal imaging cameras, rifle-resistant vests and more..

Game On Grant Program

The South Jersey Gas Game On Grant Program provides critical support needed to sustain local, community-centered athletic programs, leagues, clubs, associations and recreational organizations for children. In 2017, the program distributed \$20,000 in grants towards new uniforms and equipment.

Volunteer Support

In addition to financial grants, SJI also fosters a culture of volunteerism in its employees and arranges volunteer days throughout the year.

In 2017, South Jersey Gas volunteered for the Wetlands Institute to rescue 600 horseshoe crabs that were stranded on a Cape May County beach. Additionally, SJI interns volunteered with the community foodbank of New Jersey to pack 534 boxes of food to help feed local families. SJI employees also volunteered in 2017, helping pick over 4,000 pounds of peppers for NJ Farmers Against Hunger, an organization that distributes fresh foods to local hunger relief agencies.





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