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A Message from President and CEO
Steve Westhoven

To Our Stakeholders:

Over the past year, the conversation around energy has changed.

International events, inflationary pressure, infrastructure constraints, and the energy transition have resulted in energy market volatility and uncertainty for consumers unlike anything we have seen in recent years.

During this time, concerns about energy access and security, reliability, and affordability have been elevated alongside climate change and emissions reduction commitments.

New Jersey Resources (NYSE: NJR) is well-positioned to navigate this extraordinary period, while executing on our priorities and delivering results for our stakeholders.

We understand the impact that rising energy costs have on our customers and remain strongly committed to actions that address the urgency of greenhouse gas emissions reduction and climate change.

Our achievements this year clearly demonstrate the strength of our complementary portfolio of businesses and our progress toward decarbonization, innovation, energy reliability and renewable investment.

• In December 2022, New Jersey Natural Gas (NJNG) became the first natural gas utility in New Jersey to eliminate all unprotected steel and cast iron from its distribution system. This tremendous accomplishment reflects our commitment to safety, reliability, and emissions reduction. Our high-integrity infrastructure will be leveraged as we drive toward our goal of net-zero operational emissions in New Jersey by 2050.

• We advanced our leadership in renewable energy development by initiating construction on milestone projects of national significance: Mount Olive, one of North America’s largest capped landfill installations, and Canoe Brook floating solar, the nation’s largest floating solar array, both located in New Jersey.

• In fiscal year 2022, we invested more than $53 million in NJNG’s energy-efficiency programs, the highest single-year investment of this type in our company’s history. These programs help our customers save money and lower emissions by reducing energy consumption, which is essential to reaching New Jersey’s 2050 carbon reduction goals.

• Our green hydrogen blending facility, the first-of-its-kind of the east coast, has now been in operation for a year, helping to lower carbon emissions from the energy we deliver. This facility showcases the real-world value of our pipeline infrastructure to integrate, store, transport and deliver blended clean hydrogen as a critical tool in achieving emissions reduction goals more affordably and more reliably.
We accomplished all of this while creating value for our shareowners, delivering outsized financial performance in fiscal 2022. NJR is proof that a strong commitment to sustainability, backed by a culture of corporate responsibility and innovation, can go hand-in-hand with growth and financial success.

Our Commitment to Community Impact and Environmental Stewardship

NJR's focus on corporate responsibility has long had an emphasis on the people and communities we serve. Community investment has been a core value of our company since the formation of New Jersey Natural Gas seven decades ago. Over the years, we have worked with our nonprofit community partners to provide financial support with a focus on mentorship, education, environmental protection, housing, health and wellness, and economic opportunity. In addition to financial support, our employees and retirees have contributed countless hours of volunteer service to support local causes.

To sustain our local community efforts and help achieve greater progress moving forward, NJR has endowed our charitable foundation with nearly $20 million to support this work long into the future. These resources will enable our foundation to focus on medium- and long-term partnerships to drive outcomes that make a difference for local communities, the environment, and our most vulnerable customers.

Part of this endowment will be used to strengthen NJR's environmental commitment by investing up to $2 million over the next five years in local environmental stewardship opportunities focused on nature-based climate solutions that improve resilience and increase carbon sequestration and ecological and biodiversity.

This important action also builds on and reinforces our efforts around environmental responsibility while combating climate change with local solutions, including our Coastal Climate Initiative (CCI).

NJR continues to make strides advancing our sustainability goals and agenda. As we progress, our belief in broad, open stakeholder communication and transparency around our sustainability journey will remain a priority.

In line with this commitment, this year’s report includes reporting and disclosures consistent with the standards set by the Task Force for Climate-Related Financial Disclosure and the Sustainability Accounting Standards Board, among others.

This is NJR’s 14th consecutive year of issuing a Corporate Sustainability Report. As we begin 2023, we remain focused on the path ahead: driving more progress, more action and expanding sustainability in our communities.

On behalf of NJR’s nearly 1,300 employees, thank you for taking the time to learn more about our sustainability record, accomplishments and journey.

Sincerely,

Steve Westhooven
President and Chief Executive Officer
Corporate Profile

New Jersey Resources (NYSE: NJR) is a Fortune 1000 company focused on meeting the energy needs of our stakeholders, serving the community and taking action today to responsibly meet our shared future.

NJR is a premier, diversified energy infrastructure and service company that delivers safe and reliable natural gas services – including transportation, distribution, storage and asset management – as well as HVAC and plumbing services, and is a leading investor in renewable energy projects.

New Jersey Natural Gas (NJNG), NJR’s principal subsidiary, operates and maintains over 7,700 miles of natural gas transportation and distribution infrastructure to serve nearly 570,000 customers in New Jersey’s Monmouth, Ocean, Morris, Middlesex and Burlington counties.

NJR Clean Energy Ventures (CEV) invests in, owns and operates solar projects with a total capacity of more than 386 megawatts, providing residential and commercial customers with low-carbon solutions. CEV is one of the largest owner-operators of commercial solar assets in New Jersey.

NJR Energy Services (NJRES) manages a diversified portfolio of natural gas storage and transportation assets and provides physical natural gas services and customized energy solutions to its customers across North America.

Storage and Transportation (S&T) owns and operates natural gas storage and transportation assets, serving customers from local distributors and producers to electric generators and wholesale marketers through its ownership of Adelphia Gateway, Leaf River Energy Center and a 50% equity ownership in the Steckman Ridge natural gas storage facility.

NJR Home Services (NJRHS) provides service contracts, as well as heating, central air conditioning, water heaters, standby generators, solar and other indoor and outdoor comfort products to residential homes and businesses throughout New Jersey.

NJR and our nearly 1,300 employees are committed to helping customers save energy and money by promoting conservation and encouraging efficiency through Conserve to Preserve® and initiatives such as The SAVEGREEN Project® and The Sunlight Advantage®.
Commitment to Stakeholders

At NJR, we know our ability to maintain long-term, sustainable growth and strong execution across our business comes from our people, our company culture, sound leadership and priorities that are aligned with our values.

This core belief – formalized in NJR’s Commitment to Stakeholders – drives our investments, our actions and the objectives we set across our company. Our strong, collaborative working relationship with IBEW Local 1820, NJNG’s employee union, has allowed us to achieve these successes over the past 70 years of our company’s history.

Each day, we apply our talent, leverage our expertise and embrace core environmental, social and good governance principles to deliver on this commitment, measuring and holding ourselves accountable through metrics based on the following objectives.

**Superior Return**
Supported by a strong financial profile and operational excellence, we will meet the expectations of our investors through consistent earnings and dividend growth, appropriately rewarding their confidence in us.

**Corporate Citizenship**
We will fulfill our commitment to being a responsible corporate citizen by maintaining our focus on integrity, philanthropy, charitable outreach, environmental stewardship and volunteerism to enhance the quality of life in the communities we serve.

**Valuing Employees**
Recognizing the power of a diverse, highly trained workforce, we are committed to the professional and personal development of every employee and ensuring a safe and respectful environment.

**Quality**
Pursuing quality will be a shared responsibility throughout our organization.

**Customer Satisfaction**
Every employee will deliver outstanding customer care and achieve the highest level of customer satisfaction.

**Growth and Innovation**
With enthusiasm and commitment, every employee will work to identify growth opportunities that meet the evolving needs of our customers and ensure the continued vibrancy of the organization.

**Safe, Reliable and Competitively Priced Service**
This is our first priority and, driven by employee performance, the foundation of our success.
Sustainability

NJR’s Approach to Sustainability

Sustainability driven at every level of the organization

NJR is committed to helping achieve a cleaner energy future and advancing practical and innovative solutions to reduce greenhouse gas emissions and achieve society’s climate goals quickly, affordably and reliably.

We strive for corporate governance best practices that provide appropriate, independent and effective oversight.

And we seek to have a positive and lasting impact on our people and the communities we serve, valuing and prioritizing diversity, equity and inclusion, effective talent management and professional development of our workforce. NJR prioritizes employee and customer safety programs, as well as community engagement opportunities that improve environmental, educational and socioeconomic outcomes.

These values are the foundation of our company’s sustainability principles. They guide our actions and drive our efforts to continuously improve and evolve our priorities and goals to ensure we are on the right path. Beneath every sustainability achievement and milestone is a commitment to one of these goals – which are aimed at implementing Environmental, Social and Governance (ESG) best practices at our company.

Sustainability Embedded in NJR Management and Governance

Sustainability is a core principle of NJR. To drive progress and better ensure measurement and accountability against our goals, NJR has embedded sustainability within our existing governance structure and has established cross-functional business initiatives to support our sustainability mission.

NJR’s Board of Directors

NJR’s Board of Directors (Board), specifically the Nominating and Corporate Governance Committee (NCGC), has oversight of environmental, social and governance issues along with associated risk evaluations. The NCGC is specifically tasked with overseeing ESG initiatives, sustainability initiatives, climate change strategies and ensuring NJR’s ESG strategy is integrated into company-wide strategic planning.

NJR’s Sustainability Council

The Sustainability Council is comprised of senior leaders across the organization and reports directly to the CEO. The Council is dedicated to ensuring the company’s sustainability strategy is executed across the various business segments in a coordinated and effective manner. The Council meets every two months and provides a forum for dialogue, priority-setting and strategic decision-making among senior leaders spanning all NJR businesses. This leadership structure supports the development and implementation of NJR’s sustainability strategy.

Office of Sustainability

NJR relies on every one of our employees to advance our sustainability efforts. Only through their buy-in and participation are we able to maintain a culture of continuous feedback, improvement and ongoing assessment of our priorities. Driving this engagement forward is NJR’s dedicated staff within our Office of Sustainability. This team is focused on sustainability initiatives across the company, holding day-to-day responsibility for implementation of the company’s Sustainability Guiding Principles, and collaborating to execute on projects across NJR’s businesses.

The Office of Sustainability is responsible for acting on the recommendations of the Sustainability Council, supporting integration of sustainability into existing processes, recommending opportunities for enhanced disclosures to stakeholders, and tracking and reporting of sustainability data.
Sustainability Guiding Principles

Support sound public policies that address climate impacts and ensure reliable, affordable and clean energy for our customers.

Embrace innovation across technologies and fuel types to deliver energy with improved environmental outcomes.

Reduce greenhouse gas (GHG) emissions from operated assets and suppliers by prioritizing mitigation strategies and reduction targets.

Increase transparency about sustainability progress through public reporting and stakeholder outreach.

Expand customer energy-efficiency, conservation and environmental stewardship opportunities.

Promote corporate governance practices that create long-term value for stakeholders and require accountability from our leadership.

Continually adopt and promote best practices in human capital management that complement a diverse and inclusive workforce.

Maintain industry-best safety standards to protect the well-being of our employees, customers and the communities we serve.

Utilize responsible sourcing strategies and monitor supplier sustainability efforts within NJR’s supply chain.

Engage with our local communities and nonprofits in the spirit of support and cooperation.
Sustainability Assessment

In line with our commitment to continuously refine our sustainability objectives, NJR intends to periodically conduct sustainability assessments to identify key ESG issues, receive feedback from stakeholders, and set and align goals in these areas. NJR's last such assessment was completed in connection with our fiscal 2021 Corporate Sustainability Report. As part of the assessment, NJR:

• Solicited feedback from internal and external stakeholders to incorporate a wide range of perspectives on current and future priorities;

• Analyzed industry-best sustainability frameworks and standards; and,

• Identified ESG topics of material importance or business significance that were aligned with NJR's annual risk assessment.

This evidence-based process included broad stakeholder engagement and benchmarking on a comprehensive list of environmental, social and governance related topics to determine those that present the greatest impact to the company.

Identification of these topics also allowed NJR to identify additional opportunities to demonstrate leadership and make a positive impact, much of which is discussed throughout this report alongside key metrics used to monitor progress in related areas.

NJR Sustainability Assessment: Topics Identified

- Climate Change Risks and Opportunities
- GHG Emissions
- Diversity, Equity and Inclusion
- Service Affordability
- Public Safety and Emergency Response
- Service Reliability
- Investment in Infrastructure
- Clean Energy Technology
- Cybersecurity and Information Security
- Public Policy Engagement
Stakeholder Engagement

At NJR, we strive to cultivate strong, transparent relationships with our stakeholders that allow us to drive sustainable environmental, social and economic outcomes. We define stakeholders as those individuals impacted by our operations and services, as well as those who have an interest in or are connected with how we conduct our business. We identify stakeholders across the value chain and review relationships – considering levels of responsibility, dependency, regulation and proximity – to understand needs and identify appropriate engagement.

As illustrated below, our engagement approach is broad and varies from informal conversations to meetings and events based on stakeholder group.

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Environmental Management System

NJR’s Environmental Management System is designed to further goals, policies and principles that promote environmental protection throughout the organization, and measure results to improve performance and drive accountability. Alongside our Commitment to Stakeholders and Sustainability Guiding Principles, this system offers a clear articulation of our values and our strong commitment to environmental responsibility and stewardship.

Accountability: A Meaningful Link Between Sustainability Efforts and Compensation

NJR believes driving results that reflect our sustainability priorities is conducive to a stronger, more successful business that creates long-term value. As such, we maintain a meaningful link between executive compensation and our sustainability efforts by including sustainability in the performance metrics of our Commitment to Stakeholders. Actual results of these goals and metrics directly impact the compensation of corporate officers year-to-year and ensure accountability for sustainability performance. Please see NJR’s 2022 proxy statement for additional information.
NJR’s Leadership Role in Addressing Climate Change and the Energy Transition

NJR is committed to a clean, sustainable future and we support public policy goals for greenhouse gas emissions reduction that address the urgency of climate change. The emissions reductions goals we have set for our own company reflect this; and our broader sustainability strategy prioritizes efforts to make broad-based decarbonization a reality across our economy, including our leadership in the development of solar at NJR Clean Energy Ventures and our efforts to introduce low-to-no carbon fuels into our natural gas distribution system.

Clean Energy Ventures (CEV) began as just that – an ambitious vision to diversify into renewable energy while aligning with state policy and capturing an early market opportunity. Over time, those steps have added up to something much bigger – CEV is now New Jersey’s largest owner-operator of commercial solar, generating enough energy to power 58,900 homes annually. With a robust pipeline of capital projects under construction, under exclusivity or under contract, CEV is well positioned to help drive NJR’s growth while also supporting the region’s clean energy goals.

At NJNG, our mission is this: to enable a clean energy transition that is affordable and reliable through the storage, transport and delivery of cleaner energy sources whenever and wherever they are needed to lower emissions. We will accomplish this by leveraging our upgraded infrastructure and strong customer relationships.

We will continue to invest in the safety and integrity of our world-class distribution system while reducing carbon emissions from our New Jersey operations to net-zero by 2050; substantially reduce the energy our customers use through broad-based energy-efficiency programs; and help to decarbonize the remaining energy customers need through by developing and integrating low- and zero-carbon fuels as part of the energy we deliver.

NJR was also the first natural gas utility in New Jersey to initiate and maintain a wide-scale energy-efficiency program among its customers. To date, we have invested over $284 million in energy efficiency. NJNG is currently administering the largest energy-efficiency program in our history – with investments of $259 million authorized under the three-year program period (2021-2024).

$53 Million:
In fiscal year 2022, NJNG invested over $53 million in our energy efficiency efforts – our largest annual investment ever.

Each of these investments put us in a strong position to execute on our vision to deliver the cleaner energy future - a strategy that aligns with both the state and federal policy support for renewable energy growth and the use of cleaner fuels to support the movement toward economy-wide decarbonization.
Historic Federal Policy Support

As a diversified energy infrastructure company with both a home heating utility and one of the largest commercial solar businesses in New Jersey, **NJR supports a technology-neutral approach to energy policy at every level**.

Historic legislation from Congress in the form of the Inflation Reduction Act of 2022 and the Bipartisan Infrastructure Law has reaffirmed a supportive federal policy framework for this approach, including unprecedented funding to achieve emissions reduction and cleaner energy goals. These critical laws advanced an “all-of-the-above” energy policy that promotes a wide array of cleaner energy types to drive down emissions, including technologies that make use of existing pipeline infrastructure to store and deliver low-carbon fuels of the future.

**The Inflation Reduction Act (IRA) of 2022**

The IRA aligns with NJR’s “all-of-the-above” approach on energy transition, promoting investment and innovation across cleaner energy technologies that can demonstrate carbon emissions reductions – allowing competition among cleaner energy types to drive toward 2050 climate goals in the fastest, most affordable and reliable way possible.

This act provides federal funding and support on a level playing field for innovation and cleaner energy technologies that drive carbon reductions as the end goal, rather than forcing a specific technology adoption. This includes hydrogen, renewable natural gas, energy efficiency, carbon capture, and other carbon-reducing technologies.

“**We’re particularly encouraged to see significant support in the Inflation Reduction Act for an expanded suite of clean energy technologies, including wind and solar, nuclear energy, carbon capture and storage, geothermal energy, and zero-carbon fuels. Each of these investments have a key role to play in U.S. efforts to act on climate change and to secure leadership in a rapidly evolving global energy economy.**

- Clean Air Task Force

“What They’re Saying About the Inflation Reduction Act of 2022”, U.S. Senate Committee on Energy & Natural Resources
August 7, 2022
The Bipartisan Infrastructure Law of 2021

The Bipartisan Infrastructure Law was a huge step forward in solidifying the role of clean hydrogen as a core federal clean energy priority. Tailing $9.5 billion, there was more funding for hydrogen in the law than any other single clean energy fuel technology.

According to the U.S. Department of Energy, the law’s investments for hydrogen technologies, including $8 billion for regional clean hydrogen hubs to accelerate the scaling of end-use hydrogen applications, represent a "major component" of President Biden’s decarbonization plans alongside the IRA and the administration’s "Hydrogen Shot" initiative launched in June 2021.

Takeaways for NJR

As we contemplate the need for a vast, economy-wide decarbonization effort, we know our infrastructure can and must play a leading role in reaching climate goals as quickly and affordably as possible, and with the energy reliability that lives and livelihoods depend on. Decarbonizing our business operations in New Jersey and the energy we deliver will require technological innovation, collaboration and policy support.

As a leader in natural gas distribution system emissions reduction, renewable energy deployment and an early mover in domestic hydrogen demonstration, NJR is strongly positioned to engage on this new frontier of federal policy and continue to drive innovative decarbonization progress.

NJR is actively planning to leverage these funding sources and opportunities to scale cleaner energy technologies in line with federal policy objectives, including opportunities from regional hydrogen hubs that are relevant to our subsidiary businesses.

Furthermore, with NJR’s strong market participation in renewable solar development through CEV, the IRA’s incentives for renewable generation projects stand to drive greater investment, market growth and opportunities for NJR to continue to build out our solar portfolio in New Jersey and other markets.

Innovation Is Essential To NJR’s Sustainability Strategy

Innovation is more than a buzzword at NJR – it is core to our success and approach to sustainability. Our culture is to prioritize service excellence and to adapt, innovate and be creative. NJR has a long history of identifying new opportunities for responsible growth that align with public policy and executing to deliver better environmental outcomes. The creation, market acceptance and growth of both The SAVEGREEN Project® and NJR Clean Energy Ventures are prime examples of this.

Today, that culture props us forward as a leader in decarbonization innovation, clean energy project development, and speaking with a clear voice about our role in achieving a cleaner energy future quickly, affordably and reliably.

The development of NJNG’s Howell Green Hydrogen Facility – the first green hydrogen blending project on the east coast – illustrates this commitment, as discussed later in this report.

Innovation across a broad spectrum of technologies will help us decarbonize the fuel we deliver – lowering emissions in the near term while new solutions advance and support our long-term clean energy transition and climate goals.

As discussed above, this approach is supported and reaffirmed at the federal level, with unprecedented support for technology-neutral clean energy development.

NJR will continue to drive forward to apply technology in new and pioneering ways to deliver better outcomes in emissions reduction, natural and renewable resource management, stewardship and energy efficiency.
Green hydrogen is hydrogen created with a zero-carbon footprint. It is a powerful tool to store and deliver clean energy, maximize the value of renewable resources, and lower carbon emissions across all sectors of the economy.

Multiple studies charting pathways to 2050 net-zero and 100% clean energy goals, including a review of decarbonization pathway studies performed by Columbia University’s Center on Global Energy Policy in late 2022, identify clean hydrogen and low-carbon fuels as key strategies to meet 2050 carbon reduction goals in the least-cost manner, utilizing existing pipeline infrastructure.

NJR agrees. We envision a valuable role for our energy infrastructure as a ready-made storage and delivery mechanism for hydrogen using blending and deblending/separation technology. Hydrogen produced at scale could be blended into natural gas pipelines for long-duration storage, transport, and end-use. The hydrogen can then be dispensed across a variety of applications, including medium- and heavy-duty vehicle transport, passenger vehicles, maritime and rail, industrial applications, fuel cells, building heat and more, to support economy-wide decarbonization.

New Jersey has positioned itself as a leader in offshore wind development, with a goal to achieve generation capacity of 11,000 MW by 2040. NJNG’s upgraded infrastructure provides a valuable option for the storage and transport of this energy in the form of hydrogen. Due to intermittent electricity demand and generation, storage and balance will be critical. Due to the intermittent nature of offshore wind production and power consumption, there will be times when wind power generation exceeds electricity demand and the excess energy will be curtailed—or wasted. Rather than waste this clean energy resource during these periods, the excess power can be used to produce hydrogen, which can be stored within the gas distribution system for long-durations and dispatched to decarbonize gas supply with virtually no energy loss compared to battery storage. Leveraging the existing gas infrastructure will limit the capital expense by rate payers for a costly build out of short-term electric battery storage by converting the wind power to hydrogen.

Deblending technologies allow for a hydrogen-natural gas fuel blend to be withdrawn from pipelines at a point of end use and filtered to separate the hydrogen from the remaining fuel. In this way, one can achieve up to 99.9 percent hydrogen purity at end-use locations, making use of existing pipeline infrastructure that is already built and operational to support the growing hydrogen economy across multiple applications in an efficient and cost-effective way.

Clean hydrogen can also be blended with natural gas as a fuel source in its own right – lowering the carbon content of the energy delivered while maintaining end-use appliance performance for pipeline distribution customers. The ability of natural gas distribution systems to utilize hydrogen blends has been widely studied by independent and academic researchers, who have found that hydrogen can be safely and effectively added to existing natural gas systems:

Reimagining Storage and Transportation Solutions for Cleaner Energy
NJR is positioning itself to lead further innovations and bring development to scale in a responsible way for all stakeholders.

Green hydrogen production requires renewable energy and water feedstocks. With expanding availability of renewable energy, we are advancing opportunities to utilize undervalued and/or impaired water resources located within our service territory as a source of water that reduces reliance on water from public sources. This approach will improve water quality from existing discharges and provide opportunity for localized ecologic improvements, as discussed further below.

In short, RNG is a lower net-carbon, sustainable fuel that reduces greenhouse gas emissions, improves local air quality and reduces reliance on fossil fuels.

NJR believes there is a significant opportunity in New Jersey and elsewhere to capture and serve customers with this recycled, local energy source that is otherwise being emitted or flared at landfills, wastewater treatment plants, and the like – and to instead use this waste gas as a renewable energy source – the definition of a sustainable practice.

Renewable Natural Gas (RNG)

RNG is derived from the refinement of biogas that is naturally produced from the decomposition of organic matter, which is inevitably produced from societal waste at landfills, wastewater treatment facilities, food and vegetative waste, and other organic waste streams. In this process, biogas is captured and processed to remove impurities and contaminants to produce RNG. At this point, it is indistinguishable from pipeline quality geologic gas and compatible with natural gas pipelines and end-use appliances.

As RNG and geologic natural gas are completely compatible – being the same exact molecule – and of the same quality, RNG introduced to the system offsets fuel supplied from fossil sources, and reduces the total net carbon emitted by the system across the region.

Multiple studies\(^1\) confirm up to a 20% hydrogen blend can be delivered through and utilized in most existing infrastructure, without significant upgrades to the current generation of home natural gas appliances.

A 20% blend delivered across New Jersey’s existing gas delivery infrastructure through 2050 can support the overall reduction of nearly 15 million metric tons of CO\(_2\).\(^2\)

This reduction equates to removing 3.2 million cars off our roads each year, or the amount of energy used by 1.8 million homes.\(^3\)

NJR has been a leader in the development and deployment of clean hydrogen, having completed the first green hydrogen blending facility on the east coast in October 2021.


\(^3\)“Decarbonization of Gas in the New Jersey Pipeline”, ICF, November 2021

\(^{13}\)U.S. EPA Greenhouse Gas Equivalencies Calculator, Accessed November 2022
A Holistic Approach to Resource Management in Low- and Zero-Carbon Fuel Development

NJR is also pursuing ways to make the production and storage processes for low carbon fuels more efficient and effective. We want to address and improve local environmental conditions wherever possible, and drive solutions and breakthroughs that:

- Enable greater regional hydrogen production.
- Repurpose undervalued and sustainable water sources for green hydrogen production.
- Spotlight the importance of green hydrogen as a zero-carbon, flexible fuel to help meet climate and emission goals.

For example, NJNG is exploring innovative approaches to use wastewater discharge effluent, a byproduct of wastewater treatment processes, as a water feedstock for the creation of green hydrogen.

Wastewater treatment is a process that is integral to providing access to clean water in communities all over the world and minimizing negative impacts to the earth’s water cycle by treating to remove pollutants after water use. This process cleans discharge water, known as effluent, after water is used. Effluent is typically only treated to a secondary, non-potable level that allows for discharge into rivers, oceans or other bodies of water – a waste of a natural resource.

NJRNG sees an important opportunity for a more sustainable use of this discharge water – utilizing some of this water stream as a feedstock for electrolysis, a method of producing clean hydrogen. The process will result in less effluent discharge to surface water bodies, which is a net-positive environmental benefit.

Further, the hydrogen production process can provide other potential water improvement opportunities:

- The electrolysis process used to create green hydrogen also produces oxygen. By-product oxygen can be added to the plant effluent discharge to increase dissolved oxygen or be cycled to the treatment plant’s aeration basins for the same purpose.
- Hydrogen production will also require the discharge of some process water. This water is typically of very high quality and a valuable resource that can be introduced to the effluent discharge to improve the overall quality of water destined for surface discharge, or itself be introduced to a local ecosystem to improve local ecologic functions as an environmental benefit.

As a result, such projects have the potential to increase freshwater flows and improve local environmental conditions around ecological enhancement, biodiversity, and combating saltwater intrusion from sea level rise - radically important secondary benefits from a process that creates zero-carbon energy and helps reduce greenhouse gas emissions.

In addition, NJNG’s approach to RNG, outlined above, emphasizes the overall reduction of net-emissions in a way that improves local air quality and environmental justice concerns associated with co-generation, flaring and passive emissions that are currently common practice at facilities with unrefined gas emissions like landfills, wastewater treatment facilities, and dairy farms.

Many of these types of facilities exist and operate in overburdened communities. Collecting, refining and transporting these gases away from these communities and having them consumed in higher efficiency end-use equipment across a wider distribution area will lead to improved local air quality for communities in and around emitting facilities.
Gas Heat Pumps and End-Use Appliance Efficiency

The common thread across all decarbonization pathways is energy efficiency – the need to substantially reduce the amount of energy needed to provide heat to a home or business, operate commercial and residential appliances, or even to simply boil a pot of water. Energy efficiency is the fastest and most cost-effective way to reduce emissions across any and all sectors, regardless of the type of energy delivered.

Providing customer rebates, financing options, and grants for high-efficiency equipment replacement or upgrades and weatherization is an important, low-effort and cost-effective emissions-reduction strategy for NJR today.

Innovation in the energy-efficiency and end-use appliance space is happening at a rapid clip and will continue to drive progress in the impact, efficacy and affordability of energy efficiency solutions as climate strategies.

One such important breakthrough area is in the development and commercial introduction of natural gas heat pumps (GHPs).

GHPs are appliances that provide building heat and water heating at extremely high efficiencies when compared with traditional gas furnaces.

Similar to electric-powered air-source heat pumps, GHPs are extremely efficient, but are driven by natural gas rather than electricity. As such, they are more efficient and effective at delivering heat in cold climates, and less costly to operate.

According to the British Columbia Institute of Technology’s Zero Energy Buildings Learning Centre, GHPs have the following critical benefits:

• Have efficiencies well in excess of 100% (compared to high efficiency furnaces, which are currently capped around 99% efficiency).

• Can use refrigerant with no global warming potential.

• Are compatible with a wide range of fuel sources such as natural gas, renewable natural gas and hydrogen.

GHPs are a game-changer in climate-friendly, end-use appliance technology. Leveraging existing, reliable and operational infrastructure, they can help reduce energy consumption to deliver reductions in carbon emissions, meet current and future appliance efficiency standards, and help reduce the costs of the clean energy transition to governments and ratepayers by integrating with existing natural gas infrastructure.

NJR is helping to drive this change. NJNG currently has six commercial-use GHPs in operation at an existing facility, which are serving the dual purpose of providing HVAC needs at NJNG buildings while providing an opportunity for real-world demonstration and education.

NJNG is also a founding member of the North American Gas Heat Pump Collaborative, an industry-led group dedicated to guiding and developing manufacturers in equipment design, trade education, commercial introduction preparation, and adoption-cycle readiness for GHPs in North America. NJNG currently holds the leadership position of Vice Chair of the group.
Setting Robust Climate Goals — And Meeting Them

For 15 years, NJR has answered the call to reduce greenhouse gas emissions including both methane control and emissions from our own business operations.

Over a decade ago, we set and quickly met our first goal to reduce operational emissions by 20% from 2006 levels by 2020 by reducing emissions from our fleet, facilities and distribution system.

We then set a new goal to reduce our New Jersey operational emissions by 50% from 2006 levels by 2030. This goal encompassed Scope 1 and 2 emissions from NJNG, CEV, NJRHS and NJRES. We met this goal well ahead of schedule through initiatives that included: adding solar installations at a number of our facilities, the purchase of renewable electricity to offset our remaining electricity usage, continued investment in our distribution system and the purchase of RNG offsets for natural gas used at NJNG’s and NJRHS’s facilities and our compressed natural gas (CNG)-powered fleet vehicles.

Building on that record of leadership, NJR set a goal in fiscal 2021 to achieve net-zero carbon emissions from our New Jersey operations by 2050. This goal continues to show our leadership and commitment to decarbonization by going beyond the State of New Jersey’s statutory goal to reduce GHG emissions to 80% of 2006 levels by 2050, as established in 2007 through the Global Warming Response Act.

As an interim goal on our journey to our net-zero target, we now expect to reduce operational emissions by 60% from 2006 levels by 2030. Our continued progress in fiscal 2022 toward meeting this new target is a result of NJNG’s continued investment in our distribution system, including the removal of unprotected steel. The remainder of our emissions reduction are expected to come from strategies that include the use of low- and zero-emissions vehicles, the continued integration of low- and zero-carbon fuels in our fleet, and investments in decarbonized fuels.

Measuring for Accountability

As we continue toward our broader goal of net-zero emissions from our New Jersey operations by 2050, NJR will continue to evaluate and measure our progress annually against our goals.

Benchmarks to drive our operational emissions toward net-zero include NJNG goals related to leaks per mile within our distribution system and reductions in carbon dioxide and methane that are driven by ongoing investments to modernize and upgrade our infrastructure. Performance in these areas links directly to employee compensation.

NJR uses the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol) to determine the appropriate inputs and measurements to calculate its greenhouse gas emissions. We report Scope 1 and 2 emissions based on operations over which we have operational control. Inputs for measurement include site specific data from utility meters, fuel purchased or miles driven, regulated filings to the EPA for emissions from NJNG’s distribution system, along with related emissions factors for these sources.

Our Scope 1 emissions are reported using calendar year data for emissions from our distribution system due to the timing of this regulatory-required submission, which is submitted each year in March. Combining our calendar year 2022 distribution system emissions with the remaining inputs of our fiscal 2021 operational emissions resulted in a nearly 59% decrease in our emissions compared to our baseline from 2006. This reduction is driven, in part, by our purchase of RNG attributes, which has reduced emissions associated with our fleet vehicles fueled by compressed natural gas and contributed an incremental 1.5%+ operational emissions reduction against the 2006 baseline. Overall, this decrease is also due to the removal of unprotected steel main from our distribution system. Our fiscal 2022 emissions show that our emissions have remained relatively flat year over year.

Scope 2 emissions related to electricity are reported using the market-based method, which reflects NJR’s purchase of 95% renewable energy for its operations. As the GHG Protocol advises, our purchase of RNG attributes (also known as biogenic carbon offsets) are reflected and reported separately from our Scope 1 and 2 emissions in the chart on the following page.
In fiscal 2022, NJR also reflected net operational emission reductions resulting from the use of a biodiesel blend in our fleet vehicles. Biodiesel is a carbon-neutral, clean-burning alternative fuel produced from renewable resources that displaces conventional fuel in diesel blends – resulting in fewer emissions. NJNG has begun using this form of biofuel, B20 - a 20% biodiesel and 80% diesel – among its fleet vehicles as it seeks additional options to further reduce emissions from our vehicle fleet.

<table>
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<tr>
<th>Scope 1</th>
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</tbody>
</table>

* Scope 1 emissions from natural gas distribution are reported to the U.S. Environmental Protection Agency on a calendar year basis in late March. Therefore, a portion of current fiscal year emissions will reflect the prior calendar years’ emissions until this report has been filed.

*New Jersey Operational Emissions*
Operating a Premier Distribution System

At NJNG, we have invested over $2.3 billion in the safety, reliability and emissions reduction of our delivery system in just the last decade. The environmental results of this consistent investment are significant. We've reduced emissions from our distribution system by 68%, or over 62,000 metric tons of CO2e in the same time period. This is the equivalent of removing over 13,000 gasoline-powered cars off the road annually.

This long track record of continuous improvement in leak and emissions reduction has resulted in the most environmentally sound natural gas delivery system in New Jersey, and placed us in the top quartile of all U.S. utilities based on leaks per mile.

In December 2022, NJNG also became the first natural gas utility in New Jersey to completely remove 100% of all unprotected steel and cast iron from its system. Replacing these older vintages of pipe improves safety, reliability and reduces leaks and associated emissions from our system - reducing the carbon footprint of our operations and helping achieve climate goals.

These are tremendous accomplishments, but we have further to go. NJNG continues to work and invest to reduce emissions, directing infrastructure improvements that continue making progress against our climate goals. The investments we’ve made to build a world-class distribution system position us to deliver next-generation clean energy, such as green hydrogen and RNG, that will help us achieve our mission to deliver safe and reliable energy to our customers in an environmentally responsible way.
LEADERSHIP IN LOW- AND ZERO-EMISSION FUELS

Our vision for a more affordable, reliable clean energy future deploying decarbonized fuels, such as RNG and green hydrogen, offers significant opportunity for NJR to leverage our assets to introduce and scale these renewable forms of energy into our fuel supply, and to store, transport, deliver and/or dispense to facilitate their use in other critical industries and economic sectors, such as transportation, commercial and industrial, and long-duration renewable energy storage.

Growth of these energy sources will require policy and regulatory support, and NJR is committed to advancing these pathways with key stakeholders. We continue to have productive conversations with regulators and policy makers about advancing efforts to use our infrastructure for the next generation of clean energy, like RNG and hydrogen, to meet society’s emissions and sustainability goals.

Leveraging our existing natural gas utility infrastructure to store, transport and distribute alternative fuel solutions, in addition to aggressive energy efficiency and bringing forward other carbon-reducing technologies, is a realistic path to achieve emissions reduction goals more quickly, more affordably and more reliably than single-technology approaches.

Energy Efficiency

One of the central elements of our decarbonization strategy is the growth and acceleration of energy-efficiency measures.

In 2006, NJNG successfully implemented a decoupling mechanism with support from our regulators. Because of this critical regulatory change, NJNG does not have a financial interest in the amount of natural gas our customers consume. This aligns us to promote energy efficiency programs that help our customers reduce usage, save money, and lower their carbon footprint.

For the last sixteen years, NJNG has stepped up to leverage this opportunity for sustainability and greenhouse gas emissions reduction, and drive it forward as a leader in New Jersey.

What began as Conserve to Preserve® (CTP), grew to include SAVEGREEN in 2009. SAVEGREEN provides customers with energy-efficiency solutions, financing and incentives to help them install energy-efficient appliances and equipment and pursue comprehensive energy efficiency upgrades in a cost-effective manner. Collectively, CTP and SAVEGREEN have helped customers save nearly $452 million since inception through reduced usage initiatives.

NJR is in the midst of the largest energy-efficiency program in our company’s history. During the current three-year SAVEGREEN program, NJNG expects to invest up to $259 million in energy efficiency alongside our customers, with projected usage reductions of up to 128 million therms of natural gas. This reduction equates to preventing the emissions of over 677,000 metric tons of CO2, the equivalent of taking 146,000 cars off the road for a year.

If fully subscribed, the results will meet or exceed energy reduction targets set by the New Jersey Board of Public Utilities (BPU), consistent with the landmark New Jersey Clean Energy Act, which was signed into law in 2018 and set specific energy reduction targets for the state’s utilities for the first time.

In fiscal 2022, SAVEGREEN invested over $53 million – the largest single year total in company history – in a variety of programs to support the installation of new and efficient equipment, resulting in annual energy savings of nearly 3.5 million therms or over 18,500 metrics tons of CO2. This is equivalent to the annual energy usage of more than 2,300 homes.

This program signifies our commitment to help customers reduce their energy usage, launch new offerings and achieve new milestones.

In fiscal 2022:

- More than 265,000 customers benefited from these programs.
- New programs were launched to help increase access for moderate-income customers and customers residing in multi-family properties, as well as a new Energy Management Program to offer new solutions to our commercial customers.
- All major hospital networks in NJR’s service territory participated.

Our customer energy-efficiency programs are a core aspect of our broader decarbonization strategy. NJNG will continue to make investments to support energy conservation, reduce emissions and enhance the safety and reliability of our distribution system for the benefit of our nearly 570,000 customers.
NJNG’s Milestone Development of Green Hydrogen

In fiscal 2022, NJR marked a full year of operations for our cutting-edge green hydrogen project in NJNG’s service territory. This facility – the first of its kind on the east coast – is producing green hydrogen from renewable electricity and blending this zero-carbon fuel into our network to serve homes and businesses today.

By adding this zero-carbon fuel to our system, we are displacing geologic natural gas and reducing emissions, with no action or change needed on our customers’ part.

Just as importantly, this project symbolizes the real-world potential of clean hydrogen in driving emissions reduction through the use of existing pipeline infrastructure.

Driving Environmentally Sound Practices Across the Supply Chain

While NJNG has made great progress in reducing its operational emissions, we believe it’s also important to support and collaborate with our industry partners to drive continuous improvement in emissions reductions. As a member of ONE Future, NJNG is working with more than 50 natural gas companies across all five segments of the natural gas value chain to identify and implement solutions that drive continued improvement in methane emissions reduction. ONE Future’s goal is to voluntarily reduce methane emissions across the natural gas value chain to 1% or less by 2025.

For the fifth consecutive year, ONE Future members have exceeded their methane targets. With a methane intensity of 0.462%, the ratio of methane emissions to natural gas produced, this industry group exceeded its annual goal by 54% in 2021.

Solar

As one of the earliest movers in New Jersey’s solar market, CEV has successfully invested in and operated solar energy infrastructure for more than a decade, establishing a leadership position as one of the largest owner-operators of solar in New Jersey. Our commitment to renewable energy investment aligns with public policy and sustainability goals, while supporting economic development and job creation, along with growth for the company.

CEV will continue deploying significant capital and driving our company’s clean energy leadership in the solar market. Underlying this strategy is our belief that the market opportunity in solar continues to expand, fueled by supportive state and federal policies and Renewable Portfolio Standards, lower costs, greater efficiencies and the need to reduce carbon emissions. With further expansion planned outside of New Jersey, and the integration of emerging technologies such as energy storage and electric vehicles, CEV will continue to support sustainability goals. Within New Jersey, our investments will continue to help the State achieve its target of 14,000 megawatts (MW) of additional installed solar capacity by 2035.

- As a sign of this commitment, CEV has a robust pipeline of potential capital projects under construction, under exclusivity or under contract.

In fiscal 2022, CEV added five commercial solar projects representing 15 MW of incremental capacity, and 360 residential and small-to-midsize commercial customers to its portfolio. Our total installed capacity is now 386.6 MW, or enough to power 58,900 homes annually. Among the projects are:

- Holland Township (NJ): An 8 MW solar installation built on top of an existing, remediated Superfund site, illustrating the value potential at limited-use sites through beneficial-use solar projects.

- Airport Road (NY): CEV’s first community solar project, an installation serving subscribers in the Orange and Rockland service territory. The first phase of the project was completed in fiscal 2022, representing 4.9 MW of the project’s 6.7 MW total.
Storage and Transportation

At S&T, our subsidiary focused on owning and operating natural gas storage and transportation assets, we are committed to lowering the carbon footprint of our own operations, while meeting our commitment to safely transport clean, affordable natural gas with the reliability our customers count on.

Many of the customers we serve through S&T are working to lower emissions and achieve sustainability goals of their own, including efforts to transition away from dirtier forms of energy, like coal and oil. S&T offers services to help our customers achieve these goals. Examples of these crucial, emissions-reducing mutual efforts, include:

- **Our Fiscal 2022 Completion of the Adelphia Gateway Pipeline**, a converted oil pipeline that is now delivering energy to customers in the greater Philadelphia region. One of Adelphia’s customers, Kimberly-Clark, is now receiving natural gas service, enabling its transition from a coal-fired plant to on-site, natural gas-fired power generation. The conversion will reduce the mill’s GHG emissions by 50%, and support Kimberly-Clark’s goal of cutting its carbon footprint in half by 2030.

- **Leaf River Energy Center** is our salt cavern storage facility located in Taylorsville, Mississippi, which provides essential natural gas storage and balancing services to a diverse mix of customers. Leaf River has executed a long-term storage contract with a Gulf Coast power generator that will support the power provider’s project to retire a coal facility, and replace it with a newly constructed, lower emitting combined cycle natural gas-fired power plant.

Natural gas demand is expected to grow in the US and globally over the next 30 years due to its affordability and reliability. Our storage and transportation assets are well positioned both geographically and operationally to help reduce coal-fired generation and oil consumption, still prevalent in many parts of the US, and support sustainability goals around the country.

In addition, our S&T business will look to pursue projects and partnerships that enable the increased usage or delivery of sustainable, low- and zero-carbon energy sources, including RNG, hydrogen and on-site solar generation. This business segment has also established its own Sustainability Committee that is responsible for identifying opportunities to reduce emissions from S&T’s operations.

Waste and Water Management

Sustainable materials management is another important component of NJR’s environmental commitment. For 18 years, the company has actively participated in WasteWise, the EPA’s voluntary program that encourages organizations to reduce, reuse, recycle and buy remanufactured products, emphasizing waste prevention and environmental preservation. In 2021, the most recent year of data available, NJR’s waste management efforts resulted in an estimated **average recycling rate of 75%** in our New Jersey facilities.

As a company that invests in and builds critical infrastructure, NJR is committed to following all applicable laws, including regulatory processes designed to identify, evaluate and, when necessary, mitigate any water impacts as a result of those operations, and to minimize those impacts outside of those processes whenever feasible.

NJR believes access to clean water is a universal human right. It’s an essential building block to promote global human development, including public health, education and economic growth. Around the world, including in the U.S., businesses also rely on access to clean, quality water for their operations. NJR recognizes the Human Right to Water, as defined by the United Nations, means access for everyone to sufficient, safe, acceptable, physically accessible and affordable water. We are committed to the responsible use of water – and the Innovation section of this report discusses our strategies for sustainable solutions to protect water resources in the future.
Coastal Climate Initiative (CCI)

Over the past year, NJR strengthened its commitment to environmental and natural resource stewardship, building on the early success of the Coastal Climate Initiative. In 2022, NJR increased our partnerships and recommitted its support of New Jersey’s ecosystems, including our coastal wetlands.

NJR’s Coastal Climate Initiative was launched in 2021 to help fight the effects of climate change on the communities we serve by funding the restoration of saltwater tidal wetlands in the Barnegat Bay Watershed, a vibrant ecological treasure in our service territory at the Jersey Shore.

These critical wetlands are effective at rapidly removing carbon from the atmosphere by storing it away in soil and vegetation, pushing back against rising sea levels. They also act as a natural barrier against storm surge and extreme weather impacts, helping protect communities on the front line of climate change. Coastal wetlands are critical to the ecosystem of coastal areas, cleaning surface water, serving as a habitat for fish and wildlife and helping define the coastal heritage and local economies of the region.

Enlisting the support of NJNG customers and maximizing donations with a dollar-for-dollar match, over $42,200 was donated directly to The Nature Conservancy in New Jersey, which is a leader in coastal wetland restoration efforts in New Jersey, along with many partners from the environmental community, government and local municipalities. NJNG customers can donate to the Coastal Climate Initiative at njng.com/climate.

NJR firmly believes that nature-based solutions to climate change are a critical mitigating strategy – and that partnerships are key to this work. Broadening our efforts in 2022, NJR renewed its membership in the New Jersey Corporate Wetlands Restoration Partnership (NJCWRP), a collaborative group that includes businesses, federal and state agencies, non-governmental organizations and academia. Combining corporate philanthropy, government grant funding, research and volunteerism, the NJCWRP is an innovative approach to leverage support for protection and restoration of the state’s wetlands.

NJR has also worked to expand its nature-related impacts by joining the Corporate Stewardship Council of the New Jersey Audubon. One of the state’s leading environmental advocacy organizations dedicated to conservation, biodiversity and the protection of wildlife and habitats, New Jersey Audubon created the Corporate Stewardship Council to provide member companies the opportunity to participate in habitat conservation across a broad set of ecological settings.

The support and partnership of New Jersey Resources comes at a critical time as we look to expand our work and identify restoration needs and plans for more than 80 marsh islands throughout the Barnegat Bay.

We thank New Jersey Resources and their customers for taking action and supporting this opportunity to make a real, long-term difference combating the effects of climate change.

- Dr. Barbara Brummer
  State Director of The Nature Conservancy in New Jersey

Expanding the reach and impact of CCI is a priority for NJR. Our company will continue to lead and take action to affect positive, local change across a number of environmental stewardship areas in the communities we serve.

• NJR’s charitable foundations plan to invest up to $2 million over the next five years to expand and advance CCI.

• These investments will target local environmental stewardship opportunities with a focus on nature-based climate solutions that improve climate resilience, carbon sequestration, and ecological and biodiversity.

With this dedicated, defined-term source of funding, NJR will take a strategic approach to expand environmental stewardship investments, supporting often complex, multiyear restoration and preservation programs and fostering impactful new partnerships.
As a company that has operations and serves customers across multiple geographies and industries, we recognize that people are our foundation.

This includes our dedicated and diverse employees, the families, businesses and communities we serve, and the strength of our company culture and workplaces.

- We are committed to creating and maintaining a culture that protects our employees’ safety, wellness and sense of belonging, and that allows them to perform their best.

- We believe in purposeful action to promote diversity, equity and inclusion in every part of our organization and among our supplier partners.

- And, we aim to make impactful change in the lives of our customers through charitable giving, volunteerism and community partnerships that strengthen and uplift the communities that we serve.

These priorities are core values of our company and extend to every NJR subsidiary and part of our business. Over the years, we have contributed both financial support and volunteer service to drive purposeful change.

Through our own efforts in mentorship and education and our partnerships with local nonprofits that focus on environmental, housing, and health and wellness issues, we have made a meaningful impact on lives in the communities we serve.

We are proud of our record, but are driven to go further, do more, and do better. We aim to help meet the needs of our most vulnerable customers, expand opportunity, improve issues of economic and social inequalities, and to improve environmental conditions today and for future generations.

This is why NJR has taken proactive steps in recent years to provide the necessary funding and resources for our charitable foundations to execute on their missions. These efforts have led to an established endowment fund totaling nearly $20 million – created in support of the charities – that measure up to the scope of our vision and will support their operations over the long run.

The impact of these resources will be felt for years to come by enabling our charitable foundations to focus on medium- and long-term partnerships that are positioned to drive outcomes that make a difference in our communities now and over time.

Diversity, Equity and Inclusion

Fostering an environment that values diversity, equity and inclusion (DEI) helps create an organization that respects and embraces the differences of employees, customers and the communities where we live, work and serve. NJR prides itself on promoting a culture that respects all of its employees and fosters concern for, and empowerment of, others.

Our DEI strategy is founded on the belief that we are bound together by shared values and principles, and we should respect every individual and provide an equitable and inclusive culture that allows for their development, growth and contribution. Achieving and maintaining outcomes that reflect this requires leadership at every level, and collaboration and understanding among all employees.

This strategy is built on three primary pillars that align with our business objectives: building, cultivating and enhancing an inclusive workforce and workplace; investing in our customers and communities; and fostering a diverse supplier base.

Social Responsibility

Business Resource Groups

Our employees are our greatest strength and we aim to empower them with the tools and resources to thrive in an environment where their voices are heard.

The company’s Business Resource Groups (BRG) are composed of employees linked by common backgrounds, culture and interests, and are open to all employees, regardless of the demographic focus of each group. Together, they foster and promote an engaged, inclusive workforce with peers who support one another and appreciate and celebrate individual differences.

BRGs help promote professional and personal growth for their members and provide leadership and mentorship opportunities. Each year, our BRGs host employee events that focus on professional development, community outreach, mental health and cultural awareness. And in these challenging times, our BRG events were held virtually, providing increased opportunity for employee participation from all company locations.

Twenty one percent of the NJR workforce are currently members of one or more of NJR’s BRGs. This represents a 5% increase over last year, during a time when our employee base also grew. These BRGs include:

- Asian Pacific Enrichment Community (APEC)
- Generations (Multigenerational)
- Let’s Inspire Visions of Equality (LIVE)
- Onyx (African Heritage)
- Supporting Women’s Advancement and Growth (SWAG)
- Todos Unidos (Latinx/ Hispanic)
Talent Acquisition and Management

To successfully implement our long-term strategy, NJR must be able to attract, retain and develop employees with the skills needed to meet our business needs. NJR prioritizes key programs focused on employee safety; leadership development; work-life balance; talent management; health and wellness; diversity, equity and inclusion; and employee engagement.

Our efforts to empower underrepresented employee groups are crucial to strengthening our workplace. In 2022, we continued nominating promising, future leaders to participate in professional development programs that provide the opportunity to adopt best practices and enhance their personal and professional growth.

The shift to online training provided greater access to all employees. Course offerings included Creating an Inclusive Culture, Inclusion and Belonging for Leaders and Psychological Safety.

We also partnered with the following organizations to deliver content to upskill our talent, educate and foster leadership skills across our team:

- American Gas Association Next Level Women’s Program
- LinkedIn Learning
- eCornell Diversity and Inclusion Certificate Program
- Professional development classes with Rutgers University Office of Continuing Professional Education and Brookdale Community College
- Tri-State Diversity Council
- Garden State Equality
- ASCEND
- Lead New Jersey
- New Jersey Business and Industry Association Women Business Leaders
- New Jersey Performing Arts Center
- Out & Equal

NJR seeks to attract and retain its employees by offering competitive compensation packages, including base and incentive compensation and attractive benefits. We also offer a tuition assistance program for employees who wish to obtain a bachelors or master’s degree.

Critical to these efforts over the long term, NJR focuses on building diverse succession slates in the organization as part of our annual succession planning.
Workforce Diversity

It is a priority at NJR to promote diversity among our workforce that reflects the uniqueness of the communities we serve and operate. Nearly 97% of our workforce serves in locations within New Jersey’s Monmouth, Ocean and Morris counties. NJR has made progress in this effort, and will continue to focus on the diversity of our workforce.

In fiscal year 2022, NJR improved the representation of underrepresented groups as a proportion of our workforce, while also increasing gender diversity within our management ranks. More information about these efforts is available on NJR’s website.
Employee Engagement and Wellness

NJR’s most recent employee engagement survey (2019) resulted in 87% employee engagement, defined as employees who feel proud to work at NJR and are confident about the future of the company. NJR plans to conduct its next companywide survey in 2023.

Over the course of the last three years, NJR welcomed nearly 350 new employees, or about 27% of our current workforce, through both replacement and new positions. NJR’s workforce has grown from 1108 (2019) employees to 1288 (2022), approximately 16%. We also celebrated the return of many employees to the office after extended periods of remote work due to the impacts of COVID-19. In doing so, we are keenly focused on sustaining and enhancing the unique culture of our organization.

Employee engagement is a key part of this effort. In the past year, our efforts to engage employees included:

- Quarterly onboarding sessions for new employees led by members of NJR’s senior leadership team.
- A combination of virtual and in-person programs focused on topics such as mental health, meditation and personal wellness.
- The return of NJR You Days, the first since 2019, where over 200 employees worked together on projects to clean, restore and enhance Island Beach State Park in Ocean County.
- Expanding our BRG groups and in-person events.
- Team building activities and events to bring people together.

NJR also provides our employees and their families support through our LifeWorks program, with free and confidential counseling and resources to address emotional and physical health, family, work, money and other life challenges. With longer-term challenges created by or lingering from the COVID-19 pandemic, these programs remain important to support our employees’ well-being:

- Mental health webinars with mental health professionals.
- Virtual meditation program.
- Health club access.

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- Team building activities and events to bring people together.

NJR You Days

NJR You Days is a company initiative created by NJR to bring employees together with area nonprofit and community-based groups to create positive change and have a lasting impact in our service territory.

Over two Fridays in June, more than 200 NJR employees gathered to dedicate over 1,000 volunteer hours to help clean the beaches, restore equipment and refurbish facilities at Island Beach State Park (IBSP). Located in the heart of NJNG’s service territory, IBSP is the largest reserve of undeveloped barrier island in the state. With its extensive shoreline and marquee beaches, the park attracts approximately one million visitors annually.

Employees got to work to provide the labor and resources to finish clean-up, improvement, resilience and restoration projects across the park and its facilities, including:

- Constructing eight lifeguard stands;
- Assembling and staining 23 Leopold benches;
- Installing post and rails at 23 beach trails, a sustainability and resilience measure to guide foot traffic at beach access points and prevent dune erosion;
- Painting 20 accessible spaces in the parking lots, as well as the interior and exterior of the park’s administration building; and,
- Cleaning approximately eight miles of beach.

This year’s NJR You Days was the first since the onset of the COVID-19 pandemic.
Employee Safety

Our employees are our most valuable resource. NJR’s top priority is ensuring their safety, which starts with creating an uncompromising culture of safety across every aspect of our business at all times. We recognize the essential role our employees have in delivering on this commitment; and we act to maintain safety standards that protect the well-being of our nearly 1,300 employees.

NJR’s obligation and core responsibility is to provide every employee with the resources, training and reinforcement to ensure their safety. As a result of the combined efforts of our entire team, we continue to deliver service and safety excellence, and our workforce and business remain strong.

At every level of our organization we work to maintain a safe, healthy and productive workplace, continually striving for safety excellence. Through our Safety 24/7 initiative, our workforce has developed a culture that keeps safety at the forefront for every employee, whether they are changing a natural gas meter at a customer’s home or reporting to our corporate headquarters.

Our Days Away/Restricted or Transferred (DART) rate, a reflection of recordable injuries (as defined by the Occupational Safety and Health Administration) that resulted in days off from work, job restrictions or transfers of duty, saw a dramatic decrease to below pre-pandemic levels, a testament to our team and their efforts.

Public Safety and Emergency Response

Significant resources, both financial and human capital, are dedicated to managing the safety and integrity of NJR’s infrastructure in all the areas in which we operate. Natural gas infrastructure has a strong safety record of transporting energy that is essential to our daily lives and the economic well-being of the customers and communities NJR and its companies serve. In fact, pipeline systems are the safest and most efficient means to move energy according to National Transportation Safety Board statistics.

Education and awareness about natural gas and the infrastructure that safely transports it are critical to maintaining the safety record of pipelines for energy delivery. NJR collaborates with our respective industry leaders, peers and regulators to focus on continually improving safety through design, construction, inspection and training at the utility and storage and transportation businesses.

At NJNG, the Partners in Safety program works directly with municipalities to provide the training and resources needed to ensure we all live and work safely with natural gas. And, as a member of New Jersey One Call, NJNG participates in widespread public awareness campaigns to promote safe digging practices with homeowners and excavators.

<table>
<thead>
<tr>
<th>Partners in Safety Campaign Individuals Reached</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers Reached</td>
<td>5,000</td>
<td>1,200</td>
<td>1,970</td>
</tr>
<tr>
<td>Excavators Reached</td>
<td>1,000</td>
<td>2,160</td>
<td>400</td>
</tr>
<tr>
<td>Municipalities</td>
<td>110</td>
<td>110</td>
<td>281</td>
</tr>
<tr>
<td>Emergency Officials</td>
<td>400</td>
<td>543</td>
<td>828</td>
</tr>
</tbody>
</table>
Both Adelphia and Leaf River share the same commitment to pipeline safety and awareness and are active in the communities in which they operate, sharing related messages with local residents and municipal officials.

As a first responder for emergencies, response times are a crucial measure of our ability to deliver on our commitment to public safety. Our performance in this area ranks us in the first quartile of our industry according to 2020 benchmarking data from the American Gas Association.

<table>
<thead>
<tr>
<th></th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Response Time Goal</td>
<td>20</td>
<td>20.5</td>
<td>20.5</td>
</tr>
<tr>
<td>Average Response Time Results</td>
<td>19.7</td>
<td>18.8</td>
<td>18.7</td>
</tr>
<tr>
<td>Response Time Less Than 60 Minutes Result</td>
<td>99.90%</td>
<td>99.99%</td>
<td>99.99%</td>
</tr>
</tbody>
</table>

Service Reliability and Resiliency

At our core, NJR is an energy infrastructure company. Providing reliable service is essential because customers depend on natural gas for lifeline home heating, essential power generation and other critical needs. Ensuring reliability of the systems and services maintained by NJNG and our S&T businesses requires complex planning to meet the needs of a variety of customers, particularly during extreme weather events.

Reliability of service depends on having an adequate supply of natural gas to serve customers and a properly maintained infrastructure to store and move that energy, both of which rely on investment in our business and the skills and experience of our employees.

Through oversight from the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration, we provide integrity management plans for our energy infrastructure operated by NJNG, Adelphia Gateway and Leaf River Energy Center, detailing how NJR must identify, prioritize, assess, evaluate, repair and validate the integrity of its infrastructure. These plans are regularly reviewed for updates to meet compliance with our regulatory agencies.

The characteristics of natural gas infrastructure, including its underground location, support minimal service disruptions. Research from the Gas Technology Institute shows customers are, on average, nearly 70 times less likely to experience a natural gas outage event compared to electricity outages; and are without service for just three minutes a year on average (including planned outages for equipment maintenance or replacement).

As a lifeline service provider, being prepared for extreme cold temperatures is an integral part of ensuring reliability for NJNG. The utility’s experienced team maintains sufficient supply and operational flexibility to ensure reliability under all market conditions. Weather conditions, system requirements, market prices, storage supplies, pipeline constraints, market opportunities and other supply demand issues are analyzed daily to ensure adequate supply of natural gas.
Energy Affordability and Assistance

New Jersey Natural Gas

Over the past 14 years, NJNG’s average monthly natural gas bill has declined 8% in real terms, and natural gas remains the most affordable choice for home heating in New Jersey today. The long-term decline in natural gas prices is due to technology and innovation that has increased supply in the Northeast shale region. Additionally, incentive programs established in collaboration with the BPU and the Division of Rate Counsel mitigate the impacts of both commodity prices and the volatility in the natural gas market for customers.

More recently in 2021 and 2022, energy price volatility resulting from geopolitical tensions, shifts in global demand, and other market impacts have caused near-term price increases.

The cost of NJNG’s natural gas supply is passed through to our customers, without any impact on the company’s profits. Still, NJNG recognizes the impact energy price increases have on our customers and takes a hand-on, proactive approach to managing gas supply costs.

To mitigate the risk of sudden and dramatic price changes, NJNG has a robust hedging program. By policy, at least 75% of our estimated winter send-out must be hedged prior to November 1. This hedging program has had a real impact on customers in fiscal 2022:

- While natural gas prices doubled throughout the year, NJNG secured an average hedged price that is significantly below current spot prices.
- Despite the need to increase bills to reflect the increase in commodity costs, NJNG had the lowest percent increase of all natural gas utilities in the state.

As previously discussed in this report, NJNG has also actively promoted customer conservation since the link between customer usage and gross margin was decoupled by the Conservation Incentive Program (CIP). NJNG encourages energy savings through education and awareness of energy efficiency under its Conserve to Preserve programs, as well as the programs offered through The SAVEGREEN Project, NJNG’s suite of energy efficiency program offerings. Since the inception of CIP in 2006, customers have saved nearly $452 million through reduced usage and energy conservation.

Source: Cost per 100,000 Btus determined from Electric Distribution Company Rates, U.S. Energy Information Administration Data, as of October 2022.

†These costs do not reflect potential savings from heat pump technologies that could significantly decrease assumed costs for natural gas, propane and electricity.
Most NJNG customers reside in Monmouth and Ocean counties, which are situated along the Jersey Shore and within commuting distance of New York City and Philadelphia. Our Northern Territory serves portions of Morris County. NJNG’s customer base is composed of 93% residential customers and the associated commercial establishments that serve their daily needs.

Even now, nearly three years after its initial onset, the COVID-19 pandemic’s economic and job market impacts continue to be seen and felt. These circumstances affected the ability of some customers to pay for utility and non-utility services, and led to an increase in arrears among utility customers statewide, including among NJNG’s customers.

NJNG has proactively stepped up to help address the need. We have shared information on a variety of payment assistance programs and helped customers attain the financial assistance needed to pay their energy bills. Over the past year, NJNG increased its energy assistance outreach, supporting 72,256 customers, totaling nearly $27 million. This includes support from NJNG’s own Gift of Warmth, which provides a one-time grant of up to $500 for households experiencing temporary or unanticipated hardship. And, through NJNG’s suite of energy-efficiency programs, targeted assistance is available for low- and moderate-income households, putting measures that lower energy use and provide energy bill savings within reach for those who need it most.

NJR Clean Energy Ventures: The Sunlight Advantage

Through The Sunlight Advantage®, a solar leasing program for homeowners, small commercial businesses and nonprofit organizations, CEV is eliminating the cost barrier that might preclude such customers from installing renewable power at their premises. With a solar lease or power purchase agreement from The Sunlight Advantage, customers can save up to 43% on their electricity costs. Since its inception over 10 years ago, The Sunlight Advantage has delivered the benefits of solar to over 9,700 customers throughout New Jersey, helping the state achieve its renewable energy goals, and providing homeowners, businesses and nonprofits with savings.
Customer Service

<table>
<thead>
<tr>
<th>NJNG/NJRHS</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2022 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>90.5%</td>
<td>92.4%</td>
<td>89.6%</td>
<td>89.0%</td>
</tr>
</tbody>
</table>

Maintaining open lines of communication with our customers during uncertain times remained critical in fiscal 2022. While the lingering effects of the COVID-19 pandemic continued to pose challenges and require flexibility from our team, we continued to deliver an exceptional quality of service to our customers, consistent with our Commitment to Stakeholders.

Strong representation by bilingual members of our team positioned us to support the diverse customers served throughout our territory. We also utilized a variety of channels – from our website, newsletters, emails, social media and news media – to share relevant updates so customers may easily interact with us and get the information they need.

Community Engagement

The places where we live and work have been fundamental to our success and our growth over the past seven decades, and NJR and our employees are eager to give back, especially during times of great need. That tradition for our company continued in fiscal 2022.

Following a pause of most of NJNG’s in-person volunteer and philanthropic efforts due to the COVID-19 pandemic and related restrictions, fiscal year 2022 represented a return to many of these activities for our employees. This support has been critical for the community-based nonprofits we support, where in many cases the need has never been greater. In fiscal 2022, NJNG employees provided over 2,000 volunteer hours over the fiscal year, more than double the amount in the prior year.

Community Support:

- **$1,838,726 in total community spending** (includes cash donations and value of time given through volunteer hours).
- **Over 1,800 organizations supported** through charitable and in-kind contributions.
- **45% of community grants distributed** to environmental nonprofits. NJR employees, with support from a company match, donated over $350,000 through NJR’s annual employee charity drive.

Despite ongoing changes in work location and adjustments to COVID-19-related protocols, our field service and call center employees met or exceeded internal benchmarks and past performance.

- Overall Satisfaction with NJNG exceeded our internal benchmark.
- Continue to log the fewest BPU complaints per 1,000 customers, among major utilities.
- NJR Home Services maintained a near-5-star rating while completing nearly 80,000 service requests and more than 3,800 HVAC, plumbing and generator installations in fiscal 2022.

NJNG is consistently recognized for its excellence in customer service. In fiscal 2022, NJNG was also named a “Most Trusted Brand” for the 9th consecutive year, a “Customer Champion” for the 8th consecutive year, and a utility that is “Easy to Conduct Business With” for the 4th Consecutive Year by Cogent Syndicated from Escalent.
Building on Our Success – Refining Our Engagement
Strategy for Communities

NJR strives to continually improve its strategy for engagement, outreach and philanthropy to maximize the impact of its support on issues of consequence for our communities. Our DEI and community engagement strategies include focus areas to concentrate our efforts and deliver the greatest impact:

Health and Human Services
• Help improve access to healthcare in underrepresented communities.
• Ensure the identified resources are provided to the community members who are most in need.

Education
• Continue NJR’s strong community presence in educating the public on personal, professional and societal development.
• Provide structured mentoring, speaking engagements and classroom programs that target youth development in our underserved communities (e.g., Asbury Park, Lakewood, Neptune, Long Branch).

Environment
• Empower community members to be proactive about sustainability, conservation and clean energy efforts.
• Offer a variety of environmental educational material via live events, radio, social media and virtual platforms.
• Bring awareness to our Coastal Climate Initiative to reduce the impact of climate change on our shore communities.

Housing
• Work with organizations in all the counties we serve to provide affordable homeownership opportunities to members of the community through financial and volunteer support.

Goodwill
• Collaborate with local and national organizations to support advocacy for underrepresented groups (i.e., people of color, veterans, LGBTQ+, seniors, persons with disabilities and more).

Supplier Diversity

NJR’s supply chain encompasses a wide variety of vendors that provide products and services to support the construction and operation of segments focused on energy infrastructure as well as the day-to-day operation of the functions that support this work. In fiscal 2022, NJR engaged a total of 1,634 suppliers, primarily in the continental U.S., with total spending of $516 million, 5% of which was directed to certified diverse businesses.

As part of our commitment to integrate the principles of DEI across the organization, NJR seeks to achieve a more diverse supplier base, emphasizing the inclusion of vendors such as minority and women-owned business enterprises (MBWE), small businesses, LGBTQ+-owned businesses and businesses owned by veterans and individuals with disabilities and, therefore, increase its diverse supplier spending.

To support this effort, NJR is a member of several diverse chambers of commerce from which to we can attract and recruit new suppliers. These include:
• NJ State Veterans Chamber of Commerce
• Statewide Hispanic Chamber of Commerce of NJ
• Asian Indian Chamber of Commerce
• New Jersey Pride Chamber of Commerce

NJNG also holds a board seat on the New Jersey Board of Public Utilities Supplier Diversity Development Council, which works to establish effective working relationships amongst minority, women and service disabled veteran owned businesses and New Jersey public utilities. NJNG reports its progress on supplier diversity each year to the BPU President.

In addition, NJR seeks to identify diverse businesses within the communities we serve to support their diversity certification through sponsorship and assistance with the process.
We recognize sound corporate governance is critical to ensuring we operate effectively and efficiently, and in a manner that enhances value for our shareholders while protecting and promoting their long-term interests.

We believe effective oversight comes from a Board that represents a broad range of skills and industry knowledge, as well as a diversity of perspectives, attributes and experiences that align with our company’s long-term strategy.

Our Board includes our president and CEO and nine independent directors with deep experience and diverse skills and backgrounds. The Board is responsible for oversight of NJR’s overall strategy, including all ESG issues.

The Board’s current composition features:

• An independent, highly experienced chair with well-defined responsibilities that support the Board’s oversight responsibilities.

• Nine of our 10 Board members are independent according to the principles and standards established by the New York Stock Exchange (NYSE).

• A robust committee structure with active committees consisting entirely of independent directors with oversight of the company’s most significant risks.

• Four directors, or 40%, are gender, ethnically and/or racially diverse.

• Six directors with significant ties to New Jersey.

• Average tenure of our directors is 8.3 years.
Board Expertise/Experience

NJR’s Nominating and Corporate Governance Committee (NCGC) establishes and regularly reviews with directors the qualifications, attributes, skills and experience it believes are desirable for directors to ensure that they align with the company’s long-term strategy. The most important of these are noted below, along with the number of directors possessing those attributes.

6 Utility
Experience in operating a regulated utility business, such as our principal subsidiary NJNG.

10 Regulatory/Government
Experience in interacting with regulators and policymakers and/or working within government agencies.

6 CEO Experience
Experience as CEO of an organization.

8 Finance/Accounting/Risk Management
Financial and risk management expertise and/or experience as a public company chief financial officer or audit partner.

9 Corporate Governance
Experience in public company corporate governance-related issues and best practices.

3 Technology/Cybersecurity
Experience in technology innovations and/or oversight of cybersecurity programs.

4 Energy Services/Commodity Trading
Experience in energy service industry, including wholesale energy marketing, energy trading and delivery of midstream energy service and/or storage.

6 Community/Public Relations
Experience in community affairs, public relations and/or marketing.

1 Legal
Experience and/or formal education as an attorney.

3 Environmental
Experience with oversight of environmental policy, regulation and business operation matters.

5 Renewable Energy/Energy Efficiency
Experience in the renewable energy industry, including solar energy generation and distribution and/or experience linking green initiatives to commercial opportunities.

10 Leadership Development/Succession Planning
Experience in talent management and succession planning to ensure pipeline of leadership for an organization.

10 Strategic Planning
Experience in strategic planning and growth and value creation.
Board Risk Oversight Structure

The Board is organized into three active standing committees: the Audit Committee, the Leadership Development and Compensation Committee (LDCC), the NCGC, as well as an Executive Committee. Independent directors comprise the Audit Committee, LDCC and NCGC. Each of the committee’s charters, other than the Executive Committee, can be found in the governance section of NJR’s website at investor.njresources.com/governance.

Members of the Board are kept informed of our business through regular discussions with senior leaders of the company, materials provided to them and meetings of the Board and its committees. A member of management is designated as the primary liaison to each committee and is responsible for providing information and updates to the committee.

The Intersection of Climate Change and Our Business

The Board recognizes that, as a company with physical assets located across the United States, a regulated, lifeline utility service relied on by nearly 570,000 homes and businesses and the critical responsibility to reliably transport and deliver energy to customers, climate change and public policy aimed at addressing it have an impact on all our stakeholders and business strategy. The Board takes an active role in providing oversight on sustainability through its NCGC. This includes the consideration of the climate-related risks and opportunities that affect corporate social responsibility, public policy, advocacy and NJR’s reputation.

The Board meets at least five times a year to review and discuss items related to NJR’s strategy and execution, covering, at various times, topics that span business-related matters such as performance, disclosure and risks, including sustainability considerations. In fiscal 2022, the Board continued to dedicate significant time discussing the company’s strategy and disclosures on ESG-related topics, including climate change and our decarbonization strategy.

Day-to-day, NJR’s executive leadership team is responsible for managing the risks and opportunities related to climate change. NJR has established processes that support the evaluation and discussion of climate- and sustainability-related business effects across the organization.

• A robust Enterprise Risk Management assessment is conducted annually with the involvement of organizational leadership and the Board. This process results in the identification of top risks and opportunities across the organization and assurance of the appropriate allocation of resources to manage or mitigate such risks. Based on the nature of NJR’s business, many of these topics have a broad intersection with climate change.

• Established processes are subject to independent review by the Internal Audit department. Any observations from the review are addressed by management and reported to the Audit Committee.

• Sustainability Council: In 2020, sustainability was formally elevated at NJR and given a framework for goal setting and accountability with the formation of the Sustainability Council. This group of senior leaders from across the organization meets every two months to discuss ESG-related topics, including climate change and its impacts on the organization, and to develop and implement strategies to address these impacts. The Sustainability Council is also supported by NJR’s Office of Sustainability, a dedicated staff who inform and support the Council through extensive research, benchmarking and assistance in the implementation of our sustainability strategy across the organization.

Opportunity, Challenge and Risk Management in a Low-Carbon Future

As a diversified energy infrastructure company, an economy-wide transition to lower-carbon energy sources along with physical asset risks associated with climate change present both uncertainty and opportunities for our business.

As an opportunity, climate-change mitigation and a low-carbon transition have played a significant role in the development of our long-term strategy across all of NJR’s businesses. Our strategy is focused on consistent and disciplined growth through development, storage and delivery of decarbonized fuels, continued investment in energy efficiency and greater deployment of solar and other distributed energy resources, all of which have been cited by various academic and research institutions as having a significant role in the transition to a low-carbon economy.

NJR has undertaken both physical- and transition-risk-scenario analyses that address potential business risks and opportunities associated with operating in both a carbon-constrained world, as well as one with continued warming.
NJR’s disclosed climate-related risks include:

- Physical climate-related risks that may result from changing weather and weather patterns, including extreme weather events that, individually or in aggregate, may be associated with climate change, could adversely affect our ability to manage our operational requirements to serve our customers and, ultimately, adversely affect our results of operations and liquidity.

- Transition risks associated with climate change and the costs that may be associated with its impacts have the potential to affect our business in many ways, including increasing the cost incurred in providing natural gas, impacting the demand for and consumption of natural gas (due to change in both costs and weather patterns) and affecting the economic health of the regions in which we operate.

- Our costs of compliance with present and future environmental laws are significant and transition risks associated with climate change regulation could adversely affect our cash flows and profitability. The U.S. Congress has for some time been considering various forms of climate change legislation. Additionally, in New Jersey, Governor Murphy issued Executive Order No. 100, directing the N.J. Department of Environmental Protection to make sweeping regulatory reforms, branded as Protecting Against Climate Threats, to reduce emissions and adapt to climate change. These regulations have begun to be promulgated, and NJR is taking an active role in participating in these rulemaking processes.

- Our goals, to reduce our New Jersey operational emissions by 60% from 2006 levels by 2030 and to achieve net-zero carbon emissions from our New Jersey operations by 2050, may require additional technological, legislative and regulatory developments, the impacts and costs of which may not be fully known at this time.

For further discussion of these and NJR’s other risk factors, please see NJR’s 2022 10-K.

Risk Management

Under the leadership of NJR’s corporate risk officer, NJR’s Risk Management team annually engages management, the Board and other stakeholders to identify, score and prioritize key business risks and opportunities.

The NJR Leadership team is responsible for management of risks identified across the organization, including providing oversight and monitoring to ensure our risk mitigation efforts are carried out.

Our management team holds regular meetings that identify, discuss and assess financial risk from current macro-economic, industry and company perspectives. Additionally, NJR’s Sustainability Council meets every two months to discuss a variety of ESG-related issues, including climate change, and develops strategies and initiatives to manage the impacts to the organization.

NJR’s Board is responsible for risk oversight with input from regular management reports. In carrying out its risk oversight function, the Board’s three active standing committees are responsible for risk oversight within their respective areas of responsibility. Each committee regularly reports to the full Board. The Nominating and Corporate Governance Committee has responsibility for oversight of risks related to climate change, environmental stewardship, sustainability and corporate social responsibility.

For further detail of the Board’s role in risk oversight, please see NJR’s latest proxy statement.

Ethical Business Practices

Code of Conduct

NJR’s Code of Conduct represents our company’s commitment to conduct our business in a professional manner that meets all ethical and legal business obligations. It serves as a guide and resource for all employees at the company to meet that standard in all they do. Annually, all employees, regardless of title, complete mandatory training that reviews the standards and practices of this document and how to apply it to their day-to-day work relationships and interactions. All contractors and vendors the company works with are required to abide by the Code of Conduct, as well.

NJR’s Code of Conduct is made publicly available here.

Political Contributions Policy

As the parent company of a regulated, lifeline service utility serving nearly 570,000 customers – five of every six of whom depend on us for their home heat – we have a responsibility to engage with regulators on matters affecting our business and the customers we serve.

NJR is committed to being a responsible corporate citizen wherever we do business and to comply with all applicable laws, rules and regulations regarding the use of the company’s funds, assets and resources in connection with political activity.

Accordingly, NJR maintains a policy to educate, inform and, wherever appropriate, ensure compliance from all employees concerning permitted political activity. We encourage our employees to take an active interest in fostering the principles of good government and participate in permitted political activity in the
communities in which we live and work, provided that such activity only occurs in an employee’s individual capacity and not on the company’s behalf or time, or with the use of any of the company’s funds, assets or other company resources.

Within our policy governing political activities in the workplace is NJR’s policy to make no political contributions or use any of the company’s funds, assets or other company resources to benefit any political candidates, parties or committees.

These guidelines and requirements are communicated in a company policy, shared with all employees and meant to ensure our conduct – and that of our employees – is in line with all applicable laws and regulations.

Transparency and Reporting

NJR is committed to a high level of transparency in our disclosure of risks and opportunities presented by climate change and other matters of concern. We continue to enhance our reporting platforms and data collection protocols throughout our business to ensure our sustainability reporting provides timely, relevant and reliable information for use by our stakeholders.

In keeping with this commitment, NJR maintains high-quality reporting in its sustainability-related disclosures, some of which include:

- Global Reporting Index
- Sustainability Accounting Standards Board
- Task Force on Climate-related Financial Disclosure
- American Gas Association

Cybersecurity and Information Security

As an owner and operator of critical infrastructure, the energy that NJR delivers is essential to our customers’ lives and livelihoods. Protection of critical information, our physical assets and our operational integrity is a top priority. More and more, aspects of our business increasingly rely on digitalization, systems integration and technology.

NJR recognizes the essential importance of cybersecurity to the health of our business and the families and businesses we serve. Information technology is central to our natural gas distribution and storage operations, our solar facilities, the protection of our customer data and critical day-to-day business processes.

Enterprise-wide, proactive cybersecurity risk mitigation is a business imperative for NJR, and our personnel structures, policies and procedures reflect this reality for our company. NJR’s cybersecurity efforts and program align with the National Institute of Standards and Technology’s Cybersecurity Framework and meet or exceed the requirements set forth by the BPJ for regulated utilities. We also utilize the Cybersecurity Capability Maturity Model (or C2M2) from the U.S. Department of Energy to evaluate and continuously improve our cybersecurity processes and programs for our critical infrastructure.

NJR’s director of Cybersecurity maintains a company-wide cybersecurity program, including the establishment of NJR’s standing Cyber Resiliency Committee (CRC), which provides governance, strategic planning and sponsorship for the organization’s umbrella efforts. This structure provides for technical detection, prevention and response, incident management and decision-making, threat intelligence, policy planning and ongoing risk assessments.

Our employees are on the frontline of these threats. NJR prioritizes ongoing cybersecurity training to improve employee cybersecurity fluency and awareness and prevention of emerging threats. Our employees are active participants in protecting NJR. Annual cybersecurity training is mandatory at all levels from senior officer leadership to new hires, and regular knowledge-based communications are provided on relevant information security practices and threats.

Prioritization of these issues extends to NJR’s Board, who are actively engaged in oversight on major cybersecurity risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies. The Board receives regular updates on technology upgrades and enhancements that concern the assessment of risk.

NJR’s Human Rights Policy

We believe human rights are the fundamental rights, freedoms and standards of treatment to which all people are entitled. NJR abides by all laws and regulations and upholds and respects human rights in support of the principles contained in the United Nations Universal Declaration of Human Rights and the UN Global Compact.

NJR values and promotes a diverse, equitable and inclusive work environment, which we believe to be foundational to upholding human rights. This belief is deeply rooted in the core values of our Commitment to Stakeholders: safe, reliable and competitively priced service, customer satisfaction, quality, valuing employees and corporate citizenship. Our Code of Conduct, workplace policies and procedures and our longstanding commitment to diversity, equity and inclusion also support the purpose and goals of our human rights policy. To read the full policy, please visit njrsustainability.com.
Forward-Looking Statements

Certain statements within this report are forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. New Jersey Resources Corporation (NJR) cautions readers that the assumptions forming the basis for forward-looking statements include many factors that are beyond NJR’s ability to control or estimate precisely, such as estimates of future market conditions and the behavior of other market participants. Words such as “anticipates,” “estimates,” “expects,” “projects,” “may,” “will,” “intends,” “plans,” “believes,” “should” and similar expressions may identify forward-looking statements and such forward looking statements are made based upon management’s current expectations, assumptions and beliefs as of this date concerning future developments and their potential effect upon NJR. There can be no assurance that future developments will be in accordance with management’s expectations, assumptions and beliefs or that the effect of future developments on NJR will be those anticipated by management. Forward-looking statements in this report include, but are not limited to, certain statements regarding NJR’s environmental, sustainability, social, governance, decarbonization, water and waste management and clean energy goals, future charitable spending, sustainability guiding principles and assessments, emission reduction strategies and goals, employee retention goals, initiatives and targets, allocation of future capital expenditures towards sustainability investments, the Inflation Reduction Act, NJR’s infrastructure and energy efficiency programs and investments, NJR’s investments in renewables and emerging technologies such as solar, renewable natural gas and green hydrogen gas, the success of the Coastal Climate Initiative, demand for residential and commercial solar energy and Adelphia Gateway Pipelines and Leaf River Energy Center’s sustainability goals.

Additional information and factors that could cause actual results to differ materially from NJR’s expectations are contained in NJR’s filings with the U.S. Securities and Exchange Commission ("SEC"), including NJR’s Annual Reports on Form 10-K and subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other SEC filings, which are available at the SEC’s web site, http://www.sec.gov. Information included in this report is representative as of today only and while NJR periodically reassesses material trends and uncertainties affecting NJR’s results of operations and financial condition in connection with its preparation of management’s discussion and analysis of results of operations and financial condition contained in its Quarterly and Annual Reports filed with the SEC, NJR does not, by including this statement, assume any obligation to review or revise any particular forward-looking statement referenced herein in light of future events.
**GLOBAL REPORTING INDEX**

GRI is an international independent organization that establishes standards designed for organizations to report about ESG impacts from their operations.

*GRI: General Disclosures 2021

**General Disclosures**

<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-1</td>
<td>Organizational details</td>
<td>NJR's 2022 Form 10-K</td>
</tr>
</tbody>
</table>
| 2-2          | Entities included in the organization's sustainability reporting | 2022 Corporate Sustainability Report: Our Companies
To the best extent possible, all metrics are noted with the entities including in the information provided or an explanation is provided. |
| 2-3          | Reporting period, frequency and contact point | Information reported in NJR’s Corporate Sustainability Report is based on fiscal year performance from October 1 through September 30, unless otherwise noted. This is consistent with NJR’s financial reporting.
This report was published on January 25, 2023. Questions can be directed to Adam Prior, Director of Investor Relations, at aprior@njresources.com. |
| 2-4          | Restatements of information | None |
| 2-5          | External assurance | Please see Page 38 for more information on NJR’s commitment to transparency in reporting. |
| 2-6          | Activities, value chain and other business relationships | NJR's 2022 Form 10-K, Page 4.
2022 Corporate Sustainability Report: Supplier Diversity |
<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-7</td>
<td>Employees</td>
<td>2022 Corporate Sustainability Report: Workforce Demographics</td>
</tr>
<tr>
<td></td>
<td></td>
<td><img src="#" alt="Table" /></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Permanent Employees</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Temporary Employees</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Full-time Employees</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Part-time Employees</td>
<td>89%</td>
</tr>
</tbody>
</table>

The information provided in this disclosure is from the end of the reporting period.

| 2-8          | Workers who are not employees | NJR may hire consultants to support special projects in the company. These projects vary in nature and duration and are managed in a decentralized manor by the company’s business units; therefore, there is not a single repository to draw this information from. |

| 2-9          | Governance structure and composition | Please see NJR’s Governance Documents on our Investor Relations web site. Corporate Governance Guidelines detail the Board’s structure and committee charters, including the NCGC, which is responsible for oversight of NJR’s sustainability efforts. Additional details on the Board and its membership can be found in NJR’s 2022 Proxy Statement. |

<p>| 2-10         | Nomination and selection of the highest governance body | NJR’s 2022 Proxy Statement, Page 18 |
| 2-11         | Chair of the highest governance body | NJR’s 2022 Proxy Statement, Page 23 |
| 2-12         | Role of the highest governance body in overseeing the management of impacts | NJR’s 2022 Proxy Statement, Page 24 |</p>
<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-13</td>
<td>Delegation of responsibility for managing impacts</td>
<td>NJR's 2022 Proxy Statement, Page 24</td>
</tr>
<tr>
<td>2-14</td>
<td>Role of the highest governance body in sustainability reporting</td>
<td>NJR's 2022 Proxy Statement, Page 24</td>
</tr>
<tr>
<td>2-15</td>
<td>Conflicts of interest</td>
<td>NJR's 2022 Proxy Statement, Page 29</td>
</tr>
<tr>
<td>2-16</td>
<td>Communication of critical concerns</td>
<td>NJR's 2022 Proxy Statement, Page 29</td>
</tr>
<tr>
<td>2-17</td>
<td>Collective knowledge of the highest governance body</td>
<td>2022 Corporate Sustainability Report: The Intersection of Climate Change and Our Business</td>
</tr>
<tr>
<td>2-18</td>
<td>Evaluation of the performance of the highest governance body</td>
<td>NJR's 2022 Proxy Statement, Page 19</td>
</tr>
<tr>
<td>2-19</td>
<td>Remuneration policies</td>
<td>NJR's 2022 Proxy Statement, Page 30 and 40</td>
</tr>
<tr>
<td>2-20</td>
<td>Process to determine remuneration</td>
<td>NJR's 2022 Proxy Statement, Page 40</td>
</tr>
<tr>
<td>2-21</td>
<td>Annual total compensation ratio</td>
<td>NJR's 2022 Proxy Statement, Page 77</td>
</tr>
<tr>
<td>2-22</td>
<td>Statement on sustainable development strategy</td>
<td>2022 Corporate Sustainability Report: Letter from the CEO</td>
</tr>
<tr>
<td>2-23</td>
<td>Precautionary Principle or approach</td>
<td>Although NJR has not adopted the precautionary principle (as described in the U.N. Rio Declaration of 1992), our implementation of sustainability practices demonstrates a commitment to proactively identify, and prevent or mitigate negative impacts.</td>
</tr>
<tr>
<td>2-24</td>
<td>Embedding policy commitments</td>
<td>NJR Human Rights Policy</td>
</tr>
<tr>
<td>GRI STANDARD</td>
<td>DESCRIPTION</td>
<td>SOURCE</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
<td>--------</td>
</tr>
<tr>
<td>2-25</td>
<td>Processes to remediate negative impacts</td>
<td>NJR's 2022 Proxy Statement</td>
</tr>
<tr>
<td>2-26</td>
<td>Mechanisms for advice and concerns about ethics</td>
<td>Code of Conduct</td>
</tr>
<tr>
<td>2-27</td>
<td>Compliance with laws and regulations</td>
<td>There were no significant instances of non-compliance with laws and regulations that resulted in fines considered material for the reporting period.</td>
</tr>
<tr>
<td>2-28</td>
<td>Membership associations</td>
<td>American Gas Association</td>
</tr>
<tr>
<td>2-29</td>
<td>Approach to stakeholder engagement</td>
<td>2022 Corporate Sustainability Report: Stakeholder Engagement</td>
</tr>
<tr>
<td>2-30</td>
<td>Collective bargaining agreements</td>
<td>NJR's 2022 Form 10-K</td>
</tr>
</tbody>
</table>
Task Force for Climate-related Financial Disclosures

NJR has disclosed information recommended by the Task Force for Climate-Related Financial Disclosures. The relevant disclosure topics can be found within the 2022 Corporate Sustainability Report on the pages noted below.

<table>
<thead>
<tr>
<th>Topic Area</th>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Describe the board’s oversight of risks and opportunities.</td>
<td>Page 36</td>
</tr>
<tr>
<td></td>
<td>Describe management’s role in assessing and managing risks and opportunities.</td>
<td>Page 37</td>
</tr>
<tr>
<td>Strategy</td>
<td>Describe risks and opportunities the company has identified over the short, medium, and long-term.</td>
<td>Page 36</td>
</tr>
<tr>
<td></td>
<td>Describe the impact of risks and opportunities on the businesses, strategy, and financial planning.</td>
<td>Page 36</td>
</tr>
<tr>
<td></td>
<td>Describe the resilience of the strategy, taking into consideration different climate related scenarios, including 2C or lower.</td>
<td>Page 36</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Describe the processes for identifying and assessing risks.</td>
<td>Page 36</td>
</tr>
<tr>
<td></td>
<td>Describe the processes for managing risks.</td>
<td>Page 36</td>
</tr>
<tr>
<td></td>
<td>Describe how processes for identifying, assessing, and managing risks are integrated into the overall risk management.</td>
<td>Page 36</td>
</tr>
<tr>
<td>Metrics and Targets</td>
<td>Disclose the metrics used to assess risks and opportunities in line with its strategy and risk management processes.</td>
<td>Page 17</td>
</tr>
<tr>
<td></td>
<td>Disclose Scope 1, 2, (and potentially 3) GHG emissions and related risks.</td>
<td>Page 18</td>
</tr>
<tr>
<td></td>
<td>Describe targets used to manage risks and opportunities and performance against targets.</td>
<td>Page 17</td>
</tr>
</tbody>
</table>
The American Gas Association (AGA) developed a voluntary reporting template to support the sharing of more uniform and consistent ESG data among from members companies to the financial community.

**Parent Company:** New Jersey Resources  
**Operating Company(s):** New Jersey Natural Gas  
**Business Type(s):** Local Distribution Company  
**State(s) of Operation:** New Jersey  
**Regulatory Environment:** Regulated  
**Report Date:** January 2023  

Note: The information presented below is reported on a calendar year basis in line with NJNG’s annual required reporting under the Environmental Protection Agency’s 40 CFR Part 98, Subpart W.

### Definitions

<table>
<thead>
<tr>
<th>Ref. No.</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All methane leak sources per 98.232 (i)(1-6) are included for Distribution. Combustion sources are excluded. CO2 is excluded.</td>
</tr>
</tbody>
</table>

#### Natural Gas Distribution

<table>
<thead>
<tr>
<th>1.1 Number of Gas Distribution Customers</th>
<th>Baseline</th>
<th>Past Year</th>
<th>Last Year</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>497,752</td>
<td>552,099</td>
<td>559,631</td>
<td>566,561</td>
</tr>
</tbody>
</table>

These metrics should include all local distribution companies (LDCs) held by the Parent Company that are above the LDC Facility reporting threshold for EPA’s 40 C.F.R. 98, Subpart W reporting rule.

<table>
<thead>
<tr>
<th>1.2.1 Plastic (miles)</th>
<th>3,220</th>
<th>4,261</th>
<th>4,379</th>
<th>4,514</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2.2 Cathodically Protected Steel - Bare &amp; Coated (miles)</td>
<td>3,056</td>
<td>2,954</td>
<td>2,942</td>
<td>2,929</td>
</tr>
<tr>
<td>1.2.3 Unprotected Steel - Bare &amp; Coated (miles)</td>
<td>505</td>
<td>127</td>
<td>96</td>
<td>1</td>
</tr>
<tr>
<td>1.2.4 Cast Iron / Wrought Iron - without upgrades (miles)</td>
<td>66</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ref. No.</td>
<td>Definitions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Past Year</strong></td>
<td><strong>Last Year</strong></td>
<td><strong>Current Year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td></td>
</tr>
</tbody>
</table>

**Natural Gas Distribution**

1.3 Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to complete)

1.3.1 Unprotected Steel (Bare & Coated) (# years to complete)

1.3.2 Cast Iron / Wrought Iron (# years to complete)

2 Distribution CO2e Fugitive Emissions

2.1 CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Past Year</th>
<th>Last Year</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3.1 Unprotected Steel (Bare &amp; Coated)</td>
<td>-</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Optional: # yrs by pipe type.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3.2 Cast Iron / Wrought Iron</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Optional: # yrs by pipe type</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)</td>
<td>95,473</td>
<td>39,860</td>
<td>38,432</td>
<td>33,525</td>
</tr>
</tbody>
</table>

Fugitive methane emissions (not CO2 combustion emissions) stated as CO2e, as reported to EPA under 40 CFR 98, Subpart W, sections 98.236(q)(3)(ix)(D), 98.236(r)(1)(v), and 98.236(r)(2)(v)(B) - i.e., this is Subpart W methane emissions as input in row 2.2 below and converted to CO2e here. This metric should include fugitive methane emissions above the reporting threshold for all natural gas local distribution companies (LDCs) held by the Parent Company that are above the LDC Facility reporting threshold for EPA’s 40 C.F.R. 98, Subpart W reporting rule. Calculated value based on mt CH4 input in the 2.2 (below).
## Definitions

Refer to the "Definitions" column for more information on each metric.

<table>
<thead>
<tr>
<th>Ref. No.</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>Past Year</td>
</tr>
<tr>
<td>2011</td>
<td>2019</td>
</tr>
</tbody>
</table>

### Natural Gas Distribution

<table>
<thead>
<tr>
<th>Metric</th>
<th>Baseline</th>
<th>Past Year</th>
<th>Last Year</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)</td>
<td>3,819</td>
<td>1,594</td>
<td>1,537</td>
<td>1,341</td>
</tr>
<tr>
<td>CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)</td>
<td>199</td>
<td>83</td>
<td>80</td>
<td>70</td>
</tr>
<tr>
<td>Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)</td>
<td>63,724,725</td>
<td>103,851,784</td>
<td>84,977,860</td>
<td>85,302,967</td>
</tr>
<tr>
<td>Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet</td>
<td>60,538</td>
<td>98,659</td>
<td>80,729</td>
<td>81,038</td>
</tr>
<tr>
<td>Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)</td>
<td>0.33%</td>
<td>0.08%</td>
<td>0.10%</td>
<td>0.09%</td>
</tr>
</tbody>
</table>

- **Input Value** (total mt CH4) as explained in definition above. Subpart W input is CH4 (mt).
- This metric provides gas throughput from distribution (quantity of natural gas delivered to end users) reported under Subpart W, 40 C.F.R. 98.236(aa)(9)(iv), as reported on the Subpart W e-GRRT integrated reporting form in the ‘Facility Overview’ worksheet Excel form, Quantity of natural gas delivered to end users (column 4).
- Calculated annual metric: (MMSCF methane emissions/MMSCF methane throughput)
SASB provides globally applicable industry-specific standards that enables businesses to report on financially material sustainability topics and their associated metrics. NJR has included relevant disclosures in the three industries it operates: Gas Utilities and Distributors, Solar Technology and Project Developers and Oil, Gas and Midstream.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Code</th>
<th>Accounting Metric</th>
<th>Unit of Measure</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Affordability</td>
<td>IF-GU-240a.1</td>
<td>Average retail gas rate for residential customers</td>
<td>US Dollars</td>
<td>$11.81</td>
<td>$11.17</td>
<td>$13.99</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average retail gas rate for commercial customers</td>
<td>US Dollars</td>
<td>$12.75</td>
<td>$12.43</td>
<td>$17.24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average retail gas rate for industrial customers(^1)</td>
<td>n/a(^1)</td>
<td>n/a(^1)</td>
<td>n/a(^1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average retail gas rate for transportation services only</td>
<td>US Dollars</td>
<td>$5.00</td>
<td>$5.06</td>
<td>$6.18</td>
</tr>
<tr>
<td></td>
<td>IF-GU-240a.2</td>
<td>Typical monthly gas bill for residential customers for 50 MMBtu of gas delivered per year</td>
<td>US Dollars</td>
<td>$53.11</td>
<td>$51.33</td>
<td>$62.03</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Typical monthly gas bill for residential customers for 100 MMBtu of gas delivered per year</td>
<td>US Dollars</td>
<td>$96.37</td>
<td>$92.52</td>
<td>$113.21</td>
</tr>
<tr>
<td></td>
<td>IF-GU-240a.3</td>
<td>Number of residential customer gas disconnections for non-payment(^2)</td>
<td>Number</td>
<td>3,696</td>
<td>–</td>
<td>4,794</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage reconnected within 30 days(^2)</td>
<td>Percentage (%)</td>
<td>70.9%</td>
<td>–%</td>
<td>53.5%</td>
</tr>
<tr>
<td></td>
<td>IF-GU-240a.4</td>
<td>Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory</td>
<td>n/a</td>
<td>Please see this item on Page 30 of NJR’s Corporate Sustainability Report.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) All industrial customers are transportation customers; therefore, their rates are captured in the transportation segment. The NJNG tariff allows for limited exceptions to this. Please see NJR’s response to Standard IF-GU-000.B for more information.

\(^2\) NJNG measures reconnections over a 3-day period as opposed to the recommended 30-day. Disconnections for non-payment were suspended beginning March 16, 2020 due to the impacts of the COVID-19 pandemic. Disconnections resumed March 15, 2022.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Code</th>
<th>Accounting Metric</th>
<th>Unit of Measure</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>End-Use Efficiency</td>
<td>IF-GU-420a.1</td>
<td>Percentage of gas utility revenues from rate structures that are decoupled</td>
<td>Percentage (%)</td>
<td>71.4%</td>
<td>71.4%</td>
<td>72.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of gas utility revenues from rate structures that contain a lost revenue adjustment mechanism (LRAM)</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>IF-GU-420a.2</td>
<td>Residential Customer gas savings from efficiency measures by market(^1)</td>
<td>Million British Thermal Units (MMBtu)</td>
<td>540,448</td>
<td>427,169</td>
<td>312,738</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial Customer gas savings from efficiency measures by market(^2)</td>
<td></td>
<td>8,685</td>
<td>6,296</td>
<td>2,098</td>
</tr>
<tr>
<td></td>
<td>IF-GU-540a.1</td>
<td>Number of reportable pipeline incidents(^4)</td>
<td>Number</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of reportable corrective action orders (CAO)(^4)</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of reportable notices of probable violation (NOPV)(^4)</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>IF-GU-540a.2</td>
<td>Percentage of distribution pipeline that is cast and/or wrought iron</td>
<td>Percentage (%) by length</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of distribution pipeline that is unprotected steel</td>
<td></td>
<td>1.7%</td>
<td>1.3%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td></td>
<td>IF-GU-540a.3</td>
<td>Percentage of gas transmission pipelines inspected(^4)</td>
<td>Percentage (%) by length</td>
<td>100%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of gas distribution pipelines inspected(^4,5)</td>
<td></td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>IF-GU-540a.4</td>
<td>Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions</td>
<td>n/a</td>
<td>Please see this item on Page 19 of NJR’s Corporate Sustainability Report.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Some of the programs are initiatives that complement New Jersey’s Clean Energy Program and NJNG may not record the energy savings for regulatory reporting purposes to avoid double counting.

\(^2\) This data is reported to the Pipeline and Hazardous Materials Safety Administration on a calendar year basis, therefore, data is reflective of the months of January through December. (FY22=CY21, FY21=CY20, FY20=CY19, FY19=CY18)

\(^3\) FY20 inspections included line walk inspections, to be consistent with SASB reporting standards, going forward line walk inspections will not be reflected in inspection totals.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Code</th>
<th>Accounting Metric</th>
<th>Unit of Measure</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity Metrics</td>
<td>IF-GU-000.A</td>
<td>Number of residential customers served</td>
<td>Number</td>
<td>520,199</td>
<td>524,428</td>
<td>529,595</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of commercial customers served</td>
<td></td>
<td>37,920</td>
<td>39,430</td>
<td>39,622</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of industrial customers served</td>
<td></td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>IF-GU-000.B</td>
<td>Amount of natural gas delivered to residential customers</td>
<td>Million British Thermal Units (MMBtu)</td>
<td>44,550,810</td>
<td>46,209,754</td>
<td>45,543,254</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amount of natural gas delivered to commercial customers</td>
<td></td>
<td>8,207,942</td>
<td>8,618,272</td>
<td>8,669,379</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amount of natural gas delivered to industrial customers</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amount of natural gas delivered transferred to a third party</td>
<td></td>
<td>14,767,662</td>
<td>15,170,406</td>
<td>14,485,240</td>
</tr>
<tr>
<td></td>
<td>IF-GU-000.C</td>
<td>Length of gas transmission pipelines</td>
<td>Kilometers (km)</td>
<td>356</td>
<td>404</td>
<td>404</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Length of gas distribution pipelines</td>
<td></td>
<td>11,816</td>
<td>11,969</td>
<td>11,980</td>
</tr>
</tbody>
</table>

*6 The small industrial sales volumes are for service provided to interruptible customers during an interruption under certain circumstances. Please refer to Service Classification IS in the NJNG Tariff for further information.
### Solar Technology and Project Developers

<table>
<thead>
<tr>
<th>Topic</th>
<th>Code</th>
<th>Accounting Metric</th>
<th>Unit of Measure</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity Metrics</td>
<td>RR-ST-000.B</td>
<td>Total capacity of completed solar energy systems</td>
<td>Megawatts (MW)</td>
<td>357.4</td>
<td>367.8</td>
<td>386.6</td>
</tr>
<tr>
<td></td>
<td>RR-ST-000.C</td>
<td>Total project development assets(^1)</td>
<td>US Dollars ($million)</td>
<td>$970.80</td>
<td>$993.40</td>
<td>$1,037.70</td>
</tr>
</tbody>
</table>

\(^1\) NJRCEV does not currently have any assets in development stages; this amount is reflective of total assets in service.
## Oil, Gas and Midstream – Adelphia Gateway

Adelphia Gateway was acquired by NJR in FY2020.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Code</th>
<th>Accounting Metric</th>
<th>Unit of Measure</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG Emissions</td>
<td>EM-MD-110a.1</td>
<td>Gross global Scope 1 emissions[^1]</td>
<td>Metric tons (t)</td>
<td>1,342</td>
<td>1,633</td>
<td>9,861</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage methane</td>
<td>Percentage (%) CO₂-e</td>
<td>0.7%</td>
<td>31.8%</td>
<td>69.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage covered under emissions-limiting regulations</td>
<td>Percentage (%)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>EM-MD-110a.2</td>
<td>Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets</td>
<td>n/a</td>
<td>Please see this item in NJR's Qualitative Disclosures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air Quality</td>
<td>EM-MD-120a.1</td>
<td>Air emissions of NOx (excluding N₂O)</td>
<td>Metric tons (t)</td>
<td>&lt;10</td>
<td>&lt;10</td>
<td>&lt;10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air emissions of SOx</td>
<td>Metric tons (t)</td>
<td>&lt;8</td>
<td>&lt;8</td>
<td>&lt;8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air emissions of volatile organic compounds (VOCs)</td>
<td>Metric tons (t)</td>
<td>&lt;8</td>
<td>&lt;8</td>
<td>&lt;8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air emissions of particulate matter (PM10)</td>
<td>Metric tons (t)</td>
<td>&lt;3</td>
<td>&lt;3</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Ecological Impacts</td>
<td>EM-MD-160a.1</td>
<td>Description of environmental management policies and practices for active operations</td>
<td>n/a</td>
<td>Please see this item in NJR's Qualitative Disclosures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-MD-160a.2</td>
<td>Percentage of land owned, leased, and/or operated within areas of protected conservation status or endangered species habitat</td>
<td>n/a</td>
<td>Please see this item in NJR's Qualitative Disclosures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-MD-160a.3</td>
<td>Terrestrial acreage disturbed, percentage of impacted area restored</td>
<td>Acres (ac), Percentage (%)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>EM-MD-160a.4</td>
<td>Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume in Unusually Sensitive Areas (USAs), and volume recovered</td>
<td>Number, Barrels (bbls)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

[^1]: The year over year change in Adelphia emissions is due to the commissioning and operation of new assets along Adelphia Gateway Pipeline, completed in FY22.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Code</th>
<th>Accounting Metric</th>
<th>Unit of Measure</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Behavior</td>
<td>EM-MD-520a.1</td>
<td>Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations</td>
<td>Reporting currency</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>EM-MD-540a.1</td>
<td>Number of reportable pipeline incidents</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>EM-MD-540a.1</td>
<td>Percentage of significant reportable pipeline incidents</td>
<td>Percentage (%)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>EM-MD-540a.2</td>
<td>Percentage of natural gas pipelines inspected</td>
<td>Percentage (%)</td>
<td>100%</td>
<td>0%</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>EM-MD-540a.2</td>
<td>Percentage of hazardous liquid pipelines inspected</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>EM-MD-540a.3</td>
<td>Number of accident releases from rail transportation</td>
<td>Number</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>EM-MD-540a.3</td>
<td>Number of nonaccident releases (NARs) from</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>EM-MD-540a.4</td>
<td>Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles</td>
<td>n/a</td>
<td>Please see NJR’s discussion on Employee Safety on page 28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity Metrics</td>
<td>EM-MD-000.A</td>
<td>Total metric ton-kilometers of natural gas products transported, by mode of transport</td>
<td>Metric ton (t) kilometers</td>
<td>6,459</td>
<td>9,589</td>
<td>6,982</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total metric ton-kilometers of crude oil products transported, by mode of transport</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total metric ton-kilometers of refined petroleum products transported, by mode of transport</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

9 FY20 inspections included line-walk inspections, to be consistent with SASB reporting standards, going forward line-walk inspections will not be reflected in inspection totals.

10 FY20 and FY21 natural gas products transported numbers were revised to reflect consistency in calculation and conversion factors used between Adelphia and Leaf River.
Leaf River was acquired by NJR in FY2020.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Code</th>
<th>Accounting Metric</th>
<th>Unit of Measure</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EM-MD-110a.1</td>
<td>Gross global Scope 1 emissions</td>
<td>Metric tons (t)</td>
<td>33,070</td>
<td>28,004</td>
<td>33,938</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage methane</td>
<td>Percentage (%) CO₂-e,</td>
<td>27.3%</td>
<td>32.3%</td>
<td>29.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage covered under emissions-limiting regulations</td>
<td>Percentage (%)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>EM-MD-110a.2</td>
<td>Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets</td>
<td>n/a</td>
<td>Please see this item in NJR’s Qualitative Disclosures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-MD-120a.1</td>
<td>Air emissions of NOx (excluding N2O)</td>
<td>Metric tons (t)</td>
<td>57.45</td>
<td>37.6</td>
<td>56.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air emissions of SOx</td>
<td></td>
<td>0.14</td>
<td>0.1</td>
<td>0.127</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air emissions of volatile organic compounds (VOCs)</td>
<td></td>
<td>46.34</td>
<td>39.1</td>
<td>45.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air emissions of particulate matter (PM10)</td>
<td></td>
<td>2.04</td>
<td>1.5</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>EM-MD-160a.1</td>
<td>Description of environmental management policies and practices for active operations</td>
<td>n/a</td>
<td>Please see this item in NJR’s Qualitative Disclosures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-MD-160a.2</td>
<td>Percentage of land owned, leased, and/or operated within areas of protected conservation status or endangered species habitat</td>
<td>n/a</td>
<td>Please see this item in NJR’s Qualitative Disclosures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-MD-160a.3</td>
<td>Terrestrial acreage disturbed, percentage of impacted area restored</td>
<td>Acres (ac), Percentage (%)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>EM-MD-160a.4</td>
<td>Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume in Unusually Sensitive Areas (USAs), and volume recovered</td>
<td>Number, Barrels (bbls)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Topic</td>
<td>Code</td>
<td>Accounting Metric</td>
<td>Unit of Measure</td>
<td>FY2020</td>
<td>FY2021</td>
<td>FY2022</td>
</tr>
<tr>
<td>-------</td>
<td>------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Competitor Behavior</td>
<td>EM-MD-520a.1</td>
<td>Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations</td>
<td>Reporting currency</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Operational Safety, Emergency Preparedness &amp; Response</td>
<td>EM-MD-540a.1</td>
<td>Number of reportable pipeline incidents</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of significant reportable pipeline incidents</td>
<td>Percentage (%)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>EM-MD-540a.2</td>
<td>Percentage of natural gas pipelines inspected¹¹</td>
<td>Percentage (%)</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of hazardous liquid pipelines inspected</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>EM-MD-540a.3</td>
<td>Number of accident releases from rail transportation</td>
<td>Number</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of nonaccident releases (NARs) from</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>EM-MD-540a.4</td>
<td>Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles</td>
<td>n/a</td>
<td>Please see NJR’s discussion on Employee Safety on page 28.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity Metrics</td>
<td>EM-MD-000.A</td>
<td>Total metric ton-kilometers of natural gas products transported, by mode of transport</td>
<td>Metric ton (t) kilometers</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total metric ton-kilometers of crude oil products transported, by mode of transport</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total metric ton-kilometers of refined petroleum products transported, by mode of transport</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

¹¹ FY20 inspections included line-walk inspections, to be consistent with SASB reporting standards, going forward line-walk inspections will not be reflected in inspection totals.
SASB Qualitative Answers

EM-MD-110a.2 - Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets

Adelphia and Leaf River do not currently have Scope 1 emissions reduction targets. The company continues to assess the current emissions from these businesses and plans to identify reduction and mitigation strategies for the future.

Operational practices currently in place to mitigate emissions include:

- At Adelphia, replacing continuous bleed pneumatic devices with zero or near-zero bleed alternatives. When possible, 100 percent of the control gas vented from devices with intermittent bleed is captured and placed back into the gas stream.

- Leaf River operates six Caterpillar Lean Burn Engines equipped with oxidation catalysts on all units, which reduces the emissions more than 90 percent on an already efficiently tuned engine.

Our Storage and Transportation business also supports emissions reductions by providing natural gas to customers who are replacing less clean forms of energy, including coal. More information is provided on page 22 of the Fiscal 2022 Corporate Sustainability Report.

EM-MD-160a.1 - Description of environmental management policies and practices for active operations

Adelphia and Leaf River have complied with all laws, rules and regulations concerning our company and business unit’s operations regarding environmental management policies.

Adelphia and Leaf River have worked expeditiously and transparently with all stakeholders, including, but not limited to, regulatory agencies, emergency responders, public officials, landowners, schools and farmers to ensure that all regulatory requirements and concerns are addressed in a timely manner and full compliance with all environmental regulatory requirements and policies.

EM-MD-160a.2 - Percentage of land owned, leased, and/or operated within areas of protected conservation status or endangered species habitat

An environmental report prepared for the South Zone of Adelphia Gateway, which runs from the area of Marcus Hook to Western Bucks County in Pennsylvania, listed the potential impacts to endangered species. Below is a determination of endangered species potentially occurring in the project area.
<table>
<thead>
<tr>
<th>Species</th>
<th>Effect Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reptiles</td>
<td></td>
</tr>
<tr>
<td>Bog turtle</td>
<td>Not likely to adversely affect. Adelphia will employ a US Fish and Wildlife Service Recognized Qualified Bog Turtle Surveyor during excavation activities to monitor for the bog turtle and implement protective measures as needed.</td>
</tr>
<tr>
<td>Mammals</td>
<td></td>
</tr>
<tr>
<td>Indiana bat</td>
<td>Not likely to adversely affect. The Indiana bat is not anticipated to occur within forested areas that would be crossed by the project.</td>
</tr>
<tr>
<td>Birds</td>
<td></td>
</tr>
<tr>
<td>Peregrine falcon</td>
<td>No significant impact.</td>
</tr>
<tr>
<td>Plants</td>
<td></td>
</tr>
<tr>
<td>Small whorled pogonia</td>
<td>No effect.</td>
</tr>
</tbody>
</table>