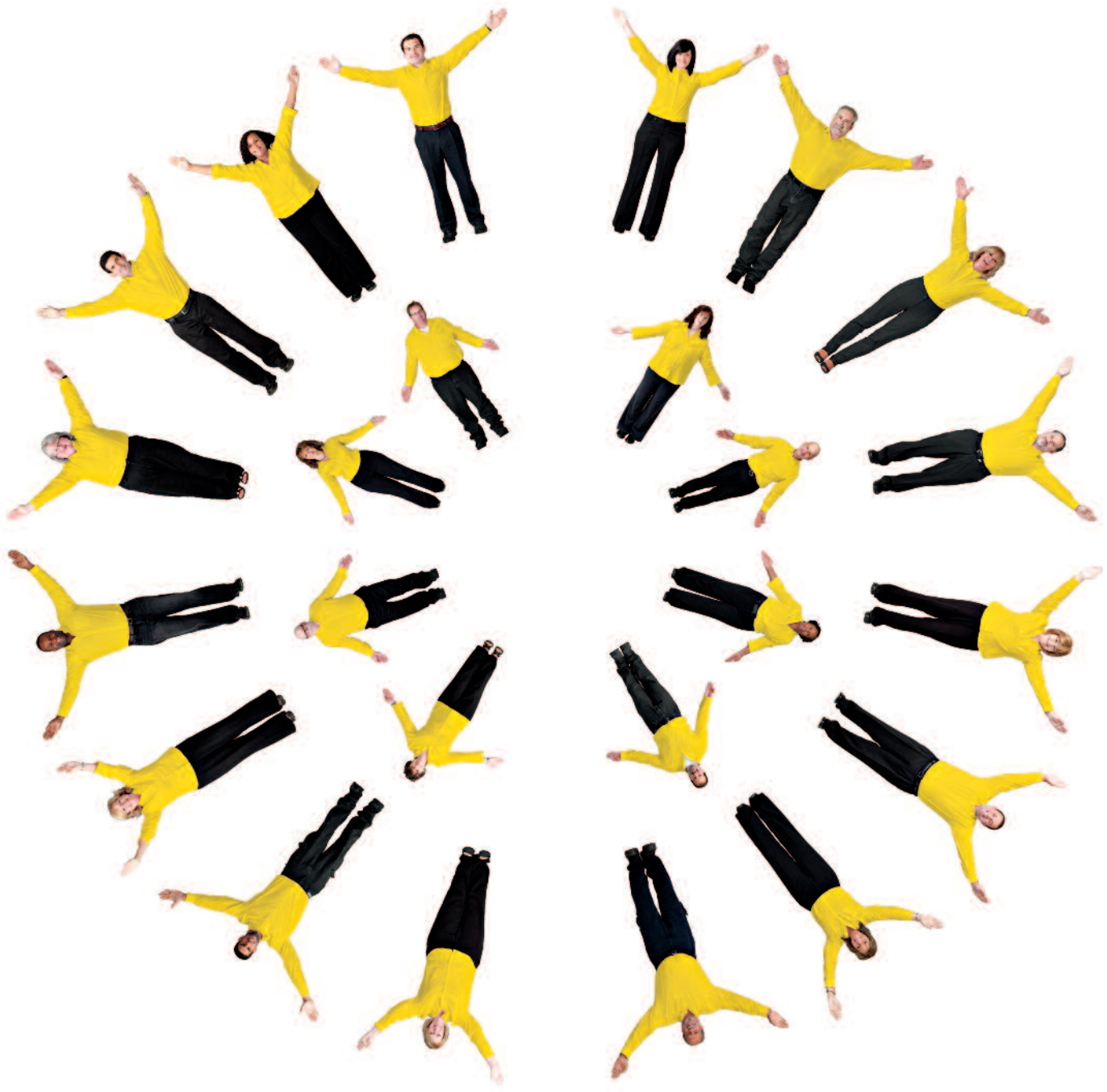
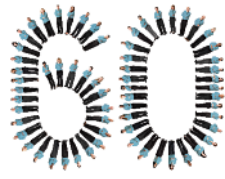


# CELEBRATING 60 YEARS OF DEDICATED SERVICE





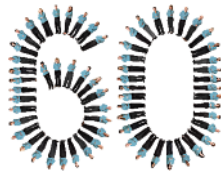
ENVIRONMENTALLY RESPONSIBLE, ETHICAL, SUSTAINABLE,  
SAFE AND RELIABLE, INNOVATIVE, PHILANTHROPIC,  
COMMUNITY-FOCUSED



## OUR COMMITMENT TO THE ENVIRONMENT

We believe that making wise energy decisions is important to protecting our environment and preserving our natural resources for future generations. The actions we take have the potential to change the world, and we are committed to doing our part to help change it for the better.

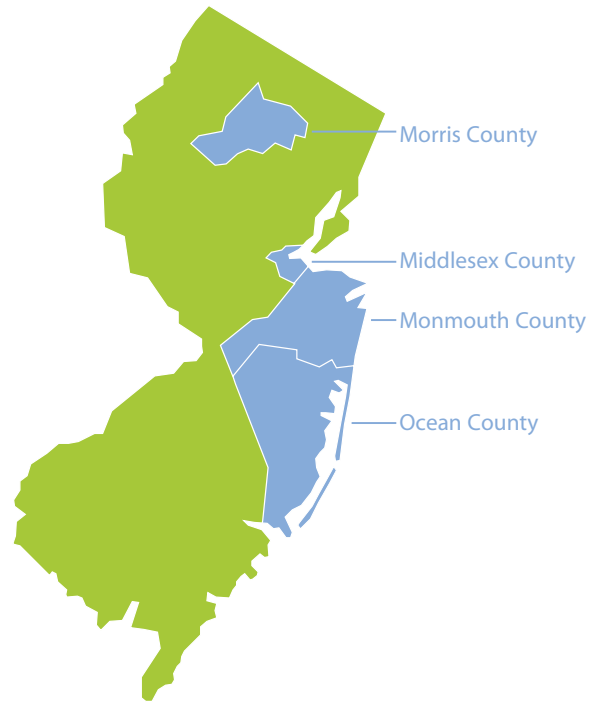
**CELEBRATING 60 YEARS  
OF DEDICATED SERVICE**



## FACTS ABOUT NATURAL GAS: THE CLEAN ENERGY CHOICE

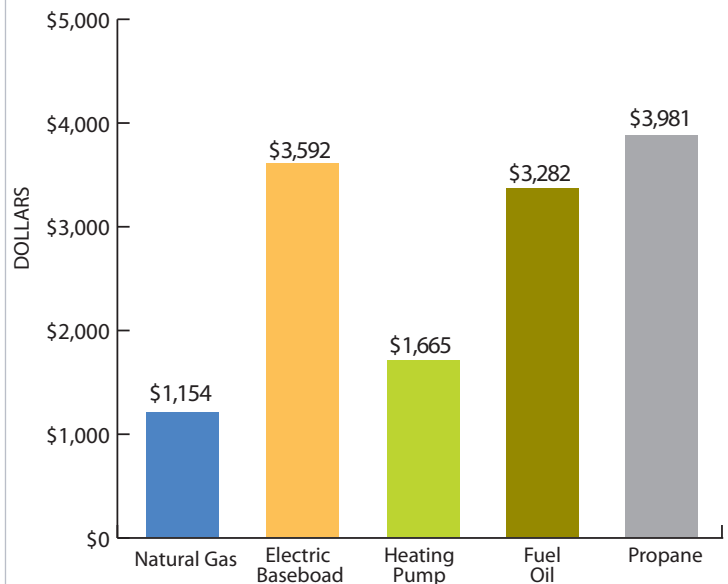
- 98.5 percent of the natural gas we use in the United States comes from North America, and supplies are abundant.
- Natural gas, on an energy-equivalent basis, emits 50 percent less carbon dioxide (CO<sub>2</sub>) than coal and 30 percent less CO<sub>2</sub> than oil, making it the cleanest fossil fuel available to reduce greenhouse gas emissions.
- Natural gas is efficient: 92 percent of the natural gas produced is delivered to customers as usable energy. (In contrast, only 32 percent of the total energy used to generate electricity from coal reaches customers.)
- Natural gas is today's preferred energy choice. The increased use of natural gas to replace coal and oil can help address several environmental concerns, including smog, acid rain and GHG emissions.

Source: American Gas Association



NJNG service territory

### ANNUAL HEATING COST COMPARISON



Source: NJNG Tariff, JCP&L Tariff, Energy Information Association as of March 2013



Our company was founded on the values of safe, reliable service, customer satisfaction and environmental stewardship. Over the past 60 years, we have held true to these values and built a legacy of service and sustainability of which we all can be proud.

Every day, our team works to encourage energy efficiency, promote conservation and enhance our quality of life. We believe that growing a sustainable business while investing in clean energy and energy efficiency is the right thing to do for our company and, more importantly, for our customers and the communities we proudly serve.

With this report, we are pleased to share with you the efforts and accomplishments of our more than 900 women and men who give their best every day to responsibly and reliably meet our customers' energy needs, create a sustainable future and protect our environment for generations to come. We appreciate the confidence you place in us and look forward to rewarding it by doing our part to create a better, greener tomorrow.

Sincerely,

A handwritten signature in black ink that reads "Laurence M. Downes". The script is fluid and cursive.

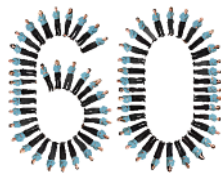
Laurence M. Downes

Chairman and CEO



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## WE ARE ENVIRONMENTAL STEWARDS

We believe that encouraging conservation and reducing greenhouse gas emissions (GHG) is the right thing to do now and for the long term. Our goal is to promote an increased emphasis on personal energy awareness and sustainable energy behaviors. More than seven years ago, we created Conserve to Preserve® (CTP), the umbrella for our commitment to environmental stewardship, as a means to provide our customers with the tools and resources they need to use energy more responsibly, protect our environment and conserve our natural resources. Individual actions, taken as a whole, play a critical role in protecting our environment for generations to come.

And with an innovative rate mechanism that breaks the tie between, or “decouples,” our financial performance and the volume of natural gas we sell, we share a common interest with our customers in adopting energy-efficiency and conservation practices for the good of the environment. By engaging in practical approaches to energy efficiency, our customers save energy, save money and lower their carbon footprint.

Since its inception in 2006, CTP has helped the customers of New Jersey Natural Gas (NJNG), NJR’s core regulated subsidiary, reduce their natural gas usage by 253.6 million therms – saving them over \$259 million and preventing the release of more than 3 billion pounds of CO<sub>2</sub>, a potent greenhouse gas, into the atmosphere. This is the equivalent of removing 308,000 cars from New Jersey’s roads each year.<sup>1</sup>

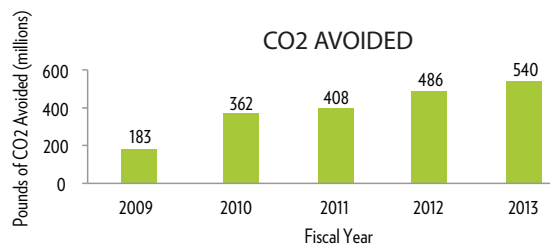
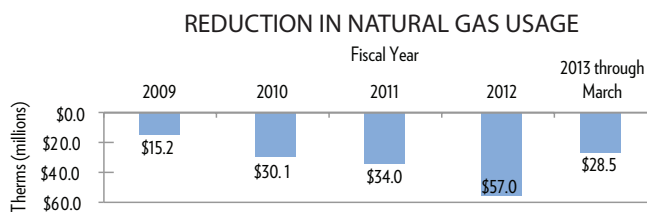
And collectively, CTP has helped NJR customers reduce their carbon footprint by more than 3.1 billion pounds of CO<sub>2</sub>. Highlighted on the following pages are some of the many components of CTP.

## WE ARE CLEAN ENERGY INVESTMENTS

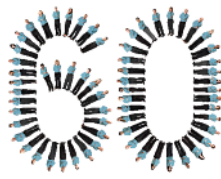
### Harnessing the Power of the Sun with NJR Clean Energy Ventures

A leader in the state’s renewable energy marketplace, NJR Clean Energy Ventures (NJRCEV) creates sustainable solutions by investing in, owning and operating renewable energy projects that generate clean power and provide low carbon energy solutions. These projects produce economic value for host sites, including reduced electricity costs and roof or land lease payments. As of March 2013, NJRCEV has installed more than 205,000 solar panels on customers’ homes and businesses, creating in excess of 47 megawatts of clean renewable energy capacity. To date, these panels have generated over 69,000 megawatt hours of energy and helped NJRCEV’s residential and commercial customers reduce their GHG emissions by 48,683 metric tons. These systems are projected to reduce annual GHG emissions by 43,325 metric tons.

By operating in a low carbon economy, NJRCEV is able to generate shareholder value from its renewable energy projects with investment tax credits, accelerated depreciation, renewable energy credits and fees from host sites for renewable power. Moreover, NJRCEV leverages NJR’s financial strength, reputation, scale and energy services expertise to create sustainable advantages in finding, building and maintaining its project portfolio.







### The Sunlight Advantage®

NJRCEV's residential solar lease program, The Sunlight Advantage, has experienced tremendous growth since its inception – with more than 2,000 leases signed to date and over 1,400 rooftop systems installed, equating to nearly 11 megawatts of clean renewable energy capacity. Since inception these systems have produced approximately 13,000 megawatt hours of energy or the equivalent of enough energy to power 1,148 homes for a year.<sup>2</sup>

The Sunlight Advantage is now one of the largest residential solar lease programs in the state, offering homeowners the promise of “Simple. Solar. Savings.” – while reducing their carbon footprint. This innovative program makes it easy for customers to choose solar, providing participating homeowners with either a roof-mounted or ground-mounted solar system that helps them save energy and money on their electric bills – with no upfront or maintenance costs.

With its 15-year fixed lease offering, homeowners with an eight kilowatt system can realize net savings of approximately \$6,300 on their electric bill over the life of the lease – all while generating clean power! And to help customers better understand the economic impact of their decision to go solar, NJRCEV provides a customized view of their expected monthly energy savings.

### Renewable Commercial Projects

Energy bills represent a significant portion of the overhead of many commercial entities. By maximizing underutilized space, NJRCEV leases land or roof space for the installation of solar systems and, in turn, offers commercial tenants a power purchase agreement with rates that are lower than their current electric utility. Moreover, they benefit from environmentally responsible business practices without the upfront costs associated with a solar system.

With a portfolio of commercial rooftop and ground-mounted solar systems in Monmouth, Mercer, Middlesex, Burlington and Cumberland counties, NJRCEV has helped New Jersey create one of the largest commercial solar markets in the country. It has entered into 11 long-term projects, owning and operating more than 36 megawatts of commercial solar generation capacity. Since inception, commercial systems have generated approximately 56,000 megawatt hours of energy or the equivalent of producing enough energy to power 4,947 homes for a year.<sup>3</sup>

Wind energy is an important part of the nation's quest for energy independence. Abundant, affordable and environmentally friendly, onshore wind represents another opportunity in the renewable energy arena that fits perfectly with NJRCEV's commitment to sustainability and belief that renewable energy and its environmental benefits are key to our energy future. In 2012, NJRCEV entered the onshore wind market with an approximate 18 percent investment in OwnEnergy, Inc., a leading developer of mid-sized and community wind projects. The partnership provides NJRCEV with access to established industry and development expertise along with the option to purchase shovel-ready projects that meet its commitment to make clean energy, and its benefits, more accessible.



**CELEBRATING 60 YEARS  
OF DEDICATED SERVICE**



## WE ARE ENERGY SAVINGS

### Helping Customers Save Energy and Money with The SAVEGREEN Project®

NJNG continues to pave the way in energy efficiency and conservation with The SAVEGREEN Project, its energy-efficiency program. This customer-focused initiative exemplifies NJNG's wide-ranging CTP efforts to promote and invest in energy efficiency and conservation, while providing customers with the knowledge they need and the money-saving incentives they desire to make wise energy choices.

Launched in September 2009, SAVEGREEN offerings are designed to complement the energy-efficiency programs administered through New Jersey's Clean Energy Program™ (NJCEP), providing rebates and financial incentives to help customers offset the costs of energy-efficiency upgrades. Moreover, it demonstrates our customers' personal commitment to save energy and money and reduce their carbon footprint at a time when the state's Energy Master Plan encourages the use of high-efficiency natural gas equipment and related energy-efficiency programs. With approval from the New Jersey Board of Public Utilities (BPU) to extend current SAVEGREEN offerings through June 30, 2013, customers will continue to benefit from enhanced rebates and financial incentives that help offset the costs of energy-efficiency upgrades, particularly in the aftermath of Superstorm Sandy.

### On the Path to Energy Efficiency

SAVEGREEN's mission is to educate, encourage and incentivize customers to invest in energy efficiency and learn ways to conserve. Moreover, it aims to improve the cost-effectiveness of rebates and incentives to ensure our customers continue on the path to energy efficiency and conservation. And choosing SAVEGREEN has its advantages, including:

- *an enhanced rebate for the purchase and installation of a qualified high-efficiency heating system<sup>†</sup>*
- *a free home energy assessment following the installation of qualified heating equipment*
- *a 0 percent APR on-bill repayment program for the approved costs of NJCEP's Home Performance with ENERGY STAR® whole-house approach to eligible energy-efficiency home improvements<sup>\*\*</sup>*
- *a \$250 independent comprehensive HPwES home energy audit performed by SAVEGREEN professionals*

This investment in efficiency will help customers generate annual savings on their energy bills and support their commitment to sustainability. In fact, SAVEGREEN continues its resounding success, helping customers reduce their GHG emissions from natural gas usage by more than 15 percent. By our estimates, the average customer who upgrades to a high-efficiency furnace, and benefits from SAVEGREEN incentives and rebates, saves 146 therms per year, avoiding the release of 1,708 pounds of CO<sub>2</sub> (per furnace) into the atmosphere.<sup>4</sup> In aggregate, SAVEGREEN is helping these customer reduce carbon emissions by over 36.5 million pounds, or the equivalent of GHG emissions from 3,752 passenger vehicles.<sup>5</sup>

When SAVEGREEN became a reality, its primary focus was to help NJNG customers realize energy savings by making energy-efficiency upgrades more affordable. Although rebates and incentives are the mainstay of the program, SAVEGREEN is helping contractors maintain a competitive edge with such initiatives as an online portal where





contractors can view qualified leads, helping them to expand their client base, as well as providing them with front-line technical training and continuing education classes. Ultimately, the relationship with these contractors provides NJNG customers with enhanced quality service. Results as of second quarter fiscal 2013 include:

- **27 direct jobs created**
- **SAVEGREEN rebates issues**
- **22,476 audits performed**
- **1,748 0 percent APR financing agreements issued**

And to help get customers on the right path to energy efficiency, SAVEGREEN has been instrumental in engaging customers at all levels. In fact, the SAVEGREEN team has partnered with the U.S. Department of Energy to provide an affordable and credible means for homeowners to understand their homes' energy performance with the Home Energy Score program (HEScore). Through the HEScore report, SAVEGREEN helps homeowners build on and complement existing home improvement efforts by allowing homeowners to compare their homes' energy performance to other homes in their area. Homeowners receive a score (on a scale of 1 to 10 with 10 being the most efficient) and customized recommendations for energy-efficiency improvements. There are currently 29 HEScore partners nationwide, with 16 providing scores to their customers. Through March 31, 2013, approximately 3,052 homes have been scored and of these approximately 34 percent were conducted by NJNG.

More importantly, SAVEGREEN has been active in recovery and rebuilding efforts in the aftermath of Superstorm Sandy. It is partnering with state agencies and organizations to get the word out to homeowners affected by Superstorm Sandy and educate them about the resources and energy-efficiency rebates and incentives available to help offset the costs of upgrading to energy-efficient appliances.

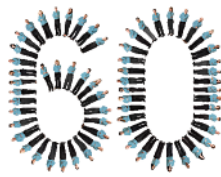
Through SAVEGREEN, NJNG also supports the state's energy, environmental and economic goals by saving energy, reducing emissions and creating jobs. We have taken a grassroots approach to promoting energy efficiency and conservation, with many SAVEGREEN team members participating in library, school and community events, sharing information and helping customers understand all the ways they can save energy.

### **Keeping Communities Warm with Energy Assistance and Home Energy Improvement Programs**

Energy costs can add a significant burden to family budgets - especially this past winter when temperatures were 10 percent colder than last year. NJNG wants to help connect qualified families with energy-assistance and home energy improvement programs so they can better manage their home energy costs.

At the start of the heating season, NJNG hosts a series of Energy Assistance Days throughout Monmouth, Ocean and Morris counties, partnering with local Community Action Program agencies to help customers determine which programs best fit their needs and assist with the application process. In 2012, NJNG's Energy Assistance Days benefitted more than 360 residents - many whom may not otherwise have known about the programs. Other proactive outreach efforts helped identify nearly 1,248 additional customers who qualified for energy assistance and conservation programs.

With many of our customers displaced from their homes, and in some cases jobs, in the aftermath of Superstorm Sandy, our customers relied on us more than ever to help them stay comfortable in their homes as the heating season was quickly approaching. As a case in point, our Energy Assistance team worked diligently to ensure the comfort of a Long Beach Island family affected. Like so many others, the family lost everything, including their equipment and appliances and, thus, their ability to stay warm during the cold months. Thanks to the quick-acting team, the New Jersey Comfort Partners Program went to work, helping



the family get back on its feet, installing a new high-efficiency furnace, water heater and refrigerator as well as insulation. Public energy assistance funds, however, do not necessarily meet the needs of customers facing unexpected financial hardship. Thanks to generous contributions from our employees, shareholders and customers, NJNG's Gift of Warmth (GOW) fund has helped provide comfort in the homes and hearts of 20,562 families since its inception in 1987. With every dollar going directly to deserving families in our communities, GOW helps households that are experiencing temporary or unanticipated financial hardship pay their natural gas bills. All donations to the fund are tax deductible and NJNG matches, dollar-to-dollar up to \$80,000 each year.

During the 2012-2013 heating season, we helped more than 27,000 customers stay warm by meeting their energy needs with over \$5.9 million in energy assistance.

## WE ARE COMMUNITY PARTNERS

### Ensuring a Sustainable Jersey

Committed to supporting the sustainability efforts of our communities, NJNG is a sponsor of Sustainable Jersey® and serves on several of its task forces. This certification and incentive program, which complements our objectives to instill best practices in the communities we serve, provides clear “how to” guidance, tools, resources and funding opportunities to help municipalities advance and implement measures designed to sustain their quality of life over the long term. Moreover, Sustainable Jersey provides a framework by which to showcase many of our CTP programs, some of which provide municipalities with additional Sustainable Jersey points.

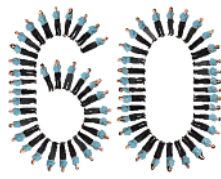


Our team is out there every day, working with local leaders, supporting community outreach and education efforts that are focused on sustainable actions. The work we do helps participating towns within NJNG's service territory better understand the benefits of Sustainable Jersey and leverage the available tools and resources designed to achieve energy efficiency and conservation within their respective facilities and among vehicle fleets. Moreover, it helps improve the sustainability of the entire community by sharing information with residents and businesses.

Our relationship with Sustainable Jersey continues as we seek a common goal of preserving our environment for generations to come.

### *Bridging the Gap*

As a means to help New Jersey continue down the pathway to energy efficiency, in 2012 NJNG sponsored two top-tier business school fellows from the Environmental Defense Fund's Climate Corps Program to support the energy-efficiency and conservation objectives of Monmouth and Ocean counties. The fellows worked with these counties to identify initiatives that can help reduce energy costs and GHG emissions, while contributing to the bottom line.



## Customers and the Opower Experience

In our continuing efforts to empower customers to make smarter energy decisions about their energy use, NJNG's Opower pilot provides participating customers with clear information and insight on their energy usage. Opower is an energy-solutions provider that helps utilities meet their efficiency goals through effective customer engagement.

Leveraging Opower's behavioral science data analytics, approximately 40,000 NJNG customers receive customized Home Energy Reports, which put energy use in context with homes of similar size and style within a geographic location. Specifically, these reports compare customers' homes to those of average homes and the most energy-efficient homes, as well as to their own historical usage. Customers benefit from recommendations and guidance on reducing energy usage, which we hope motivates them to modify their energy behavior and reduce energy use.

Through Opower, we are helping our customers get more relevant information on how they use energy and find simple ways to save on their energy bills – all while making a positive impact on the environment.

## WE ARE VALUABLE ENERGY-EFFICIENCY RESOURCES

### Tracking Results with the Conserve to Preserve Dashboard

At NJNG, we work hard to help our customers save energy dollars and engage in cost-effective and practical approaches to energy efficiency. Through the Conserve to Preserve Dashboard, a free online, personalized home energy center, customers can better understand their energy usage through analysis and comparative data by simply answering a few questions about their home, appliances and living habits. The integrated Home Energy Analysis function enables customers to run reports and create graphs that show where their energy dollars are spent. Moreover, the Dashboard provides customized recommendations to make a home more energy-efficient and comfortable, while reducing GHG emissions.

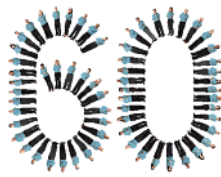
The Dashboard is a living tool that allows customers to re-evaluate their energy use and track the results of their conservation efforts each time they log on. Plus, NJNG continues to offer a companion fundraising program called Conserve to Preserve Community Awards, which allows schools and nonprofit organizations to raise money by encouraging our customers to test the Dashboard.

### Implementing Actions with Conserve to Preserve Business Online

We developed Conserve to Preserve Business Online as a free service for NJNG commercial and industrial customers that are looking for opportunities to increase operational efficiency and effectively manage energy costs. Through Business Online, commercial customers and municipalities can discover new ways to reduce energy usage that not only save money but help preserve the environment. It is a comprehensive resource of energy-related information and emerging technologies of interest for diverse industries – all in one central location. Business Online provides relevant links to information about energy-efficiency financial incentives and technical assistance available through NJCEP, as well as access to an extensive energy resource library, industry benchmarks, energy audit tools and an "Ask an Expert" hotline that may prove useful in everyday operations.

### Engaging the Community with Shore Flicks

In summer 2012, NJNG embarked on a public education and community outreach campaign with Shore Flicks, a source for indoor and outdoor entertainment in Monmouth and Ocean counties. The sponsorship continues today with the goal to bring communities throughout NJNG's service territory The Lorax educational initiative from ENERGY STAR®, which is designed to engage youth in reducing their energy use at home. Working with Shore Flicks, NJNG sponsored a series of family-fun nights, with FREE screenings of "Dr. Seuss' The Lorax" at local schools and municipalities. The Lorax complements NJNG's CTP efforts as it instills in families the importance of protecting the environment.



### Love to \$ave. Love the Shore.

In support of the state's "The Shore is Open for Business" initiative, NJNG launched "Love to \$ave. Love the Shore." campaign. This latest CTP effort promotes locally Superstorm Sandy-affected businesses that have reopened. Moreover, it encourages customers to support these businesses and follow simple energy-saving tips that will help them save energy and money; in turn, they will have extra money to spend in those communities affected by Superstorm Sandy.

Through its "Love to \$ave. Love the Shore." campaign, NJNG customers nominate one of their favorite community establishments impacted by Sandy as an "NJNG Business of the Day."

The promotion will run through May 2013. Every day during the campaign, NJNG will give two prize winners each a \$100 gift certificate to a featured Business of the Day. Customers who "like" NJNG's Facebook page and learn about the featured businesses and energy-savings tips can register for a chance to win.

"Love to \$ave. Love the Shore." provides the opportunity for the community to come together and support those establishments hardest hit and help them get back on their feet.

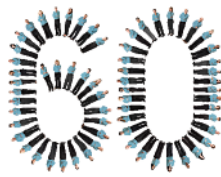
## WE ARE GREEN INITIATIVES

### Making a Difference from the Inside Out

Climate change impacts the planet and, as an energy provider, we believe we play a significant role in raising awareness about the effect each of our actions can have on the environment. In March 2007, NJR announced our support for the state's goal to reduce GHG emissions, committing to decrease our own emissions by 20 percent by the year 2020. Since that time, we have compiled and tracked our emissions to identify ways to further reduce our environmental impact and take proactive steps to minimize the direct consequences of our operations. Our aim is to make our own activities more sustainable and to encourage our customers, vendors and others to do the same.

We continue to purchase 100 percent of our electricity from renewable energy sources such as wind, geothermal and various forms of biomass, thereby supporting increased development of alternative energy. Additionally, the rooftop solar photovoltaic system at our natural gas distribution center in Wall has been producing approximately nine percent of electricity at this building since its installation in 2004. This is in addition to the 562 module, 129.26 kilowatt rooftop solar system at the headquarters of NJR Home Services (NJRHS), NJR's home appliance and installation service division. Combined with the implementation of internal energy-efficient measures, such as lighting upgrades, NJRHS plans to eliminate its electric bill.

Through these and other initiatives, described in detail throughout this report, we continue to lead by example as an environmentally responsible company that fully commits our resources to reducing our carbon footprint.



### **Taking Energy to the Streets**

We have a large number of vehicles on the road every day; therefore, transportation is a major source of our GHG emissions. Today, the NJR fleet includes a combined total of 143 compressed natural gas (CNG), hybrid and electric vehicles. Over the past five years, we have evaluated our needs and implemented opportunities to improve the environmental profile of our fleet and meet GHG reduction goals by transitioning to CNG and alternative fuel vehicles. In fact, we have reduced our fleet emissions by 34 percent as we retire older vehicles and replace them with higher-efficiency models. Other GHG reductions are attributed to the use of biodiesel fuel, which results in a 13 percent reduction in emissions for applicable vehicles. These efforts continue.

In late 2011, NJNG completed upgrades to its two CNG fueling stations at its Wall and Lakewood facilities, which incorporate state-of-the-art technology and support NJR's commitment to increase the use of natural gas vehicles (NGV), particularly among operation crew trucks and first responder vehicles. And in 2012, NJNG initiated a phase II upgrade at its Lakewood facility, which added a second CNG compressor for redundancy and time-fill purposes. This investment not only supports the expansion of NGV infrastructure in the state, but it reduces the company's dependence on foreign oil, lowers our carbon footprint, improves the bottom line and achieves long-term fuel savings.

### **Natural Gas as a Transportation Fuel**

Natural gas-powered vehicles produce up to 30 percent fewer GHG emissions than diesel fuel, according to the American Gas Association; however, a lack of refueling infrastructure has been a major obstacle to their increased use. With the hope of stimulating NGV conversion of New Jersey fleets, in June 2012 NJNG received approval from the BPU to invest and build CNG vehicle refueling stations.

And as part of the pilot program, NJNG entered into agreements with three host facilities and will spend between \$6 and \$8 million to build the first public CNG fueling stations in Monmouth and Ocean counties. Under the agreements, NJNG will build, own and maintain the CNG fueling station infrastructures and these host facilities will be required to make the stations open to the public and use at least 20 percent of the stations' fueling capacities. These efforts help stimulate the market for NGVs in New Jersey while supporting the state's Energy Master Plan.

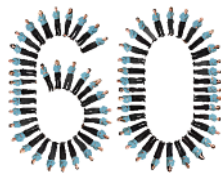
The host sites will be located at Waste Management, Inc. in Toms River, Township of Middletown Department of Public Works in Monmouth County and Shorepoint Distributing, also in Monmouth County.

With only five CNG fueling stations in New Jersey opened to the public, commissioning these facilities will increase access to domestic fuel and expand the use of CNG beyond commercial fleets to the public sector. With abundant supplies of natural gas available at competitive prices, when compared to diesel and other petroleum-based fuels, CNG can reduce fuel costs between 30 and 40 percent over petroleum. Moreover, CNG emits virtually no particulate matter (soot), and significantly reduced amounts of carbon monoxide, nitrous oxides and other greenhouse gas emissions that can be harmful to the environment.

### **The Greenest Company in Morris County is Actually Blue –Blue Diamond Disposal**

Continuing our commitment to promoting alternative transportation fuels, NJNG has renewed its stakeholder membership in New Jersey Clean Cities Coalition (NJCCC), in which NJNG was an original signatory partner. The NJCCC's mission is to advance the energy, economic and environmental security of the United States by supporting local decisions to adopt practices that reduce petroleum consumption in the transportation sector.





Furthering its pledge to reduce GHG emissions, NJNG provided a natural gas service connection to Morris County's first CNG fueling station for Blue Diamond Disposal, a Mount Arlington solid waste and recycling company. With easy access to Interstate 80, this station may eventually open to the public and be part of a growing network of CNG fueling stations in New Jersey, including Newark, Glassboro, Camden and Atlantic City. Furthermore, the station supports Blue Diamond's initial deployment of 17 CNG trucks and the gradual transition of 100 percent of its diesel-powered refuse collection trucks to clean-burning natural gas fuel. NJNG leverages our commitment and experience within this market to educate its commercial and municipal customers about the benefits of CNG as an alternative transportation fuel option for their fleet.

Compared to traditional vehicles, the use of CNG vehicles may result in:

- **90 to 97 percent reduction in carbon monoxide emissions.**
- **25 percent reduction in carbon dioxide emissions.**
- **35 to 60 percent reduction in nitrogen oxide emissions.**
- **50 to 75 percent reduction in other non-methane hydrocarbon emissions.**
- **fewer toxic and carcinogenic emissions from natural gas vehicles, and virtually no particulate emissions.**

Source: EPA



## WE ARE ENVIRONMENTAL STEWARDS

### Natural Gas STAR

Preserving the environment is a team effort and we are happy to be a member of the EPA Natural Gas STAR program – a voluntary partnership of domestic and international oil and natural gas companies dedicated to implementing cost-effective technologies and practices that improve efficiency and reduce methane emissions.

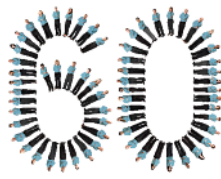
NJR's pledge to lower GHG emissions is evident in our accomplishments to date. Since joining Natural Gas STAR in 2004, we have helped reduced CO2 emissions by more than 233,858 tons through facility upgrades and operational improvements. That equates to enough natural gas to heat more than 18,368 homes for an entire year, plant over 49,863 acres of trees or eliminate 44,715 cars from New Jersey's roadways.<sup>6</sup>

### Promoting Conservation and Waste Reduction through WasteWise

As an EPA WasteWise program participant since 2002, we have implemented over 70 initiatives to reduce waste, recycle, use remanufactured or environmentally friendly products, prevent pollution and reduce costs. Every day, our employees help us to achieve these goals by considering the environment before taking actions. This consideration can be as simple as making sure that they are putting the right waste in the right container or it can be more involved such as joining the NJR Environmental Committee – a team that continually promotes the NJR Environmental Policy and WasteWise programs.

One such example of our recent efforts to apply the principles of Waste Wise by reducing, reusing or recycling is the result of an employee initiative. The NJR Environmental Committee recently presented the Green Leaf Award to an employee who truly exemplifies environmental stewardship, supports NJR's Environmental Policy, promotes Conserve to Preserve and the principles of WasteWise.





An NJNG utility technician was recognized for suggesting the use of re-sealable containers to store paint brushes to extend the life of the paint brushes and preventing unnecessary waste generation and discarded paint and brushes from entering our landfill.

Because of our many employee-empowered programs, our efforts have been recognized with two Honorable Mention awards from the EPA.

### Protecting our Environment through Planting for Our Future

To help protect America’s favorite outdoor places and conserve resources for healthy, sustainable communities, we launched Planting for Our Future, a partnership with an environmental nonprofit, The Conservation Fund. Planting for Our Future gives customers the opportunity to offset their GHG emissions from natural gas usage while sustaining our nation’s wildlife habitats. For every \$5 donation received, a tree is planted. Over its lifetime, a tree will absorb over one ton of carbon dioxide.

One hundred percent of all donations go directly toward planting trees in native forests across the country, including the Edwin B. Forsythe Wildlife Refuge in Ocean County. And NJR matches all donations dollar-for-dollar. Initially announced in April 2007 as a five-year program, NJR is now committed to matching donations for an indefinite period. Since its inception, together with our customers, we have donated nearly \$215,000 through Planting for Our Future.

This has facilitated the planting of approximately 43,000 trees and the reduction of more than 57,000 tons of carbon dioxide.<sup>7</sup>

### Manufactured Gas Plants

NJNG has been actively investing in improvements at three former manufactured gas plant (MGP) properties located in Atlantic Highlands, Long Branch and Toms River, New Jersey. These efforts, under the direction of the New Jersey Department of Environmental Protection (NJDEP), are restoring the former plant properties to

productive future use. NJNG’s improvements address, among other things, coal tar residues, a byproduct of manufacturing gas from coal and coke.

There are approximately 3,000 former MGPs nationwide, of which 80 are in New Jersey. Potential impacts from these sites were not subject to environmental regulation until the early 1980s when the state directed utilities to assess the properties. According to testing conducted on NJNG’s behalf, potential risks from contact with coal tar residues at our MGP properties are within acceptable state and federal health-based risk levels.

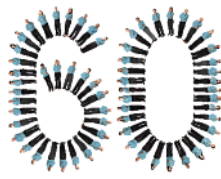
NJNG works closely with the NJDEP to ensure compliance with all environmental regulations. And the safety of residents and neighboring communities is NJNG’s primary consideration.

## WE ARE SAFETY EXCELLENCE

### A Safety-Conscious Work Environment

With a company-wide commitment to safety, continuous, deliberate steps are taken to facilitate an increased awareness of safety at all levels of the organization. By emphasizing open, honest communication and personal accountability, we focus on creating a culture where employees feel empowered to raise safety issues and discuss and implement solutions.





## Keeping Employees Involved – Safety Council Task Force

The NJR Safety Council, made up of a cross mix of departments and labor representatives, develops and oversees system-wide safety processes and training. Local councils at each of our service facilities meet monthly to address company-wide and location-specific safety issues, identify common injuries and develop the training required to create safe work conditions and prevent future injuries. In fact, there are three training sessions in place to help meet these objectives – new employee orientation, in-service education and specialized skills training. As issues are identified, departments throughout the company participate in implementing solutions that will improve our overall safety environment. And when an employee is injured, a formal root cause analysis takes place and results are shared in an effort to prevent similar injuries in the future.

## Peer-to-Peer Safety Observation Program

Employee involvement is key to ensuring a safe work environment. To that end, NJNG instituted the Peer-to-Peer Safety Observation Program designed to improve the safety of all employees by reducing the number of unsafe acts that may eventually lead to an employee injury.

The program provides a platform for employees to observe peers performing their job function, review proper safety techniques and use of safety protective equipment, as well as speak with peers regarding safety concerns. Since the program's inception in 2011, we have seen a significant change and improvement in the way we work, with a 62 percent decrease in Days Away, Restrictions and Transfers Incident rates. These measures track how often an employee is away from the job – on restricted or transferred duty – due to work-related injuries and quantifies the number of days an employee and the business are impacted by the injury.

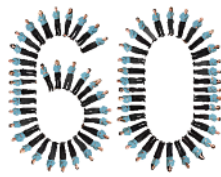
## Think Safe 24/7 ... at Work, at Home and On the Road

Through “Think Safe 24/7,” our proactive corporate safety campaign, we motivate and inform our workforce about safety precautionary measures. Enhanced safety messaging is reinforced consistently through visual reminders, including banners, ergonomic stickers and safety result posters as well as the monthly employee newsletter, e-mail communications and paycheck inserts, among others. Moreover, safety-related communication has increased overall awareness of potential hazards.

## System Enhancements

Through our extensive network of nearly 7,100 miles of pipeline infrastructure, NJNG is a lifeline service provider – keeping our customers warm and businesses running. As a result, the integrity of our natural gas distribution system is crucial to the safety of our customers and the communities we serve. NJNG continually improves its pipeline safety operations, including design and construction techniques, inspection programs and workforce training and qualifications. Over the past five years, NJR has invested more than \$288 million in system improvements, this includes our investment of more than \$53 million to complete our Accelerated Infrastructure Program (AIP) projects. Developed in partnership with the BPU and the Division of Rate Counsel, AIP is NJNG's infrastructure enhancement initiative designed to accelerate previously planned capital work, including main replacements, system reinforcements and expansions to ensure the integrity and reliability of our distribution system.

Looking ahead, NJNG anticipates spending an additional \$160 million over the next four years to accelerate the replacement of NJNG's cast iron and unprotected steel mains and associated services in its delivery system. Approximately 570 miles of NJNG's infrastructure have been identified as at least 45 years old or more and the company routinely addresses the replacement of these facilities through its annual capital construction plan. The accelerated replacement of the aged main is consistent with the state's Energy Master Plan and its emphasis on investment in natural gas infrastructure as a pathway to lower energy costs and enhanced energy security.



NJNG received approval from the BPU in October 2012 to implement a Safety Acceleration and Facility Enhancement (SAFE) program to replace certain portions of our existing infrastructure. Through SAFE, NJNG will replace 276 miles, or approximately 50 percent, of our cast iron and unprotected steel mains and services, which were commonly used in the industry prior to 1970, and are more susceptible to corrosion and leaks. Excluding third-party damage, this aged infrastructure accounts for over 95 percent of all leaks found within NJNG's system.

The SAFE program has the potential to significantly impact New Jersey's economy. According to a study conducted by the Rutgers Bloustein School of Planning and Public Policy, for every \$1 million spent on infrastructure construction projects by NJNG, 10.2 jobs are created. Utilizing this formula, it is projected that the SAFE program could create approximately 1,325 direct and indirect jobs, as well as \$100 million in gross state product.

### Ensuring Safe Environments Post Sandy

Ensuring the safety of our customers and the communities we serve is the most important thing we do. We are proud of our system and efforts to maintain it. Our vigilance was most evident in the aftermath of Superstorm Sandy as our service territory was among the hardest hit. Our team worked around-the-clock. In total, we responded to more than 3,600 leaks/anomalies and made every one of them safe.

Despite NJNG's best efforts, the damage to our system was greater than anticipated. As a result, we made the decision to shut down the natural gas distribution lines that serve nearly 32,000 customers on the barrier islands to make certain our customers and the communities we serve remained safe. In the storm's aftermath, more than 400 NJNG field personnel physically walked and inspected approximately 300 miles of pipeline – section by section – for breaks, leaks or water intrusion. And as each section was repressurized, it was leak-surveyed a minimum of six times over a 30-day period. The NJNG team had to know the full extent of damage to its system before proceeding with restoration plans. It was an arduous process but a necessary one to ensure the safety of our customers and the integrity of our system.

### Safety History

Further proof of our commitment to safety is our performance in the industry-standard measure of emergency response time. NJNG is recognized as an industry leader in this area. In second quarter 2013, NJNG responded to 99.9 percent of all its emergency calls within 60 minutes, while maintaining an average response time of 21.2 minutes. NJNG recognizes that emergency response is a top priority and we continually strive to improve this process, which is evident in our year-over-year results.

### Field Expertise

At NJNG, we focus on fulfilling our commitment to ensure the safety of our customers and employees as well as the integrity of a natural gas system that provides essential service to the communities we serve. To deliver on that commitment, in addition to investing in the infrastructure, constructive partnerships are essential. We work with industry regulators, contractors and excavators, state and local agencies, community leaders and the public to ensure the safe handling of natural gas and the distribution system. In addition, we routinely conduct extensive training and periodic drills with emergency responders as well as state and local agencies, testing procedures, logistics and communications to make sure that the appropriate emergency plans are in place.





## WE ARE STRONG COMMUNITIES

Strong communities create opportunities that allow residents to live deeper, richer lives. We are committed to responsible corporate citizenship in the communities where we work and live. Our efforts focus on the issues we know to be most important to our customers – education, wellness and the environment. We support our communities every year through financial and in-kind donations, various employee contributions and thousands of employee and retiree volunteer hours.

### Corporate Charitable Contributions

Over the past 12 months, NJR has provided financial and in-kind support, including more than 5,349 employee volunteer hours, to more than 1,300 community organizations. Whether contributing to youth clubs, senior service groups, health and nutrition providers or educational institutions, we are proud to support those who help so many of our neighbors. Below is a sample of our partner organizations.

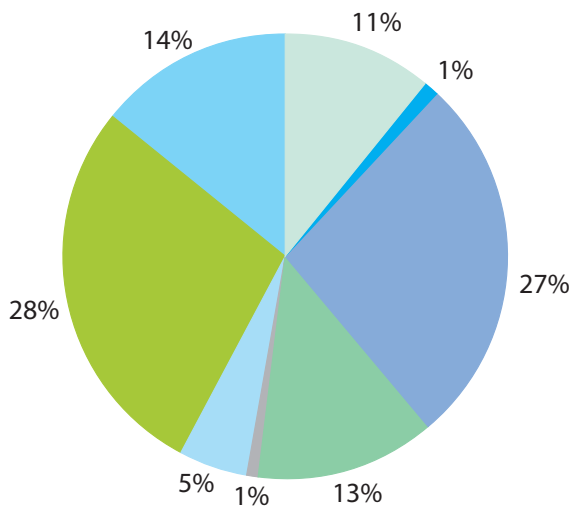
- 180 Turning Lives Around
- 21 Plus Foundation
- Achieve 3000
- Algonquin Arts
- Alzheimer's Association
- American Cancer Society
- American Conference on Diversity
- American Heart Association
- American Red Cross
- ARC of Monmouth
- Asbury Park Chamber of Commerce
- Barnegat Bay National Estuary Program
- Bayshore Community Hospital Foundation
- Big Brothers Big Sisters of Monmouth, Middlesex and Ocean Counties
- Boy Scouts of America
- Brookdale Community College Foundation
- Caregiver Volunteers of Central Jersey
- CASA of Monmouth County
- Catholic Charities
- Center for Vocational Rehabilitation
- CentraState Healthcare Foundation
- Childhood Leukemia Foundation
- Children's Specialized Hospital Foundation
- Clean Ocean Action
- Collier Services Foundation
- Community Medical Center Foundation
- Contact of Ocean County
- Council of NJ Grantmakers
- Count Basie Theatre Foundation
- County College of Morris Foundation
- CPC Behavioral Healthcare
- Crohn's & Colitis Foundation of America
- Cystic Fibrosis Foundation
- Deborah Hospital Foundation
- Earth Share of New Jersey
- Eastern Monmouth Area Chamber of Commerce
- Family and Children's Services
- Friends of the Parks
- Georgian Court University
- Gift of Warmth Fund
- Girl Scouts of Northern New Jersey
- Girl Scouts of the Jersey Shore
- Greater Long Branch Chamber of Commerce
- Greater Long Branch NAACP
- HABCore
- Hispanic Affairs & Resource Center of Monmouth County
- Holiday Express
- Homeless Solutions, Inc.
- Housing Partnership
- Interfaith Food Pantry
- Interfaith Hospitality Network of Ocean County, Inc.
- Interfaith Neighbors
- Jersey Shore Council, Boys Scouts of America
- Jersey Shore University Medical Center Foundation
- Juvenile Diabetes Research Foundation
- Kimball Medical Center Foundation
- LADACIN Network
- Literacy Volunteers of New Jersey
- Long Branch Concordance
- Long Branch Public Library
- Lunch Break
- Manna House
- March of Dimes
- Mercy Center
- Meridian Health Foundation
- Monmouth-Ocean Development Council
- Monmouth Council, Boys Scouts of America
- Monmouth County Arts Council
- Monmouth County Historical Association
- Monmouth Health Care Foundation
- Monmouth Medical Center Foundation
- Monmouth Park Charity Fund
- Monmouth University
- Morris County Economic Development Corporation
- Morris County Organization for Hispanic Affairs
- Morris County NAACP
- Morristown Memorial Hospital
- National Multiple Sclerosis Society
- New Jersey Blind Citizens Association
- New Jersey Future
- New Jersey Sea Grant Consortium
- New Jersey Orators
- NJ SHARES
- NJTV Foundation
- Ocean County College Foundation
- Ocean County Foundation for Vocational Technical Education
- Ocean County Library Foundation
- Ocean County YMCA
- Ocean, Inc.
- Ocean Medical Center Foundation
- Ocean of Love
- Prevention First
- Providence Free Medical Clinic
- Riverview Medical Center Foundation
- Ronald McDonald House
- Rose House
- Saint Clare's Foundation
- Salvation Army
- SCAN Learning Center
- Southern Monmouth Chamber of Commerce
- Southern Ocean Medical Center Foundation



- *Special Olympics New Jersey*
- *The ARC, Ocean County Chapter*
- *The Community YMCA*
- *The FoodBank of Monmouth and Ocean Counties*
- *United Negro College Fund*
- *United Way of Monmouth County*
- *United Way of Northern New Jersey*
- *United Way of Ocean County*
- *Urban League of Morris County*
- *Visiting Nurse Association of Central Jersey*
- *VNA Health Group*
- *Western Monmouth Chamber of Commerce*
- *YMCA of Western Monmouth County*

### Conserve to Preserve Foundation

#### Allocation of Grant Funds



*Gift of Warmth 11% • Capital Campaign 1% • Education 27% • Health 13%  
 Matching Gift Contributions 1% • Environmental 5% • Human 28% • Civic 14%*

### Conserve to Preserve Foundation

The Conserve to Preserve Foundation was established in 2008 in support of NJR’s belief that environmental protection, intelligent energy use and the preservation of natural resources is a shared responsibility among individuals, government and the business community. Our mission is to become an integral partner in promoting strong communities, supporting environmentally friendly programs, advancing energy-efficiency opportunities, promoting green job growth and encouraging valuable environmental stewardship.

Since inception, the Foundation has provided ongoing support for initiatives such as the Conserve to Preserve Dashboard, Conserve to Preserve Business Online and sponsorship of the Energy Hog program, from the Alliance to Save Energy, that are designed to help our customers learn how to use energy more wisely. Over the past year, the Foundation’s grant program has funded dozens of initiatives, including several that reach thousands of residents statewide such as our recent “Love to \$ave. Love the Shore.” campaign and Sustainable Jersey.

A grant from the Foundation enabled NJNG to launch the “See the Light” Energy Toolkit,” which offers municipalities and schools the chance to be more proactive in their efforts to lower their energy usage and reduce their carbon footprint. The pilot program is a behavior-based energy awareness and efficiency solution that improves the bottom line by training and motivating employees to adopt energy-efficient best practices. Each Energy Toolkit includes all the materials, tools and technology managers need to plan, implement and promote their energy awareness initiative, reduce energy consumption and boost efficiencies. Currently, two municipalities and 19 area schools have signed on to implement this behavior-based education program, taking advantage of this free opportunity to cut their energy budgets and reduce their carbon footprint. The Foundation will continue to assist such causes, which enhance the quality of life in our state by promoting energy-efficiency and conservation as well as environmental stewardship.





## Donor Choice Charity Drive

Our employees also recognize the importance of giving back to the community. Through the company's annual charity drive, administered by the United Way of Monmouth County, our employees donate to their favorite nonprofit organizations. For the 2012-2013 campaign, nearly 40 percent of eligible NJR employees participated, contributing more than \$103,556 with a 100 percent dollar-for-dollar company match. And in support of those affected by Superstorm Sandy, employees and other community members pledged more than \$101,000 to the disaster relief efforts of the Hurricane Sandy New Jersey Relief Fund, with NJR providing a dollar-for-dollar match up to \$40,000.

Our Superstorm Sandy response program also matched individual donations, dollar-for-dollar up to \$25,000, made to the American Red Cross, Jersey Shore Chapter. And as our way to augment the amount of support available through the Red Cross to those in need, we encouraged three other community organizations to follow suit, bringing the total matching grant through direct giving to \$100,000. Donations, which highlight the diversity of the donors, include \$10 from a young boy who donated his birthday money and a \$15,000 contribution from an NBC Nightly News anchor. The success of the program was due in large part to our relationship with the Asbury Park Press, which advertised the matching grant program for an extended period of time on our behalf.

In addition, employee volunteers initiate fundraising efforts of their own for nonprofit organizations near and dear to their hearts, including the March of Dimes, American Heart Association and American Cancer Society. Over the years, employees have introduced jeans days, bake sales, pumpkin and flower sales and tested their talent with Chili Cook-Offs and Wii bowl-a-thons – all in support of various causes. In 2012, these employee-initiated events raised nearly \$31,000.

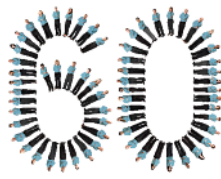
## Recent NJNG Awards and Recognitions

- *New Jersey League of Municipalities: Recognized as Mayor's Book Club Sponsor*
- *United Way of Monmouth County: Community Builder Award in recognition of corporate leadership relating to storm recovery*
- *County College of Morris: Recognition for scholarship donation in field of Health and Sciences*
- *American Cancer Society: Society Award for Outstanding Contributions in the Fight Against Cancer*
- *National Multiple Sclerosis Society: Event Sponsor Award*
- *American Red Cross: Recognition for Support of Sandy Relief and Recovery Efforts*
- *New Jersey Natural Gas ranked "Highest in Customer Satisfaction with Residential Natural Gas Service in the Eastern U.S. Among Large Utilities, Four Years in a Row," according to J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction Study<sup>SM</sup>. \**
- *New Jersey Natural Gas received the Highest Numerical Score in the Eastern U.S. in the Proprietary J.D. Power and Associates 2013 Gas Utility Business Customer Satisfaction Study<sup>SM</sup>. \*\**

## Volunteers Inspiring Community Service

Every year, our employees and retirees – with the help of their families, friends and local school children – generously give of their time to support community projects through our Volunteers Inspiring Service in Our Neighborhoods (VISION) program and other community initiatives, such as NJR You Days. These programs give employees an opportunity to create change in fundamental ways. In 2012, these generous individuals spent more than 4,445 hours making a difference in our communities – lending a helping hand where it was needed most.





Employee volunteers participated in over 56 community initiatives and volunteer programs, including cleaning up beaches and parks, assisting at 5K races, landscaping the Ronald McDonald House, packing and sorting food at the FoodBank of Monmouth and Ocean Counties and supporting the Special Olympics.



### **1,000 Hours Strong**

To further our commitment to corporate citizenship, our employees provided approximately 1,000 hours of volunteer service over the course of two days to help restore and refurbish the facilities at Collier Youth Services – an education-based organization that provides at-risk youth the opportunity to achieve their full potential. With paint brushes, shovels, ladders and other tools in hand, we helped restore essential school buildings and facilities that are used by hundreds of at-risk youth each year. By sharing our time, talents and resources, we were able to help Collier Youth Services create a positive experience for countless students – and memories that will last a lifetime.

Given NJR's history of volunteerism, the organizations we serve expect us to be active and engaged members of the community. NJR encourages its senior management to serve as directors of nonprofit boards, providing them with a firsthand glimpse into the needs of the community and giving us the ability to determine how to respond most effectively. Below is a sample of the nonprofit organizations on which members of NJR's senior management team serve:

- *180 Turning Lives Around*
- *Affordable Housing Alliance*
- *American Cancer Society*
- *Boys Scouts of America Jersey Shore Council*
- *Brookdale Community College Foundation*

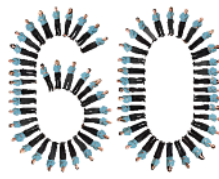
- *Drumthwacket Foundation*
- *Family & Children's Services*
- *FoodBank of Monmouth and Ocean Counties*
- *Foundation for Student Achievement*
- *Girl Scouts of the Jersey Shore*
- *Interfaith Neighbors*
- *Meridan Hospitals Corporation*
- *Monmouth Park Charity Fund*
- *NJ Future*
- *Ronald McDonald House*
- *Salvation Army*
- *Strand Theatre*
- *Women's Leadership*
- *United Way of Morris County*

### **Home Ownership for Deserving Families with Interfaith Neighbors**

Our commitment to improving the quality of life for families throughout the communities we serve is evident in our long-standing relationship with the Asbury Park nonprofit organization Interfaith Neighbors. Through this partnership, the Home Ownership Program was born. For 16 years, Interfaith Neighbors and NJNG have offered qualifying families in Monmouth County the opportunity to purchase their first homes when they otherwise would have been unable to do so.

The Home Ownership Program dates back to 1997 when Interfaith Neighbors completed a home renovation in Asbury Park, with an initial \$25,000 donation from NJNG. Since then, 34 homes have been completed under the program.

NJR's relationship with Interfaith Neighbors has grown significantly. Today, we remain a corporate sponsor of Interfaith Neighbor's Asbury Park West Side Neighborhood Revitalization Plan to improve the



housing stock, revitalize entire neighborhoods and strengthen the economy through the redevelopment of Asbury Park's West Side.

In fact, the completion of the Springwood Center at the corner of Springwood and Atkins Avenues in Asbury Park – which houses a business unit of the Asbury Park Police Department, eight affordable residential units and the Asbury Park Senior Center – was made possible through this initiative.

### **Creating Homes for All**

Our relationship with Interfaith Neighbors sparked the growth of our home ownership program as we extended our reach to Morris and Ocean Counties. In 2009, NJNG committed \$85,000 to support a dual-phase project to construct 41 affordable homes and bring public water, sewer and natural gas service to the Manitou Park section of Berkeley Township. Since then, Homes for All, an experienced nonprofit developer of affordable housing, has completed the project in partnership with NJNG, Berkeley Township and various local agencies with the sale of all 41 affordable homes to deserving families. The project also includes the sale of 41 market-rate homes.

The Manitou Park section of Berkeley Township is located just one mile from downtown Toms River and is comprised of 84 existing residences and 82 newly constructed homes. Of these, all 82 of the newly constructed homes are heated with natural gas and 40 of the existing homes converted to natural gas. Amenities in the community include a green acres preservation area, baseball field and recreation area, five churches, police and fire departments and a day care center.

### **Partnerships for Affordable Housing**

Partnering with Morris Habitat for Humanity, NJNG helped build its first affordable housing project in Morris County, which was completed in fall 2010. Morris Habitat for Humanity advocates for and builds affordable housing, not only to benefit deserving families, but as a first step to breaking the vicious cycle of poverty. Since that time, NJNG has partnered with Morris Habitat for Humanity and Morris County Affordable Housing Corporation, donating \$50,000 toward the construction of a six-unit townhouse located in the Peer Place

community of Denville. A dedication was held in August 2012 to celebrate the six first-time homeowners. NJNG is currently partnering with Morris Habitat for Humanity to build two affordable units in Randolph.

### **Energy for Education**

Few NJR initiatives have more potential impact or profound reach than our education programs, which encourage academic excellence and performance. In partnership with those who share our hopes of building a promising future for today's youth through lifelong education, we aim to stimulate learning, increase motivation and open a world of opportunities beyond the school years. Our Energy for Education programs include college admission seminars, college tours, literacy programs, corporate tours, Achieve 3000 and the Energy Hog. As part of this effort, NJR partners with Big Brothers Big Sisters to provide students in Asbury Park and Lakewood middle schools the chance to experience the business world firsthand through our Project Venture mentoring program. NJR employee mentors work closely with assigned students, sharing with them valuable insight into the working world and helping to prepare them for challenging careers.

This year marks the 25th anniversary of Project Venture. The program kicked off with just five students and, since that time, more than 262 students have participated. NJNG is helping former Project Venture students realize their full potential by providing scholarships for graduating seniors who move on to accredited two or four-year colleges, universities or vocational schools. Each year, one student mentee from each of the participating schools is selected and presented with a \$2,000 scholarship.

### **Community Outreach**

Community outreach and education is an integral component of our Conserve to Preserve efforts, designed to provide communities with the knowledge and tools they need to adopt sustainable practices.



## WE UPHOLD DIVERSITY

At NJR, we believe diversity extends far beyond the characteristics of race, age, gender, ethnicity, religion or physical condition. As such, we are committed to strengthening our company through education, understanding and recognition that diversity is a core value and a competitive advantage. By creating an open and inclusive environment where all people are respected for their diverse perspectives and backgrounds, we encourage the creativity that sparks new ideas and improves the way we do business every day.

NJR's Diversity Council is comprised of employee volunteers who work throughout the year to educate their colleagues by hosting special events and sharing information that helps us to recognize and appreciate the diverse perspectives within our organization. Over the past year, diversity events have provided training and skills to employees, providing them with the tools they need to help them successfully live and work within a diverse community.

## WE UPHOLD ETHICS

At NJR, we strive to instill a sense of personal responsibility in each of our employees through annual Code of Conduct training. All employees are required to attend as a means to familiarize themselves with, and reinforce, the policies and procedures that must govern their day-to-day business practices. One hundred percent of Code of Conduct violations are thoroughly investigated and acted upon. Employees and members of the public have access to a toll-free hotline through Ethicspoint, Inc. where potential violations can be reported anonymously 24 hours a day, 365 days a year. Any communications received through Ethicspoint are forwarded immediately to NJR's designated contact and appropriate action is taken within 24 hours.

Through strong corporate governance and leadership practices, we ensure business is carried out in an ethical manner at all levels of the organization.





## ENDNOTES

1. EPA, GHG Equivalencies Calculator  
[www.epa.gov/cleanenergy/energy-resources/calculator.html](http://www.epa.gov/cleanenergy/energy-resources/calculator.html)
2. EPA, GHG Equivalencies Calculator
3. EPA, GHG Equivalencies Calculator
4. Energy Information Administration's (EIA) Voluntary Reporting of Greenhouse Gases Program Fuel Carbon Dioxide Emission Coefficients  
[www.eia.gov/oiaf/1605/coefficients.html](http://www.eia.gov/oiaf/1605/coefficients.html)
5. EIA Fuel CO2 Emission Coefficients
6. Natural Gas STAR, NJNG Summary Report, November 2010
7. The Conservation Fund

*† For a list of qualified high-efficiency equipment, visit [www.njcleanenergy.com/residential/home/home](http://www.njcleanenergy.com/residential/home/home).*

*† † For complete terms and conditions of NJNG's On-Bill Repayment Program, visit [www.savegreenproject.com](http://www.savegreenproject.com).*

*\*New Jersey Natural Gas received the highest numerical score among large utilities in the Eastern U.S. in the proprietary J.D. Power and Associates 2009-2012 Gas Utility Residential Customer Satisfaction Studies<sup>SM</sup>. 2012 study based on 63,584 online interviews and measures 10 providers in the Eastern U.S. (CT, DC, MD, MA, NH, NJ, NY, PA, RI, VA). Proprietary study results are based on experiences and perceptions of consumers surveyed September 2011-July 2012. Your experiences may vary. Visit [www.jdpower.com](http://www.jdpower.com).*

*\*\*New Jersey Natural Gas received the highest numerical score in the Eastern U.S. in the proprietary J.D. Power and Associates 2011-2013 Gas Utility Business Customer Satisfaction Study<sup>SM</sup>. 2013 study based on 10,156 online interviews ranking 11 providers in the Eastern U.S. (CT, DC, MD, MA, NH, NJ, NY, PA, RI, VA). Proprietary study results are based on experiences and perceptions of customers surveyed May 2012-August 2012 and October 2012-January 2013. Your experiences may vary. Visit [www.jdpower.com](http://www.jdpower.com).*