

Stakeholders

Our Commitment to Stakeholders

For 20 years, NJR has put our Commitment to Stakeholders (CTS) at the center of all that we do and what we represent through our values and our conduct. The CTS touches on every facet of our business, including our sustainability efforts as detailed in this report, by guiding the way we engage with our environment, our employees and our customers.

The CTS is not only our credo, it guides our aspirations and anchors our actions. In order to drive accountability and positive outcomes for our stakeholders, we use CTS performance measures as a component of the formula for our executives' annual incentive awards.

We are committed to enhancing our customers' quality of life by meeting their expectations for reliability and value in an environmentally responsible way every day.

To meet our commitment, we will:

- ▷ *Provide safe, reliable and competitively priced service;*
- ▷ *Listen and respond to our customers to improve service;*
- ▷ *Use our expertise to grow in new and existing markets;*
- ▷ *Inspire a culture that sees change as an opportunity to improve quality;*
- ▷ *Place integrity, communication, diversity, work/life balance, continuous learning and accountability at the core of everything we do;*
- ▷ *Support our communities, work with policymakers and demonstrate sensitivity to the environment; and,*
- ▷ *Provide a superior return to our investors.*

We believe sustainability is directly linked to our ability to achieve service excellence for our customers, communities and all of our stakeholders. As such, corporate responsibility is a critical component of our strategy, combining company values and beliefs to ensure future growth in a sustainable manner.

Below, we present our initiatives, achievements and record of delivering positive results to our stakeholders.

An Uncompromising Record on Employee Safety

Each day, our more than 1,000 employees make the decision to come to work as part of the NJR family. We fundamentally believe that our employees make us a unique, successful organization – in creativity, commitment, ingenuity, hard work and innovation. Our employees fulfill the responsibilities that enable us to deliver natural gas service to approximately 538,700 customers; to be a leader in clean energy investments; to grow our midstream energy business; and, to earn the loyalty of our retail home services customers.

Our business has experienced tremendous success because our employees have been recruited, trained and encouraged to be bold and make a difference.

Our commitment to every single employee – whether an office employee or a utility first responder – is to provide every appropriate resource to ensure their safety. Through initiatives that start at the top, we have invested time, energy and manpower to foster a culture where safety is top-of-mind at all times, and where achieving safety goals is a shared priority for every employee.



Promoting Safety Awareness and Best Practices in the Communities We Serve

Safety is, and always will be, our top priority. Through our leadership in Partners in Safety, we actively engage and educate the communities we serve, utilizing various tools to reinforce best practices and improve worker safety, protect vital underground utility infrastructure and help ensure public safety during excavation activities conducted near an existing underground natural gas facility.

In fiscal 2018, NJNG participated in comprehensive public awareness safety campaigns with the Partners in Safety Team, reaching:

Over 13,500 residents

Over 2,000 excavators

Over 110 municipalities

480 emergency officials

Our safety initiative, Safety 24/7, along with company policies and practices, is designed to ensure a safe workplace for our employees and to strive for zero incidents – because even one accident or injury is one too many.

| Metric | 2018 Goal | Actual FY 2018 |
|---|-----------|----------------|
| OSHA rate | 4.50 | 4.47 |
| DART ("Days Away") rate | 2.64 | 1.36 |
| DART Severity | 53.06 | 21.88 |
| Preventable Motor Vehicle Accident Rate | 2.50 | 3.26 |

Creating a Thriving Workplace

Recognizing that our employees are the foundation for our collective success – past, present and future – 2018 took us further in our journey to ensure a rewarding, engaging employee experience. We continued key programs focused on employee safety, leadership development, work-life balance, talent management, health and wellness, diversity and inclusion as well as employee engagement.

▷ Career Development initiatives

o We've introduced leadership programs, mentoring circles, and a variety of learning resources and new training opportunities.

▷ Growth

o We've grown to more than 1,000 employees with a steady increase in our numbers.

▷ Wellness Programs

o We expanded wellness programs including an employee assistance program, yearly fitness challenges, health advocate services and mindfulness training.

▷ Employee engagement

o NJR employees continue to maintain high levels of engagement, satisfaction and retention according to our annual employee survey.

▷ Diversity and Inclusion

o Diversity, inclusion and employee engagement are integral to our vision, strategy and business success. We pride ourselves on a culture that respects co-workers and values concern for others. Fostering a culture and environment that values diversity and ethics helps create an inclusive organization where we embrace, leverage and respect the differences of our employees, customers and the communities where we live, work and serve.



Retention rate for diverse business enterprises: 91.8%



Employee engagement score: 83%



Women's business resource group (Supporting Women's Advancement and Growth) has more than 80 members

Customers

Our customers are the lifeblood of our business, whether it is our utility customers who depend on reliable service to warm their homes or cook their meals, or our non-regulated business customers who look to us for appliance repairs, installations and clean energy.

Strong relationships with customers is a defining characteristic of our corporate culture, and our reputation depends on meeting our customers' expectations.

NJNG interacts and engages with our customers in numerous ways, including traditional and digital communications (mail, email, Website and social media), in-person visits, advertising and through the media. Customers engage directly with us and get critical information through our call center, on our Website, as well as in the community through outreach events like forums and our Energy Assistance Days.

Measuring our progress is an important part of what we do and helping ensure we are delivering for our customers. For fiscal 2018, NJNG effectively engaged with our customers in the field, meeting or exceeding AGA's benchmarks goals for priority response times:

| Priority Response | 2018 Goal | Results | AGA Benchmark |
|------------------------------------|--------------|--------------|---------------|
| Average Response Time | 22.5 minutes | 19.5 minutes | 1st quartile |
| Response Time Less than 60 minutes | 99.8% | 99.99% | 1st quartile |
| On-Time Utility Appointments | 99.9% | 100% | 1st quartile |



Energy Assistance Days

Energy Assistance Days are an NJNG-led initiative where we leverage our community partnerships to go out into the neighborhoods we serve to reach customers and provide them with critical information about programs available to save them money, including bill payment assistance for working and middle-class families and programs to help lower their consumption.

In fiscal 2018, NJNG held 19 Energy Assistance Days in our territory, reaching nearly 1,300 customers and connecting them to more than \$325,000 in assistance.

NJNG is proud to have had our commitment to customer service recognized by independent industry surveys. In fact, NJNG was ranked the “Highest in Customer Satisfaction with Residential Natural Gas Service in the East among Large Utilities,” according to the J.D. Power 2018 Gas Utility Residential Customer Satisfaction Studysm for four consecutive years¹. NJNG was also named a “Most Trusted Brand” for the 5th consecutive year and a Customer Champion in 2018 by Cogent Reports.

For our non-regulated businesses, our customer service representatives delivered strong performance for customers in fiscal 2018:

| Metric | Plan 2018 | Actual FY 2018 |
|---------------------------|-------------|----------------|
| Percent of Calls Answered | 98.5% | 98.9% |
| Average Speed of Answer | <30 seconds | 31 seconds |
| Service Level | 89% | 87.7% |
| First Call Resolution | 90.5% | 92.0% |

¹ New Jersey Natural Gas received the highest score in the East Large segment of the J.D. Power 2015-2018 Gas Utility Residential Customer Satisfaction Studies of customer's satisfaction with their residential gas provider. Visit jdpower.com/awards

Regulators

We are committed to responsible corporate conduct in all that we do. As the parent company of a regulated, lifeline service utility serving approximately 538,700 customers, we have a responsibility to engage with regulators on matters impacting our business and the customers we serve.

We believe in open communication with our employees, customers, regulators and the communities we serve and interact with. Similarly, whether it is a rulemaking process, a regulatory filing, a new law or program, we believe in open communication with lawmakers, state and local officials and regulating agencies.

Our commitment is to conduct all such engagement ethically, transparently and in accordance with all applicable laws, through the following principles:

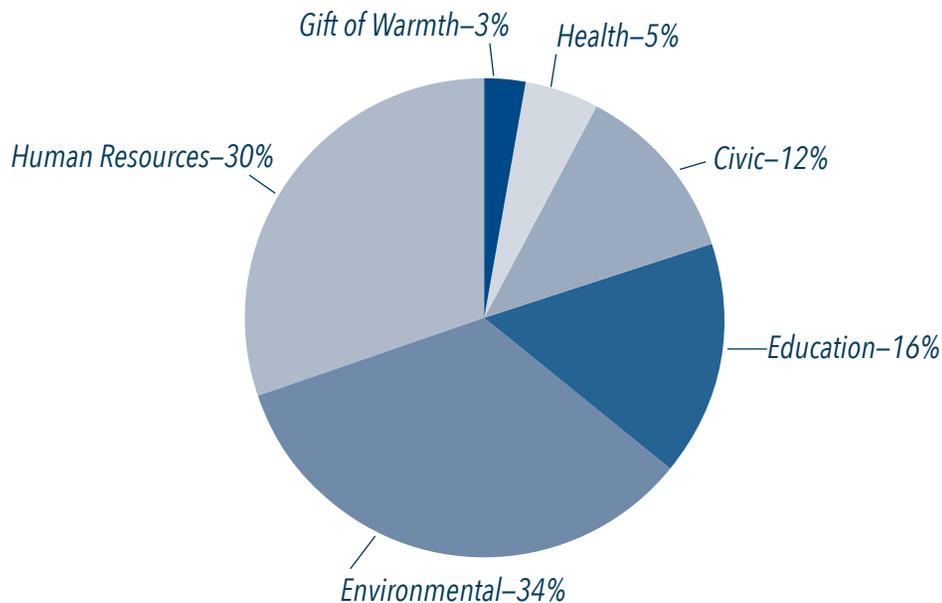
- ▷ NJR company employees will comply with all laws, rules and regulations as it pertains to interactions with government officials;
- ▷ It is NJR policy to not engage in direct corporate contributions to political campaigns or committees; and,
- ▷ NJR is committed to transparency and complies with all lobbying and government affairs disclosure requirements.

Communities

The spirit of giving back is a fundamental part of who we are and the culture we strive to uphold among our employees at every level. From providing affordable housing opportunities to first-time homeowners through our Home Ownership Program to in-kind support to community organizations, together with our employees we offer hope, inspire others and create positive change in the places where we live and work.

- ▷ Affordable homes completed by the Home Ownership Program since inception - **186**
- ▷ Contribution to NJNG's Gift of Warmth energy assistance fund - **\$247,483**
- ▷ Organizations supported through charitable and in-kind donations - **over 2,000 for FY2018**

Allocation of Grant Funds:



30 Years of Changing Lives

Our Project Venture mentoring program was started three decades ago with a simple objective – to provide young people with a glimpse of what the future may hold for them. What began with five students has now touched the lives of more than 350 young people. Project Venture is successful because both our employees, who serve as mentors, and our partners at the Asbury Park and Lakewood Middle Schools.

In partnerships with Big Brothers Big Sisters, employee volunteers are “Bigs” to these students, sharing with them valuable insight into the working world and helping them build skills necessary for academic and personal success. Sessions include one-on-one and group activities that facilitate character building and relationship development, as well as having fun.



Respect for Human Rights

NJR has set forth the following statement concerning universal human rights and the company's respect for and role in the protection of those rights:

While it is the role of governments to protect the rights of their citizens, we recognize that all businesses have a role to play in fostering a society that respects human rights. As a diversified energy company, NJR is committed to respecting human rights in our own operations and complying with local, state and federal laws in the communities where we do business. Moreover, we believe our commitment to ethical business practices helps to ensure the protection of human rights. Our commitment is guided by the principles set forth in the laws of the United States and the states in which we operate governing human rights, and in the NJR Code of Conduct.

Investors and Shareowners

A core principle reflected in our commitment to stakeholders is delivering a superior return for those who invest in our business. This is supported by a strong financial profile, operational excellence and a corporate strategy that can drive consistent earnings and appropriate dividend growth.

In fiscal 2018, we delivered on this goal with another outstanding year for our company and our shareowners.

- ▷ Our closing stock price was \$46.10 per share; an increase of 9.4%
- ▷ Our board of directors approved a 7.3 percent dividend increase to an annual rate of \$1.17 per share – our 25th increase since 1995
- ▷ Total shareowner return of 12.3%

Our stakeholders expect us to drive results and create value by delivering on our commitments – we are proud to have done just that in 2018 and further contributed to a cleaner, more sustainable business, now and into the future.

Forward-Looking Statements

Certain statements contained in 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. 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.