



EEI ESG Reporting Template (Pilot)

January 2018

PSEG is among EEI member companies piloting the voluntary Environmental, Social, Governance and Sustainability reporting template for investors. PSEG is a member of the EEI ESG/Sustainability Steering Committee. This portion of the template reflects qualitative information contained within PSEG's Corporate Sustainability Report (data is 2015 unless otherwise noted). All the links to relevant information are provided.

EEI ESG/Sustainability Qualitative Template (Pilot)

1. Sustainability Strategy & Governance

a. Our Sustainability Vision

Sustainability is an approach to living life with a long-term view. It's how we manage the resources that sustain our lives – human, economic, environmental and the surrounding social fabric. Energy empowers people and enables improvements in quality of life – it affects how we provide education and health care, and it drives the economic development necessary to ensure that every child grows up to have an equal opportunity to live a healthy, productive and economically viable life. We think about enabling that kind of future.

At PSEG, we innovate across our business, finding new ways to reduce energy consumption and deliver power to our customers more efficiently and sustainably. We help communities prosper. We invest in people. It is important that we, at PSEG, put social awareness, economic growth and environmental protection – equally – at the forefront of our agenda. They are not mutually exclusive concepts. In fact, together they define sustainability. Ultimately, our vision for PSEG is one where sustainability – for the benefit of the environment, the economy and our organization – is integrated seamlessly with our overall goal of making New Jersey a better place to work and live.

b. Our Approach To Sustainability

For more than 100 years, we have been operating our business with a focus on sustainability. Our Sustainability Report allows us to share progress with our diverse range of stakeholders, while also discussing challenges on the road ahead.

Change is a constant in our industry and our world. Our customers' demands are changing. They want energy that is more reliable, resilient and cleaner, along with better access to smart technology that can help them manage their energy use – all while keeping bills affordable. These demands not only present a huge, multi-dimensional challenge, but also create an unparalleled opportunity to build a model energy company of the future. A multi-dimensional challenge calls for a multi-level, strategic response.

That is why we are moving ahead with major infrastructure modernization investments, enhancing the reliability and resiliency of our systems and building new, clean and efficient power plants. It is also why we have invested \$1.5 billion to develop or finance solar power and put more than \$400 million to work in helping hospitals, apartment buildings, government facilities and other customers make energy efficiency improvements that reduce their bills.

New and emerging technologies – from solar storage to electric cars to smarter, energy-saving devices for the home – can accelerate our progress toward a sustainable future. At the same time, we must not lose sight of the benefits of proven technologies such as nuclear power, which provides more than 90 percent of New Jersey's air emissions-free energy. We will continue to advocate for policies that recognize nuclear energy as a source of clean energy and an important part of a diverse, reliable energy portfolio.

Ultimately, as our history demonstrates, people make all the difference. Our employees have a proud tradition of being there for our customers and giving generously of their time to support many worthy causes in their communities. A diverse and inclusive workforce is fundamental to our continued progress.

c How We Manage Sustainability

Employees across the entire company, at all levels, are involved with managing sustainability. We pride ourselves on being a company with strong leadership, engaged employees and proven processes to manage sustainability throughout the business. We continue to emphasize the role that all of our employees have in achieving higher levels of operational excellence, which is fundamental to the future we are trying to build as a diverse, successful enterprise.

Our focus on sustainability at PSEG reflects a deep recognition that our continued ability to prosper as a business depends on helping others to prosper, too. Thus, we emphasize the importance of defining success not only by profitability, but also by the environmental and social dimensions of performance. We strive to be both systematic and comprehensive in our approach to sustainability-related issues. Doing so helps us to remain true to our most important commitments and to further improve performance. Leading from the Top Sustainability begins with our leadership. PSEG's Executive Officer Group is responsible for providing sound leadership and management that contributes to the company's long-term success and sets the right example for employees. Representing a wide range of experience, our officers take an active leadership role not only with regard to our business goals, but also on environmental issues and community engagement.

2. Climate Change Strategy

As a leader in low-carbon energy, PSEG recognizes that climate change is the preeminent challenge for a business such as ours with a strong commitment to building a sustainable energy future. With this challenge, we believe there is the opportunity to create an energy system that is cleaner and more efficient – one that protects the environment and helps our customers reduce their energy bills. We began factoring climate change into our business decisions and investments in the early 1990s – well before many others in our industry.

In 2009, PSEG established a goal of reducing GHG emissions by 25 percent from 2005 levels by 2025. We met that goal 14 years ahead of schedule through implementation of energy efficiency programs, deployment of renewable energy, increasing nuclear output and building clean, efficient natural gas plants. PSEG continues to build on this success to further reduce emissions and PSEG's GHG emissions in 2016 were approximately 41 percent below 2005 levels.

We are determined to do even more to reduce emissions. PSEG recently established a new goal to eliminate 13 million metric tons of CO₂ equivalent emissions by 2030 from 2005 levels. We believe our new Eliminated Emissions goal is realistic, given the range of our efforts, including:

- Accounting for avoided emissions from the post-2005 uprates at our nuclear facilities;
- Retirement of our New Jersey and Connecticut coal units;
- Efficiency upgrades of our existing natural gas combined cycle fleet;
- PSE&G's Gas System Modernization Program, which by replacing old cast-iron pipes with new plastic helps prevent methane leaks;
- Continued replacement of traditional fleet vehicles with hybrid vehicles and the installation of idle mitigation technology on fleet vehicles;
- Solar and energy efficiency investments and programs;
- Electric vehicle charging programs for our employees and our commercial/ industrial customers;
- Recycling of industrial waste under EPA's Waste Wise program; and
- Emission reductions in fulfilling PSEG Power's REC commitments.

3. Additional Resources

- a. PSEG's Environmental Health and Safety Policy: <https://www.pseg.com/info/environment/health.jsp>
- b. PSEG's Standards of Conduct: <https://www.pseg.com/family/about/integrity/pdf/standards.pdf>
- c. Political Contributions and Participation Practice :https://www.pseg.com/info/investors/pdf/corp_political_participation_practice.pdf
- d. More information about overall strategy and investments. See presentation to the financial community:
- e. Investor's FactBook: http://investor.pseg.com/sites/pseg.investorhq.businesswire.com/files/doc_library/file/FACTBOOK-17-18-UPDATE-010218.pdf
- f. PSEG's Diversity and Inclusion Commitment: <https://www.pseg.com/info/careers/diversity.jsp#commitment>
- g. PSEG's Governance Structure: <http://investor.pseg.com/corporate-governance>