

2021



for a
clean energy future

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Ralph Izzo
Chairman, President and CEO, PSEG

Striving to be a positive force in a changing world – Let's persevere

To our stakeholders,

Since the start of 2020, our company and our communities have faced extraordinary challenges, including extreme weather, social unrest and the continuing COVID-19 pandemic – with each of these also creating new uncertainties for the economy. Through it all, PSEG was able to withstand adversity and focus on our customers by relying on our diverse and highly skilled workforce, and ensuring that health and safety remained our top priorities.

The challenges of 2020-21 also brought into sharper focus the mounting risks of extreme weather and climate change and the urgent need for comprehensive action.

Since our founding in 1903, PSEG has sought to make our communities better places to live and work. Today, PSEG's mission has expanded as we seek to be a positive force in a changing world, and to support our customers and communities as we persevere together.

Our successful response to the turbulence of the past 18 months reflects the resilience of our employees, our leadership and our business. Our accomplishments through 2020 and 2021, and our evolution as a clean energy infrastructure-focused company, have set us firmly on the path toward a future that continues the fight against climate change, while also leading our nation and our industry toward the actions we must take to address its cause.

PSEG's net-zero climate vision for 2030 is one of the first and most aggressive targets for a large utility and power generator – accelerating our goal for achieving greenhouse gas (GHG)- and carbon-free generation by two decades and adding net-zero for scope 1 and 2 utility operations.

We are on track to eliminate nearly all fossil-fueled generation from our portfolio by the end of 2021 or early 2022. Moving forward, our power generation will be composed almost exclusively of our carbon-free nuclear plants, complemented by new investments and regional opportunities in offshore wind and grid-connected solar.



During the coming year, PSEG will continue its evolution as a primarily regulated clean energy infrastructure-focused company, driven by investments in universal energy efficiency and smart technology, electric vehicles, battery storage and system-wide grid modernization. As we carry out this shift, we are committed to a fair, equitable and transparent process – one that is grounded in treating people with dignity and respect, especially in difficult times.

Each of our efforts and investments are aimed at achieving PSEG's Powering Progress vision for the future, in which people use less energy, and that energy is cleaner and delivered more reliably than ever.

We made significant progress to advance a culture of diversity, equity and inclusion (DEI), and we intend to continue our work to elevate PSEG's commitment to social and environmental justice and our reputation as a DEI leader.

PSEG is committed to achieving net-zero emissions, committed to a fair and just transition to a new clean energy economy, committed to ethical behavior and environmental justice for all communities, committed to the principles of ethical governance that will drive us there, committed to the health and safety of our workforce and especially the people who comprise the many diverse communities we serve. On the following pages, I hope you find not only data, but also inspiration. We do.

PSEG recognizes the importance of sustainability and our approach to environmental, social and governance (ESG) matters, integrating these considerations into our strategic decision-making, allocation of capital and risk management.

PSEG remains committed to increasingly detailed and transparent ESG reporting, like that contained in this combined Sustainability and Climate Report. In this new report, we're pleased to share our most current data, including new updates on our commitments to biodiversity, reducing waste and ensuring environmental justice across the many diverse communities we serve.

The goal of PSEG's ESG, sustainability and climate change strategies is to support PSEG's mission and vision, which we will accomplish by providing the infrastructure that helps everyone access safe, affordable, reliable and cleaner energy.

The challenges of 2020 and 2021 aren't over. The pandemic remains a paramount concern, upending the economy and the nature of work for many. Severe weather is growing more frequent and more damaging – from flooding to wildfires to historic drought. Our political landscape remains polarized. We shall continue to help all of our stakeholders persevere.

There is no better or more critical time to be good stewards of the planet and work to leave it better than we found it – with lower emissions, less waste and a path to the future. For the sake of our families, our neighbors and our communities – and yours – we cannot let up.

Ralph Izzo
Chairman, President and CEO, PSEG



Rick Thigpen
Senior Vice President, Corporate Citizenship

To our stakeholders,

The mark of a truly sustainable company is how that company performs in real time when tested. The past 18 months have delivered their share of unexpected challenges: a global health crisis, social and political upheaval, more frequent cases of extreme weather and, for PSEG, a transformational realignment of our business.

These challenges, separately and collectively, called on our company and its leaders to center environmental, health and social considerations at every turn, reacting and responding in a way that demonstrated the inseparability of ESG from our business success.

As a company, PSEG can be proud of its response to these challenges.

Last year, as the early days of the COVID-19 pandemic unfolded, PSEG pivoted much of its workforce to remote work, including our customer service operations, and created new health and safety protocols for field crews to keep customers and employees safe as we continued the essential work of building and maintaining critical infrastructure and generating power. For our customers, in the early days of the pandemic, we voluntarily placed a moratorium on residential shutoffs for unpaid bills. For employees, we adopted additional benefits to provide flexibility and support in times of need. And for our communities, we donated desperately needed equipment and resources to support health care workers and patients.

As the health crisis continued, our company continued to provide essential services to millions of customers, while the PSEG Foundation contributed \$4 million to organizations that provide pandemic relief to those in need – including much needed support to reduce food insecurity.

Last summer, amid the unrest that followed the tragic murder of George Floyd in Minneapolis, we looked inward at our corporate culture and expanded our diversity and inclusion focus to include equity. We embarked on what will be an 18-month journey with our top 200 leaders to explore what it means to be an inclusive leader and how we can grow as an organization. Externally, the PSEG Foundation provided \$1 million in the form of our Powering Equity and Social Justice commitment, including a \$300,000 donation to Rutgers University's



Center on Policing for its police reform initiatives. And as Americans of color found themselves threatened – especially our Black and Asian-American neighbors – PSEG reached out publicly to support these communities.

In storm after storm – a [record-breaking](#) 30 named storms in the 2020 Atlantic hurricane season – our utility crews worked tirelessly to restore service as quickly as they could and, where outages persisted, we took the unprecedented step of helping customers already struggling with pandemic-related economic distress cover the cost of lost food.

The 2020 election and transition to new leadership in Washington created a fragile moment for our democracy and, in the wake of the events of Jan. 6, we stopped federal political contributions for two years to those members of Congress who voted to decertify the 2020 presidential election and jeopardize the stability that is the heart of a sustainable business environment and society.

Perhaps our most sweeping and inclusive effort was the decision to accelerate our timetable for net-zero emissions by 20 years. Our new 2030 climate goal is a reflection of PSEG's transition away from fossil fuel power generation to a power supply almost entirely composed of carbon-free nuclear and renewable energy. And throughout the process, we remain committed to a just transition for impacted members of our workforce.

This 2030 goal, the most ambitious among energy companies like ours, impacts not only our business and its operation, but calls on PSEG to make demonstrable contributions to regional decarbonization well beyond our own footprint. This updated vision combines real and symbolic leadership as one of the nation's oldest utilities – one that helped give birth to the industrialized Northeast – pivots to entirely carbon-free generation and a focus on attaining net-zero emissions in its utility operations.

That symbolism is especially meaningful when you consider that avoiding the worst impacts of climate change will require a national and global movement for decarbonization the likes of which we've never seen. But symbolism alone won't get us there, hence our commitment to transparency, data and reporting as found in this Sustainability and Climate Report.

This report reflects PSEG's approach to ESG, and to continuing to meet the needs of our communities in New Jersey and Long Island, our customers and our diverse, dedicated and highly skilled workforce.

We're proud of our long-standing commitment to corporate citizenship and our demonstration of strong civic values. Each time our organization was challenged over the past 18 months, our people rose to meet it. That's not to say it was easy or that we always succeeded, but our actions embodied PSEG's mission to be a positive force in a changing world – striving to empower and enhance the lives of all stakeholders.

We are proud to present PSEG's 2021 Sustainability and Climate Report.

Rick Thigpen
Senior Vice President
Corporate Citizenship



Our Response to the Pandemic

The legacy of 2020 will undoubtedly be the global pandemic and its impacts. COVID-19 touched millions of lives, many tragically, and its impacts on our world will be felt long after the virus has been brought under control. The pandemic's impact on PSEG was immediate and wide-ranging. As we responded to new challenges of providing critical energy services during a pandemic, these same challenges provided us an early opportunity to learn a great deal about our organization and ourselves.

When millions of Americans were asked to do their part to slow the spread of the COVID-19 virus, PSEG stepped up and helped give people the stability they needed. For the 2.3 million electric and 1.9 million gas customers in New Jersey and the 1.1 million electric customers in New York that we serve every day, PSEG demonstrated its value as an essential service provider. We powered the Zoom conferences, Google classrooms and FaceTime chats that kept people connected and kept homes comfortable. As health care professionals worked selflessly around the clock, we supported their critical

work by energizing hospitals, nursing homes and vaccination centers.

Throughout the COVID-19 pandemic, PSEG has relied on a well-established crisis management structure to coordinate responses quickly across the organization and ensure the continued delivery of essential services to our customers in a safe and reliable manner. Led by PSEG's chief operating officer, the Executive Crisis Management Team (ECMT) includes representation from all operating companies and functional areas. This group met seven days a week in the early months of the pandemic to develop a framework to monitor and adapt the company's response as the crisis progressed. We are using this experience as an opportunity to document lessons learned, to strengthen business continuity plans, and to improve our overall resilience for any future event. Our work is ongoing as we remain vigilant to operational and public health concerns.

PSEG COVID-19 response

\$4M pledged since the start of the COVID-19 pandemic to support communities

50K N-95 masks and **200K** pairs of gloves donated to New Jersey health care workers

Voluntarily **suspended shutoffs** of service due to non-payment

WorryFree® Tech-Talk Appliance Repair introduced to **remotely assist** appliance repair customers

Hiring for talent pipeline continued, including internships, and **no layoffs** due to the pandemic

Pandemic hotline exclusively for employees



Employees

Our ECMT provided leadership and direction and we were able to augment our business practices as follows:

- Implemented remote work practice for all employees where jobs could be performed remotely. For those who were unable, we revised operating protocols, including an increase in the number of company reporting locations in order to further physical distancing to protect our essential workforce.
- Provided frequent education to frontline managers and employees by PSEG's medical director and Health and Safety teams.

- Implemented PSEG Pandemic Response Hotline exclusively for employees to guide them through questions on their health and safety, identification and notification of close contact exposure, clinical assessments to determine quarantine needs and appropriate return-to-work procedures.
- Introduced a mobile assessment tool that enables employees to answer questions regarding their health and exposure status, providing a daily passport for entry into company work sites.
- Increased leadership communication platforms, including "The Link" employee social media channel

and ongoing pulse surveys, during the critical period of the pandemic to ensure employee well-being and engagement.

To help our employees be successful, we were able to accomplish the following:

- Maintained workforce levels and employee benefits.
- Expanded temporary COVID-19-related paid time off for employees to take care of themselves and their family members, get vaccinated and navigate school and daycare closures.
- Enhanced bereavement leave allotments to accommodate any employee suffering the loss of a family member.

- Expanded child care resources, including discounted home and remote placement services, expanded referrals and tutoring support.
- Implemented changes to medical and retirement savings plans made available through federal relief packages.

Our efforts at adapting to the realities of the pandemic ensured that our employees could continue to safely perform at the highest levels of operational excellence, providing seamless continuity and the utmost reliability from our utility operations to our nuclear plants.





Customers

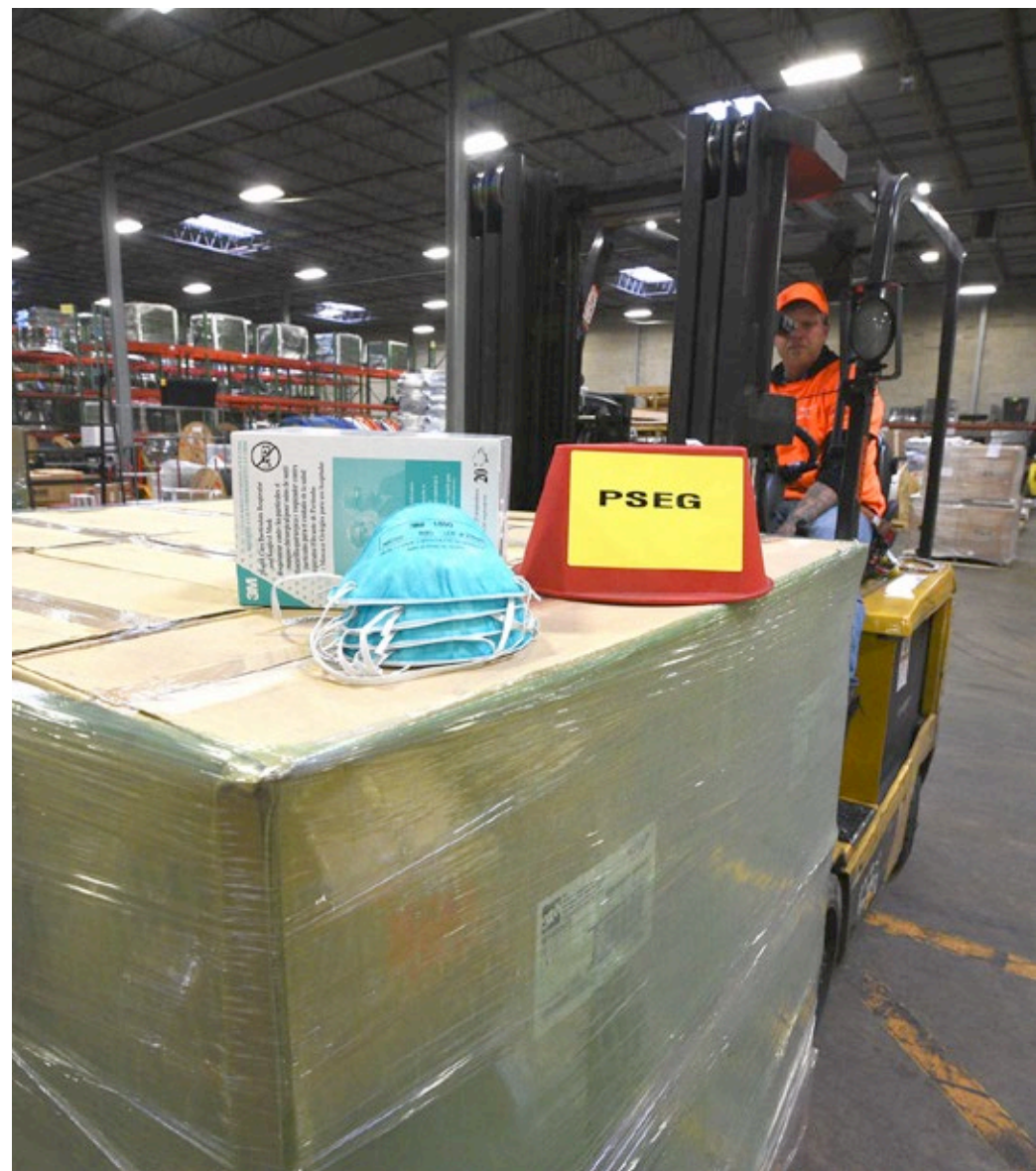
The pandemic also provided an opportunity for PSEG and its workforce to demonstrate their commitment to serving our customers and communities. Our response efforts have updated customer safety protocols and expanded community outreach as follows:

- Voluntarily suspended residential service shutoffs for non-payment and worked cooperatively with customers who needed payment flexibility.
- Provided assistance with electricity provisioning for emergency medical facilities construction.
- Maintained full customer service staffing and hours of availability via phone.
- WorryFree® Tech-Talk Appliance Repair introduced to remotely assist customers with appliance repair.

Communities

- The PSEG Foundation pledged \$4 million in support to communities for pandemic response and relief efforts, including combating food insecurity, supporting mental health and addressing domestic abuse.
- PSEG donated 50,000 N95 masks and 200,000 pairs of gloves to health care workers.
- PSEG sponsored a COVID-19 testing site in Salem County and continues to support local food and community organizations and events to ease the financial hardship in the Salem community.

Looking forward through this year and next, PSEG is continuing its transition described in our Powering Progress vision – a future in which we help our customers use less energy, the energy they use is cleaner and delivered more reliably than ever. As we progress toward this vision, we remain committed to ensuring the safety of our customers and employees while performing at the highest levels.

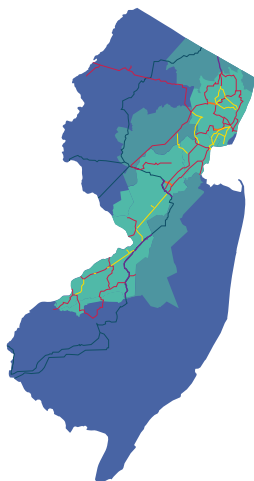




Company Overview

Public Service Enterprise Group Inc. (PSEG) is a diversified energy company headquartered in Newark, N.J.

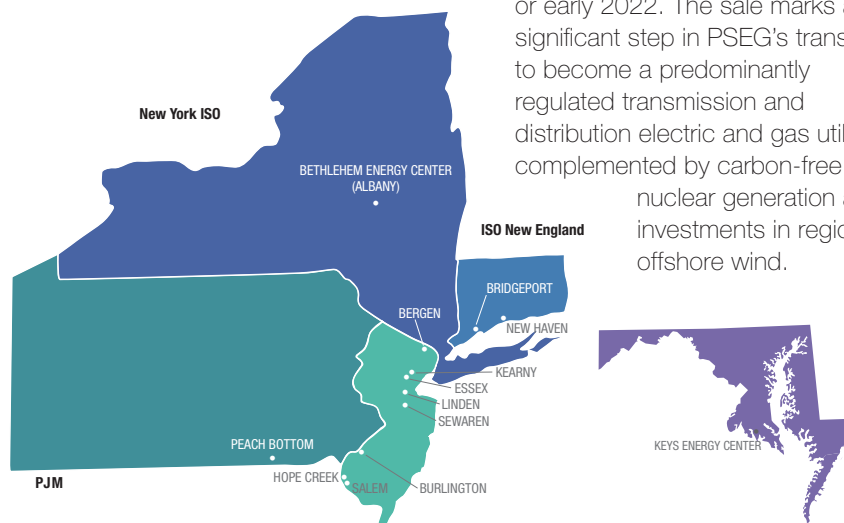
Established in 1903, the company has long had a key role in fueling New Jersey's economy and supporting the state's quality of life.



Public Service Electric and Gas Co. (PSE&G) is New Jersey's largest provider of electric and natural gas service – serving 2.3 million electric customers and 1.9 million gas customers.

As of year-end 2020, **PSEG Power's** generation fleet included a portfolio of diverse, efficient and geographically well-positioned assets totaling approximately 11,000 megawatts located in the Northeast and Mid-Atlantic regions of the United States. In June 2021, PSEG Power retired its last coal-fired generating plant, and completed the sale of its non-core Solar Source portfolio. In August 2021, PSEG announced an agreement to sell its PSEG Fossil units, with the transaction

to be completed in late 2021 or early 2022. The sale marks a significant step in PSEG's transition to become a predominantly regulated transmission and distribution electric and gas utility, complemented by carbon-free nuclear generation and investments in regional offshore wind.



Business composition by GAAP net income (as of Dec 2020)

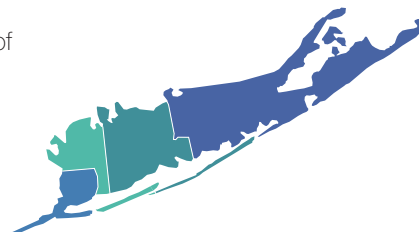
~30% generation

~70%
regulated utility

Core commitments

- ◆ Safety
- ◆ Integrity
- ◆ Continuous improvement
- ◆ Customer service
- ◆ Diversity, equity and inclusion

Another member of the PSEG family of companies, **PSEG Long Island**, operates the electric transmission and distribution system of the Long Island Power Authority, with 1.1 million customers.

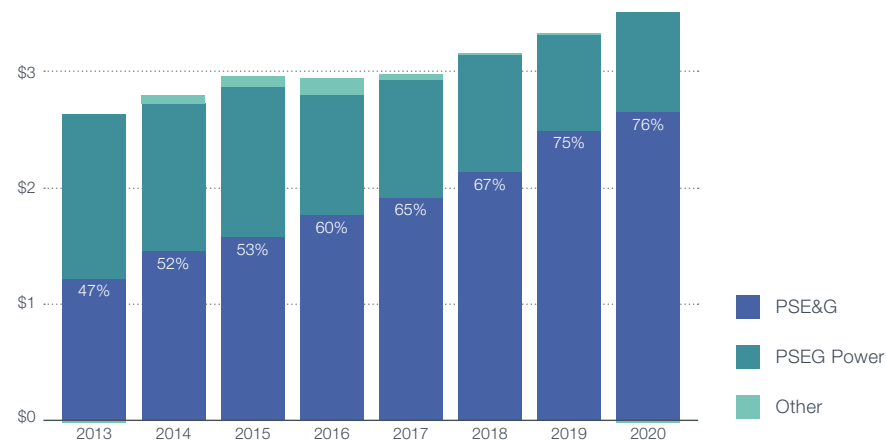




Financial strength enhances our ability to sustain excellence in our operations, deploy capital effectively and deliver value to our customers and shareholders. This focus allows us to make meaningful contributions to the communities we serve. PSEG has now paid dividends for 114 consecutive years – placing us among a select group of companies. Our continued financial success is especially challenging in this uncertain economic and regulatory climate. Risk factors that

can affect our financial results include, but are not limited to, commodity prices, regional competitive power market rules, environmental regulations, and state and federal energy regulation. We strive to manage or mitigate these risks as we make disciplined investment decisions that are aligned with state energy policies.

Non-GAAP Operating Earnings per Share



Non-GAAP Operating Earnings exclude the impact of returns (losses) associated with the Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and material one-time items



We continue to execute a disciplined investment program that is closely aligned with our customers' needs and public policy goals. Our record of delivering on our commitments and realizing growth provides a strong platform on which to build for the future. We are building a company that provides growth opportunities for our shareholders while creating a sustainable energy future for our customers.

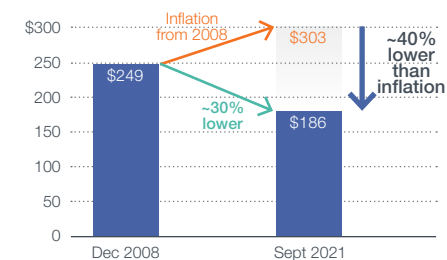
PSEG deploys capital consistent with a long-standing commitment to sustainability and environmental stewardship and our investments are aligned with New Jersey's clean energy goals and stronger reliability to meet our customers' increasing expectations. Customer expectations and affordability are high priorities that influence our capital allocation process,

and we continually strive to have the most positive customer impact at the least cost. As outlined in the following charts, our electric and gas rates are competitive when compared to our regional peers, and when compared to what they were a decade ago.

BILL Comparison

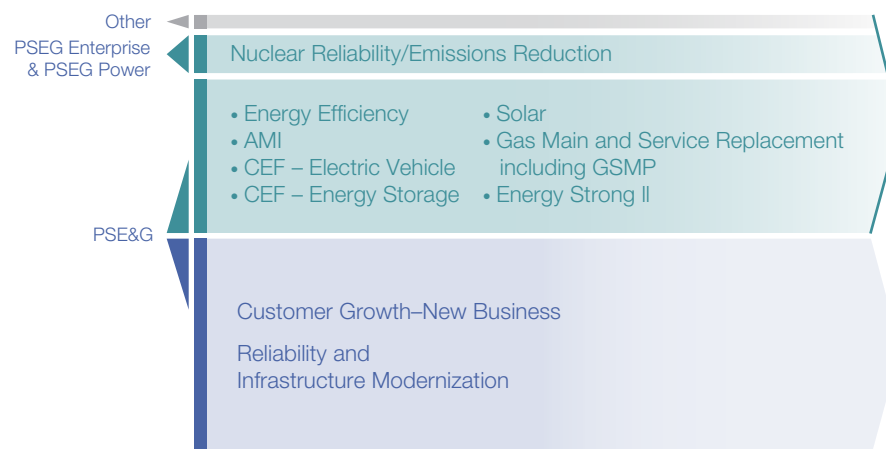
2008/2021 (with inflation)

Combined typical residential monthly electric and gas customer



Average bill for a typical residential customer that uses 6,920 kWh per year and a typical residential gas heating customer that uses 1,040 therms per year.

PSEG 2021–2025E Capex ~\$17B



AMI – Advanced Metering Infrastructure
CEF – Clean Energy Future
GSMP – Gas System Modernization Program

50%

addresses:

- Decarbonization
- Emission reduction
- Methane reduction
- Clean energy transition
- Climate/storm adaptation



Offshore wind investments are incremental to PSEG's five-year, \$17B (high end) Capital Spending range.





Our Approach to Sustainability



Our Approach to Sustainability

PSEG's Powering Progress vision continues to be for a future in which people use less energy, that energy is cleaner and delivered more reliably than ever. PSEG aims to achieve this vision by evolving into a clean energy infrastructure-focused company, powered by its diverse, dedicated and highly skilled workforce.

For more than five decades, PSEG has been proactive about understanding its relationship to our environment. Our business strategy has evolved to reflect not

only how the effects of climate change might impact PSEG and its investors, but also how our business operations can positively impact the communities where we operate and the world where we live. In the last decade especially, we have strengthened our governance and embraced new opportunities, allowing us to adapt to the increasing social and environmental needs of our business.

PSEG ESG Journey

1970s PSEG installs solar energy at 11 N.J. homes as part of the three-year study of the potential for solar energy in the state.

1979 PSEG installs state-of-the-art wastewater treatment facilities at its plants.

1980s PSEG introduces compressed natural gas vehicles to reduce emissions from its fleet of service vehicles.

1992 PSEG begins site remediation at its Paterson Gas Works, making it one of the first utilities in the nation to undertake on-site manufactured gas plant remediation.

PSEG voluntarily commits to reduce NO_x emissions at its NJ power plants by 80% by 2000.

PSEG commits publicly to stabilize CO₂ emissions at 1990 levels by 2000.

1993 Established Estuary Enhancement Program (EEP) to restore and conserve more than 20,000 acres of coastal salt marsh and adjacent uplands.

PSEG publishes its first Environmental Progress Report to showcase the company's environmental stewardship.

PSEG becomes a founding member of and the first utility to commit to the U.S. Department of Energy Climate Challenge Program and first utility to sign on to the pre-Kyoto Voluntary GHG emissions reduction accord.

PSEG becomes the first utility to demonstrate selective non-catalytic reduction of emissions on a wet-bottom, coal-fired boiler.

1995 PSEG first calculates the carbon footprint of all its generating plants, facilities and fleet.

(cont.)



PSEG ESG Journey (cont.)

1997

PSEG launches a continuous improvement effort by benchmarking best safety-performing companies and forming Employee Safety Councils.

PSEG achieves a 90% recycling rate for non-hazardous solid wastes.

2000

PSEG meets its commitment to stabilize GHG emissions to 1990 levels.

PSEG wins Environmental Protection Agency (EPA)'s Ally of the Year award for efforts to bring energy efficient housing to the market.

2004

Through EPA's Climate Leaders Program, PSEG pledges to reduce GHG emission intensity by 18% from 2000 levels by 2008.

2007

PSEG publishes the Strategic Report on Carbon Emission Reduction.

PSE&G announces initiative to invest \$100 million in funding for solar installations.

PSEG begins replacing 1,300 vehicles with hybrids and making other changes to its fleet.

PSE&G announces plans to invest in more energy-efficient electric delivery equipment.

2008

N.J. Board of Public Utilities (BPU) approves Carbon Abatement Program.

2009

PSEG publishes first Sustainability Report following Global Reporting Initiative (GRI) framework.

PSEG becomes a founding member of Electric Power Research Institute (EPRI)'s Sustainability Interest Group.

2009

PSEG establishes goal of reducing 25% of GHG emissions, from 2005 levels, by 2025.

N.J. BPU approves Energy Efficiency Economic Stimulus Program ("EEE Program").

N.J. BPU approves Solar4All®, a \$515 million initiative to build grid-connected universal solar power within the PSE&G service territory.

2010

First solar power project under Solar4All® initiative is completed in September 2010 on the site of a former brownfield in Trenton, N.J.

The PSEG Foundation awards its first grant to Montclair State University and becomes a founding partner of the PSEG Institute for Sustainable Studies. PSEG Power & PSE&G file first federal GHG emissions report under US EPA GHG reporting rule.

2011

PSEG meets its 2025 GHG reduction goal 14 years ahead of schedule.

PSEG begins operation of a \$1.3 billion investment in emissions control technology on its N.J. coal plants.

PSEG receives approval to extend operating licenses of Salem 1 and 2, Hope Creek nuclear power plants for 20 more years.

N.J. BPU extends energy efficiency program for multi-family housing, government/muni/non-profit direct install, and hospital efficiency.

PSE&G's first landfill solar farm goes into service.

The PSEG Foundation supports the creation of Sustainable Jersey and its Municipal Awards Program.

(cont.)



PSEG ESG Journey (cont.)

2012

PSEG installs state-of-the-art wastewater treatment facilities at its plants.

2013

PSE&G receives approval to extend Solar4All® program by 45 MW-dc, an additional investment up to \$247 million.

PSEG launches employee electric vehicle pilot program.

In the aftermath of Superstorm Sandy, PSEG partners with Sesame Workshop to create a disaster planning app to help families prepare for emergency situations.

PSEG creates the Diversity & Inclusion Council, an advisory group of 60 members from across all levels and locations within the company.

2014

PSEG welcomes PSEG Long Island.

All PSEG employees sign Diversity & Inclusion Commitment statement.

PSE&G starts N.J. BPU-approved Energy Strong I resiliency program. N.J. BPU approves GSMP I.

2015

N.J. BPU further extends EEE Program.

The PSEG Foundation funded research grant with Stevens Institute of Technology for the construction of Stevens' SURE (Sustainable and Resilient) House; wins top honors in the 2015 international competition.

PSEG established its Stakeholder Engagement Council to enhance its ability to work with its stakeholders.

2016

N.J. BPU extends Solar4All® program again, allowing PSE&G to build an additional 33 MW-dc of solar farms on brownfield and landfill sites, representing an \$80 million investment.

PSE&G begins to demonstrate significant methane emission reductions under our accelerated gas main replacement programs.

2017

N.J. BPU extends EEE program again and approves two new subprograms for smart thermostats and a data analytics pilot.

PSEG earned a score of 100 on the LGBTQ-focused Human Rights Council Corporate Equality Index.

PSEG established a new GHG goal to eliminate 13 million tons of CO2e by 2030.

2018

PSE&G files Clean Energy Future (CEF) proposal with N.J. BPU.

PSEG establishes a formal Human Rights Practice.

PSEG establishes a new business function devoted to corporate citizenship.

PSEG formalizes its ESG and climate priorities by establishing the ESG Sustainability Council within management.

Governance Committee of the board of directors started formally overseeing ESG and climate change and include this topic in its charter.

PSEG maps its operations to the U.N. Sustainable Development Goals (SDGs) for the first time, demonstrating awareness of our role in the international ESG community.

(cont.)



PSEG ESG Journey (cont.)

2019

PSEG starts the BPU-approved Energy Strong II program and GSMP II.

PSEG announces new GHG-reduction goal of 80% by 2046, from 2005 levels, for PSEG Power and net-zero vision by 2050.

PSEG publishes first-time disclosures using Sustainability Accounting Standards Board (SASB) framework.

PSEG names first female lead director to the board of directors.

2020

PSEG publishes inaugural Climate Report following Task Force on Climate-related Financial Disclosures (TCFD) framework.

PSEG formally incorporates the concept of equity into diversity and inclusion strategy.

N.J. BPU approves \$1 billion Clean Energy Future – Energy Efficiency commitment.

2021

PSEG joins Ceres company network, a leading sustainability nonprofit organization that works with the most influential investors and companies to build leadership and drive solutions throughout the economy.

PSEG Accelerates its Net-Zero Climate Vision to 2030

N.J. BPU approves Clean Energy Future electric vehicle and Advanced Metering Infrastructure programs.

PSEG concludes coal exit strategy with scheduled retirement of Bridgeport Harbor Station Unit 3.





How We Manage Sustainability

Our customers recognize that access to safe, reliable, affordable and cleaner energy is essential to their way of life. They recognize that technology is accelerating change in the world, and they expect energy solutions to meet these increasing requirements. Our customers want energy that is more reliable, resilient and cleaner, along with enhanced access to smart technology to better manage their energy usage – all while keeping utility bills affordable.

As the demands of our stakeholders evolve, we seek to meet those emerging needs. Our current initiatives and future projects are expanding the boundaries of our business and establishing the foundations for a sustainable future. We are also using this opportunity to create a more diverse, equitable and inclusive organization and to grow our sphere of dialogue with the communities we serve.

Meeting people's electricity needs in a sustainable way guides our vision and drives our approach to sustainability.

Our commitment to environmental, social and governance matters provides structure and direction to our strategy. By incorporating ESG and sustainability into our strategic decision-making on capital allocation and risk management, we can identify opportunities to reduce environmental impacts, meet the energy needs of our customers, and improve the well-being of both our employees and the communities we serve.

Our long-term strategy reflects our ability to identify synergies between the objectives of our business and our stakeholders. As we progress, we will continue to evaluate our sustainability goals, measure our performance, assess our impacts and adapt our strategies.





ESG/ Sustainability Governance

Board of Directors: Sustainability begins with our leadership. Our board of directors takes an active role in overseeing sustainability, ESG and corporate citizenship matters including climate strategy and the associated political, lobbying and trade association spend. The Corporate Governance Committee holds the primary responsibility, as enumerated in its charter, of overseeing sustainability matters for our enterprise, including the company's accelerated net-zero 2030 vision.

Executive Officer Group: 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 executive officers take an active leadership role, directing our business goals, environmental issues and community engagement. With regard to climate-related issues, PSEG Chairman, President, and CEO Ralph Izzo has been a catalyst for climate action since assuming the position in 2007, including advocating for a nationwide price on carbon, serving as chairman for the Nuclear Energy Institute, and advocating for climate action through the CEO Climate Dialogue. In 2018, PSEG formalized the responsibility for the sustainability function with a senior level role; the senior vice president of Corporate Citizenship reports directly to the CEO, as does the Chief Human Resources Officer and Chief Diversity Officer.

Sustainability ESG Council: A cross-functional ESG team steers, coordinates and executes the company's multiple streams of ESG disclosure. With members from Law, Corporate Communications, Investor Relations, Environmental Policy, Corporate Social Responsibility, Human Resources and the Corporate Secretary, the Sustainability Council evaluates potential ESG disclosure platforms and templates, and makes recommendations; reviews peer company disclosures for best practices; collects internal ESG data and drafts disclosure documents in consultation with relevant business units; and incorporates input from management and board reviewers.

Stakeholder Engagement Council: Led by an executive of the Corporate Citizenship organization and representatives from across our company, the council facilitates constructive and open dialogue with our stakeholders, devising engagement strategies to find areas of commonality and advance mutually beneficial strategies.

Employees: Employees across the entire company at all levels are involved with implementing our sustainability strategy and purpose. We pride ourselves on being a company with strong leadership, engaged employees and proven processes to advance 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 our future as a diverse, successful enterprise. Employees have adhered to our Environmental Health and Safety (EH&S) policy since its approval in 1996. The EH&S policy reflects the principles according to which PSEG operates in eight areas: associate health and safety; nuclear safety; climate change; pollution prevention and resource conservation; environmental compliance; risk reduction; open communication; and continuous improvement.

Compensation: The achievement of our ESG goals is a component of annual compensation for senior executives and all non-represented employees throughout the organization. Performance is evaluated on achieving annual goals and targets in areas such as developing low-carbon infrastructure, managing energy efficiency programs, and implementing and developing programs and offerings such as electric vehicles. The board's Organization and Compensation Committee is responsible for providing oversight and alignment of compensation and sustainability and climate goals.



Memberships and Partnerships





Our Material Issues

Our stakeholders – investors, customers, suppliers, government leaders, regulators and employees – increasingly want to know about the direct and indirect impacts of PSEG's businesses. In addition to the standard financial metrics, we understand that reporting our priorities and successes on environmental, social and governance issues is extremely important to our stakeholders. To sharpen our focus on the ESG priorities most relevant to PSEG, we employed a diverse array of sources – ESG expertise, international standards and industry insight – to identify and map the issues of greatest importance to our internal and external stakeholders.

Since 2019, we have been working with Datamaran and its business intelligence tool to conduct real-time materiality assessments, which identify and prioritize the ESG impacts, risks and opportunities most important to internal and external stakeholders. This tool, which leverages artificial intelligence, incorporates a wide array of inputs including corporate reports, global regulations and initiatives, social media and online news.

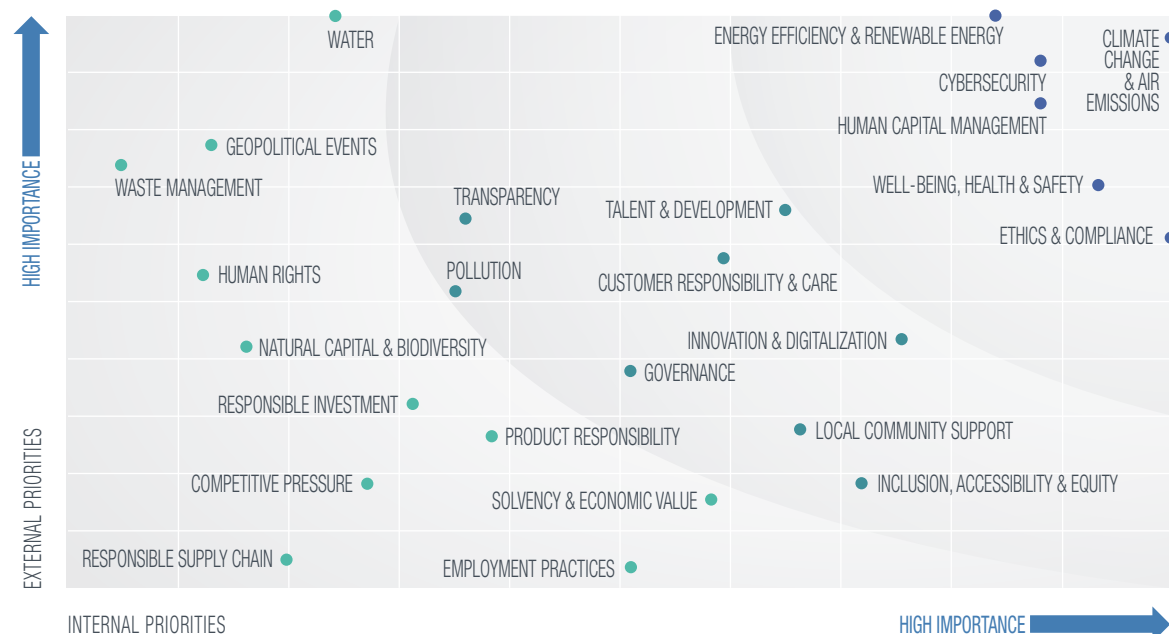
In addition to sourcing third-party expertise, we also take into

consideration the guidelines of numerous international standards, including the GRI, the principles of the Communication on Progress (COP) of the UN Global Compact, the International Integrated Reporting Council (IIRC) model and the Sustainable Development Goals (SDG) Compass, which supports companies in aligning their strategies with the Sustainable Development Goals.

As a complement to our research, we also leveraged industry-specific insight into which issues were of the utmost priority to the organization. One important resource was the Priority Sustainability Issues for the North American Electric Power Industry, an evaluation conducted by the EPRI, published in 2017, and in which we were participants. We also utilized the SASB Materiality Map, an interactive tool that identifies and

compares disclosure topics across different industries and sectors.

From this matrix, PSEG and the readers of this report can understand stakeholder expectations and the degree of importance they place on each issue, the ability of PSEG to make a positive difference on the issue, and the level of impact an issue may have on our operations.



Inclusion of information in this report is not an indication that the content is necessarily material to investors or required to be disclosed in SEC filings.



PSEG Value Creation

Our focus at PSEG remains on seeking value creation for our various stakeholders, including shareholders, employees, customers and the communities in which we operate and, in so doing, assuring long-term growth for our shareholders. Our process combines the responsible use of natural resources, technology and human talent to generate the energy that sustains the modern economy. As we reflect on the past year and

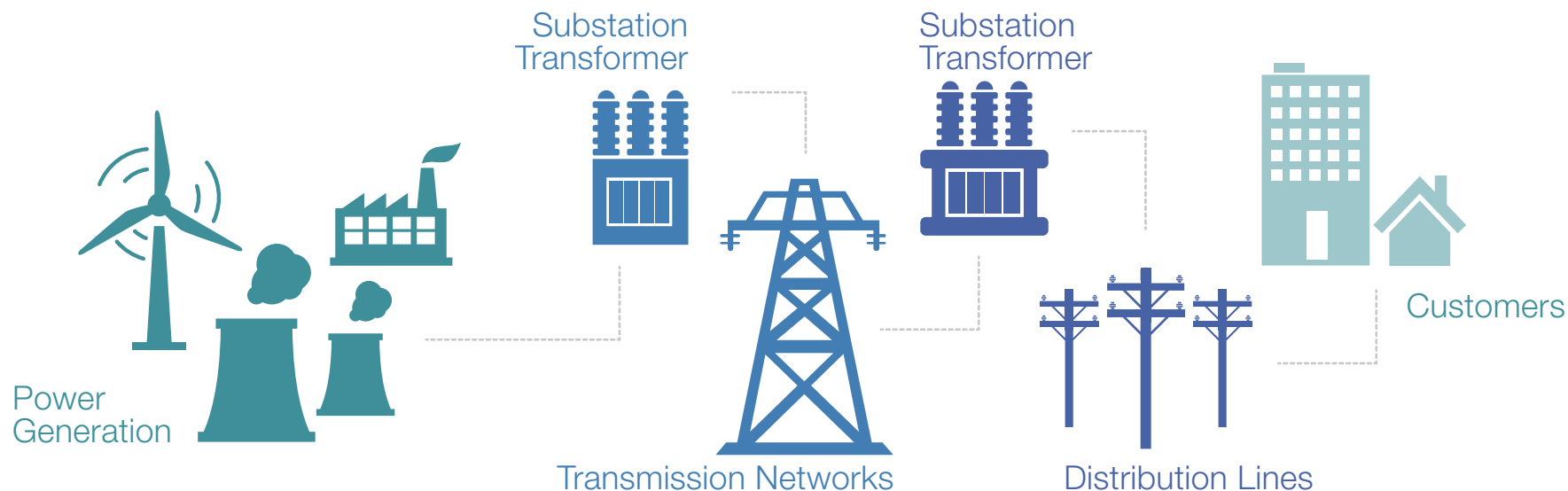
incorporate new realities facing our business, we will continue to pursue opportunities that benefit our various stakeholders across our value chain.

PSEG's investments in critical energy infrastructure serve as an economic engine. In 2020, PSEG invested in the New Jersey economy by spending nearly \$2 billion with other New Jersey-based firms. The businesses and suppliers we work with provide

additional jobs in the region. We directly employ approximately 13,000 people and spend upward of \$1 billion annually on wages. In addition, we provide another \$150 million in annual financial support to retirees and their beneficiaries.

PSEG's nuclear plants are a significant engine for the New Jersey economy, providing a foundation of safe, clean, reliable and economic energy for

millions of homes and businesses throughout the year – generating 40% of the electricity produced in the state and more than 90% of New Jersey's carbon-free energy. The absence of these plants would require New Jersey to import more electricity from the PJM power pool, which would result in more electricity coming from carbon-emitting generation. In addition, our nuclear plants have systemic benefits for the economy














of New Jersey by providing less expensive energy for the state.

The Salem and Hope Creek nuclear plants are the largest employer in Salem County, New Jersey, with 1,600 direct employees and thousands more

indirect employees in surrounding communities. The plants contribute \$1.2 billion to New Jersey's annual GDP. The Brattle Group estimates that "average power prices in New Jersey are estimated to be about \$2.19/

MWh higher without these two nuclear power plants, even after netting out the cost of Zero Emission Certificate (ZEC) support for the plants."¹ Throughout the COVID-19 pandemic, our nuclear plants continued to generate at full

capacity. PSEG Nuclear also continued to conduct scheduled maintenance and refueling outages, which provide jobs for as many as 1,000 contract tradespeople every six months, giving an additional boost to local businesses.















 Generation	 Transmission	 Distribution	 Retail	 Behind the Meter	 Communities	 Suppliers and Vendors	 Shareholders	 Employees
<ul style="list-style-type: none"> • Moving toward a carbon-free generating fleet • Operation and maintenance of generating plants, and purchase/sale of energy in wholesale markets • 2020 generated output ~52,900 GWh • 2020 fuel mix: 57% gas 34% nuclear 4% coal 5% oil • Nuclear operations achieved a capacity factor of 90.3% for 2020 	<ul style="list-style-type: none"> • Construction, operation and maintenance of electrical lines, substations and other infrastructure to bring electrical power from production centers to the end user • 54 switching stations • Planned capital spending of \$2.5 billion for transmission in 2021-2023 	<ul style="list-style-type: none"> • Supply to end-users of electricity, gas, products and complementary services. • 860,000 poles 18,000 miles of distribution gas mains, 2,189 miles of electric sub-transmission lines, and 20,097 miles electric distribution lines 	<ul style="list-style-type: none"> • 2.3 million electric customers, 1.9 million gas customers, service area that covers approximately 2,600 square miles in New Jersey • 1.1 million customers in Long Island • Electric sales: 39,666 GWh, Gas sales: 2,370 million therms 	<ul style="list-style-type: none"> • Planned spend of \$1 billion, 3-yr commitment and \$111 million to existing energy efficiency programs 	<ul style="list-style-type: none"> • Total customer savings since 2009: <ul style="list-style-type: none"> - 300,000 MWh - 10 million therms • Customer bill savings: \$350 million • \$150 million in financial support to retirees and survivors • ~\$8 million in annual philanthropy, including \$4 million COVID-19 relief, \$1 million Powering Equity and Social Justice initiative 	<ul style="list-style-type: none"> • Spent nearly \$2 billion with other New Jersey-based firms during the year • 28% spent with diverse suppliers • More than 5,000 tier 1 suppliers in NJ 	<ul style="list-style-type: none"> • Full-year net income per share of \$3.76 • Dividend per share of \$1.96 • Revenue \$9.6 billion 	<ul style="list-style-type: none"> • 12,788 employees • 7,786 employees represented by unions • ~\$1 billion wages

1. https://brattlefiles.blob.core.windows.net/files/20628_salem_and_hope_creek_nuclear_power_plants_contribution_to_the_new_jersey_and_local_economies.pdf



Summary of ESG Goals

In addition to presenting our connection to the SDGs and ensuring that our approach is aligned with the international framework for sustainable development, we also are publicly reporting on the following ESG/ sustainability goals. These metrics provide context to our ESG materiality assessment in the areas of natural resources and environmental stewardship (air, water and waste), operational priorities (energy efficiency and renewable generation), and our social commitments to our employees and the communities we serve:

	METRIC AND DEFINITION	GOAL
Air Emissions 	Green House Gases (GHG)	Carbon-free generation and net-zero for operations (Scope 1 and 2 emissions) by 2030.
	Methane Emissions (CH4): As reported to EPA under 40 CFR 98, Subpart W. Metric tons.	21.7% reduction from 2018 Subpart W reported emissions.
Energy Efficiency   	Energy Efficiency (EE): Aligned with New Jersey's Clean Energy Act (2018) that set 2% / 0.75% electric and gas savings by 2023.	Updated and on track. N.J. regulators approved \$1 billion of EE spend over three years, designed to help N.J. achieve its updated framework for EE and Peak Demand Reduction programs, setting five-year savings targets of 2% for electric distribution and 0.75% for gas distribution companies.
Transportation 	Move company fleet to lower emissions vehicles.	Convert all passenger vehicles, such as sedans and SUVs, 60% of medium-duty vehicles and 90% of heavy-duty vehicles by 2030 to battery electric vehicles, plug-in hybrids or anti-idle job site work systems.
Waste 	Total weight of waste that is landfilled and incinerated, as a percentage of all waste generated by PSE&G. Excluded from this goal is the waste soil generated by the GSMP, hazardous and PCB waste 1, waste managed by third-party contractors and wastewater shipped to Publicly Owned Treatment Works (POTW).	4.78%
Health and Safety  	Safety – Fatalities: Achieve zero work-related fatalities.	0
	Occupational Safety and Health Administration (OSHA) Recordable Incident Rate: Achieve a meaningful reduction in Employee Total Incident Case Rate (TICR) below current level. Number of injuries or illnesses x 200,000 / Number of employee labor hours worked.	0.71
	OSHA Days Away from work rate (DART): Total number of DART incidents x 200,000 / Number of employee labor hours worked. A DART incident is one in which there were one or more lost days or one or more restricted days.	0.16
Reliability 	SAIDI: The System Average Interruption Duration Index. Expressed in hours of duration for both T&D interruptions.	First Decile
Supplier Diversity  	Supplier Diversity: Percentage of total spending that is allocated to diverse suppliers. Diverse suppliers include minority-, women- and veteran-owned suppliers.	30%
Corporate Social Responsibility   	Charitable Giving: Increase community investment in the PSEG Foundation's "Clean Earth" strategic pillar. "Clean Earth" is defined as: the nonprofits and programs that are aligned with SDG #13 (Climate Action), or whose primary goal is conservation and biodiversity of wildlife habitats and natural resources, environmental justice, green and open space, and environmental sustainability clean energy.	20%



Engaging Our Stakeholders

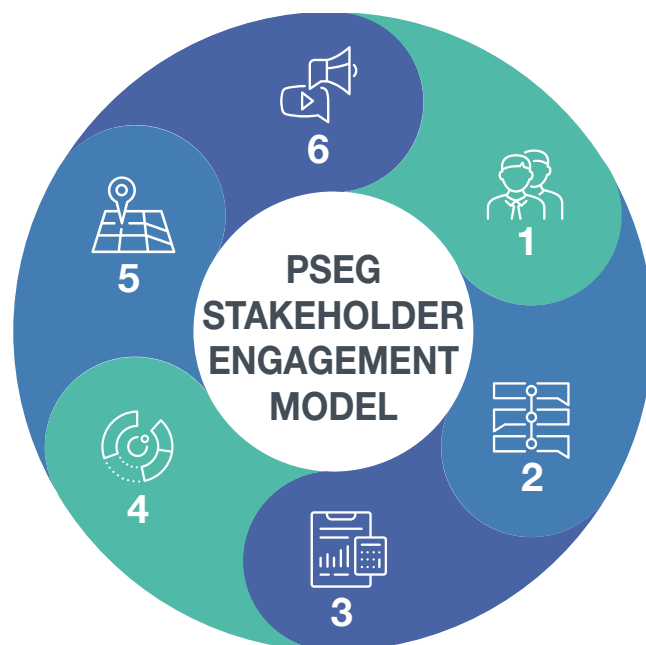
We understand that building strong relationships with our stakeholders is essential to a sustainable business strategy. Executing a long-term sustainable strategy in the utility sector requires a high level of trust, understanding and commitment to customer service and satisfaction. This process starts by connecting with our customers, investors, employees, suppliers, communities

and government. Engagement built upon dialogue helps us anticipate and respond to our customers' needs. Engagement aimed at understanding helps us define a comprehensive strategy. Engagement focused on action helps us go beyond our customers' environmental and social expectations. It is an ongoing process of learning that has to be revisited with patience and curiosity.

Some of our stakeholder interests overlap and some compete, so we endeavor to take a proactive approach that reaches out to:

- Educate stakeholders on our operations;
- Support and engage in local community activities, initiatives and betterment programs;

- Respond openly and immediately to stakeholder concerns about construction, design, operation and environmental compliance of our operations;
- Give stakeholders a voice in decisions that could affect them; and
- Strive for continuous improvement on stakeholder engagement.



1. Identification

Identify, segment and prioritize stakeholders according to impact and influence

2. Define levels of engagement

Information, consultation, interaction or collaboration

3. Review channels for engagement

Evaluate existing channels and create new ones if needed

4. Identify relevant issues

For both PSEG and the stakeholder category

5. Identify risks and opportunities

This helps create value for both PSEG and stakeholder category

6. Feedback and re-evaluate

Based on priority changes or outcomes of past engagement



PSEG Stakeholder Engagement Council

PSEG's Stakeholder Engagement Council is led by an executive from our Corporate Citizenship organization and includes representatives from different parts of the company. The council's role is to consider key issues the company is facing (short- and long-term), balancing the interests and concerns of our key stakeholder groups to find areas of commonality and to devise mutually beneficial strategies. The objective of this diverse group is to ensure that we build a constructive and open dialogue with a wide range of stakeholders over the long-term. Given that our business and operating environments are constantly evolving, it is essential that we understand relevant issues and collect external input to inform our decision-making and move our strategic objectives and sustainability goals forward.

Priority topics, main types and channels of communication with stakeholders

STAKEHOLDER	PRIORITY TOPICS	ENGAGEMENT MECHANISM
Customers	<ul style="list-style-type: none"> • Customer service improvements • Rates and pricing • Energy affordability • Low-income household needs • Digital billing and payments • Billing, online account management and other options • Information privacy • Communications (i.e., outage alerts) • Increased community involvement • Construction or repair work in neighborhoods • Service reliability and timely outage response • Electric and natural gas safety • Construction or repair work in neighborhoods • Renewable and clean energy solutions 	<ul style="list-style-type: none"> • Call centers • Email communications • Local customer walk-in centers • Conservation and outreach programs • Local media outlets • Participation in and sponsorship of local events, teams and charitable foundations • Social media • Website • Company publications such as this report • Annual J.D. Power Customer Satisfaction Survey • New products and customer solutions
Employees	<ul style="list-style-type: none"> • Work-life balance • Market-based compensation and benefits • Increased work flexibility • Professional development • Frequent internal communications • Additional learning and development opportunities • Recognition • Community involvement • Engagement in energy policy 	<ul style="list-style-type: none"> • Annual Employee Engagement Survey • Union relations and consultations • Training • Individual development planning • Employee Business Resource Groups (EBRG) • Town halls • Frequent internal communications, including centralized employee social hub • Employee Ethics Line • DEI training • Company publications such as this report • Website
Suppliers	<ul style="list-style-type: none"> • Improved communication between vendors and procurement specialists • Supplier performance score cards • Published policies and guidelines such as safety requirements and environmental guiding principles 	<ul style="list-style-type: none"> • Supplier diversity programs and fairs • Direct engagement • Surveys • Company publications such as this report • Website

(cont.)



Priority topics, main types and channels of communication with stakeholders (cont.)

STAKEHOLDER	PRIORITY TOPICS	ENGAGEMENT MECHANISM
Communities	<ul style="list-style-type: none"> • Increased community inclusion • Increased support for local organizations and direct community benefit • Service reliability and timely outage response • Construction or repair work in neighborhoods • Electric and natural gas safety • Energy affordability • Billing, online account management and other options • Information privacy • Renewable and clean energy solutions • Environmental justice • Racial equity 	<ul style="list-style-type: none"> • Employee volunteer events • Charitable activities • PSEG Foundation • Community partnerships and sponsorships • Education and outreach programs • Educational institutions relationships • Local chambers of commerce • Local media outlets • Board membership • Company publications such as this report • Website • Regional Public Affairs team • New products and customer solutions • Participation in stakeholder group meetings
Investors	<ul style="list-style-type: none"> • Achievement of earnings and dividend growth objectives • Shareholder return relative to peer group • ESG recognition • Transparency • Growth opportunities • Solid credit ratings • Management succession • Financing needs • Equity/funding needs • Favorable regulatory environment • Risk mitigation efforts 	<ul style="list-style-type: none"> • Investor Relations website • Annual Investor Day • Quarterly earnings calls • Ongoing direct investor engagement • Third-party interviews with ESG consultants • Company publications such as this report • Website
Government and regulatory agencies	<ul style="list-style-type: none"> • Climate action • Affordable clean energy • Greater stakeholder involvement in project development and planning • Safety and environmental compliance • Enabling the deployment of renewable energy • Reliable energy service • Responsible corporate governance • DEI • Environmental justice 	<ul style="list-style-type: none"> • Building relationships with local, state and federal officials • Direct formal and informal engagement on legislative, regulatory and administrative issues • Participation in industry associations, coalitions, think tanks and advisory groups • Proactive self-reporting • Collaborative efforts with non-governmental organizations (NGOs) and wider stakeholder engagement focused on the public policy arena • Engagement and education on our business operations and plans • Participation in stakeholder group meetings • Regular site visits and management briefings • Website



PSEG's Contribution to the Sustainable Development Goals (SDGs)

The United Nations SDGs were released in 2015 and outline an ambitious agenda for governments, businesses and organizations to stimulate action toward sustainable development. The 17 goals and 169 targets aim to set the world on a sustainable path by 2030.

The electricity, gas, and power sectors are having profound global impacts on all 17 SDGs. While we recognize that each of the goals are important and essential in building a healthier world, we believe that the best way for us to make a meaningful contribution is by focusing on a select number of SDGs that align to areas in which we feel our business could make the greatest positive impact.

The ultimate goal of PSEG's ESG and sustainability efforts is that our organization remains aware of our role and responsibilities in the broader sustainability community, and that we act as a positive force, creating value not only by what we do but how we go about it. We have identified the SDGs that are most relevant to our business and to our sustainability commitments.

Many of the 17 SDGs align with PSEG's identified priority issues and, throughout the document, we will be showing tangible examples of our impacts. The main areas where PSEG's 2020 actions and achievements helped advance the SDGs are reflected in this chart.



Relevant Indicators Impacted by PSEG

(Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development)

1 NO POVERTY <ul style="list-style-type: none"> • Social protection • Basic services • Disaster costs 	2 ZERO HUNGER <ul style="list-style-type: none"> • Food insecurity 	3 GOOD HEALTH AND WELL-BEING <ul style="list-style-type: none"> • Healthcare coverage • Health expenditures • Health of workers • Air pollution deaths • Emergency preparedness 	4 QUALITY EDUCATION <ul style="list-style-type: none"> • Access further education • Integrated Co-Teaching (ICT) skills • Education for sustainable development 	5 GENDER EQUALITY <ul style="list-style-type: none"> • Legal frameworks for gender equality • Women in management • Tracking gender equality 	6 CLEAN WATER AND SANITATION <ul style="list-style-type: none"> • Water use efficiency • Freshwater stress • Integrated water management 	7 AFFORDABLE AND CLEAN ENERGY <ul style="list-style-type: none"> • Electricity access • Access to clean fuels • Renewable energy • Energy intensity • Clean energy investments • Energy service investment 	8 DECENT WORK AND ECONOMIC GROWTH <ul style="list-style-type: none"> • Hourly earning • Domestic consumption • Youth training • Labor rights • Occupational injuries • Material footprint 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE <ul style="list-style-type: none"> • CO₂ emission intensity • R&D research • R&D spending • High-tech industry value • Manufacturing value
10 REDUCED INEQUALITIES <ul style="list-style-type: none"> • Income growth inequality • Discriminatory practices 	11 SUSTAINABLE CITIES AND COMMUNITIES <ul style="list-style-type: none"> • Sustainable urbanization • Urban planning management • Disaster losses • Solid waste management • Urban air pollution • Sustainable building • Open city spaces • Urban planning • Integrated risk management 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION <ul style="list-style-type: none"> • Sustainable consumption plans • Domestic consumption • Hazardous waste • Recycling rates • Corporate sustainability reports • Sustainable lifestyles • National sustainability plans • Support sustainable production 	13 CLIMATE ACTION <ul style="list-style-type: none"> • Disaster risk reduction • Integration climate policies • Climate change education • Climate capacity building • Support for management plans 	14 LIFE BELOW WATER <ul style="list-style-type: none"> • Marine ecosystems • Fish stock levels 	15 LIFE ON LAND <ul style="list-style-type: none"> • Forest management • Biodiversity sites • Biodiversity planning 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS <ul style="list-style-type: none"> • Bribery in business • Inclusive decision-making • Public information access 	17 PARTNERSHIPS FOR THE GOALS <ul style="list-style-type: none"> • Domestic taxes • Sustainable technologies • SDG support • Society partnerships 	<p>Shaded areas = goals most relevant to PSEG's activities</p>



Our Year in Review 2020 and YTD 2021

SDGs AND RELATED COMMITMENTS

PSEG'S MAIN ACTIONS AND ACHIEVEMENTS 2020–YTD 2021



- PSEG Power has retired the Bridgeport Harbor Station Unit 3 power plant, effective May 31, 2021, marking the completion of the company's long-term coal exit strategy as the company pursues a path to net-zero carbon emissions
- PSEG has entered into an agreement to sell its non-nuclear generation fleet including PSEG Fossil and Solar Source (sale completed in June 2021).
- PSEG and Ørsted complete PSEG's acquisition of 25% interest in Ocean Wind I project, on track to be the first New Jersey offshore wind generator in operation
- Published inaugural PSEG Climate Report following the TCFD framework
- Reached agreement with N.J. BPU on landmark Clean Energy Future – Energy Efficiency proposal, a three-year, \$1 billion investment program, the largest energy efficiency initiative in New Jersey history



- Continued to provide essential energy services throughout the global COVID-19 pandemic
- Voluntarily suspended shut-off of residential utility service due to non-payment; worked cooperatively with customers needing payment flexibility
- Joined New Jersey CEO Council, a coalition of CEOs who pledged to hire or train more than 30,000 residents by 2030
- Signed EPA's recycling pledge to build on our existing efforts to address the challenges facing our nation's recycling system
- In 2020, since the start of the COVID-19 pandemic, PSEG Foundation and Corporate Giving initiatives and commitments totaling \$5 million were directed to nonprofits and community organizations providing support for food security, pandemic response and relief efforts, and organizations working to confront and address systemic racism and advance social and economic equity for communities of color throughout our New Jersey and Long Island service areas



- Donated 50,000 N-95 face masks and 200,000 pairs of gloves to medical providers early in the pandemic
- Sponsored a COVID-19 testing site in Salem County

(cont.)



Our Year in Review 2020 and YTD 2021 (cont.)

SDGs AND RELATED COMMITMENTS

PSEG'S MAIN ACTIONS AND ACHIEVEMENTS 2020–YTD 2021



- Reached agreement with BPU for PSE&G's CEF – AMI program, part of the Energy Cloud – a network that will help transform PSE&G into a smart energy services company and change the way we serve our customers
- In partnership with TechUnited:NJ, PSEG is helping to cultivate a new generation of innovators through partnerships such as the CleanTech Impact Challenge, which awarded in 2020 its \$50,000 top prize to Wex Energy, a Rochester, N.Y.-based startup whose product helps make old windows more energy efficient
- Reached agreement with BPU for PSE&G's CEF – EV program, designed to help jump-start development of New Jersey's EV charging infrastructure and encourage conversion to EVs by reducing range anxiety
- Launched first mobile apps for PSE&G and PSEG Long Island customers



- Advancement of our DEI efforts through new and ongoing initiatives to ensure all employees have access to the benefits and opportunities the company offers and promoting equity in lower-income communities
- Member of the Edison Electric Institute (EEI) Diversity and Inclusion initiative
- PSEG added equity to our DEI program across the company and developed and implemented a new DEI initiative: Inclusion for All – based on direct employee feedback, driving culture change at the local business level, and a focused effort on developing our managers to lead inclusively. Also made equity a key pillar in the PSEG Foundation giving strategy
- Created a women-in-skilled-trades initiative, and piloting a partnership model with historically Black colleges and universities (HBCUs)
- Trained top 200+ leaders in developing inclusive leadership skills; doubled participation in women's leadership development programs and pioneered a new professional development program for people of color in support of increasing representation in leadership ranks
- Kim Hanemann named president & COO of PSE&G, first woman to lead New Jersey's largest electric and gas utility



- Joined The Valuable 500 disability inclusion organization
- Donated \$1 million to Powering Equity and Social Justice Initiative
- PSEG Foundation awarded \$1 million in grants to HBCUs in 2020



Awards and Recognition

One of **America's Most Responsible Companies** for 2021

Newsweek

Named to the **Dow Jones Sustainability North America Index** for the 13th year in a row and selected as a **member of 2021 Yearbook**

S&P Global

2020 Outstanding Customer Engagement Award by PA consulting



Recipient of the **ReliabilityOne® Award for Outstanding Reliability Performance in the Mid-Atlantic Metropolitan Service Area** for 19th year in a row



PSEG Nuclear received the **2020 Framatome Top Innovative Practice Award**



America's Best Employers for Diversity for the third year in a row

Forbes

2020 list of **America's Best Employers for Veterans**

Forbes

Ranked **first** among the combined gas and electric utilities surveyed in the **East Region Utilities Brand Trust Performance**



2020 Industry Leader Accident Prevention Award



2020 Recycling Award in the business category



Top 100 U.S. Companies Supporting Healthy Families & Communities



ENERGY STAR Award for Commitment to Fighting Climate Change – Long Island



2020 Corporate Citizenship Award – Large Business



The PSEG board received a **2021 Public Company Board of the Year Award**



Named one of the **2021 Best Companies for Multicultural Women**



Accelerating Climate Action



Accelerating Climate Action



PSEG recognizes climate change as one of the most important environmental and societal issues of our time, requiring a concerted global response to help mitigate and adapt to this significant threat. Climate change has been a key consideration in our long-term strategy for decades, but we see this moment as a generational opportunity in moving toward a clean energy economy. Our recent strategic and financial efforts are intended to enhance PSEG's position as New Jersey's leading clean energy infrastructure-focused company. To support this objective, over the last decade, we have focused our capital allocation and resources to align with state and national clean energy policy. The sale of our non-nuclear generating fleet is just the next step in our strategic positioning as a predominantly regulated utility with complementary carbon-free nuclear generation and investments in regional offshore wind. By accelerating the execution of our vision for PSEG's carbon-neutral future in less than 10 years, we have challenged our company to position itself for a clean energy future.

As we align our business with low-carbon energy options, we are pursuing a three-pillared approach to our climate strategy. First, PSEG will transition our generation portfolio to 100% GHG-free resources by maintaining support for the preservation of zero carbon-emitting nuclear generation and by increasing investments in renewable generation. Second, we will aspire to reach net-zero GHG emissions for our regulated electric and gas utility operations for scope 1 and 2 emissions. This will require leveraging a suite of approaches from modernization of our existing natural gas and electric transmission and distribution networks to investing in new technologies that support greater electrification and improve energy efficiency. Finally, we will support the implementation of New Jersey's aggressive clean energy and climate change goals, ultimately enabling the low-carbon energy transition for our customers and other sectors of the economy.

Three-Pillared 2030 Climate Vision

- 1 Carbon-free electricity generation
- 2 Transition to net-zero operations (scope 1 and 2 emissions)
- 3 Enable economy-wide decarbonization

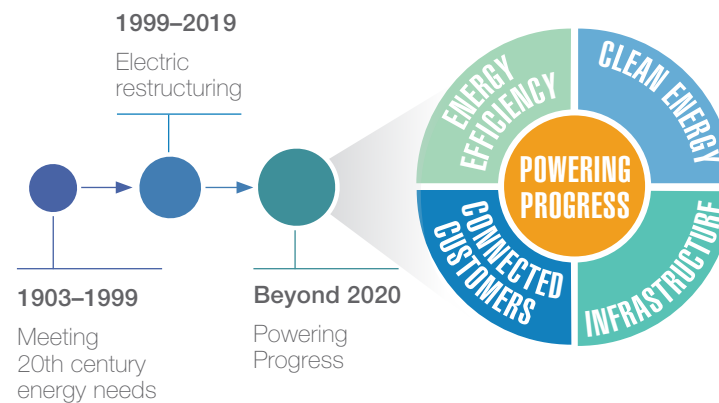


PSEG published its inaugural Climate Report in April 2020. The report followed the recommendations of the Task Force on Climate-related Financial Disclosures in providing analysis for our stakeholders of the reliability and resiliency of our businesses as we transition to a cleaner, more equitable energy future and in addressing those impacts of climate change that are already occurring. The TCFD recommends climate disclosure in four areas: governance, risk management, strategy, and metrics and targets. Information on the integration of climate considerations into our governance

structure can be found in the Climate Risk Governance section of this report.

Since releasing our 2020 climate report, the sale of our non-nuclear generation fleet has given us the opportunity to reevaluate our prior 2050 emissions targets and recast our net-zero vision with an aggressive 2030 target deadline.

Evolution of PSEG Strategy





Risk Management and Climate Change

The transition to a low-carbon energy system along with the physical risks associated with climate change compound the uncertainties we face as a company. We must understand and respond to the risks posed to our assets and operations, as well as to our employees, customers and our broader community. To do so, we operate an Enterprise Risk Management (ERM) process which, combined with specific incremental management activities, promotes effective management of enterprise-level climate risks, informs the prudent allocation of capital and ultimately supports growth and the achievement of our long-term business objectives with acceptable risk levels.

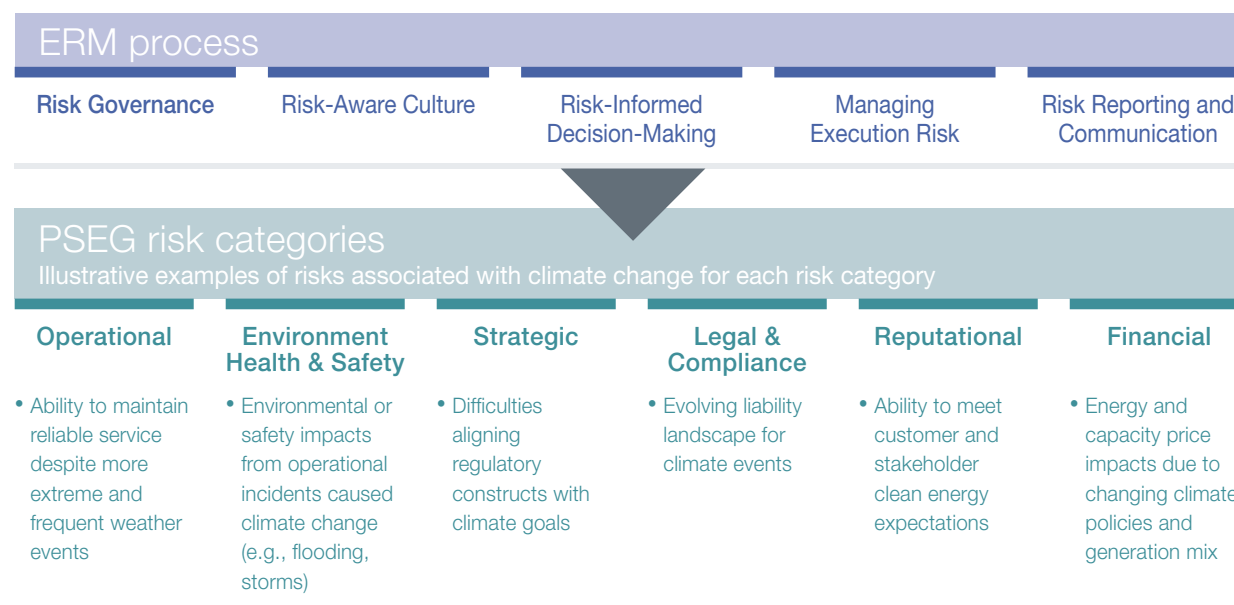
Enterprise Risk Management Process

The ERM process identifies and assesses both enterprise risks and opportunities, including those relating to the emerging impacts of climate change.

The ERM process is centered on five key components as depicted in the graphic below:

- Ensure appropriate risk governance across all levels of our organization;
- Promote a risk-aware culture where all employees have a responsibility in identifying and communicating risks;
- Enable risk-informed decision-making and objective-setting;
- Manage execution risk through regular identification and assessment of risks, as well as risk response review and monitoring; and
- Report and communicate risks appropriately.

PSEG enterprise risk management process components and top risk categories





Climate Risk Governance

The PSEG board of directors provides strategic oversight of the ERM process, while the Corporate Risk Management Committee (RMC) has oversight of the process at the executive level. The chief risk officer coordinates the ERM process throughout the company.

Key enterprise risks related to climate change have been identified by management and mapped to the board and its committees. Operational risks associated with climate impacts are mapped to the board and its Industrial Operations Committee; strategic risks associated with policies designed to address climate change are mapped to the board; and governance of climate change risk oversight is mapped to the Corporate Governance Committee.

Risk-Aware Culture

Promoting a successful risk-aware culture means supporting and encouraging employees to recognize

risk, understand impacts and speak up when they identify potential risks and opportunities. PSEG's leadership recognizes the global risk of climate change and communicates its impact on future strategic and sustainability objectives to all employees.

Risk-Informed Decision-Making

To achieve our business objectives and performance goals, we must ensure that our business strategies are aligned with the risks we face. The awareness and analysis of enterprise risks and opportunities contribute to form our business strategy, our sustainability goals and our investments in resiliency. Climate transition and the emerging impacts of climate are identified as enterprise-level risks and are considered as part of PSEG's future strategy and goals.

Managing Execution Risk

Execution risks are those that may impact the achievement of strategy and business objectives. Effectively

managing execution risk requires regular identification, assessment and monitoring to ensure an appropriate risk response. Negative outcomes associated with climate change are reviewed across all categories of risk, including strategic, financial, environmental health and safety, legal and compliance, reputational, and operational.

Given the dynamic nature of these risks, the ERM team leads an effort to annually update its assessment of enterprise-level risks and emerging risks. Once risks are identified, the ERM process works to identify specific actions that can help manage and mitigate risks. A prime example of mitigating actions related to climate change includes the improved tracking of infrastructure investment projects that further strengthen the reliability and resiliency of our electric and gas systems to better withstand storms.

Climate Risk Reporting and Communication

Underlying all the other components of the ERM process is the need for effective risk reporting and communication. Risk reviews have been presented to the board and to committees of the board on climate change topics including: the strategic implications of policies designed to address climate change; PSEG's potential role in new offshore wind projects; customers' evolving expectations regarding energy efficiency, clean energy and resiliency; the risk of prolonged electric distribution outages due to major storms and flooding; and the ability of PSEG's nuclear operations to handle extreme storms, extreme temperatures and flooding. An overall review of climate change risks is scheduled to be presented to our Risk Management Committee and the board. The following sections describe the activities closely affected by climate change in more detail.



The Local Impacts of Climate Change

PSEG has long relied on long-term outlooks to inform its business planning, including the analysis of changing market conditions, customer preferences, technologies and public policy. This approach guides our understanding of the strategic implications for many climate trends and uncertainties that we see here in New Jersey. Our scenario analysis is focused on transition risk and its implications for our stakeholders. To further advance our understanding of what lies ahead, we have also begun to evaluate the physical risks associated with climate change by developing forecasts of key climate metrics, such as sea level rise, extreme heat and changes in precipitation.

Transition Risk Analysis

In our 2020 Climate Report, we evaluated our business strategy against a scenario to limit global average temperature increases to less than 2°C, as recommended by TCFD guidance. This framework also aligns with the International Energy Agency's (IEA) 2°C Scenario (2DS), which limits

global average temperature increases to less than 2°C from pre-industrial levels. This scenario entails virtual decarbonization of the U.S. electric system by 2050, while end-use sectors, such as transportation, heating and industrial processes, are converted to electricity and other technologies like carbon capture and sequestration, biofuels and battery storage technologies are assumed to be deployed.

To better understand the localized implications of the IEA 2DS on our operations, we partnered with M.J. Bradley & Associates and its State Emissions Pathways (STEP) tool to evaluate scenarios including an 80% economy-wide emissions reduction across the PJM region and within New Jersey (NJ2DS). As our net-zero goal has been adjusted and accelerated since conducting last year's analysis, we have continued to evaluate implications of various decarbonization scenarios on our operations.

It is important to recognize that the IEA 2DS is very different from the current landscape in the United States. The following discussion

focuses specifically on potential changes to New Jersey's clean energy landscape and the regional grid that will support business planning and analysis for our forward-looking regulated utility strategy. This state- and region-specific insight has become even more useful after New Jersey released its 2020 Global Warming Response Act (GWRA) 80x50 report in October 2020, which outlines the pace and scale at which the state must decarbonize to meet near- and long-term climate goals. For example, the state lists three key strategies that will set it on a path to success: 100% clean energy, 100% electrified light-duty vehicles and 90% electrified buildings.

New Jersey has significantly reduced its GHG emissions over the past decade. The New Jersey Department of Environmental Protection's GHG inventory reports a 29% reduction in emissions between 2005 and 2018.





Significant further reductions from all sectors of the economy would be required to meet the ambition of the IEA 2DS. The IEA 2DS models a future in which U.S. CO₂ emissions are reduced 80% by 2050 and 90% by 2060. Consistent with the IEA scenario, the project team modeled:

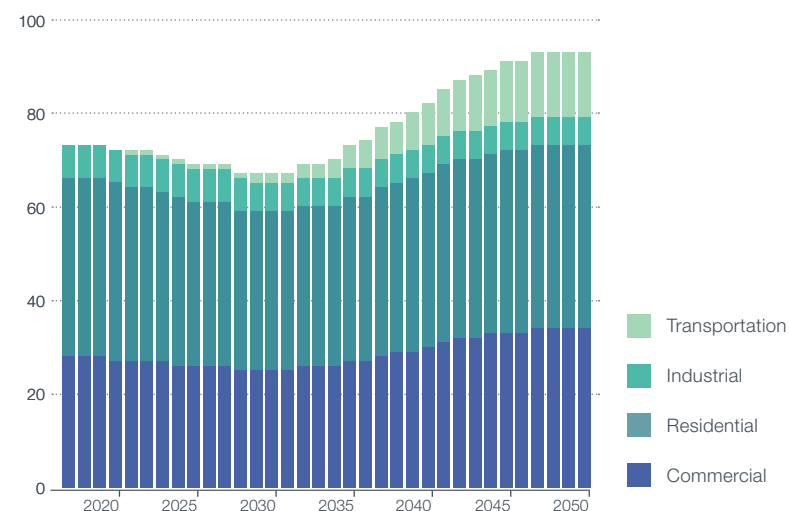
- **Electricity:** Near total decarbonization of the electric power sector in the state (and PJM) by 2050 (requiring the preservation of the state's nuclear units) and significant energy efficiency savings.
- **Transportation:** Substantial electrification of passenger vehicles (cars and light trucks). Nearly all passenger cars and more than half of light trucks are assumed electric by 2050; the scenario also assumes reductions in vehicle miles traveled. Significant conversion of medium- and heavy-duty trucks from diesel fuel to biofuels.
- **Buildings:** Electrification of residential and commercial buildings with heat pump retrofits, energy efficiency improvements and renewable natural gas use (e.g., natural gas derived from landfills, wastewater treatment and other sources).
- **Industry and manufacturing:** Further declines in industrial sector CO₂ emissions from energy efficiency

measures, lower-carbon fuels and feedstock, and other technology changes.

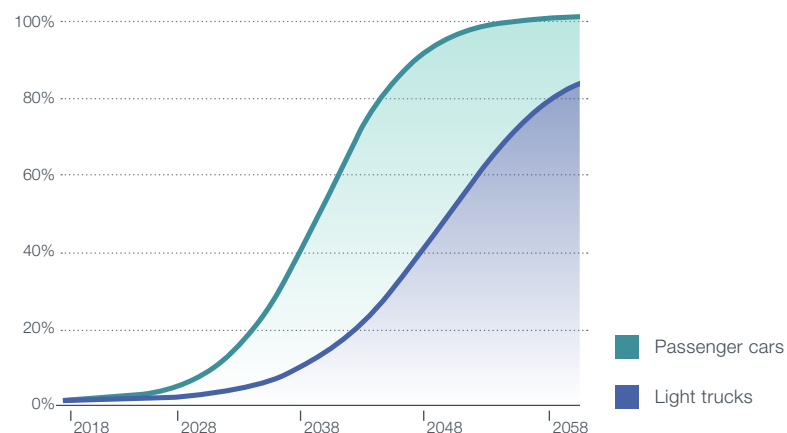
Based on this combination of abatement measures, the NJ2DS achieves about a 40% reduction in economy-wide emissions by 2030 and about an 80% reduction in emissions by 2050, from 2005 levels. This is consistent with the U.S.-level results of the IEA 2DS and New Jersey's GWRA. At the federal level, however, President Biden announced a new target for the U.S. to achieve a 50% to 52% reduction from 2005 levels in economy-wide net GHG pollution in 2030 – an even more ambitious timeline than we have modeled.

Conducting the scenario analysis gave us increased insight into the climate-related risks and opportunities that we will face in the coming years. Many of the opportunities and risks outlined below are, and will continue to be, shaped by ongoing policy development. Analysis of the NJ2DS highlighted the critical role for policy to provide clear market structures, price signals and regulatory frameworks for the scale of change envisioned by the scenario. For regulated utilities like PSE&G, policy at the state and federal levels is necessary to provide the regulatory certainty and guidance necessary for long-term business planning.

Electricity demand historic and projected NJ2DS (TWh)



Light-duty electric vehicle adoption rates (assumed)





PSEG's Transition Risks and Opportunities

Climate change presents both risks and opportunities for PSEG's business. First, the transition to a low-carbon energy system creates significant business opportunities for the company, and by divesting of almost 7,000 MW of fossil generation, we are realigning our business strategy to focus on clean energy technologies, including grid modernization, efficiency, batteries and renewables. This marks a major shift in the way we operate, driven by economics, but at the same time positions our company to take advantage of the important advances in energy technologies over the past decade. These are immediate business opportunities that will only expand in the future as costs decline and clean energy technologies continue to improve. Second, the physical impacts of climate change are already upon us, forcing changes to our equipment and infrastructure. In the long-term, these physical risks could have more severe impacts without appropriate planning and investment.

Considering the changes to our business, these tables reflect a realignment of the opportunities for our business in transitioning to a low-carbon energy system. The tables also include important updates on the progress we have made in advancing our clean energy strategy since our inaugural climate report.

Summary of Opportunities – PSE&G Utility Operations

TOPIC	OPPORTUNITY	KEY ENABLERS
Electric Grid Enhancements	<ul style="list-style-type: none"> Investments to modernize and harden the electric distribution system, improve resiliency to the effects of climate change, meet increased reliability expectations with greater electrification, and manage changes in power flows and voltage resulting from decentralized generation 	<ul style="list-style-type: none"> Regulatory approvals are required to continue investing in the transmission and distribution system to improve reliability and resiliency to the impacts of climate change Continued advances in technology and deployment, such as AMI Update: The N.J. BPU approved PSE&G's \$707 million CEF-AMI smart meter filing in January 2021 Regulatory approvals to plan for and invest in infrastructure to accommodate high penetration of distributed energy resources (DER)
End Use Electrification	<ul style="list-style-type: none"> Load growth from building and transportation electrification Investment in electric charging infrastructure to support rapid expansion of EVs 	<ul style="list-style-type: none"> Regulatory approvals are required for utility companies to support rapid expansion of EV charging infrastructure in New Jersey Rebate programs to encourage EV adoption Update: The BPU approved PSE&G's \$166 million CEF-EV filing in January 2021; the Biden administration issued multiple executive orders on supporting EV deployment in first 100 days (e.g., Executive Order on Tackling the Climate Crisis at Home and Abroad) and included \$174 billion in the American Jobs Plan to "win the EV market" Rebate programs to encourage heat pumps (e.g., oil to electric conversion) or new building standards for electrification
Solar	<ul style="list-style-type: none"> Investment in utility-owned solar that maximizes societal benefits, such as landfill / brownfield, public, low- to moderate-income and community solar 	<ul style="list-style-type: none"> Regulatory approvals are required to continue investment in utility solar projects Regulatory reforms like decoupling, which separates rate revenue from the amount of energy used by customers, removes a major obstacle to behind-the-meter and community solar and regulatory return on investment Update: As part of our Clean Energy Future–Energy Efficiency (CEF-EE) filing, we obtained a "Conservation Incentive Program," which aligns our interests with customers and the environment by decoupling the connection between sales volumes (which can be reduced by EE investment and distributed solar investments) and revenues Continued cost declines and efficiency improvements Update: PSE&G's service territory now supports more than 76 MW of solar energy capacity, making New Jersey the 7th-leading state in terms installed solar capacity

(cont.)



PSEG's Transition Risks and Opportunities (cont.)

Summary of Opportunities – PSE&G Utility Operations (cont.)

TOPIC	OPPORTUNITY	KEY ENABLERS
Energy Storage	<ul style="list-style-type: none"> Investment in stand-alone energy storage (in front of or behind the meter) or solar and storage projects 	<ul style="list-style-type: none"> Continued cost declines and technology advances for longer duration storage solutions Appropriate regulatory and market structures <p>Update: PSE&G's service territory now supports more than 746 MW of storage capacity; the BPU is currently considering PSE&G's CEF storage filing</p>
Energy Efficiency	<ul style="list-style-type: none"> Expanded investment in energy efficiency programs to reduce emissions and save customers money on their utility bills 	<ul style="list-style-type: none"> Regulatory reforms like decoupling, which separates rate revenue from the amount of energy used by customers, remove a major obstacle to energy efficiency and regulatory return on investment Continued innovations encouraging technology adoption and behavioral change, as well as AMI <p>Update: As part of our CEF-EE filing, we obtained a "Conservation Incentive Program", which aligns our interests with customers and the environment, by decoupling the connection between sales volumes (which can be reduced by EE investment and distributed solar investments) and revenues</p> <p>Update: PSE&G's energy efficiency programs saved customers more than 46,000 MWh in 2020; the BPU approved PSE&G's \$1 billion CEF-EE filing in September 2020</p>
Natural Gas Distribution	<ul style="list-style-type: none"> Investment in the natural gas distribution system to reduce methane emissions and enhance safety 	<ul style="list-style-type: none"> Regulatory approvals, including continuation of GSMP to replace aging cast-iron and unprotected steel mains and services and reduce methane leaks
Alternative Gas Resources	<ul style="list-style-type: none"> Potential investments that reduce carbon intensity of natural gas including infrastructure to connect renewable natural gas (RNG) supply in the near-term and advanced technologies such as hydrogen in the longer-term 	<ul style="list-style-type: none"> Supportive regulatory programs to invest in innovative technologies and carbon reduction opportunities <p>Update: PSE&G is evaluating opportunities with developers including feasibility and commercial treatment of RNG. Also, we are participating in multiple hydrogen R&D projects at the local and national levels</p>



PSEG's Transition Risks and Opportunities (cont.)

Summary of Opportunities – Generation

TOPIC	OPPORTUNITY	KEY ENABLERS
Nuclear	<ul style="list-style-type: none"> Preserving the Salem and Hope Creek nuclear plants, supplying low-cost, carbon-free energy to the PJM market 	<ul style="list-style-type: none"> Policies that appropriately value carbon-free nuclear energy for long-term preservation License extensions if plants are to continue operating past expiration <p>Update: In April 2021, the BPU voted unanimously to extend the ZEC program for Hope Creek and Salem through May 2025. In view of the national importance of existing merchant nuclear facilities, PSEG is supporting enactment of a federal production tax credit for at-risk merchant nuclear facilities</p>
Offshore Wind	<ul style="list-style-type: none"> New Jersey's and other Eastern Seaboard states' offshore wind policies create new investment and business opportunities 	<ul style="list-style-type: none"> Appropriate regulatory and market structures Continued cost declines and technology advances <p>Update: PSEG acquired 25% equity interest in Ocean Wind I, New Jersey's first offshore wind farm; the Biden administration set target to deploy 30 GW of offshore wind by 2030. New Jersey has its own goal of 7,500 MW by 2035</p> <p>Update: In June 2021, New Jersey awarded 2,658 MW to two offshore wind projects: Atlantic Shores (1,509 MW) and Ocean Wind II (1,148 MW) for commercial operation between 2027 and 2029</p>
Offshore Wind Infrastructure	<ul style="list-style-type: none"> Transmission system investments to support nascent offshore wind industry in New Jersey 	<ul style="list-style-type: none"> Appropriate regulatory and market structures Continued cost declines and technology advances <p>Update: BPU working with PJM in conducting first-ever "State Agreement Approach" open window in September 2021 to procure transmission solutions to support New Jersey's 7,500 MW offshore wind target</p>



Summary of Risks

Climate change also poses risks to PSEG's business, which we seek to mitigate with careful planning and investment.

Climate-related risks include:

1. transition risks such as policy constraints on emissions or shifts in market demand and supply; and
2. physical risks such as the disruption of operations or the destruction of property from severe weather events.

The climate-related risks, which we continue to evaluate and manage, remain largely the same as reported in our last climate report, although certain risks will diminish upon the divestiture of our fossil generating assets.

RISK CATEGORY	RISK	PSEG POWER	UTILITY*
Operational	TRANSITION RISK		
	Maintain reliable operations with integration of DER (including solar and storage) and multi-directional power flows. Issues such as voltage and frequency regulation could become more challenging		●
	Keep pace with grid enhancements (transmissions and distribution) to support electrification (EVs / buildings) while managing costs and maintaining reliability		●
	Maintain cybersecurity as more Internet of Things (IoT)-enabled resources interact with the grid		●
	Ability to maintain well-trained workforce for new clean energy economy, including retraining programs	●	●
	PHYSICAL RISK		
	Extreme weather events (high wind, precipitation, storm surge) may affect infrastructure	●	●
	Warmer river water temperatures could affect plant operations	●	
	Extreme temperatures could affect generation operations	●	
	Extreme temperatures could affect gas and electric system demand		●
EH&S	Assets at risk from sea level rise	●	●
	Asset deterioration, increased peak load and decreased system reliability from extreme heat and humidity		●
EH&S	PHYSICAL RISK		
	Rising temperatures and extreme weather events could threaten worker safety	●	●
Legal & Compliance	TRANSITION RISK		
	Command and control policies could create a compliance risk, if chosen as a policy path over carbon pricing		●
	Enhanced emission-reporting and regulatory compliance obligations	●	●

* Risks under "Utility" are applicable for both PSE&G and PSEG Long Island.

(cont.)



Summary of Risks (cont.)

RISK CATEGORY	RISK	PSEG POWER	UTILITY*
Reputational	TRANSITION RISK		
	Climate strategies could be perceived as too expensive or disruptive and will invite criticism	●	●
	PHYSICAL RISK		
	Extreme weather events could impact reliability and increase cost of service		●
Strategic/Financial	TRANSITION RISK		
	A patchwork of policies could jeopardize the competitive position of specific generating assets. Consistent regional or national approaches such as a national carbon price help level the playing field	●	
	Reduced revenue from electric market transformation, including reduced sales volumes and prices. For example, greater reliance on incentivized, high capital cost, but low operating cost generating resources will put downward pressure on power prices and the profitability of merchant generating resources	●	
	Nuclear units do not receive a long-term structure where they would be compensated appropriately for their carbon-free, reliable generation during the transition to low-carbon energy and therefore shut down, which could cause a dramatic increase in New Jersey GHG emissions	●	
	Rapid adoption of DERs, energy efficiency and other changes without appropriate policy changes pose risks to the electric utility business model		●
	Regulatory limitations on connection of new gas customers along with declined flow-through, which impacts earnings		●
	Increased commodity costs for customers as RNG or hydrogen is introduced; these are multiples higher in cost compared to pipeline natural gas		●

* Risks under "Utility" are applicable for both PSE&G and PSEG Long Island.



Physical Risk Analysis

In June 2020, New Jersey released its first Scientific Report on Climate Change, detailing the current and predicted future impacts of climate change on the Garden State. The report outlines how increases in temperature, shifts in precipitation, sea level rise and other climate-related impacts threaten air quality, water quality and the state's natural and built environments. According to the report, New Jersey already is seeing the evidence of climate change in its increasingly mild winters, more intense rainfall, flooding along inland streams and rivers, and more tidal flooding along the coast. These events can threaten public health and safety, destroy property, undermine critical infrastructure and damage New Jersey's economy.

In 2021, given the potential physical risks of climate change on the state and our utility operations, we conducted our own physical risk study to help us better plan and prepare for the changes ahead. The physical risk study was performed based on emerging best practices for climate impact assessments, following the recommendations of the

Extreme Heat

Identified based on two indices (capturing both intensity and frequency):

1. Warm spell duration: annual number of days contributing to events where six or more consecutive days experience maximum temperature greater than the historic extreme temperature (90th percentile).
2. Number of hot days: annual percentage of days when maximum temperature is greater than the historic extreme temperature (90th percentile).

Extreme Cold

Identified based on two indices (capturing both intensity and frequency):

1. Cold spell duration: annual number of days contributing to events where six or more consecutive days experience minimum temperature less than the historic extreme cold (10th percentile).
2. Number of ice days: annual number of days when maximum temperature is below 0°C.

Extreme Rainfall (pluvial flooding)

Identified based on two indices (capturing both intensity and frequency):

1. Maximum five-day rainfall: the change in annual maximum amount of rain that falls in five days.
2. Number of heavy rain days: annual number of days with precipitation greater than 2 inches.

Riverine Flooding (fluvial flooding)

Identified based on inundation depth for 500-year riverine flood events.

Drought

Identified based on two indices (capturing both intensity and frequency):

1. Number of dry days: annual number of days with precipitation less than 0.01 inch.
2. Average annual dry-spell length.

Sea Level Rise & Land Subsidence

Identified based on inundation depth for 500-year flood events due to sea level rise and land subsidence.

(cont.)



TCFD. The analysis utilized the SSP3-7.0 (“business as usual scenario” – assuming 4.1°C of warming by the end of the century) and SSP1-2.6 (Paris aligned or “optimistic scenario” – assuming less than 2°C of warming by the end of the century) scenarios. Building a more resilient state will require concerted effort by all sectors of the economy and all levels of government, as emphasized in New Jersey’s statewide Climate Change Resilience Strategy. Having completed this hazard assessment, we believe that we will be better-positioned to evaluate the potential risks to our infrastructure and operations.

The assessment focused on 13 of the most common science-based climate indicators, including extreme heat, water supply, extreme wind and sea-level rise. Each is defined in turn.

The climate assessment mapped each of these potential climate hazards across the entire state, enabling PSEG to identify assets that fall in areas with elevated levels of future climate hazard exposure and to better understand asset vulnerabilities and risk of impact. With a better understanding of vulnerabilities and potential impact of future extreme climate events, PSEG can also use this information to prioritize our risk mitigation strategy.

Water Stress

Water stress is an indicator of the competition for water resources and is defined as the ratio of water demand divided by available water supply. When water demand is high, but water supply is low, this would set the condition for an elevated risk of water stress. See below definitions for water demand and water supply.

Water Demand

Water demand is measured based on agricultural consumptive and non-consumptive water withdrawals. High water demand does not necessarily indicate water stress so long as there is sufficient supply.

Water Supply

Water supply is an indicator of total water supply within a specific area. Low water supply does not necessarily indicate water stress so long as there is low demand.

Seasonal Variability

Seasonal variability is an indicator of the variability between months of the year. Increasing seasonal variability may indicate wetter wet months and drier dry months, as well as higher likelihood of droughts or wet periods.

Rainfall Triggered Landslide

Identified based on the change in annual potential number of days with rainfall-triggered landslide. Developed using antecedent rainfall index (weighted summation of daily precipitation amounts, used as an index of soil moisture) and landslide susceptibility (relative likelihood of future landslides based on the intrinsic properties of a location).

Extreme Wind

Identified based on the change in short-term wind and sustained wind intensity and duration.

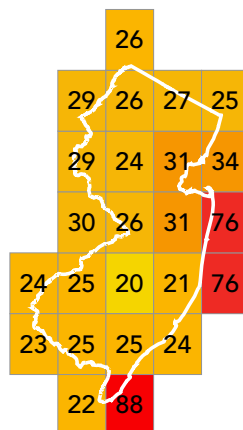
Hurricane

Identified according to historical hurricane intensity and frequency and potential areas of coastal flooding due to storm surge. Percentage of the future projections increase in hurricane damage potential for the most intense hurricanes in North Atlantic is then applied to historical hurricane risk zones as a potential percentage increase.

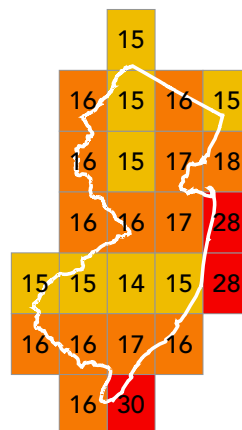


The following maps illustrate the projected changes in the (1) annual number of extreme heat days, (2) annual number of extreme cold days, (3) extreme rainfall, and (4) drought conditions in 2050 across New Jersey (SSP3-RCP7 – BAU scenario). The maps show the absolute changes in the indices from baseline conditions. For example, the annual number of “hot days” is projected to increase between 14 and 30 days across the state. Higher temperatures could increase the demand for cooling and decrease the demand for heating, altering the demands on both the electric and natural gas systems. Higher temperatures can also strain electrical equipment, like transformers, causing them to overheat and fail. Extreme temperatures can also put our workers at greater risk from threats like heat stroke. All of these changes will require planning and investment to avoid the potential adverse effects on our employees, our infrastructure and our operations.

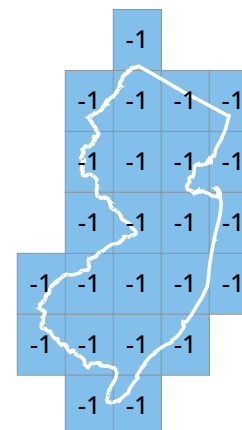
Warm Spell
(number of days)



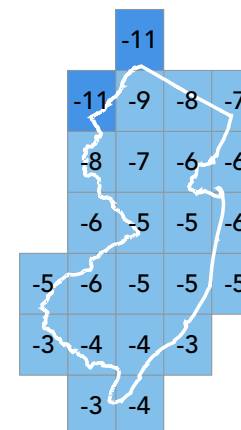
Hot Day
(number of days)



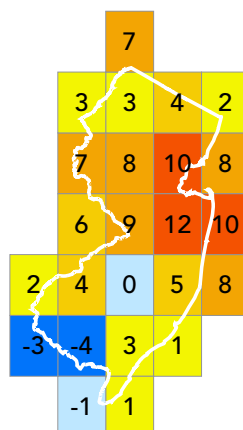
Cold Spell
(number of days)



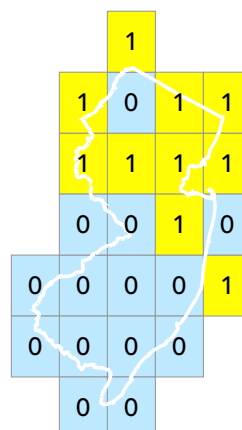
Ice
(number of days)



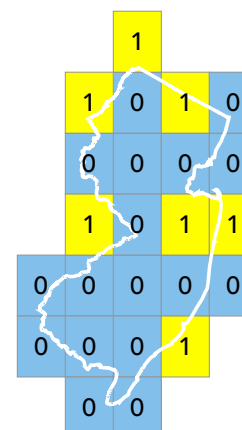
Max Rain in 5 Days
(mm)



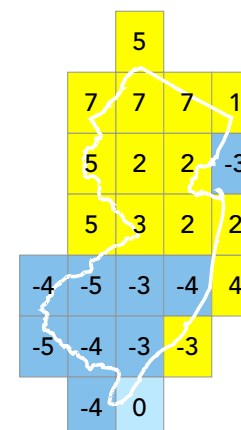
>2" Rain/Day
(number of days)



Drought Spell
(number of days)



Dry Day
(number of days)





Our Strategic Evolution: PSEG's Climate Vision

In light of the challenges incumbent with climate change, we are compelled to act. As an organization, we are directing our efforts internally to transitioning each of our businesses to a clean energy future. As a New Jersey corporate leader, we are working with our allies and stakeholders to advocate for a clean energy future.

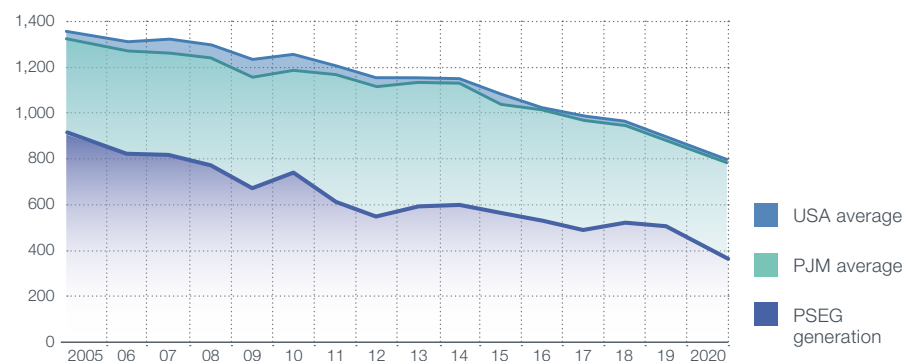
Our long-term climate strategy rests on three key pillars: (1) producing 100% carbon-free electricity; (2) moving toward net-zero emissions for our regulated electric and natural gas utility operations (Scope 1 and 2 emissions); and (3) partnering with our customers and communities to enable 100% clean energy by 2050. This plan will include accelerating our business into primarily a regulated electric and gas utility business, continuing to operate our nuclear generating fleet, and making major investments in grid modernization, energy efficiency, energy storage and renewables.

This year marks an important turning point for the company with significant progress toward our long-term goals. The discussion that follows details our approach to each of the key pillars of our strategy, charting our path ahead.

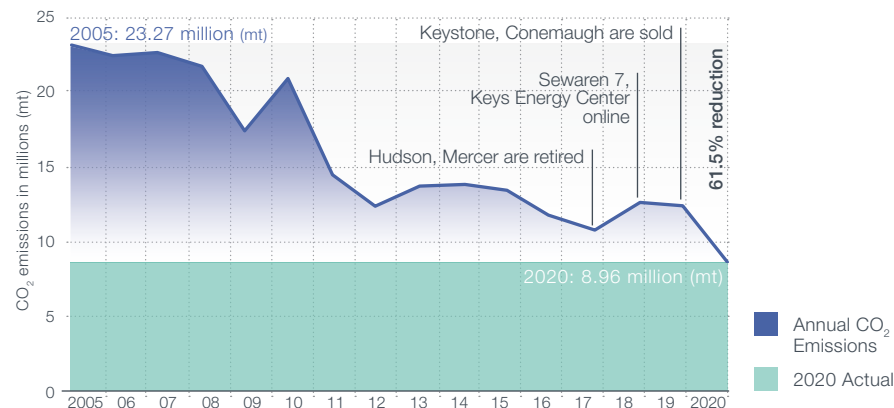
1. Carbon-Free Electricity Generation

The first pillar of our strategy is to transition to 100% GHG-free electricity generation. We will leverage a host of resources to reach this goal. Our nuclear fleet has provided our customers with reliable carbon-free generation for decades. The BPU's unanimous decision to extend the ZECs for New Jersey's three nuclear power plants through 2025 is a validation of the important role these plants play. Nevertheless, the financial challenges facing nuclear continue to grow and shoring the plants up for the long-term will require additional measures. Building upon our nuclear fleet, we continue to grow our investment in renewable energy resources, particularly in cultivating New Jersey's offshore wind industry through our partnership with Ørsted on the Ocean Wind project.

CO₂ PSEG Power Intensity Historical (Lbs/MWh)



CO₂ PSEG Power Emissions Generation (mt)





Ensuring Nuclear Energy's Future

For more than 40 years, nuclear energy has powered millions of New Jersey homes and businesses with clean, safe, reliable and affordable electricity. Today, PSEG's nuclear plants are an indispensable part of New Jersey's energy mix, providing nearly half of the 24/7 supply of power generated in New Jersey – power that is essential to the state's economy and environment.

Our nuclear generating fleet consists of the Salem and Hope Creek nuclear

generating stations in Lower Alloways Creek, New Jersey, which we operate, as well as part-ownership of the Peach Bottom nuclear generating station in Delta, Pennsylvania.

Nuclear energy continues to hold several advantages for helping to meet the country's future energy needs. Nuclear generation represents 90% of New Jersey's air emissions-free power. It emits no carbon or other air pollutants associated with fossil-fueled plants, which benefits the environment and public health.

PSEG's nuclear plants are the stimulus for more than \$1.2 billion worth of economic activity each year. The plants also support more than 1,600 direct jobs, plus 1,000 contractors during scheduled maintenance and refueling outages throughout the year, as well as thousands more indirect jobs in surrounding communities.

PSEG Nuclear employees are integral to their communities. In addition to working to provide safe, clean and reliable energy, they serve as elected officials of local towns, counties and school districts, while also contributing

countless volunteer hours to community organizations. They are coaches, educators, parents, caregivers and faith leaders.

We also recognize the importance of educating the public about nuclear energy and have been recognized for our community outreach efforts. More than 25,000 stakeholders have toured our nuclear plants and community information center in the past five years.

The single most important factor in achieving New Jersey's energy and climate goals, cost-effectively, is preserving our nuclear facilities.





Seizing New Jersey's Offshore Wind Opportunity

In December 2020, PSEG entered into a definitive agreement with Ørsted North America to acquire a 25% equity interest in Ørsted's Ocean Wind I project. Ocean Wind was selected to be New Jersey's first offshore wind farm as part of the state's intention to add 7,500 MW of offshore wind generating capacity by 2035. The Ocean Wind I project is expected to achieve full commercial operations in 2025. The acquisition was completed in the first half of 2021, following approval by the BPU. Additionally, PSEG and Ørsted each own 50% of Garden State Offshore Energy (GSOE), which holds rights to an offshore wind lease area. PSEG and Ørsted are exploring other offshore wind opportunities through GSOE.

Exiting Fossil Generation

On July 31, 2020, PSEG announced that it would be exploring strategic alternatives for PSEG Power's non-nuclear generating fleet, which includes more than 6,750 megawatts of fossil generation located in New Jersey, Connecticut, New York and Maryland, as well as the 467-megawatt Solar Source portfolio located in various states, with the intent to accelerate PSEG into a primarily regulated electric and gas utility. In June 2021, PSEG Power completed the sale of its non-core Solar Source portfolio. In August 2021, PSEG announced an agreement to sell the PSEG Fossil units, with the transaction to be completed in late 2021 or early 2022. Separation of the company's non-nuclear assets reduces overall business risk and earnings volatility, improves PSEG's credit profile, and sharpens the company's focus on clean energy investments, methane reduction and zero-carbon generation.



2. Transitioning to Net-Zero Operations

The second pillar of our strategy is the reduction of our Scope 1 and 2 emissions to net-zero. At PSEG, we are investing in a resilient, modern infrastructure system that better supports the integration of renewable resources and low- and zero-carbon fuels. Doing so will require sustained investment in our electric transmission and distribution system as well as our gas distribution system to reduce GHG emissions associated with our operations, improve the reliability and resiliency of the energy system, and enable the decarbonization of our electricity and gas supply.

Achieving net-zero emissions for our electric and natural gas utility will require a dramatic reduction in operational CO₂e emissions in less than a decade. Since 2005, we have reduced our GHG emissions by

more than 54% through switching to lower-carbon fuels, improving energy efficiency, and modernizing our electricity and natural gas networks, among other strategies. By 2030, we anticipate further reductions in operational CO₂e emissions by more than 70% compared to a 2005 baseline, as detailed in the figure below.

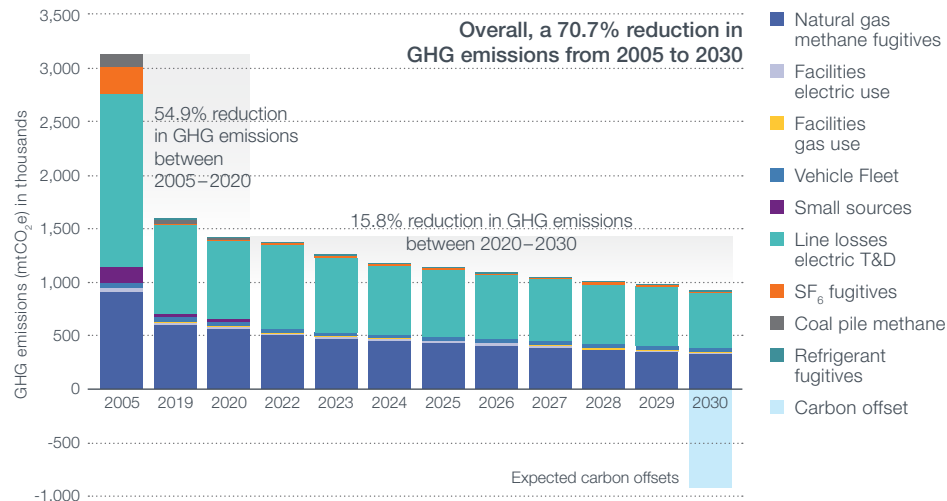
To meet this timeline, we will need to reduce emissions an additional 17.6% in the next decade beyond what has been realized to date. We plan to do so through continued modernization of our electricity and natural gas networks, fleet electrification initiatives, energy efficiency, renewable and zero-emitting technologies. For remaining operational CO₂e emissions in 2030, we will consider utilizing high-quality carbon offsets. Any carbon offset projects utilized will be credible and verified.

Key areas of focus to achieve net-zero emissions in our regulated electric and gas utility operations (Scope 1 and 2) include:

- Accelerate gas system modernization to enhance safety and reliability and reduce methane emissions;

- Continued investment in our electric transmission and distribution system to enhance reliability and resiliency and reduce line losses;
- Reduce fossil fuel use in the transportation fleet through vehicle electrification, right-sizing and renewable fuels;
- Improve energy efficiency of utility operations, buildings and facilities; and
- Reduce SF₆ in gas-insulated switchgear and substations.

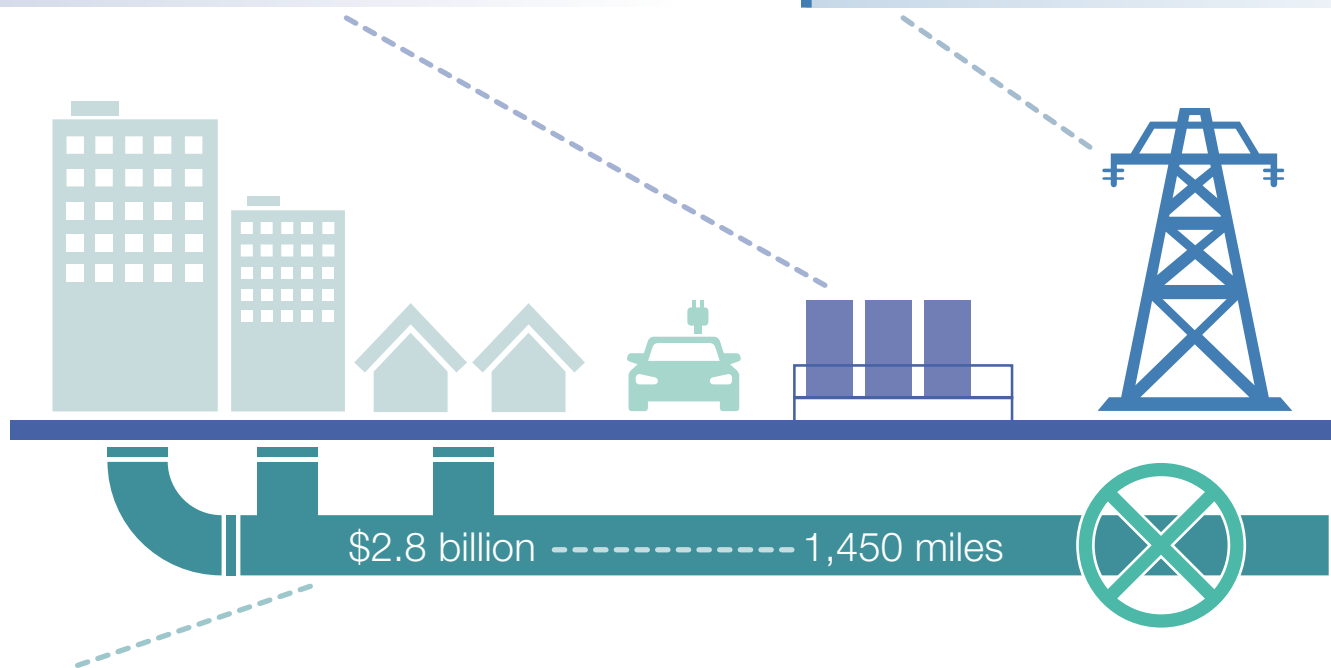
2030 Vision GHG emissions projections (Scope 1&2; without PSEG Fossil generation)





Electric Distribution: Phase I (2013-2018) of our Energy Strong program focused on storm hardening by investing \$628 million to raise/rebuild or eliminate 26 substations damaged by flooding. During Phase II (2019-2023), PSE&G expects to invest \$842 million, focusing on storm hardening, improved resiliency and grid modernization. Phase II also will include the new Advanced Distribution Management System and communication network to improve resiliency and meet future grid needs.

Electric Transmission: PSE&G is nearing the successful completion of a decade-long effort focused on upgrading and replacing higher-voltage transmission lines. Our investments have contributed to an 80% reduction in transmission outages since 2009. Our transmission capital program will continue replacing older 26 kilovolt (kV) station facilities with 69kV stations and will accommodate anticipated load growth.



Gas Distribution: Our GSMP was designed to accelerate the replacement of aging pipes. Phase I was completed in 2018, and Phase II is currently underway. Upon completion of Phase II, we will have invested \$2.8 billion to convert more than 1,450 miles of aging cast-iron and unprotected steel pipes to more durable materials. Additionally, PSE&G is a long-time participant in EPA's Natural Gas STAR program, a voluntary initiative that encourages natural gas companies to adopt cost-effective technologies and practices that reduce methane emissions. Continued pipeline replacements have helped us replace 4% to 5% annually, which is significantly higher than the commitment to annually replace 1.5% of our cast-iron gas mains and associated service lines as part of EPA's STAR Methane Challenge, of which we are a founding member.



While our priority is to continue to reduce our Scope 1 and 2 emissions from our operations, there are technology limitations that will likely impede our progress. To complement our efforts to reduce our operational emissions, we expect to address any residual emissions starting in 2030 through the use of high-quality carbon offsets that originate from projects validated/verified and registered on a recognized platform (such as American Climate Registry, Climate Action Reserve, Verra, Gold Standard, etc.). These carbon offset registries have established methodologies, criteria and verification requirements that are essential elements of the voluntary carbon offset markets in the U.S. and beyond. While we have a preference for carbon offsets that originate in New Jersey and the Mid-Atlantic region, we also acknowledge that cost-effective opportunities may be limited, so we must remain flexible with our approach. Based on our emissions forecasts, residual emissions in 2030 could range from 800,000 to 900,000 tons CO₂e and decline thereafter as we continue to implement emission-reduction strategies throughout our operations. Achieving net-zero emissions in the electric sector will require new technologies and, particularly around offsets, will likely require new markets to develop and mature.

3. Enabling Economy-wide Decarbonization

The final pillar of our strategy is to serve as the backbone of the decarbonized economy. The New Jersey Energy Master Plan outlines a vision to achieve 100% clean energy by 2050. PSE&G is committed to aligning our business and operational strategies with this ambitious goal and, as the state's largest gas and electric utility, we believe that we have a critical role to play in delivering on this promise. At the same time, we recognize the complexity and challenges in transforming the current energy system. Our commitments will impact our relationships with customers in both the way we conduct our business and what choices are available to them. These commitments will affect our business model, our workforce and the energy markets in which we operate.

Our Utility of the Future strategy is intended to be a dynamic guide to lead PSE&G into the next decade and beyond. This strategy provides a foundation for understanding the current direction and drivers of change in the utility industry; and articulates PSE&G's goals and commitments – both for how it will operate the business and achieve the clean, safe and affordable energy to which it aspires.

Key components of the strategy include:

- Develop the road map and identify the initiatives required to meet the governor's and the BPU's energy goals;
- Develop the Integrated Distribution Plan (IDP) as directed by the BPU that will serve as a tool to achieve the state's energy goals and the 100% clean energy system in an innovative and cost-effective manner;
- Ensure proper benchmarking, develop industry intelligence and utilize new technologies;
- Align the utility's priorities with internal and external stakeholders and the 10-year business plan.

PSE&G has weathered many storms and successfully worked through many challenges during the past 118 years since our inception. The next several decades will usher in some of the most dramatic changes the utility industry has ever seen, and we are energized about tackling head-on the challenges and opportunities ahead. As we continue to engage a professional, motivated and diverse workforce, we will strive to maintain our position as an industry leader, embrace change and focus on the priorities most important to our stakeholders.



The Clean Energy Future Program: Changing the Utility-Power Paradigm

Adapting our businesses to the climate and energy needs of the future requires updating the traditional paradigm between a utility and its customers. The foundation of this paradigm shift was laid with the state regulatory approval of three key aspects of the historic Clean Energy Future program. The approvals of the PSE&G Energy Efficiency, Energy Cloud, and Electric Vehicle initiatives clear the way for critical investments in advanced technology designed

to address the global problem of climate change, lower energy bills and enhance economic opportunities across the state, especially in urban centers.

The Clean Energy Future program is among the most significant advances in energy policy ever presented in New Jersey.

Amid the economic hardship and unprecedented job losses caused by the COVID-19 pandemic, the investment in clean energy could not come at a better time. The Clean Energy Future program, as proposed, would build on PSE&G's existing efforts to

modernize its utility infrastructure, lower customers' energy bills, improve energy efficiency, reduce emissions, create jobs and impact the local economy for years to come.

PSE&G stands behind New Jersey Gov. Phil Murphy and his clean energy agenda. We believe our Clean Energy Future program has the potential to transform the way we think about energy in New Jersey, leading to cleaner air, shorter disruptions and reduced monthly bills.

Energy Efficiency: Under the approved Clean Energy Future Energy Efficiency initiative, PSE&G will invest \$1 billion to help customers cut household energy use, leading to meaningful improvements in air quality and public health and reductions in the state's carbon footprint. The key to delivering universal access to the benefits provided by energy efficiency is a comprehensive suite of residential and commercial programs.

Jobs Program

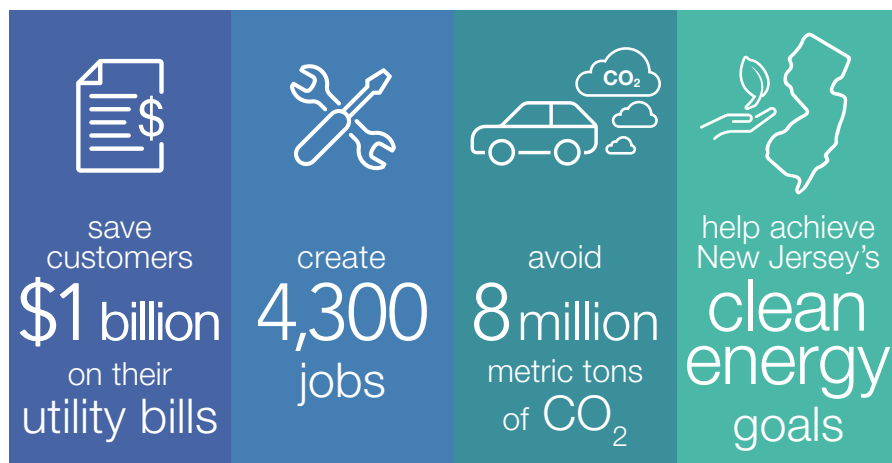
Designed to generate economic opportunities for up to

2,000

unemployed, under-employed, and low/middle-income New Jersey residents

Suppliers Program

Focused on creating/expanding opportunities for diverse suppliers, and supporting New Jersey economic development objectives





Energy Efficiency Programs

Residential Programs

\$300M

Efficient products: Rebates and on-bill repayment for HVAC, smart thermostats, appliances, lighting and more.

Existing homes: Rebates and on-bill repayment for energy audit, direct install of efficient equipment, and weatherization/appliance replacement.

Behavioral: Data analytics, home energy reports and online energy audits.

Multifamily: Energy audit and direct install of efficient equipment at no charge to tenants.

Income-eligible: Energy audit, direct install of efficient equipment, and weatherization/appliance replacement services at no charge.

Commercial and Industrial Programs

\$700M

Prescriptive: Rebates & on-bill repayment for HVAC, lighting, motors & drives, refrigeration, water heaters, air compressors and food service equipment.

Custom: Custom incentives for large energy efficiency projects, including on-bill repayment.

Small non-residential efficiency: Rebates & on-bill repayment for direct-installed energy efficiency measures to small non-residential customers of lighting, controls, refrigeration, heating and air conditioning updates.

Energy management: Retro-commissioning and strategic energy management: optimizing existing systems with little to no equipment upgrades.

Engineered solutions: Whole-building engineered energy saving solutions to hospitals, school districts, universities, municipalities, apartment buildings, non-profit/public entities.



Electric Vehicles Programs

Electric Vehicles Programs \$166M

Residential smart charging

- PSE&G will provide funding toward the installation of Level 2 networked EV chargers at residences in the PSE&G territory.
- PSE&G will also provide customer incentives to encourage charging during off-peak periods.

Level 2 mixed-use charging

- PSE&G will deploy make-ready electrical infrastructure and provide financial incentives towards the cost of Level 2 charger installation.
- This subprogram will target a diverse set of customers and serve a variety of end-use EV charging needs, such as multifamily, municipalities, and retail centers.

Public DC fast charging

- PSE&G will deploy make-ready electrical infrastructure and provide financial incentives towards the upfront cost of DC fast-charging equipment installation.
- PSE&G will also provide financial incentives to defray electricity costs.

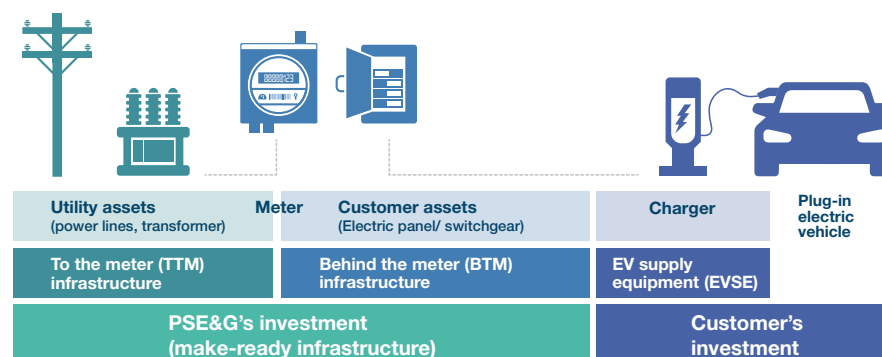
* A 4th subprogram, **Vehicle Innovation**, a \$45 million investment in medium/heavy-duty vehicles (MHDVs), is held in abeyance pending a MHDV stakeholder process.

The Electric Vehicle initiative helps customers with the cost of installing charging equipment at residential homes, multifamily buildings, government facilities and public parking lots, as well as fast-charging infrastructure in high-traffic corridors such as the New Jersey Turnpike and Garden State Parkway.

As we move forward with our three approved CEF programs, our energy storage component of CEF is still under consideration. Through this program, we have proposed to deploy:

- 35 MW of storage for storm preparedness and resiliency;
- 10 MW to reduce solar intermittency;
- 13 MW to help avoid the need for additional distribution infrastructure;
- 6 MW for outage management;
- 2 MW for microgrids for critical facilities; and
- 4 MW for peak-reduction for public sector facilities.

Ready for EV Charging?





Existing Clean Energy Offerings

Distributed Solar: Solar4All® (158 MW): grid-connected solar farms to serve electric customers; primarily sited at landfills/brownfields.

Solar Loan Program (145 MW): finances major portion of solar installation; provides unique repayment option that locks in guaranteed value of the Solar Renewable Energy Certificates the system is expected to generate; more than \$317 million in loans helping 1,600 PSE&G customers since 2008.

Smart Meters: Smart grid technology is a critical enabler as we work to build a cleaner, more dynamic system. Digital technologies will not only facilitate integration of new resources, but also create a more resilient system in the face of more extreme weather events. Smart meters enable real-time communication that supports faster restoration times and help customers save money and shrink their carbon footprint.



Energy Efficiency: Energy efficiency is the most cost-effective strategy for reducing GHG emissions. Over the past dozen years, PSE&G has invested over \$480 million in energy efficiency initiatives targeting hospitals, multifamily housing, government buildings and nonprofits, which avoid emissions while creating jobs and saving customers money. These efforts have saved enough electricity to power 40,000 homes and enough natural gas to supply 10,000 homes. Participants also benefit from \$275 million a year in energy cost savings. We also have advocated for regulatory reforms like decoupling, which remove incentives for utilities to maximize electricity sales.

Electric Vehicles: To date, PSE&G has provided 145 chargers through the Customer Workplace Charging Initiative. In addition, PSE&G has partnered with EVgo to install fast-charging stations at five rest areas along the New Jersey Turnpike and the Garden State Parkway. We have also served as an active partner in transportation electrification initiatives, such as ChargeVC, to identify programs and policies to accelerate EV growth in New Jersey.



The Clean Energy Future program, described in the section above, will serve as the blueprint for our utility strategy in the coming years. However, we currently have a number of programs in place that remain a critical part of our clean energy strategy, including programs to advance solar energy deployment in the state, our smart meter program, our energy efficiency programs and our efforts to install electric vehicle chargers.

Decarbonizing Natural Gas Services

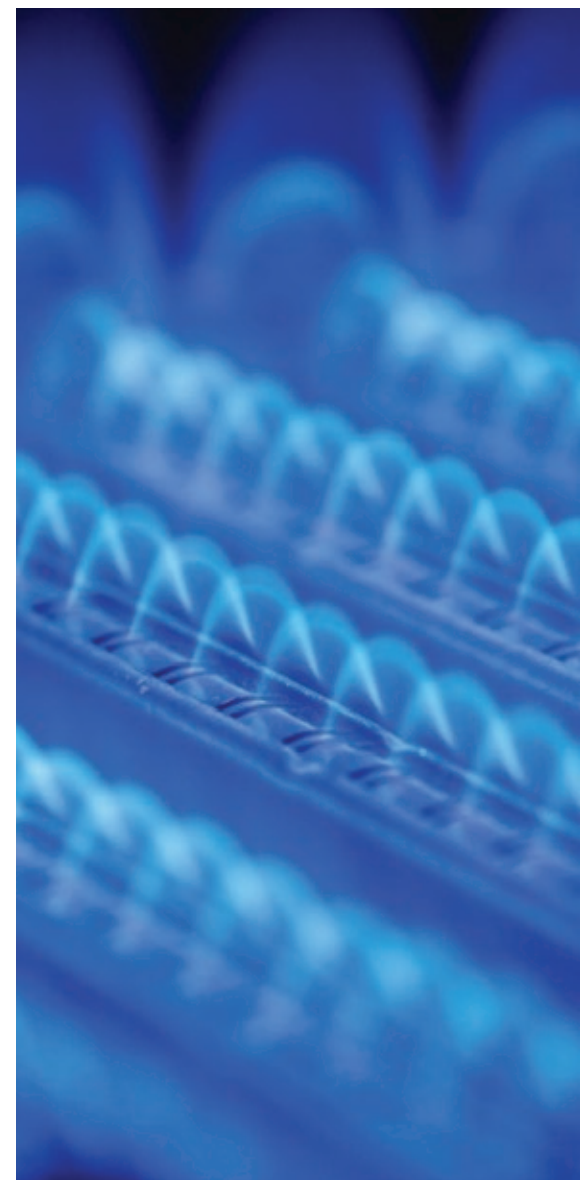
As we transition to zero-carbon electricity generation and drive down the emissions from our operations, we will also focus on reducing GHG emissions associated with the use of natural gas, which we deliver to almost 2 million customers throughout New Jersey. Homes and businesses in the state rely on natural gas for space heating, water heating, cooking and other critical needs. Our strategy to address these emissions is multi-pronged, including both near- and longer-term solutions, but contains no silver bullets. Our strategy includes a combination of aggressive energy

efficiency, modernizing infrastructure to reduce emissions, complying with state policy on building electrification (e.g., heat pumps and electric hot water tanks), as well as alternatives to natural gas.

One of the options we are in the early stages of evaluating is to decarbonize the natural gas we supply to our customers through renewable natural gas in the near-term and hydrogen and synthetic natural gas over the longer-term. RNG is any pipeline-compatible gaseous fuel derived from biogenic or other renewable sources that has lower lifecycle CO₂e emissions than geological or fossil natural gas. The majority of the RNG produced today comes from capturing emissions from existing waste streams found in landfills, wastewater treatment plants and animal manure. Treating

and cleaning the gas raises it to a standard where it can be injected into existing gas pipelines. RNG can also be produced using renewable electricity, such as wind or solar power. The electricity is used to power an electrolyzer, which splits water into hydrogen and oxygen. Hydrogen can be captured, stored and used, or combined with a source of carbon to produce synthetic natural gas. Power-to-gas also offers a long-term energy storage solution for renewable electricity.

Integration of low- and zero-carbon fuels into our gas supply portfolio will require enabling policies at the federal and state levels, as well as investment in our gas network to interconnect and inject these alternative energy resources. In exploring the potential of RNG and hydrogen, we hope to decarbonize our gas supply not only to meet our own net-zero aspirations, but also to pass on the inherent benefits to our customers; therefore, we are currently looking to do our part to support the development and integration of these technologies in our territory.





Climate Policy Advocacy

We support New Jersey's efforts to achieve 100% clean energy by 2050 and cut statewide emissions to 80% below 2006 levels by the same year, as laid out in the updated GWRA and signed by Gov. Phil Murphy in July 2019.

Recognizing that our strategic success is intimately tied to the larger political

and regulatory environments in which we operate, our continued success in growing our businesses relies on support from our peers, our stakeholders and elected officials. We have an established history of advocating for climate policies that we believe are in the best interests of our stakeholders and a record for seeking out partners who share our vision.

Supporting Climate Change Policy

In April 2021, we joined more than 300 businesses in sending an open letter to President Biden calling on his administration to adopt the ambitious and attainable target of cutting GHG emissions by at least 50% below 2005 levels by 2030. A week later, on Earth Day, President Biden announced the U.S.'s new Nationally Determined Contribution (NDC) under the Paris Agreement, aiming to achieve a 50% to 52% reduction from 2005 levels in economy-wide net GHG pollution by 2030. We strongly support the Biden administration's commitment to a national approach to mitigate climate change and believe we can be instrumental in designing and implementing policies that will facilitate a rapid transformation of the power sector. In that vein, we could support any number of national climate policies to drive reductions across the economy, including the potential for a well-designed and carefully considered clean energy standard for the power sector to help the U.S. achieve its NDC and the longer vision of economy-wide net-zero no later than mid-century. Complementary policies that provide incentives for zero- and low-carbon resources and technologies to support greater deployment of such resources will also be essential, including the need for a production tax credit for existing merchant nuclear plants.

Beginning in the mid-1990s, PSEG has been advocating for a national price on carbon to drive reductions in GHG emissions and other air pollutants from power plants. We have supported the development and implementation of carbon policies, including New Jersey's aggressive Renewable Portfolio Standard (RPS) and the Regional Greenhouse Gas Initiative (RGGI) and have been a leading participant in these programs. Currently, the New Jersey Department of Environmental Protection (DEP) is developing a suite of regulations to mitigate CO₂ emissions from stationary sources and the transportation sector.

In the absence of comprehensive federal carbon pricing legislation, we have supported using the existing U.S. Clean Air Act to achieve meaningful GHG reductions. In September 2019, PSEG joined a coalition of power companies in filing a petition for review of the Affordable Clean Energy (ACE) rule, the previous administration's

replacement of the earlier adopted Clean Power Plan (CPP). The petition challenged the U.S. EPA's narrow interpretation of the agency's ability to reduce GHG emissions from fossil fuel-fired electric generating units under the Clean Air Act. Petitioners were successful and the D.C. Circuit Court vacated the ACE rule.

We believe a bold target is needed to catalyze a zero-emissions future, spur a robust economic recovery, create millions of well-paying jobs, and allow the U.S. to "build back better" from the COVID-19 pandemic. We recognize our actions as an energy provider are essential to achieving this target and are particularly excited about the unique role New Jersey can play in the offshore wind industry. As such, we applaud the Biden administration's plan to vastly expand the use of offshore wind power by targeting the deployment of 30,000 MW of offshore wind turbines nationwide by 2030. We look forward to working with partners across the public and private sector to advance this critical effort to develop a burgeoning industry.



Climate Alliances

As New Jersey and other Northeastern states focus on deep-decarbonization goals, stakeholder collaboration and coordination will become increasingly important. Coupled with fostering dialogue and exchanging information with stakeholders, we also aim to prepare our partners for a clean energy future through workforce- and skill-development programs.

- Founding member of New Jersey Climate Alliance
- Ceres Company Network
- Member of Sustainable Jersey
- Member of Center for Climate and Energy Solutions Business Environmental Leadership Council
- Clean Energy Group
- Member of Edison Electric Institute
- American Clean Power Offshore Wind Council
- CEO Climate Dialogue
- Serving 19 of 23 of New Jersey's cities with Climate Mayors, dedicated to upholding the Paris Agreement goals

Climate Collaborations

The PSEG Foundation supports environmental education programs that are essential to addressing climate change and current ecosystems. We provide major support to the National Wildlife Federation's Eco-Schools program in collaboration with the New Jersey Audubon Society and the New Jersey School Boards Association and have been instrumental in the impact and reach of the program statewide. Together with New Jersey Audubon and the New Jersey School Boards Association, the New Jersey program has worked with 908 schools (EcoSchools, Green Ribbon Schools and STEAM Tank school teams) impacting more than 16,000 students. The Eco-Schools Program is incorporated in the New Jersey schools' science curriculum and provides practical, problem-based learning, inspiring students to take ownership of a challenge within their own community. Additionally, the program connects the environment and human activities through innovation and sustainable learning. With this partnership, PSEG is taking an active role to encourage young people to take steps to care for the environment and inspire them to learn about future careers in our industry.

In addition, we have worked with New Jersey-based academic institutions to

promote Science, Technology, Engineering and Mathematics (STEM) education, clean energy skill development and improvements in sustainable practices. The PSEG Institute for Sustainability Studies at Montclair State University is a prime example of the type of partnership for which we strive. The Institute brings experts from various disciplines to work together with students on both research and applied projects. These teams work with various organizations, including non-profits, municipalities and private companies, to investigate and address particular issues within sustainability. Sample research projects include a feasibility study of RNG in New Jersey for a local utility and working with a local city on analyzing and understanding its GHG emissions. We believe this program exemplifies the type of collaborative energy and ingenuity necessary to meet the challenges of climate change.

The PSEG Foundation also supports sustainability initiatives through Sustainable Jersey, a nonprofit organization that supports municipalities and schools in developing sustainability programs. As of early 2021, approximately 80% of all New Jersey municipalities and 60% of all school districts participate in the program. The program provides a framework of actions that towns and schools can engage in to make their communities more sustainable. In addition to the guides, towns can request grants and technical assistance to enhance their sustainability programs.



Helping Our Communities Weather Climate Change

Mitigating the risks of climate change is a priority for our company as well as the communities we serve. Risks vary based on geography, income or other factors, and we must be sensitive to the fact that the communities we serve will experience the effects of climate change in different ways.

Some of our most vulnerable customers may be disproportionately impacted by climate change with fewer resources to adapt to these changes. During Superstorm Sandy, for instance, senior citizens living in high-rise buildings were among those severely impacted by extended power outages. At the same time, these customers will also be least able to bear the cost increases that result from our climate change mitigation efforts. Therefore, keeping rates affordable is paramount.

New Jersey passed the Environmental Justice Act in September 2020, making it the first state in the nation to require mandatory permit denials if an environmental justice (EJ) analysis determines a new facility will have a disproportionately negative impact on overburdened communities. The process requires the DEP to evaluate

the environmental and public health impacts of new and existing major sources of air pollution (i.e., gas-fired power plants and cogeneration facilities) and other solid waste facilities on overburdened communities. Similarly, the Biden administration has placed EJ at the forefront of its climate agenda. As part of our report this year, we have included our commitment to EJ.

Our goal is to approach the transition to a low-carbon economy in a holistic manner, which entails considering how to do so in a just and equitable way. Over the past year, we have sought to better understand the components of a just transition (see callout box) so that we can support our workforce and customers in a way that allows all too fully benefit from and be part of a clean energy future. PSEG has a long history of supporting education and training, creating jobs and supporting local businesses:

- **Education:** Funding from the PSEG Foundation provided scholarship opportunities for underrepresented students from 11 high schools throughout New Jersey to attend summer pre-college programs. Through this advanced research and student engagement, PSEG is collectively working toward decreasing carbon emissions, encouraging energy efficiency, addressing sustainability and educating the next generation of our skilled workforce.
- **Workforce Training:** PSEG is helping develop New Jersey's clean energy workforce through innovative training and pipeline development programs, emphasizing low- to moderate-income and underserved communities.
- **Energy Efficiency:** PSEG has managed to create and maintain over 300 energy efficiency jobs (direct, indirect and induced) per year since 2009. Looking ahead, PSEG's \$1 billion energy efficiency program will create more than

4,000 direct and indirect clean energy jobs. Energy efficiency efforts target hard-to-reach customers who do not have access to the up-front capital and provide the option for customers to repay their portion of the project on their energy bill.

- **Offshore Wind:** PSEG announced in December 2020 that it has acquired a 25% ownership interest in Ocean Wind I, New Jersey's first offshore wind farm. Ocean Wind is expected to power roughly 500,000 New Jersey homes, generate \$1.17 billion in economic benefits and create an estimated 15,000 jobs over its lifetime (more than 300 direct jobs annually).
- **Supplier Diversity:** PSEG committed to supplier diversity with a goal of achieving 30% of applicable supplier spend allocated to diverse suppliers by 2023.



How PSEG Supports a Just Transition – Our Principles:



LABOR CONSIDERATIONS

- Support workforce impacted by sale of fossil assets
- Provide retraining, redeployment or retirement support for workers affected by transition to carbon-free resources, with an emphasis on energy efficiency and integration of new technologies
- Consider job creation in every infrastructure development project
- Assess the skills that will be required for EE and new technologies and partner with academic institutions to understand future needs and plan accordingly
- Find qualified contractors and suppliers through our supplier diversity process that has been in place for more than 30 years
- Continue to be a leader in offering fair and decent work
- Center our commitment to DEI in all workstreams



EJ CONSIDERATIONS

- Ensure that the communities we serve have a meaningful voice in our planning and development processes
- Conduct effective and targeted outreach to inform customers in overburdened communities about PSEG offerings and plans
- Engage in public meetings, providing materials in the language spoken by community members
- Commit to engage with and actively listen to overburdened communities to ensure they have access to accurate information and have a voice in the planning process
- Conduct EJ screenings as we execute on our siting and permitting requirements for future construction projects following the respective DEP guidance
- Improve data transparency by providing demographic data on pilots and programs
- Maintain affordable energy solutions for our customers



COMMUNITY ENGAGEMENT

- Continue to provide safe, reliable, affordable and cleaner energy to our customers
- Listen and respond to the needs of our communities in the execution of our infrastructure investment program
- Convey the benefits of a clean energy future to customers
- Center on fair treatment and meaningful involvement at all engagements
- Communicate how divestment/retirement of fossil assets will affect our workforce and customers
- Communicate PSEG's vision for the role of nuclear in a clean energy future
- Form cross-sector partnerships and compensate community partners when appropriate
- Create a well-informed and solutions-oriented community through philanthropic support of environmental sustainability initiatives
- Extend ESG considerations to supply chain so that vendors become more sustainable



Metrics and Targets

Metric and targets are critical for tracking progress toward our climate goals and holding ourselves accountable to our stakeholders and investors. In disclosing our performance, we rely on several annual reporting mechanisms:

1. SEC disclosures and investor conferences;
2. Sustainability Report;
3. Inaugural Climate Report;
4. Carbon Disclosure Project (CDP) response;
5. The EEL's and the American Gas Association's (AGA) ESG Reporting and Sustainability Framework;
6. Powering Progress updates; and
7. Global Reporting Initiative.

These reports are publicly available on PSEG's sustainability webpage or the investor section of PSEG's website as we seek to provide timely and transparent access to our ESG data reporting to all our stakeholders.

Year established	Description of Goal	Scope of Goal	Progress
1993	Stabilize CO ₂ emissions to 1990 levels by 2000 (part of President Clinton's Climate Challenge Program, designed to effectuate the United Nations Framework Convention on Climate Change)	PSE&G – New Jersey plants	Completed 2000 – first electric utility to participate in program
2002	Reduce GHG emissions intensity 15% from 2000 levels (voluntary commitment to the U.S. EPA's Climate Leaders Program)	PSEG Power – fossil plants	Reduced 31% by 2008
2009	Reduce Scope 1 and 2 GHG emissions 25% by 2025 (from 2005 levels)	PSEG enterprise-wide – avoided emissions (through electric utility programs) and emission reductions (lower carbon generation portfolio)	Completed 14 years ahead of schedule
2018	Eliminate 13 million metric tons of CO ₂ e -equivalent by 2030 (2005 levels)	PSEG enterprise-wide – avoided emissions (through utility programs) and emission reductions (lower carbon generation portfolio)	On track
2019	Cut carbon emissions 80%, (2005 levels) by 2046 and aim for net-zero emissions by 2050, assuming advances in technology, public policy and customer behavior	PSEG Power's generation fleet	On track
2021	Carbon-free generation and net-zero for operations by 2030	PSEG utility – Scope 1 and 2 emissions	Just released

GREENHOUSE GASES (Metric Tons CO ₂ e)	2016	2017	2018	2019	2020
Scope 1 Emissions Total	13,090,960	12,052,151	13,623,965	13,378,214	9,624,555
Power Generation & Other Combustion	12,141,731	11,215,723	12,886,757	12,688,161	8,984,046
Gas System and Coal Pile Methane	835,111	757,829	666,655	625,833	580,622
Substations and Circuit Breakers	62,135	33,568	24,150	18,882	18,473
Scope 2 Emissions Total	1,013,141	971,109	965,720	865,741	752,245
Scope 1 and 2 Emissions Total	14,104,101	13,023,260	14,589,685	14,243,955	10,376,800
EMISSIONS INTENSITY					
Power Generation Emissions (metric tons of CO ₂ e)	12,106,871	11,183,819	12,848,654	12,661,224	8,959,080
Electricity Production (MWh, gross)	52,535,571	52,527,904	57,286,175	58,315,765	54,439,135
Emissions Intensity Rate (lbs/MWh)	508	469	494	479	363



Operational Emissions

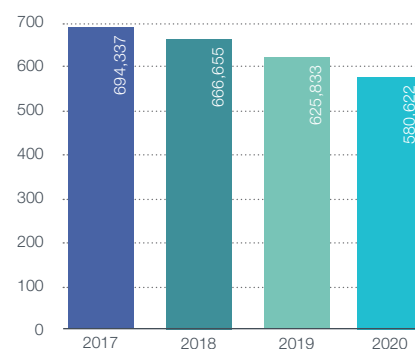
Methane

Methane emissions from our natural gas system are reported as part of our sustainability reporting. As a natural gas provider, we prioritize a safe, reliable and affordable energy supply for our customers and communities. At the same time, curbing methane leaks is a top priority. To hold ourselves accountable, we aim to reduce our methane emissions by 21.7%, from 2018 levels, by 2023, upon completion of the second phase of our GSMP. To date, PSE&G has achieved a 227,523-metric ton reduction (CO₂e) since 2011. To achieve our 2030 goals, continued progress in reducing methane leaks through the continuation of our GSMP is essential. Based on our internal forecasts, we estimate that, by 2030, we could reduce methane emissions by 58% from 2018 levels through continuation of GSMP programs.

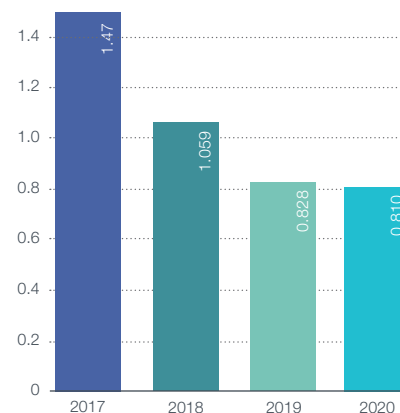
Sulfur Hexafluoride (SF₆)

SF₆ emissions from our high-voltage circuit breakers and gas-insulated substations are also reported as part of our sustainability reporting. Since 2016, PSE&G has increased the total size of our gas-insulated system by approximately 72%, but with proper installation and maintenance, the company has been successful at maintaining SF₆ emissions to less than 1% of the total in-service assets. Moving forward, continuous improvement with SF₆ cylinder management and equipment maintenance will contribute to our operational CO₂e emissions goals. As cost-effective alternatives to SF₆ circuit breakers and gas-insulated substations become available, we will strive to integrate this equipment safely and reliably into our electric operations to avoid the continued use of SF₆ throughout our electric system.

Methane Emissions (metric tons)



SF₆ Emissions (metric tons)



Avoided Emissions

In addition to tracking our progress in reducing GHG emissions from our own operations, PSEG also tracks the total GHG benefits from our investments and programs that extend to activities outside of our direct control. These are called avoided emissions. For example, uprates at our zero carbon-emitting nuclear plants offset GHG emissions by reducing the demand for power from other emitting resources. Similarly, adoption of electric vehicles helps offset emissions from traditional vehicles. Our 2017 goal of eliminating 13 million tons of GHG emissions by 2030 included a projected 3 million tons of avoided emissions. Based on actions we have taken since 2017 and thanks to the recent approvals of the energy efficiency and EV programs by the state regulators, we can increase this avoided emissions projection to almost 8 million tons of CO₂e by 2030.



Scope 3 Emissions

To date, our GHG emission inventory has focused on Scope 1 and 2 emission sources. Scope 3, or value chain emissions, fall within 15 categories based on the World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBCSD) Corporate Value Chain (Scope 3) Guidelines (GHG Protocol). Scope 3 emission sources include emissions from the value chain both upstream and downstream of PSEG's activities.

Increased stakeholder interest has emerged regarding Scope 3 emissions. That is why we partnered with a consultant in 2021 to conduct a comprehensive Scope 3 emissions assessment to better understand our value chain emissions and improve transparency. We estimated PSEG's Scope 3 emissions according to the four approaches to estimating the Scope 3 emissions:

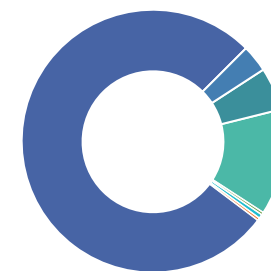
- Supplier-specific (full cradle to grave Life Cycle Analysis (LCA) data provided by the supply chain);

- Hybrid (combining the above with average data on the purchases made by suppliers);
- Average-data (applying generic emissions data to specific data on the individual items); and
- Spend-based (using spend as a proxy for environmental impact).

Of the 15 categories of Scope 3 emissions, eight are relevant to our operations. Approximately 90% of our Scope 3 emissions are related to upstream emissions associated with production, processing and transportation of fuels for our electric generation and related activities and downstream emissions associated with the combustion of natural gas we supply to our customers.

As we evaluate and refine our Scope 3 emissions inventory, we will identify emission-reduction strategies for near-term implementation. Many elements of our overall strategy (including energy efficiency programs and integrating low- and zero-carbon energy sources) will result in a decrease in Scope 3 emissions over time, and we intend to track and report on the results.

Scope 3 Emissions (2019 estimates)



- Use of sold products **77.08%**
- Purchased goods and services **3.43%**
- Capital goods **5.38%**
- Fuel and energy-related activities **12.92%**
- Upstream transportation and distribution **0.24%**
- Waste generated in operations **0.71%**
- Business travel **0.02%**
- Employee commuting **0.21%**

PSEG Scope 3 Emissions (2019)

Category	Sources of Scope 3 Emissions	2019 (Metric Tons Co2e)	Percentage of Scope 3 Emissions
1	Purchased goods and services	419,815	3%
2	Capital goods	658,583	5%
3	Fuel and energy-related activities	1,580,881	13%
4	Upstream transportation and distribution	29,107	<1%
5	Waste generated in operations	87,277	<1%
6	Business travel	2,940	<1%
7	Employee commuting	25,311	<1%
11	Use of sold products	9,431,903	77%
Scope 3 Emissions Total		12,235,817	





Environmental Stewardship



Environmental Stewardship

Topics Covered



Priority ESG Issues:
Climate Change EE and Renewables

Alignment to UN Sustainability Development Goals



Summary

PSEG's environmental stewardship is evident in programs and strategies that reflect our commitment to clean air, clean water and waste management. Protection of our natural resources, biodiversity and climate change drive our environmental philosophy. PSEG has a comprehensive management system that promotes continuous improvement and ensures we fulfill our responsibility to protect the environment.



Our Management Approach

Environmental stewardship and sustainability require strong commitments and excellent management. Our EH&S Policy underscores the strength of this promise and describes our commitment to conduct our business in a safe, environmentally friendly and responsible manner.

The PSEG EH&S Program Guide represents the cornerstone of our corporate-wide environmental management approach and outlines our approach to environmental health and safety. We set environmental performance goals and targets annually, as well as long-term goals every few years. PSEG uses a 14-point management system based on the International Standards Organization 14001 standard and Occupational Health and Safety Assessment Series Specification (OSHAS 18001). We also use and regularly test our emergency preparedness system in case of unexpected plant, nuclear, electric and gas distribution or transmission problems. PSEG continues to embrace public-private partnerships that have contributed to our communities' economic health and quality of life

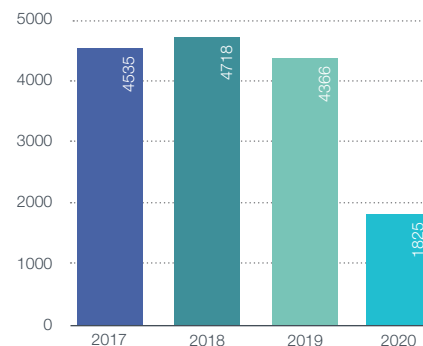
for more than a century. These partnerships support our ability to invest in areas such as energy efficiency and solar energy, which are critical to a sustainable energy future.

Air Emissions

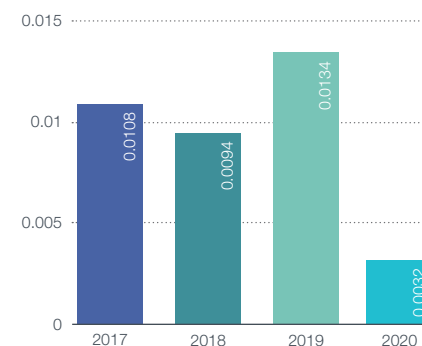
PSEG is significantly reducing air and other emissions by changing its operations and transitioning to cleaner sources of energy. In 2020, our generation portfolio emission rates for NO_x and SO₂ were down year-over-year by 58% and 77%, respectively, reflecting emission rates that are significantly lower than the latest available electric generation industry averages.

Our generation portfolio emission rates will change drastically in coming years. In August 2021, we announced that we had entered into an agreement to sell our 6,750 MW fossil-fueled power portfolio. This divestiture will allow PSEG to redeploy its financial and human capital towards more sustainable opportunities which will help reduce emissions overall. In December 2020, PSEG announced that it was acquiring a 25% equity interest in the 1,100 MW Ocean Wind I project, which is currently being developed jointly by Ørsted North America and PSEG.

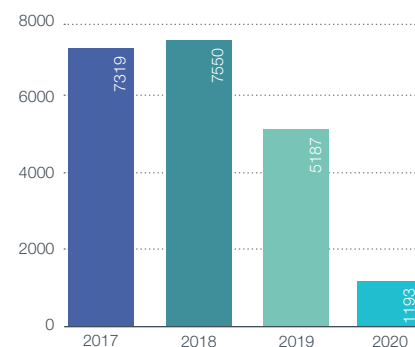
NO_x Emissions (metric tons)



Hg Emissions (metric tons)



SO₂ Emissions (metric tons)





Water Resources

Water Management

Water is critical to our businesses, particularly in power generation operations. PSEG has made significant progress in minimizing the use of fresh water. With global and regional concerns over future water resources, protecting water quality and conservation are increasingly greater priorities for our industry.

PSEG has taken steps to reduce its water use footprint, such as minimized use of once-through cooling water systems (that withdraw high volumes of water with relatively low water consumption rates and can affect local aquatic habitats) by using technologies such as closed-cycle cooling that recycle water repeatedly instead of releasing it immediately into local waterways. While water quality is a consideration, access to sufficient volume is a greater concern. At PSEG, we use more than 8.5 million cubic meters of water per year and more than 16% of the water is returned to its source. Water supply has not been a significant challenge to date; however, we continue to assess our risks, evaluate our impacts

and closely monitor our sources on an ongoing basis. Additionally, we measure all water inflows and outflows by source in accordance with permits and/or internal performance monitoring requirements.

Water Quality

The Clean Water Act prohibits the discharge of pollutants into U.S. waters from point sources, except pursuant to a National Pollutant Discharge Elimination System (NPDES) permit issued by the EPA or by a state under a federally authorized state program. The Federal Water Pollution Control Act authorizes the imposition of technology-based and water quality-based effluent limits to regulate the discharge of pollutants into surface waters and ground waters. The EPA has delegated authority to a few state agencies, including those in New Jersey, New York and Connecticut, to administer the NPDES program through state action. Water quality has been identified as one of the top six climate resilience concerns by stakeholders across New Jersey according to the State's 2021 Climate Change

Resilience Strategy. We also have ownership interests in facilities in other jurisdictions that have their own laws and implement regulations to control discharges to their surface waters and ground waters that directly govern our facilities in those jurisdictions.

PSEG implements treatment/ processes to ensure the discharges remain below those regulatory limits and continuously works with regulatory agencies to commit to reductions in permit limits as requested by the agencies.

Over the past several years, we have minimized our need for fresh water in power generation operations by using dry-cooling technology and reclaimed or recycled water. PSEG withdrew 8.5 million cubic meters of water as follows: 5 million cubic meters of fresh surface water, 2.5 million cubic meters of municipal water and 1 million cubic meters of fresh ground water. While our water withdrawal increased by 0.5% year-over-year, the amount of water we withdrew which was returned to the source increased by 25%.



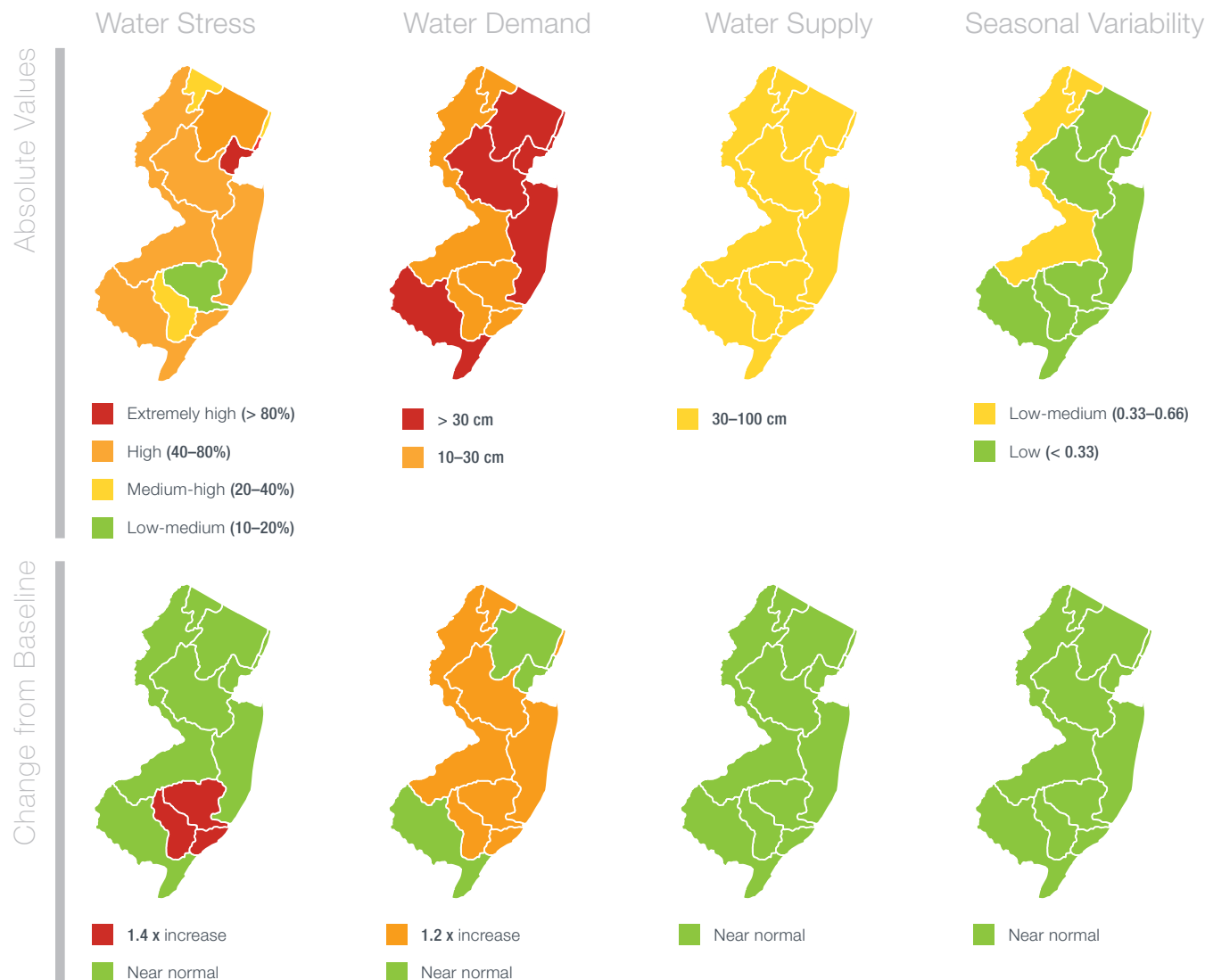


Water Availability

Water availability is a critical risk factor for the electric power industry. It is particularly important for PSEG at locations where our work requires water to operate efficiently. PSEG uses different tools to identify the future risk of water stress, water supply, water demand and water seasonal variability, such as the Water Risk database developed by WRI. WRI has generated water stress, water supply, water demand, and water seasonal variability for climate normals of the 2030s and 2040s based on global hydrological simulations. The maps to the right present WRI's composite water risk assessment of New Jersey as an aggregated measure of 13 global water stress indicators, weighted according to use factors for the power industry, including water quantity and quality, and regulatory and reputational risks. The risk analysis is based on historic trends over the past half-century.

In summary, while this initial analysis indicates there are some regions in New Jersey that may experience increased water stress resulting from a downward trend in supply and increasing demand, since PSEG's assets in those locations are not water-intense, it is expected that water stress will not be a major physical risk with material impacts to PSEG's assets.

WATER AVAILABILITY - SSP2-RCP4.5 (optimistic) - 2030s





Preventing and Managing Waste

PSEG reduces waste, reuses materials and finds ways to safely extend the life of our equipment. Employee-focused recycling and waste-reduction programs help accomplish these objectives.

PSEG

For decades, we have followed best practices to responsibly reduce, reuse or dispose of our waste and surplus materials. In 1992, PSEG took its first steps toward creating a recycling program. Subsequent years were spent improving and expanding the program by identifying more types of waste to recycle and capturing more of those wastes for recycling.

The focus of recent years has been on collecting and analyzing the data to fully understand and document PSEG's waste program. The Environmental Waste Accounting Management System (EWAMS) was developed internally in 2017 to record and track the waste streams generated at each PSEG-operated site and the disposition locations and volumes. Through

continuous improvements in the EWAMS program, PSEG has been able to track its waste generation and disposition accurately. Improvements in PSEG's recycling program can be observed in the EWAMS data collected between 2018 and 2019. PSEG defined new sustainability waste metrics in 2019 that set a target for the reduction of waste disposed in a landfill. The goal is to drive the company to focus on new waste streams for recycling, which will continue to decrease the landfill tonnage.

The greatest improvements in the recycling program have been through source separation, which resulted in an increased percentage of recycling and/or decreased percentage in landfilling for specific waste streams. PSEG's commitment to increasing our percentages of recyclables through source separation is evident across the operation of PSEG-owned sites across New Jersey, as well as the many construction projects we have undertaken. In 2020, PSEG

generated 379,152 tons of material and recycled 361,937 tons (comparable to recycling 95.57% of all materials) while landfilling only 4.54% of all wastes. This program is managed by our team, which provides oversight and environmental management services to each site to ensure consistency and compliance with the program. Along with our vigorous training program to

educate and inform all employees, PSEG has successfully reduced its overall percentage of generated waste going to landfills.

A dedicated team of environmental professionals allows PSEG to manage all of the training, environmental compliance, waste disposal management and tracking in-house. This core group allows our operations to innovate and

Waste Vendor Facility Audit Program

A representative example of our forward-thinking approach is the Waste Vendor Facility Audit Program, which was developed to ensure materials are reaching the appropriate end markets and to verify that the company's recyclers and waste management facilities are compliant with environmental regulations. The procedure requires waste supplier facilities to be audited to ensure that these facilities are managing PSEG-generated waste and recyclables in an environmentally responsible manner and in accordance with all applicable federal, state and local regulations. After verification with our partners, an internal committee reviews the audit report findings and determines whether the facility should be approved, conditionally approved or rejected. This committee consists of the audit team, the environmental compliance manager, the disposal contract manager, the environmental strategy manager and other key stakeholders. We ensure that the program is adequately funded annually by allocating costs to each PSEG line of business utilizing the disposal facilities.



generate best practices and effective policies. Input from across all groups within the company is aggregated and synthesized by our core team to find opportunities.

PSE&G outperforms the public utility industry in terms of the level of training, communication and outreach to waste tracking, compliance and auditing. PSE&G has developed programs, set aside funding and allocated time to allow employees to generate guidance documents and share best practices. Through these efforts, PSE&G has found success in reducing the amount of waste landfilled each year by improving its source separation at all company-owned and -operated locations across New Jersey.

Nuclear Waste

Nuclear safety is a fundamental element of our license to operate. We diligently manage our nuclear waste — both low-level radioactive waste and spent nuclear fuel — safely, securely and responsibly. We must always remain in compliance with the stringent requirements of the Nuclear Regulatory Commission (NRC), the U.S. DOE and the U.S. EPA. The health and safety of our communities, our employees and the environment are of the highest priority to our company.

Low-Level Radioactive Waste:

As a by-product of their operations, nuclear generation units produce low-level radioactive waste. Such waste includes paper, plastics, protective clothing, water purification supplies and other materials. These waste materials are accumulated on-site and disposed of at licensed permanent disposal facilities. New Jersey, Connecticut and South Carolina have formed the Atlantic Compact, which gives New Jersey nuclear generators continued access to the Barnwell waste disposal facility owned by South Carolina. We believe the Atlantic Compact will provide for adequate low-level radioactive waste disposal for Salem

and Hope Creek through the end of their current licenses, including full decommissioning. Low-level radioactive waste is periodically shipped to the Barnwell site from Salem and Hope Creek. Additionally, on-site storage facilities at Salem, Hope Creek and Peach Bottom have the capacity for at least five years of temporary storage for each facility.

Nuclear Fuel Disposal: The federal government has entered into contracts with the operators of nuclear power plants for transportation and disposal of spent nuclear fuel. The Nuclear Waste Policy Act allows spent nuclear fuel generated in any reactor to be stored in reactor facility storage pools, or in independent spent fuel storage installations located at reactors or away from reactor sites. We have on-site storage facilities that are expected to satisfy the storage needs of Salem 1, Salem 2, Hope Creek, Peach Bottom 2 and Peach Bottom 3 through the end of their operating licenses.





Biodiversity and Natural Resources

Geographically, PSEG operates within a biologically diverse region of the world. The Northeastern United States – and New Jersey, in particular – is part of a cycle of migratory travel for many avian, aquatic and terrestrial species, such as red knots, horseshoe crabs and golden wing warblers. New Jersey also is home to species that require special habitats in limited supply. Native species that rely on New Jersey's wetland areas include bog turtles, blue spotted salamanders, Pine Barrens tree frogs and swamp pinks, just to name a few.

Our efforts to protect the environment are integrated into our strategic concerns and include longstanding initiatives such as our Estuary Enhancement Program, which has restored thousands of acres of marshlands in southern New Jersey and neighboring areas along Delaware Bay.

We have a history of working proactively with wildlife agencies and conservationists on research studies, support programs, and regulatory efforts designed to protect wildlife and their habitats. For example, PSEG collaborates with New

Jersey Audubon on evaluating our vegetation maintenance practices and bird species diversity along our 1,200 miles of transmission right-of-way (ROW). Information gathered from this effort is used to develop sustainable maintenance practices to help balance the safety and reliability needs of the utility system with the need to maintain diverse habitats for migratory and sensitive species in New Jersey.

Our planning process considers the potential impacts on regional biodiversity resulting from the maintenance, upgrade and construction of new facilities, including electric and gas distribution and transmission lines and projects. We take appropriate steps to understand, avoid and minimize risks to local plant and animal wildlife. For large transmission projects, planning starts years in advance to ensure we incorporate solutions for wildlife and sensitive area protection during construction and operation of our assets. Once projects are underway or completed, our programs document and report incidents and determine next steps if there are practicable ways to prevent future incidents.

PSEG's Commitment to Biodiversity

PSEG is committed to promoting and enhancing biodiversity through natural resource conservation while continuing to operate in a safe and reliable manner. This commitment is guided by our corporate EH&S policy.

Not only do we commit to conserving biodiversity in our operations, but we also continually work with external partnerships and through corporate investment and philanthropy to enhance important biodiversity areas and habitats.

PSEG is committed to:

- Addressing present and future considerations and competing demands as part of strategic planning, avoiding and preventing the occurrence of negative impacts on biodiversity and, when the impacts cannot be avoided, reducing damage and mitigating their effects.

- Assessing impacts on biodiversity and habitats such as bird interactions with power lines, pollinator habitat loss, integrated vegetation management, climate change, and hazardous materials management and disposal; we will continuously adapt strategies and plans to address these issues.
- Engaging with stakeholders such as communities, academia, environmental organizations and others with expertise in biodiversity matters, where appropriate, when planning, building and operating energy infrastructure with the objective of addressing opportunities for protecting and enhancing biodiversity.
- In the case of residual impacts, implementing compensatory works that respect the “no net loss” principle of biodiversity and, where applicable, have a net positive balance.
- As required, conducting environmental impact studies that provide an assessment of the effects on biodiversity.
- Reporting regularly on performance and remaining committed to



continuous improvement in our biodiversity programs and share best practices when appropriate.

Doing our part to protect New Jersey's diverse wildlife is just one reason PSE&G maintains a robust Environmental Projects and Services organization, whose mission is to foster a more harmonious balance so that plants and wildlife, large and small, can thrive while we safely maintain nearly 1,200 miles of electric transmission ROW.

We employ approaches that help preserve wildlife habitats for threatened and endangered species while still safeguarding our assets. From building safe "critter crossings" near construction sites in environmentally sensitive areas to using special helicopters instead of trucks to transport crews and equipment in environmentally sensitive areas, we take great care to ensure we are being good stewards of the environment while we carry out the essential work of upgrading and maintaining our electric system.

Our natural resource initiatives put in the effort to support local ecosystems. For a wood turtle nest mound project, we created artificial mounds for turtle nesting where the natural nesting habitat was limited.

We also add turtle protection fencing along our ROW to mitigate the risk to the turtles from road crossings or construction. In areas supporting New Jersey's declining bat populations, we trim only the hazard trees along our distribution lines and leave behind those that provide roosting, maternity and hibernating habitats for various species of bats.

Enticing Birds to Alternative Nest Sites

PSE&G also has created nest platforms for species of birds that have acclimated to nesting on our transmission towers or distribution poles, including ospreys and bald eagles.

Ospreys are federally protected raptors that are attracted to distribution poles and transmission structures for nesting. However, nests built on utility poles can pose a threat to the birds and may cause outages and damage to electrical equipment. PSEG worked with the New Jersey Sports and Exposition Authority (NJSEA) in the Meadowlands to build and install osprey nest platforms. As part of our Estuary Enhancement Program, PSEG

works with The Nature Conservancy to help protect osprey habitats in Cape May and Cumberland counties in New Jersey. PSEG Long Island also partners with The Group for the East End to find alternative nest platforms in known osprey nesting areas that are taller than nearby lines to provide more attractive and safer nesting sites for the raptors. We also work closely with communities and civic groups to help evaluate utility poles near high-quality osprey habitat, to identify alternative sites and to assist with building and installing safe osprey nest platforms.

Earlier this year, as part of a strategic reliability project, PSE&G installed a nest platform for a pair of bald eagles that had been nesting for many years on a transmission tower that needed to be rebuilt. The bald eagles took to the platform and raised two eaglets, the first-ever successful bald eagle nest platform in the state. A live nest camera was installed to share the exciting events, provide an educational opportunity and raise awareness on the importance of the balance with our natural world.





Right-of-Way (ROW) Management

Providing safe, reliable and efficient energy to meet the needs of our customers requires maintenance of transmission and distribution lines that pass through local ecosystems. We work closely with experts from environmental NGOs, including New Jersey Audubon and The Nature Conservancy, along with state and federal agencies, to integrate biodiversity considerations and mitigate ecosystem impacts from the design stage through project construction and maintenance.

In partnership with the DEP's Endangered & Non-Game Species Program and New Jersey Audubon, we manage a golden winged warbler breeding and nesting habitat on one of our ROWs. With over half of the state's golden winged warbler population nesting or breeding on one of our ROWs, we continue to work with these organizations to conduct yearly surveys for these birds and their nests and continue to look for ways to help ensure the species' survival.

Vegetation on transmission ROWs must be managed regularly to ensure safety and system reliability. PSE&G maintains a detailed rare, threatened and endangered species matrix for our electric transmission ROWs and follows state and federal fish and wildlife agency best management practices while conducting transmission and vegetation maintenance to protect these species and their habitats. Managing these areas presents an opportunity to promote open, low-growing meadow habitats favored by certain plants and wildlife that are often rare in the matrix of forest, suburban and urban landscapes found in New Jersey.

In partnership with Rutgers University, we participate in a long-term native bee study that examines how different vegetation management practices on our ROW may influence pollinator habitats, species diversity and how ROWs supporting healthy and diverse populations of native bees and pollinators provide valuable pollinator services to local farms and agriculture. The researchers

recognized that electric transmission ROWs can provide important early successional habitat for pollinators (such as butterflies and bees) as well as an excellent source of food and cover for many species of wildlife.

PSE&G employs integrated vegetation management (IVM) strategies to promote sustainable early successional habitats on its ROWs. To minimize the impacts to local wildlife and vegetation, PSE&G does not conduct high-volume broadcast herbicide applications. We practice invasive plant species management and control during projects, such as eradication of invasive common reed along our ROW within the Great Swamp Wildlife Refuge. PSE&G has started an initiative to convert ROWs that are maintained lawns, which provide little to no wildlife benefit, into early successional habitats with specialized native plant seed mixes created by utility biologists.



Bee species found in PSE&G ROW

- 1 – Megachile sp. (Leafcutter bee)
- 2 – Agapostemon sp. (Striped Sweat bee)
- 3 – Augochlora sp. (Small Metallic Green Sweat bee)
- 4 – Andrena erigeniae (Spring Beauty Andrena)
- 5 – Bombus fervidus (Golden Northern Bumblebee)
- 6 – Augochloropsis sp. (Metallic Green Sweat bee)



New Jersey Corporate Wetlands Restoration Partnership

PSEG chairs the New Jersey Corporate Wetlands Restoration Partnership (NJCWRP), an innovative public-private initiative aimed at restoring, preserving, enhancing and protecting aquatic habitats throughout New Jersey. Bringing together corporations, federal and state agencies, non-governmental organizations and academia, the NJCWRP allows participants to contribute in a fundamental way to crucial projects involving New Jersey's coastal and island wetlands and aquatic habitats.

More than 30 corporate partners have contributed time, materials and money to facilitate selected projects. Since its inception in 2003, NJCWRP has received more than \$700,000 in contributions and pledges of in-kind services from its corporate partners. These donations have resulted in projects totaling more than \$8.5 million, which have aided in the preservation, restoration, enhancement and protection of more than 520 acres and 17 stream miles and numerous educational programs.

Our Strong Commitment to Environmental Justice

What is “environmental justice?” As defined by the New Jersey Department of Environmental Protection, EJ is the fair treatment and meaningful involvement of all people regardless of race, color, national origin or income with respect to the development, implementation, and enforcement of environmental laws, regulations and policies. At PSEG, EJ means enlarging the conversation, listening to and learning all we can from the communities we are privileged to serve.

Diversity and inclusion, with recognition of the importance of equity, in all aspects of our business, are integral to making our business stronger, more nimble and better equipped to best serve our communities and all who comprise them. As an example, as part of our Clean Energy Future initiative, we have incorporated a jobs program in our energy efficiency program targeted toward disadvantaged

communities. This program will focus on hiring 2,000 people and provide those participants with workforce readiness and financial literacy education, wrap-around supportive services, job coaching and job placement services in order to successfully matriculate from training to jobs with PSE&G's contracted suppliers and employers. This initiative is an important first step toward creating opportunities in communities long marginalized.

Since the release of our 2020 Climate Report, we are working to develop an Environmental Justice Commitment in support of the communities we serve across the state. We believe such a commitment should convey the importance of centering EJ considerations across our organization so that all our customers, especially those in underrepresented communities, can benefit from the coming changes of a decarbonized future. We are working to ensure our commitment to environmental justice is embedded in everything we do, from infrastructure planning and investment to the way we design customer-facing programs such as energy efficiency, to the day-to-day operation of our business. By doing this, our goal is to instill confidence in all of our stakeholders that the important powers granted to a public



utility will be used responsibly and in the best interests of the communities we serve. This is how PSEG will play a leading role in making the transition to a cleaner energy future work for everyone.

As a national sustainability leader, our commitment to EJ is guided by the following principles:

Engagement: We engage in active listening, which further promotes a two-way dialogue with the communities and stakeholders we impact.

Understanding: Through ongoing and project-specific engagement, and

through a diverse workforce, we build a better understanding of the needs of our communities, including the needs of communities and customers of color, and those who face disproportionate burdens from the impacts of climate change and yet are least able to afford the transition to a clean energy future.

Win-Win Solutions and Shared

Value: With this deeper understanding, we strive to develop win-win solutions that not only address the needs of overburdened communities and customers, but also achieve environmental goals to preserve our planet and allow PSEG

to continue providing safe, reliable, affordable and cleaner energy and infrastructure.

Long-Term Sustainability; PSEG has served New Jersey customers and communities for more than 100 years. Putting EJ considerations at the forefront is part of PSEG's broader commitment to DEI in all aspects of our business. As we work to build a business that will survive well into the next century, we recognize that our own long-term sustainability demands that we include customers and communities in decisions that affect them; that we work to bring all our customers along with us in the

journey toward a clean energy future; and that we harness the power of diversity to forge the best path forward.

Newark Switch is a new 345kV-rated gas-insulated switchgear station that was placed in service on May 2021 and is replacing a 64-year-old legacy switch, which was reaching the end of its useful life. The exterior design was developed with community input and it is now an example of how EJ considerations and community outreach are embedded into our operations and infrastructure design.





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Supporting Our People and Our Community

Topics Covered



Priority ESG Issues:
Health and Safety, Human Capital Management

Alignment to UN Sustainability Development Goals



Summary

PSEG is committed to its people – those who live in the communities we serve, and those who serve these communities as employees of PSEG and its subsidiaries. The following section provides details of our vision for corporate citizenship, as well as programs that promote this vision.



Corporate Citizenship

Through safe, reliable, affordable and increasingly clean energy, we support quality of life and prosperity in the communities we serve. We also understand that our success serving our stakeholders depends on the prosperity and growth of the states in which we operate.

In 2018, PSEG established a new business function devoted to corporate citizenship – a change that recognizes the relevance of citizenship to the strategic business objectives of our company and reinforces the core belief that PSEG's ability to deliver on its mission also depends on the diverse talents of our employees.

PSEG's story demonstrates that corporate citizenship – like citizenship itself – is a product of involvement. We are not a company of bystanders, but rather a community of people who contribute in many ways to make life better for those we serve. We take pride in the words "Public Service" in our company's name, and we encourage our employees' participation in the lives of our communities. By sharing our time, talent and financial resources, we make substantial

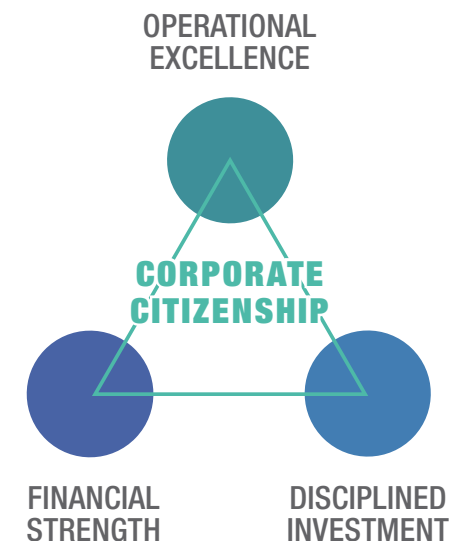
investments to improve our communities and their quality of life.

Corporate Giving and the PSEG Foundation

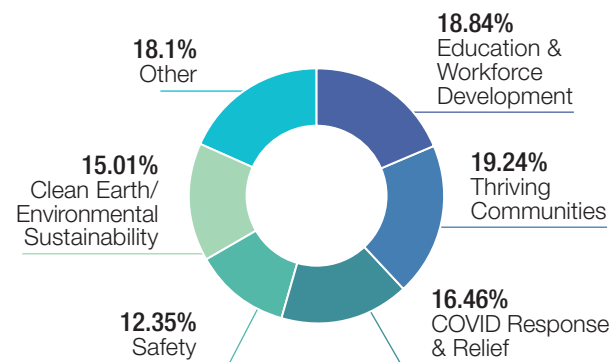
PSEG provides corporate social investments to 501(c)(3) nonprofits in the communities we operate in through grant funding from the PSEG Foundation, a separate 501(c)(3) charitable organization, and corporate giving. PSEG partners with nonprofits whose missions align with our strategic giving, as well as those that recognize and elevate the importance of volunteerism in our communities. For greater community impact, our employees take an active role in their communities, serving on nonprofit boards, volunteering their time and participating in our matching gift program.

In 2020, our corporate social investments totaled approximately \$13 million from the PSEG Foundation, corporate giving and in-kind product donation. The

PSEG Foundation's focus areas were Clean Earth, Education and Workforce Development, Safety and Thriving Communities. Since the start of the COVID-19 pandemic, the PSEG Foundation and corporate giving initiatives and commitments totaled \$4 million and were directed to community organizations, food banks and other pandemic-relief needs throughout our New Jersey and Long Island service areas; PSEG also donated tens of thousands of N-95 face masks and gloves to medical providers in the most challenging early days of the pandemic.



Corporate Giving





The PSEG Foundation committed \$1 million toward the launch of the Powering Equity and Social Justice Initiative. This support spans a diverse range of causes in support of partnerships that bolster the history, arts and culture of the under-represented; revitalizing communities from racial and economic injustices; building bridges between law enforcement and communities; and addressing social determinants of health. One of the first major recipients of this commitment is the Rutgers University Center on Policing, which will use this support to establish the Community Engagement Police Reform Program, an initiative that will allow police departments to review their current policies and procedures

and work with experts to design practices that foster community policing and de-escalation.

We have also expanded our support toward HBCUs. In March 2021, we announced a total of \$1 million in grants to Hampton University, Howard University and North Carolina Agricultural and Technical State University. With these grants, each university has developed scholarship programs reflecting the unique strengths of their schools and their student bodies, with a focus on students in STEM fields.

Furthermore, through a multi-year partnership with Stevens Institute of Technology, PSEG and the PSEG Foundation are working toward

advancing energy innovation in sustainable-energy platforms and technology, enhancing energy efficiency and utilization, and helping to increase public outreach surrounding education and scientific awareness, including outreach to students from underserved communities to attend pre-college programs in energy related topics.

PSEG's matching gift program is open to employees, retirees and members of our board of directors and, in 2020, the PSEG Foundation matched over \$850,000 to nonprofits. The PSEG Foundation also offers volunteer grants for employees who volunteer on their own time. In 2020, the PSEG Foundation awarded approximately

\$78,000 in volunteer grants. In addition, the PSEG Foundation held a series of 2:1 matching gift campaigns in an effort to increase support to organizations impacted by the COVID-19 pandemic, resulting in over \$158,000 in matches.

For 2021, the PSEG Foundation's focus areas are Environmental Sustainability, Equity & Economic Empowerment, and Social Justice.

In-Kind Giving of Products/Services

Our products – electricity and natural gas – are regulated and cannot be donated.





Human Capital Management

We know that our people are our most valuable resource for powering our business. Our Human Capital Management strategy is designed to ensure we have the best talent and culture to fuel and sustain our business, both today and in the future. PSEG continuously strives for a culture of inclusion that supports its employees, customers and the many diverse communities we serve. Fundamental to our culture are our Core Commitments – safety, integrity, continuous improvement, customer service and DEI. Through these Core Commitments, we attract, develop and retain a diverse, high-performing workforce that drives organizational performance and fosters a culture of collaboration, learning and comfort speaking up, where new ideas are welcome and all of our employees feel valued and enhance each other's performance.

Access the PSEG EEO-1 Data 2019 by clicking [here](#).

PSEG workforce at a glance

12,788 Total headcount

15
years
Average
employee
tenure

1.4%
Voluntary
turnover
(excluding
retirement)

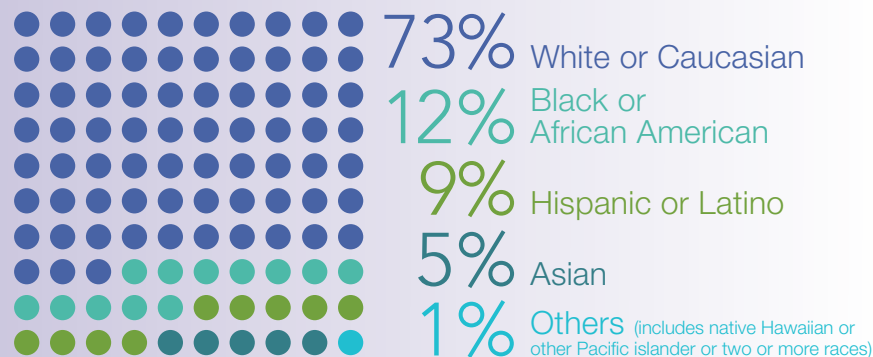
PSEG	Benchmark results (utilities)
26% People of color	21%
18% Women	24%

14% People of color in executive positions

61% Represented employees

28% Women in executive positions

Ethnicity





Diversity, Equity and Inclusion

In 2020, we launched Inclusion for All, a new enterprise-wide DEI strategy focused on driving change at the peer and manager level with the use of local inclusion teams and inclusive leadership development. We started the year with a two-day action summit to prepare leaders in the organization to serve as local DEI partners. This work resulted in the creation of approximately 60 local inclusion teams. We also created a full-year inclusive leadership development program for our top 200 leaders to teach and reinforce the skills necessary to create an inclusive workplace. With these foundations in place, we launched a disability inclusion campaign, resulting in a significant increase in the percentage of employees self-identifying as disabled. We also saw meaningful improvements on our year-over-year employee survey results.

PSEG added “equity” to our diversity & inclusion strategy in 2020 to focus on the importance of making the benefits and opportunities available at PSEG accessible to all employees. We performed a comprehensive equity review of our policies and

practices, resulting in specific updates of our programs to better support equity (e.g., expanded access to our parental leave program and increased inclusion of employees on extended disability leave in short-term incentive eligibility pools). We perform semi-annual equity reviews of compensation for non-represented employees and we have enhanced our year-end performance management process to control for bias in performance ratings.

In 2020, we focused on external events, recognizing the deep impact they were having on our employees. We developed and implemented a visible and employee-centered response to the violence and deaths in the Black and Pan-Asian communities. Part of that response included our Relevant Conversations Series and employee spotlight articles to allow employees a forum to discuss difficult topics such as race and gender.

PSEG’s commitment to diversity starts at the beginning of our employee life cycle by recruiting and developing a diverse talent pipeline through several community and nonprofit partnerships. In 2020, we created a women-in-skilled-trades initiative to attract more women to our union roles and piloted an in-depth partnership

model with a HBCU, which will be expanded to additional schools. To further expand our talent pipeline, we also are reviewing job postings to maximize opportunities for all candidates, focusing on “day one” requirements and allowing more flexibility for on-the-job training.

No review would be complete without an examination of our progress toward DEI. We began the year by amplifying our strong commitment to focus on diversity and inclusion within our organization. And when concerns about social justice came to the nation’s forefront, we continued our introspection and growth, recognizing the need to add equity to the values we expect PSEG to reflect.

Inside our company, we continue to foster a diverse, equitable and inclusive workplace by developing our leaders, driving change at the local level, leveraging data to inform decisions, bringing on new programs to highlight areas where we have opportunities, and regularly reviewing and changing our policies and practices.



Talent Management and Engagement

PSEG is a company with strong ethical values and a deep commitment to its employees. We appreciate that our people are the key to achieving operational excellence in providing safe, reliable, economic, and cleaner energy.

Our People Strong strategy reflects PSEG's unwavering focus on attracting, developing and retaining a robust talent pipeline for the future, from our front lines to our leadership levels. To remain competitive and continue to provide our customers with the best service, we must ensure our employees are engaged and have the right skills and environment to drive innovation, productivity, safety, and excellence. To PSEG, developing the talent of the future is about:

- Deployment of the right people in the right roles;

- Continuous skill building to meet current operational needs and stay ahead of market and industry trends;
- Leveraging people, technology and processes to create high-quality, timely and effective outcomes for our customers; and
- Evaluation of both internal and contracted talent options to optimize efficiency.

There are many technical job families in the utility, nuclear facilities and information technology that have a structured technical curriculum designed to develop job skills for their roles and certifications based on corresponding regulatory requirements. To maintain a robust organization, we position training as the "right training for the employee at the right time."

PSEG provides comprehensive approaches and tools for employee career development. All non-union employees set development goals with their managers, participate in a performance appraisal process, and have access to a variety of tools and resources to improve their skills and track their progress. Our People Strong professional

development curriculum addresses the ongoing development needs of our employees to help us succeed together. This curriculum reflects input from a variety of sources, including our employee development culture survey, talent development process and our employees' individual development plans, while also factoring in the needs of the organization.

The People Strong curriculum allows PSEG employees to develop via classroom study, e-learning and blended learning solutions. The curriculum is organized both by leadership development and professional skills and includes opportunities to further develop individuals identified as having high potential to grow within the organization. To support employee training, PSEG has invested in a learning management system to provide a more effective and impactful way of developing our employees, while having the ability to track participation on an ongoing basis.

Employee engagement

We solicit feedback so that we improve our culture in a way that is responsive to the voices of our employees.

2020 Your Voice Matters survey highlights:

86% overall
engagement score

88% are proud to
work at PSEG

Annual employee
net promoter
score improved

6.9
points



Our learning and development programs reach all our employees from entry to executive level and include digital on-demand learning resources and live, instructor-led workshops. In 2020, we:

- Trained our top 200+ leaders on developing inclusive leadership skills.
- Pioneered a leadership development program for Black professionals designed to increase representation in leadership ranks.
- Doubled our participation in women's leadership development programs through virtual platform offerings.
- Delivered a six-month accelerated program to support newly hired college graduates in their introduction to our workplace.

The employee learning experience also accommodates more interactive opportunities for management. Informational lunches with outside experts and key stakeholders are arranged by the Corporate Citizenship team for executives, select managers and contributors. Depending on the topic, these sessions bring together local politicians, leaders of the legal and business community, scientists, academics and non-profit leaders

to discuss matters relevant to New Jersey and the communities in which we operate. Our employees hear first-hand from key stakeholders about social, economic and political issues which allow us to be better corporate citizens. These sessions also allow our employees to share their insights with relevant decision-makers within their communities. Previous topics have included "Research, Innovation, and Its Impact on New Jersey," "Prisoner Re-Entry," "The Addiction Crisis and its Rippling Effects," "The Future of the Media" and "The Pandemic: Diversity and Disparity in New Jersey."

PSEG is committed to a fair, equitable and transparent approach to Human Capital Management, one that is grounded in treating people with dignity and respect. With evolving technologies in energy and digital advancements, we look for training, upskilling and redeployment opportunities for our existing workforce. We recognize the challenge of preparing our workforce for a transition as increasing numbers of baby boomers retire. While PSEG provides strong development and training programs, like others in our

industry, we have an aging workforce. Approximately 40% of our employees will be retirement-eligible over the next five years. This can be especially difficult to manage since finding employees with the skills necessary to replace these career veterans is not always easy, particularly in areas such as PSEG Nuclear, where it can take years of on- and off-the-job training and development to qualify for certain positions. We continue to strengthen our internal hiring, training and recruitment process to develop a pipeline of employees that can meet anticipated attrition needs.

Benefits and Total Rewards

People select companies that share their values. We find that job candidates are drawn to us because of our reputation and stability along with our clean energy initiatives, environmental stewardship and role in the community. PSEG has provided opportunities for our employees to grow with us for more than 100 years, and we will continue to foster a workplace environment that contributes to this success. Our comprehensive benefits package empowers employees to be their best.

In addition to our competitive pay, incentives and benefits programs, our Total Rewards offerings consider the safety, health and overall well-being of our employees. By supporting our employees through everyday challenges, critical life events, and new and changing life experiences, we create an environment that supports emotional, social and financial wellness. We believe this focus ultimately drives higher levels of engagement and productivity, as well as better business results. Our health and wellness approach also recognizes that a safety-first culture is built upon the well-being of our employees.

We offer an array of programs designed to support a healthy workplace. PSEG's Be Well program is focused on not only physical well-being, but also includes information on stress management and personal growth. We also partner with health and well-being providers such as VirginPulse, Retrofit and Briotix Health to ensure that our employees have access to the services they need when it is most needed.



Work Reimagined

The safety of our employees remains a top priority as we work toward a responsible reentry. The need to change how we work – whether working from home or onsite at a worksite – showed us that our power is in our people. Our employees have shown that they can adapt to the challenging new circumstances of our time.

We value this flexibility, but we also recognize the benefits that come with being in larger groups at some locations. We appreciate the connection and collaboration that develop when working alongside colleagues, and that good ideas can arise from impromptu in-person conversations between co-workers.

As we consider the future of work, our aim is to offer as much flexibility as feasible to support various work and lifestyles, while excelling on delivering the needs of the business and ensuring we live our culture. We will determine where we work based on what we need to accomplish.

For those times when employees work remotely, we will continue to provide the means to get the job done. Those tools include not only technology but also the assistance to help manage stress and work/life balance.



Human Rights

We support the principles of human rights as outlined in the Universal Declaration of Human Rights. The PSEG Human Rights Policy applies to all PSEG employees, contractors and anyone doing business with us, and describes our commitment to minimize any adverse effects our infrastructure or operations may have on people and communities.

Respect for human rights is deeply ingrained in our culture. Within our own business, PSEG's approach to

managing and assuring human rights is derived from the PSEG Standards of Conduct, which recognize the right of employees to have a respectful workplace. This culture extends through our Human Resources policies including equal employment opportunity and affirmative action and sexual harassment and other discriminatory harassment practices. Additionally, we are subject to federal and state labor laws, which address:

- Freedom of association and collective bargaining
- Child labor
- Forced and compulsory labor
- Discrimination and harassment in the workplace.

Company operations do not interfere with employees' freedom of association and collective bargaining, and we are committed to continued compliance with child labor laws, forced and

compulsory labor laws, and the rights of indigenous people. We support compliance with federal and state laws through continuous monitoring and auditing of our internal processes, such as hiring and promotion practices. Additionally, we encourage all employees to speak up if they believe our Standards of Conduct or labor laws have been violated. All such reports are taken seriously and investigated. We expect the same standards from our suppliers and all other entities with which we conduct business.





Health and Safety Commitment

PSEG builds and operates electric and natural gas distribution lines and facilities with the safety of our employees and the public as our top priority. Our vision for corporate safety is to establish and promote a safety culture. A safe and healthy workforce is a high-performing workforce. We take numerous measures to ensure employees and contractors have the proper knowledge, training and protective equipment to maintain their personal health and safety.

PSEG's business requires managing sophisticated energy production and distribution operations involving commodities that are inherently hazardous. We control the risks associated with those hazards through the successful implementation of engineering controls, work processes, data analytics and continuous improvement goals, led by a highly trained and skilled workforce.

Our Approach

PSEG's commitment to employee health and safety is our foremost priority and is supported by our

employees' exemplary efforts over many years. Our health and safety culture reflects strong and continuing employee involvement, teamwork and pride. At PSEG, we believe that safety excellence enables operational excellence. We have built our culture around strong values, policies and practices that enable employee involvement, continuous learning, disciplined risk assessment, prioritization and control. We ensure the strength of our processes and management systems and their implementation through self-assessments, third-party audits and benchmarking activities within and outside our industry.

Both our culture and safety management system illustrate our approach to safety throughout the company. The 12 components of our health and safety system provide the structure for promoting a culture built on trust, care, knowledge and communication.

The full PSEG EH&S Policy outlining our responsibility is available at: <https://corporate.pseg.com/aboutpseg/leadershipandgovernance/environmentalpolicy>

We utilize a wide variety of safety tools and tactics in fostering a culture of safety. This process starts with new hires who undergo safety awareness training and continues with work practices centered on situational awareness (pre-job briefs and two-minute drills) and open communications (Stop the Job initiative). We will also leverage telematics and drive cameras in coaching our field personnel.

Our use of technology to ensure safety extends to our Safety Information Management System (SIMS). This continuous improvement tool is designed to standardize data collection, eliminate information silos and provide live data analysis with a focus on mitigating future risks. Features of the SIMS tool include tracking of live safety events, proactive safety system observations, advanced root cause analysis, job hazard analysis, and an audit module and contractor authorization.

Contractor Safety Expectations

PSEG provides contractors with safety program expectations to help ensure that all work performed on company property and at company facilities is completed safely and without unnecessary risks and hazards. Contractors are selected, in part, by their OSHA-recordable incident rates and experience modification rates. Prospective contractors may be required to provide a detailed explanation of their employee health and safety obligations, programs and safety record. In many instances, each prospective contractor's safety performance is reviewed prior to awarding contracts.



Moving Toward Target Zero

PSEG has achieved extraordinary milestones over the last two decades with improved safety performance and lower rates of reportable injuries. In 2019, we were reminded of the importance of our efforts when we experienced our first fatality since 1997. As a result of this tragedy, PSE&G has since:

- Improved several work practices to further safeguard employees working in specific locations;
- Mandated additional communication protocols regarding equipment usage; and
- Updated personal protective equipment (PPE) requirements.

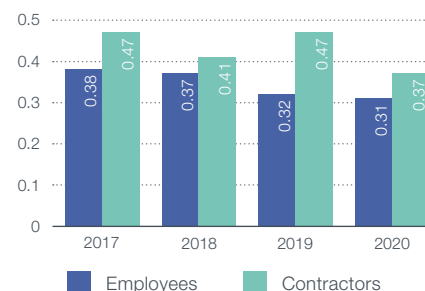
Regular reinforcement of a strong safety culture continues to be a top priority and our network of employee health and safety councils has a renewed commitment to the safety of our employees, contractors and customers. This was demonstrated by the recent re-signing of our Health & Safety Commitment, which emphasizes that:

- Health and safety are always the first priority and must never be compromised;
- Everyone has the absolute right to question, stop and correct any unsafe action or condition; and
- Lessons learned from unfortunate safety incidents will be shared with all employees.

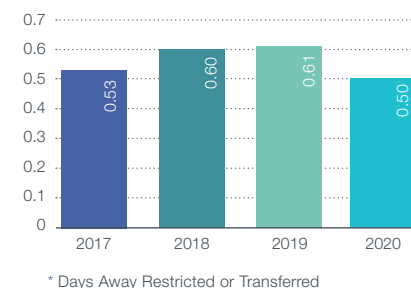
Our management team, labor partners and workforce continue to move these efforts forward.

Building on our health and safety culture, we continue to aim toward our vision of Target Zero – where no one gets hurt. Among other improvements, we have established a more detailed and focused investigation and data analysis process to evaluate and track incidents and ensure that corrective actions are taken.

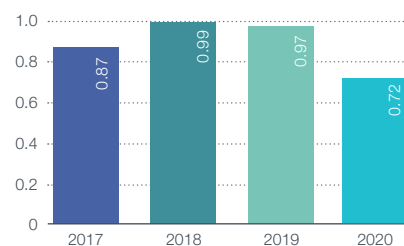
Lost-Time Injury Frequency Rate



DART* Rate



OSHA Recordable Incident Rate





Serving Our Customers

PSE&G is proud of two of its strongest traditions: customer service and reliability. We view them as two of our most important goals and a central emphasis of our continuous improvement process. We also understand that the service and value our customers expect from us is constantly changing and we strive to meet their needs today and beyond.

Every year we set quantitative targets for customer satisfaction. We measure customer perception of our service using a Customer Perception Index (CPI), which is used to benchmark against a database of approximately 100 companies and to provide feedback for employees for the purposes of continuous improvement. In addition to the CPI, we make use of transactional surveys, monthly customer messaging surveys and online customer panels. This commitment to operational excellence is recognized annually by J.D. Power, where PSE&G is consistently ranked among the top utilities in its segment.

Reliability is a cornerstone of excellence in our industry. In 2020, PSE&G received the Outstanding Customer Reliability Experience Award and was named the most reliable Mid-Atlantic

utility for the 19th consecutive year. While proud of this recognition, we are prouder of the dedication our employees share. Blizzards, severe storms or heat waves – regardless of the circumstances, our employees are here for our customers, day-in and day-out.

Our goal is to serve our customers in the channel of their choice, with easy self-service interactions and timely information. Beyond our website, PSE&G has strived to improve brand experience by increasing enrollments in its MyAlerts texting service, which provides the ability to pay monthly bills by text and updates customers with crucial outage information. Customers can also connect with us via chats, emails and web requests. Customers can reach out to us via Amazon's Alexa and, in 2020, we extended our reach to include Google Assistant. Within the past year, we also launched a new mobile app, with 20% of our customers having downloaded the app.

For our residential customers who need payment assistance, we use our broad communications platform and work with local organizations, including food banks and social agencies, to raise awareness about the available federal,

state and private assistance programs that may be available to them. In 2020, we were able to help 200,000 customers receive \$126 million in aid from these programs.

PSE&G has continuously sought to improve its procedures related to medical emergency customers. Our Critical Care Customer process has existed since 2010 but has had considerable improvements recently. The company's procedures exceed the minimum requirements of Linda's Law (passed in 2019) and the board's regulations (adopted in 2020). The latest improvements to the Critical Care Customer process were implemented in 2020 to address customers who raise medical concerns but who have not provided the required documentation.

Each business customer has unique needs and each business matters to PSE&G. In recent years, PSE&G has enhanced the level of service and opportunities to partner with business customers across our service territory. Examples of PSE&G's support include a Business Solutions Center and an enhanced range of customer-friendly tools, including an online portal to programs, products and services designed for the business community.

To further improve business customers' experience, PSE&G staffs Business

Ambassadors who serve as the conduit between internal operations and business customers. Our dedicated business account representatives serve as trusted energy advisers to the largest businesses across PSE&G's service territory – including hospitals, universities and other utilities. This team meets with customers one-on-one to better understand their needs and help resolve specific issues. They can help address concerns in the field or via phone, Zoom or on-site (conditions permitting) and are available during all storm events. Our Business Ambassadors share timely and valuable information with businesses pertaining to safety, energy efficiency, rates and billing, and more. Information is shared via a number of channels, including but not limited to e-newsletters, virtual trainings, in-person breakfast seminars and customer events.

PSE&G's focus on improving the resiliency of the grid and increasing operational efficiency also has translated into strong performance in several areas of customer satisfaction, including price, billing information and payment options, among others. We are further strengthening our customer relationships by making system enhancements targeted to the needs of hospitals, water treatment plants and other critical facilities that serve the public.



Working with Suppliers

We are committed to developing a supplier base to meet current and future business requirements. We forge relationships with high-quality suppliers that deliver value to our operations and customers. We are committed to using local suppliers when feasible. Once a supplier has been selected, supply chain managers monitor supplier performance.

We value suppliers who share our commitment to reliability, quality and integrity. We have strong relationships with our suppliers and depend on them to meet the highest standards of service. Working with as many suppliers as we do is a complex process that requires thoughtful and meticulous management. We expect our suppliers to meet our ethical standards and have a procurement and supplier management process that conforms to the highest standards in the industry.

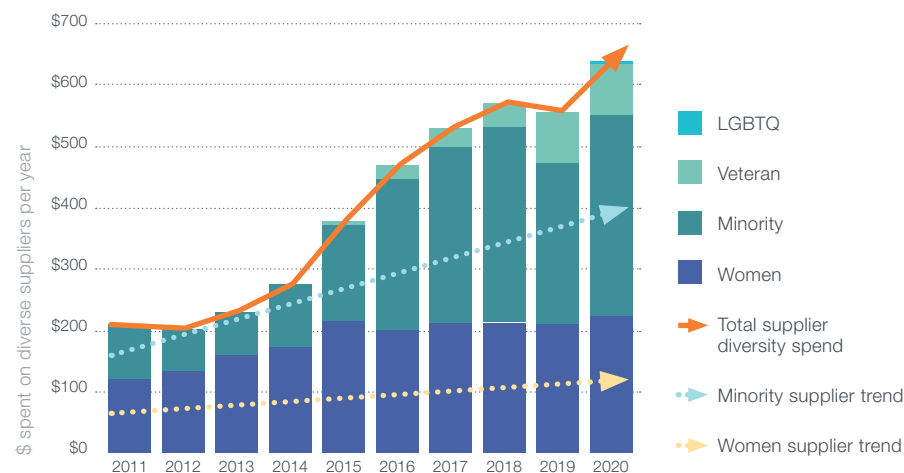
With resiliency as a central pillar of our organization, PSEG also recognizes the importance of supplier continuity. We have issued guidance to our staff to identify critical supplier chains and to mitigate the potential risks at each stage of the procurement process.

PSEG's management practices and ethical code, our Standards of Conduct, are woven into everything we do, including our relationships with suppliers. When considered for a new contract of any type, suppliers go through a rigorous pre-qualification review. After a contract is awarded, PSEG Procurement monitors the performance of key suppliers in concert with the corporate Health and Safety organization. In addition, a third-party compliance auditor verifies certain health and safety information conform to regulatory and PSEG standards. Key suppliers are graded based on performance metrics and incentives are included in most key supplier contracts.

For 2021, PSEG has released a new Supplier Standards of Conduct, which highlights our expectations for the suppliers with which we work. These standards are consistent with PSEG's sustainability and ESG efforts, providing public-facing guidelines that outline acceptable conduct and practices. In addition to creating additional requirements for suppliers when conducting

business on behalf of PSEG, the Supplier Standards of Conduct obligations also apply to suppliers' subcontractors for work that is directly related to a PSEG contract. We expect suppliers to monitor and align their business practices based on these guidelines. As for any concerns about the effect of these standards on our smaller suppliers, we view these guidelines as

300% Increase
total supplier diversity spend





grounded on basic ethical principles and legal requirements that are industry norms and best practices.

PSEG's supplier diversity process has been in place for more than 30 years, utilizing a number of processes and initiatives to grow business relationships and expenditures with certified minority-, women-, LGBTQ+-, veteran- and service-disabled veteran-owned businesses (MWWBEs).

During 2020, PSEG set a new company record for the sixth consecutive year by buying more than \$644 million worth of goods and services from diverse suppliers, a 15% increase over 2019. More than 28% of our company's purchases were with diverse vendors. In total, PSEG did \$2.2 billion worth of business with New Jersey-based companies in 2020, helping to drive the state's economy. PSEG's success with MWWBEs is due in part to the company's internal performance goals, aggressive outreach methods, business advocacy partnerships, education, mentoring and communication.

PSEG's primary outreach initiative is hosting PSEG-sponsored complementary external supplier diversity procurement fairs. The venues give us the opportunity to connect and interview qualifying businesses for potential procurement opportunities with PSEG's Procurement organization and PSEG leadership. Each fair includes a supplier workshop titled "How to Do Business with PSEG with Business Success Tips" and a presentation

on supplier diversity. Participants at these fairs also have the chance to network with PSEG's top prime suppliers, New Jersey regulated utilities and major New Jersey corporations. In 2020, PSEG's Procurement organization added 42 new certified MWWBE-owned businesses to our active vendor list.





Governance



Governance, Standards and Values

Topics Covered



Priority ESG Issues:
Cybersecurity, Ethics and Compliance

Alignment to UN Sustainability Development Goals



Summary

PSEG's proven track record of delivering strong financial and operational performance begins with a foundation of sound corporate governance and oversight. Our vision, mission and values serve as the foundation of our commitment to building a vibrant, high-performing culture. The board of directors, led by our chairman and CEO and the lead independent director, sets our strategic direction for the executives to provide managerial oversight, and our employees and contractors to execute our vision each day with integrity and dedication.

PSEG believes that strong corporate governance practices serve the long-term interests of all stakeholders, strengthen the board and management, and further enhance the public trust PSEG has earned from more than a century of operating with uncompromising integrity and doing business the right way. As we advance our company, we will continue to implement strong corporate governance practices recognizing that they contribute to long-term stockholder value.



Board of Directors

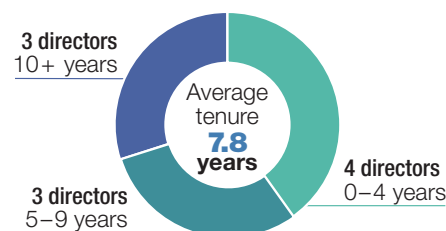
In addition to the chairman, president and CEO, our leadership and governance structure is designed to rely on the contributions of our lead director. The lead director is an independent director designated annually by the independent directors with the expectation that they will typically serve in that capacity for four years. The lead director may be appointed to serve up to 12 additional months beyond the four years, if approved by a majority of the independent directors. The lead director serves as the key conduit for communicating the board agenda and works with the other independent directors on obtaining information from management; additionally, the lead director ensures a robust board self-evaluation.

Our directors play an active role in overseeing the company's business both at the board and committee levels, bringing fresh and differing viewpoints. In addition, the members of the Audit Committee and the Corporate Governance Committee of the board of directors represent at least 80% of the non-executive directors. Overall, average board meeting attendance is 98.4%.

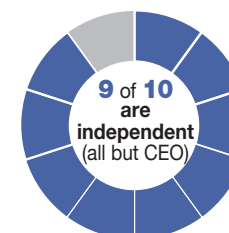
Our board of directors takes an active role in overseeing sustainability ESG and corporate citizenship issues, including climate strategy and the associated political, lobbying, and trade association expenditures. The board's Corporate Governance Committee holds the primary responsibility, as enumerated in its charter, of overseeing sustainability matters for our enterprise and will be responsible for overseeing our transition to a net-zero emissions future.

As a provider of low-carbon solutions to our customers and a large producer of zero-carbon electricity, PSEG's business strategy includes elements related to climate change. We seek to preserve carbon-free nuclear generation, as well as modernize utility distribution systems to strengthen them against the extreme weather effects of climate change. In that sense, the board understands that its continued oversight of our company's commitment to principles of sustainability is of increasing importance to stockholders and other constituencies.

Board Tenure



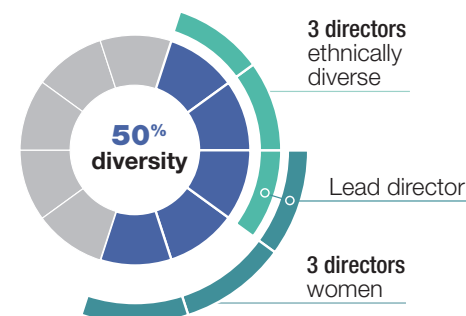
Board Independence



Average Age



Gender and Ethnic Diversity





Our Standards and Values

The PSEG [Standards of Conduct](#), reviewed and approved by the PSEG board of directors, describes the company's expectation of employee and contractor conduct in the workplace. Our Standards of Conduct set common expectations for interaction with investors, customers, coworkers, competitors, vendors, government officials, the media and others. Our entire staff of management, administrative, supervisory and technical associates are required to complete training on the Standards of Conduct annually and the results are reported to the Audit Committee of the board of directors. We ensure accountability by defining responsibility, reporting breaches, tracking results and responding to issues.

Our goal, as always, is to be a better company and a better workplace – in short, a better PSEG. In keeping with this focus, our employees engage in wide-ranging efforts across our organization each day to bolster a culture based on learning and improving as the key to creating sustained value.

The full PSEG Standards of Conduct are online at: https://corporate.pseg.com/-/media/pseg/corporate/standardsofconduct/standards_conduct.ashx

Reinforcing Our Core Commitments

PSEG has a long history of ethical behavior on which we have built our business and earned the trust of those we serve. A good name is more than a source of pride: It gives us credibility in the marketplace, in the communities where we work, and among current and potential employees.

In a changing business climate, we recognize the importance of constantly reinforcing the guiding principles that we stand for and live by, in all we do as a company and in the behaviors and actions of our 13,000 employees. We emphasize five Core Commitments:

- Safety
- Integrity
- Continuous improvement
- Customer service
- Diversity, equity & inclusion



Integrated Approach to Shareholder Engagement

The board and senior management believe in ongoing shareholder engagement and conduct engagement efforts throughout the year in an integrated approach, including through investor conferences, analyst meetings and one-on-one discussions. Understanding the issues that are important to our shareholders is critical for our accountability. We have robust conversations on topics such as corporate governance, executive compensation, business strategy, risk management, human capital management and ESG matters. Our board routinely reviews and improves our practices and disclosures in a manner that best supports our business and our culture taking into account feedback from shareholder engagement.

Shareholder outreach and engagement

Engaged through

- Annual shareholder outreach
- Investor conferences
- Quarterly earnings calls
- Annual meeting
- Invitation to speak to board

Information shared through

- SEC filings, press releases and company website
- ESG Performance Report
- Annual Sustainability/Climate Report
- Annual Investor Fact Book and IR Fact Sheets
- Investor conference materials

Annual shareholder outreach

In 2020 we extend engagement invitations to over 30 of our largest shareholders representing **>50%** of our outstanding shares; approximately **1/4** of them accepted and engaged in one-on-one discussions with us.

Discussion topics

- Board diversity, refreshment and tenure
- ESG-related business strategy
- COVID-19 response
- Sustainability and climate change
- Human capital management, including DEI



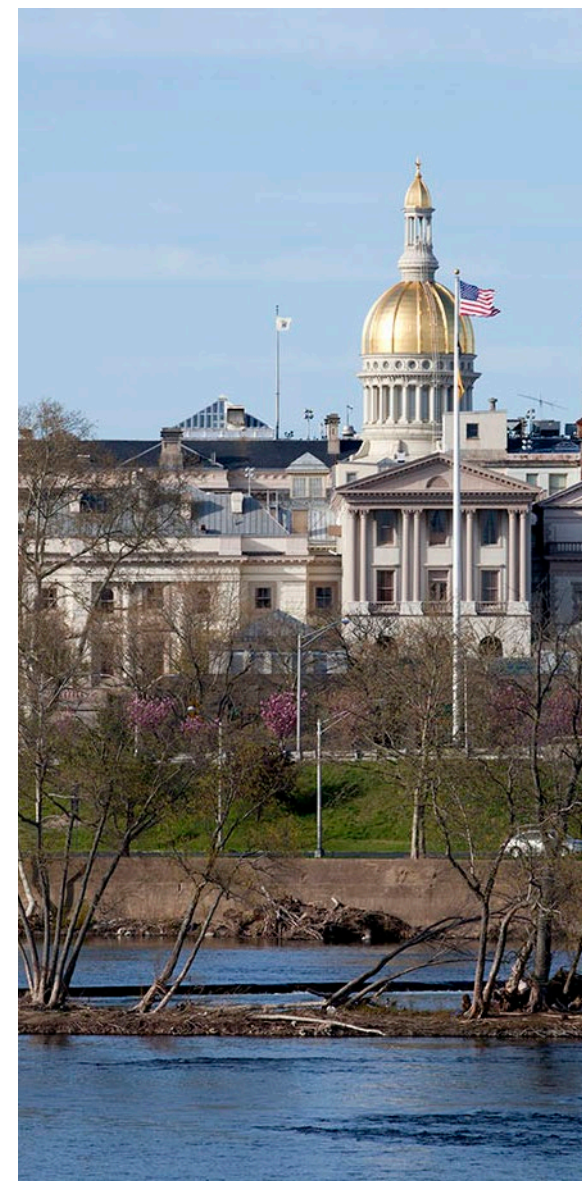
Public Policy Engagement and Political Contributions

As a concerned member of our communities, PSEG actively participates in public policy and legislative advocacy, or lobbying. As appropriate, PSEG also participates in political activities and works with elected representatives and government officials. The PSEG Federal Affairs and State Government Affairs organizations coordinate and oversee PSEG's lobbying and political activities at the state and federal levels. The company is committed to maintaining orderly, stable and productive relationships with its stakeholders in government. The nature of our business requires us to be a trusted corporate citizen with an unwavering commitment to integrity. The board's Corporate Governance Committee oversees our political engagement activities in accordance with our [Corporate Political Participation Practice](#).

In 2020, we revised our Corporate Political Participation Practice to implement additional controls on

the company's political engagement activities. These controls expand internal requirements applicable to the company's interactions with prominent political figures and in particular its contributions to social welfare organizations (those organized under section 501(c)(4)). For example, any contribution to a social welfare organization will undergo a robust review to confirm the contribution will not result in unreasonably adverse reputational or business risk and must be approved by the senior vice president for Corporate Citizenship and the executive vice president and general counsel. These additional controls also expand the review and approval process applicable to interactions with prominent political figures and others close to them. Also, vendors or suppliers who perform lobbying activities or political consulting may not subcontract work without our prior review and approval.

Consistent with our commitment to integrity in our political activities, we are transparent about our political contributions. Annually, we publish a report that includes our corporate contributions to candidates, trade associations, and other political and social welfare organizations. With regard to trade associations, we request that trade associations to which we pay total annual payments of \$50,000 or more identify the portion of dues or payments received from PSEG that were used for expenditures or contributions that, if made directly by PSEG, would not have been deductible under Section 162(e)(1)(B) of the Internal Revenue Code (IRC). The report is available here: <https://investor.pseg.com/governance/governance-overview/default.aspx>





Enterprise Risk Management

The objective of PSEG's ERM program is to promote effective management of enterprise-level risks, in order to support the achievement of growth and business objectives with acceptable risk levels.

The ERM program considers risks to the company and its stakeholders across a range of categories that includes strategic, financial, operational, climate, environmental, health & safety, legal & compliance, and reputational risks.

Key components of the ERM program framework include:

- ensuring appropriate risk governance, from the board of directors to senior management and employees;
- promoting a risk-aware culture where all employees have a responsibility in identifying and communicating risks;
- enabling risk-informed decision-making and objective-setting;

- managing execution risk, through regular identification and assessment of risks, as well as risk response review and monitoring; and
- ensuring appropriate risk reporting and communication.

The PSEG board of directors provides board-level oversight of the ERM program. Risks are mapped to individual committees of the board of directors, or to the full board. Specific risk updates and reviews are scheduled throughout the year at the board

and board committee meetings based on the risk mapping. In addition, each board committee receives at each board meeting a summary of updates relevant to enterprise-level risks mapped to them.

The corporate Risk Management Committee has oversight of the program at the executive level. The RMC is chaired by the chief financial officer (CFO) and includes all executives reporting to the CEO plus the chief risk officer (CRO), the treasurer, the president of PSE&G, and the president of

PSEG Energy Resources & Trade LLC. The vice president of Internal Auditing Services and the chief compliance officer also attend the RMC meetings. The RMC meets on a monthly basis and results of these meetings are reported to the Audit Committee and the Corporate Governance Committee of the board of directors at each of these committees' regular meetings and made available to the full board.

PSEG's ERM team, led by PSEG's CRO, is independent of the business lines and reports directly to the CFO.

Enterprise Risk Management

Supports risk-informed escalation
and decision making

BOARD

Risk governance and oversight

SENIOR MANAGEMENT

Tone at the top

ERM program

Risk oversight and coordination

EXECUTION

Effective risk culture

Risk ownership / management



Senior Management / Risk Management Committee

Lines of Business / Functional Areas



The CRO maintains responsibility for the Risk Management Policy, which includes a framework for identifying and mitigating risks in categories such as market, credit, operations, political/regulatory, legal, compliance, strategic, reputation, business interruption management, environmental and staffing. The CRO's responsibility also includes risk oversight of trading operations that manage certain climate change related risks through trading of emission credits, carbon and

renewable energy credits, and weather-related products.

At least annually, the ERM team leads an effort to update the view of enterprise-level risks and emerging risks, informed by consultations with a broad swath of company representatives, external scanning, as well as similar risk assessments conducted by individual operating businesses. The aggregate view of enterprise-level risks is discussed

both with senior management, including at the corporate RMC and with the board of directors, including the Audit and Corporate Governance committees. These reviews ensure that there is consensus on the overall risk picture, risk management priorities and potential opportunities. Throughout the year, deeper reviews of individual risks are conducted, including analyses of underlying risk causes, reviews of current risk mitigation and response activities, and discussions of whether additional risk responses are needed.

Several other management committees and councils focus on topics related to risk management, including the Business Interruption Management Committee, the Compliance Committee, the Power Risk Council, the PSEG Security Council, the Executive Crisis Management Team, the Cybersecurity Council, and a number of committees focused on financial risks.





Cybersecurity

Our company and our board of directors believe that cybersecurity is a critical component of the risk management program. We have established a comprehensive cybersecurity program that includes a Cybersecurity Council composed of members of senior management and others who are responsible for the company's cybersecurity risk management practices. The board and the Audit Committee receive periodic reports on areas such as the adequacy of personnel and resources to monitor and address cybersecurity threats, technological advances in cybersecurity protection, rapidly evolving threats that may affect our company and industry, cybersecurity incident response and applicable cybersecurity laws, regulations and standards, as well as collaboration mechanisms with intelligence and enforcement agencies and industry groups to assure timely threat awareness and response coordination.

The company's cybersecurity risk management practices, including protection of privacy, are fully integrated into our overall risk program. In an effort to reduce the likelihood and severity of cybersecurity incidents, we have established a comprehensive cybersecurity program designed to protect and preserve the confidentiality, integrity, and availability of our company's and our customers' information and our systems.

Our cybersecurity program is built on technical, procedural and people-focused measures to detect, protect against, respond to and recover from cyber threats to our systems and information including company, employee and customer data. The cybersecurity program is focused on the following areas:

- Governance
- Cybersecurity awareness – identification and assessment of cyber risks
- Training – regular training and testing of employees with network access
- Technical safeguards

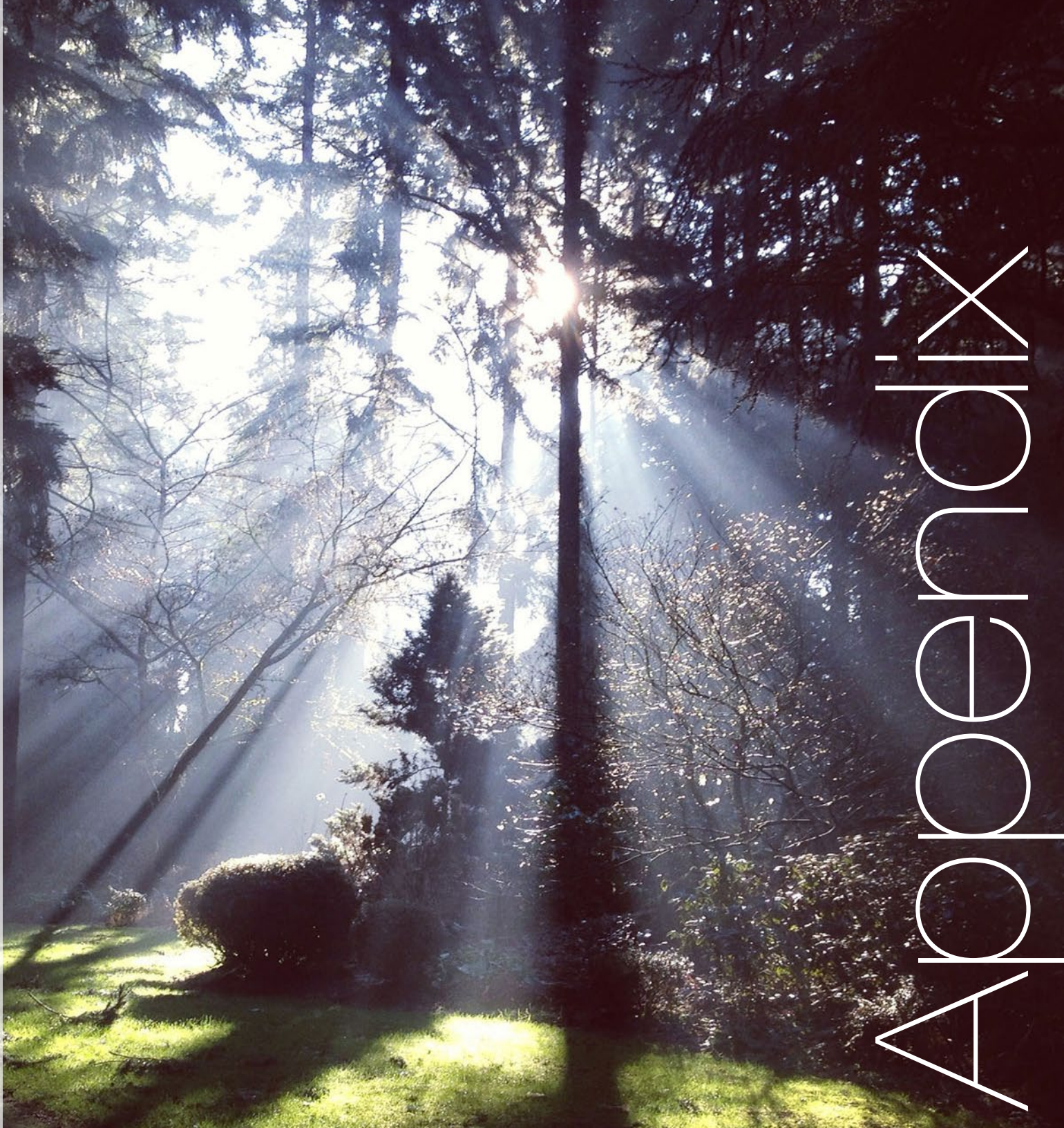
- Vendor management – robust security contractual provisions
- Incident response plans – maintaining and testing our cybersecurity incident response plans and systems
- Mobile security

A central element of our governance is the Cybersecurity Council. Composed of senior management, the Cybersecurity Council meets regularly to discuss emerging cybersecurity issues, reviews our corporate cybersecurity practices and scorecard, and ensures the free flow of essential information required for proper oversight and timely communication of cybersecurity risks to senior management and the board of directors.

PSEG prides itself on our compliance with various federal and state cybersecurity requirements, including North American Electric Reliability Corporation critical infrastructure protection (NERC CIP) standards. PSE&G is the

first public utility in the United States to obtain SAFETY Act liability protections from the U.S. Department of Homeland Security for the deployment of physical security measures that are designed to detect, deter and recover from acts of terrorism. The protections cover the PSEG Holistic Security Model, a customized anti-terrorism program that is designed to identify and reduce risks based on comprehensive planning processes and physical security measures at five PSE&G critical electrical sites in NERC CIP standards and runs through July 31, 2023.





Appendix



About this Report

PSEG strives to be a leader in building an economically strong, environmentally responsible energy future. We are pleased to share with our stakeholders our 2021 Sustainability Report that updates our progress toward this goal. Sustainability is part of our history but takes on new dimensions all the time. This new report – that includes an update of our Climate Report – discusses the many ways that our sustainability focus aligns with our Powering Progress vision.

The 2021 Sustainability Report details our company's programs and performance in the areas of economic, social, governance and environmental matters. Additionally, we discuss key challenges and our efforts to convert them into growth opportunities. PSEG is committed

to reporting on our sustainability performance.

This report is a compendium of the annual performance of our company in the areas of sustainability and sustainable development, and of the principal activities and projects undertaken. The Sustainable Development Goals (SDGs) to which our company contributes are identified in each section, using the SDG Compass guidelines, the guide for business action on the SDGs, as well as the recent document published by Global Reporting Initiative (GRI) and the UN Global Compact "GRI-UNGC Business Reporting on SDGs". We have identified the SDGs

most pertinent to PSEG's business and commented on the areas on which we have made a significant contribution.

This report was primarily developed according to the GRI Standards at the Core Level. A complete GRI guide is available online and includes the Electric Utility Sector Supplement for reporting on industry-specific information. Additionally, the GRI table provides more detailed information regarding our contribution to the SDGs, and the pages on which the corresponding performance information can be located. Additionally, this report includes an updated table detailing where the information set forth the SASB Standards for the utility section can be found in our public reporting

Feedback

We welcome your feedback on our performance and reporting. For additional information about this report, the ESG information posted on our website or PSEG's sustainability initiatives, please contact Angela Ortiz at Angela.Ortiz@pseg.com or send comments to sustainability@pseg.com.



Performance Data Summary (2017 – 2020)

Operations

FINANCIAL AND BUSINESS OPERATIONS	2017	2018	2019	2020
PSEG Total Operating Revenue (\$ Millions)	9,094	9,696	10,076	9,603
PSEG GAAP Net Income (\$ Millions)	1,574	1,438	1,693	1,905
Common dividend paid (\$/share)	1.72	1.80	1.88	1.96
PSEG Power Fuel Used (MWh)	100,374,617	112,837,528	99,505,655	49,078,092
Electric and Gas Efficiency Investments – Incremental (\$)	39,685,277	31,747,032	41,734,820	36,291,221
Incremental Energy Efficiency Electric Program Savings (Annualized MWh)	21,774	32,968	32,935	46,071
PSE&G Total Electricity Sold (Million kWh)	40,749	41,899	40,694	39,673
PSE&G Total Gas Sold (Million Therms)	3,567	3,882	3,870	3,289
PSEG Power Owned Capacity (MW)*	10,458	11,354	11,115	10,930
PSEG Power Owned Generation (GWh)*	51,170	55,863	56,856	52,964
PSE&G Electric Customers	2,243,772	2,266,236	2,285,737	2,299,414
PSE&G Gas Customers	1,832,200	1,846,484	1,857,043	1,864,691
Reliability SAIFI	0.70	0.80	0.60	0.61
Reliability CAIDI	60.74	70.20	73.05	77.21
PSEG Total Electricity Consumption (kWh)**	52,120,594	56,100,849	57,096,147	33,301,861
PSEG Total Gas Consumption (Million Therms)**	1.651	1.720	1.513	1.463

* Excludes Kalaheoa Cogeneration Plant and PSEG Solar Source

** PSEG corporate consumption not including PSEG Power generating facilities



Environmental

PSEG ENVIRONMENTAL METRICS	2017	2018	2019	2020
Gross Direct (Scope 1) GHG Emissions (Metric tons CO ₂ equivalent)	12,052,151	13,623,965	13,378,214	9,624,555
Gross Indirect (Scope 2) GHG Emissions (Metric tons CO ₂ equivalent)	971,109	965,720	865,741	752,245
Scope 1+ Scope 2 Emissions (Metric tons CO ₂ equivalent)	13,023,260	14,589,685	14,243,955	10,376,799
Methane Emissions (CH ₄) (Metric tons CO ₂ equivalent)	757,829	666,655	625,833	580,622
SF ₆ Emissions (Metric tons CO ₂ equivalent)	33,568	24,150	18,882	18,473
Carbon Intensity (lbs./MWh)	469	449	479	363
Total Waste Generated (Metric tons)	1,223,509	848,039	590,760	379,152
Recycled Material (Metric tons)	1,208,924	823,581	576,997	361,937
Total Hazardous Waste Generated (Metric tons)	8,344	8,298	6,695	7,448
NOx Emissions (Metric tons)	4,535	4,718	4,366	1,826
SO ₂ Emissions (Metric tons)	7,319	7,550	5,187	1,193
Mercury Emissions (Hg) (Metric tons)	0.0109	0.0095	0.0134	0.0032
Particulate Matter (PM) (Metric tons)	747	784	830	456
Spills (#) (Federal)	58	115	60	106
Water Consumption (Million cubic meters)	7.3	7.2	7.3	7.1
Water Withdrawal (Million cubic meters)	17.7	8.6	8.5	8.5
Water Recycled (Million cubic meters)	10.4	1.4	1.1	1.4
Environmental Fines/Violations	6	0	2	0



Social

PSEG SOCIAL METRICS	2017	2018	2019	2020
Employee Headcount (Total as 31 Dec)	12,945	13,145	12,992	12,788
Union (Represented) Employees (%)	61.8	62.0	61.6	60.9
Female Employees (%)	18.3	17.9	18.0	18.0
Minorities Employee Population (%)	24.6	25.3	26	26.4
Female Employees in Management (%)	13.9	14.1	14.9	16.0
Minority Employees in Management (%)	18.5	18.8	19.7	20.6
Employee Engagement Trends (%)	N/A	72	73	86
Employee Turnover Rate – Total (%)	8.0	5.2	6.4	5.6
Employee Turnover Rate – Voluntary Including Retirements (%)	6.3	3.9	5.0	4.3
Employee Turnover Rate – Voluntary Without Retirements (%)	2.0	1.8	1.9	1.4
Employee Fatalities	0	0	1	0
Employee Recordable Incident Rate (%)	0.87	0.99	0.97	0.72
Employee Lost Time Injury Frequency Rate (%)	0.38	0.37	0.32	0.31
Lost Time Days	14.29	14.48	11.87	11.71
Average Training Time Provided to Employees (Hours)	34	35	53	39
DART Rate (%)	0.53	0.60	0.61	0.50
Charitable Contributions PSEG Foundation (\$)	8,379,865	8,107,365	7,447,812	8,267,345
Charitable Contributions Corporate Contributions (\$)	3,162,800	3,417,825	3,063,980	4,614,469
Supplier Diversity (%)	19	20	23	28



PSEG Global Reporting Initiative (GRI) Index

PSEG is committed to continuous improvement when it comes to how we report our performance, and we use the Global Reporting Initiative (GRI) as an important guide and reference tool. The indicators below are from the GRI Standards and the Electric

Utilities Sector Supplement. This report has been prepared in accordance with the GRI Standards: Core option.

GENERAL DISCLOSURE		2020 RESPONSES
ORGANIZATIONAL PROFILE		
Name of the organization	102-1	Public Service Enterprise Group Inc.
Activities, brands, products, services	102-2	Company Overview
Location of headquarters	102-3	Newark, N.J.
Location of operations	102-4	PSEG operates exclusively in the United States
Ownership and legal form	102-5	Public Service Enterprise Group Inc., is an investor-owned utility holding company
Markets served	102-6	Company Overview
Scale of the organization	102-7	2021 Investor Fact Book, pg 5, 14-17, 35-37
Information on employees and other workers	102-8	Human Capital Management
Supply chain	102-9	Working with Suppliers
Significant changes to the organization and supply chain	102-10	PSEG is in the process of divesting its non-nuclear generation assets. The PSEG Solar Source portfolio sale was finalized in June 2021. An agreement to sell the fossil generation assets was reached in August 2021. The transaction is expected to be complete in 2021 Q4 or 2022 Q1.
Precautionary principle or approach	102-11	A message from our CEO
External initiatives CEO Message	102-12	A message from our CEO
Membership of associations	102-13	Memberships and Partnerships

(cont.)

Note: Throughout this report, references to PSEG include all of PSEG and its subsidiaries.



GENERAL DISCLOSURE		2020 RESPONSES
STRATEGY		
Statement from senior decision-maker	102-14	A message from our CEO
Description of key impacts, risks and opportunities	102-15	Accelerating Climate Action
Describe the organization's values, principles, standards and norms of behavior, such as codes of conduct and codes of ethics	102-16	Standards of Conduct
Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistle-blowing mechanisms or hotlines	102-17	Standards of Conduct
GOVERNANCE		
Report the governance structure of the organization, including committees of the highest governance body	102-18	Proxy Statement 2021, pg 15-17, 30
Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	102-19	ESG/Sustainability Governance, Corporate Governance Committee Charter
Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	102-20	Leadership/Corporate Citizenship Leadership
Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	102-21	Stakeholder Engagement
Composition of highest governing body	102-22	Leadership/Board of Directors
Is chair of highest body also an executive officer?	102-23	Leadership/Board of Directors
Report the nomination and selection processes for highest governance body members	102-24	Proxy Statement 2021, pg 5-9
Report processes for the highest governance body to ensure conflicts of interest are avoided	102-25	Proxy Statement 2021, pg 33
Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social impacts	102-26	ESG/Sustainability Governance, Corporate Governance Committee Charter

(cont.)



GENERAL DISCLOSURE		2020 RESPONSES
Report the measures taken to enhance the board's collective knowledge of economic, environmental and social topics	102-27	Proxy Statement 2021, pg 16
Report the process for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not and its frequency. Report whether such evaluation is a self-assessment. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, at a minimum, changes in membership and organizational practices	102-28	Proxy Statement 2021, pg 16
Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities	102-29	Proxy Statement 2021, pg 22, 25-32
Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	102-30	Proxy Statement 2021, pg 22
Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities	102-31	Proxy Statement 2021, pg 22
Report the highest committee of position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	102-32	Senior executive leaders review and approve sustainability reports
Process for communicating critical concerns to the highest governance body	102-33	Proxy Statement 2021, pg 22
Remuneration policies for the highest governance body and senior executives	102-34	Proxy Statement 2021, pg 35-36, 42-54
Process for determining remuneration including use of consulting	102-36	Proxy Statement 2021, pg 35-36, 42-54
Report how stakeholder views are sought for determining remuneration	102-37	Proxy Statement 2021, pg 42
STAKEHOLDER ENGAGEMENT		
List of stakeholder groups	102-40	Priority topics, main types and channels of communication with stakeholders
Collective bargaining agreements as of Dec. 31, 2020	102-41	As of the end of 2020, 7,786 of our employees were covered by collective bargaining agreements
Identifying and selecting stakeholders	102-42	Engaging our Stakeholders, PSEG Stakeholder Council
Approach to stakeholder engagement	102-43	Engaging our Stakeholders, PSEG Stakeholder Council

(cont.)



GENERAL DISCLOSURE		2020 RESPONSES
Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	102-44	Priority topics, main types and channels of communication with stakeholders
REPORTING PRACTICE		
Entities included in the consolidated financial statements	102-45	PSEG 2020 Form 10-K, pg 1
Defining report content and topic boundaries	102-46	Our Approach to Sustainability
List of material topic	102-47	Our Material Issues
Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	102-48	PSEG had no significant restatements to report in 2019
Report significant changes from previous reporting periods in scope and aspect boundaries	102-49	There were no significant changes from the previous reporting period
Reporting period	102-50	This report focuses on calendar year 2020
Date of most recent previous report (if any)	102-51	PSEG's latest Corporate Sustainability Report was published in 2019 and focused on calendar year 2018. In 2020, PSEG published its inaugural climate report using data and information through 2019
Reporting cycle (annual, biennial, etc.)	102-52	PSEG prepares this report annually
Contact point for questions regarding the report or its contents	102-53	Questions and comments about this report can be directed to sustainability@pseg.com
Claims of reporting in accordance with GRI Standards	102-54	This report has been prepared in accordance with the GRI Standards: Core Option
Table identifying the location of the standard disclosures in the report	102-55	Disclosures are included in the GRI Index of this report, beginning on page 104
Policy and current practice with regard to seeking external assurance for this report	102-56	External assurances for this report have not been conducted
MANAGEMENT APPROACH		
Material topics and boundaries	103-1	Our Material Issues
Management approach	103-2	Our Approach to Sustainability, Accelerating Climate Action
Evaluation of management approach	103-3	

(cont.)



GENERAL DISCLOSURE		2020 RESPONSES
ECONOMIC PERFORMANCE		
Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	201-1	PSEG 2020 Form 10-K, pg 1-12, 46-61
Financial implications and other risks and opportunities for the organization's activities due to climate change	201-2	PSEG 2020 Form 10-K, pg 22-33, 37-46
Coverage of the organization's defined benefit plan obligations	201-3	PSEG 2020 Form 10-K, pg 127-136
Significant financial assistance received from government	201-4	None
MARKET PRESENCE		
Range of ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation	202-1	PSEG hires all employees, including interns, at a rate significantly above minimum wage
Proportion of senior management hired from the local community at significant locations of operations	202-2	Hiring and promotion is based on merit, not whether a candidate is from a particular locality
INDIRECT ECONOMIC IMPACTS		
Development and impact of infrastructure investments and services supported	203-1	Accelerating Climate Action
Significant indirect economic impacts, including the extent of impacts	203-2	Accelerating Climate Action, Working with Suppliers
Proportion of spending on local suppliers at significant locations of operations	204-1	Working with Suppliers
ANTICORRUPTION		
Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	205-1	All business units are subject to corruption risks analysis.
Communication and training on anti-corruption policies and procedures	205-2	All employees receive regular anti-corruption training as well as training on a variety of important policies and procedures. PSEG's Standards of Conduct, which highlights certain key policies and procedures, can be accessed online here at any time.
Confirmed incidents of corruption and actions taken	205-3	PSEG does not publicly disclose this information
ANTI-COMPETITIVE BEHAVIOR		
Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	206-1	PSEG does not publicly disclose this information

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GENERAL DISCLOSURE		2020 RESPONSES
ELECTRIC UTILITY – SECTOR SUPPLEMENT		
Installed capacity	EU1	Financial and Business Operations
Net energy output	EU2	Financial and Business Operations
Number of customers	EU3	Financial and Business Operations
Length of transmission and distribution lines	EU4	Financial and Business Operations
Allocation of CO ₂ e emissions allowances	EU5	PSEG does not publicly disclose this information
Capacity and demand	EU10	
Generation efficiency	EU11	
Biodiversity of offset habitats compared to the biodiversity of the affected areas	EU13	Environmental Stewardship
Percentage of employees eligible to retire in next 5 and 10 years, broken down by job category and region	EU15	Talent Management and Engagement
Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities	EU17	PSEG does not publicly disclose this information
Percentage of contractor and subcontractor employees who have undergone relevant health and safety training	EU18	100%
Number of people physically or economically displaced and compensation, broken down by type of product	EU22	PSEG does not publicly disclose this information
Percentage of population unserved in licensed distribution or service areas	EU26	PSEG does not publicly disclose this information
Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	EU27	PSEG does not publicly disclose this information
Power outage frequency	EU28	Financial and Business Operations
Average power outage duration	EU29	Financial and Business Operations
Average plant availability factor by energy source and by regulatory regime	EU30	PSEG 2020 Form 10-K, pg 40

(cont.)



GENERAL DISCLOSURE		2020 RESPONSES
ENVIRONMENTAL PERFORMANCE		
Materials used by weight or volume	301-1	
Report the percentage of recycled input materials used to manufacture the organization's primary products and services	301-2	We continue to investigate opportunities to incorporate recycled fuels in our operations
ENERGY		
Energy consumption within the organization	302-1	Financial and Business Operations
Energy consumption outside the organization	302-2	Financial and Business Operations
Energy intensity	302-3	
Reduction of energy consumption	302-4	Financial and Business Operations
Reductions in energy requirements of products and services	302-5	
WATER		
Interactions with water as a shared resource	303-1	Environmental Stewardship
Management of water discharge-related impacts	303-2	Environmental Stewardship
Water withdrawal	303-3	Environmental Metrics
Water discharge	303-4	Environmental Metrics
Water consumption	303-5	Environmental Metrics
BIODIVERSITY		
Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	304-1	
Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	304-2	Environmental Stewardship
Habitats protected or restored	304-3	Environmental Stewardship, Estuary Enhancement Program
Total number of IUCN Red List species and national conservation lists species with habitats in areas affected by operations, by level and extinction risk	304-4	PSEG does not publicly disclose this information

(cont.)



GENERAL DISCLOSURE		2020 RESPONSES
EMISSIONS		
Direct greenhouse gas (GHG) emissions (Scope 1)	305-1	Environmental Metrics
Energy indirect greenhouse gas (GHG) emissions (Scope 2)	305-2	Environmental Metrics
Indirect greenhouse gas (GHG) emissions (Scope 3)	305-3	Environmental Metrics
Greenhouse gas (GHG) emissions intensity	305-4	Environmental Metrics
Reduction of greenhouse (GHG) emissions	305-5	Environmental Metrics
Emissions of ozone-depleting substances (ODS)	305-6	
NOx, SOx, and other significant air emissions	305-7	Environmental Metrics
EFFLUENTS AND WASTE		
Total water discharge by quality and destination	306-1	Environmental Metrics
Total weight of waste by type and disposal method	306-2	Environmental Metrics
Total number and volume of significant spills	306-3	Environmental Metrics
Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally	306-4	This is not material to PSEG, as the company's operations do not transport any hazardous waste across international borders
Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	306-5	Discharges to lakes and rivers are by regulatory permits. With our operating practices, discharges are designed to protect aquatic species and the environment
COMPLIANCE		
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	307-1	Environmental Metrics
SUPPLIER ENVIRONMENTAL ASSESSMENT		
Percentage of new suppliers that were screened using environmental criteria P	308-1	PSEG contractually requires supplier adherence to environmental terms and conditions
Significant actual and potential negative environmental impacts in the supply chain and actions taken	308-2	PSEG contractually requires supplier adherence to environmental terms and conditions

(cont.)



GENERAL DISCLOSURE		2020 RESPONSES
SOCIAL PERFORMANCE		
LABOR PRACTICE		
New employee hires and employee turnover	401-1	Social Metrics
Return to work and retention rates after parental leave, by gender	401-3	
OCCUPATIONAL HEALTH AND SAFETY		
Percentage of total workforce represented informal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	403-1	Notice periods vary by collective bargaining agreement. We comply with applicable laws, regulations and collective bargaining agreements
Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and gender	403-2	No high risks or incidents identified
Workers with high incidence or high risk of diseases related to their occupation	403-3	No high risks or incidents identified
Health and safety topics covered in formal agreements with trade unions	403-4	All collective bargaining agreements contain language that references the need for a strong health and safety program and a joint health and safety teams
Worker training on occupational health and safety	403-5	Benefits and Total Rewards, Health and Safety Commitment
Promotion of worker health	403-6	Health and Safety Commitment
Prevention and mitigation of occupational health and safety impacts	403-7	Benefits and Total Rewards, Health and Safety Commitment
Workers covered by an occupational health and safety management system	403-8	100%
Work-related injuries	403-9	Social Metrics
Work-related ill	403-10	
TRAINING AND EDUCATION		
Average hours of training per year per employee by gender and by employee category	404-1	Social Metrics
Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	404-2	Talent Management and Engagement
Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	404-3	PSEG's expectations are that all eligible employees receive an evaluation of their skills and performance on an annual basis. We have formal performance appraisal processes that cover 100% of eligible active, full-time and part-time employees

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GENERAL DISCLOSURE		2020 RESPONSES
DIVERSITY AND EQUAL OPPORTUNITY		
Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	405-1	Human Capital Management
Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operations	405-2	
LOCAL COMMUNITIES		
Local community engagement	413-1	Supporting our people and our communities
PUBLIC POLICY		
Total value of political contributions by country and recipient/beneficiary	415-1	Political Contribution Report



PSEG SASB Chart

The Sustainability Accounting Standards Board's (SASB) mission is to develop sustainability metrics for public corporations to disclose material, decision-useful information to our stakeholders specially our investors. Given the nature of our business, we consulted the Infrastructure Sector – Electric Utilities and Power Generators as well as the Gas Utilities and Distributors standards. Below is a table which contains those topics we have identified as relevant issues and against which we are able to report on as a publicly traded company.

TOPIC	SASB CODE	ACCOUNTING METRIC	PSEG 2020
ELECTRIC UTILITIES & POWER GENERATORS			
Greenhouse Gas Emissions & Energy Resource Planning	IF-EU-110a.1	1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	Scope 1: 9,624,555 mtCO ₂ e Scope 2: 752,245 mtCO ₂ e Scope 3: 12,235,817 mtCO ₂ e
	IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	8,984,046 mtCO ₂ e
	IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Accelerating Climate Action section of this report
	IF-EU-110a.4	1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market ²	1) PSE&G: 2.3 million electric customers
Air Quality	IF-EU-120a.1	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) particulate matter (PM ₁₀), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	1) NO _x : 1,826 mt 2) SO _x : 1,193 3) PM: 456 5) Hg: 0.0032
Water Management	IF-EU-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	1) Withdrawn: 8.5M m ³ 2) Consumed: 7.1M m ³
	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards and regulations	0 fines/violations
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Environmental Stewardship: Water Resources

(cont.)



TOPIC	SASB CODE	ACCOUNTING METRIC	PSEG 2020
Coal Ash Management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	
	IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	
Energy Affordability	IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial and (3) industrial customers	PSE&G FIRM SERVICE: 1) RES: \$0.158/kWh 2) COMM: \$0.071/kWh 3) IND: \$0.049/kWh
	F-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Using rates as of December 2020, a Residential customer using 500 kWh/month would have an average monthly electric bill of \$89 Investor Fact Book, pg 29
	IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days ³	
	IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	
Workforce Health & Safety	IF-EU-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	1) OSHA recordable incident rate: 0.72
End-Use Efficiency & Demand	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	100%: Weather Normalization Clause (WNC) is a mechanism that adjusts a customer's bill due to variations from normal weather (temperature)
	IF-EU-420a.2	Percentage of electric load served by smart grid technology ⁴	
	IF-EU-420a.3	Customer electricity savings from efficiency measures, by market ⁵	2020 Incremental Savings: 46,071 MWh

(cont.)



TOPIC	SASB CODE	ACCOUNTING METRIC	PSEG 2020
Nuclear Safety & Emergency Management	IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Hope Creek (NJ): 100% Salem 1 & 2 (NJ): 57% Peach Bottom 2 & 3: 50%
	IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	PSEG 2020 Form 10-K, pg 15, 20, 32-33 Emergency Plan Information
Grid Resiliency	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	
	IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days ⁶	1) SAIDI: 2) SAIFI: 0.61 3) CAIDI: 77.21
Activity Metric	IF-EU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served ⁷	1) Res: 1,976,744 2) Comm: 303,438 3) Ind: 8,552
	IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	1) Res Sales: 13,964,380 2) Comm Sales: 21,668,136 3) Ind Sales: 3,694,923
	IF-EU-000.C	Length of transmission and distribution lines	Transmission lines: 3301 km Distribution lines: 36371 km
	IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets ⁹	Total generation output: 52,964,000 MWh Nuclear: 59%, Natural Gas: 41%
	IF-EU-000.E	Total wholesale electricity purchased ¹⁰	BGS Electricity Sales: 21,835,878 MWh

(cont.)



TOPIC	SASB CODE	ACCOUNTING METRIC	PSEG 2020
GAS UTILITIES & DISTRIBUTORS			
Energy Affordability	IF-GU-240a.1	Average retail gas rate for (1) residential, (2) commercial, (3) industrial customers, and (4) transportation services only	Firm: 1) Res - \$0.28/Therm, 2) Comm - \$0.44/Therm, 3) Ind - \$0.43/Therm
	IF-GU-240a.2	Typical monthly gas bill for residential customers for (1) 50 MMBtu and (2) 100MMBtu of gas delivered per year	Using rates as of December 2020, the average monthly residential bill for a customer using 100 therms a month would be \$85. Investor Fact Book, pg 29
	IF-GU-240a.3	Number of residential customer gas disconnections for non-payment, percentage reconnected within 30 days ²	
	IF-GU-240a.4	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	
End-Use Efficiency	IF-GU-420a.1	Percentage of gas utility revenues from rate structures that (1) are decoupled or (2) contain a lost revenue adjustment mechanism (LRAM)	100%: Weather Normalization Clause (WNC) is a mechanism that adjusts a customer's bill due to variations from normal weather (temperature).
	IF-GU-420a.2	Customer gas savings from efficiency measures by market	380,677 MMBTU

(cont.)



TOPIC	SASB CODE	ACCOUNTING METRIC	PSEG 2020
Integrity of Gas Delivery Infrastructure	IF-GU-540a.1	Number of (1) reportable pipeline incidents, (2) Corrective Action Orders (CAO), and (3) Notices of Probable Violation (NOPV) ⁴	
	IF-GU-540a.2	Percentage of distribution pipeline that is (1) cast and/or wrought iron and (2) unprotected steel	Total distribution system: 29,200 km 1) Cast and/or wrought iron: 17.2% 2) Unprotected steel: 4.9%
	IF-GU-540a.3	Percentage of gas (1) transmission and (2) distribution pipelines inspected	
	IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	Accelerating Climate Action: Transitioning to Net-Zero Operations, Decarbonizing Natural Gas Services
Activity Metric	IF-GU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served ⁵	1) Res: 1,700,266 2) Comm: 158,167 3) Ind: 6,242
	IF-GU-000.B	Amount of natural gas delivered to: (1) residential customers, (2) commercial customers, (3) industrial customers, and (4) transferred to a third party ⁶	1) Res: 141,100,000 MMBTU 2) Comm & Ind – Firm: 95,700,000 MMBTU 3) Comm & Ind – Non-Firm: 92,100,000 MMBTU
	IF-GU-000.C	Length of gas (1) transmission and (2) distribution pipelines ⁷	2) Distribution: 29,200 km



PSEG 2021 Task Force on Climate-related Financial Disclosures (TCFD) Report Reference Chart

DISCLOSURE FOCUS AREA	RECOMMENDED DISCLOSURE	SOURCE PSEG 2021
GOVERNANCE		
Disclose the organization's governance around climate-related risks and opportunities.	Describe the board's oversight of climate-related risks and opportunities.	Accelerating Climate Action – Risk Management and Climate Change Governance, Standards, Values – Enterprise Risk Management
	Describe the management's role in assessing and managing climate-related risks and opportunities	Accelerating Climate Action – Risk Management and Climate Change Governance, Standards, Values – Enterprise Risk Management
STRATEGY		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	Accelerating Climate Action – PSEG's Transition Risks and Opportunities
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	Accelerating Climate Action – Our Strategic Evolution: PSEG's Climate Vision
	Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy and financial planning.	Accelerating Climate Action – Transition Risk Analysis, Physical Risk Analysis

(cont.)



DISCLOSURE FOCUS AREA	RECOMMENDED DISCLOSURE	SOURCE PSEG 2021
RISK MANAGEMENT		
Disclose how the organization identifies, assesses and manages climate-related risks.	Describe the organization's process for identifying and assessing climate-related risks.	Accelerating Climate Action – Risk Management and Climate Change Governance, Standards, Values – Enterprise Risk Management
	Describe the organization's processes for managing climate-related risks.	Accelerating Climate Action – Risk Management and Climate Change Governance, Standards, Values – Enterprise Risk Management
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Our Approach to Sustainability – Our Material Issues Accelerating Climate Action – Risk Management and Climate Change Governance, Standards, Values – Enterprise Risk Management
METRICS AND TARGETS		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk-management process.	Our Approach to Sustainability – Summary of ESG Goals Accelerating Climate Action
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Accelerating Climate Action – Metrics and Targets, Scope 3 Emissions
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Our Approach to Sustainability – Summary of ESG Goals Accelerating Climate Action – Metrics and Targets



PSEG – Consolidated Operating Earnings (Non-GAAP) Reconciliation

RECONCILING ITEMS	YEAR ENDED DECEMBER 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
(\$ millions, Unaudited)								
Net Income	\$1,905	\$1,693	\$1,438	\$1,574	\$887	\$1,679	\$1,518	\$1,243
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax ^(a) (PSEG Power)	(231)	(255)	144	(133)	(5)	(24)	(138)	(86)
(Gain) Loss on Market-to-Market (MTM), pre-tax ^(b) (PSEG Power)	81	(285)	117	167	168	(157)	(111)	125
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	–	–	–	–	–	(172)	27	54
Plant Retirements and Dispositions, pre-tax (PSEG Power)	(122)	402	(51)	975	669	–	–	–
Oil Lower of Cost or Market (LOCOM) adjustment, pre-tax (PSEG Power)	2	–	–	–	–	–	–	–
Goodwill Impairment, pre-tax (PSEG Power)	–	16	–	–	–	–	–	–
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	–	58	8	77	147	–	–	–
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	106	37	(74)	(427)	(391)	150	104	(27)
Tax Reform	–	–	–	(745)	–	–	–	–
Operating Earnings (non-GAAP)	\$1,741	\$1,666	\$1,582	\$1,488	\$1,475	\$1,476	\$1,400	\$1,309
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	508	508	508	508

(cont.)

(a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).

(b) Includes the financial impact from positions with forward delivery months.

(c) Income tax effect calculated at 28.11% statutory rate for 2020, 2019 and 2018 and 40.85% statutory rate for prior years, except for lease related activity which is calculated at a combined leveraged lease effective tax rate, and NDT related activity which records an additional tax of 20%.



RECONCILING ITEMS	YEAR ENDED DECEMBER 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
(\$ Per Share Impact - Diluted, Unaudited)								
Net Income	\$3.76	\$3.33	\$2.83	\$3.10	\$1.75	\$3.30	\$2.99	\$2.45
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a) (PSEG Power)	(0.46)	(0.50)	0.28	(0.26)	(0.01)	(0.05)	(0.27)	(0.17)
(Gain) Loss on MTM, pre-tax ^(b) (PSEG Power)	0.16	(0.56)	0.23	0.33	0.33	(0.31)	(0.22)	0.25
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	—	—	—	—	—	(0.34)	0.05	0.11
Plant Retirements and Dispositions, pre-tax (PSEG Power)	(0.24)	0.79	(0.10)	1.92	1.32	—	—	—
Oil LOCOM adjustment, pre-tax (PSEG Power)	—	—	—	—	—	—	—	—
Goodwill Impairment, pre-tax (PSEG Power)	—	0.03	—	—	—	—	—	—
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	—	0.11	0.02	0.15	0.29	—	—	—
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	0.21	0.08	(0.14)	(0.84)	(0.78)	0.31	0.21	(0.06)
Tax Reform	—	—	—	(1.47)	—	—	—	—
Operating Earnings (non-GAAP)	\$3.43	\$3.28	\$3.12	\$2.93	\$2.90	\$2.91	\$2.76	\$2.58

(a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).

(b) Includes the financial impact from positions with forward delivery months.

(c) Income tax effect calculated at 28.11% statutory rate for 2020, 2019 and 2018 and 40.85% statutory rate for prior years, except for lease related activity which is calculated at a combined leveraged lease effective tax rate, and NDT related activity which records an additional tax of 20%.



PSE&G – Operating Earnings (Non-GAAP) Reconciliation

RECONCILING ITEMS	YEAR ENDED DECEMBER 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
	(\$ millions, Unaudited)							
Net Income	\$1,327	\$1,250	\$1,067	\$973	\$889	\$787	\$725	\$612
Tax Reform	–	–	–	(10)	–	–	–	–
Operating Earnings (non-GAAP)	\$1,327	\$1,250	\$1,067	\$963	\$889	\$787	\$725	\$612
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	508	508	508	508

(a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).

(b) Includes the financial impact from positions with forward delivery months.

(c) Income tax effect calculated at 28.11% statutory rate for 2020, 2019 and 2018 and 40.85% statutory rate for prior years, except for lease related activity which is calculated at a combined leveraged lease effective tax rate, and NDT related activity which records an additional tax of 20%.



PSEG Power – Operating Earnings (Non-GAAP) Reconciliation

RECONCILING ITEMS	YEAR ENDED DECEMBER 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
(\$ millions, Unaudited)								
Net Income	\$594	\$468	\$365	\$479	\$18	\$856	\$760	\$644
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a)	(231)	(255)	144	(133)	(5)	(24)	(138)	(86)
(Gain) Loss on MTM, pre-tax ^(b)	81	(285)	117	167	168	(157)	(111)	125
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	–	–	–	–	–	(172)	27	54
Plant Retirements and Dispositions, pre-tax	(122)	402	(51)	975	669	–	–	–
Oil LOCOM adjustment, pre-tax	2	–	–	–	–	–	–	–
Goodwill Impairment, pre-tax	–	16	–	–	–	–	–	–
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	106	63	(73)	(395)	(336)	150	104	(27)
Tax Reform	–	–	–	(588)	–	–	–	–
Operating Earnings (non-GAAP)	\$430	\$409	\$502	\$505	\$514	\$653	\$642	\$710
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	508	508	508	508

(a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).

(b) Includes the financial impact from positions with forward delivery months.

(c) Income tax effect calculated at 28.11% statutory rate for 2020, 2019 and 2018 and 40.85% statutory rate for prior years, except for NDT related activity which is calculated at the statutory rate plus a 20% tax on income (loss) from qualified NDT funds.



PSEG Enterprise/Other – Operating Earnings (Non-GAAP) Reconciliation

RECONCILING ITEMS	YEAR ENDED DECEMBER 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
(\$ millions, Unaudited)								
Net Income (Loss)	\$(16)	\$(25)	\$6	\$122	\$(20)	\$36	\$33	\$(13)
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	–	58	8	77	147	–	–	–
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(a)	–	(26)	(1)	(32)	(55)	–	–	–
Tax Reform	–	–	–	(147)	–	–	–	–
Operating Earnings (non-GAAP)	\$(16)	\$7	\$13	\$20	\$72	\$36	\$33	\$(13)
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	508	508	508	508

(a) Income tax effect calculated at a combined leveraged lease effective tax rate.



Forward-Looking Statements

Certain of the matters discussed in this report about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the United States Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- any inability to successfully develop, obtain regulatory approval for, or construct generation, transmission and distribution projects;
- lack of growth or slower growth in the number of customers or the failure of our Conservation Incentive Program to fully address a decline in customer demand;
- any equipment failures, accidents, severe weather events, acts of war or terrorism or other incidents, including pandemics such as the ongoing coronavirus pandemic, that may impact our ability to provide safe and reliable service to our customers;
- any inability to recover the carrying amount of our long-lived assets;
- any inability to maintain sufficient liquidity;
- the impact of cybersecurity attacks or intrusions;
- the impact of the ongoing coronavirus pandemic;
- the impact of our covenants in our debt instruments on our operations;
- adverse performance of our nuclear decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- risks associated with the timeline and ultimate outcome of our strategic alternatives relating to the completion of the sale of our fossil generating fleet;
- the failure to complete, or delays in completing, our proposed investment in the Ocean Wind offshore wind project, or following the completion of our initial investment in the project, the failure to realize the anticipated strategic and financial benefits of the project;
- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- market risks impacting the operation of our generating stations;
- changes in technology related to energy generation, distribution and consumption and changes in customer usage patterns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- any inability of PSEG Power to meet its commitments under forward sale obligations;

(cont.)



- reliance on transmission facilities to maintain adequate transmission capacity for our power generation fleet;
- the impact of changes in state and federal legislation and regulations on our business, including PSE&G's ability to recover costs and earn returns on authorized investments;
- PSE&G's proposed investment programs may not be fully approved by regulators and its capital investment may be lower than planned;
- the absence of a long-term legislative or other solution for our New Jersey nuclear plants that sufficiently values them for their carbon-free, fuel diversity and resilience attributes, or the impact of the current or subsequent payments for such attributes being materially adversely modified through legal proceedings;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning and transmission returns;
- risks associated with our ownership and operation of nuclear facilities, including regulatory risks, such as compliance with the Atomic Energy Act and trade control, environmental and other regulations, as well as financial, environmental and health and safety risks;

- changes in federal and state environmental regulations and enforcement; and
- delays in receipt of, or an inability to receive, necessary licenses and permits.

All of the forward-looking statements made in this report are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this report apply only as of the date of this report. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

