



POWERING PROGRESS

2019
SUSTAINABILITY
REPORT





PSEG 2019 SUSTAINABILITY REPORT

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A legacy of climate leadership



THE EVIDENCE OF CLIMATE CHANGE IS GROWING MORE VISIBLE EVERY DAY: Persistently warmer temperatures around the planet. More frequent extreme weather. Chronic flooding. Wildfires.

As calls to reduce worldwide carbon emissions grow louder, PSEG is taking steps to strengthen its position as an energy industry leader in acting to fight climate change.

PSEG has adopted its “Powering Progress” strategy, which established a vision for the future in which our customers expect us to help them use less energy, to ensure that the energy they use is cleaner and greener, and to deliver that energy more reliably than ever.

PSEG already maintains one of the lowest carbon emissions rates among the largest U.S. power producers. PSEG Power’s fleet has reduced its carbon emission intensity by more than 40% since 2005 and is about half the emission intensity compared to the national average. We have achieved this by maintaining our nuclear plants, investing in highly efficient gas-fired generation and renewables, and moving away from coal.

This year, PSEG introduced a significant extension of the “Powering Progress” vision: To cut its PSEG Power’s carbon emissions by 80%, from 2005 levels, by 2046 – a goal that places PSEG among the industry’s most progressive power providers. Furthermore, we expect that the necessary advances will occur in public energy policy, carbon-capture technology and customer behavior to help us achieve net-zero emissions from PSEG Power’s generation fleet by 2050.

To achieve our net-zero goal, PSEG Power has no plans to build or acquire new fossil-fueled power plants, and will retire or sell its only remaining interest in coal-fired generation. We also will continue to advocate for the preservation of our Salem and Hope Creek nuclear plants – the source of more than 90 percent of New Jersey’s zero-carbon electricity – while also exploring opportunities in solar, offshore wind and other emerging renewable energy sources.

In the past year, we have won approval to extend PSE&G’s Gas System Modernization Program, in which we are reducing leaks of methane by replacing aging underground gas pipes, and Energy Strong, in which we are



RALPH IZZO
PSEG CHAIRMAN, PRESIDENT & CEO



adding resiliency to our electric and gas systems in order to help them weather increasingly severe storms and temperatures. This critical climate-focused infrastructure work already is underway.

Moving forward, PSEG has proposed new programs and supports legislation that would help mitigate the most damaging impacts of our changing climate. These include:

ENERGY EFFICIENCY: A key component of PSE&G's Clean Energy Future proposal, energy efficiency is the most effective step in reducing greenhouse gas emissions – by helping our customers reduce their energy consumption. Whether it's from a coal plant or a wind farm, the cheapest and greenest kilowatt hour of electricity is the one that's not used.

TRANSPORTATION: Our Clean Energy Future proposal also calls for kick-starting New Jersey's electric vehicle market by increasing the availability of charging infrastructure. As the sector that leads all others in GHG emissions, shifting transportation from gasoline-powered vehicles to electric plug-ins would reduce its impact on climate change.

CARBON PRICING: PSEG has long believed that a national, economy-wide program that sets a price on carbon is another effective way to achieve meaningful GHG reductions. A national standard that incorporates the value of carbon-free energy into market prices would establish a level playing field to support and expand what Americans value – clean energy.

At PSEG, our board of directors already takes an active role in overseeing sustainability; environmental, social and governance (ESG) matters; and corporate citizenship issues including our climate strategy. In 2020, we will increase our transparency and disclosure by producing a climate report that will follow the TCFD (Task Force on Climate Related Financial Disclosure) framework.



PSEG IS NEARLY 117 YEARS OLD. Our first century was based on the idea of growth: Providing universal access to electricity and natural gas to as many customers as possible and generating revenue by delivering as much energy to these customers as they required, safely and reliably.

Our second century, however, has been marked by a shift in what customers need from their energy providers. They still need a reliable source of electricity to power their homes and gas to keep them warm and comfortable. But we also need to supply cleaner energy to avoid the effects of traditional pollutants, as well as climate change-causing carbon emissions.

Man-made climate change is the preeminent challenge of our time. How PSEG and others in our industry respond to this challenge will define our legacy.

Not only must the energy sector rise to meet this challenge, but the industry can be a catalyst for change that spreads to all corners of the economy, as private industry leads America's movement toward sustainability and meeting our obligation to help reduce global carbon emissions.

Please read PSEG's 2019 Sustainability Report, which reflects our commitment to sustainability and performance on environmental and social issues.

Ralph Izzo
PSEG Chairman, President & CEO



RICK THIGPEN
SENIOR VICE PRESIDENT
CORPORATE CITIZENSHIP

Citizenship and sustainability



OUR COMPANY'S SUCCESS, for more than a century, has been based on our delivery of an essential, critical and important public service – electricity and natural gas – in a safe, reliable fashion to the people of New Jersey.

Now, we find ourselves on the threshold of a new era – one in which we have the same responsibility, but with new challenges we must confront to continue our long record of success.

Today, companies like PSEG need to change the way we produce and distribute energy, while embracing technologies that can fundamentally improve our relationship with our customers.

So how do we deliver this product – safe, affordable, around-the-clock access to energy – in a responsible and sustainable way that will allow us to continue the success this company has enjoyed for nearly 117 years?

The answer is found in PSEG's commitment to citizenship – channeling the resources of PSEG and its 13,000 employees to reinforce the ideal of our founder, Thomas McCarter, “to serve the state of New Jersey and to make it a better place in which to work and live.”

Corporate citizenship and sustainability encompass our social and environmental responsibilities, as well as our responsibilities to our customers and the communities where they live. These strategies also reflect our dedication to acting in a manner that is responsible, ethical and deliberate, balancing the needs of the business with the changing expectations of our customers.

Today, we face not only the question of climate change and its impacts, but we also have the ongoing challenges of delivering our services to the public responsibly, engaging our employees in the mission and instilling confidence in our customers that we can be entrusted with a critical part of their lives.

Additionally, we have the investor community on Wall Street focusing on issues of long-term, sustainable business success, which are increasingly aligned with the concerns of elected officials on Main Street, as well as the concerns of people in the communities we serve.



Our investors want us to demonstrate that we are thinking about the challenges of the future. Our customers want us to provide clean energy, without sacrificing reliability or affordability. And the members of our increasingly diverse and inclusive workforce need to find common purpose at work that is different than it was in the past.

As we move into the future, earning the confidence of Wall Street, of our regulators, of our customers and of our employees is a recipe for success. That's also a significant challenge. Citizenship is the answer to that challenge.

This report reflects PSEG's approach to corporate citizenship, highlights the relevance of disclosure and informs stakeholders of both risks and opportunities. It also contains several firsts for PSEG: an ESG materiality assessment and map, Sustainability Accounting Standards Board (SASB) tables that follow the SASB framework and reporting, and 12 new ESG and sustainability goals.

Ultimately, this report is a reflection of our balanced approach to environmental, social and governance issues, and to meeting the evolving needs of New Jersey and our customers.

We are proud to present PSEG's 2019 Sustainability Report.

A handwritten signature in black ink, appearing to read "Rick Thigpen", with a long horizontal flourish extending to the right.

Rick Thigpen
Senior Vice President
Corporate Citizenship





PSEG 2019 SUSTAINABILITY REPORT

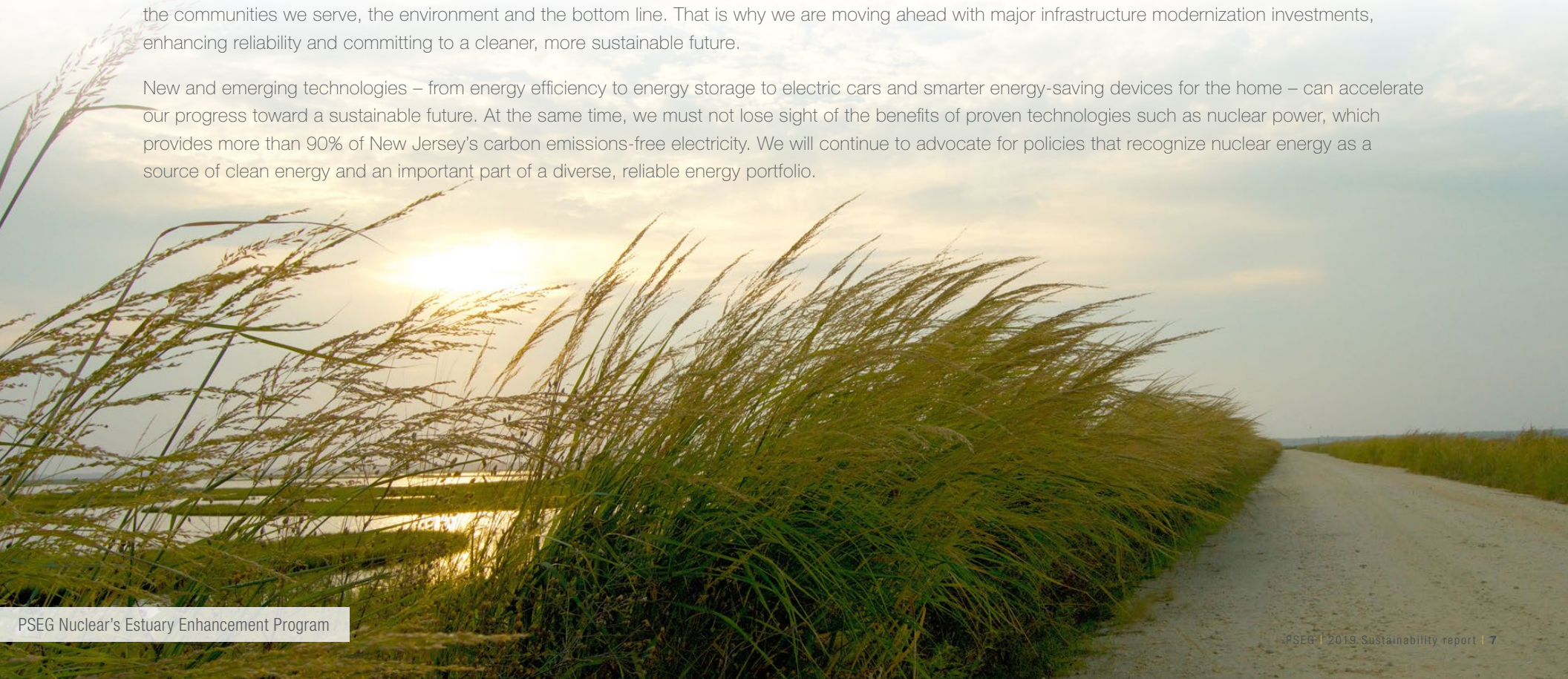


Our approach to sustainability

CHANGE IS A CONSTANT IN OUR INDUSTRY AND OUR WORLD. Our customers' demands are changing. They want energy that is more reliable, resilient and cleaner, along with better access to smart technology that can help them manage their energy usage – all while keeping bills affordable.

These demands not only present a huge, multi-dimensional challenge, but also create an unparalleled opportunity to build a model energy company of the future. A multi-dimensional challenge calls for a multi-level, strategic response, as well as a comprehensive strategy that considers our impacts on the communities we serve, the environment and the bottom line. That is why we are moving ahead with major infrastructure modernization investments, enhancing reliability and committing to a cleaner, more sustainable future.

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



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

Our sustainability strategy enhances our ability to identify synergies between the objectives of our business and our customers in identifying opportunities to reduce environmental impacts, meet the needs of local communities and improve the safety of people working in the company and the communities we serve.

HOW WE MANAGE SUSTAINABILITY: ESG/Sustainability Governance

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

PSEG's approach to sustainability reflects our understanding that our continued ability to prosper as a business depends on helping others to prosper, too. Thus, we emphasize the importance of defining success not only by profitability, but also by the

environmental and social dimensions of performance. We strive to be both systematic and comprehensive in our approach to sustainability issues. Doing so helps us to remain true to our most important commitments and to further improve performance.

BOARD OF DIRECTORS: Our Board of Directors takes an active role in overseeing sustainability, environmental social and governance (ESG) and corporate citizenship issues including our 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 and will be responsible for overseeing our transition to a net-zero future.

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 officers take an active leadership role, not only with regard to our business goals, but also on environmental issues and community engagement. In 2018, PSEG formalized the responsibility for the sustainability function by establishing a senior level role. Our senior vice president for Corporate Citizenship reports directly to the CEO.

SUSTAINABILITY ESG COUNCIL: A cross-functional ESG team coordinates and



executes the company's multiple streams of ESG disclosure. With members from Law, Corporate Communications, Investor Relations, Environmental Policy, Corporate Social Responsibility 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 executive reviewers.



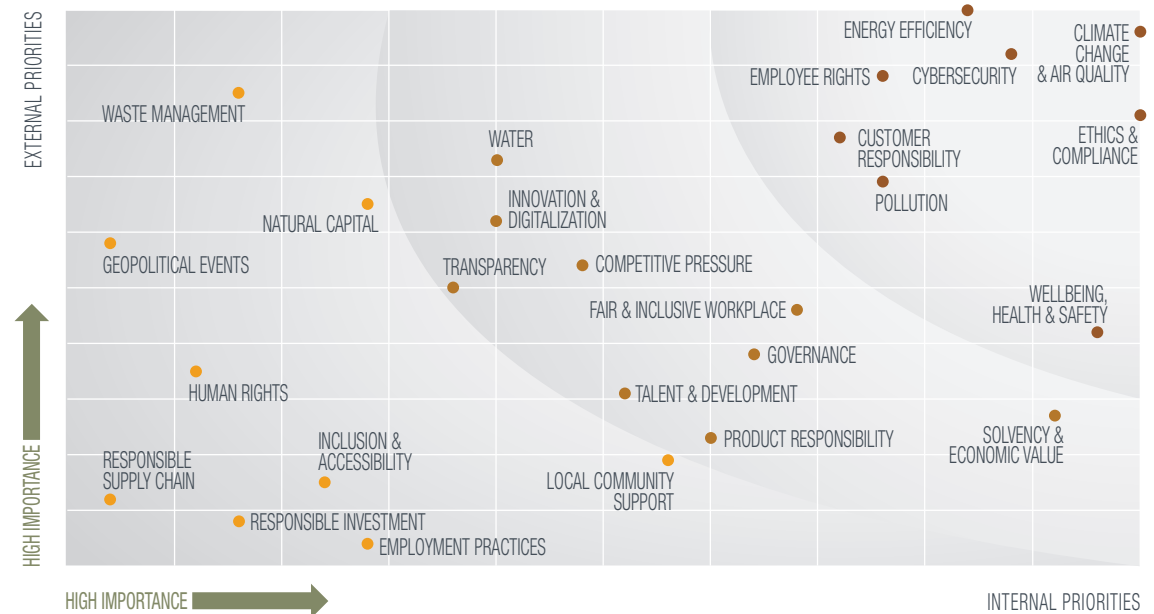
OUR ESG MATERIALITY ASSESSMENT

Reporting on non-financial activities is extremely relevant to our stakeholders. Our investors, suppliers, customers, political and regulatory leaders, and employees increasingly want to know about the direct impacts of PSEG's businesses, as well as environmental, social and governance issues and trends. We used a wide array of tools and inputs to identify and map the issues of greatest importance to our internal and external stakeholders and our businesses.

In 2019, we started working with [Datamaran](#) and its Materiality Analysis tool, a business intelligence tool that uses data and artificial intelligence to conduct real-time materiality assessments. This tool enabled PSEG to identify and prioritize the ESG impacts, risks and opportunities most important to internal and external stakeholders by analyzing sources that included corporate reports, global regulations and initiatives, social media and online news. This year, for the first time, we are publicly disclosing the results.

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

ESG MATERIALITY ANALYSIS



Another input to our analysis was the industry view of priority issues: an evaluation conducted by the [Electric Power Research Institute](#) in which we participated, the results of which are published in [Priority Sustainability Issues for the North American Electric Power Industry in 2017](#). We also used the [Sustainability Accounting Standards Board \(SASB\) Materiality Map](#), an interactive tool that identifies and compares disclosure topics across different industries and sectors.

Through the ESG materiality assessment, our internal stakeholders identified climate change, energy efficiency, cybersecurity and ethics as most important, while external stakeholders see

energy efficiency, climate change and air quality, cybersecurity, employee rights and customer responsibility as most material. Important to all stakeholders is our commitment to addressing climate change and executing a strategy to transform our business for a clean energy future.











The matrix framework shown above maps the material environmental, financial and social challenges we face. We develop goals and management processes for most of these, which are described in more detail throughout this report.




ESG LONG-TERM GOALS

In addition to presenting our connection to the SDGs in this report, and ensuring that our approach is aligned with the international framework for sustainable development, we also are publicly reporting on the following ESG/sustainability long-term 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:

SOCIAL GOALS	METRIC AND DEFINITION	LONG-TERM TARGET
<p>Health & Safety</p>  	<p>Safety – Fatalities: Achieve zero work-related fatalities.</p> <hr/> <p>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 (equivalent of 100 full-time employees) / Number of employee labor hours worked.</p> <hr/> <p>OSHA Days Away from work rate (DART): Achieve a meaningful reduction in the total number of DART incidents x 200,000 (equivalent of 100 full time employees) / Number of employee labor hours worked. A DART incident is one in which there were one or more lost days; one or more restricted days and/or job transfer due to work related injuries or illnesses.</p>	<p>0</p> <hr/> <p>0.71 by 2023</p> <hr/> <p>0.16 by 2023</p>
<p>Diversity and Inclusion (D&I)</p>  	<p>D&I: Aim to increase the representation of color and women in the workforce.</p>	<p>Continuous improvement</p>
<p>Reliability</p> 	<p>SAIDI: Maintain as “first decile” PSE&G’s comparative reliability performance. Measured with the System Average Interruption Duration Index (SAIDI). Expressed in minutes.</p>	<p>First Decile</p>
<p>Supplier Diversity</p>  	<p>Supplier Diversity: Increase the percentage of total spending that is allocated to diverse suppliers. Diverse suppliers include minority-, women- and veteran-owned suppliers.</p>	<p>30% by 2023</p>
<p>Corporate Social Responsibility</p>   	<p>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 Sustainable Development Goal #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.</p>	<p>20% of annual giving by 2023</p>



ENVIRONMENTAL GOALS	METRIC AND DEFINITION	LONG-TERM TARGET
Air Emissions 	<p>CO2 Emissions: Reduce the carbon dioxide (CO2) emissions from PSEG Power's generation fleet by 80% from the 2005 level by 2046 (equates to a reduction from 26 million tons to 5.2 million tons). All Scope 1 and 2 reported in metric tons of CO2 equivalent.</p> <p>Nitrogen Oxide (NOx): Reduce the nitrogen oxide (NOx) emissions from PSEG Power's generation fleet by 80% from the 2005 level by 2023. In accordance with state and federal reporting requirements, measured in metric tons and using 2005 as a baseline.</p> <p>Sulfur Dioxide (SOx): Reduce the sulfur dioxide (SOx) emissions from PSEG Power's generation fleet by 90% from the 2005 level by 2023. In accordance with state and federal reporting requirements, measured in metric tons and using 2005 as a baseline.</p> <p>Mercury (Hg): Reduce the mercury (Hg) emissions from PSEG Power's generation fleet by 95% from the 2005 level by 2023. In accordance with state and federal reporting requirements, measured in metric tons and using 2005 as a baseline.</p> <p>Methane Emissions (CH4): 21.7% reduction of absolute CH4 emissions from 2018 to the completion of GSMP II at the end of 2023. As reported to EPA under 40 CFR 98, Subpart W.</p>	<p>80% by 2046</p> <p>80% by 2023</p> <p>90% by 2023</p> <p>95% by 2023</p> <p>21.7% by 2023</p>
Energy Efficiency   	<p>Energy Efficiency: Aligned with State's Clean Energy Act that targets 2% / 0.75% electric and gas savings by 2023. Begin EE programs upon regulatory approval; CEF-EE filed at \$2.5B over six years; Existing programs extended one year into 2020 (continuing four of PSE&G's five existing EE programs).</p>	<p>2% electric 0.75% gas by 2023</p>
Water  	<p>Water Withdrawal: 90% reduction of Fresh water withdrawn by our generation fleet by 2023. Cubic meters using 2015 as a baseline. <i>(Fresh water includes water sourced from fresh surface water, groundwater, rain water, and fresh municipal water; does not include recycled, reclaimed, or gray water).</i></p> <p>Water Consumption: 50% reduction of water that is not returned to the original water source after being withdrawn, including evaporation to the atmosphere, by 2023. Cubic meters using 2015 as a baseline.</p>	<p>90% by 2023</p> <p>50% by 2023</p>
Waste 	<p>Increase the percentages of recycling and beneficial use of waste for PSE&G, thus reducing the volume of solid waste disposal. This target excludes waste generated from storm events and capitalized construction projects.</p>	<p>Continuous improvement</p>
Renewables  	<p>Increase the percentage of renewable energy generated: Solar Source, PSE&G.</p>	<p>Continuous improvement</p>



ENGAGING OUR STAKEHOLDERS

Building strong relationships with our stakeholders is essential to maintaining a high level of trust, understanding and service. We engage with stakeholders in various ways that accommodate their needs and find that we learn a lot in the process. Connecting with our customers, investors, employees, communities, government officials, regulators and suppliers helps us run a better business, meeting and often exceeding environmental and social expectations.

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.

PSEG STAKEHOLDER ENGAGEMENT COUNCIL

Governed by a charter, 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), considering at the same time the interests and concerns of our key stakeholder groups and devising engagement strategies to find areas

of commonality and design mutually beneficial strategies. The main 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.

MAIN TYPES AND CHANNELS OF COMMUNICATION WITH STAKEHOLDERS

CHANNELS OF COMMUNICATION	SUPPLIERS AND CONTRACTORS	FINANCIAL COMMUNITY	CUSTOMERS	EMPLOYEES	CIVIL SOCIETY AND LOCAL COMMUNITIES
Website	●	●	●	●	●
Press	●	●	●	●	●
Direct Contact	●	●	●	●	●
Conferences	●	●	●	●	●
Working Groups	●			●	
Investors Conference		●			
Social Media			●	●	●
Surveys	●		●	●	
Intranet				●	



PSEG'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

THE UNITED NATIONS Sustainable Development Goals 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. The 2030 deadline is rapidly approaching and urgent action will be required to meet the SDGs and address the monumental issues facing our world – inequality, climate change, conflict, water scarcity and so many others. Together, across the private and public sectors, we must work now to preserve our planet and ensure a peaceful and prosperous future for all.

Many of the 17 SDGs align with PSEG's identified priority issues and, throughout this report, we will show tangible examples of our impacts. The main areas where PSEG's strategy helps advance the SDGs are reflected in the table on the right.

Goals 7 and 13 are the SDGs where our contribution is most significant: providing

PSEG'S COMMITMENT TO SDGs

	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 
Energy Strong		●	●	●		●
Gas System Modernization Program	●	●	●		●	●
Clean Energy Future	●	●	●			●
Solar Programs	●		●			●
Health & Safety System: Target Zero		●				
Energy Efficiency	●		●	●	●	●
Combined Cycle Facilities	●	●	●		●	●
PSEG Foundation	●	●	●	●	●	
Power of One		●		●		
Nuclear Power	●	●			●	●
Environmental Partnerships			●	●		●
Zero Emissions Certificate Program	●		●	●		●
EPA's Natural Gas STAR Methane Challenge			●	●	●	●
EPA's WasteWise Program			●	●	●	●
Sustainable Jersey			●		●	

reliable, economic and green energy (Goal 7) and climate action (Goal 13). These areas are integral to PSEG's business and included as

the company's specific goals that are tied to the remuneration of Subject Matter Experts (SMEs) and senior management.



PSEG at a glance

THE YEAR IN REVIEW

RECENT KEY MOMENTS IN OUR COMPANY'S ESG TIMELINE. (INCLUDES 2018)

NOVEMBER 2019: PSE&G recognized by PA Consulting with the 2019 ReliabilityOne™ Award for Outstanding Reliability Performance in the Mid-Atlantic Region for 18th consecutive year.

NOVEMBER 2019: PSEG was named one of America's Most JUST Companies by Forbes and JUST Capital, recognizing the company as a national leader in categories such as ethical leadership, equal opportunity, customer treatment, community support and environmental impact.

NOVEMBER 2019: PSEG was recognized by New Jersey Gov. Phil Murphy with a "We Value Our Veterans" award for programs to hire and support military veterans.

NOVEMBER 2019: PSEG elected John P. Surma, retired chairman and CEO of U.S. Steel, to its Board of Directors.

NOVEMBER 2019: PSEG received a 2019 U.S. Transparency Award from Labrador for the quality of its corporate disclosure documents.

OCTOBER 2019: Ralph Izzo testified before a congressional subcommittee during a hearing titled, "Building a 100 Percent Clean Economy: Solutions for the U.S. Power Sector."

OCTOBER 2019: PSEG exercised its option on Ørsted's Ocean Wind project, which begins a period of exclusive negotiation to potentially acquire a 25% equity interest in their offshore wind project. Any investment in the project remains subject to advanced due diligence, negotiations toward a joint venture agreement, and any required regulatory approvals.

SEPTEMBER 2019: PSEG Power sold its 776-megawatt interest in the Keystone and Conemaugh generation facilities in western Pennsylvania and related assets. The transaction eliminates a non-core asset and leaves PSEG with one remaining coal asset, which is scheduled for retirement in mid-2021.



PSEG



SEPTEMBER 2019: PSE&G reached a settlement on its Energy Strong II filing that provides for \$842 million of investment (\$741 million for electric, \$101 million for gas) for projects beginning in the fourth quarter of 2019 and completed by December 2023. This will allow for the continuation of the utility's work under the first phase of Energy Strong to harden gas and electric infrastructure, improve reliability and resiliency, and reduce methane emissions.

SEPTEMBER 2019: PSEG was named to the Dow Jones Sustainability Index North America for the 12th year in a row.

SEPTEMBER 2019: Ralph Izzo joined the CEO Climate Dialogue, a cross-sectoral organization that seeks to leverage CEO voices to build support for a national price on carbon and whose guiding principles for federal action include economy-wide greenhouse gas emissions reductions of 80% or more by 2050.

AUGUST 2019: PSE&G completed the Cinnaminson (N.J.) Solar Farm on a reclaimed Superfund landfill. It is the 30th project under the utility's Solar 4 All® program, which totals 158-megawatts-dc.

JULY 2019: PSEG announced its commitment to reduce GHG emissions from PSEG Power's fleet by 80%, from 2005 levels, by 2046, as well as its vision for attaining net-zero by 2050, assuming necessary advances in technology, public policy and consumer behavior. The

strategy includes retirement or sale of coal assets and no plans to acquire or build new fossil units; preservation of existing nuclear fleet; and continued investment in renewable energy sources.

JULY 2019: PSEG announces its commitment to reporting annually on sustainability and climate using the Task Force on Climate-related Financial Disclosures (TCFD) framework, starting in 2020.

JULY 2019: PSE&G named a Most Trusted Brand by Escalent for the third year in a row by business electric and natural gas customers.

JUNE 2019: PSEG ranked third among top 20 privately/investor-owned power producers in the U.S. for lowest carbon emissions intensity rates, according to "Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States" report by M.J. Bradley & Associates, Bank of America, CERES, Entergy, Exelon and NRDC.

JUNE 2019: New Jersey Board of Public Utilities granted New Jersey's first award for offshore wind to Ørsted's 1.1 gigawatt Ocean Wind project, supported by PSEG. 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.

JUNE 2019: Bridgeport Harbor Station Unit 5 power plant placed into commercial service, completing PSEG Power's CCGT construction

program and paving the way for closure of the coal-fired BHS Unit 3 in mid-2021.

JUNE 2019: PSEG Nuclear received Nuclear Energy Institute's 2019 Top Innovative Practice Award for pursuit of continuous improvement and operational excellence demonstrated by PSEG Nuclear's Hope Creek Generating Station.

JUNE 2019: PSE&G completed Phase I of its Gas System Modernization Program, which replaced approximately 450 miles of cast-iron and unprotected steel gas infrastructure over three years, avoiding nearly 75,000 tons of GHG emissions. Phase II, which calls for replacement of an additional 875 miles of aging gas pipes through 2023, began in January.

JUNE 2019: Opinion Dynamics reports that, in 2018, PSEG Long Island's energy efficiency programs achieved 1.5% energy savings, reduced customer bills by \$58 million and created more than 500 jobs.

JUNE 2019: PSEG named to Forbes' America's Best Employers list for 2019.

APRIL 2019: New Jersey BPU awarded Zero Emissions Certificates (ZECs) to all three of New Jersey's nuclear plants: Salem 1, Salem 2 and Hope Creek. The ZEC law demonstrates New Jersey's intent to preserve nuclear plants for their clean air attributes, jobs and impact on fuel diversity in New Jersey.



APRIL 2019: PSE&G received an Innovation Award from Smart Energy Decisions for energy efficiency work at New Jersey hospitals. The PSE&G Hospital Efficiency Program won in the utility partnership category.

APRIL 2019: Salem 1 entered refueling outage, completing its first-ever “breaker-to-breaker” run in its operating history. Hope Creek marked the same achievement one year earlier, in April 2018.

MARCH 2019: PSEG Solar Source purchased two North Carolina solar farms, increasing its portfolio to 25 utility-scale solar facilities in 14 states, with a total capacity of 414 MW-dc.

JANUARY 2019: PSEG named to Forbes’ America’s Best Employers for Diversity list for second consecutive year.

DECEMBER 2018: PSE&G named 2018 Customer Champion among residential customers by Cogent Reports.

NOVEMBER 2018: PSEG published a [Human Rights Practice](#) using the United Nations’ Guiding Principles on Business and Human Rights as a reference. The document underscores the company’s commitment to minimize any adverse effects our operations may have on people or communities.

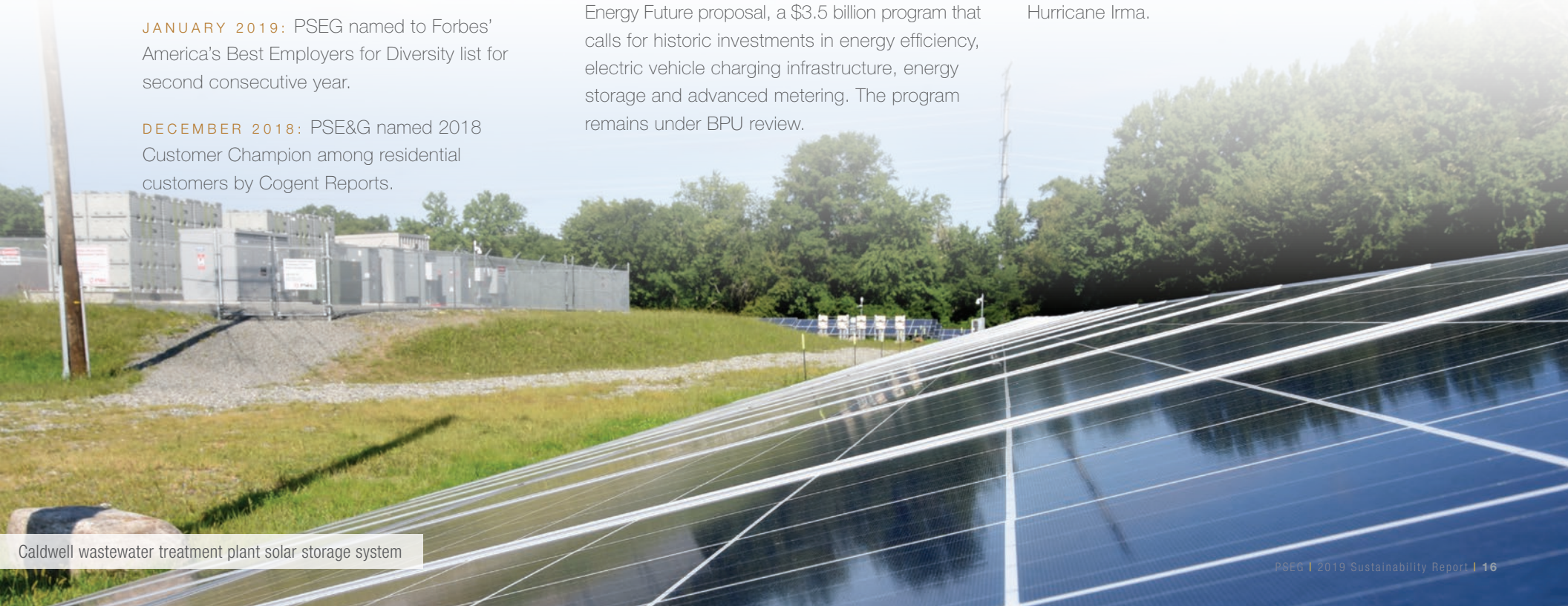
OCTOBER 2018: PSE&G reached a settlement agreement in its 2018 base rate review, keeping residential customer bills essentially flat and at levels that are 30 percent lower than customers paid in 2008.

SEPTEMBER 2018: PSE&G introduced its Clean Energy Future proposal, a \$3.5 billion program that calls for historic investments in energy efficiency, electric vehicle charging infrastructure, energy storage and advanced metering. The program remains under BPU review.

AUGUST 2018: PSE&G became the first U.S. public utility to obtain SAFETY Act liability protections from the U.S. Department of Homeland Security for the deployment of physical security measures designed to detect, deter and recover from acts of terrorism.

MARCH 2018: PSE&G awarded POWERGRID International and DistribuTECH Grid Optimization Project of the Year for its Energy Strong Advanced Technologies Program.

JANUARY 2018: PSE&G recognized by Edison Electric Institute with the Emergency Assistance Award for assisting customers impacted by Hurricane Irma.



Caldwell wastewater treatment plant solar storage system

COMPANY OVERVIEW & FINANCIAL PERFORMANCE

PUBLIC SERVICE ENTERPRISE GROUP

is New Jersey's largest provider of electric and gas service, serving 2.3 million electric customers and 1.8 million gas customers – approximately 70% of the state's population. We also own and operate a fleet of power plants in the Northeast and Mid-Atlantic regions of the United States. PSEG Long Island operates the electric transmission and distribution system of the Long Island Power Authority (LIPA), serving approximately 1.1 million customers. We have been recognized not only for outstanding reliability, but also for our renewable solar energy and energy efficiency efforts. PSEG has been named for 12 consecutive years to the Dow Jones Sustainability North America Index.

PSEG's role as an economic engine, investing in critical energy infrastructure, has continued to grow. In 2018, PSEG boosted the New Jersey economy by spending nearly \$2 billion with other New Jersey-based firms during the year. We directly employ more than 13,000 people and spend upward of \$1 billion annually on wages. In addition, we provide another \$150 million in pensions and other benefits to retirees and survivors. The businesses and suppliers we work with provide additional jobs in the region. Our Salem and Hope Creek nuclear facilities comprise the largest employer in Salem County, New Jersey, with 1,600 employees.

YEAR ENDED DEC. 31	2018	2017	2016
(\$ in millions, except per share data)			
Operating Revenues	\$9,696	\$9,094	\$8,966
Net Income	\$1,438	\$1,574	\$887
Reconciling Items	\$144	(\$86)	\$588
Operating Earnings (non-GAAP)*	\$1,582	\$1,488	\$1,475
Per Share (Diluted)			
EPS from Net Income	\$ 2.83	\$ 3.10	\$ 1.75
EPS from Operating Earnings (non-GAAP) *	\$ 3.12	\$ 2.93	\$ 2.90
Net Income/(Loss) Contribution by Subsidiary (\$ in millions)			
PSE&G	\$1,067	\$973	\$889
PSEG Power	\$365	\$479	\$18
PSEG Enterprise/ Other	\$6	\$122	(\$20)
Operating Earnings (non-GAAP)* Contribution by Subsidiary (\$ in millions)			
PSE&G	\$1,067	\$963	\$889
PSEG Power	\$502	\$505	\$514
PSEG Enterprise/ Other	\$13	\$20	\$72

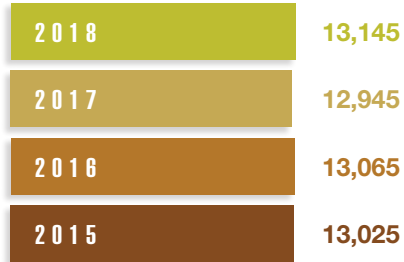
YEAR ENDED DEC. 31	2018	2017	2016
Stock Performance – Price Per Share			
High	\$56.68	\$53.28	\$47.41
Low	\$46.19	\$41.67	\$37.85
Year-End	\$52.05	\$51.50	\$43.88
Other Shareholder Information			
Common Dividend Paid Per Share	\$1.80	\$1.72	\$1.64
Book Value Per Share	\$28.53	\$27.45	\$26.01
Shares Outstanding (in millions)	507	507	508
Debt to Capital	52%	50%	47%

*See items excluded from income (loss) to reconcile to non-GAAP operating earnings on pages 86 through 88.

Financial strength enhances our ability to sustain excellence in our operations, deploy capital efficiently and deliver value to our customers and shareholders, while also making meaningful contributions to the communities we serve. PSEG has now paid dividends for 112 consecutive years – putting us among a select group of companies. Our financial results depend on many risk factors including, but not limited to, commodity prices, regional market rules, environmental regulations, and state and federal energy regulation. We strive to manage or mitigate these risks to make disciplined investment decisions.



EMPLOYEE COUNT



EMPLOYEES AS OF DECEMBER 31, 2018

	PSE&G	PSEG POWER	PSEG LI	PSEG SERVICES
Non-Union	2,003	1,057	899	1,041
Union	5,315	1,065	1,510	255
Total	7,318	2,122	2,409	1,296

Growth at PSE&G is offsetting challenges at PSEG Power, which are due primarily to a changing energy marketplace driven by persistently lower power prices. In response to those market conditions, as well as a desire to reduce our company's carbon footprint, our generation portfolio has been reconfigured to establish a cleaner, more efficient fleet. We continue to find ways to increase the efficiency and performance of PSEG Power assets by lowering costs without compromising safety or reliability.

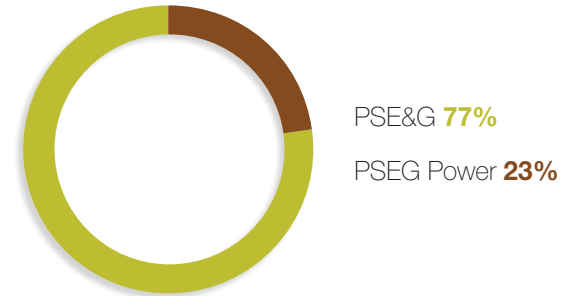
We have continued to execute well on our investment program, which is closely aligned with our customers' needs and public policy goals. Our record of delivering on our commitments and realizing growth provides a strong platform on which to build for the future. As we do so, we are building an energy company that provides the opportunity for strong growth for our shareholders and a sustainable energy future for our customers.

PSEG's continuing long-term strategy to transition our business to a mostly regulated company with predictable cash flows remains on track. Our successful capital investment programs in essential transmission and distribution infrastructure have improved reliability and resiliency for customers, supported New Jersey's economic growth and provided a fair return for our shareholders. PSEG's capital spending program will continue to move the company toward a more stable and predictable platform by directing more than 90% of its planned \$13 billion to \$15.5 billion capital program to regulated, critical energy infrastructure and clean energy investments over the 2019-to-2023 period.

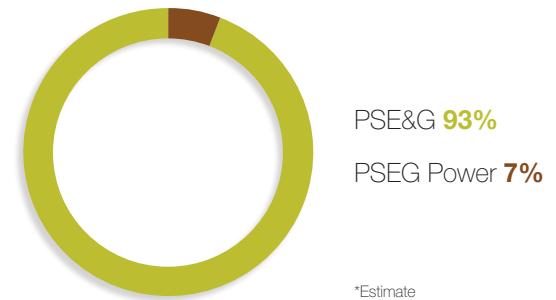
PSEG's principal operating subsidiaries are Public Service Electric and Gas Co. (PSE&G), PSEG Power LLC (PSEG Power), and PSEG Long Island LLC.

PSEG CAPITAL SPENDING

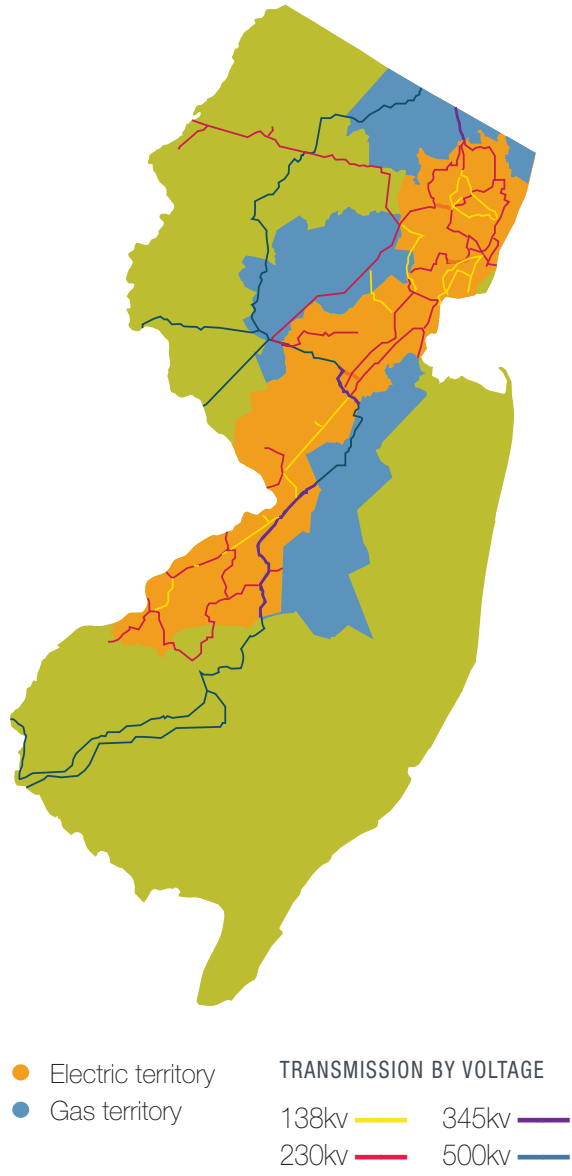
2014 – 2018
~\$19 Billion



2019 – 2023 E*
~\$13 – \$15.5 Billion



CAPITAL ALLOCATION TO PSE&G GROWS FROM 77% TO OVER 90%, FURTHERING THE SHIFT IN THE BUSINESS MIX



PUBLIC SERVICE ELECTRIC AND GAS (PSE&G)

PSE&G is the largest electric and gas distribution and transmission utility in New Jersey, as well as the largest investor in renewable energy and energy efficiency, and the largest HVAC and appliance service contract provider in the state. PSE&G's 2,600-square-

mile service territory runs diagonally across New Jersey in the most densely populated area of the state. The company serves 2.3 million electric and 1.8 million gas customers, approximately 70% of the state's population.

SALES STATISTICS

2018 SALES MIX	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	2018 PEAK LOAD
Electric	33%	58%	9%	9,978 MW
Gas	58%	38%	4%	-

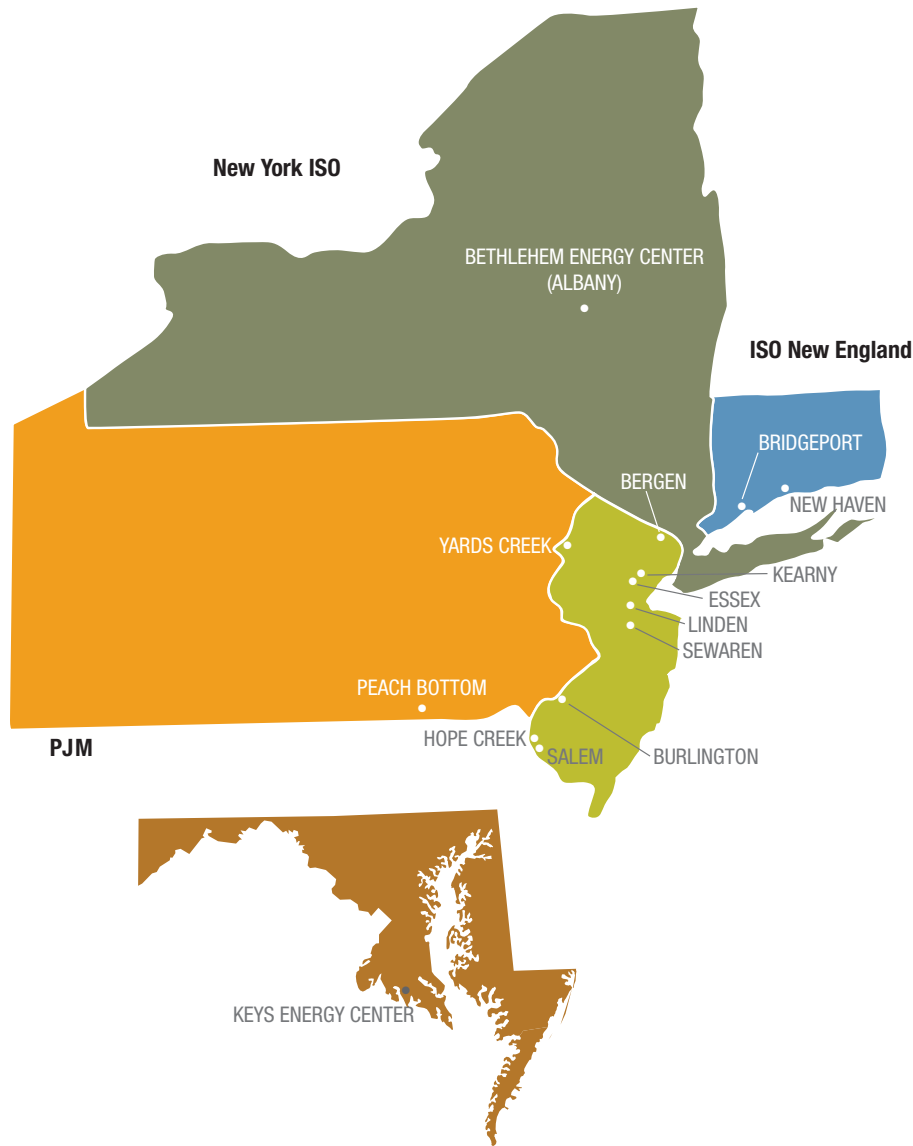
TRANSMISSION STATISTICS

	NETWORK CIRCUIT MILES	BASE RETURN ON EQUITY ¹	2018 YE RATE BASE
Electric Transmission	1,941	11.68%	\$8.7 B

ELECTRIC AND GAS DISTRIBUTION AND SOLAR STATISTICS

	NETWORK MILES/ SOLAR MW INSTALLED	BASE RETURN ON EQUITY	2018 YE RATE BASE
Electric Distribution	22,468	9.6%	\$10.0 B
Gas Distribution	18,000		
Solar & EE Assets	122 MW _{DC}		\$0.6 B

¹ FERC ROE is comprised of a base 11.18% plus a 0.50% adder for participation in a regional transmission organization (RTO). Certain PSE&G projects also have various ROE adders approved by the FERC to promote transmission infrastructure development.

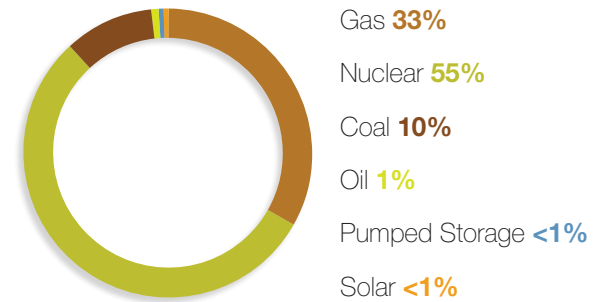


PSEG POWER

PSEG Power is a multi-regional energy supply company that integrates the operations of its merchant nuclear and fossil generating assets with its power marketing businesses and fuel supply functions. PSEG Power is a nationally recognized industry leader on environmental performance.

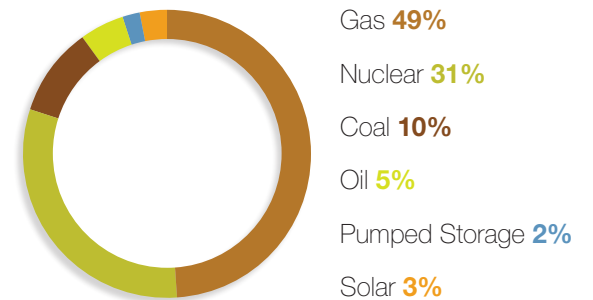
2018 ENERGY PRODUCED

Total 57,093 GWh



2018 FUEL DIVERSITY

Installed Capacity – Total MW 11,872





PSEG Nuclear LLC is one of four main subsidiaries of PSEG Power; it operates the Salem and Hope Creek nuclear generating stations in southern New Jersey and is a part-owner of the Peach Bottom nuclear generating station in Pennsylvania. PSEG Fossil operates the company's portfolio of natural gas- and oil-fired electric generating units. PSEG Energy Resources & Trade is the trading arm of PSEG Power. PSEG Power Ventures develops utility-scale solar facilities outside PSE&G's service territory through its subsidiary, PSEG Solar Source, and operates the Kalaeloa Cogeneration Plant in Hawaii.

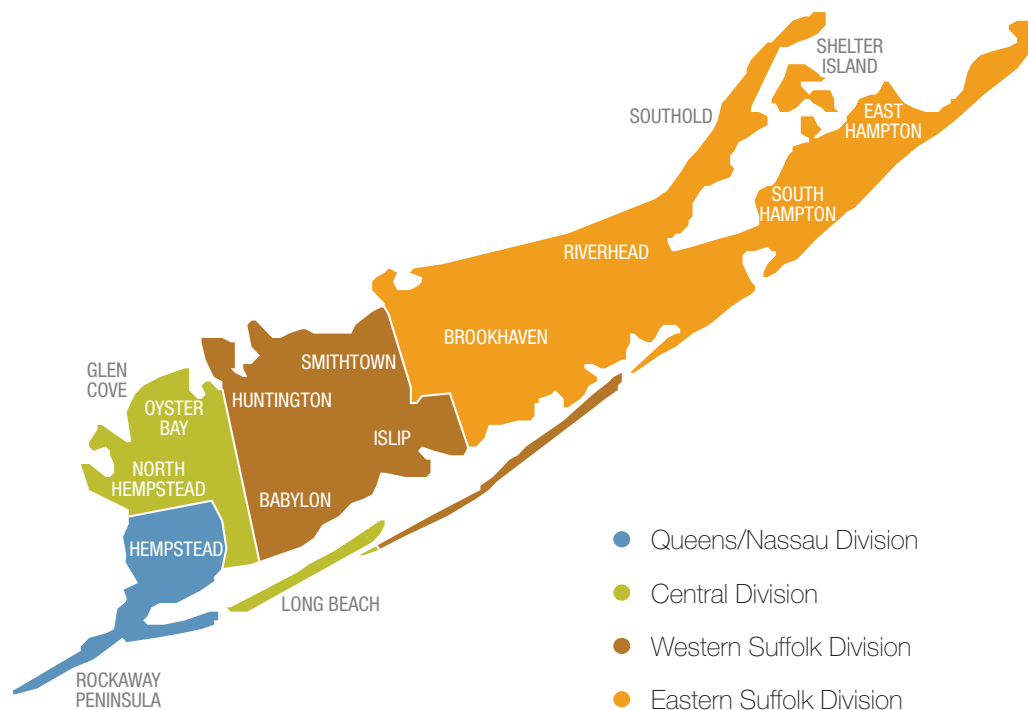
PSEG Power's generation fleet comprises diverse, low-cost and geographically well-positioned generating assets in the Northeast and Mid-Atlantic regions of the United States. PSEG Solar Source also owns and operates 23 utility-scale solar facilities in 14 states with a total capacity of 414 MWs.

Having one of the most balanced portfolios in the country both in terms of market segment (base load, load-following and peaking) helps us generate the power that our customers need, when they need it. PSEG Power has transformed its generation fleet with the planned retirement or sale of nearly all of its coal-fueled generation assets, as well as the addition of reliable, efficient and cleaner CCGT generation in New Jersey, Maryland and Connecticut.

PSEG LONG ISLAND

PSEG Long Island operates the electric transmission and distribution system of the Long Island Power Authority (LIPA) serving approximately 1.1 million customers in Nassau and Suffolk counties and the Rockaway peninsula of Queens, New York. PSEG Long Island began operations January 1, 2014, under a 12-year agreement. In January 2015, PSEG

Power began providing fuel procurement and power management services for LIPA under a separate agreement. In 2018, PSEG Long Island achieved its first-ever top-quartile ranking among residential customers in the J.D. Power customer satisfaction index and maintained the lowest customer complaint rate among all major New York public utilities.



ENTERPRISE RISK MANAGEMENT

The objective of PSEG's Enterprise Risk Management (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, environmental, health & safety, legal & compliance, and reputational risks.

The ERM program identifies and assesses both enterprise risks and opportunities, including those relating to the emerging impacts of climate change. This awareness and analysis is then incorporated into strategy, sustainability and risk management processes.

Key components of the ERM program framework include:

- ensuring appropriate risk governance, from the Board of Directors to 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 program, while the corporate Risk Management Committee has oversight of the program at the executive level.

PSEG's ERM team, led by PSEG's Chief Risk Officer, is responsible for coordinating the ERM program throughout the company, working with PSEG's operating businesses, functional service areas, and other assurance functions.

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 Risk Management Committee, and with the Board of Directors, to ensure 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. These risk reviews are discussed at the Risk Management Committee, facilitating cross-departmental risk responses.

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 and board committee receives at each board meeting a summary of updates relevant to enterprise-level risks mapped to them.



PSEG 2019 SUSTAINABILITY REPORT

P S E G o p e r a t i o n s

At PSEG, our vision for the future of energy guides our company. Our commitment to that vision is demonstrated in programs that help our customers manage their energy use in a way that allows them to use less energy and to use clean energy, without sacrificing the safety and reliability that form the foundation of our business. The following section provides details of our vision and strategies that support it.





- 7 Affordable and clean energy
- 9 Industry, innovation and infrastructure
- 11 Sustainable cities and communities
- 12 Responsible consumption and production

POWERING PROGRESS

For more than a century, PSEG's mission has been to provide universal access to an around-the-clock supply of reliable, affordable power. As our larger community goals have changed, energy companies have evolved alongside them. Today, the role of the utility is evolving as we adjust to meet the changing needs and demands of our customers. At PSEG, our 'Powering Progress' vision of the future is one where customers use less energy, the energy they use is cleaner, and its delivery is as reliable and as resilient as ever. The challenge is to realize this future without abandoning our longstanding commitment to an affordable and universal power supply.

We believe utilities of the future will continue to play a central role for customers, for communities and for the world around us.

In July 2019, we announced a significant update to our Powering Progress vision: Our 2050

carbon-reduction goal. PSEG's goal is to reduce its PSEG Power fleet carbon emissions 80%, from 2005 levels, by 2046. We also have a vision of achieving net-zero carbon emissions by 2050, assuming necessary advances in technology, public policy and consumer behavior.

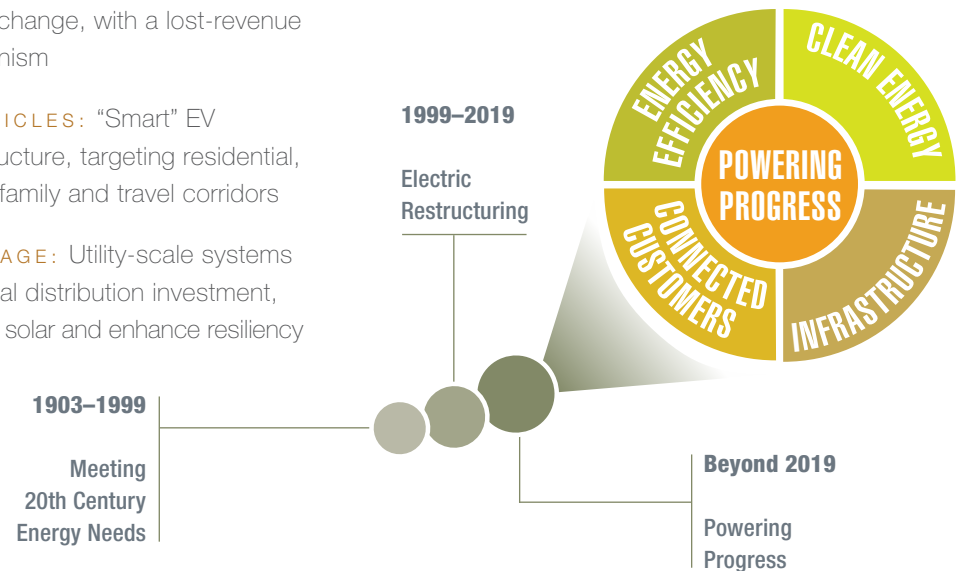
THE PSEG ASPIRATION: CHANGING THE UTILITY-POWER PARADIGM — CLEAN ENERGY FUTURE

CLEAN ENERGY FUTURE. In October 2018, PSE&G filed our proposed Clean Energy Future (CEF) program with the BPU, a six-year, \$3.5 billion investment program covering:

- **ENERGY EFFICIENCY:** Residential and C&I programs to lower energy bills and combat climate change, with a lost-revenue recovery mechanism
- **ELECTRIC VEHICLES:** "Smart" EV charging infrastructure, targeting residential, workplace, multifamily and travel corridors
- **ENERGY STORAGE:** Utility-scale systems to defer additional distribution investment, enable additional solar and enhance resiliency

- **ENERGY CLOUD / AMI:** Accelerated rollout of ~2 million "smart" electric meters and supporting infrastructure, which will provide for faster restoration times following an outage, provide operational efficiencies and provide a data and communication platform for future energy-related programs and services

CEF PROGRAM INVESTMENT	\$ BILLIONS
Energy Efficiency	\$2.5
Electric Vehicles	\$0.3
Energy Storage	\$0.1
Energy Cloud – AMI	\$0.6
Investment Total	\$3.5





CURRENT PROGRAMS

ENERGY EFFICIENCY. We have long believed that energy efficiency must be the centerpiece of a comprehensive effort to build a sustainable energy future. Energy efficiency works for the environment by delivering clean energy benefits similar to renewable energy sources such as solar or wind, but at a fraction of the cost.

Energy efficiency is our No. 1 energy priority. As we work toward a sustainable, low-carbon future, no other solution can produce as many benefits as energy efficiency: for customers, for the environment, for investors and for society at large. Energy efficiency complements existing generation sources. By helping to reduce energy demand, it increases the reliability of the overall electric system.

Moreover, if society's goal is lower air emissions, then energy efficiency – improving lighting, replacing inefficient appliances such as old heaters and air conditioners, and even just caulking windows – is the most cost-effective tool to accomplish this goal.

Energy efficiency doesn't just decrease air emissions. It can decrease bills, as well. It just makes economic sense. The cheapest kilowatt remains the one that is never used.

The customers who could benefit most from energy efficiency cost savings, however, are often the ones least able to make the upfront financial commitment. The hurdles to such investments vary, ranging from a lack of energy expertise and awareness, limited access to capital or credit and difficulty finding qualified contractors,

CEF – EE SUBPROGRAMS

RESIDENTIAL PROGRAMS \$600 M	COMMERCIAL AND INDUSTRIAL PROGRAMS \$1.9 B
Efficient Products	Prescriptive
Income Eligible	Engineered Solutions
Existing Homes	Small Non-Residential Efficiency
Behavioral	Custom Program
New Construction	Street Lighting
Multi-Family	New Construction
K-12 Education	Energy Management
Pilot Programs (8 pilots)	

to skepticism about the payback and competing priorities for investment dollars. In essence, the benefits of energy efficiency are undervalued, misunderstood and obscured by barriers both real and perceived. Public policy and well-designed programs can overcome these hurdles and unleash the potential for energy efficiency.

In the past, energy efficiency was promoted through rebates that often disproportionately benefited affluent customers. In contrast, PSE&G's current programs are designed to serve the broadest range of customers. For example, we target many of our ongoing energy efficiency efforts to hospitals, residential multifamily housing, non-profits and municipal buildings, and thus ensure the societal benefits are distributed more widely across the communities we serve in New Jersey.

ENERGY EFFICIENCY: TRACK RECORD OF SUCCESS

PSE&G is a national leader in energy efficiency	
Job Creation	Created and maintained over 300 jobs (direct, indirect and induced) per year since 2009
Universal Access	Target hard to reach customers who do not have access to the upfront capital, and provide the option for customers to repay their portion of the project on their energy bill
Programs completely sold out	<ul style="list-style-type: none"> • 51 projects completed at 36 hospitals, 15 in progress and 16 on waitlist. • 69 multifamily projects completed, 20 in progress and 20 on waitlist. • 1,950 direct Install projects completed, 182 in progress and 104 on waitlist. • 35,000 + smart thermostat rebates sold in five months
Awards	Garnered 14 awards & recognition since 2012
Hospital and Multifamily programs named ACEEE 2019 Exemplary Programs (Top Category)	



Access to energy efficiency must be truly universal if it is to have the impact on environmental and climate health that we envision. We believe utilities are essential to ensure universal access to newer, cleaner energy options. Historically, utilities were critical in providing universal access to electricity, gas and water. We remain positioned to match that achievement with energy efficiency.

RENEWABLE ENERGY FOR ALL

PSE&G – A LEADER IN SOLAR

DEVELOPMENT. Our renewable energy initiatives have helped make New Jersey one of the leading states for solar energy development – creating jobs, spurring economic activity and helping the state meet its renewable energy targets. New Jersey ranks seventh in the cumulative amount of solar electric capacity installed through 2018, according to the Solar Energy Industries Association. PSE&G recently was named Investor-Owned Utility of the Year by the Smart Electric Power Alliance (SEPA), in recognition of PSE&G’s success in increasing the amount of solar energy in New Jersey, in particular by building solar farms on landfills and brownfields.

OUR APPROACH. Our approach to solar development includes direct ownership of large-scale, grid-connected projects through our Solar 4 All® program and a Solar Loan Program targeted to businesses and homeowners that need financing for their projects.

EXISTING ENERGY EFFICIENCY PROGRAMS

PROGRAM NAME	SUMMARY
Hospital	<ul style="list-style-type: none"> • Provides expert advice, incentives and on-bill repayment to 24x7 healthcare facilities to upgrade heating, cooling, motors, lighting and other systems. • PSE&G provides audit, engineering, design and bid-ready documents. • Program first approved in 12/2008.
Multifamily	<ul style="list-style-type: none"> • Provides expert advice, incentives and on-bill repayment to install efficient heating and hot water systems and controls, lighting, insulation, appliances and more. • PSE&G provides audit, engineering, design and bid ready documents. • Program first approved in 7/2009.
Direct Install (scheduled to end in 2020)	<ul style="list-style-type: none"> • PSE&G pays for 70% of project cost for lighting, heating and cooling system upgrades in government and non-profit facilities and small businesses in UEZs. • Customers repay their 30% share interest free on their PSE&G bill. • Program first approved in 12/2008.
Data Analytics	<ul style="list-style-type: none"> • Personalized Home Energy Reports (HERs) mailed/emailed to 75,000 residential customers up to eight times a year. • Also provides high usage alerts, online home energy assessment tool and customer engagement portal. • Program launched 7/2018.
Smart Thermostat	<ul style="list-style-type: none"> • Rebate for qualified smart thermostats purchased through a PSE&G branded marketplace, with instant rebate discount applied at check-out. • Additional pilot offering for lower income multifamily buildings. • Program launched in 7/2018.



PSE&G IS A LEADING NATIONAL SOLAR UTILITY

- 158 MW-dc – Solar 4 All® Program
- 178 MW-dc – Solar Loan Program
- NJ is No. 7 in U.S. for solar installed solar capacity
- PSE&G is the No. 8 U.S. utility for cumulative solar MWs

SOLAR 4 ALL®

Solar 4 All is a 158 megawatt-dc (MW-dc) program that utilizes rooftops, solar farms, utility poles and landfills/brownfields for large-scale, grid-connected solar projects.

Solar 4 All helps New Jersey reach its solar power goals, helps promote a cleaner environment, turns

landfills and brownfields green with solar power and spurs economic development by creating good jobs and making the state a center for solar development. The program also benefits PSE&G customers directly by connecting solar power into the PSE&G electric grid. Solar 4 All® is expected to eventually provide enough solar electricity to power more than 25,000 average-size New Jersey homes annually.

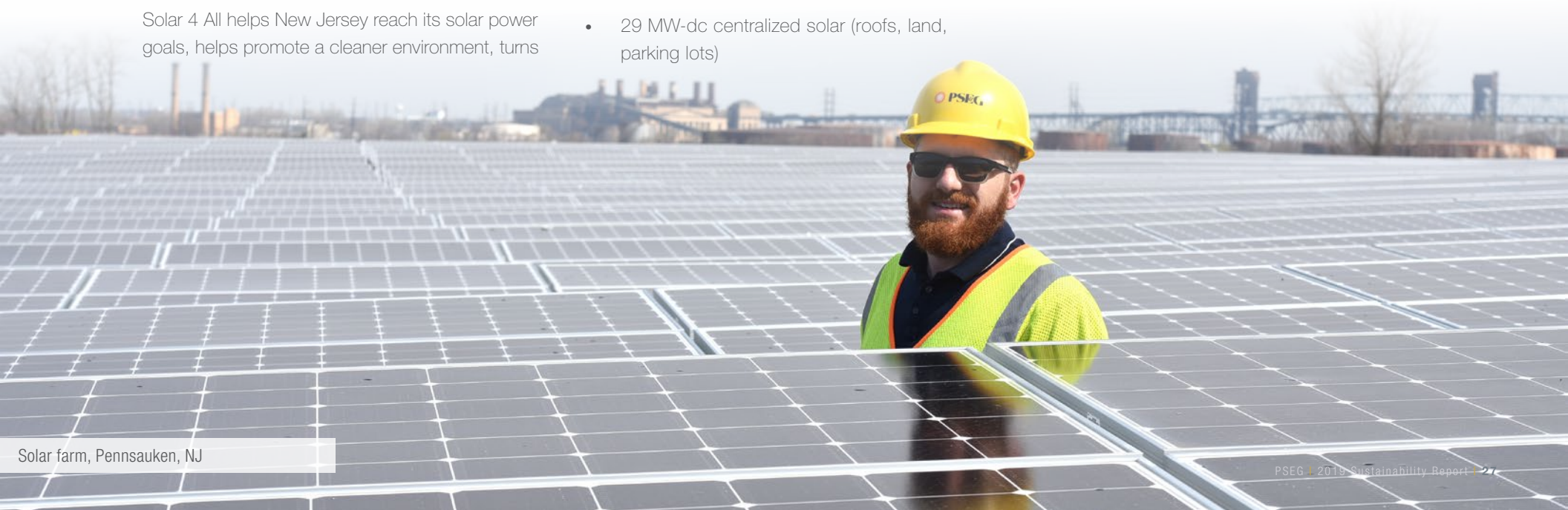
The PSE&G Solar 4 All® Program is expected to provide 158 megawatts-dc of grid-connected solar power by 2020:

- 86 MW-dc landfill and brownfield solar
- 40 MW-dc pole-attached solar
- 3 MW-dc solar resiliency pilot projects
- 29 MW-dc centralized solar (roofs, land, parking lots)

SOLAR LOAN

The 178 MW-dc Solar Loan Program is the second piece of PSE&G's solar development strategy. This program encourages business and residential customers in our electric service territory to install solar energy systems on their homes and businesses. PSE&G solar loans can help make solar ownership affordable by financing a major portion of the solar system and providing a unique repayment option that locks in a guaranteed value of the solar renewable energy certificates the system is expected to generate.

To date, more than 1,500 PSE&G customers have financed more than 120 MW-dc of solar on homes and businesses



Solar farm, Pennsauken, NJ



PSEG SOLAR SOURCE

PSEG Solar Source, a subsidiary of PSEG Power, has invested around \$800 million, and develops, owns and operates utility-scale solar facilities outside our New Jersey utility service area. PSEG Solar Source has expanded its portfolio to 23 utility-scale solar projects in 14 states. Those facilities have a total capacity of 414 MW-dc in operation, as of March 2019.

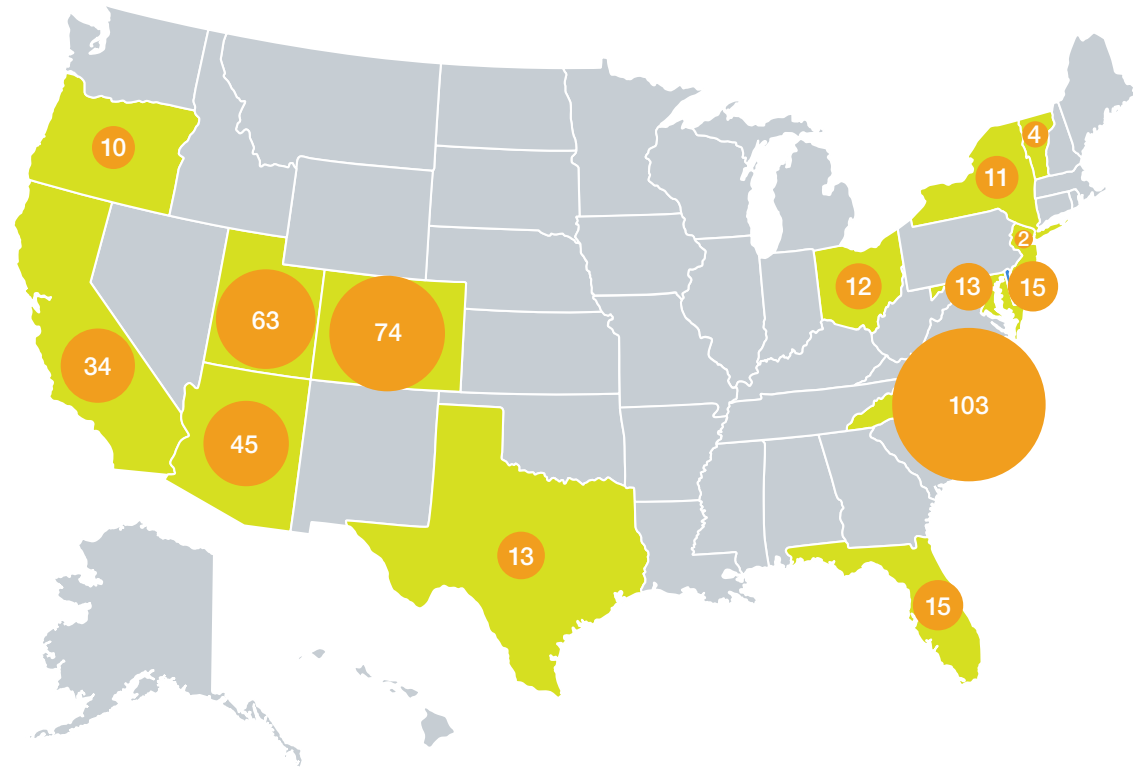
We are proud to be a part of efforts across the country to combat climate change and increase the amount of locally generated renewable energy while spurring the economy as well. And, we are actively exploring opportunities to add to PSEG Solar Source's portfolio.

ENERGY STORAGE

PSEG already is New Jersey's largest developer of solar energy. We have invested nearly \$1.7 billion to develop solar facilities in New Jersey and around the United States. Energy storage enables better integration of renewable energy onto the electric grid, provides resiliency for critical infrastructure and enables electric lines to handle greater capacity during times of peak electric use.

PSE&G has built several energy storage facilities in conjunction with solar projects. The most recent is a collaborative effort with the Borough of Pennington, New Jersey,

PSEG SOLAR SOURCE PORTFOLIO — 414 MW-DC



that will keep its Department of Public Works building running for an extended period the next time extreme weather knocks out power. Similar collaborations have taken place at several other New Jersey locations, including the municipal wastewater treatment facility in Caldwell, Hopewell Valley Central High School in Pennington and Cooper University Medical Center in Camden.

To jump-start the development of energy storage, PSE&G is proposing to spend \$180 million on a variety of projects that would spur the development of energy storage resources in New Jersey. The proposal calls for building 35 megawatts of storage capacity over six years, creating about 300 jobs per year and representing a significant step toward realizing the state's target of 2,000 megawatts of energy storage by 2030.



WIND POWER

In June 2019, the BPU selected Ocean Wind, an offshore wind energy project proposed by Ørsted with support from PSEG, to develop an 1,100 MW offshore wind farm that will power more than 500,000 New Jersey homes. The Ocean Wind project will be built 15 miles off the coast of Atlantic City. Construction is expected to begin in the early 2020s and be operational by 2024.

PSEG's non-utility affiliates will provide energy management services. PSEG has exercised an option to potentially acquire a 25% equity interest in the Ocean Wind project, resulting in a period of exclusive negotiation and subject to advanced due diligence.

The Ocean Wind project contributes significantly to New Jersey's ambitious clean energy goal of supplying more than 1.5 million New Jersey

homes with offshore wind power by 2030. At 1,100 MW, Ocean Wind is expected to create more than 3,000 direct jobs annually and 15,000 jobs over the life of the project.

Ocean Wind represents the first phase of New Jersey's target of 3,500 MW of offshore wind, one of the largest such goals in the country.

PSEG was an early and consistent proponent of offshore wind through its Garden State Offshore Energy joint venture with Deepwater Wind.





Switching station, Sewaren, NJ

RESILIENT ENERGY FUTURE

We have been investing in essential infrastructure for more than 100 years. While older parts of our system have served their purpose, a heightened focus on replacing aging infrastructure is critical going forward.

Our customers want an energy system that is more capable of meeting their needs for a universal, around-the-clock supply of clean, affordable energy in all weather and seasons. We are working hard to meet their needs by continuing to invest in our infrastructure – improving our transmission and distribution system to be cleaner, more efficient, more reliable and more resilient to extreme weather. We are using new communication tools and technologies to connect better with our customers, not just on blue-sky days but before, during and after storms. And we have built new, clean power plants as we further improve the efficiency and environmental profile of our generation fleet.

Two events in particular crystallized the need to modernize our infrastructure: the 2003 blackout affecting 60 million people and, nine years later, Superstorm Sandy, which knocked out power to 90% of our customers and caused horrendous devastation across New Jersey, New York and the wider region. Further, only a year before Sandy, New Jersey suffered significant damage from Hurricane Irene and a rare October snowstorm.

During the last seven years, we have made significant progress with our Energy Strong program to make PSE&G's network more resilient to extreme weather. We have completed strategic infrastructure investments that, in the event of another Sandy-like storm, will keep critical equipment out of floodwaters' way and the lights on for many.

PSE&G completed Phase I of Energy Strong in 2018. During the first phase, at an investment of more than \$1 billion, PSE&G upgraded electric substations and switching stations that were damaged by water in recent storms; made investments that will create redundancy in the electric distribution system, reducing outages when damage occurs; and deployed technologies to better monitor system operations, enabling PSE&G to restore customers more quickly in the event of an electric outage. Concerning PSE&G's gas system, PSE&G upgraded five natural gas metering stations, two liquefied propane stations and a liquefied natural gas station affected by severe weather or located in flood zones. We also completed the replacement and modernization of 240 miles of low-pressure cast-iron gas mains in or near flood areas.

In September 2019, PSE&G reached a settlement agreement with the BPU for Energy Strong II. The second phase of this critical reliability and resiliency program, beginning in the fourth quarter of 2019, provides for \$842 million



of investment projects through 2023, including \$741 million in continued upgrades to electrical infrastructure and \$101 million for gas work.

In addition to making New Jersey's energy system stronger, these projects are benefiting the state's economy by creating thousands of jobs over the life of the program.

Our Energy Strong investments have gone a long way in making our system better able to stand up to severe weather events, but there is much more to be done. We have aging equipment that needs to be replaced, as part of a long-term, focused effort to make

the grid smarter, raise more stations in flood-prone areas, and protect more customers against weather and gas supply outages. The continuation of this work, combined with new technology, will make New Jersey's energy networks smarter, more reliable and resilient, benefiting our customers while also creating thousands of jobs.

Customer Benefits:

- Storm-hardening, resulting in fewer outages and faster restoration time during outage events
- Enhanced storm damage assessment
- Work prioritization and optimization

GAS DISTRIBUTION

PSE&G has been supplying gas to customers in New Jersey for more than 100 years. Today, the utility operates and maintains more than 17,700 miles of distribution mains that transport gas to 1.8 million customers. The majority of those pipes have been in use for decades, some dating back to the early 1900s. After all that time, cast-iron and unprotected steel pipes can crack and corrode, leading to reliability, safety and environmental issues.

While cast-iron and unprotected steel gas pipes are less than 30% of the utility's infrastructure, they account for 80% of distribution system



leaks each year, excluding third-party damage. Gas leaks also put methane, a potent greenhouse gas, into the air.

Our Gas System Modernization Program (GSMP) focuses on modernizing and replacing cast-iron and unprotected steel mains, replacing them with more durable materials.

Modernizing our gas system in this way involves a host of improvements, including the installation of excess flow valve safety devices, the reduction of methane emissions, and further benefits from a higher-pressure system that allows the use of high-efficiency appliances by customers. These upgrades, which are being made in 11 counties across PSE&G's service territory, are especially concentrated in older urban areas where much of our gas system was first built.

Methane emission reduction is a critical goal and we have worked with the Environmental Defense Fund to prioritize those gas pipes to replace first by quantifying the amount of methane being emitted.

In 2019, PSE&G completed the first phase of GSMP, which was approved by the BPU in late 2015. By June 2019, through GSMP I, we have invested approximately \$900 million to replace approximately 450 miles of aging, leak-prone gas mains and about 40,000 unprotected steel service lines to homes and businesses, including upgrading of the mains to higher pressure. We replaced mains and service

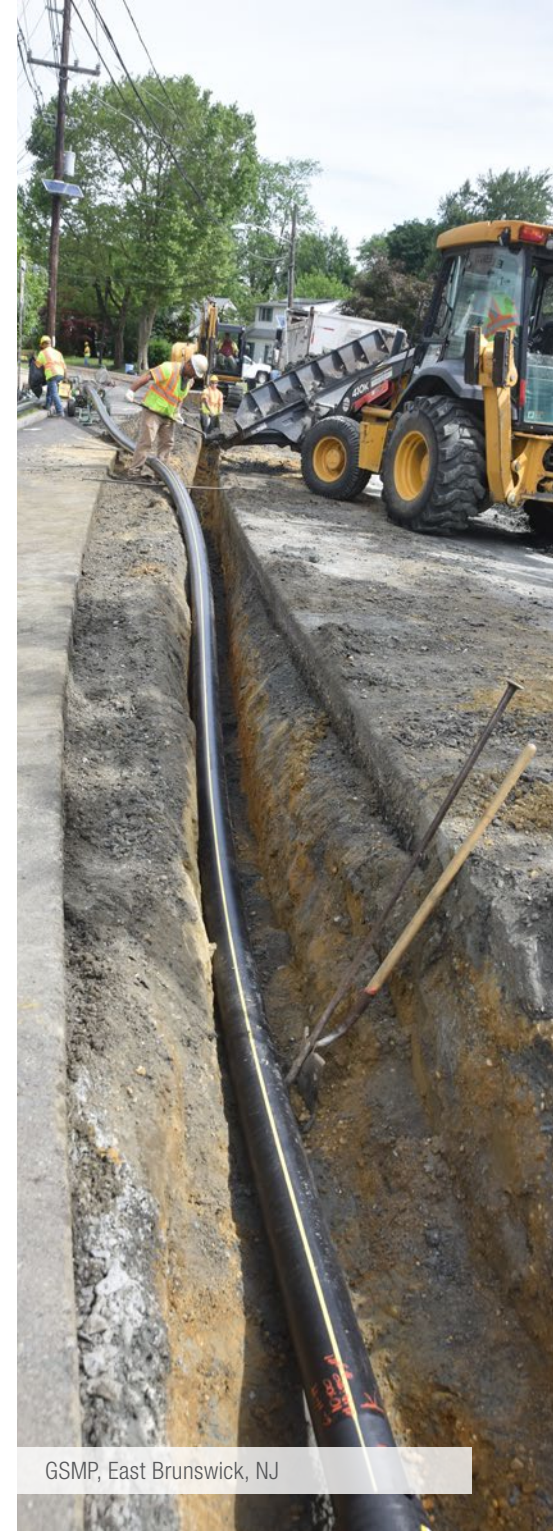
lines with stronger, more durable plastic piping. The new elevated pressure system includes the installation of excess flow valves on each gas service that automatically shut off gas flow if a service line is abruptly damaged, and better supports the use of high-efficiency appliances.

In January 2019, PSE&G began work on the second phase of its Gas System Modernization Program which invests \$1.9 billion over five years to replace approximately 875 miles of aging gas infrastructure, in addition to other improvements to the gas system.

RELIABILITY

Every day, 2.3 million customers in New Jersey count on the people of PSE&G to power their daily lives. And they expect their electricity to be there during blue-sky days and in the most severe weather.

Customers want – and need – energy that's much more than just reliable. They expect electricity to be available 24/7. They want an energy system that is resilient in severe weather like Hurricane Irene and Superstorm Sandy. They want fewer outages and, when outages occur, they expect them to be shorter in duration and to be kept informed of restoration progress.



GSMP, East Brunswick, NJ



SUSTAINABLE INFRASTRUCTURE FOR THE FUTURE

During the past decade, PSE&G has invested \$16.5 billion in upgrades to its electric transmission and distribution system. Most of the investment – about \$11.9 billion – was spent on modernizing and upgrading its transmission grid. PSE&G expects to spend about \$5 billion during the next five years on continuing to upgrade transmission lines to maintain the reliability that our 2.3 million customers have come to expect.

PSE&G is rewiring New Jersey – modernizing high-voltage lines built decades ago and now essential to moving large amounts of electricity throughout our state and region. The first transmission line to cross New Jersey was built in the 1920s by crews using teams of mules, horses and oxen to pull wagons of heavy equipment over dirt roads. Today, instead of

using mules, helicopters transport equipment and workers to construct new transmission towers in remote areas to limit the impact on pristine lands.

Many of these projects were mandated by PJM, the regional grid operator, to provide additional capacity, meet reliability criteria and ensure that the region doesn't suffer another catastrophic blackout like the one in 2003 that left 60 million people in the dark for more than a day.

In addition to upgrading high voltage lines, PSE&G has been installing a 69,000-volt system in communities throughout its service territory that is having a measureable impact on reliability. Electric substations served by a network of higher voltage wires and taller, sturdier poles are nine times less likely to experience an outage during a storm than stations supplied by a 26,000-volt system, which had been the standard for years.

PSE&G has long been a leader in employing state-of-the-art technology to achieve improvements in efficiency, productivity and service quality. With advanced data and communications systems, the utility tracks real-time changes in its electric grid to help address maintenance needs and prevent problems from developing.

PSE&G was one of the first companies to introduce live-line maintenance of high-voltage lines to keep the power flowing. Crews use helicopters to inspect the entire 1,200-mile overhead transmission system, as well as 5,000 miles of critical distribution lines. And PSE&G is investing in a redundant fiber optic communications network to ensure communications continue to work even during major storms such as Sandy and Irene.





PSEG POWER: OPTIMIZING VALUE

Reliability at PSEG is also about having power plants that are available to run as needed to help meet the energy needs of millions of people. Our generation fleet is not only one of the largest in the northeastern United States, but also one that is diverse in its fuel mix and dispatch capability. This diversity improves our ability to meet market demand around the clock, from season to season. Some of our generating units have dual-fuel capability, providing us with additional flexibility in responding to various market conditions.

GENERATION: EFFICIENT NEW PLANTS AND MOVING AWAY FROM COAL

PSEG Power remains committed to meeting the long-term energy needs of New Jersey and the region and operates one of the most balanced portfolios in the country.

The power generation business has seen a substantial change in the technologies used to produce power. Newer generation facilities are often more efficient than aging facilities.

PSEG Power is committed to the future. In addition to having built new, efficient power plants, we are getting more out of our existing generation assets through various plant improvements. For example, we installed

advanced gas path technology at our Linden and Bergen combined-cycle units, making these units more fuel-efficient and increasing their capacity.

Our investments in Keys Energy Center, Sewaren 7 and Bridgeport Harbor Station Unit 5 enhance the environmental profile and overall efficiency of PSEG Power's generation fleet.

In mid-2018, we commenced commercial operations of our Keys Energy Center, a 761 MW gas-fired combined-cycle generating station in Maryland, and Sewaren 7, a 538 MW dual-fueled combined-cycle generating station in New Jersey.

The PSEG Keys Energy Center provides the capacity to power more than 700,000 homes in Prince George's County, Maryland, and surrounding counties. Keys Energy Center represents a significant source of clean energy and economic development.

Sewaren 7 illustrates how we are working to add new generation capacity that will support electric system reliability and provide economic and environmental benefits to New Jersey. This unit is efficient, clean and state of the art.

The natural gas-powered Bridgeport Harbor Station Unit 5 was placed in service in June 2019 and delivers one of the lowest carbon footprints per megawatt of energy produced among all PSEG Power's fossil units. The 485-megawatt combined-cycle Bridgeport

FLEET AVAILABILITY

UNIT/PLANT	2018 CAPACITY FACTOR (%)
Nuclear	
Salem Unit 1	97.9
Salem Unit 2	84.6
Hope Creek	88.8
Peach Bottom Unit 2	93.4
Peach Bottom Unit 3	94.2



Bridgeport Harbor Station Unit 5

Harbor Station Unit 5 provides energy to thousands of homes and businesses in Connecticut and adds resiliency to the grid.

The project also had a positive economic impact, adding hundreds of union construction jobs and hundreds of millions of dollars in investment into the city of Bridgeport, Connecticut. Further, PSEG Power is honored to be able to make an impact on the lives of residents by supporting numerous community service and cultural organizations in the city.

In September 2019, PSEG Power completed the sale of its interest in the Keystone and Conemaugh coal plants in western Pennsylvania – the latest step toward eliminating coal from PSEG Power’s portfolio. Earlier, in 2017, PSEG Power retired its coal-fired Hudson and Mercer generating stations, comprising 1,197 MW. PSEG Power has also announced the early retirement of its 383 MW coal unit in Bridgeport, Connecticut, in 2021. By 2021, PSEG will have retired or exited through sales more than 2,400 MW of coal-fired generation.

Due in large part to PSEG Power’s transition away from coal-fired generation to cleaner fuel supplies, together with the company’s efforts to preserve nuclear generation and develop new renewable energy resources, PSEG announced in July 2019 that we are on track to reduce PSEG Power’s carbon emissions 80% by 2046, from 2005 levels, with a vision of achieving net-zero carbon emissions by 2050, assuming necessary advances in technology, public policy and consumer behavior.





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, the Salem and Hope Creek nuclear plants are an indispensable part of New Jersey's energy mix, providing approximately 40% of the 24/7 supply of power generated in New Jersey – power that is essential to the state's economy and environment.

Nuclear energy continues to hold several advantages for helping to meet the country's future energy needs. Nuclear generation emits no carbon or other air pollutants associated with fossil-fueled plants, providing more than 90% of New Jersey's air emissions-free generation, which benefits the environment and public health. Nuclear energy also provides tremendous fuel diversity, economic and job benefits for the state.

Our nuclear power generating fleet consists of the Salem (part-ownership) and Hope Creek nuclear generating stations in Lower Alloways Creek, New Jersey, which we operate, and part-ownership of the Peach Bottom nuclear generating station in Delta, Pennsylvania.

PSEG's nuclear plants are the stimulus for more than \$800 million in economic activity each year. The plants also support more than 1,600 direct jobs, plus 1,000 contractors during refueling outages, as well as thousands more indirect jobs in surrounding communities throughout the year.

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 schools, 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.

In April 2019, the BPU awarded Zero Emission Certificates (ZECs) to the three Salem and Hope Creek nuclear plants, recognizing the Legislature's intent to preserve nuclear power plants for their clean air attributes that also benefit jobs, energy cost and fuel diversity in New Jersey. The ZEC award provides three years of economic support for New Jersey's supply of nuclear energy, after which time the plants will be required to submit a new ZEC application.



Salem and Hope Creek nuclear stations



PUTTING CUSTOMERS FIRST

PSEG strives for top-quartile performance in providing safe, reliable, economic and greener energy. We ensure customer satisfaction with a focus on safe, reliable service with a continued focus on keeping costs as low as possible. It is a tribute to our people and systems that PSEG significantly outperforms its peers in keeping the lights on.

PSEG is proud of its strong customer service tradition. Each year, we set quantitative targets for customer satisfaction as one of our top goals and do so with a strong focus on continuous improvement. We measure customer perception of our service using a Customer Perception Index, as well as transactional surveys. The results are used to benchmark a database of approximately 100 companies. Employees receive feedback on how we can improve our service based on the results.

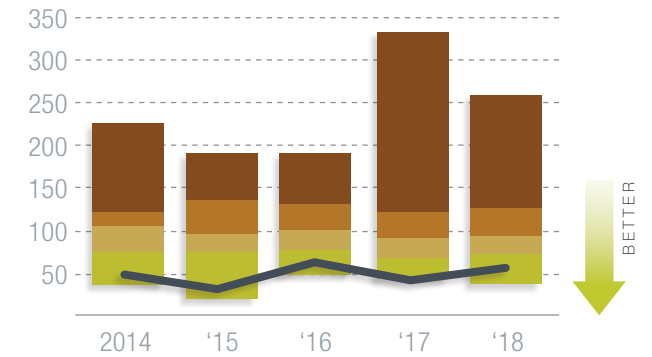
Reliability is a cornerstone of excellence in our industry. In 2018, PSEG received the Outstanding Customer Reliability Experience Award and, in 2019, was named the most reliable Mid-Atlantic utility for the 18th consecutive year. While proud of this recognition, we are even prouder of our employees, who have a strong tradition of being there for our customers day-in and day-out – and in particular during storms and other emergencies.

In the past year, PSEG has strived to further strengthen brand trust and product experience by increasing enrollments in its MyAlerts texting service, introducing the ability to pay monthly bills by text and sending 8.5 million weather-related email alerts to keep customers informed during challenging weather. Our customer satisfaction results also reflect the positive impact of frequent communications about our ongoing work in communities across New Jersey to upgrade our infrastructure.

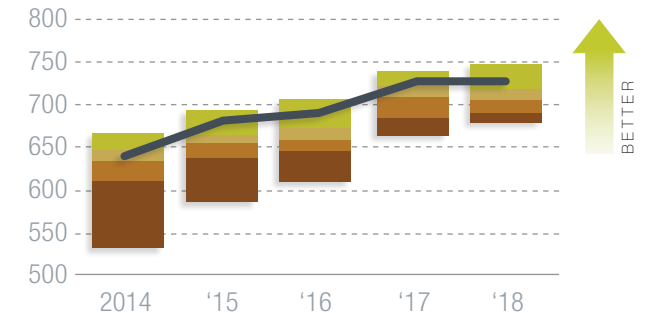
PSEG also is hard at work to improve the experience of business customers. In recent years, PSEG established a Business Solutions Center and enhanced a range of customer-friendly tools – including an online portal to programs, products and services designed for the business community. We find a personal touch goes a long way as well. Our executives and customer account representatives meet with customers one-on-one to better understand their needs and help resolve specific issues.

PSEG's focus on improving the resiliency of the grid and increasing operational efficiency has also translated into strong performance in a number of areas within customer satisfaction, including price, billing and payment, 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.

PSEG SAIDI*



PSEG J.D. POWER ELECTRIC RESIDENTIAL



- 4th Quartile
 - 3rd Quartile
 - 2nd Quartile
 - 1st Quartile
 - PSEG Result
- PSEG has consistently been ranked in the top quartile for both SAIDI and J.D. Power Electric Customer Satisfaction.

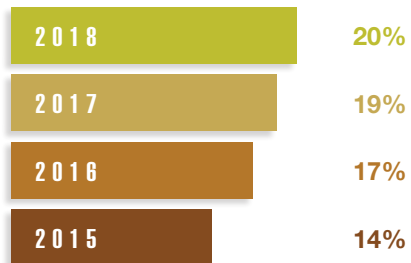
* System Average Interruption Duration Index. This represents the average duration (minutes) of interruption per customer each year.



WORKING WITH SUPPLIERS

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.

SUPPLIER DIVERSITY



PSEG’s management practices and code of ethics, 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 contract award, 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 to conform with regulatory and PSEG standards. We grade key suppliers based upon performance metrics, which they must meet to trigger incentives included in a majority of their contracts.

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.

During 2018, PSEG set a new company record for the sixth consecutive year, buying goods and services worth more than \$575 million from diverse suppliers, an 8% increase over 2017. Approximately 20% of company’s purchases were with diverse vendors. In total, PSEG did \$2.2 billion worth of business with New Jersey-

based companies in 2018, helping to drive the state’s economy. PSEG’s success with diverse suppliers 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 to connect and interview qualifying businesses for potential procurement opportunities with the company. Each fair includes a supplier workshop on “How to do business with PSEG” with business success tips and a diverse supplier presentation. PSEG also encourages attendees to explore business opportunities with each other, and ensures PSEG top prime suppliers, New Jersey regulated utilities and local New Jersey major corporations have a presence at the fairs. In 2018, PSEG Procurement added 42 new certified minority-, women-, LGBTQ-, veteran- and service-disabled veteran-owned businesses to our active vendor list and awarded contracts resulting in newly identified diverse suppliers providing products.



PSEG 2019 SUSTAINABILITY REPORT

Environmental stewardship



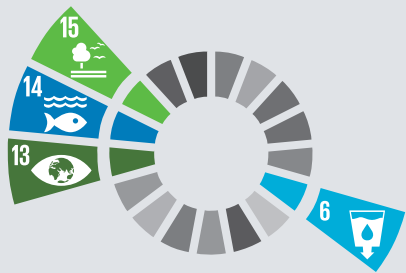
PSEG's environmental stewardship is evident in programs and strategies that reflect our commitment to clean air, clean water, waste management and protection of our natural environment and the climate. The following section provides details of those programs and strategies.

OUR MANAGEMENT APPROACH

Environmental stewardship and sustainability require strong commitments and excellent management. Our [Environmental, Health and Safety \(EH&S\) Policy](#) underscores the strength of this commitment and the [PSEG EH&S Program Guide](#) outlines our management approach to environmental health and safety.

The PSEG EH&S Policy describes our commitment to conduct our business in a safe, environmentally friendly and responsible manner. We underscore our commitment to nuclear safety through our emphasis on a strong nuclear safety culture and continually strive for excellence in every part of our nuclear operations. We also require that our employees and business processes comply with all relevant environmental, health and safety laws and regulations.





- 6 Clean water and sanitation
- 13 Climate action
- 14 Life below water
- 15 Life on land

The cornerstone of our corporate-wide environmental management approach is the PSEG EH&S Program Guide. 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 or transmission problems. A recent third-party review confirmed that PSEG is a top performer among utilities nationwide.

Our strong relationships with the public sector, renewable energy developers and policymakers help us identify and implement innovative environmental solutions. PSEG continues to embrace public-private partnerships that have contributed to New Jersey's 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 committed to operating a low-emissions-intensity energy portfolio to minimize our contribution to air emissions as we contribute to the nation's need for electricity. In 2018, our generation portfolio emission rates for NOx and SOx reflect emission rates that are significantly lower than the latest available electric generation industry averages.

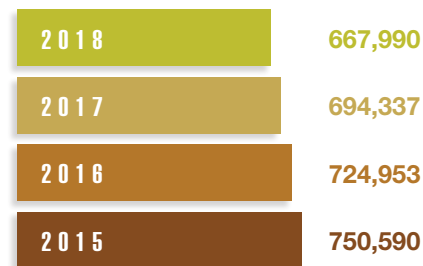
SOx EMISSIONS

Metric tons in thousands



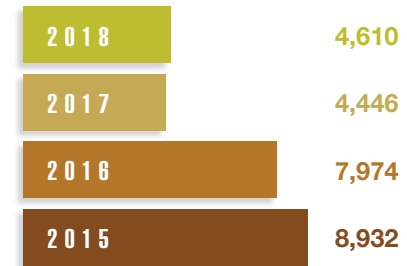
METHANE EMISSIONS

Metric tons of CO₂e in thousands



NOx EMISSIONS

Metric tons in thousands



MERCURY (Hg) EMISSIONS

Metric tons



SF6

Metric tons



PSEG Power experienced slight increases in emissions of NOx, SOx and SF6 due to the addition of two new highly efficient combined-cycle gas turbine units at Sewaren and Keys Energy Center to our generation fleet.



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.

In 2018, PSEG withdrew 6.3 million cubic meters of water as follows: 3.4 million cubic meters of fresh surface water, 2 million cubic meters of municipal water and 0.8 million cubic meters of fresh ground water. Our water withdrawal decreased 64% year-over-year. We returned 77% of the water we withdrew to the source. We have minimized our need for fresh water in power generation operations by using dry-cooling technology and reclaimed or recycled water.

PSEG has taken the following steps recently to reduce its water use footprint:

- Several existing units in the PSEG fleet have minimized use of once-through cooling water systems (which withdraw high volumes of water with relatively low water consumption rates, and also 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. These units include Bethlehem Energy Center, Bergen, Linden and Hope Creek. Of these, only Bethlehem Energy Center utilizes a freshwater source for cooling water makeup.

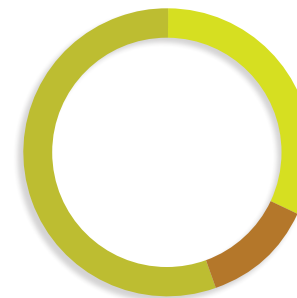
- The Bergen and Linden generating stations use an alternate source of cooling water from local publicly owned treatment works: recycled gray water.
- Recently built generating stations – Sewaren 7, Keys Energy Center and Bridgeport Harbor Station Unit 5 – all utilize air-cooled condenser technology instead of evaporative cooling towers for the steam turbine generators, thus eliminating the need for makeup water for the main generating cycle. The new units employ highly efficient combined-cycle technology. A limited amount of city water is used for make up to the heat recovery steam generators and small auxiliary coolers.
- In 2012, PSEG repowered water-cooled units at our Kearny and New Haven plants with simple-cycle combustion turbine units that are air-cooled and do not use cooling water.
- PSEG recently retired the Hudson and Mercer coal-powered units and Sewaren 1-4 gas-powered units that used local surface water for cooling.
- The retirement of coal-powered Bridgeport Harbor Station Unit 3 has been scheduled for 2021.

WATER USAGE (Power Generation)

Cubic meters in millions

	Total withdrawal	Total consumption
2018	6.3	4.9
2017	17.7	7.3
2016	82.3	8.5
2015	160.9	9.5

SOURCES OF FRESH WATER USE – 2018



Fresh surface water **55.55%**
 Municipal water **31.76%**
 Fresh ground water **12.69%**



Main Photography on Unsplash

QUALITY OF WATER

- PSEG complies with all aspects of the station's National Pollutant Discharge Elimination System (NPDES) Discharge to Surface Water permits and the discharge limits within those permits.
- PSEG also 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.
- Examples include installing metals treatment technology at Linden Generating Station in 2016 to reduce metal concentrations in discharge and working with the state agency (NYDEC) to agree/commit to a lower limit for Total Residual Chlorine at Bethlehem Energy Center.
- PSEG also has installed Manufactured Treatment Devices, which are pre-fabricated storm water treatment structures that utilize settling, filtration and other technology to remove pollutants from storm water runoff. These have been installed at Sewaren, Kearny and Bridgeport Harbor Station to assist in treating storm water runoff from the sites and ensuring water quality best management practices are in place.

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. In 2018, we generated nearly 25,000 tons of waste. Waste and recycling programs diverted 97% of that material from landfills.

WASTE

Metric tons

	Total waste	Hazardous waste
2018	24,703	8,103
2017	16,676	8,368
2016	55,987	8,034
2015	21,353	8,999

BIODIVERSITY

Geographically, PSEG operates within a very diverse region of the world. The U.S. Northeast – 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, to name a few. New Jersey also is home to several species that require special habitats in limited supply. These include bog turtles and flora such as swamp pink that inhabit wetland areas.

We have strong partnerships with many environmental organizations, reflecting our commitment to the responsible management of natural resources across the full spectrum of our activities. Our efforts to protect the environment can be found throughout our organization 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 the Delaware Bay.

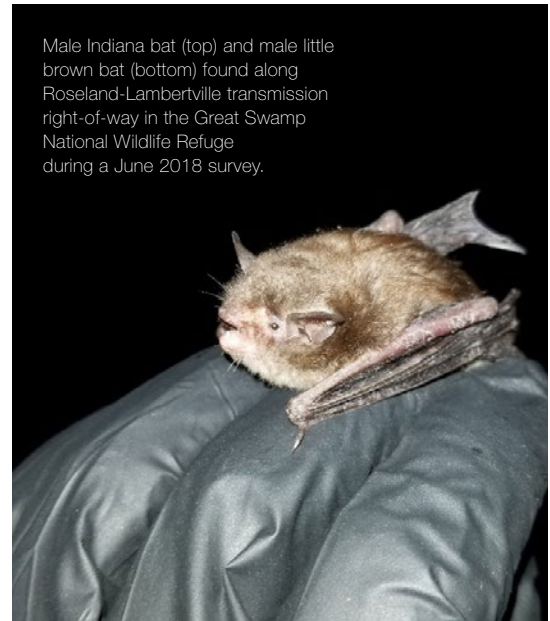
Doing our part to protect New Jersey's diverse wildlife is just one reason PSE&G maintains a robust Environmental Projects and Services organization, whose mission is to foster a more harmonious balance so that plants and wildlife, large and small, can thrive while we safely maintain nearly 1,200 miles of electric transmission rights-of-way. We employ approaches that help preserve wildlife habitats, including threatened and endangered species, while still safeguarding our

assets. For large transmission projects, planning starts years in advance to ensure we incorporate solutions for wildlife and sensitive area protection during construction.

When PSE&G constructed a segment of the 45-mile, 500 kV Susquehanna-Roseland project across the Delaware Water Gap National Recreation Area, the company took a number of steps to minimize the impact on these areas, including their native plants and wildlife.

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 wetlands and parklands, we take great care to ensure we're being good stewards of the environment while we carry out the essential work of upgrading and maintaining our electric system.

We also worked with government-certified monitors to limit the impact that work would have on the winter habitats of several threatened and endangered species — including the timber rattlesnake, bog turtle, wood turtles and the Indiana bat. Over the last decade, bat populations have plummeted throughout North America due to the spread of white-nose syndrome. PSE&G works with the State Division of Fish and Wildlife and the U.S. Fish & Wildlife Service on best management practices to minimize potential impacts to bats and their habitats. We go to great lengths to protect bats during vegetation maintenance activities

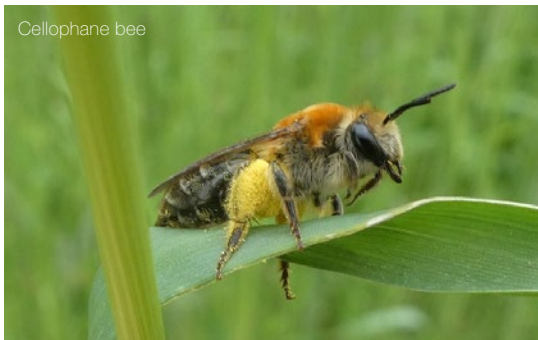


Male Indiana bat (top) and male little brown bat (bottom) found along Roseland-Lambertville transmission right-of-way in the Great Swamp National Wildlife Refuge during a June 2018 survey.





A great spangled fritillary lands on a PSE&G biologist's safety vest during a pollinator survey on our right of way in the Delaware Water Gap National Recreation Area, Hardwick Township, Warren County.



Cellophane bee



Small Metallic Green Sweat bee
Augochlora sp.

along our distribution and transmission lines. In areas where bats may be present, we avoid conducting tree-removal work during the warmer months, when bats are most active. When potential habitat trees must be taken down during the active season for safety and reliability reasons, PSE&G conducts bat surveys before the removal to make sure bats aren't using the tree for roosting or hibernating. Trees also are cut down in sections and carefully lowered to the ground so that we can inspect for bats under loose bark and in tree cavities.

RIGHT-OF-WAY 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 organizations, including the [New Jersey Audubon Society](#) and [The Nature Conservancy](#), along with state and federal agencies to integrate biodiversity considerations and mitigate ecosystem impacts from design through project construction and maintenance. PSE&G is currently working with New Jersey Audubon to evaluate practices for the management of vegetation along its 1,200 miles of transmission rights-of-way (ROW). Information gathered from this effort will be used to develop sustainable maintenance practices that will 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. 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.

Vegetation on transmission ROWs must be managed on a regular basis to ensure safety and system reliability. Managing these areas presents an opportunity to promote open, low-growing habitats favored by certain plants and wildlife. We undertook a number of initiatives to promote diverse habitats in our ROWs.

In recent years, biologists and conservationists have 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 strategies to promote sustainable early successional habitats on its ROWs. PSE&G also 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. These seed mixes contain a blend of native grasses and legumes for soil stabilization and health and native flowering plants for vital pollinator nectar sources.



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.





SPOTLIGHT: COMBATING CLIMATE CHANGE

PSEG's "Powering Progress" strategy establishes a vision for the future of our company in which customers expect us to help them use less energy, to ensure that the energy they use is cleaner and greener, and to deliver that energy as reliably as ever.

In July, PSEG introduced a significant extension of the "Powering Progress" vision: That PSEG Power is on track to cut its generation fleet's carbon emissions by 80%, from 2005 levels, by 2046. This goal places PSEG Power among the energy sector's most progressive power providers.

In addition, we believe that, if the necessary advances occur in such critical areas as public energy policy, carbon-capture technology and customer behavior, that we can achieve net-zero emissions from our generation fleet by 2050.

To achieve this goal, PSEG announced that it will:

- Retire or sell all remaining interests in coal-fired generation, and that it has no plans to build or acquire additional fossil fuel generation;
- Continue to advocate for the preservation of the Salem and Hope Creek nuclear plants – the source of more than 90% of New Jersey's zero-carbon electricity; and

- Continue to explore opportunities in solar, offshore wind and emerging technologies; as well as energy efficiency, which we believe is the most valuable action we can undertake for our customers and for the environment.

While PSEG's net-zero goals are new, the company first started down this path many years ago. PSEG already is recognized for its power fleet having the lowest carbon-emissions rates among the nation's largest power producers.

PSEG also places a priority on environmental equity – and is committed to ensuring that all customers have access to the benefits of our clean energy programs. For instance, PSE&G's Clean Energy Future proposal contains programs that provide tools for all customers, regardless of household income, geography or housing type, have access to energy efficiency tools that can help them save money and reduce their energy consumption. It also offers programs that would help electrify fleets of school and mass transit vehicles, providing cleaner transportation in vulnerable communities. And our solar energy programs prioritize utility-scale facilities that ensure that all customers benefit from the clean energy they provide.

STRATEGIC APPROACH

PSEG has recognized for decades that climate change is a real phenomenon that impacts our planet. Inclusion of climate change in our

business plans has been a part of the PSEG culture since 1990. PSEG recognizes that there is no simple or short-term solution to address both mitigation and adaptation for global climate change. As new challenges arise, we have adapted our business plans to develop cost-effective solutions to meet these challenges.

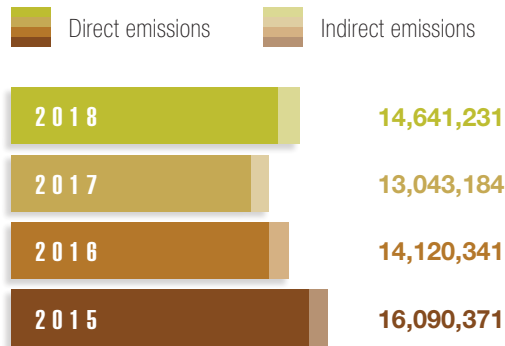
New Jersey has been in the forefront on energy evolution. The state published its first Energy Master Plan (EMP) in 1991. Development of the EMP included input from a diverse group of stakeholders, including PSEG. The plan included policy positions and implementation strategies to meet the state's energy requirements through 2000. One of the initial state energy policy goals was "to protect our environment through wise and efficient energy use." In particular, the EMP encouraged the development of cost-effective solar energy and demand-side energy efficiency. PSEG embraced the goals of the EMP and actively sought actions to support these goals.

In parallel, the United States embraced a leadership role in developing strategies to address climate change when it signed onto the [United Nations Framework Convention on Climate Change \(UNFCCC\)](#) in 1992. The objective of the UNFCCC treaty was to stabilize greenhouse gas emissions to 1990 levels by 2000. PSEG accepted the challenge and was the first electric utility in the United States to volunteer to participate in President Clinton's



GHG TOTAL EMISSIONS

Metric tons CO₂e in millions



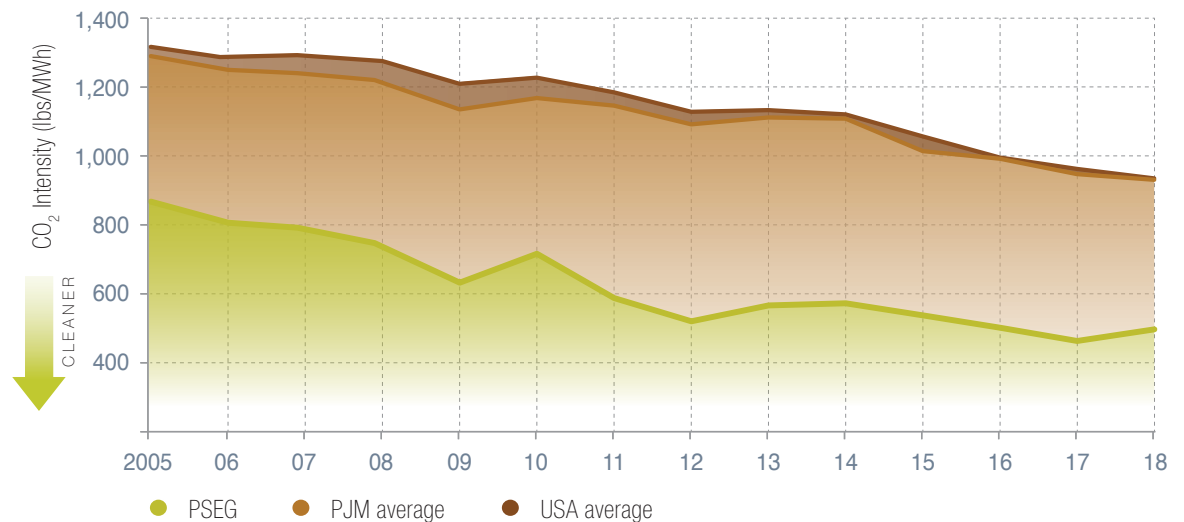
Climate Challenge Program in 1993. We successfully met this goal and reduced our carbon dioxide emissions from our New Jersey plants to 1990 levels by 2000.

PSEG sought additional opportunities to reduce our carbon footprint. PSE&G signed on to the U.S. Environmental Protection Agency's voluntary Natural Gas STAR Program in 1993. The Natural Gas STAR Program is designed to promote the implementation of cost-effective technologies and practices to reduce Methane (CH₄) emissions. PSEG also joined EPA's WasteWise

Program in 1995. Under this program, partners demonstrate how they reduce waste and incorporate sustainable materials management into their waste-handling processes. The program provides a tool to calculate GHG emission reductions associated with recycling and waste-minimization activities. PSEG's recycling rates have consistently exceeded 90%.

Since the UNFCCC was founded, member countries have continued to meet annually to assess progress. In December 1997, the members reached agreement on the Kyoto

PSEG GENERATION CARBON EMISSIONS INTENSITY VS. PJM AND USA (2005 – 2018)



PSEG Power's fleet has reduced its carbon emission intensity by more than 40% since 2005 and is about half the emission intensity compared to the national average. We have accomplished this by maintaining our nuclear plants, investing in highly efficient gas-fired generation and renewables, and moving away from coal generation.





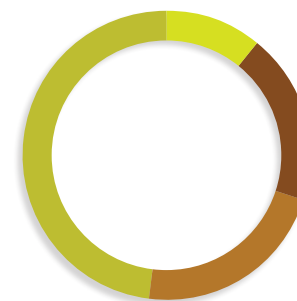
Protocol on Climate Change. The Clinton administration committed to a requirement to reduce total emissions on average of 7% below 1990 levels; however, Congress never ratified the treaty. PSEG nevertheless continued to acknowledge the electric utility industry's need to play a leadership role in developing national strategies to address climate change. Building on the success of the Global Climate Challenge Program, PSEG joined EPA's Climate Leaders program in 2002 to reduce the six greenhouse gases covered under the Kyoto Protocol – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆). Under this program, PSEG committed to reduce its CO₂-equivalent GHG emissions on a pound-per-megawatt-hour basis by 18% from 2000 levels by Dec. 31, 2008. PSEG surpassed this goal by achieving a 31% reduction, due primarily to the fact that more than half our power comes from nuclear generation.

New Jersey continued to be a leader in addressing climate change. Gov. Jon Corzine issued an executive order that established goals to reduce GHG emissions by 80% below 2006 levels by 2050. The passage of the Global Warming Response Act of 2007 supports implementation of key elements of the executive order. As a leader in the energy industry and responsible corporate citizen, PSEG established a new goal of reducing economy-wide GHG emissions by 25% from 2005 levels by 2025.

PSEG met this goal 14 years ahead of schedule. We achieved this goal through implementation of energy efficiency programs, deployment of renewable energy, increasing nuclear output and building clean, efficient natural gas plants. This transformation of the energy business in a cost-effective manner requires heightened collaboration with the states and regulatory agencies. Energy companies can deploy capital over the long term to ensure conservation and renewable energy gains are sustained. Regulatory mechanisms are necessary to ensure utilities realize a fair return on investments. During this time, PSEG:

- Received approval from the New Jersey BPU for PSE&G's Solar Loan Program, which aids businesses and homeowners in financing solar panel installations
- Investment in grid-connected solar capacity outside of PSE&G's territory
- Received approval from the BPU for several targeted energy efficiency programs
- Implemented Hospital Efficiency Program
- Implemented Residential Whole House Efficiency Program
- Implemented Direct Install Program (PSE&G's Energy Saver Program) for Small Businesses, Government Facilities and Non-Profits

SCOPE 3 EMISSIONS* – 2018



Use of sold products **48%**
 Purchased goods and services **11%**
 Fuel and energy-related activities **22%**
 Capital goods **19%**

EMISSIONS INTENSITY RATE

Lbs/Mwh



* Scope 3 emissions: All indirect emissions, not included in scope 2 that occur in the value chain (both upstream and downstream).

- Implemented Residential Multifamily Housing Program
- Received approval from BPU to replace portions of PSE&G's old cast-iron and unprotected steel gas mains (Gas System Modernization Program)
- Replacement of auto fleet with hybrids and introduced the nation's first hybrid bucket trucks
- Implemented employee workplace charging programs for PSEG employees and other employers in the PSE&G territory, and
- Lowered our carbon footprint by making several of our facilities more energy efficient through utilization of the U.S. Green Building Council's Leadership in Energy and Environmental Design rating system

In 2012, Superstorm Sandy struck New Jersey. The storm's ferocity revealed the vulnerability of our infrastructure to damage from severe storms. Even though we had been incorporating climate change related emission targets into our business planning, this event prompted PSEG to consider climate change adaptation into our business plans in addition to mitigation. PSE&G received approval from the BPU to invest in resilient electricity and natural gas infrastructure in the wake of Superstorm Sandy (Energy Strong).

In 2016, PSE&G became a founding partner of EPA's Natural Gas STAR Methane Challenge by

committing to replace 1.5% of PSEG's cast-iron gas mains and associated service lines by 2021.

Thanks to a pioneering partnership between PSE&G, Environmental Defense Fund, Google Earth and Colorado State University, we have been able to benefit from the use of advanced methane detection technology to prioritize pipeline replacement efforts. By using that data to help plan gas line replacement efforts, PSE&G was able to reduce methane emissions more quickly, replacing significantly fewer miles of gas lines than would have been necessary to achieve the same emissions savings. The effort was part of a three-year, \$905 million program approved by the BPU in November 2015. PSE&G is continuing the use of this technology in support of replacement planning prioritization in the extension of this program (GSMP II), which was approved by the BPU in May 2018.

In 2017, we retired our two remaining New Jersey coal-burning power plants years ahead of schedule. Our last remaining coal fired unit in PSEG Power's fleet, is scheduled to retire in 2021. At the same time, we have constructed three new power plants – one each in New Jersey and Maryland, which opened in 2018, and a third in Connecticut, which opened in mid-2019 – that use highly efficient, natural gas-fired combined-cycle technology. As we continue this transformation of our power business, emissions levels of NO_x and SO₂ as well as CO₂ and other pollutants will be reduced from our 2005 baseline, along with residuals



Heat-recovery steam generator, Bridgeport, CT



from the coal-burning process and the need to employ chemicals to treat them.

PSEG is New Jersey's leading developer of renewable energy – having spent approximately \$1.7 billion to develop large-scale, grid-connected solar projects in New Jersey and around the U.S., as well as providing loans to help customers finance solar capacity on homes and businesses. We also support New Jersey Gov. Phil Murphy's efforts to develop 3,500 MW of offshore wind resources.

In early 2018, PSEG announced its new goal of eliminating 13 million metric tons of CO₂-equivalent (MMTCO₂e) by 2030 from 2005 levels. Our new goal expands upon our previous reduction goals and includes activities that avoid GHG emissions. The new goal includes the following actions:

- Avoided emissions from the post-2005 uprates at our nuclear facilities
- Retirement of our New Jersey and Connecticut coal plants
- Efficiency upgrades of our existing natural gas combined-cycle fleet
- PSE&G's Gas System Modernization Program, which began a five-year second phase in 2019, replacing aging cast-iron and unprotected steel natural gas infrastructure with new, more durable plastics to reduce leaks of methane

- Continued replacement of traditional fleet vehicles with hybrid vehicles and the installation of idle mitigation technology on fleet vehicles
- Solar and energy efficiency investments and programs
- Electric vehicle charging programs for our employees and our commercial/industrial customers
- Recycling of industrial waste under EPA's Waste Wise program
- Emission reductions in fulfilling PSEG Power's REC commitments

PSEG believes that there are tremendous opportunities to further reduce GHG emissions through energy efficiency programs, but it will require a new regulatory compact. Energy utility companies are uniquely positioned to lead in the effort to deploy more energy efficiency programs. PSEG can achieve this by investing in energy-saving appliances and fixtures, all while receiving appropriate compensation for encouraging smart energy use. With the right economic incentives, energy efficiency can be a much larger contributor to our low-carbon future.

And finally, in July 2019, PSEG announced its goal to reduce PSEG Power fleet carbon emissions 80% by 2046, with a vision of achieving net-zero carbon emissions by 2050, given necessary changes in technology, public policy and customer behavior.

PSEG's response to climate change has led to several major investment programs: Supporting development of solar generation in NJ and around the country:

Solar4All® and Solar Loans (PSE&G's portfolio)	336 MWDC
Solar Source (PSEG Power's portfolio)	414 MWDC

Transforming our fossil fleet to a cleaner, more efficient profile:

Power's Efficient CCGT Construction Program (completed in 2019)	1,800 MW
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Increasing system resiliency against severe weather events:

Energy Strong I (2013 storm hardening)	\$1.0 billion
Energy Strong II	\$842 million

Moving customers towards using less energy, that is cleaner, highly reliable & connected

Energy Efficiency I, II and III (2009–2018)	\$0.4 billion
Clean Energy Future (Filed 2019)	\$3.5 billion



REDUCING EMISSIONS FROM MOBILE SOURCES AND PROMOTING ELECTRIC VEHICLES

Electric vehicles can have a powerful impact in combating climate change and reducing pollutants – from carbon to nitrogen oxide to particulates – especially in a state like New Jersey, where about half of our electricity comes from emissions-free nuclear power. The popularity of electric vehicles is increasing at a record-setting pace.

At PSE&G, we are doing our part to support New Jersey's growing fleet of plug-in electric vehicles and their drivers:

- We have the largest EV employee incentive program in the state, with more than 45 chargers at company locations. Elsewhere, PSE&G has provided 145 chargers to 20 New Jersey hospitals, colleges and businesses in a pilot program to encourage EV workplace commuting; and
- PSE&G partnered with EVgo to install fast charging stations at 5 rest areas along the NJ Turnpike and Garden State Parkway.

As more car buyers switch to plug-in vehicles, PSE&G is committed to being there to support them with clean, reliable and affordable energy.

PSE&G continues to take action to lower the emissions from our own fleet of vehicles. We have improved the fuel efficiency of our fleet by 3.0%

over the past 3 years. Almost 15% of our light-duty vehicles are now hybrids, and 66% of our aerial lift trucks now have electric drives, allowing the operation of the lift without running the engine. We also have increased the purchases of aerial lift trucks with a “cab comfort option” which reduces engine idling time by running the cab temperature control equipment off the electric drive battery.

GOVERNANCE

Our Board of Directors takes an active role in overseeing sustainability (environmental, social and governance) and corporate citizenship issues, including climate strategy and the associated political, lobbying and trade association spend. 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.

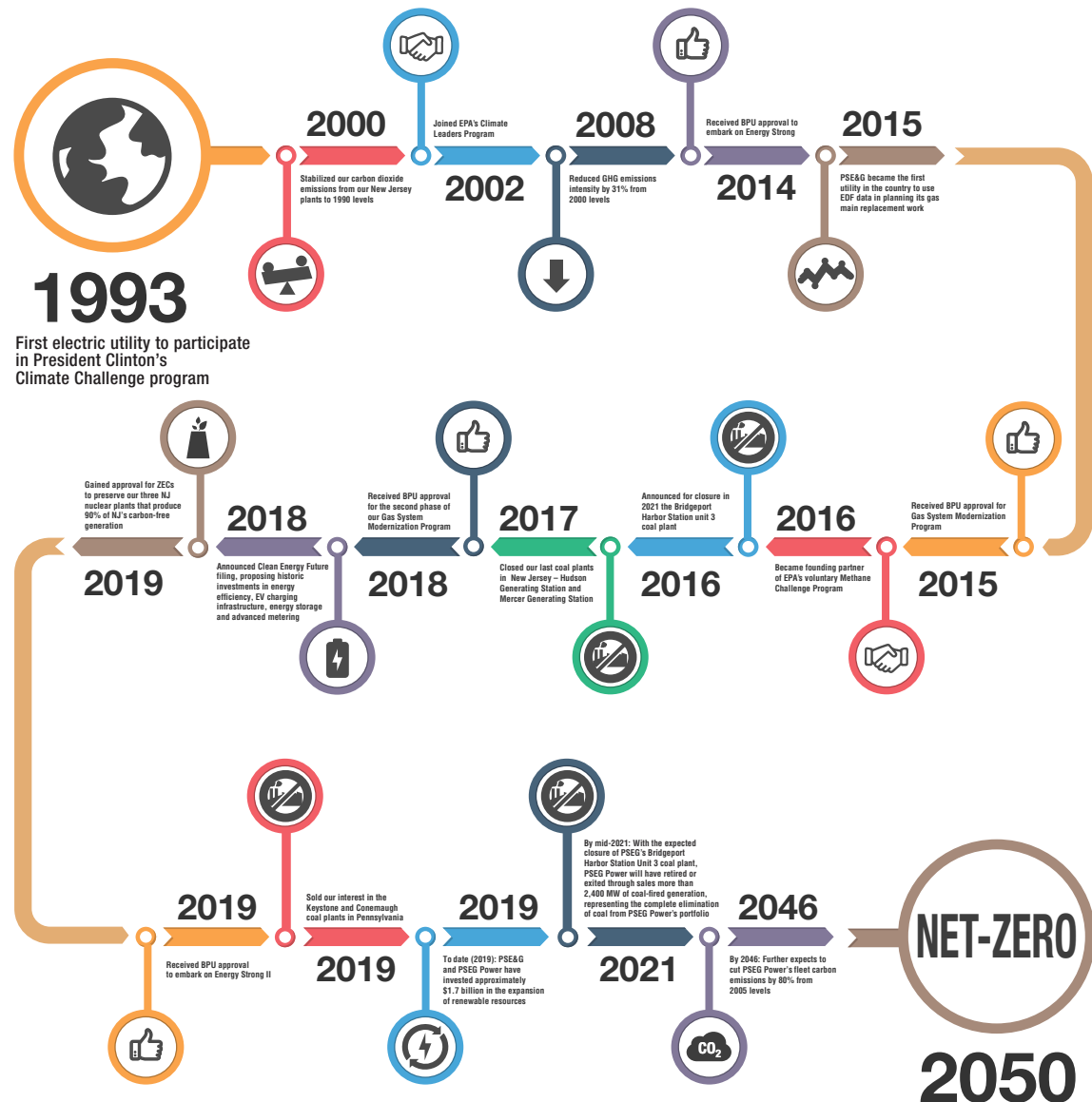
PSEG is a provider of low-carbon solutions for our customers and a large producer of zero-carbon electricity. Therefore, our business strategy includes elements related to climate change, including preserving nuclear generation, as well as adapting and modernizing our distribution utility systems in response to 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.

OUR COMMITMENT: TRANSITIONING TO A NET-ZERO FUTURE

Recently, PSEG announced its goal to further cut the PSEG Power fleet's carbon emissions 80% by 2046, from 2005 levels, and our belief that, with the necessary advances in technology, customer behavior and public policy, we can achieve our vision of attaining net-zero carbon emissions from our fleet by 2050.

While we wholeheartedly agree that reductions in carbon emissions from electric generation are an essential part of achieving the Paris goals of limiting global warming to 2 degrees Celsius or less, they are only a part of the total picture. We at PSEG are committed to mitigating the physical impacts of climate change and to facilitating the transition to a low-carbon economy, not only through decarbonization of our generation, but also through upgrades to our gas distribution and electric distribution and transmission systems and by helping our customers be more efficient in the way they use energy. We are proud of our strong record on clean energy and our longstanding strategy of addressing climate change through energy efficiency, renewable energy and highly efficient natural gas power.

PSEG has committed to creating its first comprehensive climate report following the [Task Force on Climate Financial Disclosure \(TCFD\)](#) framework in early 2020.





PSEG 2019 SUSTAINABILITY REPORT

Ensuring a sustainable future

PSEG IS COMMITTED TO ITS PEOPLE – those who live and work 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.





- 3 Good health and well-being
- 4 Quality education
- 5 Gender equality
- 8 Decent work and economic growth
- 11 Sustainable cities and communities

CORPORATE CITIZENSHIP

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. In 2018, PSEG held our first-ever Diversity & Inclusion Summit, which included implicit bias training. Our efforts to embed diverse and inclusive practices make us a stronger company and our commitment to corporate citizenship and sustainability balances the needs of the business with the needs of the community. Our foundation and corporate giving reflect three key areas – education and workforce development, thriving communities and a cleaner earth – with signature programs and impact metrics in each portfolio. Horizontally driven across these three pillars are diversity & inclusion and safety, two of PSEG’s Core Commitments.

PSEG’s story demonstrates that corporate citizenship – like citizenship itself – is a product

of involvement. We are not a company of bystanders, but rather of people who care, and our employees contribute in many ways to make life better for those we serve. They take pride in the words “Public Service” in our company’s name, and we encourage their participation in the life of our communities.

CORPORATE GIVING AND PSEG FOUNDATION

In 2018, charitable donations totaled more than \$1 million. These donations included employee-directed programs (matching gift and volunteer grants), employee fundraising, and non-strategic giving. PSEG’s matching gift program is open to employees, retirees and members of our Board of Directors and in 2018 matched more than \$845,000. Employees can receive volunteer grants for their organizations and in 2018 the company provided funding totaling nearly \$65,000.

COMMUNITY INVESTMENT

In 2018, our community investments totaled \$8.1 million. The foundation strengthened its strategic community investments by requiring progress reports from all large grantees with 100% success rate and evaluated metrics for impact.

- **CLEAN EARTH:** We have been a major supporter of the [Sustainable Jersey Municipal and Schools Program](#) since 2012 with nearly 400 municipal and school projects. Through the [Comfort Partners](#)



Students2Science technology center, Newark, NJ



Program, we partner with nonprofits to help customers reduce their energy consumption and environmental impact. In 2018, support from the PSEG Foundation provided [National Wildlife Federation](#) and Audubon, through the Eco-Schools Sustainability, Education and Action Program, the opportunity to exceed its goal of 250 participating schools to 282 participating schools statewide.

- THRIVING COMMUNITIES:** PSEG is committed to investing in its communities throughout its service territory. These investments include support for neighborhood revitalization and economic development projects in several parts of the state, ranging from the New Jersey Community Development Corp. in Paterson to Isles in Trenton to veterans groups and other underserved populations. These also include programs such as [Volunteer Lawyers for Justice](#), which seeks to untangle legal and regulatory challenges, or HomeFront in Trenton and the [Community Food Bank of New Jersey](#), which has a resource network that includes a food pantry, clothing and furniture store, shelter and subsidized housing. [Habitat for Humanity](#) is a choice partner throughout our service territories, from Long Island to Salem County. Additionally, PSEG has dedicated volunteers who engage on a regular basis with these initiatives.

- EDUCATION AND WORKFORCE DEVELOPMENT:** In 2018, the PSEG Foundation funded Per Scholas, a national tech training nonprofit, for the first cohort of Newark residents to be trained in tech roles with a commitment of training 200 students over the next three years. Per Scholas is working with a regional employer network to cultivate direct job opportunities for graduates.

At the start of the 2018-19 school year, Essex County College instituted changes to the Energy Career Program to help increase access to high school graduates pursuing careers in the energy industry. As part of the changes, Essex County College became part of the My Brothers Keeper Alliance in Newark, New Jersey and committed to providing work readiness skills such as resume writing, interviewing and marketing skills. The PSEG Foundation has funded the [Newark Museum Science Explorers Program](#) since inception in 1994. The program is a four-year college-, career- and life-readiness program enabling Newark-area high school students to build essential skills through a curriculum that draws upon the museum's collections, resources and staff.

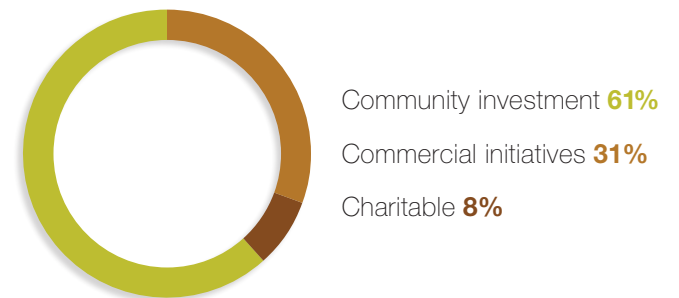
Our corporate contributions and nonprofit event support complement PSEG Foundation gifts to major partners, as well as [NJ Shares](#), which assists utility customers, covering each of the strategic and primary focus areas. PSEG Long

Island instituted a new volunteer program in late 2016 that had not been formally tracked at the enterprise level until the 2018 reporting cycle. The program reflects 19,500 additional volunteer hours on company time.

IN-KIND GIVING OF PRODUCTS / SERVICES

Our products – electricity and natural gas – are regulated and cannot be donated. PSEG offers extensive use of its corporate conference rooms and training facilities, hosting approximately 30 events and meetings annually for community groups.

TYPE OF PHILANTROPIC ACTIVITIES – 2018





COMMUNITY ENGAGEMENT

PSEG strives to make a significant difference in the communities where we live and operate. This is why the professionals in our strategic diversity sourcing team carefully manage stakeholder engagement and integrate local input into our business decisions. Our decisions are based on deep understandings of the potential impact on the community and its future.

As a company, PSEG contributes to the well-being of the communities in which we

operate through various channels. Whether it is investing time and resources to improve the job readiness of community members applying to our open positions, charitable giving, employee volunteerism or civic leadership, we believe the most effective investments are made through strategic relationships with organizations dedicated to serving our communities, day-in and day-out. We actively engage local grassroots organizations to ensure the work we perform is both meaningful and positively impactful.

POWER OF ONE

Power of One is PSEG's community engagement initiative, which recognizes and celebrates PSEG employees, as well as individuals in our communities, for their spirit of service and citizenship. Through the PSEG Power of One, the company connects its people more deeply with our communities and with each other in an inclusive environment.



PSEG Long Island Transmission Operations team



HEALTH AND SAFETY

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, with 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, and 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. Our health and safety system provides the structure for promoting a culture built on trust, care, knowledge and communication.

An independent third-party audit team's review of PSEG's Environmental Health and Safety management systems concluded that the system's design and overall performance placed PSEG as a top performer among its peers.

The full PSEG Environment, Health and Safety Policy outlining our responsibility is available at: <https://corporate.pseg.com/aboutpseg/leadershipandgovernance/environmentalpolicy>.





MOVING TOWARD TARGET ZERO

PSEG has achieved extraordinary milestones over the last two decades with improved safety performance and lower rates of reportable injuries. This past year, 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:

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

Our journey toward 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 re-signing of our Health & Safety Commitment, which emphasizes:

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

These efforts continue to move forward with our management team, labor partners and dedicated workforce.

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.

EMPLOYEE WELFARE & TALENT MANAGEMENT

PSEG has a strong commitment to developing employees as reflected in PSEG's strategy to attract, develop, retain and reward employees. At the same time, we position training as the “right training for the employee at the right time.” There are many technical job families in the utility, fossil plants, nuclear facilities and IT that have a structured technical curriculum designed to develop job skills for their role and certifications based on corresponding regulatory requirements.

Training begins with PSEG's newest recruits in new hire orientation and continues throughout the employee's career. Additional training occurs within the organization on an as-needed basis — this may include interview skills, performance management skills and others sponsored by a manager relative to a specific issue. Employee Business Resource Groups sponsor training

LOST-TIME INJURY FREQUENCY RATE¹

	2018	2017	2016	2015
Employees	0.37	0.38	0.36	0.52
Contractors	0.41	0.47	0.43	0.45

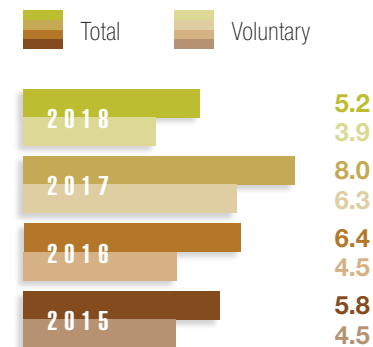
DAYS AWAY, RESTRICTED AND TRANSFER RATE²

	2018	2017	2016	2015
	0.60	0.53	0.67	0.81

OSHA RECORDABLE INCIDENT RATE³

	2018	2017	2016	2015
	0.99	0.87	0.90	1.16

EMPLOYEE TURNOVER RATE⁴



¹ Number of lost time injuries occurring in a workplace per 1 million hours worked.

² Any OSHA recordable workplace injury or illness that results in time away from work, restricted job roles, or an employee's permanent transfer to a new position

³ Number of injuries or illnesses x 200,000 (equivalent of 100 full time employees) / Number of employee labor hours worked

⁴ Percentage of employees leaving the company within a year



initiatives throughout the year relative to their focus. PSEG also invests heavily in employees through tuition reimbursement. In 2018, PSEG reimbursed \$2.3 million to employees pursuing higher education.

TAKING CARE OF OUR EMPLOYEES

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 community role. 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.

A high-performance culture rewards personal growth, input from our employees and professional development. PSEG is committed

to developing a strong culture through effective employee support. We recognize the challenge of preparing our workforce for a transition as baby boomers increasingly 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.

Our comprehensive benefits package empowers employees to be their best. We benchmark our industry peers to ensure we are competitive.

WELLNESS AND LIFESTYLE

PSEG provides additional services beyond traditional benefits to support and encourage employees to lead a balanced and healthy lifestyle. Our “Be Well” program focuses on reducing risk factors that impact our employees and drive health care costs. We have on-site fitness centers at two of our largest sites and continue to offer on-site flu shots.

A corporate wellness council, consisting of union and non-union personnel, has played a significant role in promoting wellness and related programs.

These resources are available to all full-time employees and we continue to expand our programs to incorporate more aspects of employee well-being in areas that impact their physical, emotional, financial and social health.



CAREER DEVELOPMENT

PSEG provides comprehensive approaches and tools for employee career development. 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 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, eLearning and blended learning solutions. The curriculum is organized by both leadership development and professional skills, and includes opportunities to further develop individuals identified as having high potential to grow within the organization.

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

PSEG is a company with strong ethical values and a deep commitment to its employees. We understand that our success ultimately depends on our ongoing ability to attract, develop and retain a highly skilled, diverse and engaged workforce. Our people are the key to achieving operational excellence in providing safe, reliable, economic and greener energy.

Each year, we review our people strategy to ensure we are engaging and motivating employees. Our goal is to promote an environment where employees develop and utilize skills, feel comfortable sharing their ideas and concerns, and directly support the achievement of key business objectives. We believe these efforts contribute to a high-performance culture.

Employee engagement is an important part of our journey to improve as a company. Our engagement initiatives focus on comfort speaking up, building employee capabilities through our People Strong curriculum and fostering diversity and inclusion to ensure we move forward effectively as one team. We want to build a culture where everyone not only contributes, but also feels valued and appreciated, and has a range of opportunities for growth and development.

We identify and manage risks and opportunities through our people with the commitment of





maintaining employee and public safety, good relations with our labor unions and a highly engaged workforce.

SPOTLIGHT: DIVERSITY AND INCLUSION

Attracting a qualified, diverse and high-performing workforce also is part of our diversity strategy. We partner with a variety of local, regional and national organizations to position PSEG as an employer of choice and attract top talent.

At PSEG, we aim to create an inclusive environment where diversity is valued and employees of diverse backgrounds, experiences and viewpoints have the opportunity to succeed and reach their full career potential. PSEG needs all employees to be able to perform at their highest capability, feel trusted and have the opportunity to be heard in the workplace. We strive to develop an inclusive culture that empowers all of our people to contribute to our joint success. That is how we maintain our solid reputation and achieve our business goals:

- Leveraging the diversity of backgrounds, skills, experiences and ideas of our workforce supports the successful achievement of our strategic objectives.
- Diversity & Inclusion – Diversity across leaders and teams, an inclusive and purpose-driven workplace, and reflecting and delivering value to our communities with relationship-based service, cultural humility and empathy, are essential factors to our business performance, and to attracting, retaining and ensuring the strength and effectiveness of our workforce.



Gay pride parade, 2019, Asbury Park, NJ

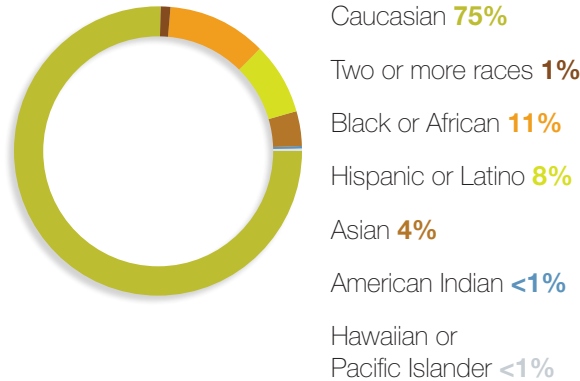


- Key stakeholders – investors, government officials, customers, communities and employees – see PSEG’s commitments toward a diverse and inclusive workforce as a signal of business excellence, and D&I is a key factor in cost reduction, innovation, growth, and in earning the trust and confidence essential to delivering safe, reliable, economic and greener energy.

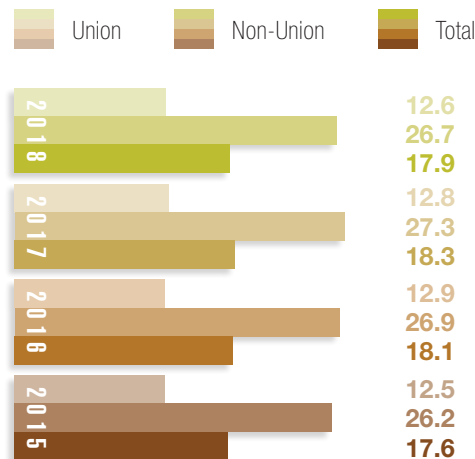
A diverse company is a strong company. We believe in a culture that values and promotes equal opportunity. Our diversity strategy focuses on our workplace, workforce and marketplace.

In 2018, we deepened our commitments to building a more diverse, inclusive and purpose-driven workforce and culture. More than one-third of PSEG Foundation giving was focused on diversity and inclusion priorities in our communities, and nearly one-fifth of PSEG’s total supplier spend was with minority-, women- and veteran-owned businesses. We hosted the inaugural 2018 PSEG Diversity & Inclusion Summit in December, earned a perfect score on the LGBTQ-focused 2018 Human Rights Council Corporate Equality Index and were named to Forbes’ America’s Best Employers for Diversity and JUST 100 lists.

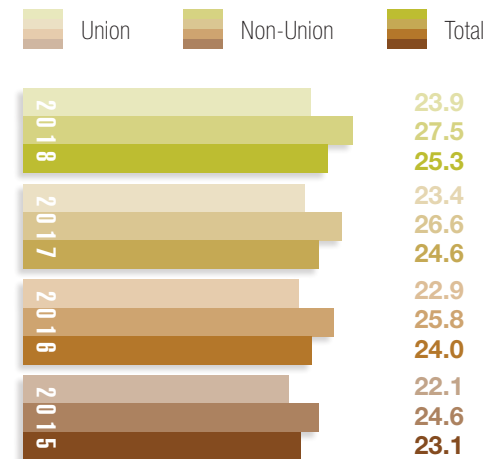
WORKFORCE BREAKDOWN BY RACE – 2018



% WOMEN IN WORKFORCE



% PEOPLE OF COLOR IN WORKFORCE





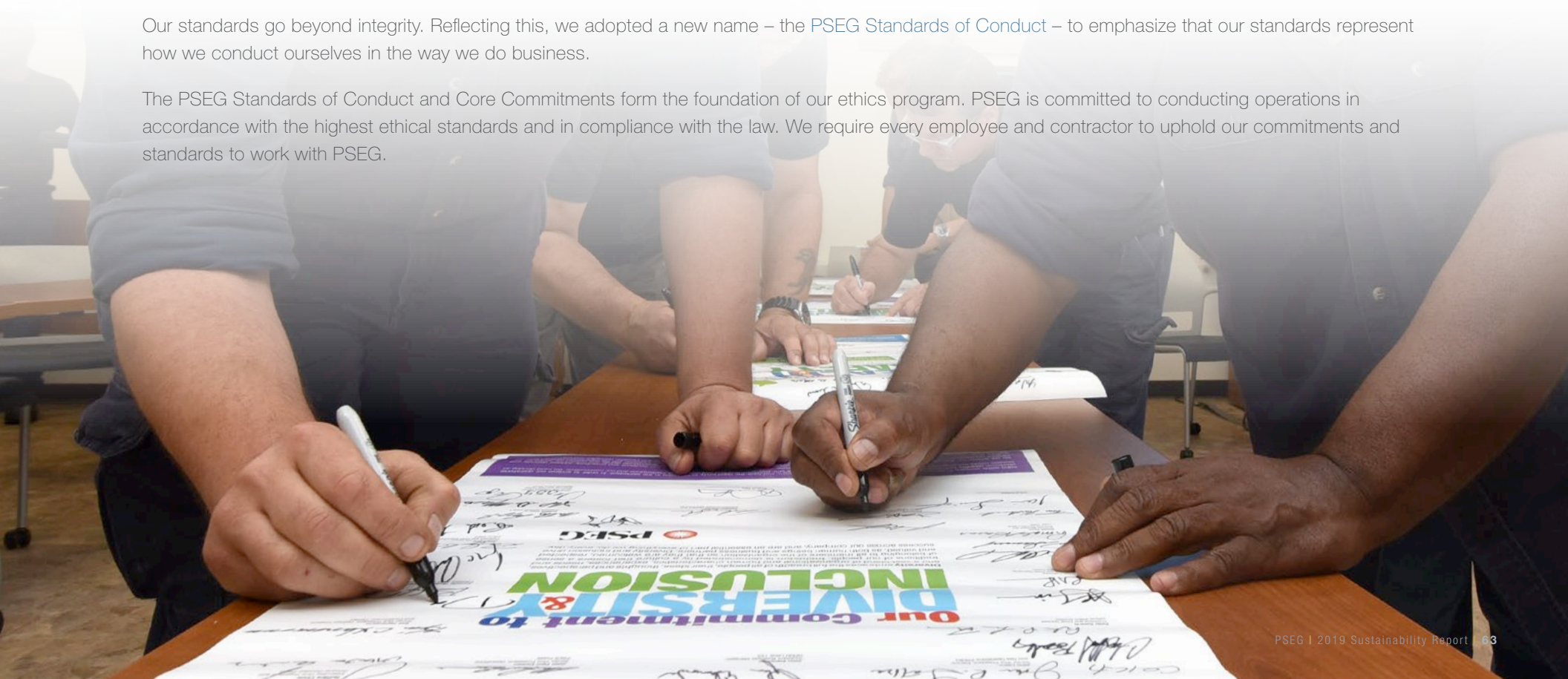
A better company, a better workplace

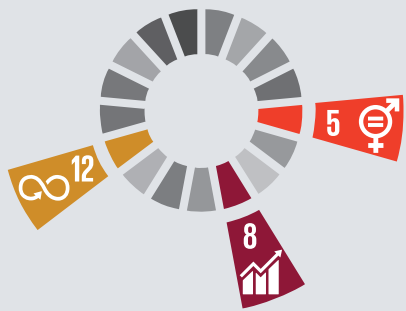
OUR VISION, MISSION AND VALUES serve as the foundation of our commitment to building a vibrant, high-performing culture. Our board of directors sets our strategic direction, which is executed by our leadership team. Our employees and contractors complete their tasks each day with integrity and care. And our risk management and compliance departments are designed to help ensure we operate with safety and prudence, abiding by the policies and procedures we have established and avoiding or transferring risk when possible.

OUR STANDARDS AND VALUES

Our standards go beyond integrity. Reflecting this, we adopted a new name – the PSEG Standards of Conduct – to emphasize that our standards represent how we conduct ourselves in the way we do business.

The PSEG Standards of Conduct and Core Commitments form the foundation of our ethics program. PSEG is committed to conducting operations in accordance with the highest ethical standards and in compliance with the law. We require every employee and contractor to uphold our commitments and standards to work with PSEG.





- 5 Gender equality
- 8 Decent work and economic growth
- 12 Responsible consumption and production

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 must complete training on the Standards of Conduct and results are reported to the Audit Committee of the Board of Directors annually. 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.

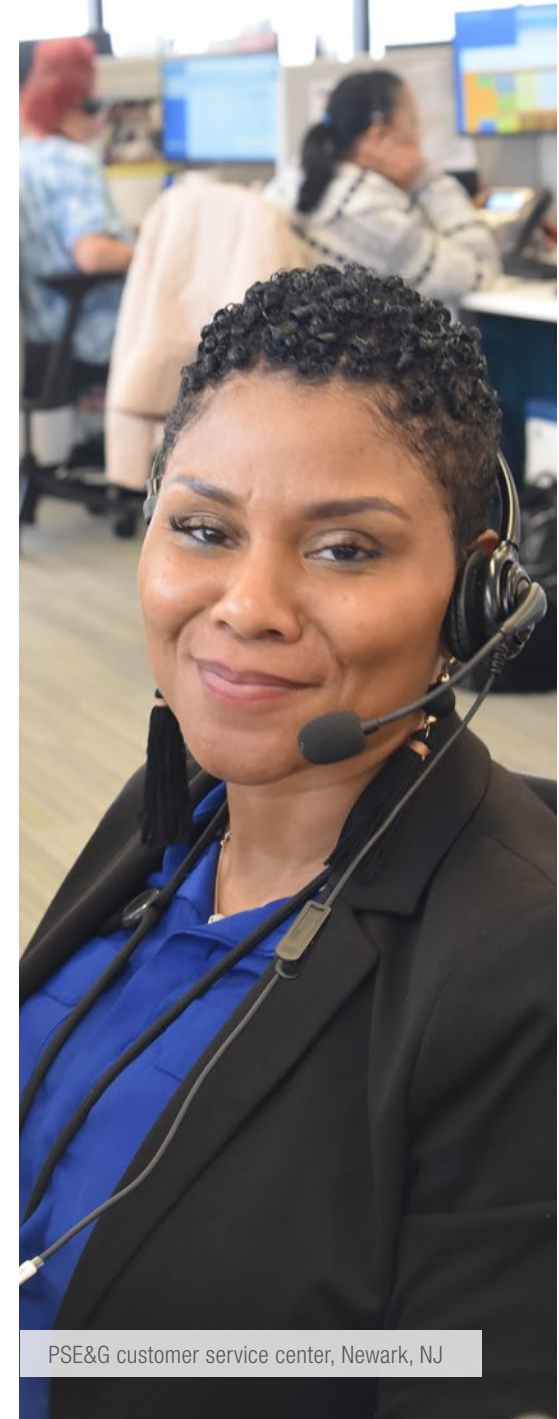
The full Standards of Conduct are online at: https://corporate.pseg.com/-/media/pseg/corporate/standardsofconduct/standards_conduct.ashx

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 recently strengthened our already robust compliance program with the addition of a new chief compliance officer. We emphasize five core commitments:

- Safety
- Integrity
- Continuous Improvement
- Diversity & Inclusion
- Customer Service



PSE&G customer service center, Newark, NJ





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 he/she 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 provides the independent directors with a key means for collaboration and communication regarding board agendas and the information directors receive from management. All directors play an active role in overseeing the company's business both at the board and committee levels, bringing fresh and differing viewpoints.

Highlights:

- New independent lead director, Dr. Shirley Ann Jackson
- Independent committee chairs and members; all directors are independent, other than CEO
- PSEG's directors are diverse in gender, ethnicity, skills and experience
- Three new directors in the last three years bring new perspectives

BOARD MEMBER DEMOGRAPHICS AND AREAS OF EXPERTISE

	Willie A. Deese	William V. Hickey	Ralph Izzo	Shirley Ann Jackson	David Lilley	Barry H. Ostrowsky	Laura A. Sugg	Richard J. Swift	Susan Tomasky	Alfred W. Zollar
DEMOGRAPHIC BACKGROUND										
Board Tenure*	3	18	12	18	10	1	–	25	7	7
Diversity	Gender			●			●		●	
	Ethnicity	●			●					●
Age	63	74	61	72	72	68	58	74	66	64
SKILLS AND QUALIFICATIONS										
Accounting/Finance	●	●	●	●	●	●	●	●	●	●
Construction/Engineering			●				●	●		
Corporate Governance	●	●	●	●	●	●	●	●	●	●
Customer Satisfaction & Sales					●	●				●
Environment/Science			●	●	●		●	●	●	
Government/Policy/Regulatory	●		●	●		●	●		●	
Industry/Generating Plant Operations			●	●			●	●	●	
Legal						●			●	
Management	●	●	●	●	●	●	●	●	●	●
Manufacturing	●	●			●		●	●		
Product Development		●			●					●
Risk Management			●	●		●	●	●	●	●
Technology/Cybersecurity	●	●		●					●	●

* Rounded



- Directors active in sustainability and ESG oversight
- Active role in long-term strategy, including climate change
- Board and executive compensation are aligned with long-term results and stockholders' interests
- CEO is an active member of Chief Executives for Corporate Purpose (CECP) and CEO Action for Diversity & Inclusion

More information and details can be found in our proxy statement.

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. Features of our program include: identifying critical information and systems; conducting cyber risk assessments of our and third-party systems; maintaining awareness of cyber threats and vulnerabilities through partnerships with public and private entities, as well as industry groups; maintaining and testing our cybersecurity incident response plans and systems; training personnel on cybersecurity issues emphasizing cybersecurity awareness throughout our company with electronic notices and seminars; and periodically reviewing industry best practices and operational benchmarking.

Cybersecurity and the effectiveness of our cybersecurity processes are discussed by senior management and at board and audit committee meetings. Our strategy for managing cyber-related risks is integrated within our enterprise risk management processes.

In addition, we are subject to federal and state requirements designed to further protect against cybersecurity threats to critical infrastructure. 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 New Jersey that are subject to North American Electric Reliability Corporation Critical Infrastructure Protection standards and runs through July 31, 2023.



About this report

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED (PSEG) strives to be a leader in building an economically strong, environmentally responsible energy future. We are pleased to share with our stakeholders our 2019 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 – our eighth – discusses the many ways that our sustainability focus aligns with our vision of being a recognized leader for People providing Safe, Reliable, Economic and Greener energy.

The 2019 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 area of sustainability and sustainable development, and of the principal activities and projects undertaken. The UN Sustainable Development Goals (SDGs) to which our company contributes are identified in each section, using



PSEG Long Island's My Smart Energy Lab



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.

Further, beginning with this report, we have included a table detailing where the information set forth by the SASB Standards for the utility sector can be found in our public reporting.

FEEDBACK

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

For additional information on our ESG performance and disclosure: <https://investor.pseg.com/governance/esg-disclosures/default.aspx>

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:

- 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;
- any inability to manage our energy obligations with available supply;
- PSE&G's proposed investment programs may not be fully approved by regulators and its capital investment may be lower than planned;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations, and PSE&G's ability to recover costs and earn returns on authorized investments;



- the impact of any future rate proceedings;
 - 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;
 - the impact on our New Jersey nuclear plants if such plants are not selected to participate in future Zero Emission Certificate (ZEC) programs, ZEC programs are overturned or modified through legal proceedings or if adverse changes are made to the capacity market construct;
 - adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
 - changes in federal and state environmental regulations and enforcement;
 - delays in receipt of, or an inability to receive, necessary licenses and permits;
 - adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
 - changes in tax laws and regulations;
 - the impact of our holding company structure
- on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
 - any inability of PSEG Power to meet its commitments under forward sale obligations;
 - reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
 - any inability to successfully develop, obtain regulatory approval for, or construct generation, transmission and distribution projects;
 - any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
 - our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
 - any inability to recover the carrying amount of our long-lived assets and leveraged leases;
 - any inability to maintain sufficient liquidity;
 - any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
 - the impact of our covenants in our debt instruments on our operations; and
 - the impact of acts of terrorism, cybersecurity attacks or intrusions.

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 presentation apply only as of the date of this presentation. 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 presentation 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.



PSEG 2019 SUSTAINABILITY REPORT

Appendix





PSEG GLOBAL REPORTING INITIATIVE — G4 REPORT 2019

PSEG is committed to continuous improvement when it comes to how we report our performance and we use the Global Reporting Initiative as an important guide and reference tool. Our 2019 report was developed primarily according to the Global Reporting Initiative G4. This chart also includes the Electric Utility Sector Supplement for reporting on industry-specific information.

GENERAL STANDARD DISCLOSURES

G4 INDICATOR	DESCRIPTION	PSEG 2019 REPORT LOCATION
STRATEGY AND ANALYSIS		
G4-1	Statement from the most senior decision-maker	Message from our Leaders
G4-2	Description of key impacts, risks and opportunities	Enterprise Risk Management
ORGANIZATIONAL PROFILE		
G4-3	Name of the organization	Home Page
G4-4	Primary brands, products and/or services	PSEG at a Glance
G4-5	Location of organization's headquarters	Company Information
G4-6	Countries in which the company has operations	United States
G4-7	Nature of ownership and legal form	Company Information
G4-8	Markets served	Company Information
G4-9	Scale of the reporting organization	Company Information
G4-10	Gender breakdown of employees	Social Section: Ensuring a sustainable future
G4-11	Percentage of employees covered by collective bargaining agreements	PSEG at a glance
G4-13	Significant changes during reporting period of organization's size, structure, ownership or supply chain	No significant changes
G4-EU1	Installed capacity (MW)	PSEG at a glance
G4-EU2	Net energy output (GWh)	PSEG at a glance
G4-EU3	Number of residential, industrial, institutional and commercial customer accounts	2018 SASB Chart
G4-EU4	Length of transmission and distribution lines	PSEG at a glance



GENERAL STANDARD DISCLOSURES

G4 INDICATOR	DESCRIPTION	PSEG 2019 REPORT LOCATION
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Operational structure of the organization	The PSEG Family of Companies
G4-18	Process for defining report content	Our approach to sustainability
G4-19	Material aspects identified	Our approach to sustainability
G4-20 G4-21	Boundaries of material aspects	Throughout the report, when we refer to PSEG we are discussing all of PSEG and its subsidiaries, including Public Service Electric and Gas Company (PSE&G), PSEG Power LLC (PSEG Power) and PSEG Long Island LLC.
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports	No significant re-statements of information
G4-23	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	No significant changes in scope, boundary or measurement methods
STAKEHOLDER ENGAGEMENT		
G4-24	Stakeholder groups engaged by the organization	Our approach to sustainability
G4-25	Identification and selection of stakeholders	Our approach to sustainability
G4-26	Approaches to stakeholder engagement	Our approach to sustainability
REPORT PROFILE		
G4-28	Reporting period	About this report 2018-2019
G4-29	Date of most recent previous report	December 2018
G4-30	Reporting cycle	About this report; Once a year
G4-31	Contact point for questions regarding the report	About this report: sustainability@pseg.com
G4-32	GRI index	GRI: This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines
G4-33	Policy and current practice with regard to seeking external assurance for the report	PSEG has not sought external assurance of its Corporate Responsibility and Sustainability Report



GENERAL STANDARD DISCLOSURES

G4 INDICATOR	DESCRIPTION	PSEG 2019 REPORT LOCATION
GOVERNANCE		
G4-34	Governance structure of the organization	Governance Section: A better company, a better workplace
G4-38	Composition of the highest governance body and committees	PSEG 2019 Proxy Statement
G4-39	Indicate whether the Chair of the highest governance body is an executive officer	PSEG 2019 Proxy Statement
G4-40	Process for determining the composition, qualifications and expertise of the members of the highest governance body	PSEG 2019 Proxy Statement
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided	Leadership and Governance
G4-44	Processes for evaluating the highest governance body's own performance	Leadership and Governance
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report	Our approach to sustainability
G4-51	Linkage between compensation and the organization's performance	PSEG 2019 Proxy Statement
G4-52	Process for determining remuneration	Leadership and Governance
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	
G4-56	Corporate mission and values, codes of conduct and principles	Governance Section: A better company, a better workplace
G4-57	Mechanisms for seeking advice on ethical and lawful behavior	Standards of Conduct
G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior	Standards of Conduct



SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	G4 INDICATOR	DESCRIPTION	PSEG 2019 REPORT LOCATION
ECONOMIC			
Economic Performance	Disclosure of Management Approach (G4-DMA)		PSEG 2018 Annual Report
	G4-EC1	Direct economic value generated and distributed	PSEG at a glance
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	PSEG 2018 Annual Report
Indirect Economic Impacts	Disclosure of Management Approach (G4-DMA)		PSEG 2018 Annual Report
	G4-EC7	Development and impact of infrastructure investments and services provided primarily for public benefit	Social Section: Ensuring a sustainable future
	G4-EC9	Percentage of spending on local suppliers	PSEG Operations
Availability and Reliability	Disclosure of Management Approach (G4-DMA)		PSEG 2018 Annual Report
	G4-EU10	Planned capacity against projected electricity demand over the long term	PSEG 2018 Annual Report
Management	Disclosure of Management Approach (G4-DMA)		PSEG 2018 Annual Report
Plant Decommissioning	Disclosure of Management Approach (G4-DMA)		PSEG 2018 Annual Report



SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	G4 INDICATOR	DESCRIPTION	PSEG 2019 REPORT LOCATION
ENVIRONMENTAL			
Energy	Disclosure of Management Approach (G4-DMA)		PSEG CDP 2019
	G4-EN3	Energy consumption within the organization	PSEG CDP 2019
	G4-EN4	Energy consumption outside of the organization	PSEG 2018 Annual Report
	G4-EN6	Energy saved due to conservation and efficiency improvements	PSEG 2018 Annual Report
	G4-EN7	Initiatives to provide energy-efficient or renewable-energy-based products and services, and reductions in energy requirements as a result of these initiatives	PSEG CDP 2019
Water	Disclosure of Management Approach (G4-DMA)		
	G4-EN23	Total weight of waste by type and disposal method	Environmental stewardship
	G4-EN24	Total number and volume of significant spills	Environmental stewardship
	G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII	Environmental stewardship
Products and Services	Disclosure of Management Approach (G4-DMA)		Environmental stewardship PSEG 2018 Annual Report
	G4-EN27	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environmental stewardship PSEG 2018 Annual Report PSEG CDP 2019 Preserving nuclear as a clean energy leader
Compliance	Disclosure of Management Approach (G4-DMA)		A better company, a better workplace
Supplier Environmental Assessment	Disclosure of Management Approach (G4-DMA)		PSEG operations



SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	G4 INDICATOR	DESCRIPTION	PSEG 2019 REPORT LOCATION
SOCIAL			
Employment		Disclosure of Management Approach (G4-DMA)	Social Section: Ensuring a sustainable future
	G4-LA1	Total number and rate of employee turnover by age group, gender and region	Social Section: Ensuring a sustainable future
Labor/ Management Relations		Disclosure of Management Approach (G4-DMA)	Social Section: Ensuring a sustainable future
Occupational Health and Safety		Disclosure of Management Approach (G4-DMA)	Social Section: Ensuring a sustainable future
	G4-LA6	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	Social Section: Ensuring a sustainable future



7 AFFORDABLE AND CLEAN ENERGY



Ensure access to affordable, reliable, sustainable and modern energy for all

Around the world, billions of people depend on energy for an array of needs. On the other hand, people with little to no access to energy are limited in their growth and development. The answer to the growing need for energy is renewable energy and sustainable systems.

PSEG believes in delivering clean energy to their customers and investing in more resilient and reliable infrastructure. PSEG's commitment to renewable energy is demonstrated through solar, nuclear, energy efficiency and customer programs. These programs help deliver affordable, clean and reliable energy to those who need it. PSEG also invests in research and organizations who contribute to the effort for clean energy.

TARGETS	GRI INDICATOR	DESCRIPTION	PSEG 2019
7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.	302-3	Energy intensity	Gas System Modernization Program
	302-4	Reduction of energy consumption	Energy Efficiency
	302-5	Reduction in energy requirements in products and services	Solar Loan Program Solar 4 All Sewaren 7 Salem and Hope Creek Nuclear Power Plants Direct Install Program
7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	305-1	Direct greenhouse gas emissions	Solar Loan Program
	305-5	Reduction of greenhouse gas emissions	
7.3 By 2030, double the global rate of improvement in energy efficiency.	201-2	Financial implications and other risks and opportunities due to climate change	Gas System Modernization Program
	203-1	Infrastructure investments and services supported	Energy Efficiency
	302-3	Energy intensity	Hospital Efficiency Program
7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.	302-3	Energy intensity	MSU Institute for Sustainability Studies
	305-1	Direct greenhouse gas emissions	PSEG Foundation
	305-5	Reduction of greenhouse gas emissions	Direct Install Program Stevens Institute Partnership

8 DECENT WORK AND ECONOMIC GROWTH



Promote inclusive and sustainable economic growth, employment and decent work for all

Poverty is a global problem. Around half the world's population lives on US\$2 a day, and having a job doesn't ensure that one will get out of poverty. To improve the economy and provide jobs, there needs to be more investment in education, increased productivity and more decent work opportunities.

If the world wants better economies, there needs to be more room for personal development and equal opportunities for women and youth. Through the MSU Institute for Sustainability Studies, PSEG provides internships for college students to work on sustainability initiatives.

PSEG creates jobs for thousands of people, whether it be on the ground or in an office. PSEG provides a safe working environment, demonstrated through the Health and Safety System: Target Zero, in which employees are recognized for safety improvements.

TARGETS	GRI INDICATOR	DESCRIPTION	PSEG 2019
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.	201-1	Direct economic value generated and distributed	Gas System Modernization Programs I & II
	203-1	Infrastructure investments and services supported	Colorado State EDF Google Earth Partnership
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	201-1	Direct economic value generated and distributed	Energy Efficiency Sewaren 7 PSEG Foundation Educational Matching Program Power of One Salem and Hope Creek Nuclear Plants
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.	201-1	Direct economic value generated and distributed	MSU Institute for Sustainability Studies
	401-1	New employee hires and employee turnover	
8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	405-1	Diversity of governance bodies and employees	Health and Safety System: Target Zero
	405-2	Ratio of basic salary and remuneration of women to men	
	416-1	Assessment of the health and safety impacts of product and service categories	

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Build resilient infrastructure, promote sustainable industrialization and foster innovation

In order for an economy and society to flourish, there needs to be investments in infrastructure, development and technology. If there is poor infrastructure, this could lead to devastating effects on a society, including poor sanitation and insufficient access to education.

Investments in these areas will improve the standards of living for people around the world. In order to end poverty, raise living conditions and reverse climate change, there needs to be more reliable systems in place.

PSEG is committed to upgrading infrastructure that will improve energy efficiency and quality of life. Replacing old steel pipes with new plastic pipes leads to a reduction of methane emissions, a more reliable system and job creation. PSEG also invests in new technology and research through the PSEG Foundation and MSU Institute for Sustainability Studies.

TARGETS	GRI INDICATOR	DESCRIPTION	PSEG 2019
9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	201-1	Direct economic value generated and distributed	Energy Strong I & II
	203-1	Infrastructure investments and services supported	Hospital Efficiency Program Sewaren 7 Bergen-Linden Corridor
9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	203-1	Infrastructure investments and services supported	Energy Strong I & II Gas System Modernization Program Hospital Efficiency Program Solar 4 All Sewaren 7 Multifamily Residential Housing Program
	305-1	Direct greenhouse gas emissions	
	305-5	Reduction of greenhouse gas emissions	
9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.	201-1	Direct economic value generated and distributed	MSU Institute for Sustainability Studies
	302-1	Energy consumption within the organization	Colorado State EDF Google Earth Partnership

11 SUSTAINABLE CITIES AND COMMUNITIES



Ensure access to affordable, reliable, sustainable and modern energy for all

Cities are the center of innovation and social development. Economies and societies have been fostered within cities throughout history. With an increasing number of people living in cities, and with populations growing, it is essential that these cities have adequate housing and job opportunities, as well as sustainable infrastructure.

Energy use in cities is higher than other areas, with 75% of carbon emissions originating from them. The future is urban, which means that renewable energy and reliable infrastructure in these areas is a top priority.

PSEG believes in providing clean, affordable energy to urban areas. PSEG gives back to communities through programs in which they encourage those living in urban areas to convert to energy efficient systems. PSEG also upgrades their infrastructure through programs like Energy Strong, and invests in organizations that give back to communities.

TARGETS	GRI INDICATOR	DESCRIPTION	PSEG 2019
11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	416-1	Assessment of the health and safety impacts of product and service categories	Multifamily Residential Housing Program
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	302-4	Reduction of energy consumption	Zero Emissions EPA's Natural Gas STAR Methane Challenge EPA's Wastewise Program
	306-2	Waste by type and disposal method	
	306-3	Significant spills	
	306-4	Transport of hazardous waste	
11. A Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.	203-1	Infrastructure investments and services supported	PSEG Foundation
	302-4	Reduction of energy consumption	
	305-5	Reduction of GHG emissions	
11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.	302-1	Energy consumption within the organization	Energy Strong I & II
	305-1	Direct Greenhouse Gas Emissions	Multifamily Residential Housing Program PSEG Foundation

13 CLIMATE ACTION



Take urgent action to combat climate change and its impacts

Humans have had a devastating effect on the planet. Climate change is threatening the environment and all who depend on it. It has an effect on every person, and disproportionately affects those who are poor and vulnerable. Ecosystems will begin to fail, causing extreme weather and threats to food supply.

Action to stop climate change needs to happen urgently. If it continues, the global temperature will rise to 3 degrees centigrade, which will have a tremendous impact on the health of the planet.

PSEG has invested nearly \$2 billion in solar energy, making New Jersey one of the top U.S. states in solar development. Also, our nuclear plants are New Jersey's largest source of carbon-free electricity. PSEG believes in green energy and reducing greenhouse gas emissions, which will greatly impact their effect on the environment.

TARGETS	GRI INDICATOR	DESCRIPTION	PSEG 2018
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	201-1	Direct economic value generated and distributed	Colorado State
	203-1	Infrastructure investments and services supported	EDF
	302-4	Reduction of energy consumption	Google Earth Partnership
13.2 Integrate climate change measures into national policies, strategies and planning.	302-4	Reduction of energy consumption	Solar Loan Program
	305-1	Direct greenhouse gas emissions	Solar 4 All Sewaren 7 EPA's Natural Gas STAR Methane Challenge
	307-1	Non-compliance with environmental laws and regulations	
13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	302-1	Energy consumption within the organization	Energy Efficiency
	302-3	Energy intensity	Solar Loan Program
	413-1	Operations with local community engagement, impact assessments and development programs	Stevens Institute Partnership



PSEG SASB CHART

TOPIC	SASB CODE	ACCOUNTING METRIC	PSEG 2019
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	(1) 13, 684, 640 MT CO2e (3) 100% CDP 2019
	IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	12, 960, 889 MT CO2e
	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	CDP 2019 Climate section of 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) 2.3 million electric customers and 1.8 million gas customers.
Air Quality	IF-EU-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	(1) N2O: 4,610 Mt (4) (2) Sox: 7,534 Mt (5) Hg: 0.014 Mt (3) PM10: 774 Mt
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) 6.3 million cubic meters. 0% (2) 4.87 million cubic meters. 0%
	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards and regulations	Discharge Monitoring Report (DMR) exceedances: 0
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Environmental section of report: Water
Coal Ash Management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	100% recycled
Energy Affordability	IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial and (3) industrial customers	(1) Residential Small Commercial Pricing (BGS-RSCP) Dec 2018: 0.002982 (2) Commercial and Industrial Energy Pricing (CIEP). Dec 2018: 0.013444 PSE&G Electric Tariffs
	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	



PSEG SASB CHART

TOPIC	SASB CODE	ACCOUNTING METRIC	PSEG 2019
ELECTRIC UTILITIES & POWER GENERATORS			
Energy Affordability	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)	
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)	
	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	282,144 MWh
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% ownership Salem 1 & 2 (NJ): 57% ownership Peach Bottom 2 & 3 (PA): 50% ownership
	IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	PSEG Nuclear and Emergency Plan
Grid Resiliency	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	SAIDI: 56.1 SAIFI: 0.80 CAIDI: 70
Activity Metric	IF-EU-000.A	Number of: (1) residential, (2) commercial and (3) industrial customers served ⁷	Residential: 1,947,910 Commercial and Industrial: 307,669 2019 Investors Fact Book pg. 21



PSEG SASB CHART

TOPIC	SASB CODE	ACCOUNTING METRIC	PSEG 2019
ELECTRIC UTILITIES & POWER GENERATORS			
Activity Metric	IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers and (5) wholesale customers	(1) Residential: 13,810 Million KWh (2) Commercial and industrial: 27,734 Million KWh
Activity Metric	IF-EU-000.C	Length of transmission and distribution lines	Transmission: 1,941 miles Distribution: 22,468 miles
Activity Metric	IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets ⁹	Gas: 33% Nuclear: 55% Coal: 10% Oil: 1% Pumped Storage: <1% Solar <1% Total: 57,286,149 MWH
Activity Metric	IF-EU-000.E	Total wholesale electricity purchased ¹⁰	
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	
	IF-GU-240a.2	Typical monthly gas bill for residential customers for (1) 50 MMBtu and (2) 100 MMBtu of gas delivered per year	
	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 ³	926,972 Therms



PSEG SASB CHART

TOPIC	SASB CODE	ACCOUNTING METRIC	PSEG 2019
GAS UTILITIES & DISTRIBUTORS			
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	4,440 miles
	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	Environmental section of report
Activity Metric	IF-GU-000.A	Number of: (1) residential, (2) commercial and (3) industrial customers served ⁵	(1) Residential: 1,681,142 (2) Commercial: 158,927 (3) Industrial: 6,399
Activity Metric	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) Residential: 1,532 (2) Commercial & industrial: 1,087
Activity Metric	IF-GU-000.C	Length of gas (1) transmission and (2) distribution pipelines ⁷	Distribution: 18,000 miles

² Note to **IF-EU-110a.4** – The entity shall discuss its operations in markets with renewable portfolio standards (RPS) regulations or where regulations are emerging, including whether it is meeting its regulatory obligations, whether regulations require future increases or changes to the entity's renewable energy portfolio, and strategies to maintain compliance with emerging regulations.

³ Note to **IF-EU-240a.3** – The entity shall discuss how policies, programs, and regulations impact the number and duration of residential customer disconnections.

⁴ Note to **IF-EU-420a.2** – The entity shall discuss the opportunities and challenges associated with the development and operations of a smart grid.

⁵ Note to **IF-EU-420a.3** – The entity shall discuss customer efficiency regulations relevant to each market in which it operates.

⁶ Note to **IF-EU-550a.2** – The entity shall discuss notable service disruptions such as those that affected a significant number of customers or disruptions of extended duration.

⁷ Note to **IF-EU-000.A** – The number of customers served for each category shall be considered as the number of meters billed for residential, commercial, and industrial customers.

⁸ Note to **IF-EU-000.C** – The length of transmission and distribution lines shall be calculated on a circuit kilometer basis, where a circuit kilometer is defined as the total length of circuits, regardless of conductors used per circuit.

⁹ Note to **IF-EU-000.D** – Generation shall be disclosed by each of the following major energy sources: coal, natural gas, nuclear, petroleum, hydropower, solar, wind, other renewables, and other gases. The scope includes owned and/or operated assets. The scope excludes electricity consumed at the generating facilities.

¹⁰ Note to **IF-EU-000.E** – The scope excludes electricity consumed at the generating facilities.



NON-GAAP FINANCIAL MEASURES

Management uses non-GAAP Operating Earnings in its internal analysis, and in communications with investors and analysts, as a consistent measure for comparing PSEG's financial performance to previous financial results. 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.

See the corresponding reconciliations for a complete list of items excluded from Net Income in the determination of non-GAAP Operating Earnings. The presentation of non-GAAP Operating Earnings is intended to complement, and should not be considered an alternative to the presentation of Net Income, which is an indicator of financial performance determined in accordance with GAAP. In addition, non-GAAP Operating Earnings as presented in this release may not be comparable to similarly titled measures used by other companies.

PSEG ENTERPRISE/OTHER OPERATING EARNINGS (NON-GAAP) RECONCILIATION

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

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



PSE&G OPERATING EARNINGS (NON-GAAP) RECONCILIATION

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

PSEG POWER OPERATING EARNINGS (NON-GAAP) RECONCILIATION

RECONCILING ITEMS	YEAR ENDED DECEMBER 31,		
	2018	2017	2016
	(\$ millions, Unaudited)		
Net Income (Loss)	\$365	\$479	\$18
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a)	144	(133)	(5)
(Gain) Loss on MTM, pre-tax ^(b)	117	167	168
Hudson/Mercer (Gain on Sale) / Early Retirement, pre-tax	(51)	975	669
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	(73)	(395)	(336)
Tax Reform	–	(588)	–
Operating Earnings (non-GAAP)	\$502	\$505	\$514
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	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% and 40.85% statutory rate for 2018 and 2017, respectively, except for NDT related activity which is calculated at the statutory rate plus a 20% tax on income (losses) from qualified NDT funds.



PSEG CONSOLIDATED OPERATING EARNINGS (NON-GAAP) RECONCILIATION

RECONCILING ITEMS	YEAR ENDED DECEMBER 31,		
	2018	2017	2016
	(\$ millions, Unaudited)		
Net Income	\$1,438	\$1,574	\$887
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power) ^(a)	144	(133)	(5)
(Gain) Loss on Mark-to-Market (MTM), pre-tax ^(b) (PSEG Power)	117	167	168
Hudson/Mercer (Gain on Sale) / Early Retirement, pre-tax (PSEG Power)	(51)	975	669
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	8	77	147
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	(74)	(427)	(391)
Tax Reform	–	(745)	–
Operating Earnings (non-GAAP)	\$1,582	\$1,488	\$1,475
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	508
	(\$ Per Share Impact – Diluted, Unaudited)		
Net Income	\$2.83	\$3.10	\$1.75
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a) (PSEG Power)	0.28	(0.26)	(0.01)
(Gain) Loss on MTM, pre-tax ^(b) (PSEG Power)	0.23	0.33	0.33
Hudson/Mercer (Gain on Sale) / Early Retirement, pre-tax (PSEG Power)	(0.10)	1.92	1.32
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.02	0.15	0.29
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	(0.14)	(0.84)	(0.78)
Tax Reform	–	(1.47)	–
Operating Earnings (non-GAAP)	\$3.12	\$2.93	\$2.90

^(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% and 40.85% statutory rate for 2018 and 2017, respectively, except for lease related activity which is calculated at a combined leveraged lease effective tax rate, and NDT related activity which is calculated at the statutory rate plus a 20% tax on income (losses) from qualified NDT funds.