2022 Sustainability Report

REPORTED AS OF 12.31.22

SUWANNEE RIVER WATER MANAGEMENT DISTRICT, ICHETUCKNEE SPRINGS, FLORIDA
To Our Stakeholders

Our inaugural Sustainability Report last year reaffirmed our commitments to playing a significant role in the journey to a lower-carbon future; promoting a diverse and inclusive workplace; and furthering the sustainability of the communities we serve, so that no one is left behind. We continue to operate with integrity and the highest ethical standards.

The principles that have kept our Company exceeding investor expectations also define our path forward as we maintain a disciplined approach to sustainable growth. They guide our decision making, and both our history and strong performance prove that solid corporate citizenship and environmental responsibility work together as fundamentals of good business.

We have identified five organizational imperatives that we focus on to succeed, listed here in order of importance: safety, team, service, improve and grow. These imperatives are also central to our success in achieving our sustainability goals and keeping our commitments.
PROTECTING PEOPLE IS AT THE HEART OF OUR CULTURE

Staking out an industry-leading safety position requires intentional implementation of processes that fundamentally change operating practices and how we think about performing work.

In 2022, we enhanced our enterprise risk management (ERM) process at the Board of Directors’ level and increased the sophistication of our top-down, bottom-up quarterly assessments, providing better risk-related data and expanding the focus on risk mitigation planning. We also established a new enterprise safety program and formed a dedicated enterprise health and safety team. Together, these initiatives support a safety learning environment and help continuously improve our operational safety.

We continue to advance our gas operational safety training with hands-on learning and skills development opportunities at our Dover, Delaware, Safety Town facility. Construction for a second Safety Town in Debary, Florida, begins in 2023.

Leading our technology capability initiatives, our business information system teams continue to strengthen the Company’s cybersecurity defenses, network reliability and internal communications capabilities.

LIVING OUR VALUES TO ACHIEVE OUR VISION

The dedication and hard work of our employees is the backbone of our success. In 2022, our employee engagement initiatives continued to advance, all while we onboarded the largest number of new employees in the Company’s history.

We are committed to building a dynamic workplace where people are valued, respected and prepared to succeed. Last year, we added an officer-level diversity leader to further the Company’s ongoing equity, diversity and inclusion (EDI) initiatives, advancing our culture and enabling the power of our differences to continuously strengthen our Company. With the assistance of a global analytics firm, our 2022 Chesapeake Speaks employee survey, team meetings and focus groups, we found ways to better meet the expectations of employees who understand the importance of what we do every day.

We benefit from an experienced and diverse Board of Directors. Their insight, direction, award-winning governance practices and oversight of our strategic plan have proven essential to our continued success and provide transparency that earns shareholder trust. In 2022, we were recognized by World News Media Ltd. as Best in Corporate Governance in the United States.
MAKING LIFE BETTER FOR THE COMMUNITIES WE SERVE

As the energy industry continues to evolve, we believe those companies focused on delivering great customer service will be in the best position to thrive and succeed. Toward that goal, we are expanding our call centers and customer service capabilities; providing an elevated training program for front-line customer service representatives; and simplifying policies and processes, both in the office and in the field.

Over the past several years, we have been continuing to improve the reliability and sustainability of our energy delivery systems. Upgrading our systems to detect and reduce methane leaks and strengthening and improving transmission infrastructure support our emission reduction efforts and those of our customers. Through continual improvement in emissions data collection, measurement and reporting, we have reduced our Scope 1 and Scope 2 reported emissions by 16% since 2019.

16% reduction in total reported emissions

GETTING BETTER EVERY DAY

We are following a direct approach to continuous operational improvement focused on standardization, collaboration, automation and simplification. Across the Company, our teams are working to ensure that “the way we do business” continues to support a larger and more organizationally complex enterprise. We’ve reorganized our business units to reduce operating silos, improve collaboration across units and look for opportunities to standardize everything from how we build service interconnects to the way we evaluate employee performance.

Our teams make a meaningful difference everywhere we live and work. That holds true not only in the safe and reliable energy delivery that we provide, but also in the many ways that we invest in the communities we serve. In 2022, we established a new policy outlining four focus areas for charitable giving and volunteer efforts, all of which leverage the capabilities of our Company and add to the strength and stability of our communities.

Last year, we contributed almost $850,000 in community donations and sponsorships.

$850K community donations and sponsorships

$850K community donations and sponsorships
MEETING CUSTOMER DEMAND

In 2022, we hit a number of impressive milestones, not the least of which was the 16th consecutive year of increased earnings. Our utility customer additions have consistently ranked well above national average growth rates and they continue to climb. Our strategic focus on natural gas continues, because it is a safe, sustainable, affordable and essential part of the energy landscape, whether reliably powering homes and businesses, fueling alternative power generation or supporting the growing drive to renewables.

While the customer demand for our traditional energy delivery businesses continues to drive significant growth, we recognize both the obligation and opportunity for Chesapeake Utilities to play a role in the transition to lower-carbon energy. We moved forward with several renewable natural gas (RNG) projects during the year, ranging from RNG transport by pipeline and Marlin Gas Services’ tankers, to the acquisition of Planet Found Energy Development LLC (Planet Found), a poultry waste biogas technology company in Somerset County, Maryland. And in early 2023, we broke ground on our first full-scale RNG production facility, utilizing dairy waste, at the Full Circle Dairy farm in Madison County, Florida. We also continued to advance our interest in sustainable energy through the testing of natural gas and hydrogen fuel blends at our Eight Flags combined heat and power (CHP) facility. Our first test was conducted in early 2022, and we expect to complete additional testing with greater concentrations of hydrogen in 2023.

In this document, our second Sustainability Report, we discuss how we’re delivering on our commitments while leaning into our vision to deliver energy that contributes to a more sustainable future. We appreciate your continued interest in our Company and the ways that we’re reducing emissions while continuing to meet high customer demand and advancing through this energy transition.

Sincerely,

Jeff Householder
President and CEO

Throughout this report, you’ll see images of the diverse landscapes of Chesapeake Utilities Corporation’s operating territories, taken by our own talented team members.
Chesapeake Utilities Overview

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Our Businesses

Headquartered in Dover, Delaware, Chesapeake Utilities Corporation offers sustainable energy solutions through its natural gas transmission and distribution, electricity generation and distribution, propane gas distribution, mobile compressed natural gas utility services and solutions, and other businesses. Across our operating footprint, we provide energy to approximately 310,000 distribution customers and for thousands of commercial and industrial applications in nine states across the Mid-Atlantic and Southeastern regions of the United States.

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Both Regulated and Unregulated Energy
Unregulated Energy
NATURAL GAS

Our transmission businesses include Eastern Shore Natural Gas, Peninsula Pipeline Company and Aspire Energy Express. Representing 684 miles of mains, our transmission infrastructure provides energy to customers in southeastern Pennsylvania, along the Delmarva Peninsula, throughout Florida and in eastern Ohio.

Our natural gas distribution operations include Chesapeake Utilities, Sandpiper Energy, Elkton Gas and Florida Public Utilities, which provide natural gas utility services to nearly 195,000 residential, commercial and industrial customers across Delaware, Maryland and Florida. Our natural gas gathering and processing operation, Aspire Energy of Ohio (Aspire Energy), supplies several local distribution companies and cooperatives in Ohio with both conventional and renewable natural gas with over 2,800 miles of main infrastructure.

Our mobile natural gas virtual pipeline solution, Marlin Gas Services, provides compressed natural gas (CNG) services nationwide, including service for temporary fueling solutions and transporting RNG from production facilities to offtakes. Additionally, Marlin Gas Compression owns and operates CNG fueling stations in Delaware and Georgia, which are capable of providing RNG as a transportation fuel.

ELECTRICITY

Our electric distribution utility, Florida Public Utilities, provides electric utility services to over 32,800 customers in Florida. On Amelia Island in Northeast Florida, our 21-megawatt (MW) CHP plant, Eight Flags, is among the nation’s most efficient electric generation facilities and provides electricity and steam services to customers on the island.

PROpane

Sharp Energy provides propane distribution services to nearly 83,000 customers and refueling services through over 60 autogas stations in Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina and Florida.

RENEWABLE ENERGY

In 2021, we completed a 33-mile main in Ohio that delivers RNG from a local landfill to our gathering system in the region. The RNG supplies approximately 10% of Aspire Energy’s current throughput and is used as mobile transportation fuel as well.

In 2022, we acquired a poultry waste to biogas pilot facility in Maryland that currently generates electricity and can be scaled to produce RNG. We also established FPU Renewables, which will construct, own and operate RNG facilities, beginning with a full-scale anaerobic digester and processing plant at Full Circle Dairy in Madison County, Florida.
Expanding Our Reach

We play a role in the nation’s energy transition by supporting our customers and communities with sustainable energy delivery solutions. We consistently engage with and evaluate opportunities to expand our reach, both through our regulated and unregulated businesses.

In 2022, we:
- Opened a high-capacity CNG truck and tube trailer filling station within the Port Fuel Center near the Port of Savannah, Georgia, which can offer RNG as a fueling option.
- Successfully completed a hydrogen blending test at our Eight Flags CHP facility in Amelia Island, Florida.
- Opened our first Sharp AutoGas propane fueling station in North Carolina.
- Expanded our propane service territories in North Carolina and Florida with the acquisitions of Davenport Energy’s Siler City propane division in North Carolina and Hernando Gas in Florida.
- Acquired Planet Found, a poultry waste to biogas pilot facility in Maryland.
- Received regulatory approval for expanding our natural gas infrastructure to support the Wildlight development in Florida and to extend further south on the eastern shore of Maryland.
- Received Federal Energy Regulatory Commission (FERC) approval for constructing an additional natural gas compressor unit in Delaware.
- Began construction of natural gas systems to support growth along the Indian River’s barrier island in Florida, a CNG fueling station in Davenport, Florida, and to support growth and reinforce our existing system in southern Sussex County, Delaware, to Worcester County, Maryland.

In addition, we recently announced our plans to construct, own and operate our first full-scale RNG facility at Full Circle Dairy in Madison County, Florida.
Our Sustainability Strategy
Our Sustainability Strategy

At Chesapeake Utilities, we are guided by our vision to be a leader in delivering the energy that contributes to a sustainable future in the communities we serve. This vision encompasses our sustainability strategy, which builds upon our solid foundation through three core principles: grow, protect and transform. These principles align our current initiatives and our short, medium and long-term focuses.

**GROW**
Responsibly grow the Company to achieve long-term, sustainable success for our stakeholders.

Our innovative and entrepreneurial spirit lends itself to finding effective solutions that are economically, environmentally and socially sound.

**PROTECT**
Give precedence to the protection of our people, communities, assets and the environment.

Protection of these areas helps to reduce business risk and sets the foundation for business opportunity and sustainability.

**TRANSFORM**
Drive next-generation technological and organizational improvements.

Investing in and aligning our people, processes and technology through simplification, standardization, collaboration and automation, helps lead to sustainable growth.
Our sustainability strategy also provides a framework to add significant value for our stakeholders. We do this by ensuring the safety and reliability of our systems; operating our business in an environmentally sustainable way and providing our customers with cleaner energy solutions; and bettering the lives of our employees and those in our communities, while maintaining the highest level of ethical standards. Together, these focus areas provide a roadmap for our sustainability strategy.

**Safety and Reliability**
First and foremost, we are focused on the safety of our people, the communities we serve and the reliability of our systems. Our initiatives to continually improve safety and reliability are detailed in our **Safely and Reliably Delivering Energy** section.

**Environment**
The global transition to lower-carbon sources of energy provides our Company with opportunities for growth as we and others look to align with the United Nation’s Intergovernmental Panel on Climate Change (IPCC) to reduce GHG emissions. Our environmental stewardship spans the spectrum of thoughtful land use to purposeful investments in technologies and facilities that enable our nation’s journey toward a lower-carbon economy. Our initiatives to reduce emissions both internally and for customers in the communities we serve are detailed in our **Environmental Stewardship** section.

**People**
Meeting our objectives requires a dedicated and innovative workforce. It’s our goal to promote a talented, diverse workforce that is scalable for future growth. Business sustainability is not possible without our employees, our customers and the communities in which we all live and work. Our investments and initiatives to build an engaged workforce and support our communities and customers are detailed in our **Investing in our People, Communities and Customers** section.

**Ethics**
We have a well-established, strong ethical foundation and employ continuous oversight principles that facilitate and enhance our culture of corporate responsibility. We will continue to do things the right way to promote a sustainable culture. The following section, **Our Foundation for Operational Excellence**, describes our foundation.
Our Foundation for Operational Excellence

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Corporate Governance

Exemplary corporate governance is at the core of our business philosophy and success. We are poised to meet the evolving energy delivery needs of the diverse communities we serve as we work together toward a sustainable future.

Good corporate governance practices contribute to an environment of trust, integrity and accountability, both within the Company and between the Company and its stakeholders.

These practices are continually evolving and are informed by our collaboration with stakeholders and the financial community, benchmarking of peer company practices and broader market evaluations including the S&P 500 and the top 100 U.S. public companies list.

Our unwavering commitment to doing the right thing has not only built trusting relationships and a strong reputation but has also resulted in sustained financial performance over both the short and long term.

**BOARD OF DIRECTORS**

- **100% INDEPENDENCE** among the non-management directors serving on the board.
- **50% BOARD DIVERSITY** among the non-management independent directors, representing female and/or racial and ethnic diversity.
- **GENDER AND/OR ETHNIC DIVERSITY** represented on the audit, corporate governance and compensation committees.
- **BOARD-APPROVED GUIDELINES** set the tone at the top for the promotion of equity diversity and inclusion.
- **DIRECTOR TENURE RANGES FROM NEW TO LONGER TERM**, blending experience and diversity, with new directors added in each of the last four years.
- **ESTABLISHED BOARD EVALUATION PROCESS** and mandatory retirement age policy of 75.

As of December 31, 2022
BOARD OF DIRECTORS

Board Leadership and Oversight
As stewards of long-term enterprise value, the Board of Directors is committed to overseeing the sustainability of the Company, its safety and operational compliance practices and the promotion of equity, diversity and inclusion that reflects the communities we serve. In 2022, two new directors were appointed as part of the Board’s ongoing succession planning. Collectively, our Board has a vast amount of experience, business acumen and established personal and professional relationships in the communities we serve. The Board is committed to a long-term succession plan for directors and director nominees, facilitating the identification of candidates with skills, experience and diverse backgrounds that support the growth and sustainability of our evolving energy delivery businesses.

DIVERSITY OF EXPERIENCE ON THE BOARD

As of December 31, 2022

- 92% have private or public company board experience
- 85% are affiliated with markets served
- 69% are current or former CEOs or CFOs
- 50% of the non-management, independent directors are women or minorities

The Board and its committees provide oversight of the Company, including the evolving nature of our enterprise risk management program, the development and implementation of our strategic plan and our corporate governance and executive compensation practices. Oversight also includes matters relating to sustainability, cybersecurity and business operations, performance and continuity. Our focus on environmental, social and governance matters important to our stakeholders, and the interconnection of these areas with our business operations, is essential in delivering energy that contributes to a sustainable future. With the trusted counsel of the Board, our corporate and business operations have continued to enhance their resources and capabilities to support and enhance sustainable practices across our Company and in the communities we serve.
Committee Oversight
In carrying out its oversight responsibilities, the Board is supported by its committees that evaluate risks and opportunities within their areas of responsibility and report to the full Board with actionable recommendations when appropriate. The Corporate Governance Committee oversees the Company’s integrated environmental, social and governance (ESG) practices and activities and receives an update on ESG-related initiatives at each regularly scheduled committee meeting. The committees are comprised solely of non-management independent directors.

Chesapeake Utilities Board Committees

**AUDIT**
- Financial Statements and Reporting
- Enterprise Risk Management
- Legal and Regulatory Compliance
- Ethics Reporting Hotline
- Related Party Transactions
- Cybersecurity
- Internal and External Auditors

**COMPENSATION**
- Equity, Diversity and Inclusion
- Succession Planning and Organizational Structure
- Executive Compensation Program
- Stockholder Votes on Executive Compensation
- Human Capital Management
- CEO Performance Evaluation

**CORPORATE GOVERNANCE**
- ESG Activities and Practices
- Corporate Governance Policies
- Governmental Affairs
- Board Succession, Diversity and Independence
- Board and Committee Composition
- Board and Committee Evaluations

**INVESTMENT**
- Short- and Long-term Growth Strategy
- Capital Investments and Transactions
- Sustainable Initiatives (RNG and other lower-carbon energy technologies)
- Pursuit of Long-term Growth in Shareholder Value

Additional information on the Board, its committees and their responsibilities can be found in our proxy statement filed with the Securities and Exchange Commission on March 21, 2023. Committee charters can also be viewed at chpk.com/corporate-responsibility/corporate-governance.
Business Code of Ethics and Conduct

Integrity is a core value at our Company, and we do what is right for our stakeholders by conducting business ethically, acting with purpose and accountability and working with business partners who share our values, standards and principles. Annually, the Corporate Governance Committee reviews our Business Code of Ethics and Conduct policy and our Code of Ethics for Financial Officers to ensure these policies are aligned with the current environment and our practices and, if appropriate, makes recommendations for enhancements to the Board. These policies are universal in nature and apply to each member of our team, regardless of role, responsibility or level within the organization.

Every year, we share a video with the Board and all employees that highlights our commitment to continuously promote professional conduct and ethical business practices throughout the organization, the expectation to always act with honesty and integrity and the importance of engaging in sustainable practices. Accompanying this video is a questionnaire where directors and employees can review our policy, respond to a series of compliance-related questions and raise any questions or concerns they may have. Feedback is always confidential and encouraged.

Any employee who has knowledge of a violation of any law, rule or regulation or our code of ethics, or suspects that such a violation has occurred, is required to report the matter to an independent third-party via a dedicated 24/7 toll-free hotline or a secure website, or in written form directly to the Head of Internal Audit.

Our decisions and actions affect each other, our customers, communities, business partners, investors and other stakeholders. We are a responsible company that fosters an inclusive environment where employees feel empowered to achieve their goals, know that they are cared for and take pride in what they do. We all have the responsibility to adhere to our principles, and following our code of conduct reinforces the trust our stakeholders have in us.

Working with Business Partners

Ensuring that business partners within our supply chain uphold our values and standards when providing services on our behalf is essential to our success. Our Supplier Code of Conduct lays out the dedication, commitment and actions we expect. The Supplier Code of Conduct, and other vendor registration resources and information are available at chpk.com/vendor-registration-portal.

WE ARE COMMITTED TO THE HIGHEST ETHICAL STANDARDS

1. Our strong culture promotes integrity, accountability and reliability throughout the organization.

2. We appreciate the dedication of our colleagues and all that they do each day to support a positive and inspiring workplace, which celebrates our diverse and inclusive team and the avoidance of discrimination and harassment.

3. Every day, we strive to do the right thing by making decisions and taking actions that are in the best interests of each other and our stakeholders.

4. We encourage our colleagues, contractors, vendors, suppliers and other business partners to trust their instincts and feel empowered to raise concerns regarding any activity in the workplace.
Stock Ownership Requirements
The Corporate Governance Committee develops, oversees and monitors stock ownership guidelines for our Board directors and the Company’s named executive officers. To align our interests with stockholders, each non-management director is required to own shares of our common stock with a market value of $350,000. Similarly, named executive officers are required to hold stock at a dollar value that is a multiple of base salary.

Executive Compensation
Executive compensation is tied to performance, aligning a significant portion of compensation with stockholder interests. Our compensation program is designed to incentivize short- and long-term financial and operational performance without encouraging unnecessary risk. Consistent with previous years, the executive compensation program includes goals tied to sustainability, including taking the next steps in many of our initiatives already underway: enhancing our culture of safety, and promoting employee engagement, diversity initiatives and business transformation efforts that will support our continued growth. In 2022, we enhanced our executive compensation program including communicating the alignment of pay with our performance and identifying renewable and sustainable investment opportunities.

The Work of Our Team
Our best work is achieved together with purpose, diligence, trust and reliance on each other to engage and bring unique experiences, extraordinary precision and expertise. We understand the importance of serving our colleagues, doing what is right for our company and giving back to our local communities. It is this collaborative, supportive and motivating culture that has led us to receive multiple corporate governance recognitions in recent years, including those provided on the following page.
These awards are a testament to the great work that many people in our company have done for many, many years. This is not a recent occurrence for us. We take corporate governance very seriously and our Board has taken it seriously. We have a fundamental value in our company of integrity. We try to live by that every day, and our governance actions and practices speak directly to that.”

—JEFF HOUSEHOLDER, PRESIDENT AND CEO
GOVERNMENTAL AFFAIRS

We actively engage in dialogue with federal, state and local elected representatives focused on the interests of our employees, customers, investors, suppliers, partners and the communities we serve. A policy-making process that seeks to balance all stakeholder interests leads to informed decision-making and greater societal advancement. The Corporate Governance Committee oversees our governmental affairs activities and policies at regularly scheduled meetings and provides updates to the Board. Additional updates are provided quarterly to the full Board, along with reporting to the chair of the Corporate Governance Committee and chair of the Audit Committee on any political contributions and adherence to guidelines and limitations.

In November 2022, the Board, upon recommendation by the Corporate Governance Committee, re-affirmed our Political Advocacy Statement, which is available at chpk.com. Our guiding principles and objectives related to the use of Company funds for political advocacy, include:

- Engaging in dialogue with elected officials that represent the interests of the Company’s business operations and its stakeholders
- Engaging in matters that provide for the betterment and sustainability of our communities
- Being proactively involved in a diverse and inclusive policy-making process that balances all stakeholder interests, thus leading to informed decision-making and greater societal advancement

Our leadership and Company have positively advanced wholesome change for our stakeholders and have helped to bridge the opportunity gap for the communities we serve.

LEADING CHANGE IN OUR COMMUNITIES

- Actively engage with customers and other stakeholders in our service territories to meet the growing demand for our energy delivery services
- Continuously focus on the needs of communities in our service territories to promote economic growth, invest in the development of sustainable infrastructure and serve underrepresented communities so that no one is left behind
- Provide support for new legislation that further promotes RNG, CNG, liquefied natural gas (LNG) and hydrogen
- Serve on Delaware’s Energy Stakeholders Working Group, which collaborates on the development of energy policy aligned with stakeholder interests
- Serve alongside business leaders in local and trade organizations to support advancement across the energy industry
- Lead by example, as demonstrated by our award-winning corporate governance practices and our culture that promotes the highest ethical standards
STAKEHOLDER ENGAGEMENT

We dedicate time and resources to actively engage in dialogue with our stakeholders, inviting their feedback to help us further understand their priorities, perspectives and concerns. Communications with our stakeholders are reported to the Board, which considers stakeholder feedback when evaluating and overseeing our business strategies.

We have established several dedicated channels through which we engage with our stakeholders, such as our monthly voice of the customer surveys, briefings with cross-functional teams across the Company, participation in industry events, speaking engagements alongside subject matter leaders and leadership roles in our communities, among many others. Our proactive and collaborative approach to engaging with our stakeholders contributes to our understanding of the matters that are important to them. Informed conversations with our stakeholders are an integral part of the way our company operates and informs our path forward.

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OUR FOUNDATION FOR OPERATIONAL EXCELLENCE | CORPORATE GOVERNANCE

EMPLOYEE MEETING, DUNN, NORTH CAROLINA
Enterprise Risk Management

Enterprise Risk Management (ERM) is a significant part of our culture. Our ERM process is structured, dynamic, responsive, and lends itself to continuous improvement.

To advance our management of significant business risks and ensure a consistent risk management approach across our organization, we established, in 2022, an officer-level position responsible for overseeing our dedicated ERM team.

This team coordinates with other organizational functions to appropriately manage and promptly respond to evolving risks, enabling us to continue to transform and grow our Company. Areas such as safety, cybersecurity, business continuity and climate change cascade across the organization and require consistent risk management approaches.
OUR ERM PROCESS

Our ERM process elevates the focus of risk management from the tactical to the strategic level.

We use both bottom-up and top-down assessments to understand risks as they are perceived on all fronts of the organization. During the bottom-up assessment, our ERM team collaborates across business units and corporate functions to understand their operations and current risk environment, including helping identify critical business exposures, key risks and mitigation plans. Our top-down assessments involve quarterly discussions with our senior leadership team regarding top risks and mitigation strategies.

Our Risk Management Committee (RMC), comprised of senior level executive officers, receives regular updates regarding cybersecurity and technology risks, operational risks and emerging risk trends identified through our ERM process. The RMC then provides feedback on risk management and mitigation strategies, which filter back within the top-down and bottom-up ERM assessments.

Changes in the Company’s risk profile resulting from the quarterly ERM update are discussed with the Audit Committee and the full Board of Directors. Our structure helps to ensure continual communication of risk-related items and fosters our strong risk management culture.

Our Internal Audit Department is an independent and critical component of our risk management process as it relates to risk monitoring and reporting. Additionally, our ERM team participates in national annual risk surveys. We use the results of those surveys to benchmark our identified top risks across our industry and in general.
CLIMATE-RELATED RISKS

Our holistic approach to ERM aids in informing Company strategy, assists in managing performance and facilitates capitalizing on opportunities. Many of the material business risks managed through our ERM process are discussed in our Annual Report on Form 10-K, including risks in the following categories: financial, operational, regulatory, legal and environmental risks.

Climate-related risks are included within these categories, and are reviewed together with many other factors when evaluating each of the Company’s enterprise risks. Over recent years, there has been much focus given to the identification and evaluation of climate-related risks, however these are not new to us. They have been incorporated into our long-standing identification of business risks that have been planned for and managed throughout our history.

We carefully review, evaluate and manage climate-related risks and opportunities to strengthen our resiliency.

In support of Chesapeake Utilities’ sustainability efforts, we are working toward alignment with recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and recognize the importance of remaining accountable to our stakeholders on this critical topic. As a step toward alignment, a TCFD table is included in the appendix of this report to provide our stakeholders with additional information related to our governance, risk management, strategy and the metrics we are using to assess our performance related to our climate-related risks and opportunities.

In our ever-changing world and industry, appropriately managing and promptly responding to evolving risk enables us to continue to transform and grow our Company. Additionally, our bedrock commitment to managing risk appropriately, including risks associated with climate and cybersecurity, compels increased enhancements in risk identification and mitigation.”

—JIM MORIARTY, EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL, CORPORATE SECRETARY AND CHIEF POLICY AND RISK OFFICER

How climate-related risks are integrated into our overall long-standing risk management process*

<table>
<thead>
<tr>
<th>CLIMATE-RELATED RISKS</th>
<th>Transition</th>
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<tbody>
<tr>
<td></td>
<td>Physical (Acute and Chronic)</td>
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<tr>
<td></td>
<td>Pricing / Demand / Economic Conditions</td>
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<td></td>
<td>Legislation / Permitting</td>
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<td></td>
<td>Alternative Energy Sources Availability</td>
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<td></td>
<td>Energy Consumption Adjustment</td>
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<td></td>
<td>Reputational Impact / Workforce Attraction</td>
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<td></td>
<td>Facilities Integrity</td>
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<td></td>
<td>Strategic</td>
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<td>Financial</td>
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<td></td>
<td>Operational</td>
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<td></td>
<td>Compliance</td>
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</tbody>
</table>

*This list is not exhaustive and we continually evaluate and assess our risks, including those with specific climate-related risk drivers.

TCFD STRATEGY A), B); RISK MANAGEMENT A), C); METRICS AND TARGETS A)
ENTERPRISE RISK MANAGEMENT

CYBERSECURITY

Cybersecurity review is intrinsic to our ERM assessment, as we improve our standards and processes to mitigate the inherent risks in an increasingly challenging digital landscape.

An executive-level team meets regularly to review and refine applicable policies and assess ongoing cyber-governance and resource requirements. Our chief information officer provides regular cybersecurity updates to executive management, our Risk Management Committee and the Board of Directors’ Audit Committee. Additionally, members of the Board of Directors have cybersecurity and technology expertise that facilitates the Board’s oversight of our security effort. A dedicated cybersecurity group within our Business and Information Services (BIS) department, as well as a cross-functional critical incident team, are prepared to address potential threats.

In 2021, we established a new risk acceptance process related to cybersecurity technology-related risks. This process allowed us to be even more intentional in how we handle cybersecurity risks by providing a mechanism in which we consciously address certain risks and plan mitigation strategies. On an annual basis, we inspect our cybersecurity program using internal and external testing to assess the effectiveness of current safeguards. To combat continuously changing cyber threats, we use penetration testing, which simulates cyberattacks against the Company. Our efforts to enhance our processes around cybersecurity risks, including the new risk acceptance process, have resulted in a significant grade improvement from our third-party assessor.

Our cybersecurity team has a robust phishing campaign in place, sending monthly simulations to employees. Phishing is a form of internet fraud that aims to steal personal information such as credit card numbers, Social Security numbers, user IDs and passwords. Through continual awareness efforts, including cybersecurity onboarding and annual training, office posters and awareness emails, our employees continue to be better equipped to recognize and report phishing attempts.
ENTERPRISE SAFETY GOVERNANCE

Our enterprise safety framework structure clearly lays out the commitment that leadership has to providing safe, healthy environments for our workforce and the communities we serve. Our structure consists of an Executive Safety Team (EST), which provides the strategic direction for the enterprise safety program, an Enterprise Health and Safety Team (EHS), which drives execution of the enterprise direction set by the EST, Business Unit Safety Teams, which provide oversight for health and safety programs within the business units, and Local Safety Committees, which are geographically located, provide direct employee engagement and facilitate identifying safety concerns and developing recommendations.

This commitment requires focused efforts with an overarching structure, including policies, roles and responsibilities that enable Chesapeake Utilities to manage its safety programs efficiently and effectively. This includes identifying and mitigating risks, incident investigations, incident prevention efforts and relevant safety training.

“Safety is priority one at Chesapeake Utilities Corporation. We care about creating a safe environment for our employees, customers and communities.”

—JEFF SYLVESTER, SENIOR VICE PRESIDENT AND CHIEF OPERATING OFFICER
Our enterprise safety program provides the framework we use to govern our safety process, planning and execution across our organization. Within this framework, six common themes applicable across all business units have been identified, with each business unit having a business-unit specific management plan.

### Our Safety Requirements

<table>
<thead>
<tr>
<th>Safety &amp; Reliability</th>
<th>The overarching policy that defines our enterprise commitment to safety and reliability by setting deliberate and targeted goals to deliver on our expectations for the safety of our employees, contractors and the communities in which we service.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance Framework</td>
<td>Framework that describes the enterprise set of minimum requirements for business units, including a structure of 10 elements which are to be applied to six mandatory management programs.</td>
</tr>
<tr>
<td>Framework Standards</td>
<td>Additional requirements (e.g. controlled vocabulary, record keeping for reporting EHS metrics).</td>
</tr>
<tr>
<td>Commitment Statement</td>
<td>Business unit leadership commits the business units to adhering to all safety policies.</td>
</tr>
<tr>
<td>Processes &amp; Procedures</td>
<td>Document used within business units to enable and to execute against their respective business unit programs.</td>
</tr>
</tbody>
</table>

### Our Management Programs

<table>
<thead>
<tr>
<th>Integrity Management</th>
<th>We anticipate, prevent, manage and mitigate integrity conditions that could adversely affect safety or the environment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety Management</td>
<td>We anticipate, prevent, manage and mitigate potentially dangerous safety conditions and exposure to those conditions that could adversely affect the public or workforce personnel.</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>We anticipate, prevent, manage and mitigate conditions that could adversely affect the environment.</td>
</tr>
<tr>
<td>Emergency Management</td>
<td>We anticipate, prevent, manage and mitigate conditions during an emergency that could adversely affect property, the environment or the safety of workforce personnel or the public.</td>
</tr>
<tr>
<td>Damage Prevention</td>
<td>We anticipate, prevent, manage and mitigate damage to Company assets, in order to ensure the safety of people, property and the environment.</td>
</tr>
<tr>
<td>Security Management</td>
<td>We anticipate, prevent, manage and mitigate security conditions that could adversely affect people, property or the environment.</td>
</tr>
</tbody>
</table>
Chesapeake’s Enterprise Safety Program

We established an Enterprise Safety Program (ESP), based on the ANSI/API Recommended Practice 1173 Pipeline Safety Management System (PSMS). The ESP identifies, manages and establishes a safety learning environment and continuously improves operational safety, integrity and reliability.

In our Inaugural Sustainability Report, we committed to establishing a PSMS. While the PSMS framework is geared toward organizations that operate hazardous liquids and gas pipelines jurisdictional to the U.S. Department of Transportation, we found it to be applicable across our entire enterprise and our ESP adopts ISO 45001, Management System of Occupational Health and Safety.

As part of our commitment to continual improvement, aligned with our mission, vision and values, we are implementing an enterprise-wide safety data management system to facilitate capturing safety data across our operations. This data will help enhance our efforts in addressing specific risks related to safety, furthering our commitment to protect our people, communities and assets. The system is anticipated to go live in 2023 and will streamline our root-cause analysis processes and advance our safety training strategy. The safety data management system will assist in prioritizing and mitigating concerns based on real-time data.

Our enterprise safety program lays out a Plan-Do-Check-Act cycle that contains ten foundational elements guiding the safety culture within our business units:

1. Leadership & Management Commitment
2. Stakeholder Engagement
3. Risk Management
4. Operating (Controls) & Procedures
5. Incident Investigation, Evaluation & Lessons Learned
6. Safety Assurance
7. Management Review & Continuous Improvement
8. Emergency Preparedness & Response
9. Competence, Awareness & Training
10. Documentation & Record Keeping
Safely and Reliably Delivering Energy

Safely Delivering Energy
Delivering Energy Reliably
Safely Delivering Energy

Protecting people, safeguarding our communities and securing our assets are at the heart of our operating culture, and we are committed to supporting a culture that puts safety at the forefront of everything we do. Caring is a central tenet of our culture, and a safe workplace is fundamental to our success.

OUR SAFETY PERFORMANCE

Our priority is to keep people safe. We are proud of our long record of safe operations and have consistently earned national safety awards honoring our commitment to the safety of our customers, communities and employees. The American Gas Association recognized our Aspire Energy and Eastern Shore Natural Gas Company subsidiaries as top safety performers in 2021, and recognized Florida Public Utilities and Eastern Shore Natural Gas Company for top-tier safety performance in employee safety in 2022.

In conjunction with the ESP formalized in 2022, the EHS team was formed. The EHS team collaborates with our local safety teams, our business unit safety teams and the EST to further entrench safety and reliability across the enterprise and ensure consistency in managing safety-related programs.
EMPOWERING A CULTURE OF SAFETY

We believe every employee and department across the organization plays a role in promoting a safe work environment, which is why we embed safety practices into everything we do, beginning with safety moments at the beginning of most meetings. A safe work environment extends to those that do business for us and with us. Maintaining a strong safety culture throughout our value chain and project life cycles helps to keep the communities in which we live and serve safe.

Some of the ways in which we integrate a culture of safety throughout the enterprise include:

Safety Programs
The consolidated Enterprise Safety Handbook will form the basis for future enterprise safety program training and establishes a safety framework designed to move the Company toward an integrated risk assessment/mitigation and continuous improvement orientation.

In addition, we are working to finalize several other safety programs and policies to help keep our employees safe, such as:
- lone worker program
- enhanced driver program
- standardized personal protection equipment policy, to include fire resistant clothing.

Onboarding
As new team members join our Company, integrating them into our safety culture is a top priority. Our onboarding curriculum introduces our overarching safety policies to all new employees, regardless of position, emphasizing safety on day one.

Each new employee receives workplace safety information and training specifically tailored to their business unit.

Safety Training and Routine Safety Communications
People are the most important element of our health and safety initiatives. Our employees take personal responsibility for the safety of their coworkers, the communities they serve and the assets they operate.

All employees are required to complete safety training sessions which focus on policies and procedures for operating safely companywide.

All employees have ready access to required safety and health training, policies, programs and safety manuals, as well as federal or state required communications, through a centralized portal for employee safety and health training.
Contractor Safety Requirements
Our contract partners face many of the same risks on the job as our employees, and we expect them to follow the same safety requirements as our own team members. Our Supplier Code of Conduct includes the expectation that our contractors will treat safety as a primary responsibility, and they will comply with all applicable laws, codes, regulations and industry safety standards. Any contractor working on our systems must comply with applicable Operator Qualified personnel requirements. For all large construction projects, we conduct a safety orientation briefing assigning Company project inspectors to review performance and safety.

Public Damage Prevention Awareness
Third-party damage is one of the leading causes of pipeline leaks. We conduct awareness campaigns to educate our customers, public officials and excavators about damage prevention, hazard prevention, leak recognition and response, call-before-you-dig requirements and pipeline location information. We also provide Company contacts and response information. Our pipeline public awareness materials, which discuss safety information about the underground gas pipelines in our distribution service areas, are also available in Spanish.

Our damage prevention coordinators serve as liaisons between excavators, the public, emergency responders and our distribution companies. They also promote damage prevention through ongoing training and communication with 811 excavators, facility-locating technicians and other team members. They play an important role in providing team member training and support to ensure Companywide consistency of locate responses, third-party damage documentation and damage investigation assistance.
To reinforce our safety values and drive strong performance, we confirm these commitments:

- To make safety, health and wellness a top priority for our employees
- To safely and reliably deliver energy that makes the lives of our customers better
- To safeguard the well-being and best interests of our communities
- To protect our energy delivery assets for all our stakeholders

In alignment with our commitments, we have set the goal of achieving top-quartile performance against industry benchmarks among similarly sized companies. To accomplish this, we are targeting to:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
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<tbody>
<tr>
<td>Achieve Total Recordable Injury Rate (TCIR) of less than</td>
<td>2.5</td>
</tr>
<tr>
<td>Achieve Preventable Motor Vehicle Incident Rate (PMVIR) of less than</td>
<td>2.1</td>
</tr>
<tr>
<td>Achieve Damage Prevention Rate (hits/thousand locates) of less than</td>
<td>2.5</td>
</tr>
</tbody>
</table>

SAFETY INCIDENT AND NEAR-MISS REPORTING

Our culture of safety excellence includes continuously improving our safety performance through field and operational assessments as well as application of quality and safety assurance practices and processes.

Maintaining a strong safety culture is accomplished by identifying, mitigating and communicating hazards and physical risks. The safety data management system will streamline the recording and tracking of safety incidents, near misses and safety observations and will provide reporting for compliance, insurance and management purposes. The system will provide data that is essential in creating safety action plans for continuous improvement and safety training. Incidents are reviewed by senior leadership, and the lessons learned from hazard and incident reviews are communicated throughout the Company. The safety data management system will provide more robust reporting metrics for senior leadership, including monthly business unit dashboards. We are committed to learning from identified weaknesses in our safety systems, promptly addressing our findings and communicating what we learn across the organization.

To read more about our commitment to safety, please go to: [chpk.com/safety](http://chpk.com/safety)
OUR WORKPLACE REIMAGINED

Throughout the COVID-19 pandemic, the health and safety of our employees and customers remained our top priority.

We have actively addressed evolving issues, updating workforce guidelines to be consistent with the advice of the U.S. Department of Health and Human Services - Centers for Disease Control and Prevention (CDC) and U.S. Department of Labor - Occupational Safety and Health Administration (OSHA), as well as state and local guidance in each of the service territories in which we operate. Based on what we have learned, we developed new safeguards and operating standards and updated existing protocols to adjust to the ever-changing conditions of the pandemic, including a strategy for returning to the workplace. To assist with the transition, a cross-functional team created “The Workplace Reimagined – A Guide for Responsible Reentry.” This guide is an evolving working document detailing health and safety protocols, a new Remote Work Policy and options for shared hoteling workspaces.

The lessons learned during the pandemic have opened a new world of opportunity when it comes to returning to the workplace. Emerging trends in technology, workplace design and hybrid work models will provide the agility we need to frame our future.
Florida Safety Town Underway

Our state-of-the-art Safety Town located in Dover, Delaware, provides our employees with hands-on practical training in situations simulated to represent those they may face, from the routine and expected to extraordinary events.

Following the success of our initial Safety Town training facility, construction of a second Safety Town in Debary, Florida, will kick off in 2023. Constructing a second training facility in Florida will provide local and regional employees and first responders the same benefits experienced on Delmarva.

Our dedicated training facility in Delaware offers traditional classroom education and hands-on experiences with simulations that mirror real-world and emergency scenarios – both of which are critical to the training process. It provides a location where our employees can be evaluated and obtain their Operator Qualifications in a controlled simulation environment, as provided in 49 C.F.R. §192.803. Safety Town facilitates the evolution of training programs to keep pace with industry changes and best practices and supports the training of regional first responders.

More than 200 Chesapeake Utilities Corporation employees and 31 first responders received training at the Delaware Safety Town facility in 2022.

Some of the service training focus areas at Safety Town include:
- Infrastructure integrity inspections
- Main installation, repair and maintenance
- Valve recognition and operation
- Meter installation and repairs
- Propane tank training
- Locating underground utility lines and excavation safety
- Emergency response coordination
- Confined space training
Delivering Energy Reliably

Reliable service and operational continuity are critical to our success and the welfare of those we serve. As members of the American Gas Association (AGA), we have adopted the AGA Commitment to Cyber and Physical Security, which demonstrates our dedication to ensuring that the nation’s natural gas pipeline infrastructure remains resilient against growing threats.

We also are members of the Downstream Natural Gas Information Sharing and Analysis Center (DNG-ISAC), which exists to improve the cybersecurity and physical security of North American energy infrastructure and includes members of the AGA, the Interstate Natural Gas Association of America (INGAA) and the Canadian Gas Association (CGA).

The availability, reliability and performance of our technology infrastructure is key to our business operations and our ability to address emergency events. It is critical to be able to communicate and exchange real-time information between our field service teams and first responders, members of our business and information services (BIS) team, control room team, customer care team and strategic communications team is critical. We utilize various communication channels to ensure we can maintain effective communications during any emergency events.
BUSINESS CONTINUITY AND DISASTER RESPONSE PLANNING

The safety and reliability of the service we provide are crucial to our business sustainability, the well-being of our employees and our communities and the sustainability of the environment. We do not take our obligations to provide safe, reliable service lightly. Business continuity and disaster response planning are fundamental to Chesapeake Utilities Corporation. Our ERM processes facilitate our culture of safety and emergency preparedness, which resonates throughout our value chain and project lifecycles.

INCIDENT PREPAREDNESS AND RESPONSE

Severe weather, potential acts of terrorism, accidental industrial-related events or failures or individual acts of aggression are incidents that can affect not only our employees and our assets, but also our first responders, our customers, our community members and the local environment and infrastructure.

Woven into our Company’s culture is a relentless focus on safety, which extends to emergency preparedness. Our emergency response and preparedness plans detail our procedures for promptly and effectively responding to emergencies. Annually, the plans are evaluated and assessed, taking into consideration any changes to applicable regulations or Company operational changes.

We routinely conduct tabletop drills and simulated event exercises to identify and mitigate gaps in response plans, and our employees receive annual training. Local emergency responders are an integral part of our safety team, and we work closely with them in defining roles and responsibilities followed during emergencies.

SUPPLY SOURCE DIVERSIFICATION

Diversifying supply sources for the energy we deliver is an important element of reliability and resiliency. We seek out projects that improve the continuity of our energy delivery systems in a cost-effective manner for our customers. It’s our goal to provide services that allow the communities in our service territories, including those communities where we may not reach yet, access to energy options that facilitate realizing their full potential, economically, environmentally and socially, so that no one is left behind.
Investing in Our People, Communities and Customers

Investing in Our Employees 40
Investing in Our Communities 49
Being a Good Neighbor 56
Investing for Our Customers 59
Investing in Our Employees

Our long-term success is highly dependent on the engagement, skills and entrepreneurial spirit of Chesapeake Utilities’ employees. We have increased our efforts to ensure that we can attract, develop and retain talent by providing a meaningful, supportive work experience.

**EQUITY, DIVERSITY AND INCLUSION (EDI)**

We believe our people are our greatest asset and strength. Our approach to attracting, developing and retaining a diverse workforce of exceptional talent is anchored in a philosophy that prioritizes personal growth and engagement. We improve the employee experience by investing in team members and promoting a culture of belonging that equips our people to develop their full potential.

Fostering an EDI workplace culture empowers our people to thrive in their roles and deliver increased value for our stakeholders. Enhancing our EDI culture is a strategic priority essential to our future success. It is the right focus for our company and our employees. To support our efforts, we added an officer-level EDI position to our team in 2022 to oversee our EDI strategy and initiatives, including our EDI Council and employee resource groups, while collaborating across the organization. This position also leads efforts to improve the employee experience, focusing on employee engagement and enhancing Company culture. Demonstrating our commitment to EDI, most meetings also begin with an EDI moment immediately following the safety moment.

Our EDI Rapport Hub was established as a centralized communication website for learning about EDI, building cultural competencies, and providing tools for discussing and engaging with employees on key EDI topics.

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“At Chesapeake Utilities Corporation, we value the strength of our differences. It is the fabric of our Company, and it allows us to collaborate by incorporating different perspectives into our decisions. We strive to develop a culture where every team member feels that they belong and that they can succeed here. This drives our innovation and creativity.”

—SHARON GRANT, ASSISTANT VICE PRESIDENT, CHIEF DIVERSITY AND ENGAGEMENT OFFICER
INVESTING IN OUR PEOPLE, COMMUNITIES & CUSTOMERS | INVESTING IN OUR EMPLOYEES

ERGs can impact more than just the group’s members. Not only can they be a voice for our workforce, but they also can advocate for our Company in the community. These groups are more than just social groups or outlets. They are created with purpose, and all related programming, events and community initiatives are designed to be meaningful for both our employees and the Company.”

—KIRA LAKE, DIRECTOR OF MARKETING COMMUNICATIONS AND CHAIR, CHESAPEAKE UTILITIES CORPORATION EDI COUNCIL

EMPLOYEE RESOURCE GROUPS

Our employee resource groups (ERGs) are voluntary, employee-led groups whose aim is to foster a diverse, inclusive workplace aligned with the Company’s core values. They represent diverse voices and perspectives while increasing networking and cross-functional collaboration with their member events. Each ERG has a responsibility to give back to our local communities, working hand in hand with our Community Affairs Team.

In 2022, two new employee resource groups were established, bringing the total number of ERGs available to our team members to eight. These new groups, DiverseAbilities and HOPE, have had an immediate impact on our team members and the communities we serve as they continue the spirit of both employee and community engagement. The ERGs sponsor numerous events, and approximately 48% of our colleagues participate in one or more of these ERG-sponsored events. In 2023, we will launch our Green ERG which will focus on increasing sustainability in our everyday lives. In addition to our ERG events, we also offer a Leadership Speaker Symposium that provides a platform for external experts to share leadership insights, inspiration, and industry best practices with our employees.

Visit chpk.com/corporate-responsibility/edi to read more about the mission of each group.

48% employee participation in ERG events
Design That Reflects Belonging

Our eight employee resource groups are formed across specific dimensions of diversity to offer team members meaningful opportunities to meet, learn and grow outside their day-to-day jobs. We created a new cohesively branded logo system that celebrates and supports the identity of each group while enjoining the benefits and commonalities of the ERGs.

- **Black Employee Network** aims to attract, retain, empower, and inspire people of color in the workplace.
- **Diverse Abilities** fosters an environment where employees with disabilities or disabled family members are supported.
- **EPIC (Equal Parts of Inclusive Cultures)** encourages diversity by exploring multi-cultures around the globe.
- **HOPE (Heartfelt Open Prayer Encouraged)** provides encouragement and compassion for life’s celebrations and challenges.
- **SPARC (Support • Promote • Attract • Retain • Connect)** supports our early-in-career employees in their professional growth and development.
- **Veterans Resource Group** helps veterans and their families transition from the military to the civilian workforce.
- **Wisdom Seekers & Sharers** supports senior employees and promotes their experiences and knowledge by providing a platform for coaching and mentoring.
- **Women in Energy** provides a collective voice and focuses on women’s support and professional development.
TRAINING THE TEAM

We also incorporate diversity training for our team members, reinforcing the importance of inclusion in the workplace and promoting an environment where all employees feel welcomed, valued, respected and heard. In 2022, our participation rate in the diversity training was 95%. During 2023, all team members will complete the training on a quarterly basis.

A DIVERSE WORKPLACE

Our goal is to attract a workforce that represents our diverse customer base at all levels of the organization. In 2022, our talent acquisition efforts were enhanced by representation at diverse career events, increased partnerships with vocational institutions and technical schools, expanded social media outreach and job postings with candidate-focused messaging. As a result, we doubled our applicant flow within one year, culminating in more than 7,000 applications for approximately 250 open positions.

We partner strategically with partner agencies for targeted talent outreach to expand our candidate pools. One such partner assists in expanding our efforts to reach candidates at diverse educational institutions (technical and community colleges and historically Black colleges and universities). Another partner assists in connecting directly with underrepresented job seekers through a network of community-based organizations and niche diversity websites.

We also evaluate opportunities to attract the next generation of employees, partnering with high schools and youth organizations to inspire students to pursue careers in energy. Last year, for example, our Florida Public Utilities subsidiary worked with a high school in Fernandina Beach, Florida, to teach students about careers in the electric industry, inspiring several students to join us as summer interns. These partnerships provide a talent pipeline into apprentice and line crew roles.

PROVIDING COMPETITIVE BENEFITS

We offer a competitive benefits package to attract and retain the best talent. From the standard offerings like medical insurance and retirement plans, to the soft benefits that distinguish our organization, like our culture and ERGs. We continue to improve upon and diversify our benefits, demonstrating our long-term commitment to our employees. Our robust and customizable benefits packages allow our team members to choose what works best for their lives.
CHESAPEAKE CONNECTIONS PROGRAM

While the acquisition of new talent is important, we also focus on talent retention. Studies show that experiences during the first six months of employment with a new company can determine the success of employment. HR Cloud indicates that, in 87% of companies surveyed, a new recruit’s productivity improves when they are assigned a mentor. We agree.

In 2023, we will roll out our Chesapeake Connections Program to connect new team members with a “connection buddy” outside of their department for the first few months of employment. This program will help onboard new team members and encourage connections and network building. This assigned “connector” will help answer questions, and will be a valuable resource as they begin their new role with the Company.

EMPLOYEE ENGAGEMENT

Understanding our team members’ experiences and hearing their perspectives provides insights that strengthen and better position us for the future. In 2022, we implemented a new process for gathering and evaluating employee feedback. Eighty-one percent of our workforce responded to Chesapeake Speaks, an employee engagement survey administered through a global analytics firm. The survey identified three areas of focus to improve upon: employee recognition, learning and development opportunities and communications. Each people manager within the Company has developed an engagement action plan to further encourage positive work experiences. Engagement teams comprised of employees with various levels and years of experience are working together to address focus areas.

| Employee Recognition | Introduced Hidden Heroes, a Companywide team member recognition program, featured during the monthly all-employee CEO call and Wednesday Webinar series. | Developed Grass Roots, a new employee webinar devoted to sharing team member stories. | Resumed quarterly Cares events specific to business locations and aligned with our company values. The events celebrate milestones, such as birthdays, promotions, new hires, service anniversaries, educational advancements and retirements. | Developed a custom recognition form tailoring recognition to employee preferences. Our new digital recognition platform, Gratitude, launched in early 2023 allows peer to-peer recognition and manager-directed recognition. |
| Learning & Development Opportunities | Restructured our internal human resources organization to foster leadership development and succession planning. | Introduced a new learning management system, The Grove LMS. The new platform includes required training, leadership curriculum and many elective course offerings. | Launched our Mentorship Program with 40 mentees each paired with a company officer. The program encourages personal and professional growth. Our 2023 Mentoring Program is enhanced to serve as a catalyst for learning. It includes mentee assessments, leadership sessions, and individual development plans. |
| Communications | Continued CEO-hosted monthly all-employee calls. What started as a way to foster communication and a sense of belonging and inclusion at the onset of the COVID-19 pandemic has continued to evolve and has become a mainstay. | Developed CPK Momentum, an internal website devoted to sharing Company news and team member stories. | Continued distribution of weekly Communication Bulletins; featuring critical talking points for managers to share with their teams to foster engagement and connection. | Continued to build upon the Company’s SharePoint platform, a portal for team members to access Company announcements and links to departmental information. |
In 2022, we launched Chesapeake Total Wellness to provide employees with a resource for their physical, mental and financial well-being. It inspires, informs and supports our employees in prioritizing their health, offering fitness challenges, information on healthy habits information and opportunities for interacting with and challenging other team members. By the end of the year, 43% of employees had registered for this voluntary platform, and many participated in the Company-sponsored fitness challenges and accessed wellness content.

In addition, we launched “Elevate Your Wellness,” an ongoing stress management and wellness program facilitated by a professional psychologist to support mental health. In 2023, we will continue to offer virtual wellness sessions tailored to the needs and well-being of our employees.
INVESTING IN OUR PEOPLE, COMMUNITIES & CUSTOMERS

SUCCESSION PLANNING

In 2022, Chesapeake continued to move forward with implementing the succession planning and assessment process discussed in our Inaugural Sustainability Report. All of our officers have completed the assessment process and we continue to strengthen our leadership and technical positions bench.

As part of our leadership development, we have identified eight Chesapeake Utilities Leadership Competencies, and assess our people leaders on these competencies.

We have identified successor pools for officer roles, and in 2023, we will continue career discussions with next-level leaders to create succession plans for directors, key managers and subject matter experts.

FROM INTERNS TO EMPLOYEES

Chesapeake Utilities’ internship and scholarship programs not only provide opportunities for students but also contribute to our long-term talent pipeline. From 1999 to January 2023, we employed 92 interns. Of our current employees, 12 once interned for our Company. Our interns gain tools for success as they develop relationships and learn the necessary skills to work in a corporate environment. The average length of service for interns who become full-time employees is seven and a half years. One is now an officer of the company.

“A pivotal moment in my professional career was being selected for an internship at Chesapeake Utilities in the internal audit department during the early stages of Sarbanes-Oxley. It provided technical work experience that was challenging and exposure to professionals that poured into my growth. I am beyond grateful to have started my career at Chesapeake and for the growth opportunities I have been afforded along the way.” —ANDRENA BURD, ASSISTANT VICE PRESIDENT, RISK MANAGEMENT
2022 COMPANY COMPOSITION STATISTICS

1,000+ Chesapeake Utilities employees

MINORITIES IN THE WORKPLACE

- Ethnic & Racial Diversity: 23%
- Other: 77%

GENERATIONS IN THE WORKPLACE

- Traditionalists: 0.2%
- Boomers: 24.4%
- Generation X: 42.9%
- Generation Y: 29.9%
- Generation Z: 2.5%

34% women in the workforce
34% management positions held by women
37% women new hires (21% of newly-hired management)
17% management positions held by minorities
171 external new hires
81 internal promotions

FOR ADDITIONAL INFORMATION, PLEASE SEE THE WORKFORCE STATISTICS INCLUDED IN THE APPENDIX OF THIS REPORT.
AN AWARD-WINNING WORKPLACE

Top Workplaces USA
Chesapeake Utilities Corporation was a Top Workplaces USA award recipient for the third consecutive year in 2023. This national award is based solely on employee feedback through a third-party survey process. The survey is anonymous and measures several aspects of workplace culture, including alignment, execution and connections.

Chesapeake Utilities’ survey results conveyed that our employees feel that the company is going in the right direction; are empowered to share different points of view; see strong values at work; feel they are part of something meaningful; and are generally informed about important decisions at the company.

The Company has also been recognized as a Top Workplace in Delaware for 11 consecutive years, and previously, in Central Florida for two years.

Stars of Delaware
2022 marks the third consecutive year our Delmarva natural gas distribution operations were named Best Company with Over 50 People and Best Energy Provider. Also, our propane distribution operation was named Best Propane Company. The Stars of Delaware awards celebrate and recognize the best Delaware has to offer. Each year, the contest receives thousands of reader nominations and subsequent votes.
INVESTING IN OUR PEOPLE, COMMUNITIES & CUSTOMERS | INVESTING IN OUR COMMUNITIES

Investing in Our Communities

Chesapeake Utilities is committed to engaging with the communities where we live and work, keeping the interests of our stakeholders at the forefront of our decision-making process.

Our community partnerships help inform project development, with our investment focusing on advancing the strength and progress of each community. We have a vested interest in helping our communities thrive. We live and work within the communities we serve – 99% of our employees are located in our service areas. Our strategic goals and values not only guide how we do business, but also how we invest in our communities through financial, in-kind or volunteer contributions.

OUR GIVING POLICY AND FOCUS AREAS

Our Companywide Giving Policy establishes guidelines for Company donations or sponsorships that support nonprofit and community organizations. In 2022, we gave $527K in charitable donations and another $323K in community sponsorships.

We focus on working with organizations that:

- Align with the Company’s mission, vision and values.
- Align with the Company’s four focus areas of giving.
- Provide a positive connection with communities in existing or potential service territories and support the Company’s strategic direction.
- Hold designation as a 501(c)3 or other charitable nonprofit organization as determined by the Internal Revenue Service (IRS).
- Serve the community without discrimination.

$850K community donations and sponsorships

FOCUS AREAS FOR GIVING

To accomplish these objectives, the policy outlines four focus areas for charitable giving and volunteer efforts, all of which leverage the capabilities of our Company, improve the lives of our neighbors and add to the strength and stability of our communities. We believe these focus areas facilitate meaningful community engagement and outcomes, encouraging strong, lasting connections in the diverse communities in which we do business.

Safety and Health
Community Development
Education
Environmental Stewardship

STUFF THE BUS, DOVER, DELAWARE
SAFETY AND HEALTH

The safety, health and welfare of our employees, customers and communities are at the core of our Company culture. We want to ensure our communities thrive by ensuring resources are readily accessible. Within this focus area, we concentrate on food insecurity, nutrition, health education, research and training.

- **Charlie’s Challenge for Beebe Medical Foundation** – Charlie Walter, who lost his father in 2020 after a prolonged illness, wanted to memorialize his dad and honor the caregivers at Beebe Healthcare in Lewes, Delaware, for the compassionate and diligent care his father received during the course of his illness. His $646 gift began Charlie’s Challenge, and with the help of Chesapeake Utilities’ matching gift of $15,500, the campaign raised $31,000.

- **2022 Annual Giving Campaign** – During the 2022 Companywide giving campaign, *Caring is Always in Season*, employees had the opportunity to support families throughout our service territories. Options included donating to local food banks to combat food insecurity or donating funds to support the purchase of toys for children in areas designated to have a need. The Company matched contributions made by our team members and employee resource groups to Toys for Tots and food banks located within Chesapeake Utilities service territories. A total of $50,000 was contributed as a result of the campaign. Chesapeake Utilities also matched up to $25,000 of employee contributions Companywide toward our 2023 United Way Campaign as part of our Annual Giving Campaign. Through the United Way, employees had the opportunity to support charities, communities and initiatives that are important to them in their service territories, at home and afar.
COMMUNITY DEVELOPMENT

Being an asset and a resource to our communities is essential to our continued growth and development as an organization. Community development assists each community in becoming a socially equitable, economically strong and healthy place to live and work. Under this focus area, we seek to support equity, diversity and inclusion, economic development and revitalization and volunteerism.

- **Central Delaware Habitat for Humanity** - Chesapeake Utilities team members volunteered more than 100 hours during Central Delaware Habitat for Humanity’s third annual Women Build Week in September, replacing siding on the Favored Children Academy in Dover, Delaware. Tasks included removing old siding and measuring, cutting and hanging new siding.

- **Girls Inc.** - Chesapeake Utilities Corporation donated $2,500 each to the Jacksonville, Florida and Delaware centers of Girls Inc. This nonprofit organization encourages girls to be strong, smart and bold through direct service and advocacy. Girls Inc. facilitates mentoring relationships, a pro-girl environment and research-based programming that equips girls to lead fulfilling and productive lives, break the cycle of poverty and become role models in their community.
EDUCATION

Advancing the next generation of leaders and supporting those seeking to increase their knowledge and sharpen their skill sets will enhance our industry and community efforts. We continue to focus our support on organizations that afford our stakeholders the opportunity to succeed. Within the education area of focus, we support children and youth development, STEAM (science, technology, engineering, arts and mathematics) programs, training and workforce development and scholarship support.

- **Building Bridges to Careers Makerspace** – Team members joined area officials and educators in the ribbon-cutting ceremony for the Building Bridges to Careers (BB2C) Makerspace, in Washington County, Ohio. Chesapeake Utilities subsidiary Aspire Energy donated $5,000 to help fund the BB2C, which fosters school, business and community relationships to inspire career choice through experience, entrepreneurship and education.

- **United Negro College Fund** – In celebration of the 2022 MLK Day of Service, the Company contributed $7,500 to the United Negro College Fund in support of student scholarships, historically Black colleges and universities, community engagement and minority education advocacy.
INVESTING IN OUR PEOPLE, COMMUNITIES & CUSTOMERS

ENVIRONMENTAL STEWARDSHIP

We partner with our communities and local governments in support of programs and initiatives that promote the conservation and protection of our natural resources and assist customers and communities with solutions for more efficient energy use. Energy efficiency, environmental conservation and sustainability fall under this area of focus.

- **Maryland Coastal Bays Cleanup** - Team members participated in the Maryland Coastal Bays Program Marine Debris Plunder event at the West Ocean City Harbor in October, collecting 104 pounds of debris, including toxic cigarette butts and small plastic trash, keeping it from reaching the waterways. Cleanup efforts in the areas surrounding the marina also contribute to a more sustainable environmental future for beach wildlife.

- **Nature Conservancy of Florida and Delaware** - Chesapeake Utilities Corporation donated $45,000 to support The Nature Conservancy’s (TNC) Center for Conservation Initiatives. TNC’s preserves serve as campuses for education, outreach, science and land stewardship as they engage, mentor and train thousands of conservationists, fire managers and land stewards. In addition, our team members volunteer in beach cleanup and removing invasive species at the preserves.
Hurricane Ian Relief: Chesapeake Utilities Responds

Chesapeake Utilities has a long-standing presence in Florida, with natural gas transmission and distribution, propane distribution, electric distribution and a CHP plant.

In September 2022, Category 4 Hurricane Ian pummeled through Florida, leaving a path of destruction and flooding neighborhoods, homes and buildings with its storm surge and heavy rains. Chesapeake Utilities pledged $100,000 to four relief organizations to help the communities and those affected by the impact of the hurricane.

The Company's total $100,000 commitment was allocated to the following organizations:

- **The American Red Cross**
  $35,000 was donated to assist in providing shelter, meals, relief supplies, health services and financial assistance to those affected by Hurricane Ian.

- **Feeding Florida**
  Florida’s Food Bank Network - $20,000 was donated to this statewide hunger relief organization to strategically distribute food, water and disaster supplies through Florida food banks.

- **Volunteer Florida**
  Florida Disaster Fund - $25,000 was donated to the State of Florida’s official private fund established to assist Florida’s communities as they recover from times of emergency or disaster.

- **Florida Farm Bureau Hurricane Ian Relief Fund for Agriculture**
  $20,000 was donated to assist farm and ranch families who sustained unprecedented agricultural losses due to Hurricane Ian.

One of the values at Chesapeake is that we care. And what better way to show we care than to actively participate within our local communities.”

—MELISSA STAMPER, COMMUNITY AFFAIRS DIRECTOR
EXPANDING OUR REACH

As we expand our operational footprint, we also expand our opportunities to benefit more communities through service and philanthropy. In 2022, we expanded operations for two new alternative fuel refueling stations, including one of the East Coast’s largest public access CNG fueling stations. As part of our celebrations, we donated to local organizations that provide services to those in need under our Safety and Health and Community Development focus areas.

- In March, we celebrated the opening of Marlin Compression’s high-capacity CNG truck and tube trailer fueling station at the Port Fuel Center in Port Wentworth, Georgia, with a ribbon-cutting ceremony and a $10,000 donation to the United Way of the Coastal Empire. The organization serves members of the nearby Bryan, Chatham, Liberty and Effingham communities.

- In September, Sharp Energy expanded operations further with the opening of the first Sharp AutoGas fueling station dispensing propane in North Carolina. During the grand opening event, we announced a $5,000 donation to the Beacon Rescue Mission in Dunn, North Carolina. The organization provides food, shelter and clothing to the homeless in Harnett County.

PROMOTING A DIVERSE SUPPLY CHAIN

Chesapeake Utilities’ supply chain strategy focuses on offering opportunities to suppliers that share our values and are reflective of the communities where we live and operate. Supplier diversity brings a range of talented and experienced perspectives that help us discover creative and effective business solutions. This strategy increases competitiveness, stimulates local economic development and, as a result, delivers long-term value to our stakeholders.

We seek additional opportunities to increase the awareness of Chesapeake Utilities’ procurement process through established relationships with our local chambers of commerce and participation with the National Minority Supplier Development Council and other similar organizations. For example, Chesapeake Utilities’ Maryland natural gas distribution entities participate in the Eastern Shore Energy Alliance (ESEA), a coalition of Maryland utility providers encouraging supplier diversity within the state. ESEA meets quarterly with the goal of promoting diverse suppliers using existing relationships, influence and advocacy to raise awareness, open doors and create opportunities for diverse suppliers.

Our Vendor Registration Portal was launched in November 2021, and Chesapeake Utilities is committed to advancing a diverse supply chain. In 2022, 4.6% of the Company’s annual spend was with diverse vendors. Additionally, we are committed to supporting the communities we serve by spending locally, when possible.
Being a Good Neighbor

With more than 160 years of experience serving communities, we understand that our long-term success is deeply intertwined with the health and well-being of those we serve. Our teams are purposeful in asking critical questions about projects and their associated impacts. Being a good neighbor is essential, and we respect landowners and the land through thoughtful land use and mitigating impacts from noise and emissions.

While designing projects, we look for routes along state or railroad rights-of-way whenever possible, an approach that is both environmentally conscious and cost-effective. Our assets consist of above-ground structures and an underground network of pipelines. We strive for efficient land use when determining locations for above-ground structures and repurpose brownfields or previous industrial sites where possible. For example, our Eight Flags Energy CHP plant on Amelia Island, Florida, is located on an existing industrial site, and our Delaware City, Delaware, compressor station is adjacent to an industrial area.

We work closely with landowners before seeking formal approvals or permits for new projects and do our best to make accommodations during the construction process, including route adjustments, accommodating schedules or limiting construction workdays.
Our construction restoration processes require us to return project lands to their pre-construction state, but we strive for better. Each restoration process is documented and inspected, and for interstate pipeline projects, we not only provide routine restoration reports to the FERC, but FERC also performs inspections and issues publicly available reports on its assessment of our efforts.

Following construction, we are committed to working with landowners to address any residual concerns. In conjunction with our major construction projects, a hotline is available to encourage landowners and other stakeholders to contact us throughout any portion of a project’s lifecycle to help resolve their concerns to the best of our ability. For example, we were contacted regarding concerns over line-of-sight and noise from an existing compressor station that had been expanded to accommodate an additional compressor unit. Going above and beyond permit requirements, and bettering permit noise limits, we installed additional landscaping and noise reduction measures to address landowner concerns.
EVO Public House Mural: The Art of Community

In October 2022, a ribbon-cutting ceremony was held to celebrate the completion of the largest mural in Salisbury, Maryland. Chesapeake Utilities partnered with the city of Salisbury and other local businesses to develop the city’s largest mural, titled “Sun & Suds,” which features a local theme.

Following the construction of an Eastern Shore Natural Gas pipeline project, a team including representatives from Chesapeake Utilities, the city of Salisbury and others collaborated to agree on the 35-foot by 145-foot mural.

“Public art is not only something nice to look at, but it’s something that unites our community and fosters a sense of belonging. This mural and its prominent place along Route 13, in one of our city’s busiest areas, will allow thousands of people every day to interact with art in a way they may not usually.”

—CITY OF SALISBURY
Investing for Our Customers

Understanding customer needs and preferences is essential to effectively delivering energy that makes lives better. We are dedicated to exceeding customer expectations and offering a customer-centered experience. Best-in-class customer service, accessible technology and continuous improvement are core elements of our customer care strategy. We put customers at the heart of what we do.

LEVERAGING TECHNOLOGY FOR BETTER SERVICE

Wise investments in technology help us to deliver on our customer care strategy - providing options for completing transactions and opening additional connection points to engage with customers and gain valuable insights.

Through customer focus groups, we have redesigned call flows, simplified and reordered menu options, recorded messages for commonly requested information, expedited connection to our payment processing platform and implemented direct connections to other departments within the Company.

We continually improve our websites and the mobile functionality of our online customer service tools, including updated user interfaces to meet customer service-related needs, Americans with Disabilities Act (ADA) improvements for users with accessibility requirements and yearly upgrades and site testing.

LISTENING TO OUR CUSTOMERS

Customer expectations are a catalyst that drives many of our business decisions. Our voice of the customer (VOC) program helps us to gather information about those expectations so we can serve people better than before. It helps us assess a wide variety of elements, from quality standards for customer care calls to customer feedback and customer satisfaction tracking. Through this program, we survey customers regarding their overall experience with us and individual interactions with our customer care representatives and field services. The insights are used to identify areas of opportunity and inform our investments and resource optimization.

A newly implemented cloud-based customer experience management solution enables us to gather, aggregate, analyze and disseminate VOC feedback to every level of the organization, delivering clear and actionable insights to key stakeholders, and providing reporting and tracking capabilities Companywide.
PROTECTING CUSTOMER INFORMATION

We believe that strong data security and privacy protection, including using technology and internal policies and practices, are critical in fulfilling our obligation to provide safe and reliable service while maximizing the customer experience. The availability, reliability and performance of our technology infrastructure are not only key to the regular operations of our business, but also to our ability to address emergency events.

We remain committed to safely and securely collecting, storing and protecting consumer data. Below are some of the technologies and processes we use to protect customer information:

- Advanced endpoint detection and response protection across the enterprise
- Data loss prevention
- Data handling and protection policies
- Third-party risk program focused on vendor vetting, selection and risk ranking
- Mature vulnerability management program, incorporating National Institute of Standards and Technology approved weekly scans to identify any new vulnerabilities
- Identity Theft Prevention (ITP) Program, periodically reviewed and updated to reflect changes in risks to customers and the soundness of the Company from identity theft. Identified material changes are reported annually to the Audit Committee of the Board. Our dedication to ITP extends to any service provider with one or more accounts.

Identity theft training is conducted every year for all employees who come into contact with personally identifiable information. The training confirms procedures for proper identification of a customer and procedures for handling sensitive information and covers topics such as:

- Privacy and red flag rules
- Security safeguards
- Theft prevention
- Protecting new and existing accounts
- Credit card/personal information
- Account verification
Environmental Stewardship

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Environmental Compliance and Permitting

Chesapeake Utilities Corporation is committed to complying with environmental laws and regulations and working with regulatory agencies as part of our environmental compliance activities.

Because most of our operations are regulated and capital-intensive, our project proposals are thoroughly vetted not only through our own internal processes, but also through public comment and permitting processes. Our growth projects are subject to rigorous federal, state and local agency reviews and tribal consultations, as applicable.

- We design our projects to avoid adverse impacts on the environment and landowners. During project development, we obtain permits and concurrences and, as applicable, hold agency consultations regarding wetlands, water crossings, endangered species, migratory birds, air quality, noise, soils, stormwater/wastewater and coastal zone management, as well as location-specific issues. Collaboration with government and community officials at all levels results in planning, developing and expanding energy solutions that help promote sustainable growth opportunities and environmental benefits within our communities.

- Stakeholder input and participation in project development and throughout the project lifecycle is critical for long-term business sustainability. While interactions during the pre-design and design phases are important, once permits are in hand and terms agreed upon with landowners, compliance is critical. Public trust is essential to the continued growth and sustainability of any business, and our growth history speaks to our commitment to earning and keeping that trust.

- We have dedicated officer-level positions for various aspects of community relations, including community affairs, business development, operation services, operations, governmental affairs and external affairs. These positions help to ensure that we’re engaging as many stakeholders as possible before, during and after the development and execution of our projects and initiatives.

Our economic development advisory group, consisting of officer and director-level advisors, is accessible via an email address. More information on this group can be found at chpk.com/corporate-responsibility/economic-development.
Eastern Shore Natural Gas Company (ESNG), our natural gas interstate transmission subsidiary, is federally regulated under FERC. FERC must issue a stand-alone certificate of public convenience and necessity for most construction projects. A certificate is only issued if FERC determines the proposed project is in the public interest, and that its benefits outweigh any negative aspects, which must be sufficiently mitigated.

As the lead federal agency, FERC conducts an extensive National Environmental Policy Act (NEPA) review process, requiring input and approvals, authorizations or consultations with other federal, state and local agencies, the governments of federally-recognized tribes, affected landowners and other interested stakeholders. FERC certificate orders generally include project-specific environmental conditions designed to mitigate impacts related to the project’s construction.

When accepting the certificate order an implementation plan must be submitted to FERC, detailing how ESNG commits to meeting the certificate’s conditions. ESNG must also commit to adopting several FERC construction-related plans, including:

- Upland erosion control, revegetation and maintenance plan
- Wetland and waterbody construction and mitigation procedures

**PROJECT PLANS INCLUDE (AS APPLICABLE):**

- Erosion and sediment control plan
- Spill prevention control and countermeasures plan
- Horizontal directional drill and contingency plan
- Unanticipated discovery plan for cultural resources
- Unanticipated discovery of contaminated materials plan
- Winter construction plan

A permit book containing all federal, state and local permits, authorizations and clearances obtained for a project, as well as the project-specific plans outlined above and compliance documentation are compiled prior to construction. The book is then issued to all Company and contractor supervisory personnel, including environmental inspectors, and is distributed during pre-construction environmental training.

Pre-construction environmental training takes place during each supervisory staff and crew training session, and representatives from FERC’s Office of Energy Projects are invited to attend as well. If necessary, crew training may be held on a daily basis to accommodate new hires and construction site visitors.
Construction contractor documents include numerous provisions to ensure compliance with all applicable laws and regulations, including FERC environmental conditions and all other relevant permits and conditions. For example, the contracts include provisions mandating compliance with all permits and authorizations, environmental and safety training for all personnel, immediate correction of any work not in compliance with the contract, and non-payment of standby charges if the contractor is stopped from work as a result of non-compliance. Contractors receive training and copies of the construction-specific environmental conditions and the documents noted above. Construction activities are closely monitored for compliance with all environmental, safety and landowner requirements.

Written authorization from FERC’s Office of Energy Projects is required to begin construction. Authorization is granted once it is determined that all authorizations required under federal law have been obtained (or waived). Likewise, completed projects can only be placed into service upon written authorization from the same FERC office, which only grants the authorization once it is determined that rehabilitation and restoration of the right-of-way and other areas affected by the project’s construction are proceeding satisfactorily.

Recently, Eastern Shore Natural Gas completed a multi-state expansion of a pipeline in Delaware and Maryland (Del-Mar Energy Pathway Project). The expansion included looping of existing pipeline in Delaware and an extension of the pipeline in Maryland, the Somerset Extension. During the nearly two-year duration of the construction, there were zero environmental non-compliance events.
Transitioning to a Lower-Carbon Economy

Our sustainable businesses stretch across the entire value chain. From gathering to processing, or generation to transmission and distribution, we have various opportunities to support the emission reduction efforts of our customers and our own operations.

Chesapeake Utilities’ strategy to reduce emissions for its customers includes investing in renewable energy infrastructure (such as RNG, hydrogen and solar), building and operating CHP facilities, providing alternative transportation fueling stations (such as CNG and propane Autogas) and supporting customer energy efficiency through conservation programs. Across our operating footprint, we are reducing emissions by implementing damage prevention initiatives, utilizing technologies that can detect methane escapes and transitioning our fleet to lower-carbon fuels. We’re also making infrastructure improvements throughout our systems, optimizing our building footprint for energy efficiency and engaging with our stakeholders to best position the company for a sustainable future. Together, these initiatives are making a positive impact in the communities where we work and live.

Renewable Natural Gas

Chesapeake Utilities’ commitment to reliable, affordable and sustainable energy includes our strategy to develop a diverse portfolio of energy sources, and RNG is a part of that strategy. RNG is an alternative fuel produced from organic waste biogas that has been refined for injection into natural gas pipelines. As a storable, replenishable fuel that looks and acts like natural gas, RNG reduces the impact of organic waste while providing an environmentally-friendly fuel source.
WHY INVESTING IN RNG MATTERS

Environmental Benefits
As the global population grows, the World Bank projects solid waste to increase by nearly 70% by 2050. Our RNG projects support sustainable solutions to reducing waste and associated emissions by turning them into useable energy and other marketable byproducts, like fertilizer. RNG projects also improve regional air quality, facilitate regional economic development and offer solutions to many industrial issues.

Our first RNG transportation and injection points were placed into service in 2021. Over the course of 2022, we injected nearly 650,000 dekatherms of RNG into our pipeline systems, supplementing the natural gas supplied to end users (our customers) or through vehicle fueling use (as CNG for trucks).

Successful RNG projects require cross-industry collaboration across economic, social and environmental fronts. The collaboration leads to greater awareness, ultimately providing a much greater impact than if one industry or group addresses problems like emissions reduction and waste management alone.

The agriculture sector and solid waste landfills are the first and third largest sources of methane emissions in the United States. Energy and industry are the second largest sources. Methane is considered 25-80 times more potent than carbon dioxide. A 10% reduction in methane emissions from agriculture and waste would create a net overall drop in methane. RNG solutions could have the greatest positive impact on overall methane reduction due to their circular nature. Such value-added projects, coupled with methane reduction initiatives our industry is undertaking, will lead to a positive impact.
Social Benefits
Our RNG investments align with our mission to deliver energy that makes life better for the people and communities we serve. Because RNG is sourced and created from local waste products, our communities benefit in two ways: access to energy security that is not reliant on long-haul energy sources or impacted by events happening in a different region, and a solution for local waste management.

When we invest in RNG development projects or provide an injection point for the produced RNG, we are supporting the local economy by facilitating job creation and economic development in our service areas. Through collaboration on RNG production, farms can create new revenue streams from efficiently handling naturally occurring waste and the sale of agricultural organic waste.

Financial Benefits
Cross-industry collaboration in RNG investments leads to economic benefits for our own stakeholders, and those across other industries. RNG projects support economic development through the construction of processing and fueling station infrastructure and support job development for skilled workers in sectors including construction, fabrication, agriculture, engineering services, waste management and service industries.

While some other sources of renewable energy may require significant infrastructure investments, RNG can be used in existing natural gas infrastructure, making it an economically sound solution for sustainable energy. This eliminates the need to upgrade appliances or connections, saving dollars while allowing consumers to seamlessly contribute to emissions reduction goals.

“Because RNG captures emissions from society’s waste streams and redeems its energy value, it has the lowest lifecycle carbon intensity of any clean energy source available today.”
—THE COALITION FOR RENEWABLE NATURAL GAS
RNG INVESTMENTS IN-SERVICE OR ANNOUNCED

**Noble Road Landfill RNG Transportation Project** – Chesapeake Utilities subsidiary, Aspire Energy, constructed the Company’s first RNG pipeline transport project in 2021. The 33.1-mile pipeline transports RNG generated from the Noble Road Landfill in Shiloh, Ohio, to Aspire Energy’s system, displacing conventionally produced natural gas. In conjunction with this expansion, an existing compressor station was upgraded, and two new metering and regulation sites were installed.

Aspire Energy partnered with OPAL Fuels and Rumpke Waste & Recycling on the transportation project. Rumpke extracts and captures waste methane from the Noble Road Landfill, and OPAL Fuels removes carbon dioxide and other components from the methane, purifying the biogas to pipeline quality standards. In addition to supplying Aspire Energy’s customers, the RNG is dispensed into fueling stations to fuel CNG vehicles also via OPAL Fuels.

**Planet Found** – In 2022, Chesapeake Utilities acquired Planet Found, an operable, poultry-based waste-to-energy test facility on Maryland’s Eastern Shore. The employees, technology patents and operating expertise at this facility will prove valuable to the Company as we continue to assess opportunities to invest in poultry waste RNG projects.

**Yulee, Florida, Injection Point** – In early 2023, Chesapeake Utilities announced the establishment of an alternative fuel injection point in Nassau County, Florida. The injection point can accept RNG, CNG and LNG and is our first enhancement of a gate system in Florida that allows for alternative fuels to be injected into the pipeline delivery system. The new injection point will enhance Florida Public Utilities’ ability to incorporate renewable fuel into the existing pipeline delivery system and expand service to meet the growing demand in the Wildlight community and surrounding areas.
RNG Facility at Full Circle Dairy – As its inaugural project, FPU Renewables announced plans to construct, own and operate a dairy manure RNG facility at Full Circle Dairy in Madison County, Florida, in February 2023. Located in the Suwannee River Drainage Basin in northcentral Florida, the facility will be adjacent to the farm, which is home to more than 5,000 cows. Manure from the farm will be transported to the anaerobic digester and converted to more than 100,000 dekatherms of pipeline-quality renewable natural gas per year. Initially, compressed natural gas trailers operated by Marlin Gas Services will transport the RNG to Florida Public Utilities’ Yulee, Florida, RNG injection point. The Company is evaluating several offtake options to market the green attributes of the dairy-produced RNG.

The project is anticipated to capture and redirect more than 1,100 metric tons of methane per year, which is the equivalent of 27,900 metric tons of CO₂ equivalent – an emission reduction equivalent to powering 3,500 homes per year.

In addition to the above internally driven renewable projects, our gas transmission, distribution and Marlin facilities are well positioned to support third party project developers by providing solutions that facilitate delivering RNG to various market areas.
Hydrogen

HYDROGEN BLENDING

Our Eight Flags CHP plant, one of the most energy-efficient cogeneration power plants in the United States, was recognized in 2017 as an Industry Excellence Award winner in the Production category by the Southeastern Electric Exchange, Inc. These awards recognize utility companies for projects that demonstrate innovation, improvements and technical complexity. In recent years, discussions on blending hydrogen into natural gas (hydrogen-enriched natural gas) have come to the forefront as technologies develop to support emission reduction efforts. We continue to build on our award-winning foundation by testing such technologies in real-world applications.

Early in 2022, we successfully completed a hydrogen blending project at Eight Flags, providing operational data demonstrating the practical use of hydrogen blended natural gas in an industrial application and distribution system. The test collected data on the emission rates of nitrogen oxides (NOx), carbon monoxide (CO) and volatile organic compounds (VOC), both with and without duct burners, and visible emission (VE) evaluations were also conducted. We plan to conduct two more hydrogen blending tests at Eight Flags in 2023 to continue refining operational practices and requirements for the safe transportation and injection of hydrogen in our operations. Each one is expected to progressively increase the hydrogen blend, targeted at 10% and then 20%.

HYDROGEN HUB PARTICIPATION

Chesapeake Utilities also participated in a Mid-Atlantic regional response to the Department of Energy’s (DOE) request for information regarding its Regional Clean Hydrogen Hubs program (H2Hubs), which will provide funding in support of the research, production and distribution of clean hydrogen gas. Representatives from Delaware, southeastern Pennsylvania and southern New Jersey collaborated to submit the Mid-Atlantic Clean Hydrogen Hub (MACH2) concept paper. The concept was informed by input from the expertise of leading stakeholders from the region’s leading energy producers, consumers and academic institutions, and was coordinated by the DESCA Foundation (dba Delaware Sustainable Chemistry Alliance). In early February 2023, the DOE announced the MACH2 was selected as one of 33 submitted concept papers invited to submit a full application. It is anticipated that the DOE will select final awardees in the fall of 2023.
SOLAR ENERGY

We continue to gain operational experience with our three solar installations in Delaware and Ohio. Over 2021 and 2022, these generated nearly 1,225 megawatts of power to partially power our facilities. These solar installations reduce our operational emissions and provide financial benefits as they reduce operating costs and generate locked-in revenue. Experience with these installations has provided a good knowledge base for future solar initiatives, and we are considering the inclusion of solar generation as an element of our waste-to-energy biogas strategies. Powering biogas facilities using renewable electricity leads to a greater carbon intensity value for the RNG produced by the facility.

1,225 MWH
power produced
2021-2022
Combined Heat and Power

As part of our responsible, sustainable growth, we seek projects with positive environmental, social and financial benefits, and CHP projects can accomplish all three of these objectives. CHP projects align with Chesapeake Utilities’ mission of delivering energy that makes life better for the people and communities we serve, and our vision to be a leader in delivering energy that contributes to a sustainable future for our local communities.

CHP technologies hold enormous potential to improve the nation’s energy security and resilience and help meet environmental goals. CHP positively impacts the health of local economies and supports national policy goals in significant ways. Our investment in further leveraging CHP advantages in Chesapeake Utilities’ operations is a value-added proposition, and we look forward to continuing to develop and propose projects like these when and where they make sense.

CHP EMISSIONS AND AIR QUALITY

Emissions generated by our Eight Flags Energy natural-gas fired CHP (which are reported as Scope 1 for Chesapeake) are more than offset by the reduction in emissions associated with (1) less fuel being required to produce the same amount of energy and (2) the displacement of fuel consumption that otherwise would have been required to generate energy through other industrial processes, equating to a net positive environmental impact.

CHP systems support improvements to the air quality in the regions in which they operate as they reduce emissions of greenhouse gases, criteria pollutants and hazardous air pollutants by combusting less fuel to produce the same amount of energy as separate heat and grid-delivered power. The CHP system’s thermal output typically displaces the fuel otherwise consumed in an on-site boiler, and the electric output displaces fuel consumed at central station power plants. Moreover, the CHP system’s electric output also displaces fuel consumed to produce electricity lost during transmission and distribution.

A CHP PROJECT:

- Achieves energy efficiencies by capturing heat that is typically wasted
- Advances our environmental goals by reducing emissions of harmful greenhouse gases
- Diversifies our energy supply with the integration of domestically-produced and renewable fuels
- Increases our energy infrastructure resilience by limiting congestion and offsetting transmission losses
- Enhances our energy security by reducing our national energy requirements and helping businesses weather energy price volatility and supply disruptions
- Improves our competitive advantage through energy efficiency

Future blending of RNG and hydrogen into the fuel mix will further increase the environmental benefits of our CHP projects by further reducing the carbon footprint.
Our Eight Flags CHP exemplifies what being a good neighbor means to us:

Environmental benefits are achieved through reductions in emissions, greater efficiency and co-location on existing industrial land footprints, which reduces non-industrial land impact and minimizes disturbance for both people and wildlife.

Reliability and resiliency benefits are attained by providing localized power generation, which increases the resiliency and reliability of electricity to on-island customers. Eight Flags is capable of serving the non-industrial electric load on Amelia Island in the event our transmission feed onto the island would be interrupted.

Economic benefits are realized, from advancing energy affordability to strong financial performance. The electricity produced by Eight Flags serves our Florida electric distribution customers, avoiding grid purchases and reducing upstream emissions.
CUSTOMER ENERGY EFFICIENCY AND CONSERVATION PROGRAMS

We believe customers should be empowered to make decisions that help them optimize their energy use and live more sustainably. To make those decisions easier, we help them better understand and manage their energy usage through energy efficiency programs and offerings. We also actively promote energy efficiency and conservation through our websites, customer newsletter mail inserts and information provided on rebates, assistance programs and energy usage tips.

Chesapeake Utilities’ SHARING program was implemented in 1983 to help natural gas customers who are experiencing financial hardship, or are on a fixed income, with their energy bills, appliance purchases and repair costs. SHARING program grants also help customers pursue energy efficiency measures in their homes. Donations from Chesapeake Utilities, our customers, employees and the community enabled us to distribute over $810,000 in grants over the past 19 years.

Our Florida Public Utilities subsidiary has offered home energy conservation programs to customers since 1984. In 2021 and 2022, our Florida conservation program processed over 14,400 rebates worth more than $4.3 million associated with the program. The program offers on-site home energy checkups, at no additional cost to the customer, including energy usage analysis and personalized information about ways customers can cut energy costs and live more sustainably. Building on the success of our Florida energy conservation program, we are working to implement similar programs in our northern natural gas service territories.

Chesapeake Utilities is a partner of Energize Delaware, a nonprofit organization offering renewable and energy-efficiency programs that help Delawareans live more sustainably. Energize Delaware partners with utilities, public advocacy and community action groups and other organizations, offering programs such as home energy audits, appliance rebates, low-interest loans and energy efficiency upgrades at significantly reduced costs. In 2022, Chesapeake Utilities joined Energize Delaware’s Energy Equity Fund, established in October 2021 to support Energize Delaware’s Empowerment Grant Program, which promotes energy efficiency and sustainable energy as a tool to mitigate poverty. Chesapeake Utilities made a $25,000 donation to the fund to help further its mission.
EMISSIONS REDUCTION STRATEGIES

Damage Prevention
Preventing pipeline damage is one of the most important ways we can prevent accidental emissions. Our damage prevention awareness campaigns educate homeowners, contractors and construction crews about the importance of calling 811 before digging or excavating, as well as what to do if a natural gas pipeline is hit. Accidental releases may also result from damage to our facilities resulting from weather-related events and vehicular accidents. To help prevent this, we storm harden our facilities and place barriers around facilities located near roadways.

Cross Compression/Vacuum Technology
In 2022, we utilized cross-compression/vacuum technology in two pipeline construction projects. This technology prevents methane from being dispersed into the atmosphere through venting. During the process, gas within the pipeline is captured and subsequently re-injected at another point on the pipeline. This technology eliminates gas flaring and prevents methane from escaping into the surrounding air.

By implementing this cross-compression/vacuum technology in two of our Eastern Shore Natural Gas subsidiary projects, we avoided emissions equivalent to:

- 34 homes’ energy use for a year
- 58 passenger vehicles driven for a year
- 319 acres of U.S. forest carbon sequestered
ALTERNATIVE FUEL FLEETS

Alternative fuel vehicles for commercial and industrial use offer solutions to deploy domestically-produced energy resources. Chesapeake Utilities’ company fleet contains vehicles fueled by CNG or propane, and we have purchased renewable natural gas and renewable propane to help fuel our fleet and those that visit our refueling stations. CNG and propane are cleaner-burning, eco-friendly fuels that substantially reduce greenhouse gases and other harmful emissions. During the past two years, our CNG and propane fleet vehicles are estimated to have reduced our annual CO₂ emissions by an average of 950 metric tons each year.

100% of Sharp Energy’s mid/small sized fleet vehicles are converted to propane
95% of company tractor trailers are powered by CNG

Powered by Propane
Our Sharp Energy propane subsidiary has converted 100% of all mid/small sized Company vehicles to propane. In 2022, Sharp introduced renewable propane in its AutoGas fueling centers, furthering carbon reduction efforts for vehicle fueling.

As a member of Alliance AutoGas, we also install and support propane vehicle conversion systems for vehicle fleets and provide on-site fueling infrastructure.

In 2022, we constructed a propane fueling station in North Carolina. This station is one of 60 Sharp AutoGas fueling stations we operate. Others are located in Pennsylvania, Delaware, Maryland, Virginia and Florida.

Powered by Natural Gas
Our natural gas subsidiaries continue working to fully convert our fleets to be powered by CNG. Our Marlin Gas Services fleet currently operates with 95% of its tractor trailers powered by CNG. We own and operate the only public CNG fueling station on the Delmarva Peninsula, which is open 24 hours a day, seven days a week. The station serves not only our own fleet of vehicles, but also vehicles of other companies that have chosen to utilize CNG as an energy source.

In 2022, we announced the grand opening of one of the largest public access CNG fueling stations on the East Coast, located at the newly constructed Port Fuel Center near the Port of Savannah in Georgia. We are working to provide an RNG fueling option at the center. When CNG is sourced from RNG, the greenhouse gas emissions are reduced by up to 90 percent or can even be carbon negative, depending on the source of the RNG.
Sharp Energy Expands Further into North Carolina with New Sharp AutoGas Fueling Station

Sharp Energy celebrated the opening of a new fueling station in Dunn, North Carolina, in September 2022. The facility is the first Sharp AutoGas fueling station dispensing propane in North Carolina.

The newly constructed fueling station is one of 60 propane fueling stations operated by Sharp AutoGas. Other stations are in Pennsylvania, Delaware, Maryland, Virginia and Florida. Propane is a cleaner-burning alternative vehicle fuel that substantially reduces greenhouse gases and other harmful emissions when compared to gasoline or diesel fuel.

The Company first expanded its operating footprint into the Carolinas in December 2021, when Sharp Energy acquired propane operating assets and in June 2022, Sharp Energy acquired additional propane operating assets within the state, further expanding into North Carolina.

“We are excited to expand our propane autogas offerings to North Carolina. This new fueling station will provide a lower emissions fuel option for truck fleets and other vehicles that operate in the area.” —Andrew Hesson, Vice President of Propane Operations
INFRASTRUCTURE ENHANCEMENTS

Chesapeake Utilities is a clear leader in replacing and upgrading aging distribution infrastructure. While many utilities are just now implementing programs to replace all cast iron and bare steel mains in their distribution systems to reduce internal operations methane emissions, this type of replacement has already been completed within all of Chesapeake Utilities’ distribution service areas.

Elimination of the bare steel and cast iron also has long-term strategic value for Chesapeake Utilities’ natural gas assets as it paves the way for future transport of an alternative fuel supply, such as hydrogen.

The replacement main is plastic, which significantly lowers methane emissions from corrosion and weld leaks. In addition to the benefits of lowering fugitive methane emissions, replacing the older infrastructure allows for optimization of the pipeline system, resulting in overall lower operations and maintenance costs.

- **Florida:** Our Gas Reliability Infrastructure Program (GRIP), completed in early 2023, allowed us to steadily replace aging infrastructure and any bare steel lines that were still in service.
- **Delaware and Maryland:** All cast iron and bare steel mains in our distribution territories were replaced by 2022.

Our Elkton Gas subsidiary, acquired in late 2020, is currently in the midst of replacing 6.1 miles of first-generation plastic pipe (Aldyl-A), having completed the replacement of more than four miles by the end of 2022. Full replacement of the Aldyl-A pipe is anticipated by the end of 2023.

HIGHLIGHT

**Project Canary**

In late 2022, we engaged Project Canary to perform continuous methane monitoring at two of our existing above ground stationary sources, one in Delaware and one in Ohio.

Monitoring devices were installed in early 2023 and will offer continuous monitoring throughout the year. This effort will assist us in further refining our emissions data by providing real-time detection of methane.
OFFICE BUILDING OPERATIONS

We continue to right-size our office space and locations, considering more remote work, reductions in commute times and office efficiencies. The COVID-19 pandemic provided an opportunity to assess our office space use, particularly as work-from-home and direct-dispatch became the norm for many of our employees. As of December 2022, many of our employees are working remotely or on a hybrid schedule.

In 2022, we further consolidated our footprint by relocating our corporate headquarters to our Energy Lane office building. Completed in 2018, state-of-the-art natural gas heat pumps (GHP) facilitate the heating/cooling system for the office building and on-site warehouse, yielding lower energy and maintenance costs. Based on our demonstration of the GHPs, two of our customers have installed five units of their own. We are now participating in a case study being conducted by the Gas Technology Institute to document the potential energy savings, reduction in peak electric demand, cost savings and environmental benefits of GHP. The goal of the study is to expand the use of GHP in commercial buildings. The monitoring phase of the study has been completed, and the full study results are expected to be available in 2023.

EDUCATION AND ENGAGEMENT

Empowering our salesforce to focus on providing sustainable solutions is a key element in promoting environmentally friendly options to our customers. From propane autogas for fueling fleets to energy-efficient natural gas tankless water heaters, we offer solutions that make a difference to the environment. Chesapeake Utilities employees also actively engage in sustainability conversations involving decision makers, regulators, educators and those in the media.

Our Energy Lane office building, home to our corporate headquarters in Dover, Delaware, has a living roof and walking paths on site. The Green Building Initiative awarded the building the Green Globes Certification, a national recognition for capturing a higher standard of environmental integrity.
Scope 1 and Scope 2 Emissions

At Chesapeake Utilities, we understand the importance of operating in an ecologically aware manner at every level. As previously reported in our Inaugural Sustainability Report, we obtained limited assurance for Scope 1 (direct emissions from our operations) and Scope 2 (indirect emissions) greenhouse gas (GHG) reported emissions.

We once again sought limited assurance for the years 2021 and 2022. Limited assurance of environmental metrics is in line with industry trends, and approximately 50% of the S&P 500 have their environmental metrics verified by a third party.*

We identified areas where more precise data collection and measurement could be performed to continually improve our emissions reporting. Focusing on the sources comprising a significant portion of our Scope 1 emissions, we deployed additional resources to track, monitor and collect our emissions to obtain more site-specific data. These investments lead to lower reported emissions, providing a clearer picture of our GHG footprint.

We have refined how the fugitive emissions associated with the compressor stations for our interstate gas transmission operations are being calculated and reported, utilizing existing regulatory reporting requirements in our operating states.

*Source: HXE Partners LLC
Our Scope 2 emissions are driven by the electricity used in our operations, including energy loss associated with our electric distribution operation. Reported emissions from electricity consumption related to our offices and operational facilities are approximately 7% lower than our initial reporting year of 2019; however, energy loss across our electric distribution lines varies from year to year.

We remain committed to continually improving our emissions reporting and further refining our data collection, measurement and reporting processes.

Managing our emissions while simultaneously excelling at growth and providing value across our stakeholder base is a central priority. While decreasing our reported Scope 1 emissions, we have continued to maintain our record growth pace, reporting our 16th consecutive year of increased earnings in 2022.*

Our growth includes the acquisition of existing businesses, and both our financial results and reported emissions reflect the impact of those acquisitions. Full years of emissions associated with our natural gas distribution utility acquisition in 2020 are reflected in our reported emissions for 2021 and 2022. A full year of emissions associated with our propane distribution acquisition in 2021 is reflected in our 2022 reported emissions. As these were existing businesses prior to our acquisition of them, no new emissions are realized from a global perspective, only a transfer between reporting entities. As with all our operating units, we are committed to continually improving the carbon footprint and the energy efficiency of our acquisitions.

Examples of the initiatives we have enacted to effectively manage our emissions on a scalable basis are discussed within the Emissions Reduction Strategies efforts in this report.

*Excludes TCJA impact in 2017

Our Scope 1 and Scope 2 greenhouse gas (GHG) emissions data reported for calendar years 2021 and 2022 have been independently verified by a third-party. The verification was conducted in accordance with the ISO-14064-Part 3 verification standard, Specification with Guidance for the Verification and Validation of Greenhouse Gas Statements. A copy of the independent verification opinion statements can be found here for 2021 and 2022.
Spotlight on Delaware Emissions: A case study

In 2005, we began in earnest what we referred to as our “Reach the Beach” initiative in Delaware, with the goal of expanding access to natural gas in Delaware’s southernmost county. That initiative has exceeded its initial goal of reaching further south on the Delmarva Peninsula, currently stretching as far south as Somerset County.

Concurrently with the expanded access and utilization of natural gas across the residential, commercial, industrial and electric power generation sectors, 2020 CO₂ emissions from fuel consumption in Delaware were down by over 28% since 2005. From 2005 to 2020, U.S. states have realized an average 31.6% decrease in metric tons of energy-related CO₂ per person; Delaware betters this average, decreasing its metric tons of energy-related CO₂ per person by 39%.

Over the time period of 2005 to 2020:

- The state of Delaware’s population has increased by over 17%, however it has realized a net reduction in CO₂ emissions from fuel consumption by over 28% as the presence of natural gas throughout the state increased over that same time period. Our natural gas distribution division has nearly doubled its average number of customers in Delaware, and increased deliveries by 81%, and our natural gas transmission pipeline more than tripled its annual throughput in Delaware to electric, industrial, and two local distribution companies (including our Delaware Division), going from almost 16 BCF in 2005 to over 51 BCF in 2020.

Our Future
Our Future

The economic and social impact of our business is not limited to our own investments and the number of employees we have. As with all businesses, we do not operate in a silo – our contributions include direct, indirect and induced effects, originating from construction and ongoing operation.

Chesapeake Utilities’ capital expenditures totaled $1.8 billion over the last ten years, comprised of capital investments and acquisitions. Our capital investments, excluding capital costs related to 2018’s Hurricane Michael which affected our Florida electric distribution entity, were 88% of that total, reflecting the continued strong growth of our midstream pipeline operations, local distribution companies and propane distribution operations, as well as increased growth in CNG and RNG infrastructure. Acquisitions over that period expanded our operating footprint into Ohio and along the Mid-Atlantic and South Atlantic Coast states, expanding our positive economic and social impacts in those areas as well. We are proud of our growth track record, and our ability to provide energy delivery services to previously underserved areas, so that no one is left behind.
When we invest in additional infrastructure, we are not only meeting the energy needs of our immediate customers and the expectations of our shareholders, but we are also positively impacting local, regional and national economies, benefiting multiple stakeholder groups. As an energy delivery company, we help to create a solid foundation for communities to attract and retain other businesses. And when the energy we deliver is further used as a resource to create products or provide other energy (such as natural gas used for electricity generation), we are highly integrated into the economic impact of other industries as well. Two examples include:

In Florida, our Wildlight Expansion project is an extension of our natural gas transmission and distribution pipelines to meet the energy needs associated with rapid growth in Nassau County, Florida. Wildlight is a mixed use, master planned community, encompassing residential, commercial and industrial customers as well as trails, public parks, schools and conservation areas. This community is an example of private-public partnership generating economic development through smart growth planning. With a prime location close to major road networks, Wildlight’s website self-describes the development as enhancing “accessibility to key regional destinations and will give the rest of the county ready access to the schools, public recreational amenities and businesses” while growing in a way that allows the county to retain its wide-open rural character. The first phase of the expansion includes residential housing as well as retail and office space, including our Florida headquarters. Our transmission and distribution pipeline extensions will follow the development phase-in, which allows for a matching of the economics.

Delaware’s southernmost county, Sussex County, has experienced significant growth. The Delaware Center for the Inland Bays reports, “From 2017 through 2020, the number of new subdivision lots proposed in Sussex County averaged over 4,300 each year, with a peak of 6,985 in 2017. Similarly, the number of new building permits issued is substantial, averaging over 10,000 each year during the same four-year period (Sussex County Council, 2021). Collectively, these different facets of the market—tourism, outdoor recreation, real estate and service industries—form the Inland Bays economy, which generates jobs and income for tens of thousands of Delaware residents and contributes tax revenue to local and state governments.”

Our natural gas and propane infrastructure deliver the energy necessary to support the growth experienced, and we are well poised to continue to meet the energy delivery needs of future growth as well. We are pleased to be part of Delaware’s story of decreasing metric tons of energy-related CO₂ per person despite an increasing population. For additional information, please refer to the “Spotlight on Delaware Emissions – A case study” within this report.

While there are many reasons an area could experience such growth, the basis for the growth experienced in many of our service areas can be highly attributed to the coastal environment and natural resources, especially within the Delmarva Peninsula and Florida. In fact, Florida and Delaware were both in the top 10% in state population growth for the period July 2022 over July 2021 according to the U.S. Census Bureau.

We know that ongoing growth must be balanced with measures to protect and revitalize natural resources. Our actions each and every day help to strike that balance. As Chesapeake Utilities has grown our presence to support economic growth, we have contributed funds, completed enhancement or restoration projects as part of the permitting process (improving general air and water quality), volunteered in planting native trees and shrubbery, helped to restore shorelines and worked with renewable natural gas developers to protect, restore and revitalize the natural resources that underpin the growth in the areas we serve.
Natural Gas Availability Produces Regional Positive Impacts

The energy we deliver contributes to economic growth, provides substantial environmental benefits, and supports critical community revitalization efforts.

Our recently completed Somerset expansion project (extensions of transmission and distribution pipelines) facilitated the availability of natural gas to Somerset County, one of Maryland’s most economically disadvantaged and underserved counties regarding modern infrastructure. The availability of natural gas now allows for new economic development and provides environmental benefits to large energy consumers by offsetting higher carbon energy sources like fuel oil and wood chips. Benefiting the area even further, the pipeline is available to offtake renewable natural gas being produced locally in Somerset County.

“It is exciting to see this growth and expansion in Princess Anne. This is the best new industrial activity in the Industrial Park in over 10 years. These new companies will add jobs and employ people with a variety of skills and backgrounds.”*

—HENRY HANNA, SENIOR ADVISOR, SVN MILLER COMMERCIAL REAL ESTATE

*Source: Princess Anne Industrial Park Sees Increase in Activity | SVN | Miller Commercial Real Estate Services (svnmiller.com)

In addition to the anchor customers of the pipeline, natural gas is now available at a technology park in Somerset County, which is attracting more commercial customers and helping to noticeably grow the local economy.

The extension is also facilitating a planned mixed-use commercial development near the local HBCU which will include hotels and lodging, professional office space, retail and highway pad sites.

This growth is important to the region to develop a robust and resilient economy that encourages future economic growth and investment.
The Comprehensive Economic Development Strategy (CEDS) for the Lower Eastern Shore of Maryland details the benefits of the Somerset extensions and future extensions southward:

- More proportionate distribution of economic development in the region
- Increased energy source choices
- Less expensive energy source for persons of limited means
- Fewer emissions than electricity generated by other fossil fuel sources
- Carbon offsets
- Improved resiliency of economy following natural disasters
- Ability to inject locally produced RNG into the distribution system
- Grant availability to help subsidize installation in the first five years of implementation

The success of our extension into Somerset County, Maryland, inspires other planned economic growth initiatives for the southern portion of the Delmarva Peninsula.

In early 2023, we announced we were increasing the range of our capital investment guidance for the years 2021-2025, as shown here:

<table>
<thead>
<tr>
<th>Year Range</th>
<th>New Guidance</th>
<th>Previous Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021-2022</td>
<td>$369M</td>
<td>$369M</td>
</tr>
<tr>
<td>2023-2025</td>
<td>$531M-$731M</td>
<td>$381M-$631M</td>
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</tbody>
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The increase reflects our continued confidence in the expansion of our existing core businesses to meet the significant demand for the energy services provided by our business units, and to support the increasing opportunities in renewable energy investments.
About This Report
About This Report

In our Inaugural Sustainability Report, we laid out several focus areas that were identified through a robust engagement process that included key stakeholders, including our employees, customers, community leaders and investors. We reaffirm those focus areas, and they continue to inform the topic areas covered in this report.

We utilized relevant Sustainability Accounting Standards Board (SASB) frameworks and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and referenced the Global Reporting Initiative (GRI) Standards to guide the development of this report. Our reported Scope 1 and Scope 2 GHG emissions were calculated under the guidance of the Greenhouse Gas Protocol.

This report includes our Scope 1 and Scope 2 GHG emissions for the calendar years of 2019-2022. We obtained independent third-party verification of those reported emissions, which was conducted in accordance with the ISO 14064-Part 3 verification standard, Specification with Guidance for the Verification and Validation of Greenhouse Gas Statements. Our Internal Audit team reviewed the contents of this report, which was developed by and with the expertise, guidance and support of a cross-functional team of business leaders within our Company.

We are committed to continually improving our data collection, measurement and reporting, and our fundamentals of standardization, collaboration, automation and simplification provide the pathway to drive that commitment forward. With this report, we continued to include the SASB table for the Gas Utilities and Distributors standard (SASB-GU) providing information on our natural gas distribution operations. We added a second SASB table for the Oil and Gas Midstream standard (SASB-MD) to provide more information on our midstream natural gas transmission operations. We also took a step toward more formally aligning with the TCFD recommendations, adding a TCFD table in this report.
FORWARD-LOOKING STATEMENTS

This report is for general informational purposes only, and the information contained herein is not intended to and should not be relied upon with respect to any specific matter or factual circumstance. This report may contain certain statements that represent our intentions, plans, expectations, assumptions and beliefs about our future performance, business strategy, projected plans and objectives. These and other similar statements that do not directly or exclusively relate to historical facts are "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can typically be identified by the use of forward-looking words, such as "project," "believe," "expect," "anticipate," "intend," "plan," "estimate," "continue," "potential," "forecast," "goals," "target," "outlook," "commitment" or other similar words, or future or conditional verbs such as "may," "will," "should," "would" or "could." You should not place undue reliance on these statements, which are not a guarantee of future performance. These statements represent our intentions, plans, expectations, assumptions and beliefs about our future performance, business strategy, projected plans and objectives of the Company. All forward-looking statements made in this report and all subsequent forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by these cautionary statements. Forward-looking statements speak only as of the date they are made or as of the date indicated, and we do not undertake any obligation to update forward-looking statements as a result of new information, future events or otherwise. These statements are subject to many risks, uncertainties and other important factors that could cause actual future results to differ materially from those expressed or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to, those discussed in this report and the following: state and federal legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rate structures, and affect the speed and the degree to which competition enters the electric, propane and natural gas industries; inability to maintain, negotiate or renegotiate acceptable franchise agreements; the outcomes of regulatory, environmental and legal matters, including whether pending matters are resolved within current estimates and whether the related costs are adequately covered by insurance or recoverable in rates; the impact of climate change, including the impact of greenhouse gas emissions or other legislation or regulations intended to address climate change; decarbonization and the role of natural gas, propane and the gas delivery system, including the use of renewables, carbon emissions, targets and savings, RNG projects or investments and time and completion thereof, or hydrogen projects and programs and timing and completion thereof; procurement of RNG or hydrogen; effect of any reductions or modifications to, or elimination of, governmental incentives or policies that support renewable energy projects or the imposition of additional tax laws, policies or assessments on renewable energy; the impact of significant changes to current tax regulations and rates; the timing of certification authorizations associated with new capital projects and the ability to construct facilities at or below estimated costs; the availability to materials necessary to construct new capital projects; changes in environmental and other laws and regulations to which we are subject and environmental conditions of property that we own, or may own in the future, own or operate; possible increased federal, state and local regulation of the safety of our operations; the inherent hazards and risks involved in transporting and distributing natural gas, electricity, and propane; the economy in our service territories or markets, the nation, and worldwide, including the impact of economic conditions (which we do not control) on demand for natural gas, electricity, propane or other fuels; risks related to cyber-attacks or cyber-terrorism that could disrupt our business operations or result in failure of information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information; adverse weather conditions, including the effects of hurricanes, tornados, ice storms and other damaging weather events; customers' preferred energy and other forms of energy; the timing and extent of changes in commodity prices and interest rates; the effect of spot, forward and future market prices on our various energy businesses; the extent of our success in connecting natural gas and electric supplies to our transmission systems, establishing and maintaining key supply sources, and expanding natural gas, propane and electric markets; the creditworthiness of counterparties with which we are engaged in transactions; the capital-intensive nature of our regulated energy businesses; our ability to access the credit and capital markets to execute our business strategy, including our ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general economic conditions; the ability to successfully execute, manage and integrate a merger, acquisition or divestiture of assets or businesses and the related regulatory or other conditions associated with the merger, acquisition or divestiture; the impact on our costs and funding obligations, under our pension and other post-retirement benefit plans, of potential downturns in the financial markets, lower discount rates, and costs associated with health care legislation and regulation; the ability to continue to hire, train and retain appropriately qualified personnel; occurrence of work strikes or stoppages and increasing personnel costs; reopening and remote work plans; inability to advance Companywide initiatives and programs; impact of adverse publicity; changes in the market value and other risks to Chesapeake Utilities' investments and its common stock; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; and risks related to the outbreak of a pandemic, including the duration and scope of the pandemic and the corresponding impact on our supply chains, our personnel, our contract counterparties, general economic conditions and growth, and the financial markets. Chesapeake Utilities discusses these and other risks and uncertainties in its annual report on Form 10-K for the year ended December 31, 2022, and other subsequent Securities and Exchange Commission (SEC) filings. This Sustainability Report should be read in conjunction with such SEC filings.
Appendices

SASB-GU: Gas Utilities & Distributors
SASB-MD: Midstream, Natural Gas
TCFD: Task Force on Climate-related Financial Disclosures
Workforce Statistics
Energy Affordability

### SASB-GU: GAS UTILITIES & DISTRIBUTORS

#### Energy Affordability

**SASB CODE** | **ACTIVITY METRIC** | **CHESAPEAKE UTILITIES AS OF DEC. 31, 2021** | **CHESAPEAKE UTILITIES AS OF DEC. 31, 2022**
--- | --- | --- | ---
IF-GU-240a.1 | Average retail gas rate for (1) residential, (2) commercial, (3) industrial customers, and (4) transportation services only | Distribution gas revenues per Dts/MMBtu: (1) Residential: $19.32, (2) Commercial: $4.86, (3) Industrial: $6.38, (4) Transportation/Other: $1.40 | Distribution gas revenues per Dts/MMBtu: (1) Residential: $20.02, (2) Commercial: $5.99, (3) Industrial: $7.45, (4) Transportation/Other: $1.69
IF-GU-240a.2 | Typical monthly gas bill for residential customers for (1) 50 MMBtu and (2) 100 MMBtu of gas delivered per year | (1) 50 MMBtu: $85.78, (2) 100 MMBtu: $152.77 | (1) 50 MMBtu: $97.36, (2) 100 MMBtu: $192.89
IF-GU-240a.3 | Number of residential customer gas disconnections for non-payment, percentage reconnected within 30 days | CPK does not publicly disclose its disconnection and reconnection data, as extenuating circumstances vary among individual customers. For its residential gas distribution customers in Delaware and Maryland, the Company adheres to weather-based disconnection moratoriums regulated by the public service commissions in each state for the months of November through March. In addition, please see the response to IF-GU-240a.4 below, where we discuss the energy efficiency and conservation programs we actively promote as well as our program to help our customers undergoing financial hardship or on a fixed income with their energy bills. | 
IF-GU-240a.4 | Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory | We are obligated to provide safe and reliable natural gas utility service at just and reasonable prices. All of our natural gas distribution entities are rate-regulated by their respective operating states’ public service commission (PSC). Each state also has a public (or consumer) advocate that participates in rate proceedings; the advocate acts on behalf of our customers to ensure the best interest of the customer is taken into consideration during rate proceedings. Prudency tests are undertaken by the PSCs to determine if costs to be recovered through our rates were reasonably incurred, given the circumstances and what was known at the time. We do recognize that what is considered just and reasonable with regard to our rates could be subjective from one customer to the next or one customer class to another within our service territories. We have long-standing programs in place to promote energy efficiency and directly assist our customers. We actively promote energy efficiency and conservation via our distribution entities’ websites and via customer newsletter mail inserts, along with information provided on rebates, assistance programs that encourage end user efficiency measures and energy usage tips. Our Florida distribution entities have had a formal conservation program in place since 1984 that offers free on-site home energy checkups which include energy usage analysis and personalized information about ways customers can cut energy costs and live more sustainably. On Delmarva, we are a partner of Energize Delaware, a nonprofit corporation offering renewable and energy-efficiency programs that help Delawearians live more sustainably. Energize Delaware partners with utilities, public advocacy and community action groups and other organizations, and offers programs including home energy audits, appliance rebates, low-cost loans and energy efficiency upgrades at significantly reduced costs. We have also joined Energize Delaware’s Energy Equity Fund, which was established in October 2021 to support Energize Delaware’s Empowerment Grant Program, which promotes energy efficiency and sustainable energy as a tool to mitigate poverty. Additionally, Chesapeake Utilities implemented its SHARING program in 1983 to help natural gas customers undergoing financial hardship or on a fixed income with their energy bills. We have established a Companywide Giving Policy (Giving Policy) designed to positively impact our customers and the communities in which we operate. Our focus is on working with nonprofit charitable organizations that provide a positive connection with our communities and serve without discrimination and that align with our mission, vision and values. Our Giving Policy includes the following focus areas: Safety and Health, Community Development, Education, and Environmental Stewardship. Within the Safety and Health focus area we concentrate on food insecurity, nutrition, health education, research and training. Our Community Development focus area seeks to support equity, diversity and inclusion, community development and revitalization, and volunteerism. Our Education focus area support children and youth development, STEAM (science, technology, engineering, arts, and mathematics) programs, training and workforce development, and scholarship support. Our Environmental Stewardship focus area promotes the conservation and protection of our natural resources and assists customers and communities with solutions for more efficient energy use.

We are committed to supporting the economic health of the communities we serve, and the energy we provide contributes to economic growth in the areas we reach. The economic impact of our business is not simply limited to our own investments and the number of employees we have. As with all businesses, we do not operate in a silo — our economic contributions include direct, indirect, and induced economic effects, and occur both from construction and ongoing operation. When we invest in additional infrastructure, we are not only meeting the natural gas demand needs of our immediate customers and simultaneously meeting the expectations of our shareholders; but we are also positively impacting the local, regional, and national economies, impacting multiple stakeholder groups. As an energy provider, we provide a solid foundation for municipalities to attract and retain other businesses. And when the energy we deliver is further used as a feedstock to create other products or provide other energy (such as natural gas used for electricity generation), we are highly integrated into the economic impact of other industries as well.

For discussion on the economic conditions and economic impact of natural gas expansion within our service territories, please see the sections of the Sustainability Report.
## End-Use Efficiency

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACTIVITY METRIC</th>
<th>CHESAPEAKE UTILITIES AS OF DEC. 31, 2021</th>
<th>CHESAPEAKE UTILITIES AS OF DEC. 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>IF-GU-420a.1</td>
<td>Percentage of gas utility revenues from rate structures that (1) are decoupled or (2) contain a lost revenue adjustment mechanism (LRAM)</td>
<td>71,350 MMBtu</td>
<td>86,736 MMBtu</td>
</tr>
<tr>
<td>IF-GU-420a.2</td>
<td>Customer gas savings from efficiency measures by market</td>
<td>71,350 MMBtu</td>
<td>86,736 MMBtu</td>
</tr>
</tbody>
</table>

## Integrity of Gas Delivery Infrastructure

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACTIVITY METRIC</th>
<th>CHESAPEAKE UTILITIES AS OF DEC. 31, 2021</th>
<th>CHESAPEAKE UTILITIES AS OF DEC. 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>IF-GU-540a.1</td>
<td>Number of (1) reportable pipeline incidents, (2) Corrective Action Orders (CAO), and (3) Notices of Probable Violation (NPV)</td>
<td>(1) 0 Reportable Pipeline Incidents (2) 0 Corrective Action Orders (3) 2 Notices of Probable Violations</td>
<td>(1) 1 Reportable Pipeline Incident (2) 0 Corrective Action Orders (3) 0 Notices of Probable Violations</td>
</tr>
<tr>
<td>IF-GU-540a.2</td>
<td>Percentage of distribution pipeline that is (1) cast and/or wrought iron and (2) unprotected steel</td>
<td>(1) 0.00% (2) 4.4%</td>
<td>(1) 0.00% (2) 0.00%</td>
</tr>
<tr>
<td>IF-GU-540a.3</td>
<td>Percentage of gas (1) transmission and (2) distribution pipelines inspected</td>
<td>(1) 100% (2) 0%</td>
<td>(1) 0% (2) 0%</td>
</tr>
</tbody>
</table>

Safety is the number one priority across all of Chesapeake Utilities, and business continuity and emergency response planning are fundamental to our obligation to provide safe, reliable service. A strong safety and emergency preparedness culture is integrated into our culture and is maintained throughout project lifecycles. All employees have access to required safety and health training, policies, programs and safety manuals, as well as federal or state required communications, through a corporate-wide centralized portal for employee safety and health training. Our contract partners face many of the same risks on the job as our employees, and our Supplier Code of Conduct includes the expectation that our contractors will treat safety as a primary responsibility and they will comply with all applicable laws, codes, regulations and industry safety standards. Any contractor working on our natural gas systems must comply with applicable Operator Qualified personnel requirements. For all large construction projects, we conduct a safety orientation briefing assigning Company project inspectors to review performance and safety. Third party damage is one of the leading causes of pipeline leaks. We conduct awareness campaigns designed to educate our customers, public officials and excavators about damage prevention, hazard prevention, leak recognition and response, call-before-you-dig requirements and pipeline location information and provide company contacts and response information. Our pipeline public awareness brochure, which discusses safety information about the underground gas pipelines in our natural gas distribution service areas, is available in Spanish as well. Our damage prevention coordinators serve as liaisons between excavators, the public, emergency responders and our distribution companies, as well as promote damage prevention through ongoing training and communication with excavators and team members. Maintaining a strong safety culture is accomplished by identifying, mitigating and communicating hazards and physical risks, and we are committed to learn from any identified weaknesses in our safety systems, promptly addressing our findings and communicating what we learn across the organization. Our emergency response and preparedness plans detail our procedures for promptly and effectively responding to emergencies. Annually, the plans are evaluated and assessed, taking into consideration any changes to applicable regulations or Company operational changes. We routinely conduct tabletop drills and simulated event exercises to identify and mitigate gaps in response plans, and our employees receive annual training. Local emergency responders are an integral part of our safety team, and we work closely with them in defining roles and responsibilities to be carried out during emergencies.
### Activity Metrics

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACTIVITY METRIC</th>
<th>CHESAPEAKE UTILITIES AS OF DEC. 31, 2021</th>
<th>CHESAPEAKE UTILITIES AS OF DEC. 31, 2022</th>
</tr>
</thead>
</table>
| IF-GU-000.A | Number of: (1) residential, (2) commercial, and (3) industrial customers served | (1) 169,332  
(2) 13,492  
(3) 2,749 | (1) 177,768  
(2) 13,634  
(3) 2,809 |
| 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 | (1) 6,499,920 MMBtu  
(2) 10,479,589 MMBtu  
(3) 40,004,014 MMBtu  
(4) n/a | (1) 6,731,933 MMBtu  
(2) 10,621,372 MMBtu  
(3) 37,683,520 MMBtu  
(4) n/a |
| IF-GU-000.C | Length of gas (1) transmission and (2) distribution pipelines | (1) Our Florida distribution entity owns approximately 10 miles of transmission pipeline. In addition, our mid-stream entities own an aggregate of 580 miles of transmission pipeline.  
(2) Our distribution entities own an aggregate 5,011 miles of distribution pipeline. In addition, our Florida mid-stream entity owns 102 miles of distribution-rated pipeline. | (1) Our Florida distribution entity owns approximately 10 miles of transmission pipeline. In addition, our mid-stream entities own an aggregate of 581 miles of transmission pipeline.  
(2) Our distribution entities own an aggregate 5,251 miles of distribution pipeline. In addition, our Florida mid-stream entity owns 102 miles of distribution-rated pipeline. |
Greenhouse Gas Emissions

**SASB CODE** | **ACTIVITY METRIC** | **NATURAL GAS TRANSMISSION**
---|---|---
**EM-MD-110a.1** | Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations | Gross global Scope 1 emissions for midstream natural gas transmission operations: 23,994 mtCO2e
- % methane: 71.5%
- % covered under emissions-limiting regulations: Fugitive emissions related to Eastern Shore’s compressor stations equate for approximately 33.8% of our midstream natural gas transmission Scope 1 emissions.
The compressors operate under synthetic minor air permits, which specify emission levels for pollutants.
For additional information on CPK’s emissions, please see the Environmental Stewardship section of the Sustainability Report.

**EM-MD-110a.2** | 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 | As a member of the Interstate Natural Gas Association of America (INGAA), Eastern Shore is committed to reducing both CO2 and methane emissions from its pipeline and compressors, while maintaining pipeline integrity, safe operations and minimizing adverse customer and community impacts. Eastern Shore abides by this commitment by doing such things as conducting routine leak surveys and repairing, replacing, or otherwise mitigating emissions from any found leaks and introducing new technologies such as cross compression during construction activities requiring blowdowns. INGAA member companies work with state and federal regulators to ensure that natural gas pipelines and compressor stations are designed and built safely and operate in ways that minimize GHG emissions. We are also committed to ensuring safe and quality construction and ensuring all construction materials meet or exceed design specifications and regulatory requirements and inspect and test all new pipelines before they are put into service, all of which acts to also minimize fugitive emissions when the pipeline becomes operational.
Both Eastern Shore and Peninsula Pipeline are subject to the pipeline integrity management regulations of the Pipeline and Hazardous Material Safety Administration (PHMSA). Eastern Shore’s system is inspected by federal inspectors while Peninsula is subject to state inspection. To comply with PHMSA’s Maximum Allowable Operating Pressure (MAOP) Reconfirmation requirements, existing pipeline must have traceable, verifiable and complete pressure test records. Most pipeline that will fall into the category of not having such records would be older pipeline. For example, Eastern Shore identified a less than 1.5-mile segment of pipe that did not have those records and the MAOP could not be reduced due to design day requirements. The pipe, which was installed in 1965, was replaced during 2022. Replacing older pipe with newer takes advantage of any improvements in technologies and further reduces possible fugitive emissions.
Corporate-wide, Chesapeake Utilities is committed to continually improving its data collection and reporting processes to ensure it is using metrics/emissions factors that best reflect the Company’s Scope 1 emissions footprint, continually improving transparency and the identification of opportunities for further reduction and reporting on emissions reduction progress.
For additional discussion on how we manage our Scope 1 emissions please see the Environmental Stewardship section of the Sustainability Report.

Air Quality

**SASB CODE** | **ACTIVITY METRIC** | **NATURAL GAS TRANSMISSION**
---|---|---
**EM-MD-120a.1** | Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM10) | The numbers below are related to Eastern Shore’s transmission compressors; Eastern Shore is the only midstream transmission operating unit whose pipeline system includes transmission compressors.
- (1) 9.6433 metric tons
- (2) 0.0363 metric tons
- (3) 0.0352 metric tons
- (4) 2.9665 metric tons

INFORMATION FOR: EASTERN SHORE NATURAL GAS COMPANY AND PENINSULA PIPELINE COMPANY
AS OF DECEMBER 31, 2022
(Chesapeake’s newest intrastate natural gas transmission pipeline in Ohio, Aspire Energy Express, is not included in this disclosure report due to its shipper, an electric power generation facility, still being in the commissioning / Start-Up phase - full operations expected to commence in 2023)
### Ecological Impacts

<table>
<thead>
<tr>
<th>SASB CODE</th>
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</tr>
</thead>
<tbody>
<tr>
<td>EM-MD-160a.1</td>
<td>Description of environmental management policies and practices for active operations</td>
<td>We take care to design our projects to avoid adverse impacts on the environment and landowners. During project development, we obtain permits and concurrences and hold agency consultations for environmental matters such as wetlands, water crossings, endangered species, migratory birds, air quality, noise, soils, stormwater/wastewater, coastal zone management, as well as location-specific issues. We work with government and community officials at all levels - federal, regional, state, local - to plan, develop and expand energy solutions that help promote sustainable growth opportunities and environmental benefits within our communities. Eastern Shore adopts environmental management policies aligned with FERC requirements, including FERC's Upland Erosion Control, Revegetation, and Maintenance Plan, and FERC's Wetland and Waterbody Construction and Mitigation Procedures. Eastern Shore adheres to the following guidelines: ESNG Construction Standards, ESNG Spill Prevention Control and Countermeasures Plan (SPCC), ESNG Safety, Fire Protection, and Environmental Health Requirements, ESNG Horizontal Directional Drilling (HDD) Inadvertent Surface Release Contingency Plan, ESNG Unanticipated Contamination Area Plan, ESNG Winter Stabilization Monitoring Plan, ESNG Sinkhole Mitigation. Together these policies, guidelines and procedures help to ensure mitigation of environmental impacts from land disturbance and clean restoration. For each construction project approved by FERC, Eastern Shore maintains a permit book and, prior to construction being authorized to commence, must submit an implementation Plan to FERC for approval indicating how the company will adhere to the general permits and any special conditions attached. Construction may only begin upon written authorization from the FERC’s Office of Energy Projects, which is only granted once it is determined that all authorizations required under federal law have been obtained (or waived). Pre-construction environmental training encompasses supervisory staff and crew training, and representatives from FERC’s Office of Energy Projects are invited to attend as well. Training may be held on a daily basis, if necessary, to accommodate new hires and visitors to a project’s construction site. Once permits are in hand and terms agreed upon with affected landowners, compliance is of utmost importance – it cannot be stressed enough. Public trust is essential for the continued growth and sustainability of any business, and our growth history and anticipated future growth speaks to our commitment to earning and keeping public trust. Completed projects can only be placed into service upon written authorization from the same FERC Office, which only grants the authorization once it is determined that rehabilitation and restoration of the right-of-way and other areas affected by the project’s construction are proceeding satisfactorily. Recently, Eastern Shore completed a multi-state expansion of our pipeline in Delaware and Maryland (Del-Mary Energy Pathway Project). The expansion included looping of existing pipeline in Delaware and an extension of the pipeline in Maryland, the Somerset Extension. During the nearly 2-year duration of the construction, there were 0 environmental non-compliance events. Chesapeake is undertaking an effort to update and adopt a consolidated transmission construction standards manual for all of its midstream natural gas transmission pipelines. Please see the Environmental Compliance and Permitting and Being a Good Neighbor sections of the Sustainability Report for additional information.</td>
</tr>
<tr>
<td>EM-MD-160a.2</td>
<td>Percentage of land owned, leased, and/or operated within areas of protected conservation status or endangered species habitat</td>
<td>Eastern Shore’s natural gas transmission pipeline system is located on the Delmarva Peninsula, a portion of which is located within the Delaware Bay Estuary, and portions of which could potentially be home to several federally listed endangered species and a species listed as critically endangered on the IUCN’s Red List (bog turtles). Prior to moving forward with projects, Eastern Shore must secure all applicable permits, obtain all applicable concurrences, and holds consultations with local, regional, state and federal agencies, as appropriate. These permits / concurrences / consultations cover such items as wetlands, water crossings, endangered species, migratory birds, air quality, noise, soils, land use, stormwater/wastewater, coastal zone management, as well as location-specific issues. Projects are designed so as to meet goals adopted by governmental agencies regarding biodiversity impacts - for example, the U.S. Fish and Wildlife Service recommends avoiding impacts to wetlands, and projects are designed to avoid wetlands in the entirety when possible, and if not possible, effective construction contingency, mitigation and restoration plans are put into place that must satisfy the agency. Such plans are described in more detail in the Eastern Shore Natural Gas Highlight in the body of the report. Assessments related to Chesapeake’s intrastate natural gas transmission pipelines are ongoing, and it is expected they will be reported on in the future as the data collection process continues to mature.</td>
</tr>
<tr>
<td>EM-MD-160a.3</td>
<td>Terrestrial acreage disturbed, percentage of impacted area restored</td>
<td>Eastern Shore’s most recent expansion project that required plans from a regulatory agency to mitigate or remediate negative ecological impacts prior to project approval is its Del-Mary Energy Pathway Project (FERC docket number CP18-548). Overall the land affected during construction was approximately 273.5 acres, and land affected during operation approximately 28.9 acres. The last segment of construction for that project was completed in September 2022, and final restoration efforts began. The last quarterly restoration report was filed with the Federal Energy Regulatory Commission (FERC) in July 2022 as restoration was completed and stable. Eastern Shore continues to monitor the restored sites. Thus, no land is considered disturbed for purposes of this disclosure. Eastern Shore received authorization to move forward with its Southern Expansion from the FERC in December 2022 (FERC docket number OP22-40). Land affected during the construction and operation of this project will be within Eastern Shore’s existing compressor station and land adjacent to it, owned by Eastern Shore - total land disturbance will be approximately 4.4 acres. Construction is anticipated to begin in the second quarter of 2023. Eastern Shore has undertaken and routinely undertakes other smaller projects that do not require prior specific FERC NEPA reviews. Assessments related to Chesapeake’s intrastate natural gas transmission pipelines are ongoing, and it is expected they will be reported on in the future as the data collection process continues to mature.</td>
</tr>
<tr>
<td>EM-MD-160a.4</td>
<td>Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume in Unusually Sensitive Areas (USA's), and volume recovered</td>
<td>Eastern Shore’s most recent expansion project that required plans from a regulatory agency to mitigate or remediate negative ecological impacts prior to project approval is its Del-Mary Energy Pathway Project (FERC docket number CP18-548). Overall the land affected during construction was approximately 273.5 acres, and land affected during operation approximately 28.9 acres. The last segment of construction for that project was completed in September 2022, and final restoration efforts began. The last quarterly restoration report was filed with the Federal Energy Regulatory Commission (FERC) in July 2022 as restoration was completed and stable. Eastern Shore continues to monitor the restored sites. Thus, no land is considered disturbed for purposes of this disclosure. Eastern Shore received authorization to move forward with its Southern Expansion from the FERC in December 2022 (FERC docket number OP22-40). Land affected during the construction and operation of this project will be within Eastern Shore’s existing compressor station and land adjacent to it, owned by Eastern Shore - total land disturbance will be approximately 4.4 acres. Construction is anticipated to begin in the second quarter of 2023. Eastern Shore has undertaken and routinely undertakes other smaller projects that do not require prior specific FERC NEPA reviews. Assessments related to Chesapeake’s intrastate natural gas transmission pipelines are ongoing, and it is expected they will be reported on in the future as the data collection process continues to mature.</td>
</tr>
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</table>
## APPENDICES | SASB-MD

### SASB-MD: MIDSTREAM, NATURAL GAS

#### Competitive Behavior

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACTIVITY METRIC</th>
<th>NATURAL GAS TRANSMISSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>EM-MD-520a.1</td>
<td>Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations</td>
<td>No legal proceedings associated with federal pipeline and storage regulations.</td>
</tr>
</tbody>
</table>

#### Operational Safety, Emergency Preparedness & Response

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACTIVITY METRIC</th>
<th>NATURAL GAS TRANSMISSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>EM-MD-540a.1</td>
<td>Number of reportable pipeline incidents, percentage significant</td>
<td>No reportable pipeline incidents</td>
</tr>
<tr>
<td>EM-MD-540a.2</td>
<td>Percentage of (1) natural gas and (2) hazardous liquid pipelines inspected</td>
<td>(1) 8.9%  (2) n/a</td>
</tr>
<tr>
<td>EM-MD-540a.3</td>
<td>Number of (1) accident releases and (2) nonaccident releases (NARs) from rail transportation</td>
<td>n/a - no rail transportation</td>
</tr>
</tbody>
</table>

Safety is the number one priority across all of Chesapeake Utilities, and business continuity and emergency response planning are fundamental to our obligation to provide safe, reliable service. A strong safety and emergency preparedness culture is integrated into our culture and is maintained throughout project lifecycles. All employees have access to required safety and health training, policies, programs and safety manuals, as well as federal or state required communications, through a corporate-wide centralized portal for employee safety and health training.

Our contract partners face many of the same risks on the job as our employees, and our Supplier Code of Conduct includes the expectation that our contractors will treat safety as a primary responsibility, and they will comply with all applicable laws, codes, regulations and industry safety standards. Any contractor working on our natural gas systems must comply with applicable Operator Qualified personnel requirements. For all large construction projects, we conduct a safety orientation briefing assigning Company project inspectors to review performance and safety. Third party damage is one of the leading causes of pipeline leaks. We conduct awareness campaigns designed to educate our customers, public officials and excavators about damage prevention, hazard prevention, leak recognition and response, call-before-you-dig requirements and pipeline location information and provide company contacts and response information. Our pipeline public awareness brochure, which discusses safety information about the underground gas pipelines in our natural gas distribution service areas, is available in Spanish as well. Our damage prevention coordinators serve as liaisons between excavators, the public, emergency responders and our distribution companies, as well as promote damage prevention through ongoing training and communication with excavators and team members.

Maintaining a strong safety culture is accomplished by identifying, mitigating and communicating hazards and physical risks, and we are committed to learn from any identified weaknesses in our safety systems, promptly addressing our findings and communicating what we learn across the organization. Our emergency response and preparedness plans detail our procedures for promptly and effectively responding to emergencies. Annually, the plans are evaluated and assessed, taking into consideration any changes to applicable regulations or Company operational changes. We routinely conduct tabletop drills and simulated event exercises to identify and mitigate gaps in response plans, and our employees receive annual training. Local emergency responders are an integral part of our safety team, and we work closely with them in defining roles and responsibilities to be carried out during emergencies.

For discussion on how safety and emergency preparedness are integrated into our culture, please see the Safety and Reliably Delivering Energy section of the Sustainability Report, and for discussion on management’s commitment to embed safety and emergency preparedness, please see the Enterprise Safety Governance section of the Sustainability Report.
## Activity Metrics

### NATURAL GAS TRANSMISSION

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACTIVITY METRIC</th>
<th>EM-MD-000.A</th>
<th><strong>TOTAL THROUGHPUT</strong></th>
<th><strong>TOTAL PIPELINE LENGTH</strong></th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>IN MMbtu</strong></td>
<td><strong>IN TONS</strong></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td><strong>IN MILES</strong></td>
<td><strong>IN KILOMETERS</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>65,691,808</td>
<td>16,564,846</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>682</td>
<td>1,098</td>
</tr>
<tr>
<td>(1)</td>
<td>Eastern Shore’s pipeline system consists of multiple delivery points along the pipeline and the total pipeline length includes looping, and Peninsula Pipeline’s pipeline system is comprised of several distinct pipelines which each vary in throughput and length, thus calculating ton-kilometer is not an accurate representation as the total amount delivered does not travel the length of the pipeline system. The below metrics related to throughput and pipeline length are commonly used in the midstream industry.</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td>n/a</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>(3)</td>
<td>n/a</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

- **Eastern Shore’s pipeline system consists of multiple delivery points along the pipeline and the total pipeline length includes looping, and Peninsula Pipeline’s pipeline system is comprised of several distinct pipelines which each vary in throughput and length, thus calculating ton-kilometer is not an accurate representation as the total amount delivered does not travel the length of the pipeline system. The below metrics related to throughput and pipeline length are commonly used in the midstream industry.**
## Governance

**DISCLOSE THE ORGANIZATION’S GOVERNANCE AROUND CLIMATE RELATED RISKS AND OPPORTUNITIES**

### a) Describe the board's oversight of climate-related risks and opportunities.

**Climate-related risks:** The Audit Committee assists the Board of Directors in the oversight of our enterprise risk management (ERM) program, which includes our methods and processes to manage risks and seize opportunities related to the achievement of our objectives. Operational, strategic, financial, compliance, and climate-related risks are included in our risk ERM risk profile. Newly identified risks, changes in our risk profile, and mitigation strategies are evaluated during our quarterly ERM review and discussed with the Audit Committee and the Board of Directors. Additionally, the activities of our management-led Risk Management Committee (RMC) are reported to the Audit Committee at least annually. The RMC reviews and discusses the Company’s guidelines and policies to govern the process by which risk assessment and risk management is undertaken within the Company, including the annual review of the Company’s Global Risk Management Policy. The RMC assesses operational, financial, strategic, market, credit, liquidity, security, information technology, cybersecurity, legal, regulatory, political, environmental, safety, physical security, compliance, and climate-related risks. The Board's Corporate Governance Committee oversees our ESG activities and practices, of which a component is climate-related, to continue enhancing our culture of sustainability and corporate governance practices.

**Climate-related opportunities:** The Board reviews our 5-year strategic plan and annual capital and operating budget every year and receives updates (forecasts) to the capital and operating budgets on a routine basis. Such reviews include our sustainable growth strategy, which includes identification of climate-related opportunities.

### b) Describe management’s role in assessing and managing climate-related risks and opportunities.

**Climate-related risks:** In 2022, we created an officer-led ERM team to coordinate with other organizational functions to further enhance our risk management culture. Our ERM process includes quarterly leadership meetings to evaluate emerging risks and mitigation strategies, including climate-related risks. We have also expanded our business continuity and disaster response planning and have adopted a robust information security risk acceptance process as part of our overall ERM program. Our long-established RMC provides oversight of our risk management activities, which encompass climate-related risks. Our chief policy and risk officer serves as chair of the Committee, alongside our chief financial officer and chief development officer, and are joined by our assistant vice president of risk management, our chief information officer, and other expert representatives across the organization to discuss existing and emerging risks.

**Climate-related opportunities:** Our robust strategic planning and budgeting processes occur annually. Our strategic planning process provides insight on our opportunities and hurdles over the next 5-year time horizon, including those that are climate-related, while our annual budgeting process sets detailed performance expectations over the short term. We complete scheduled forecasts on a routine basis, comparing our actual results to our budget expectations and adjusting short-term expectations based on current and reasonably foreseeable circumstances that may be different from the initial budget expectations.

In 2022, we established an environmental sustainability office, led by a newly created Environmental Sustainability Officer position. This group is focused on identifying and managing emission-reducing projects to further our internal emissions reduction efforts and positively contribute to our customers’ sustainability goals. We also established an internal ESG Committee, bringing together a cross-functional team of leaders across the organization to identify, analyze, and report on critical ESG topics.
**Strategy**

**DISCLOSE THE ACTUAL AND POTENTIAL IMPACTS OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANIZATION’S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING WHERE SUCH INFORMATION IS MATERIAL**

**a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.**

For more information, see Our ERM Process, Climate-Related Risks, Transitioning to a Lower-Carbon Economy and Our Future.

The identification of climate-related risks and opportunities are a part of our overall business risk identification and our strategic plan. Our SEC filings outline our most material business risks including financial, operational, and regulatory, legal and environmental. These include discussion on the climate-related transition and physical risks faced by our Company, including such risks that may arise due to emissions, new legislation or regulations, investor and societal expectations on voluntary ESG disclosures, including climate-related disclosures, alternative forms of energy, and weather events and longer-term changes in weather patterns. Our climate-related opportunities are discussed within this report, and include opportunities to provide new lower-carbon services and increase resiliency (such as through locally sourced renewable natural gas, and hydrogen blending), and opportunities for efficiency increases and emissions reductions. Through our ERM and strategic planning processes we continue to evaluate these risks and opportunities and as we continue to mature our alignment with the TCFD recommendations, we anticipate including climate-related risks and opportunities tables in future reports.

**b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.**

For more information, see Climate-Related Risks, Transitioning to a Lower-Carbon Economy and Our Future and our annual form 10-K.

Our sustainable strategy compels us to incorporate management of our climate-related risks and opportunities into our decision making. Changes in market preferences, public policies, legislation and regulations, technologies and climate and weather driven events provide both risks and opportunities. These could positively or negatively impact our revenues, operating expenditures, capital expenditures, short and long-term liabilities and financing expenses, for example. Positive impacts may be driven by such things as introducing new lower carbon products and services, efficiencies and conservation efforts, the hardening of our facilities most subject to climate change and severe weather events, and increasing the resiliency of our supply chain and assets. The impacts of risks and opportunities are reflected in our financial performance and our strategic planning.

**c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**

For more information, see Our Sustainable Strategy.

Our robust strategic planning process is renewed each year which provides an ongoing 5-year outlook. Our fundamental growth strategy focuses on optimizing our existing stable, foundational regulated businesses and investing in related non-regulated businesses that provide the opportunity to achieve greater than regulated returns. Climate change produces both risks and opportunities for our business, and both influence our specific strategic initiatives. Though we have not conducted a climate-specific scenario analysis at this time, our strategic planning process considers multiple scenarios that could impact our financial performance and positioning.

**Risk Management**

**DISCLOSE HOW THE ORGANIZATION IDENTIFIES, ASSESSES, AND MANAGES CLIMATE-RELATED RISKS**

**a) Describe the organization’s processes for identifying and assessing climate-related risks.**

For more information, see Our ERM Process and Climate-Related Risks.

The identification of and assessment of climate-related risks are part of our overall enterprise risk management process. Our risk categories of Strategic, Financial, Operational, and Compliance incorporate both transition and physical climate-related risks through the identification of risk drivers such as economic conditions, changes in demand or pricing due to items such as alternative energy availability or market changes, legislation or policy changes leading to regulatory and permitting impacts, workforce attraction and retention, damage to our facilities, and events that could cause reputational impact. To identify and assess risks, including climate-related risks, adequately throughout the organization, we utilize both a bottom-up and top-down risk management approach, and also benchmark our identified risks based on the results of annual national risk surveys. Our most material risks, which include those that have a climate-related element, are included in our SEC filings.

**b) Describe the organization’s processes for managing climate-related risks.**

For more information, see Our ERM Process.

Identified climate-related risks are assigned a risk mitigation plan, and reviewed quarterly with our senior business leaders and our Board.

**c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.**

For more information, see Climate-Related Risks.

Our enterprise risk assessment encompasses our business risk universe, which includes climate-related risks. We utilize both a top-down and bottom-up approach to risk identification and mitigation potentials. Reviews are done on a quarterly basis which allows for routine assessment how well an identified risk is being mitigated or managed, and allows for identification of new or emerging risks, which could then be incorporated into the same circular process.
TCFD: TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Metrics and Targets

DISCLOSE THE METRICS AND TARGETS USED TO ASSESS AND MANAGE RELEVANT CLIMATE-RELATED RISKS AND OPPORTUNITIES WHERE SUCH INFORMATION IS MATERIAL

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Our risk management and strategic planning processes incorporate the identification of and assessment of our business risks and opportunities, including those that are climate-related. Our risk management process identifies treatment plans associated with our most material business risks, including climate-related risks. Our strategic planning process takes into consideration the capital expenditures, revenue, and operating expenditures associated with potential opportunities, including those that are climate-related. We are a capital-intensive business, and the projects we strive to invest in meet the responsible and sustainable growth focus. We track and report climate-related metrics such as emissions data and operational data to state and federal regulators, and as part of the permitting processes, we estimate and report on climate-related impacts, including impacts on biodiversity, to regulators, permitting agencies, other stakeholders, and through this report.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Our company-wide Scope 1 and Scope 2 (location-based) GHG emissions for the calendar years 2021 and 2022 are included in the environmental section of this report. We have received third-party verification of our GHG calculations for the calendar years of 2019, 2020, 2021, and 2022. We continue to refine our data collection processes and identify areas where emission reductions are feasible and seek out growth opportunities to lower our carbon footprint as well as our customers.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Our environmental sustainability commitments, outlined in our inaugural sustainability report and reaffirmed with this report, form the backbone of our climate-related risks and opportunities, derived from our strategic planning process. We measure our success in managing climate-related risks and opportunities based on the execution of our strategic plan and annual budget by routinely checking our financial performance and positioning against those plans. We report SASB’s industry-specific metrics for our natural gas distribution operations and our midstream transmission operations. The SASB metrics were developed to identify the subset of ESG issues most relevant to the financial performance of the applicable industry, which includes climate-related ESG issues. As part of our ongoing risk mitigation and opportunity identification processes, we evaluate the environmental impacts our business may have, and target to minimize such impacts in ways that benefit our business and our stakeholders.

<table>
<thead>
<tr>
<th>(in mtCO2e)</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCOPE 1</td>
<td>221,405</td>
<td>215,226</td>
</tr>
<tr>
<td>SCOPE 2</td>
<td>15,720</td>
<td>18,956</td>
</tr>
<tr>
<td>TOTALS</td>
<td>237,125</td>
<td>234,182</td>
</tr>
</tbody>
</table>
WORKFORCE STATISTICS

Our workforce of more than 1,000 talented individuals with diverse backgrounds and experience bring an immeasurable value to our organization and our stakeholders. Our diverse and highly skilled team members foster a culture of engagement and inclusion. The below data aligns with our annual EEO-1 report, providing a demographic overview of our workforce. For more information, please see Investing in Our Employees.

<table>
<thead>
<tr>
<th>JOB CATEGORIES</th>
<th>HISPANIC OR LATINO</th>
<th>NON-HISPANIC OR LATINO</th>
<th>OVERALL TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td></td>
<td>White</td>
<td>Black or African American</td>
<td>Native Hawaiian or Pacific Islander</td>
</tr>
<tr>
<td>Executive/Sr Officials &amp; Managers</td>
<td>0</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>First/Mid Officials &amp; Managers</td>
<td>0</td>
<td>1</td>
<td>84</td>
</tr>
<tr>
<td>Professionals</td>
<td>6</td>
<td>9</td>
<td>93</td>
</tr>
<tr>
<td>Technicians</td>
<td>11</td>
<td>1</td>
<td>161</td>
</tr>
<tr>
<td>Sales Workers</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>4</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>Craft Workers</td>
<td>12</td>
<td>0</td>
<td>88</td>
</tr>
<tr>
<td>Operatives</td>
<td>5</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>Laborers &amp; Helpers</td>
<td>1</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Not Disclosed*</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>39</strong></td>
<td><strong>25</strong></td>
<td><strong>543</strong></td>
</tr>
</tbody>
</table>

* Not Disclosed: includes 1 male, 2 females