



Safety and Reliability Report

For the year ended December 31, 2023

CUC Safe



• SAFELY AND RELIABLY DELIVERING ENERGY

for more than 160 years •



This booklet provides an update on our safety initiatives, programs and metrics as of 12.31.23 and builds on sustainability reporting from prior years. Florida City Gas, which we acquired on 11.30.23, is not included in metrics reported herein. For more about how safety is integrated into our culture, please visit our [website](#).

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Chesapeake Utilities' Enterprise Safety Program manages and establishes a safety learning environment and continuously improves operational safety, integrity and reliability through application of the Plan-Do-Check-Act cycle in accordance with ANSI/API Recommended Practice 1173.

Our enterprisewide safety requirements are applicable across all business units, and our safety structure facilitates a constant feedback loop, driving a continuous improvement mindset throughout the enterprise.



Our Safety Policy

The health and safety of our employees, customers and communities are top priorities in all Company operations.



EXECUTIVE STATEMENT

“Our commitment to safety and compliance in our everyday operations and processes has consistently led to industry recognition for our efforts to improve service reliability and sustain employee, customer and community safety.”



JEFF HOUSEHOLDER
CHAIR OF THE BOARD, PRESIDENT AND CEO



**Safety is not just a box to be checked;
it's a core value that guides every aspect of our operations.**

It's ingrained in our policies, procedures, rules and regulations and supported by continuous monitoring and enhancement efforts. Prioritizing the welfare of our team members and communities and the dependability of our systems has consistently remained a cornerstone of our culture.

Achieving excellence in safety brings inherent benefits to our employees, the communities we serve and the environment in which we operate. But it's especially rewarding when our employees are acknowledged for our safety performance and are invited to share our safety approach.



Our Florida Public Utilities and Eastern Shore Natural Gas subsidiaries were recognized at the AGA's 2023 Operations Conference for top-tier industry performance in employee safety, while Aspire Energy was recognized as an industry leader in accident prevention by achieving a DART-incident rate below the industry average.



Chesapeake Utilities representatives spoke at the 2023 EHS Today Safety Leadership Conference, discussing our approach to enhancing our safety culture through risk management and business transformation.



Our Safety Values

- **All workplace incidents can be prevented.**
- **All workplace hazardous exposures can be controlled.**
- **Company leadership is responsible for safety performance.**
- **All employees and contractors are committed to working safely.**
- **Continuous assessment and improvement are essential.**
- **We are committed to a culture of safety 24/7.**



[Read more about our safety governance structure.](#)



Everyone has an important role to play in creating a culture of safety, regardless of their day-to-day responsibilities.

Our safety policy is not just about compliance; it's about focusing daily on the well-being of our stakeholders - a commitment that extends to every individual associated with Chesapeake Utilities.

By putting safety first, we provide a work environment that is not only safe, but also conducive to the overall health and happiness of our employees.

Our safety commitment isn't solely to ourselves, it extends to keeping each other safe, protecting our customers and being there for our families waiting at home. That's what keeps us dedicated to safety, day in and day out.

ACCOUNTABILITY AND RESPONSIBILITY FLOWS THROUGHOUT THE ORGANIZATION:

Board of Directors

Govern the Company by establishing broad safety and reliability objectives, ensuring resource availability and aligning organizational expectations with stakeholder needs.

President and Chief Executive Officer

Provides leadership and direction on overall strategy, policies and activities, with a focus on safety and reliability.

Company Officers

Provides strategic direction for enterprise safety and reliability, ensures alignment across business units, promotes and assesses a positive safety culture and oversees the approval of enterprisewide safety initiatives through collaboration with the executive safety team.

People Leaders (Directors, Managers, Supervisors)

Promote and nurture a positive safety culture, direct and control business unit safety, demonstrate commitment to the enterprise safety program, ensure incidents are reported, empower workforce personnel to raise concerns and establish a clear connection between objectives and day-to-day activities.

Our Team and Our Supply Chain

Perform duties safely, raise concerns about processes and procedures, stop work if unsafe, report incidents in accordance with Company policies, comply with laws and regulations, identify hazards and risks and contribute to continuous improvements of processes and procedures.



Safety Culture Throughout the Company

SUPPORTING OUR SAFETY PRIORITY



SAFETY IS OUR FIRST AND FOREMOST PRIORITY.

Several of our business units finished 2023 without any injuries or motor vehicle accidents.

Success story: Leading the way.

- Our Eight Flags combined heat and power (CHP) facility on Amelia Island, Florida, has been in operation since June 2016. A 24/7 operation, it has successfully operated with **ZERO** injuries and **ZERO** accidents since commencing operations.
- We acquired Planet Found Energy Development (PFED), a poultry biogas facility in Pocomoke City, Maryland, in late 2022. In 2023, PFED successfully operated with **ZERO** injuries and **ZERO** accidents.
- Our interstate pipeline company, Eastern Shore Natural Gas, extending from southeast Pennsylvania through much of the Delmarva Peninsula, operated with **ZERO** injuries in 2023.
- Our Marlin Gas subsidiary, which provides mobile compressed natural gas (CNG) utility and pipeline solutions, operated with **ZERO** accidents in 2023.



MAKING A DIFFERENCE — DELIVERING ON SAFETY AND RELIABILITY

Our underground community gas systems, fueled by our propane businesses, reduce the number of truck delivery stops and the number of individual household tanks, creating safety and environmental benefits, and enhancing the reliability and resiliency of our propane service. A single delivery stop can provide the fuel needed for an entire community, with a single community potentially having over 1,000 residential units.

Utilizing Technology To Support Our Safety Culture

LAUNCHED ENTERPRISEWIDE SAFETY DATA MANAGEMENT SYSTEM (SDMS)

Our new SDMS enables the seamless collection of safety data throughout our operations, empowering us to efficiently handle, monitor and report information in a timely fashion. Prompt dissemination of safety metrics fosters in-depth discussions, facilitating the formulation of actionable strategies. Wallet cards and QR code decals were given to all employees, providing additional ease of access to the SDMS. As part of the roll-out, all employees, regardless of position, were required to complete user training in our learning management system.



ROLLED OUT PERSONAL PROTECTION DEVICES

Integrated across our operating footprint in 2023, these latest protection tools provide our employees with the security of a 24/7 actively monitored connection should the device detect a possible fall or lack of motion, or detect gas concentrations in the ambient environment that exceed pre-set thresholds. These devices help keep our employees and our communities safer.



CONTINUALLY IMPROVING

During 2023, several safety workgroups focused on the following for implementation in 2024:

- Enhancing our driver training program
- Standardizing our personal protection equipment policy, including fire resistant clothing
- Formalizing our stop-work authority policy
- Standardizing our incident reporting policy
- Enhancing our gas smell test policy and procedures
- Formalizing our safety meeting attendance policy

Annually, all Enterprise Safety Program (ESP) elements are reviewed throughout our safety governance structure teams, facilitating continuous improvement through risk identification, management and mitigation.

Enterprise Safety Program

PURSUING CONTINUOUS IMPROVEMENT — PHYSICAL SECURITY

In 2023, we performed a gap assessment to evaluate our enterprisewide physical security program and identify opportunities for standardization and additional security controls.

Existing security protocols, policies, procedures and training programs across the Company were reviewed, and risk assessments were conducted at specific Company locations. To perform the assessment, we utilized the industry-recommended U.S. Department of Homeland Security National Infrastructure Protection Plan (NIPP), in accordance with Presidential Policy Directive (PPD) 21: Critical Infrastructure Security and Resilience, and in alignment with the following principles:

- ISO 27001 (Information Security Management System)
- ISO 31000 (Risk Management)
- American Society for Industrial Security's Physical Asset Protection Standard (ASIS PAP-2021)

Success story: ZERO critical recommendations.

The physical security program gap assessment resulted in **ZERO** critical recommendations, and identified several opportunities for program enhancements, including leveraging the new SDMS for physical security-related incidents and reporting. We developed an enterprisewide standard for security incident reporting and threat response with built in flexibility to handle specific incidents, as no two situations are the same.



MAKING A DIFFERENCE — PROTECTING WHAT IS IMPORTANT TO ALL OF US

CUC Security Our priority is the physical security of our personnel, facilities, assets and critical infrastructure. We continually work to provide a secure environment by identifying and mitigating risks, threats and vulnerabilities, while providing exceptional service.

 [Read more about our second Safety Town here.](#)

Expanding our Training Capabilities

Building on the success of our Safety Town in Delaware, we are constructing our second Safety Town, in DeBary, Florida, scheduled to be complete in late 2024.

Safety Town provides opportunities for crucial training and simulations that present various real-life scenarios faced by employees, first responders and other stakeholders. In 2023, we added a mobile safety training unit in Florida, bringing our total to three units. We can deploy these units across our service territories on the Delmarva Peninsula and in Florida to educate, provide safety training and help develop strong relationships with employees, community first-responder teams and other stakeholders at their respective locations. They are also used in the community to promote safety and build awareness at public events.



Our mobile training units and Safety Town also provide opportunities to educate local elected officials and community representatives about our safety protocols, training and preparedness.

COMMUNITY SAFETY ENGAGEMENT IN 2023



~400
Firefighters in our service areas received training

Of those, approximately 75 received training at our Safety Town facility in Delaware. Almost all of Delaware's fire companies are volunteer fire companies—much of the training is held after normal business hours.



Our Aspire Energy of Ohio subsidiary was a sponsor of Ohio Natural Energy's GoSafer 2023 training program, which reached more than 1,600 first responders across 60 Ohio counties.

500
Training Sessions
To date, we have provided over 500 training sessions to first responders throughout our service territories.

Enterprise Safety Program

PURSUING CONTINUOUS IMPROVEMENT — TRAINING AND AWARENESS

Training and learning are perpetual.

Our focus on safety begins in the onboarding process for all team members, and continues throughout an employee's tenure. Our policies and actions consistently communicate that safety is our first and foremost priority, and our employees understand and embrace this philosophy. Classroom training, virtual meeting and training sessions, hands-on training, on-the-job shadowing and planning, testing and evaluating are all part of our safety curriculum.

Success story: Training and education have significantly increased safety awareness.

Over the past five years, we have intensified our emphasis on near miss/safety observation programs through training and education. We consistently encourage the identification of unsafe behaviors or hazardous conditions, whether within or outside the work environment. This heightened focus has resulted in a substantial rise in the number of near miss/safety observations submitted by our employees. In 2023 alone, these submissions **exceeded 38 times** the amount recorded in 2019, showcasing a remarkable increase in safety awareness.



MAKING A DIFFERENCE — TRAINING IN ACTION

In December 2022, as part of our onboarding safety training at Safety Town, a class of nine newly-hired employees received CPR/AED/first aid certification training. Meter technician Jason Haynes, pictured above, put that training to use on the job in May 2023. While at a gas station, he sprang into action and immediately began performing CPR on a fellow community member that had collapsed, was not breathing and had no pulse. Jason's quick actions are credited with saving this person's life. His story was featured in the Making a Difference section in the **February 2024 edition of the American Gas Association's flagship publication, American Gas**. Recognizing the unmeasurable benefit this training provides, we are expanding CPR training opportunities throughout the organization.



Read more about our Public Awareness and Damage Prevention efforts [here](#).

Employee Engagement Metrics for 2023*

ENGAGED WORKERS = SAFE WORKERS

Average attendance, monthly safety meetings ~ **90%**

Near miss / safety observation submitted **Over 2,500**

Safety-related elective courses taken **Over 3,250**

* Year-end 2023 metrics do not include Florida City Gas

Our safety focus drives engagement and awareness throughout the organization.



The consolidation of our damage prevention teams into one cohesive centralized group has proven successful.

Chesapeake Utilities' 2022 Sustainability Report discussed our goal of achieving top-quartile performance against industry benchmarks among similarly sized companies and laid out specific indicators and targets. Here we report our progress toward those targets:

Indicator	Target	YE2023*	Remarks
Total Recordable Injury Rate (TRIR)	<2.5	3.53	We remain on the right trajectory to meet our targeted TRIR. Most of our injuries are sprains and strains, generally caused by lifting/pulling/pushing activity. Our monthly safety meetings, conducted through our learning management system, focus on bringing awareness to preventing these kinds of injuries. We formalized our Stop Work Authority Policy in 2023 to reinforce employee efforts in accident prevention and are also piloting mandatory stretch sessions.
Preventable Motor Vehicle Incident Rate (PMVIR)	<2.1	3.31	In pursuit of our PMVIR target, we've implemented new initiatives, including the completion of an enhanced driver training program and the implementation of corrective action training, in utilizing classroom settings and behind the wheel training, in response to incidents. We have established a cross functional working group, including leaders from the business units, Human Resources, insurance, legal and safety, to evaluate and act on the data collected relative to motor vehicle incidents, including evaluating safe driving technologies.
Damage Prevention Rate (hits/thousand locates)	<2.5	1.85	The number one cause of damage to our facilities was from no notification being made through 811 for location services, followed by a failure to maintain clearance even after verifying marks. Together, these accounted for 64% of the third party to our facilities in 2023. Our centralized damage prevention group focuses on education, training, investigations and engagement efforts. Through the SDMS, we standardized the process for hit facilities across the enterprise.

TRIR: Total number of OSHA recordable incidents x 200,000 / total hours worked by all employees during the year covered

PMVIR: Total number of preventable vehicle incidents x 1,000,000 / business use miles driven

Enterprise Safety Program

PURSUING CONTINUOUS IMPROVEMENT — DAMAGE PREVENTION

When a line is hit, the damage done is both a safety and an environmental impact concern.

Our damage prevention efforts not only help to mitigate safety risks, but also result in avoided methane emissions, helping us to continue to minimize our environmental footprint. The aim of our data-driven process is to obtain the full story, allowing us to identify the root cause, understand trends and develop targeted outreach efforts.

Our damage prevention team is a member of the Common Ground Alliance, a national nonprofit trade association dedicated to preventing damage to underground utility infrastructure and protecting those who live and work near these critical assets through the shared responsibility of our stakeholders.

Success story: Stakeholder engagement and education.

Regular communication with various stakeholders led to action when we noticed a spike in hit facility incidents in one of our service territories. To safeguard our people, community and assets, we conducted focused outreach to city and county officials and educated those in our supply chain on the importance of safe digging practices. Our training covered various topics including laws, safety protocols and the consequences of non-compliance.



Read more about our safe digging guidelines [here](#).



MAKING A DIFFERENCE — AWARD-WINNING LOCATE PRACTICES



SAFETY IS IN YOUR HANDS.
EVERY DIG. EVERY TIME.



LA SEGURIDAD ESTÁ EN SUS MANOS.
CADA EXCAVACIÓN. CADA VEZ.

Five of our line locators on Delmarva were recognized by Miss Utility of Delmarva with the Tony Gersitz Locator Achievement Award in April 2023 for excellence in locating during the previous year. Our line locators play an essential role in damage prevention, and one of the criteria for the award is having no at-fault utility damages for one year. Our dedicated line locators have received individual awards for multiple consecutive years, spanning four years to 10 years.



Protecting the Integrity of Our Delivery Infrastructure is Essential to Providing Safe, Reliable and Resilient Service

ENHANCING OUR PLANNING AND RESPONDING

Tabletop training exercises directly contribute to real-life performance by allowing us to evaluate our current plans, clarify responsibilities and improve response time and collaboration.

In 2023, we expanded our tabletop training exercise effort to include a greater portion of our business operations, and we plan to participate in enterprisewide events in the future. In 2024, we plan to participate in the AGA's second nationwide natural gas planning exercise, where we'll explore diverse ideas from multiple utilities while testing corporate response plans against various security scenarios.

INTEGRITY OF OUR INFRASTRUCTURE

Our integrity management plans meet or exceed the requirements of applicable governing agencies and standards, including federal and applicable state and local safety, regulatory and environmental statutes.

These plans and our facilities are subject to federal or state inspection, as appropriate, for the operating units. We are also required to report incidents that exceed certain thresholds regarding personal injury, property damage or gas loss, or incidents we otherwise consider as significant.

CONTINUALLY IMPROVING

Following our risk management mindset, in 2023, we:

- Implemented a requirement that low-pressure systems have two methods of overpressure protection
- Implemented a 3-year inspection frequency for all non-critical valves to ensure functionality and capability to assist in emergency response
- Implemented a review of meter protection through patrolling and prioritized the resolution of any identified issues to mitigate threats from external sources

Our expanded tabletop training directly contributed to being prepared for Hurricane Idalia in late August 2023.



Safety and Reliability Investments

PURSUING CONTINUOUS IMPROVEMENT IN INFRASTRUCTURE

Acting on our commitment to deliver energy safely and reliably by protecting people, safeguarding our communities and securing our assets.

Our two Florida natural gas distribution subsidiaries, Florida Public Utilities (FPU) and Florida City Gas (FCG), both received regulatory approval in 2023 for infrastructure improvement programs. FPU's GUARD is a new 10-year program, following our previous **\$209 million** in investments under the Gas Reliability and Infrastructure Program (GRIP), and FCG's SAFE is a 10-year continuation of an existing program; both utilize risk-based assessments and rankings by an independent third-party. We will invest **\$410 million** in new capital investments over the next decade to relocate mains and services with accessibility challenges and replace problematic pipes, enhancing the safety and reliability of the service we provide for our customers and communities.

Success story: Programs anticipated to provide environmental benefits and keep energy affordability in check.

While GUARD and SAFE are safety-related programs, they also provide environmental benefits by replacing older piping that is more susceptible to leaks and outside damage. We anticipate the 10-year program time frames carry the benefit of construction-related cost savings over the life of the programs and will avoid the impact of further increased material supply and labor costs in the future. The programs may also reduce ongoing operations and maintenance costs, providing a long-term benefit beyond the 10-year program.

GUARD: Gas Utility Access and Replacement Directive
SAFE: Safety, Access and Facility Enhancement



Learn more about safety during Severe Weather events [here](#).



MAKING A DIFFERENCE — REDUCING SEVERE WEATHER IMPACTS ON ELECTRIC SERVICE

Storm hardening efforts continue for our electric distribution operations. FPU's Storm Protection Plan (SPP) is designed to meet the objectives of Florida's legislative mandate to reduce restoration costs and outage times associated with extreme weather events while also enhancing reliability. The SPP is a combination of programs and initiatives grounded on a methodology of resiliency risk scores across FPU's distribution system.



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 forward-looking statements, which are not a guarantee of future performance. These statements represent our intentions, plans, expectations, assumptions and beliefs about future financial 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 and have an impact on rate structures; 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 significant changes to current tax regulations and rates; changes in environmental and other laws and regulations to which we are subject and environmental conditions of property that we now, or may 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, tornadoes, ice storms and other damaging weather events; industrial, commercial and residential growth or contraction in our markets or service territories; the timing and extent of changes in commodity prices and interest rates; 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 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 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; 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, 2023, and other subsequent Securities and Exchange Commission (SEC) filings. This Safety and Reliability Report should be read in conjunction with such SEC filings.