

2021

# Inaugural Sustainability Report

REPORTED AS OF 12.31.21

*Marshes near Amelia Island, Florida*

**CHESAPEAKE**  
UTILITIES CORPORATION 





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# CEO Letter

## To Our Stakeholders

One of the reasons Chesapeake Utilities Corporation has achieved industry-leading growth and financial performance over the past decade is that we deliver on our commitments. If we say we are going to do something, we do it. Over the past few years, we have increasingly emphasized Environmental, Social and Governance (ESG) considerations as important factors in assessing performance and future opportunities, and we've been clear about our ESG commitments:

**Chesapeake Utilities will be a leader in the transition to a lower-carbon future.**

**We will continue to promote a diverse and inclusive workplace and further the sustainability of the communities we serve.**

**Our businesses will be operated with integrity and the highest ethical standards.**

Our inaugural Sustainability Report allows us to reaffirm our ESG commitments, highlight several of our accomplishments and communicate a path forward. Chesapeake Utilities has a long history of supporting sustainability initiatives, and we

recognize that we live in a world where there is much more work to do.

The data in this report includes information gathered in 2019, 2020 and 2021, with emission data compiled for 2019 and 2020. In 2022, a newly established Environmental Sustainability Office will be responsible for coordinating our sustainable initiatives, including gathering and reporting emissions metrics in future sustainability reports.

In our more than 160 years of operations, we've earned a reputation as a good corporate citizen. Our employees are valued and respected contributors to both our team and the communities where we live

and work. We have been significant financial supporters of local communities and charitable organizations. Our energy delivery businesses have been part of the largest reduction in carbon emissions in U.S. history, as we and others in the industry have displaced more carbon-intensive fuels with natural gas and propane. Our electric utility has virtually eliminated wholesale purchases of coal and oil-generated power. All our operations have assessed opportunities to reduce emissions, and we are actively engaged in several projects that will continue to lower our internal carbon output. We are working hard to develop waste-to-energy





production facilities that improve agricultural and landfill environmental conditions in our service areas and produce renewable natural gas (RNG).

It's been a challenging couple of years: a global pandemic, social injustice, political turmoil and economic uncertainty, along with cyberattacks, hurricanes and floods. In the face of all that, the Chesapeake Utilities team stayed focused on keeping each other safe and delivering uninterrupted energy service to our customers. We also advanced our renewable energy participation and achieved record financial performance each year. It may seem unusual to talk about financial success in a sustainability report. But, I believe that an appropriate focus on ESG reduces risk and improves stakeholder relationships. In an industry transitioning to lower carbon, ESG offers energy delivery companies an unprecedented opportunity for sustainable investment. We can do the right things for society and the environment while continuing to deliver results for our shareholders.

Our Sustainability Report highlights our employee engagement, community support and our efforts to reduce emissions and develop lower-carbon sources of energy. We appreciate your interest in Chesapeake Utilities and our ESG commitments.

Sincerely,

Jeff M. Householder, President and CEO

# ESG Highlights

Our commitment to serve the greater good through environmental, social and governance (ESG) initiatives brings the Chesapeake Utilities Corporation mission to life. Here are some of the ways we've honored that commitment:



## ENVIRONMENTAL

- Our first investment in renewable natural gas (RNG), a 33-mile pipeline to transport RNG from an Ohio landfill to our Aspire Energy gathering system, went into service in 2021.
- We secured our first sustainability-linked financing last year for recent capital investments in clean energy delivery solutions.
- We are participating in the development of several waste-to-energy production facilities, which can include potential equity investments. We also have opportunities to transport the RNG by pipeline or use our Marlin compressed natural gas (CNG) affiliate tankers to provide conventional gas to dry organic fertilizer from poultry waste, and construct solar photovoltaic (PV) or RNG-fueled electric generation to power the biogas plants.
- We successfully tested a blend of hydrogen and natural gas to fuel our Eight Flags Combined Heat and Power Plant (CHP) gas turbine. The results of this test help develop hydrogen operating and safety processes and serve as a model for industrial gas customer emission reductions.

- Our Sharp Energy propane AutoGas solution currently fuels over 1,300 vehicles and is available at propane fueling stations in Delaware, Florida, Maryland, Pennsylvania and Virginia. AutoGas is a viable alternative fuel for automobiles that reduces emissions and lowers costs.
- Through Florida Public Utilities' Gas Reliability Infrastructure Program (GRIP), we are upgrading natural gas facilities and infrastructure, and replacing bare steel gas lines throughout our service territories in Florida. GRIP efforts enhance the long-term reliability and safety of the natural gas service we provide, and further provide local residents and businesses the opportunity to expand natural gas service to their homes or companies. This multi-million-dollar investment also promotes job growth.



## SOCIAL

- We have an active equity, diversity and inclusion (EDI) initiative that started several years ago, and includes six employee resource groups (ERGs) that represent race, culture, gender, generations and veterans.

- Our support for our employees during the COVID-19 pandemic has been exemplary: no lay-offs or pay reductions; pay increases for field service personnel; virus contact tracing and full pay for employees who were sick or isolating; computer tablets for employees with children attending virtual school; and time off for vaccinations.
- Our community financial support increased during the pandemic.
- We are working to implement a Pipeline Safety Management System to further enhance our safety culture and drive industry top quartile safety performance.
- We built a new Safety Town facility at our Dover, Delaware operations center with scaled-down buildings and a variety of gas installations that offer controlled environmental safety and system operations training for our field technicians and area first responders. A second facility is planned in Florida for 2022.
- Our 21 megawatt (MW) Eight Flags CHP facility on Amelia Island, Florida, recently celebrated five years of zero accidents, injuries or safety incidents.
- The American Gas Association recognized four Chesapeake Utilities Corporation businesses with safety awards: Chesapeake Utilities, Florida Public Utilities Company, Eastern Shore Natural Gas Company and Aspire Energy of Ohio, LLC.



## GOVERNANCE

- We were recognized in 2021 (for the second time) by Ethical Boardroom magazine with an award for Best Corporate Governance in the Utilities Sector in North America.
- The Chesapeake Utilities Board of Directors elected its third female director in 2021.
- We updated our Board and Committee charters to strengthen our expressed commitment to diversity both on our Board and throughout the Company.
- We expanded our business continuity and disaster response planning as part of our overall Enterprise Risk Management process.
- Our Corporate Governance Committee has led the Board's oversight of our sustainability actions and ESG planning, including the publication of this inaugural Sustainability Report.
- The Compensation Committee expanded its assessment of our diversity metrics and engaged management in discussions of pandemic policies and remote work practices.



# About This Report

In developing our inaugural Sustainability Report, we considered the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD) reporting standards. Greenhouse gas (GHG) emissions have been calculated using the Greenhouse Gas Protocol (GHGP). We recognize that the various sustainability disclosures continue to evolve and, as they mature, our reporting practices will align as appropriate.

This report was informed by the experience and expertise of our independent third-party experts who provided important guidance on the available sustainability frameworks and the identification of our ESG topics. Additionally, one of our consultants collected and documented the emissions data in this report based on an inventory management plan they developed.

We engaged key stakeholders, including our employees, customers, community leaders and investors to help inform the areas of focus addressed in this report. Content for this report was developed by a cross-functional team of business leaders and reviewed by our internal audit team.

## **Below is the process we used to identify our areas of focus for the report:**

1. A universe of 350 ESG topics were identified using industry guidance and peer company benchmarking.
2. We interviewed employees across the organization and narrowed our areas of focus, noting their application to our business and importance to stakeholders.
3. We considered independent third-party data regarding customer preferences in our service territories, employee engagement and our culture.
4. We aggregated the results of an internal survey completed by our leadership team, which ranked each area of focus in terms of impact to our business and importance to our stakeholders.

## **Based on this analysis, we identified the following areas of focus for this report:**

- Safety
- Employee engagement, including EDI
- Corporate governance
- Stakeholder engagement
- Customer data and privacy
- Stakeholder engagement regarding climate change
- Greenhouse gas emissions
- End-use energy efficiency and demand
- Investments in renewable energy
- Financial performance



# Chesapeake Utilities Corporation Company Overview

Chesapeake  
Utilities  
Corporation  
Company  
Overview



Our Strong  
Corporate  
Governance

Enterprise Risk  
Management

Protecting Our  
People and  
Essential Energy  
Delivery Systems

Social  
Engagement

Environmental  
Stewardship

Our Future

SASB Table

Forward-Looking  
Statements

# Chesapeake Utilities Corporation

Chesapeake Utilities Corporation is a publicly-traded (NYSE) company with approximately 1,000 employees. Headquartered in Dover, Delaware, we deliver natural gas, propane or electricity to over 300,000 customers in nine Mid-Atlantic and Southeastern states. Our foundational regulated natural gas transmission and gas and electric distribution utility operations represent approximately 80% of the Company's \$2 billion in total assets. We also operate several non-regulated businesses, including natural gas gathering and processing systems in Ohio, a CHP plant in Florida, a mobile compressed natural gas transport business serving customers across many parts of the country, propane distribution to customers in eastern states from Florida to Pennsylvania and an emerging renewable energy business. We have for decades followed a fundamental growth strategy, focused on enhancing the earnings potential of our regulated businesses by acquiring related, non-regulated businesses that provide an opportunity for financial returns that exceed those of our regulated operations.

Our regulated service areas, the Delmarva Peninsula, Ohio and Florida, continue to experience significant growth. Customer demand for the energy services we provide is at an all-time high. The opportunities to expand both our regulated and non-regulated businesses are significant. Our customers depend on us every day to heat homes, cool businesses, fuel school buses and run industrial plants. Those same customers will depend on us to responsibly develop and operate infrastructure that safely, reliably and affordably provides cleaner energy products. We understand that, as an energy delivery company, we must be a leader in the transition to a clean energy economy. The pursuit of lower-carbon fuels opens opportunities for our Company to participate in numerous renewable and sustainable energy development projects. As these projects move forward, they will help meet our customers' clean energy expectations while positioning Chesapeake Utilities for continued long-term value creation.

**160+**

**160+ years of  
serving customers**



**300,000+ customers  
served across our  
footprint of nine states**



**8,500+ miles of  
natural gas mains**



**\$2.1 billion in total assets  
(as of 12.31.2021)**

**60**

**60 years of paying  
a quarterly dividend  
(through 2021)**



**1,000 employees**



## Chesapeake Utilities Corporation Footprint

The map below shows Chesapeake Utilities Corporation's entire company footprint. Approximately 80 percent of the Company's operating income is generated by its regulated businesses, with the remaining 20 percent generated by its unregulated businesses. As shown below, some states contain a combination of both regulated and non-regulated territories.



## Natural Gas

### EASTERN SHORE NATURAL GAS COMPANY (ESNG)

ESNG owns and operates a 516-mile Federal Energy Regulatory Commission (FERC) regulated interstate transmission pipeline system that delivers natural gas from four upstream pipeline interconnection points in Pennsylvania and Delaware to customers along the Delmarva Peninsula, including Chesapeake Utilities' distribution systems.

**ESG Highlight:** In 2021, ESNG extended natural gas to Somerset County, Maryland, which was one of only three counties in the state without access to natural gas. The Somerset extension will support economic development in local communities and provides an immediate opportunity to decrease greenhouse gas emissions by displacing fuel oil and wood chips as energy sources.

### PENINSULA PIPELINE COMPANY, INC. (PPC)

PPC owns and operates 162 miles of intrastate transmission pipelines in seven Florida counties under the regulatory jurisdiction of the Florida Public Service Commission (FPSC), linking local distribution systems, industrial customers and power generation facilities to interstate pipelines.

**ESG Highlight:** In 2020, PPC constructed a 26.5-mile intrastate pipeline, jointly owned with Emera Energy affiliate SeaCoast Gas Transmission, to meet growing demand for natural gas in Northeast Florida, enabling



customers to displace fuel oil and coal-generated electricity.

### ASPIRE ENERGY OF OHIO, LLC

Aspire Energy of Ohio operates a non-regulated natural gas gathering system in Ohio that processes and transports natural gas through more than 2,800 miles of pipeline to local gas cooperatives and distribution systems.

**ESG Highlight:** In 2021, Aspire Energy of Ohio completed a 33-mile pipeline from the Noble Road landfill in Shiloh, Ohio, bringing RNG into its system. This is the Company's first of many RNG projects under development.

### ASPIRE ENERGY EXPRESS, LLC

Aspire Energy Express completed construction of a 300,000 Dts/day intrastate transmission pipeline in 2021, bringing natural gas to the Guernsey Power Station in Guernsey County, Ohio.

**ESG Highlight:** The pipeline supports a state-of-the-art generating facility designed to

produce up to 50 percent more electricity than a traditional combined cycle plant, utilizing a dry cooling technology that reduces water use by 95 percent compared to water-cooled facilities.

### DELMARVA NATURAL GAS DISTRIBUTION

*CHESAPEAKE UTILITIES (DELAWARE AND MARYLAND DIVISIONS), SANDPIPER ENERGY, INC. AND ELKTON GAS COMPANY*

Our three state-regulated Delmarva Peninsula gas utilities (Chesapeake Utilities, Elkton Gas Company and Sandpiper Energy) distribute natural gas through 1,900 miles of main to approximately 95,000 customers in Delaware and Maryland.

**ESG Highlight:** In September 2021, we initiated our Strategic Infrastructure Development and Enhance (STRIDE) plan in our recently acquired Elkton, Maryland, service territory. We plan to replace approximately six miles of Aldyl-A gas main originally installed in the 1970s with modern polyvinyl chloride (PVC) mains that enhance safety and reduce methane escapes.

## FLORIDA NATURAL GAS DISTRIBUTION

### FLORIDA PUBLIC UTILITIES COMPANY AND ITS INDIANTOWN AND FORT MEADE DIVISIONS, AND CENTRAL FLORIDA GAS DIVISION OF CHESAPEAKE UTILITIES CORPORATION

Our four state-regulated Florida gas utilities (Florida Public Utilities (FPU), Central Florida Gas, Indiantown Gas and Fort Meade Gas) distribute natural gas through 3,000 miles of main across 21 counties, serving approximately 90,000 customers together.

**ESG Highlight:** Our gas distribution operation in Florida was instrumental in the design and installation of an injection point, valves, pressure regulation and control devices required to provide a blend of hydrogen and natural gas to our Eight Flags CHP plant on Amelia Island, Florida.

### EIGHT FLAGS ENERGY, LLC

The Eight Flags CHP plant operates as a FERC cogeneration Qualified Facility. It generates

electricity for delivery to the FPU electric system under a long-term power contract approved by the FPSC, and provides unfired steam services to a paper mill on Amelia Island, Florida.

**ESG Highlight:** The natural gas-fired CHP plant, along with supplemental wholesale power purchases from Florida Power and Light, have eliminated coal as a generating fuel for FPU Electric. Eight Flags is in the early stages of testing a hydrogen/natural gas blend in its turbine, which would further reduce the facility's carbon footprint.

## Electric

### FLORIDA ELECTRIC DISTRIBUTION

FPU owns and operates utility assets that distribute electricity to approximately 32,000 customers on Amelia Island in northeast Florida and in three additional Northwest Florida counties.

**ESG Highlight:** In 2018, Chesapeake Utilities and numerous other third-party contractors, mobilized in support of the FPU team to rebuild significant portions of its electric system and restore power to customers in Northwest Florida following the devastation of Hurricane Michael, a Category 5 storm. For more information, watch this video of the team's effort.



[Watch our team come together to restore power after Hurricane Michael.](#)



## Propane

### SHARP ENERGY, INC., SHARPGAS, INC., FLO-GAS CORPORATION AND DIVERSIFIED ENERGY

Chesapeake Utilities' unregulated propane businesses distribute propane to approximately 86,000 customers in Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina and Florida.

**ESG Highlight:** In addition to providing propane service to residential and commercial customers, our AutoGas operations currently provide propane to fuel over 1,300 vehicles, displacing approximately 3.6 million gallons of gasoline and diesel fuel and significantly lowering carbon emissions.



## CNG, LNG & Other Renewables

### MARLIN GAS SERVICES, LLC

Marlin operates a fleet of compressed natural gas (CNG), liquefied natural gas (LNG) and hydrogen transport trailers designed to provide virtual pipeline and temporary fueling solutions.

**ESG Highlight:** Marlin uses CNG compression and tanker transport capabilities to support RNG delivery from production facilities to pipelines, and to capture gas and avoid methane escape from pipelines during periods of maintenance or repair.

### MARLIN COMPRESSION, LLC

Marlin Compression operates a CNG public fueling station located at the Company's Energy Lane operations center in Dover, Delaware. A second CNG station located at the Port Fueling Center outside the Port of Savannah, Georgia, is scheduled to be in service the second quarter of 2022.

**ESG Highlight:** The Marlin Compression CNG fueling station in Savannah will offer an RNG option to displace gasoline and diesel-fueled vehicles, which have a higher carbon intensity than RNG-fueled vehicles, operating out of the Port of Savannah and along the I-95 corridor.

### ONSIGHT RENEWABLES, LLC

Amelia Renewables, LLC and Blue Peake LNG, LLC, subsidiaries of OnSight Renewables, LLC, are



engaged in the development and acquisition of renewable energy and LNG projects, respectively, that are not directly associated with one of our existing operating units. We are pursuing several investment opportunities, including agricultural and landfill biogas processing, anaerobic digestion, LNG storage, peaking and bunkering solutions, solar projects, and other related sustainable development projects.

**ESG Highlights:** To date, we have announced our participation in and support of two poultry waste-to-energy projects on the Delmarva Peninsula in conjunction with developers Bioenergy Devco and CleanBay Renewables.

Both projects will make a meaningful difference in the disposition of poultry waste and will together produce approximately 3,000 Dts/day of RNG for transport to our pipeline systems.



## Our History

Chesapeake Utilities has a long history of service to its customers. For more than 160 years, we have grown responsibly and remained focused on delivering essential energy services to meet the needs of growing service territories. Our sustained track record of success is the result of a strong connection with the communities we serve, disciplined growth and the work of a talented, dedicated workforce successfully navigating dynamic market conditions.

**1.75B**

**\$1.75 BILLION IN CAPITAL INVESTMENT** over the last ten years.

**15**

**15 CONSECUTIVE YEARS** of record earnings growth

**9.9%**

**9.9% EARNINGS PER SHARE AVERAGE GROWTH** over the last five years

**11%+**

**11%+ RETURN ON EQUITY** over the last 16 years

**9.1%**

**9.1% ANNUAL DIVIDEND GROWTH** in 2021; five-year dividend growth of 9.5%

**2.5B**

**\$2.5 BILLION MARKET CAPITALIZATION** achieved in 2021

**16%**

**16%+ ANNUAL SHAREHOLDER RETURNS** for the 1-, 3-, 5-, 10- and 20-year periods ended December 31, 2021

# Our History

## COMPANY HIGHLIGHTS

2021

Sharp Energy's acquisition of Diversified Energy's propane assets in North and South Carolina expands our Eastern Seaboard service territory.

Chesapeake Utilities Corporation eclipsed \$2 billion in total assets.

2018

Marlin Gas Services acquired.

2009

Florida Public Utilities Company acquired.

1983

Chesapeake Utilities expands its utility operations to Florida by acquiring Central Florida Gas.

1981

Sharp Energy is formed to consolidate propane operations.

1955

Eastern Shore Natural Gas Company is established and brings natural gas for the first time to the Delmarva Peninsula.

1947

Chesapeake Utilities Corporation incorporates in Delaware.

1859

Dover Gas Light Company is established in Dover, Delaware.

## ESG INITIATIVES

2021

Aspire Energy completes construction of first Chesapeake Utilities RNG pipeline project.

Eastern Shore Natural Gas Company and Chesapeake Utilities expand natural gas service to Somerset County, Maryland, displacing wood chips and fuel oil.

Eight Flags CHP plant is upgraded to accept a hydrogen/natural gas fuel blend.

2020

Established Equity, Diversity and Inclusion Council and five other employee resource groups that represent race, gender, generations, culture and veterans.

Discontinued customer non-pay service disconnects, increased charitable contributions, and established employee-centric policies during the COVID-19 pandemic.

2019

Committed to implementation of an ANSI/API 1173 Pipeline Safety Management System.

2016

Eight Flags Combined Heat & Power Plant goes into service on Amelia Island, Florida.

2015

Women in Energy employee resource group started.

2012

Gas Reliability Infrastructure Program (GRIP) established in Florida for the natural gas distribution system to replace aging infrastructure.

Chesapeake Cares program is launched beginning with monthly event at each location during which employees celebrate and recognize peers; program grew to encompass different internal and external caring and volunteering initiatives.

1984

Florida Public Utilities and Central Florida Gas play a pivotal role in developing and implementing the Florida Building Code for Energy Conservation.

1983

SHARING fund is established in Delaware to help natural gas customers facing financial hardship.

1982

Florida Public Utilities adopts demand-side management energy conservation programs.

Central Florida Gas establishes natural gas energy conservation programs.







## 2020-2021 Awards and Recognitions



- The American Gas Association recognized four Chesapeake Utilities Corporation businesses with safety awards:
  - » Chesapeake Utilities, Florida Public Utilities Company and Eastern Shore Natural Gas Company were each presented with an Industry Leader Accident Prevention Award for working safely in 2020. Each company achieved a total DART (Days Away, Restricted or Transferred) incidence rate below the industry average.
  - » Aspire Energy earned a Safety Achievement Award for excellence in employee safety.



- Chesapeake Utilities Corporation received the inaugural 2021 Top Workplaces USA award for mid-size companies. Additionally, the Company was recognized as a Top Workplace in the state of Delaware for the 10th year in a row.



- Stars of Delaware named Chesapeake Utilities the Best Company with Over 50 People. Further, the Company's Sharp Energy business was named Best Propane Company.



- Chesapeake Utilities Corporation was selected as the 2021 recipient of the Salisbury, Maryland, area Chamber of Commerce Large Business of the Year Award.



- Chesapeake Utilities Corporation was recognized as Best Corporate Governance in North America for the Utilities Sector by Ethical Boardroom Magazine.

- In 2020, Chesapeake Utilities Corporation was selected for inclusion in the S&P Small Cap 600 Index, a premier benchmark for U.S. small-cap companies.

## Our Strategy to Grow Responsibly

ESG is a guiding principle in our long-term strategy, and the topics covered in this report are critically important to our success. We invest in safe, reliable, affordable and sustainable energy delivery solutions that create shared value for the communities and stakeholders we serve. Our unwavering commitment to do the right thing has not only built trusted relationships and a strong reputation, but it has also resulted in strong financial performance over both the short and long run. As we continue to grow, we remain focused on achieving success by investing in our people, technology and the projects that will help us capitalize on the future opportunities of renewable and sustainable energy solutions.

### FIVE PLATFORMS FOR GROWTH

For more than two decades, Chesapeake Utilities Corporation's fundamental growth strategy has focused 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. That strategy has yielded positive returns for our stakeholders for many years. In 2021, we achieved our 15th successive year of record earnings and returns above 11 percent.

Our forward-looking strategy focuses on five key areas

for growth. Our existing energy delivery businesses will continue to make life better for our customers and communities, and contribute to Chesapeake Utilities' growth and leading financial performance. The emergence of RNG and other sustainable energy developments provide additional significant opportunities for sustainable investment and growth.

#### 1. Organic Growth:

Our existing energy delivery systems will continue to play an important role as our nation transitions to lower-carbon energy. Our service expansions not only provide access to lower carbon energy, but they also contribute to the economic well-being of the communities we serve. Customers throughout our service territories want natural gas, or propane where natural gas is unavailable,

as evidenced by natural gas customer growth rates that are consistently two to three times the national average. In our electric business, opportunities exist to expand our traditional and renewable services, and we will continue to invest in the infrastructure needed to deliver energy when and where it is needed. We will also keep working to lower the net carbon impact of our internal operations and help customers meet their energy conservation and emission reduction objectives. Our operations must continue to provide safe and reliable energy services while we ensure that the essential energy we deliver supports environmental sustainability and affordability for customers.

#### 2. Gas Transmission:

The extension of our interstate and intrastate transmission infrastructure, along with distribution system expansions,





frequently brings natural gas service to unserved and underserved customers and communities. Natural gas displaces higher carbon fuel sources and brings real value to communities through much-needed economic development and an expanded tax base.

**3. Propane:** We operate one of the nation’s leading propane retailers. Our propane systems enable customers to choose a lower-carbon energy resource where natural gas is not an option. We have had significant success providing propane to customers until our natural gas facilities arrive. However, we also serve thousands of propane customers, primarily in rural communities, where it is not feasible to extend natural gas service. Additionally, we continue to invest in our AutoGas vehicle fueling infrastructure. Sharp Energy provides fuel for vehicle fleet customers, such as school buses, transit fleets and delivery vehicles.

We are investigating the viability of renewable propane and other biogas fuel blends compatible with propane to further help our customers achieve their sustainability goals.

**4. Marlin Gas Services:**

Marlin provides mobile virtual pipeline fuel transportation services. Over the past three years, we have invested in additional tractor cabs, CNG and LNG tankers, compression equipment and our patented off-load regulators. These investments support Marlin’s growth strategy with focus on the rapidly emerging renewable gas and methane capture markets. In many cases, waste-to-energy production facilities, whether agricultural or landfill-based, are not in locations that can be economically served by a pipeline. Marlin’s transportation service fills this service gap by connecting the RNG production facilities to a pipeline pathway, which brings the RNG to market. We have recently invested in large

capacity compressors that will support capturing methane when a utility or transmission company takes a main segment out of service for maintenance or repair. Marlin ensures the methane is not released into the atmosphere but is safely transported for reinjection into another part of the system. We have also recently recertified four Marlin tankers to transport hydrogen. These tankers will initially support our hydrogen test project at our Eight Flags CHP plant in Florida but will shortly thereafter be available to meet other customer transport needs.

**5. Sustainable Investments:**

This platform for growth encompasses RNG from waste sources; CNG/RNG vehicle fuels; CHP projects; renewable power generation associated with RNG; and the introduction of hydrogen.

**We have been focused on biogas projects that:**

5. Provide a fundamental solution to a local or regional waste management concern.
6. Garner community and governmental support.
7. Enable us to leverage Chesapeake Utilities’ assets in support of the project.

Our gas transmission and distribution systems are critical pathways to RNG markets. Marlin’s transportation service connects RNG production to the pipeline systems. Our distribution systems can provide conventional gas service, if needed, for organic fertilizer production or other processes. Our electric generation staff is working with several developers on solar PV and other electric generation options associated with biogas production facilities.

We are the fortunate beneficiaries of our geography. The Delmarva Peninsula, Florida, Ohio, the Carolinas and other nearby states have numerous agricultural, landfill and other waste sources where greenhouse gases can be captured and lower net emissions achieved. We are actively working with partners on an independent basis to support the development of several biogas energy projects.

## BUSINESS TRANSFORMATION

Chesapeake Utilities has experienced significant growth over the past decade. In 2010, our asset base was less than half of today's assets. Our market capitalization prior



to the FPU acquisition was approximately \$300 million; by the end of 2021, we eclipsed \$2.5 billion. As we continue to grow, our investments in people, processes and systems must keep pace with our investments in system expansions and acquisitions. To support continued growth and increase operational efficiency, we launched a multi-year business transformation initiative in 2019, and an enterprise-wide Task Force was established to oversee those efforts.

Our transformation process has four primary objectives: simplification, standardization, collaboration and automation. With that in mind, we have made several organizational structure adjustments to better align our businesses around function and purpose as opposed to geographic location. In addition, we are working to enhance employee engagement, development and training. Our Learning Management Systems are being upgraded as part of that effort. The pandemic created opportunities to accelerate various employee-based initiatives ranging from establishing a hybrid work

environment to improved communications technology. Several internal groups are working on processes to strengthen our project management capabilities, standardize procedures across business units and review operational and management policies. We also established a technology roadmap to guide the replacement, upgrade and consolidation of numerous customer service, financial and operating systems.

We are paying close attention to both the changing world and the transitioning energy industry and evolving our businesses to extend the success we have enjoyed for many years. Our challenge is to retain the culture that has shaped our success. We recognize that the family-oriented, entrepreneurial, don't-ever-give-up spirit that embodies our Company must be preserved. We also clearly understand that business transformation doesn't really ever end. Our business transformation initiative is already maturing into an ongoing continuous improvement process driving change across the Company.

### Through 2022, our business transformation priorities will include the following:

1. Designing the post-pandemic work environment and ensuring the team stays connected and engaged.
2. Implementing technology system enhancements that support customer service, growth and employee learning strategies.
3. Adopting enterprise-wide tools that further expand our safety, cybersecurity, business continuity and project management capabilities.

Ensuring continuous improvement, change management, learning and development, and performance measurement functions are core competencies.

## Our Mission, Vision and Values

In 2020, we entered into a partnership with a global analytics firm on an employee engagement initiative.

For years, we have received high employee satisfaction ratings, as our numerous Top Workplace awards would attest. Our employees are proud of the Company, enjoy the family atmosphere and appreciate the growth and success our culture has produced. But we believe that reaching a higher level of engagement will be important to sustaining our top quartile performance in a changing world. By working to ensure that all Chesapeake Utilities employees are connected to our growth strategy and our plan for the future, we're helping each employee to clearly understand the link between the important work they perform each day and how their individual contributions help us achieve our objectives.

An important step in the engagement initiative involved reviewing the existing mission, vision and values statements. Discussions with employees centered around the transition to a low-carbon energy market, our role in supporting sustainable communities; and the bedrock values that govern our relationships and operating practices. Those conversations took place over several months, across our Company at every level, and resulted in adopting the mission, vision and values statements below.

Passion and enthusiasm from our employees was evident as we worked to refine these statements. Three themes resonated across our organization:

4. Overwhelmingly, our mission should reflect that delivering energy that improves the lives of the people and the communities where we live and work continues to be the top priority for our Company.
5. Our vision statement must express that we would be a leader, not just a participant, in shaping the future of lower-carbon energy.
6. "We Care" needed to remain a fundamental Chesapeake Utilities value.

While our mission, vision and values statements were not expressly intended to address ESG imperatives, they concisely and publicly convey our focus on environmental sustainability, corporate citizenship and good governance.





# OUR MISSION

**We deliver energy that makes life better for the people and communities we serve.**



# OUR VISION

**We will be a leader in delivering energy that contributes to a sustainable future.**



**TOP  
WORK  
PLACES**



# OUR VALUES

## We Care.

**We put people first.** Keep them safe. Build trusting relationships. Foster a culture of equity, diversity and inclusion. Make a meaningful difference everywhere we live and work.

## We act with Integrity.

**We tell the truth.** Ensure moral and ethical principles drive our decision-making. Do the right thing even when no one is watching.

## We are committed to Excellence.

**We achieve great things together.** Hold each other accountable to do the work that makes us better, every day. Never give up.



# Our Strong Corporate Governance

Chesapeake  
Utilities  
Corporation  
Company  
Overview

**Our Strong  
Corporate  
Governance**

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# Our Strong Corporate Governance

In 2021, we received Ethical Boardroom's Award for Best Corporate Governance in the Utilities Sector in North America. This award recognizes our commitment to integrity, accountability and doing the right thing. The collaboration of our team, in coordination with the oversight of our Board and its Committees, is reflected throughout our disciplined approach to matters and our decision-making process. That collaboration has resulted in ESG being interwoven in our strategic plan, enterprise risk management models, business trends and development opportunities, executive compensation program and business practices.

## COMPENSATION ALIGNED WITH SUSTAINABILITY

Executive compensation is tied to performance, thereby aligning a significant portion of compensation with the interests of stockholders. Our compensation program is designed to incentivize short- and long-term financial and operational performance without encouraging unnecessary risk. Consistent with previous years, the program includes goals tied to sustainability, including taking the next steps in many of our initiatives already underway – enhancing our culture of safety, employee engagement and diversity initiatives, and business transformation efforts that will support our continued growth.

## BOARD OVERSIGHT

As stewards of long-term enterprise value, the Board is committed to overseeing the sustainability of the Company, its safety and operational compliance practices and the promotion of EDI. Each of our four standing Committees: Audit, Compensation, Corporate Governance and Investment, assists the Board in fulfilling its oversight responsibilities related to sustainability and our areas of focus in this report. The Committees are comprised solely of independent directors, with the exception of our CEO, who serves as chair of the Investment Committee.

### 100% INDEPENDENCE

among the non-management directors serving on the Board.

### 3 FEMALE DIRECTORS AND 2 ETHNICALLY DIVERSE DIRECTORS

(One of Middle Eastern descent and one African American director.)

### 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 <1 TO 25 YEARS

blending experience and diversity, with new directors added in 2019 and 2021.

### ESTABLISHED BOARD EVALUATION PROCESS

and mandatory retirement age of 75.

# Committee Oversight Roles

## CORPORATE GOVERNANCE COMMITTEE

- Oversees our ESG activities and practices
- Considers the appropriateness of our governing documents, including our Business Code of Ethics and Conduct
- Oversees our Governmental Affairs strategy and policies, including our political contributions
- Considers Board candidates that reflect the diverse backgrounds and perspectives of the communities in which the Company operates, including diversity of race, gender and ethnicity
- Evaluates the composition of the Board and each standing Committee
- Oversees the development of criteria and procedures for evaluating the Board, as well as the Audit, Compensation and Corporate Governance Committees
- Receives governance, regulatory and industry updates on ESG and related matters

## COMPENSATION COMMITTEE

- Establishes compensation, goals and objectives for senior leadership, including those tied to ESG initiatives
- Ensures our executive compensation program aligns with business objectives and performance, thereby focusing on stockholder value

**“SOUND, INFORMED AND STRONG CORPORATE GOVERNANCE IS THE LIFEBLOOD OF A PUBLIC COMPANY.** A key responsibility of our Corporate Governance Committee here at Chesapeake Utilities Corporation is oversight of ESG activities and sustainability practices as the Company embraces the opportunities ahead in the journey to a lower-carbon energy future. The Corporate Governance Committee, in conjunction with the Board and its other standing Committees, works to ensure that our collective and unwavering commitment to ESG is foundational to the direction and continued success of the Company, as we look to meet our obligations to stakeholders and enhance stakeholder value. In 2021, we were gratified that the Company received Ethical Boardroom magazine’s award for Best Corporate Governance in the Utilities Sector in North America, highlighting our strong sustainability and corporate governance practices.”

**Calvert A. Morgan, Jr.**  
*Chesapeake Utilities Corporation Board of Directors, Corporate Governance Committee Chair Member, Compensation Committee*



- Reviews the results of stockholder advisory votes on executive compensation
- Oversees management succession planning and organizational structure that aligns with our culture of EDI
- Focuses on promoting best practices around human capital management, including recruitment, training, development and retention of our team members
- Receives regulatory and industry updates on compensation matters, sustainability practices and related matters

## AUDIT COMMITTEE

- Oversees the integrity of our financial statements and financial reporting process
- Considers our Global Risk Management Policy, which serves as our risk management framework
- Considers practices in place to mitigate risks, including internal controls, cybersecurity, insurance and other matters
- Provides oversight of our compliance with legal and regulatory requirements
- Oversees compliance with our Business Code of Ethics and Conduct, Reporting Hotline, and related party transactions

- Oversees the performance of our internal auditors and the performance, qualification and independence of our external auditors
- Receives regulatory and industry updates on financial matters, sustainability practices and related matters

## INVESTMENT COMMITTEE

- Evaluates investments in sustainable initiatives, including RNG, solar, LNG and other low-carbon energy technologies
- Supports our short- and long-term growth strategy, both organically and through acquisitions

- In consultation with management, evaluates capital investments that are within the scope of its Charter
- Considers various aspects of a transaction including, but not limited to, the estimated investment, internal rate of return, earnings contribution and return on equity, strategic fit and associated risks
- Exercises its responsibilities in a manner consistent with our goal of pursuing long-term growth in shareholder value





## Governance Practices

### BOARD COMPOSITION

The Corporate Governance Committee evaluates Board composition, succession and refreshment, looking ahead more than 10 years. The Committee reviews practices such as board size, the average age of directors, retirement policies, diversity, director tenure, human capital management oversight and ESG practices, all benchmarked against our peer companies, companies in the S&P 500, and the top 100 U.S. public companies.

### DIRECTOR NOMINATIONS

Prior to nominating a director candidate, the Committee discusses the Board's current profile in the context of the Board as a whole over the short- and long-term. Factors considered include background information, the Company's governing documents, experience and relationships in the energy industry, community involvement, a candidate's availability and commitment level and whether a candidate is independent. The Committee also considers feedback received during the Board evaluation process. Once elected, a new director participates in our director orientation program to become familiar with various aspects of the Company, including our strategy, business structure, ESG initiatives, financial performance and competitive landscape. Our proxy statement filed with the Securities and Exchange Commission on March 22, 2021, provides a full description of our director nomination process.

### COMMITMENT TO BOARD DIVERSITY

In 2021, the Board amended its Corporate Governance Guidelines and Corporate Governance Committee Charter to reflect the Committee's continuing commitment to Board composition that is representative of the diverse backgrounds and perspectives of the communities in which the Company operates, including diversity of race, ethnicity and gender. The Board's annual evaluation process provides an opportunity to assess the contributions of the Board and the Audit, Compensation and Corporate Governance Committees to a culture of EDI on the Board and throughout the organization. Currently, three of our 11 directors are women, including the chair of our Compensation Committee. Our Board is also comprised of one African American director who was previously recognized as one of Savoy magazine's most



influential Black corporate directors, and one director of Middle Eastern descent who is the founder of Florida's Women in Energy Leadership Forum and a recipient of Tallahassee's Women Lawyers Diversity & Inclusion Award.

### **STOCK OWNERSHIP REQUIREMENTS**

The Corporate Governance Committee is responsible for the development, oversight and monitoring of stock ownership guidelines. To align our interest 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.

### **BUSINESS CODE OF ETHICS AND CONDUCT**

The Board adopted a Business Code of Ethics and Conduct that reflects our commitment to promote professional conduct throughout the organization continuously and ensure that Company representatives demonstrate good ethical business practices. The Board also adopted a Code of Ethics for Financial Officers that provides a framework for honest and ethical conduct by our financial officers as they perform their financial management responsibilities. We also request that those within our supply chain uphold these same standards when providing services on our behalf.

### **BUSINESS CODE OF ETHICS AND CONDUCT-EDUCATION AND COMPLIANCE**

Directors and employees are asked to view a video each year highlighting our commitment to the highest ethical standards and the importance of engaging in sustainable practices. Recipients also are asked to annually complete a questionnaire to attest to compliance with the Business Code of Ethics and Conduct. In addition, employees participate in education sessions and tabletop exercises and receive periodic communications highlighting best practices to further maintain the integrity and reliability of our business.

# Stakeholder Advocacy

The Company periodically engages in dialogue with federal, state and local elected officials that represents the interests of our employees, customers, investors, suppliers, partners and the communities we serve. A policy-making process that is inclusive, diverse and balances all stakeholder interests leads to greater societal advancement. The Company’s governmental affairs activities are guided by our Political Advocacy Statement, which sets forth our principles, objectives, channels of engagement and advocacy that seek to advance the interests of the Company’s stakeholders. Our Political Advocacy Statement is available on the Corporate Governance section of our website.

Our stakeholders include:	Our engagement channels include:
Customers	<ul style="list-style-type: none"> <li>• Websites</li> <li>• Market research</li> <li>• Customer Feedback (surveys, emails)</li> <li>• Bill inserts and messages</li> <li>• Energy efficiency programs</li> <li>• Direct mail and letters</li> <li>• Emails</li> <li>• Social Media</li> <li>• Paid media placement</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Support of community events and programs</li> <li>• First responder training</li> <li>• Volunteerism</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Company huddles</li> <li>• All-employees calls</li> <li>• Intranet</li> <li>• Training events</li> <li>• Surveys</li> <li>• Employee resource groups</li> <li>• Emails</li> <li>• Performance Reviews</li> </ul>
Investors and shareholders	<ul style="list-style-type: none"> <li>• Earnings calls and presentations</li> <li>• Annual meeting</li> <li>• News releases</li> <li>• Investor/industry conferences</li> <li>• Investor relations website</li> <li>• Analyst meetings</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Direct communication with staff</li> <li>• Routine outreach</li> <li>• Periodic filings and annual regulatory reports</li> </ul>
Local, state and federal government	<ul style="list-style-type: none"> <li>• Franchise agreements</li> <li>• Public meetings/hearings</li> </ul>
Unions	<ul style="list-style-type: none"> <li>• Benefits meetings</li> <li>• Ongoing dialogue</li> <li>• Annual meetings</li> <li>• Total Rewards statements</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier meetings and onboarding</li> <li>• Supplier portal communication</li> <li>• Code of Business Conduct</li> <li>• Surveys</li> </ul>
Banks and rating agencies	<ul style="list-style-type: none"> <li>• Ongoing dialogue</li> <li>• Quarterly updates</li> </ul>
Non-governmental organizations	<ul style="list-style-type: none"> <li>• Presentations and event participation</li> <li>• Direct outreach</li> </ul>

# Enterprise Risk Management

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# Enterprise Risk Management

Our robust risk management process enables us to efficiently and effectively identify emerging operational and market risks, assess any impact on our operations and continuously enhance our capabilities across the organization. Our Enterprise Risk Management framework follows best practices established by the Committee of Sponsoring Organizations (COSO). We integrate this framework into our processes and decisions across the organization, thereby aligning our risk profile with the Company's overall strategic goals and objectives. Our strong commitment to managing risk enables us to create sustainable value for our stakeholders.

## COLLABORATIVE APPROACH TO RISK MANAGEMENT

Our team collaborates throughout the year to identify the risks inherent in projects and initiatives within our strategic plan. This enables us to assess the significance of each identified risk to our overall operations and its likelihood of materializing. We prioritize the identified risks over an 18-month period and develop treatment plans to mitigate the risks. Information sessions are held across the organization to discuss our risk profile, including quarterly leadership meetings to review changes in our risk posture and a sensitivity analysis. A risk heat map is prepared to show the



## RISK MANAGEMENT FOCUS AREAS



**Comprehensive risk management programs**



**Oversight, governance and accountability**



**Focus on key risks and mitigation plans**



**Creating sustainable stakeholder value**



overall impact on our ability to meet the Company's strategic goals and objectives. Our internal audit team evaluates and tests our risk mitigation controls, enabling frequent adjustments to align our risk profile with operational growth and newly identified risk factors.

## **OVERSIGHT AND ACCOUNTABILITY**

The Risk Management Committee provides oversight of our risk management activities. Our chief policy and risk officer serves as chair of the Committee, alongside our chief financial officer and chief development officer. The Committee held nine meetings in 2021 in fulfilling responsibilities under its charter. The Committee was joined by our head of internal audit, our chief information officer and representatives with expertise across the organization who presented on operational risks,

cyber and physical security risks, emerging risks and trends and other matters. The Risk Management Committee's activities are reported to the Audit Committee of our Board, which oversees our risk management framework. The Audit Committee discusses and evaluates those risks and mitigation options, which they discuss with management and the full Board. The Board oversees our enterprise risk management program and receives quarterly updates from our director of internal audit to consider newly identified risks and changes in our risk profile.

## **ENVIRONMENTAL, SUSTAINABILITY AND CLIMATE CHANGE**

Our attention to ESG and climate change has been inherent in our business and our forward-looking actions for decades. We continue to evolve with the energy markets to meet the increasing

demands of our customers for energy delivery services while working together to transition to a lower-carbon energy future. Our green-certified facilities, fleet management, damage prevention program and safety management system are all examples of our continued dedication and commitment to reducing emissions. We see a number of opportunities to support customers of all types and sizes as they pursue lower-carbon energy options. Hydrogen, along with RNG, conservation, carbon capture and other emerging technologies, will ultimately provide customers with increased sustainable energy choices. Our team is engaged at every level as the social, political and legislative environment around climate change develops and the renewable energy supply chain matures.

# Protecting Our People and Essential Energy Delivery Systems

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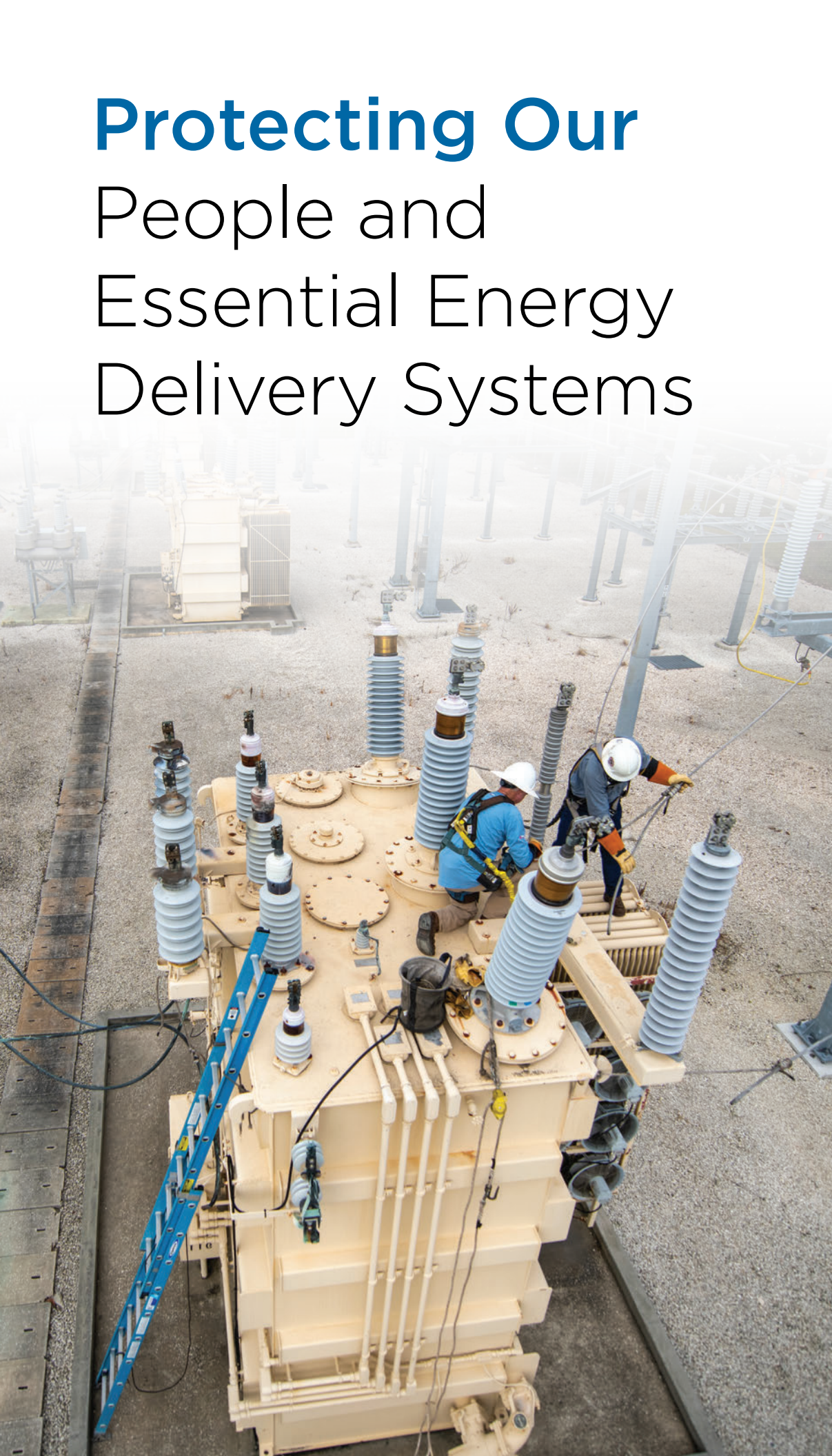
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# Protecting our People and Essential Energy Delivery Systems

## Commitment to Safety

Safe operations are key to our long-term business success. The energy products we deliver are vital to homeowners, businesses and industry. Our delivery systems must be operated with skill and care to ensure safe operations and uninterrupted service. Safety is an integral part of our culture. Our policies, processes and decision-making start with a safety-first point of view.

### Chesapeake Utilities is committed to:

- **Our Employees:** to make safety, health and wellness top priority
- **Our Customers:** to safely and reliably deliver the energy that makes their lives better
- **Our Communities:** to safeguard their well-being and best interests
- **All Stakeholders:** to protect our energy delivery assets

### A SAFETY CULTURE FOCUSED ON RISK IDENTIFICATION AND MITIGATION

A central feature of our emphasis on safety is the identification and mitigation of risks prior to an incident. We devote significant attention to physical assessments

of facilities, vehicles and operating processes to identify potential hazards and problems before they occur. We collect information on near misses submitted by employees and review opportunities for training, procedural revisions or equipment modifications. All actual incidents are reviewed by senior leadership, including the CEO. The lessons learned from each of our hazard and incident reviews are communicated throughout the Company.

### PIPELINE SAFETY MANAGEMENT SYSTEM

At the end of 2019, we committed to implement ANSI/API Recommended Practice 1173 Pipeline Safety Management Systems (PSMS).

The PSMS standard provides a framework to identify and manage risk, establish a safety learning environment and continuously improve pipeline safety and integrity. In 2021, a third-party gap assessment was completed to identify policy, procedure and training weaknesses. Our intent is to implement the PSMS in 2022.

### SAFETY GOVERNANCE

Safety responsibilities are embedded in our organizational structure to provide executive oversight, corporate level support, business unit accountability and direct team member involvement. An Executive Safety Team (EST), comprised of our CEO and other senior officers, is responsible for





setting safety strategy, expectations, goal setting and resource allocation. A Segment Safety Team (SST), including business segment leaders and segment safety professionals, conducts a monthly review of each injury, vehicle incident, significant system issues and near misses. The intent of the SST review is to proactively evaluate our safety performance and accelerate actions to reduce risk. Adjustments to policies, procedures and training aimed at reducing future incidents occur at the SST. Each incident resulting in an injury, property damage or a system problem is reviewed by the EST. In addition to the governance provided by executive leaders, our safety programs are guided by a director of safety who reports directly to the chief operations officer. Safety professionals are embedded in each operating unit for day-to-day risk identification, training and support. All Company employees have safety goals as part of their individual performance plans. Each team member is responsible for their commitment to safety.

## Workforce Health and Safety

The safety of our team members and contractors is the foundation of our safety culture. Our people safety goal is simple. We want everyone that works on or near our facilities to go home safe and healthy every day. All employees and Company contractors are empowered to take action to stop work if they identify a potential safety hazard or suspect a threat to themselves or Company assets.

### TRAINING

Team members routinely participate in safety compliance education sessions that include standards set forth by the Occupational Safety and Health Administration (OSHA), Federal Energy Regulatory Commission (FERC), Pipeline Hazardous Materials Safety Administration (PHMSA), Department of Transportation (DOT) and National Fire Protection Association (NFPA). We also participate in training sessions offered through independent third parties and trade organizations like the Southern Gas Association. The training is delivered in a variety of methods including in-person classroom, hands-on field experience and virtually.

## SAFETY TOWN

In November 2020, we announced the completion of our state-of-the-art training facility in Dover, Delaware. Safety Town is a resource for our employees who build, maintain and operate our natural gas infrastructure, offering hands-on training and fully immersive, on-the-job field experiences. First responders and other community partners also benefit from the simulated environment and conditions they could encounter as they enter homes in the community. We will start construction of a second Safety Town facility in Florida in 2022.

## VEHICLE SAFETY

Operating and maintaining our energy delivery systems involves significant travel to Company and customer facilities. While miles driven by our non-field personnel have

been reduced significantly during the pandemic, the Company's field service crews continue to travel across our service areas. Driving is the number one hazard faced by our employees, and a recognized area of improvement is increasing operator awareness and caution navigating around stationary objects. In 2020, we instituted a Companywide driver safety education program, LLLC Defensive Driving, an Avatar Fleet interactive program designed to positively reinforce safe driving behaviors. At the end of 2020, Chesapeake Utilities was recognized by the American Gas Association for achieving the lowest motor vehicle accident rate among similarly sized companies.



## CONTRACTOR SAFETY

Third-party contractors and suppliers provide valuable services to Chesapeake Utilities. We regularly engage with outside contractors to ensure their safety practices are aligned with our culture. Our contract terms and conditions include required demonstrations of safety qualifications and performance, and adherence to applicable codes, regulations and industry safety standards. We routinely monitor contractor drug and alcohol screening. 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.



Completed in November 2020, our two-acre Safety Town training center **provides simulated on-the-job field experiences for employees as well as first responders and other community partners.**



## EMPLOYEE HEALTH AND WELLNESS

Encouraging employee health and wellness is a major component of our safety process. Employees who are healthy, physically fit and mentally sharp take less risk, are involved in fewer safety incidents and are more productive. Company-sponsored wellness programs include:

- Comprehensive health plan coverage
- Annual health fair and biometric wellness assessments
- Fitness tracking program
- Numerous fun runs, charity fundraiser sports and exercise events
- Wednesday Webinars on health topics such as stress relief and weight management
- Employee Assistance Program - mental/emotional health counseling and referral service
- Financial planning sessions with third-party experts
- Numerous COVID-19 wellness benefits, including:
  - » Pandemic Task Force to provide individual and family assistance if ill or isolated due to exposure
  - » Paid time off for illness or isolation
  - » All COVID-19-related medical bills covered with no copay
  - » Weekly communication updates on COVID-19 status, policies and guidance
  - » COVID-19 HR hotline to facilitate employee assistance
  - » Free face masks for all employees and other PPE for field personnel
  - » Presentations by medical professionals on COVID-19 safety precautions
  - » Modified health insurance standards to allow virtual medical appointments and approved multi-month prescription refills to limit doctor office and pharmacy exposure
  - » Provided Chromebooks™ to employee school-age children to facilitate home schooling
  - » Provided paid time off for vaccinations and a full day off with pay to recover from side effects
  - » Hosted multiple Company Cares events: combination employee recognition, business performance celebration and COVID-19 update morale-building sessions.

## COVID-19 RESPONSE

It's been a challenging couple of years trying to keep people safe, while continuing to deliver uninterrupted essential energy services to our customers and communities. Our thoughts are with those who have been sick, lost family members or experienced hardships during these difficult times.

We continue to operate under our pandemic protocols. Much of our workforce is working remotely. We continue to follow the Centers for Disease Control and Prevention (CDC) guidance for PPE, social distancing and other protective measures for any employee or contractor accessing our facilities. Our HR Task Force remains hard at work pursuing contact tracing and ensuring that employees who contract the virus or are exposed remain isolated, with pay, until it is safe for them to return.

While we remain hopeful that 2022 will see an end to the widespread disruptions and difficulties caused by the pandemic, we recognize that the new normal we experience post-pandemic will undoubtedly bring permanent changes to the way we work and interact as a society.

Chesapeake Utilities has a long history of responding to natural disasters. When you operate utility systems in hurricane prone Florida, planning and executing a recovery response is second nature. While managing a viral pandemic is different in many ways from a storm event, the fundamental principles of staying calm, focusing on



keeping people safe, working the plan, communicating expansively and finding solutions to whatever comes up, are much the same.

Serious planning conversations about the looming pandemic began in February 2020, with full activation of our response actions, including our Pandemic Response Plan, in early March of that year. We immediately stood up a Pandemic Task Force, canceled all large events, suspended all non-essential travel, began expanding our VPN capacity to support remote work, placed orders for additional PPE and much more. We were also one of the first utilities in the country to stop non-pay disconnects and waive late fees for our customers.

Our Pandemic Response Plan includes two primary objectives. First and foremost, ensure the Company takes rational, measured and, if necessary, escalating actions designed for the protection and safety of employees, customers and the communities we serve. Second, the Plan was designed to

maintain our ability to provide uninterrupted delivery of energy services in each of our businesses.

By the end of March 2020, many of our employees were working remotely with adjusted technology, procedures and controls supporting our virtual office processes. We also worked hard to secure PPE for our field personnel and refined the protocols for various field service functions.

In our operations units, we followed CDC, OSHA and industry best practices for PPE, social distancing and pre-screening job sites prior to entering an occupied dwelling where the occupants might be sick. Our transmission and distribution systems continued operating, with control rooms, compressor stations and other critical functions fully staffed. We safely continued our pipeline construction projects. Our Marlin CNG and Sharp Energy propane trucks continued to deliver fuel to customers.



The Eight Flags CHP plant generated electricity with a socially distanced and staggered shift control center. Our business development team continued to pursue opportunities, and our corporate support teams quickly adapted.

Internal employee communications also significantly increased. Frequent all-hands employee calls were scheduled and have continued, providing both pandemic response and business updates. We followed those calls with employee surveys and responded quickly to suggestions and concerns. We increased our cybersecurity efforts, recognizing new threats and potential vulnerabilities as we changed our work conditions.

In light of these efforts, our COVID-19-related expenses increased, and as businesses closed during the lock-down period, our margins were negatively impacted. We were prepared and responded accordingly. Given the weather impacts in the first quarter of 2020, we were already looking at more aggressive management of our expenses. COVID-19 elevated those cost reduction initiatives. And, while we achieved significant cost reductions, we maintained our safety and operational compliance programs. All our inspection, maintenance and replacement activities remained unchanged. In fact, we accelerated many of those activities in light of the pandemic, along with the construction of our new Safety Town gas operations training center in Dover, Delaware.

During the pandemic, we have continued to support the communities where we live and work. We worked closely with customers to offer extended payment options and budget payment plans because of their financial situations. And, we worked with our state regulatory commissions on the timing and process to re-institute more traditional procedures for non-payment. We continued to address the needs of our communities through philanthropy and volunteerism, including contributing monetarily in meaningful ways to local organizations to aid in the fight against the COVID-19 impact. Further, Chesapeake Utilities established a matching program for employee donations to local community organizations, contributions which were above and beyond our normal giving levels.

Chesapeake's normal has always been a little different than many other larger companies: a little more entrepreneurial, more interested in digging harder to find the opportunities that many in our industry overlook, more focused on starting with the customer's interest in mind, solving the customer's problem and then finding a way to transform an opportunity into a real project. We have applied much of this perspective to our pandemic response and our ideas on the post-pandemic workplace. Our current work environment, with many of our employees working remotely, will continue at least through the first quarter of 2022.

[Visit our website for more information and to view the 50 Actions in Response to the Global COVID-19 Pandemic.](#)



**\$200K DONATED**  
to local and national  
nonprofit organizations

**\$16K DONATED**  
to nonprofits by our  
caring employees  
to help customers  
impacted by COVID-19.  
Donations were matched  
through our Chesapeake  
Utilities Giving program

**2,982 MASKS**  
distributed to  
our employees

**1,666 MASKS**  
donated to local  
organizations, first  
responders and  
hospitals

**137 CHROMEBOOKS**  
provided to our  
employees' children  
for remote online  
instruction during the  
COVID-19 pandemic

**1,000 PPE KITS**  
assembled and delivered  
to our community  
partners



# Energy Delivery System Safety and Security

## ASSET INTEGRITY/PROTECTION

**System Planning:** Each year, our operations teams conduct a physical risk assessment of our energy delivery systems. The assessments are useful in identifying and prioritizing capital replacement and upgrade projects, maintenance needs and the focus of employee training. The following list outlines actions resulting from our 2021 assessment process:

- Storm hardening facility upgrades on our electric system facilities in Florida
- Expanding system-locating services to reduce third-party excavation damage to our natural gas, propane and electric systems
- Upgrading security at our propane bulk storage and natural gas facilities to reduce the potential for unauthorized activities
- Continuing to replace older natural gas infrastructure to increase safe operations, reduce environmental impact and increase reliability
- Updating our GIS mapping system to provide enhanced facility location and material descriptions to assist in system design, damage prevention and customer service

## SYSTEM INTEGRITY

Chesapeake Utilities has developed and maintains Integrity Management Plans for its gas transmission and distribution systems in accordance with Pipeline Safety and Hazardous Materials Safety Administration (PHMSA) standards. Additionally, we annually update and submit to the Florida Electric Reliability Council a reliability compliance plan for our electric system demonstrating compliance with standards established by the North American Electric Reliability Council (NERC). Our propane systems and records are also subject to safety and compliance inspection by PHMSA and the Department of Homeland Security. The plans we develop in compliance with these standards provide a structured approach to identifying and addressing operational risks and security threats.

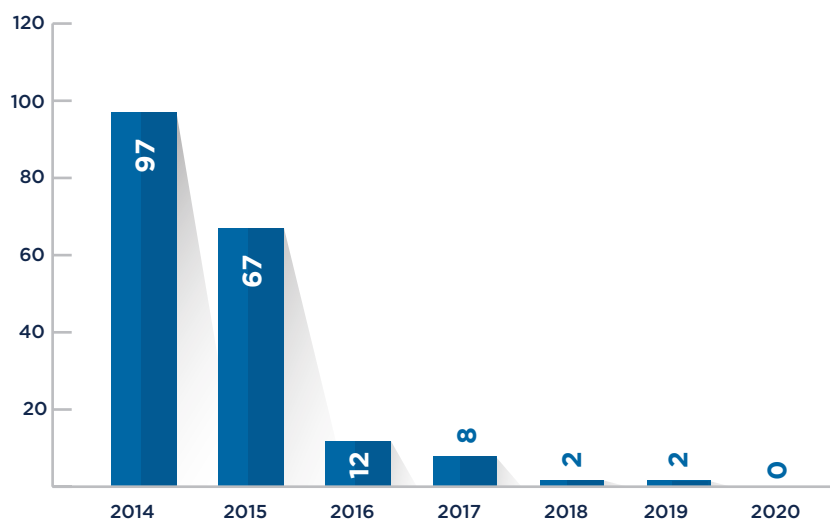
## SYSTEM REGULATORY COMPLIANCE

We deliver energy by pipeline, electric wire, propane tank and transport truck. Each of our energy delivery systems is regulated by a governmental entity for safety and compliance with approved operating standards. Our operational teams routinely complete a variety of mandated inspection and reporting activities to demonstrate safe and reliable operating conditions. In addition to regulatory agency oversight, we conduct internal compliance audits that are reviewed by our Board.

We have focused particular attention on improving several of the gas distribution system compliance metrics tracked by regulatory inspectors. For example, in our Florida distribution business, we typically participate in 28 to 30 two-week system inspections conducted by staff of the FPSC. To help manage this inspection process and to ensure we were meeting required standards, a dedicated system compliance team was established. Resources were allocated to address specific PHMSA compliance issues, especially those involving record-keeping and timely completion of maintenance requirements. We also invested \$3 million in an asset management software system and brought in a third party to help us develop consistent compliance processes across all our operating units. Our compliance performance improved dramatically. Since 2014, our audit findings dropped from 97 to zero in 2021.



**Florida Public Service Commission - Audit Findings**



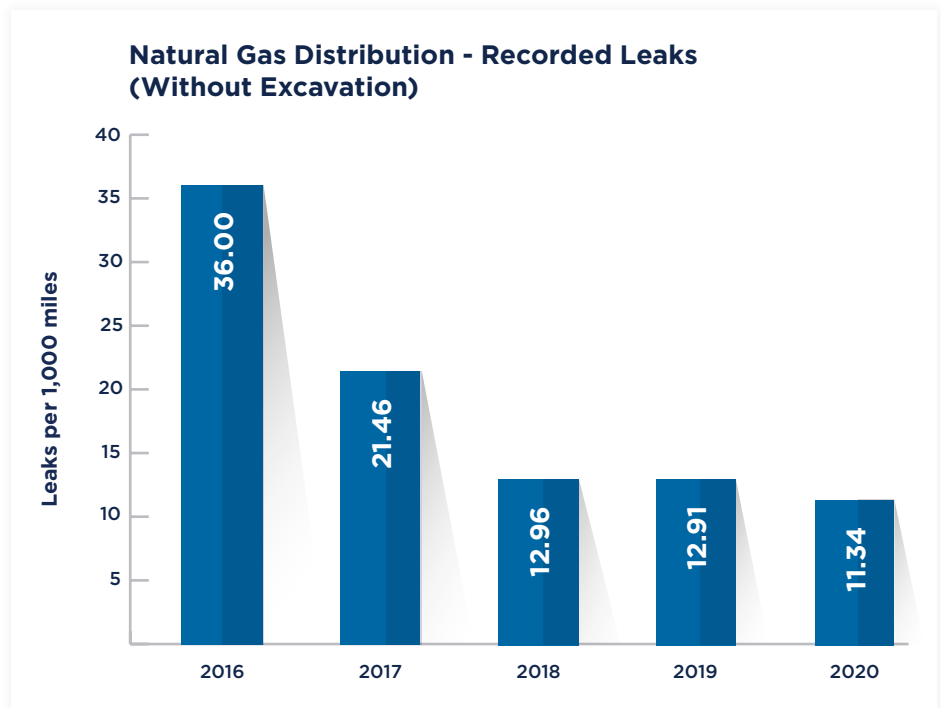
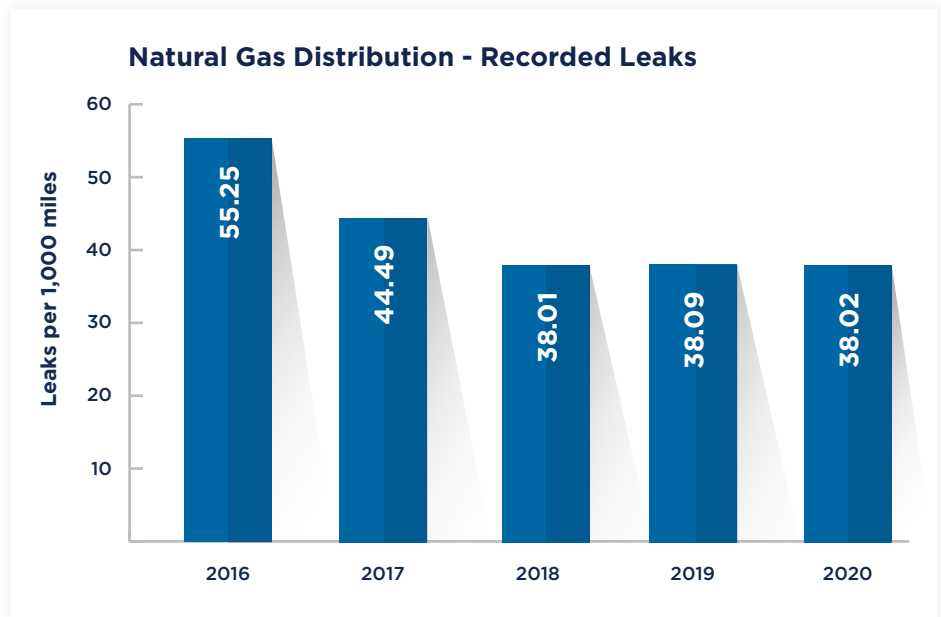
*The chart above depicts gas distribution compliance violations based on FPSC inspections.*

Another key metric in our natural gas distribution business is the number of leaks recorded per thousand miles of main. Over the past five years, we have reduced our total leaks per mile by 13 percent. Much of that reduction is attributable to the fact that a significant percentage of our distribution system mains in both Delmarva and Florida have been either replaced or installed to meet customer growth within the past decade.

## DAMAGE PREVENTION

We manage approximately 8,500 miles of transmission and distribution mains. Third-party excavator damage is one of the leading causes of pipeline leaks and electric system outages. We separately identify leaks caused by third-party excavations from leaks caused by corrosion or other issues. A significant number of system leaks are caused by excavator damage. These leaks represent safety concerns, methane escapes and financial loss.

We have expanded our damage prevention programs, including the addition of dedicated staff resources with the goal of reducing excavation damage in all our distribution areas. The Chesapeake Utilities approach to damage prevention is proactive. We have increased our efforts to ensure our underground systems are well marked. Our communications team conducts public awareness campaigns to remind customers to call 811 prior to engaging in any excavation activities. Our operations and safety staff regularly engage with contractors and municipal officials and participate in local utility damage prevention councils to promote damage-free excavations. We frequently perform courtesy stops at excavation sites if there is concern that excavation activity is occurring without our facilities being properly identified.



## Public Awareness and Safety

We communicate regularly within our communities to promote awareness of the work we are doing and to educate our communities about working, living and playing in proximity to our facilities. When planning a new project, we work with

landowners, community leaders, environmental groups and regulators to plan routes that minimize environmental impact and land disturbance. We support our state Call-Before-You-Dig programs across our service territories for anyone conducting activities that require digging in the ground.

## Storm Preparedness

Communications related to storm preparedness is a critical component of our Company's public awareness campaigns. Throughout the year, we deliver essential information to educate our customers about staying safe in the event of a major storm. Pre-storm communications include preparedness checklists, safety tips and awareness messaging to customers and community members. Post-storm, we use a variety of channels to keep the public aware of our storm restoration and response plans. Hurricane Michael was a particularly damaging storm that required a complete rebuild of our systems in Northwest Florida and a robust post-storm communication strategy. Florida Public Utilities received a public education and public information award for its communications efforts related to Hurricane Michael from the 34th annual governor's hurricane conference, the nation's largest response and recovery conference.

## Utility Scams

Utility scams are a common criminal practice in the United States where criminals impersonate utility personnel to steal property and obtain personally identifiable information. Our customer care professionals regularly scan for issues and launch public awareness campaigns when new scams are identified. We also partner with a national collaborative, Utilities United Against Scams (UUAS), to share

best practices from across the nation and amplify our awareness campaigns to protect and educate our customers.

## Cybersecurity

Cybersecurity is a key element of our Company's commitment to operational safety and the security of our essential energy service systems. We are aware of the potential impacts that cyberattacks pose to our physical assets, financial performance and reputation as a reliable system operator. Over the past several years, we have devoted considerable resources to establish a comprehensive cybersecurity program to protect our customer data, physical and digital assets, data networks and technical infrastructure. Our priority is to secure the integrity, continuity and resiliency of our technology systems and assets.

We have established a culture that understands and supports our cybersecurity and data protection initiatives. Cyber protection is an integral segment of our Enterprise Risk Management assessment,

and is an ongoing area of review by both the Company's executive management and Board. An executive-level team meets regularly to establish applicable policies and assess ongoing cyber governance and resource requirements. The Company's CIO serves on management's senior leadership team and provides regular cybersecurity updates to executive management and our Risk Management Committee. Additionally, our Board of Directors' Audit Committee includes a cybersecurity expert that facilitates the Board's oversight of our security effort.

Because the energy industry is continually at risk for a cyberattack, we established a dedicated cybersecurity group in our Business and Information Services (BIS) department. In addition to immediate real-time action, a standing cross-functional critical incident response team is capable of responding to any potential cyber incident within an hour of a substantive identified threat. We have continuously updated our cyber protection technology, utilizing the leading tools in the areas of End Point





Detection and Response (EDR), Intrusion Prevention System (IPS)/Intrusion Detection System (IDS), web filtering, firewalls and conditional access. Particular attention has been paid to our pipeline supervisory control and data acquisition (SCADA) system and control room functions. All of our technology infrastructure is continuously monitored by both our internal cyber team and leading third-party cybersecurity firms.

Cybersecurity is not limited to our BIS department. Every employee plays an important role in keeping our systems safe, and it begins the day each employee joins Chesapeake Utilities. New employees receive a cybersecurity orientation as part of their onboarding process, and all employees are required to participate in an annual cyber training program. Frequent cyber safety messages are delivered by management in regular employee meetings. Awareness campaigns are conducted through our intranet, office posters, literature and email.

Monthly phishing simulations are conducted with feedback and training for employees. Policies, practices and technical controls are in place across the Company to minimize cyber risk. These protection practices include sound password management, access control, web filtering, business only email access, encryption, multifactor authentication and patching, which meet or exceed industry practices. Our policies, controls and oversight also extend to contractors and vendors providing software or other services that require system access.

We have adopted a continuous vulnerability assessment process using the best National Institute of Standards and Technology (NIST)-approved tools. Tabletop exercises involving executive policy makers, system users and technical staff are held to review and update processes, identify vulnerabilities and allocate resources. Each year, we bring in a third party to conduct a network

penetration test, assessing our ability to stop or appropriately manage cyberattacks. Any potential vulnerabilities or weaknesses identified by the independent assessment are swiftly addressed.

While our diligence has protected us, we are constantly vigilant. We take a proactive approach to any industry incident or any cyber event that may impact our systems. On several occasions, in an abundance of caution, we have temporarily isolated assets and rebooted one or more of our systems to ensure any potential breach is mitigated.

By April 2020, the COVID-19 pandemic required that we equip hundreds of newly remote team members with devices, VPN access, communications and virtual contact platforms with connections through home and public Wi-Fi networks. We re-examined many of our cyber protocols to address the new remote work environment. As we significantly increased our VPN capacity, we also took additional steps to enhance VPN security and reliability. Our virtual communication, collaboration and productivity tools were moved to a leading cloud services provider with substantial security capabilities. We established a remote access protocol that follows best practices including multi-factor authentication limited to approved devices. The upgrades in our security practices are permanent and will support the hybrid work environment we envision as COVID-19 recedes.

## Incident Preparedness and Response

Safe, reliable operations are the cornerstone of an essential energy delivery company. We live in the communities we serve. Our employees work on the delivery systems we operate. Our customers are our neighbors. Safeguarding and protecting our employees, customers and communities is the most important thing we do.

Our protocols for keeping people safe and ensuring uninterrupted service are primarily about prevention: identifying and eliminating risks before a problem occurs. The preceding sections describe the many training, facility replacement and process review actions we undertake to ensure safe operations. In the event an emergency situation arises, we have plans and processes in place that ensure a rapid, robust response with public safety being our primary goal.

By far, the most significant operational emergency events we face are caused by weather related damage to our systems. We have operated gas and electric systems in Florida for decades. Our storm preparedness planning is expansive. On several occasions, we have demonstrated our ability to quickly mobilize and recover from significant storm events in Florida, and most recently, flooding in Philadelphia following Hurricane Ida that impacted our telephone and network services.

Each year, prior to hurricane season, we conduct multiple tabletop drills and supervisory level meetings to refine our local plans and ensure appropriate stockpiles of materials and supplies are in place. Our storm response planning, and any actual mobilization, is coordinated with local emergency responders, mutual assistance providers, other utilities, media and government officials.

We're proactive and prepared. Many of our service areas are in locations that routinely

are affected by severe storms. As part of our emergency response plan, our customer care and communications teams communicate with customers through email, telephone and social media messages to provide information about how to prepare as a storm approaches, and how to safely address issues that result in a service disruption. Our field service crews are trained and ready to respond to storms or other outages as soon as it is safe to do so. In a widespread outage, as is expected in a hurricane, we prioritize service restoration focusing first on critical health and safety service locations, such as hospitals, nursing homes and emergency responders. Our employee teams are also prepared to ensure our business continues to operate, even if our local offices are damaged and telephone and network services are interrupted.

Our response planning also includes preparedness procedures and training for other emergencies, including accidental product releases, mechanical issues that affect system performance or security related incidents. While these are rare events, we are continuously working to provide applicable training to both our employees and first responders. Each of our operating division or facility managers is responsible for developing site-specific emergency plans consistent with our applicable operating manuals and related emergency plans. As noted in this document, we are in the process of adopting the safety practices of ANSI/API 1173, which will trigger a more focused periodic review of our emergency response process intended to identify and address any gaps.





## Business Continuity

Over the past several years, we have increased efforts to consider potential impacts to our businesses that could affect the continuity of services. While the financial implications of interrupted service are obvious, the reputational risk, along with potential safety considerations, are of paramount importance in responding to service interruptions. In today's world, the potential disruption associated with a cybersecurity attack or intentional damage to a facility or a global virus pandemic must factor into our response planning.

Our standing Business Continuity Committee includes representatives from operating and support teams across our Company. A Business Continuity/Disaster Recovery Plan is frequently reviewed and updated. To assist in this process, in 2020, our internal audit team assessed our preparations. We also engaged third-party experts and conducted several tabletop exercises focused on operations, customer service and technology functions. The Plan was updated and reviewed by our Board.

A Business Continuity Task Force, with selected members of the broader standing Committee, is ready to meet within one hour, to review an incident and coordinate a response, if required. The Task Force reports to the CEO. Our operating manuals and local emergency plans provide key employees the ability to take immediate steps to ensure safety and reduce system damage. Our incident response is, in large part, based on the structure and principles of the FEMA National Incident Management System (NIMS).





# Social Engagement



Chesapeake  
Utilities  
Corporation  
Company  
Overview

Our Strong  
Corporate  
Governance

Enterprise Risk  
Management

Protecting Our  
People and  
Essential Energy  
Delivery Systems

**Social  
Engagement**

Environmental  
Stewardship

Our Future

SASB Table

Forward-Looking  
Statements



**EVERY DAY WE SEE  
THE GOOD WE CAN DO.**

# Social Engagement

## The Chesapeake Utilities Corporation Team

Our employees are the creative and powerful heart of our Company. Chesapeake Utilities' employee-centered culture attracts, develops and retains high functioning team members who share the values that drive our business. We see the benefits of diverse ideas and solutions from employees that feel included in strategy development and decision-making. We understand that investing in the development of our people encourages ingenuity and creative problem-solving. We prioritize team members as our greatest asset. Our people are the reason we continue to grow and succeed.

*“ Without great people, you have no chance of becoming a great company. Our exceptional growth and performance are entirely related to the things our team members do every day to serve customers, build infrastructure, develop projects and support our business. Each member of our organization plays an important role in the Company's success. I'm honored to lead a team that makes a meaningful difference everywhere they live and work. ”*

**— Jeff Householder,**

**President and Chief Executive Officer**



## Building an Engaged Workforce

In 2019, our rolling five-year strategic planning process identified several scenarios that projected significant change for the energy industry. It was clear that the future would include a transition to more sustainable sources of energy. It was also evident that the opportunities to grow our business, including investments in sustainable energy, would likely double the size of the Company, again, over the next few years. We asked ourselves a simple but challenging question: What would it take to position Chesapeake Utilities to thrive in the marketplace unfolding before us? Among the many items we considered was the need to take a hard look at our existing organizational structure, employee skill sets, internal processes and business technology.

That internal review launched a Business Transformation process. We restructured our operating units, began a continuous improvement process, developed a multi-year technology upgrade plan and retained Gallup Corporation™ to help us launch an employee engagement initiative. Our initial employee surveys and focus groups confirmed what we suspected. Chesapeake Utilities employees were happy with the Company, liked the culture and their jobs and were excited about our historical growth and success. However, below the management level, many employees were not truly engaged and saw little connection between their day-to-day jobs and the Company's long-term strategy.

Since then, we have been working to strengthen the level of engagement among all employees. Unexpected challenges arose given the in-person restrictions and remote

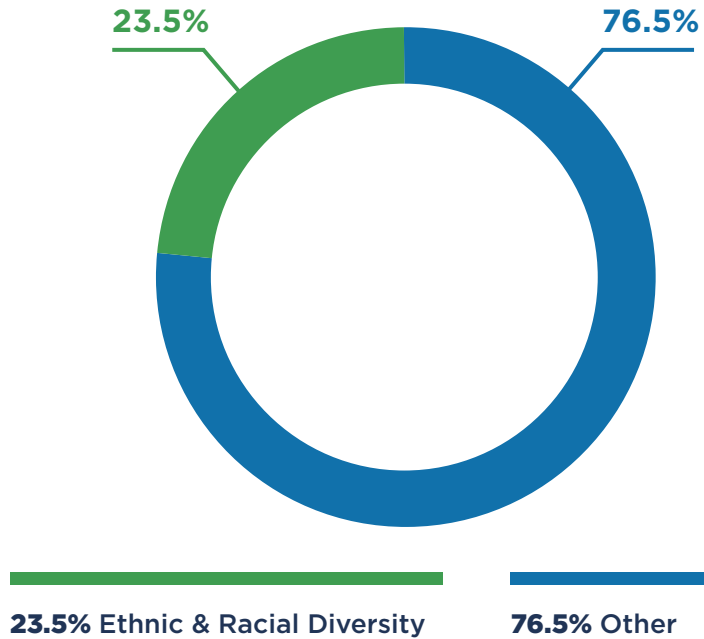
work environment resulting from the pandemic. However, we are on a path toward implementing the Gallup™-recommended engagement process. We refreshed our mission, vision and values statements with significant employee input. Our CEO held monthly all-employee calls to review strategy, project status and other important topics. In 2022, we are linking our individual employee goal setting and performance review process to our mission, vision and values. We have also instituted a change management process to ensure we communicate effectively, thoughtfully consider employee input and continue to transform our business.

## Equity, Diversity & Inclusion

We foster a culture of EDI. One of the most important objectives in building an engaged workforce is to ensure that there is no place for discrimination or inequity in our Company. We want all employees to feel that their voices are heard, and their contributions are valued and respected. Chesapeake Utilities runs on ideas. It's what sets us apart from other companies and contributes to our growth. The principles of EDI are fundamentally right and moral, and they are also good for business.

Our Board and leadership team are firmly committed to a culture that embraces EDI. Leadership team performance compensation for 2021, and again in 2022, is tied to support for our EDI initiatives. We are deeply committed to maintaining a workplace that is free from discrimination and harassment on the basis of race, color, ethnicity, gender identity, sexual orientation, age, religion, national origin, physical ability or protected veteran status. We also welcome the diversity of thought and experience that occurs among people exhibiting other differences that make us all unique. Our ultimate interest is to attract and retain people who can help us grow the business, provide great service to our customers and meet the needs of all stakeholders.

### MINORITIES IN THE WORKFORCE





CHESAPEAKE UTILITIES  
**EQUITY  
DIVERSITY  
& INCLUSION**

### **EQUITY, DIVERSITY AND INCLUSION COUNCIL**

Our EDI Council was established in 2020. The Council recommends and promotes our EDI strategy, advises employee resource groups and works with our operating units and support teams on EDI initiatives. The Council's charter includes the following objectives:

- Build a more diverse and inclusive workforce
- Promote a culture of understanding, equality and inclusion
- Educate employees about the benefits of diversity at Chesapeake Utilities
- Support community programs and organizations that are diverse and inclusive
- Provide guidance on EDI matters for the Company

The Chesapeake Utilities EDI Council includes members of our leadership team, the chairs of our employee resource groups and other individuals in key support roles. The CEO receives a regular report on the business of the Council, strategic direction, resource needs and issues that require policy decisions or other actions.

## EMPLOYEE RESOURCE GROUPS

The Company's employee resource groups (ERGs) are voluntary, employee-led groups that focus on shared identities, affinities or experiences, and seek to apply those perspectives to initiatives that create value throughout the Company. The ERGs support the members' personal growth and professional development, and help develop learning programs and community service opportunities throughout the Company. ERGs also help foster a sense of belonging by creating a deep and intentional community that extends beyond an employee's day-to-day team and colleagues into a Companywide network.

Chesapeake Utilities' ERGs are uniquely positioned to provide key insights and act as a collective voice in promoting an inclusive and respectful workplace. They are instrumental in improving workplace culture and shedding light on specific issues or barriers that may negatively impact employees.



### Equal Parts of Inclusive Cultures (EPIC)

supporting employees of different cultures and ethnicities



### Veterans Resource Group

supporting employees who are currently serving or have served in the armed forces



### Women in Energy

empowering and encouraging female employees



### Black Employee Network (BEN)

supporting Black and African American employees



### Support - Promote - Attract - Retain - Connect (SPARC)

supporting millennial and younger employees



### Wisdom Seekers & Sharers

supporting Generation X and older employees



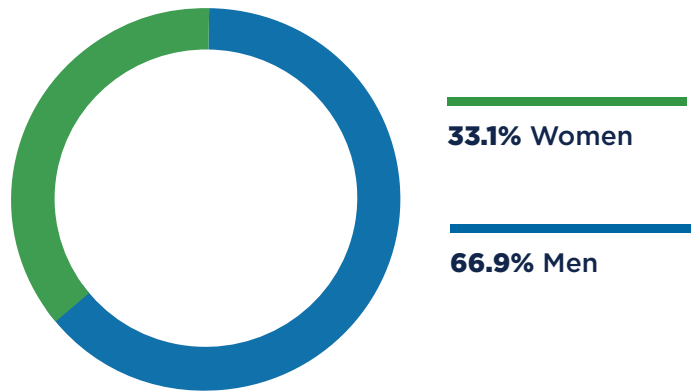


## OUR WOMEN IN ENERGY (WIE) PROGRAM WAS ESTABLISHED IN 2019

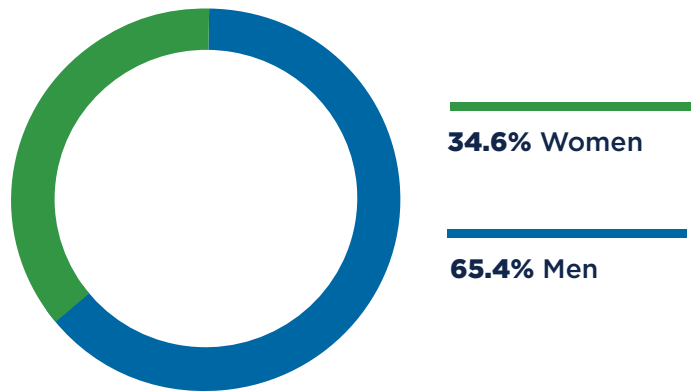
One of the first Chesapeake Utilities Corporation Employee Resource Groups, WIE offers a dynamic forum that empowers our female employees to network and share unique experiences and viewpoints within the energy industry, as well as engage in professional and personal development. Included in the group's initiatives are educational webinars, book clubs, speech classes for employee development, guest speakers and community service events.



### WOMEN IN THE WORKFORCE



### WOMEN IN MANAGEMENT



*In 2021, women comprised 36.6% of newly-hired employees, and 46.8% of newly-hired managers at Chesapeake Utilities Corporation.*

## Training and Resources

As with other practices, our training opportunities transitioned to a virtual learning platform through which we rolled out courses such as Natural Gas 101, Electric 101, Propane 101 and Renewable Gas. Human Resources coordinated one-hour Wednesday Webinars throughout the pandemic; the sessions were recorded for those who could not attend the live sessions. The recordings remain available on a SharePoint Portal, and topics varied, including Drug & Alcohol Training, Harassment Awareness Training, Driver Authorization Policy and Procedure Training, Interview Training, Progressive Discipline, Understanding Family Medical Leave, Benefit Overview, Financial Education 401k Training and DiSC Behavior Assessment Training.

We also provided EDI Leadership Training for supervisors, managers and directors. While nine, 90-minute small group sessions were conducted for that group, one 60-minute session was conducted for Company officers. All employees will participate in an EDI Training session in early 2022.

Additionally, a succession planning framework was introduced to all officers. Two of the four assessments (Emotional Intelligence – Eqi2.0 and DiSC) were completed in 2020, and the remaining two assessments (Leadership Accelerator Questionnaire and Agile Leader Potential) will be completed during the first half of 2022. Officers' successors will

complete the same assessments to assist with development and career planning in 2022.

*“ We achieve great things together and hold each other accountable to do the work that makes us better every day. ”*

## Talent acquisition and retention

Our success as a Company begins with attracting and retaining a talented, highly skilled workforce. We have focused greater attention on ensuring that our recruiting efforts bring us diverse candidate pools that better reflect the demographics of the communities we serve.

Recently, a new chief human resources officer joined the Company; he has a long history of experience in EDI, including diverse candidate recruitment. Our candidate selection process has been enhanced to establish selection Committees with diverse members to evaluate job applicants, and we have conducted unconscious bias training for hiring managers. In 2022, we will engage with Historical Black Colleges and Universities, expand our support of Women in Energy organizations and continue to seek opportunities to recruit and hire diverse candidates across our organization.

### Virtual hiring, onboarding and remote work:

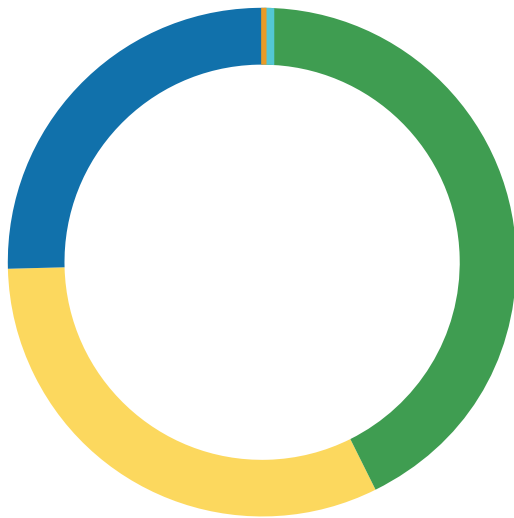
The pandemic required our human resources team to shift to a virtual hiring process. Challenges included the lack of in-person interaction and the personal aspect of connecting with job candidates. Our recruiters attended many virtual recruiting events, and the hiring team developed skill at utilizing virtual communications







## GENERATIONS IN THE WORKPLACE



### 0.2% Traditionalists

*born 1927-1946*

### 26.2% Baby Boomers

*born 1947-1964*

### 42.6% Generation X

*born 1965-1980*

### 30.9% Generation Y

*born 1981-2000*

### 0.1% Generation Z

*born 2001-2020*

platforms to conduct video interviews and a robust orientation process. While prioritizing the safety and well-being of our current employees and new hires, and to meet the growth opportunities presented, we virtually hired and onboarded more than 270 new employees in 2020 and 2021, including both traditional new hires and those joining the Company through acquisitions.

For many of our employees, remote work is the new normal. We adopted best practices to ensure that those employees eligible for remote work had the support they needed to perform their jobs remotely and still feel connected to their team. We held virtual departmental and all-employee meetings, lunchtime events and educational workshops to continue bringing our team members together. We also employed processes to deliver

all necessary equipment (laptops, phones, etc.) to our employees' homes or remote working stations to avoid potential exposure with a trip to a Company facility.

As an essential service provider, more than half of our employees are unable to perform their jobs remotely. We have great respect and gratitude for our field services employees and their commitment to uninterrupted service to our customers.

## Employee Benefits

Our benefits program and other resources that support employees' physical, mental and financial health are designed to support our attraction and retention of employees. An Employee Benefits Committee, chaired by our CHRO and including senior leaders, meets several times a year to oversee benefit matters and ensure regulatory compliance and market competitiveness.

### Scholarships and Tuition:

Our Educational Assistance Program helps employees obtain additional education or training to expand current skills or prepare for potential opportunities within the Company. Qualified employees are eligible for tuition support for programs at an accredited college or university.

### Chesapeake Mentoring Program:

Our mentoring program seeks to identify and develop top-performing employees with leadership potential. This voluntary program is offered to all full-time employees. A selection process identifies participants. For a 12-month period, each mentee is paired with a mentor who is a Company officer.

Our leadership team facilitates a series of discussions, projects, training and related development activities. The program offers mentees an expanded view of the Company's operations, promotes relationship development across units and assesses leadership potential through testing, observation and project performance.

Our mentoring program seeks to:

- Enhance individual skills, knowledge and abilities
- Ensure collaboration and sharing of expertise and ideas
- Promote diversity and inclusion
- Retain and attract talent
- Identify and inspire future leaders

### Succession Planning:

Executive officer succession plans are in place and reviewed with our Board. In 2021, we took the next step in our employee succession planning process. Working with an independent leadership and talent development firm, we created a broader succession planning framework that utilizes best practices and internal and external benchmarks. We mapped core competencies for all leadership team and key technical positions and began an assessment process using a spectrum of evaluative tools. Among the assessment platforms in use are Multi-Health Systems Inc.'s EQ-I®, Personality Profile Solutions, LLC's DiSC® assessment and Topgrading Inc.'s interview questions. In 2022, we will complete our succession plan for all leadership team positions through the director level and key technical positions. The plan will be updated periodically.

### Employee Communications and Input:

Before the COVID-19 pandemic, business unit and corporate support team leaders met with their employees on no less than a quarterly basis to provide updates on financial, operational and administrative issues. The CEO and other senior leaders attended the

### EMPLOYEE BENEFITS INCLUDE:

Comprehensive health care benefits

Pre-tax dollars to customize health care benefits

Employer contributions to HSA

401K Matching Program

Employee Assistance Program

Aspiring Scholars Program

Wellness Initiatives

Stock Purchase Plan

Volunteerism

PTO & Holidays

Educational Assistance Program

Employee Discounts



meetings on a rotating basis. In March of 2020, as the pandemic surged, our CEO began a series of weekly all-employee calls, the details of which were covered previously in this Report.

As the pandemic continued, we discovered health and safety protocols that worked and addressed the many other logistical and emotional concerns of working during a pandemic. Of significant importance, we retained our employees. Other than planned retirements, we had relatively few employees who left the Company in 2020 or 2021. We continued to survey employees to discover their interest in establishing a hybrid work environment and other post-pandemic policy issues. While the weekly CEO communications have shifted to monthly all-employee calls, and the primary focus is less on COVID-19-related topics, we have retained this touchpoint to communicate about business initiatives Companywide. Monthly all-employee calls will continue, as will periodic employee surveys, and there are plans to return to in-person quarterly meetings as soon as it is determined safe to do so.

The way we work resulted in changes in the way we communicate, as well. Today, all employees are equipped with a mobile device and access to Microsoft Office 365™. In tandem with the launch of the Office 365 applications, we introduced a new intranet portal, which is the central point of information for employee resources. These communication platforms give us the ability to reach all employees, and they give employees the ability to access the information they need.

**Resources and Training:** Professional development is an essential component of employee acquisition and retention. Both required and optional training are offered to both new and seasoned employees, and resources are provided to not only aid employees in performing their current roles but also in preparing them for future roles. Development opportunities are offered both in-person when it is determined to be safe to do so and virtually. Many of our training and development offerings are detailed elsewhere in this Report.

## Our Customers

Our Mission Statement says it best: We deliver energy that makes life better for the people and communities we serve. Chesapeake Utilities puts people at the center of all that we do; customer satisfaction drives our success. Meeting and surpassing customer expectations and finding solutions that help customers solve problems is a primary contributor to our growth and performance. Our customer service representatives, business development team, operations groups and employees across the Company consistently go the extra mile to ensure that any contact with a Chesapeake Utilities team member results in a positive experience for the customer.

### CUSTOMER CARE COMMUNICATIONS POLICY

Our customer experience team developed an internal Customer Care Communications Policy that outlines our customer contact expectations for employees. We are committed to maintaining an open dialogue with our customers, providing consistent and relevant messaging, rapidly notifying customers of emergency issues and responding appropriately to complaints.

### ASSESSING CUSTOMER SATISFACTION

Focus on the customer's experience has become the most important attribute in achieving success at Chesapeake Utilities Corporation. The customer experience (CX) team developed a strategy that has allowed us to effectively measure, analyze and act on the voice of the customer (VOC).

In 2011, the VOC program was established with call monitoring and transactional surveys. Each month, a sample of our customers is surveyed, via telephone, by a market research firm, Sparks Research, to gauge overall customer satisfaction, net promoter score, customer effort, customer ease, and first contact resolution. The CX team then performs an aggressive review and root cause analysis of the data to deliver organizational, and actionable information to its key stakeholders. This information allows us to improve processes, eliminate customer pain points, support innovation, and strengthen our customer loyalty and brand.

Our VOC program has expanded to include capturing and measuring the data from each customer touchpoint, including surveys, quality

monitoring, social media, emails, website inquiries, faxes and escalations. While each of these communication touchpoints is analyzed separately, the data is ultimately aggregated to create a holistic picture. The actionable data that is shared with the leaders of the organization is invaluable and led to a proven, repeatable process that drives results.

The VOC program has supported many successful customer care initiatives, such as the order management system (OMS) interactive voice response implementation, customer high-bill and back-bill process improvements, value-added payment terms and extension policies, and enhanced agent call handling requirements.

### ENHANCED CUSTOMER TECHNOLOGY

Customers have increasingly shifted from manual, in-person bill payment and service inquiries to more convenient channels. The COVID-19 pandemic has limited in-person services, which greatly accelerated the adoption of virtual payment and service options. We expanded our customer contact and billing platforms to accommodate greater self-service and low contact options.



In March 2019, the Kubra EZ-Pay platform launched to allow natural gas customers to view statements and make payments online. In March 2020, the E-Bill platform launched and enhanced the electronic delivery of statements and enabled other self-service options, including autopay.

The new platforms are more efficient and provide greater flexibility and support for our customers. Additionally, they support our environmental stewardship goals by shifting to more electronic billing and payment options. In 2021, more than 1.2 million payments were made by Chesapeake Utilities Corporation customers using these platforms.

Propane customers can order gas, request service work, pay bills, send feedback and manage their accounts through the online propane customer portal.

Since 2016, Chesapeake Utilities has implemented technological improvements to enhance our customers' experiences, including: work order management, which helped create service efficiencies and accurately schedule work requested by our customers; virtual hold technology, which granted our customers additional flexibility to reclaim their time while keeping their place in our service queue; and implementing OMS upgrades that granted our customers additional options and flexibility in reporting electric service outages.

The Chesapeake Utilities website includes links to the Company's social media pages,

which provide additional communication channels. The pages are monitored 24/7 to ensure customer input is reviewed and when necessary, replied to in an expedited fashion.

## ENERGY ASSISTANCE PROGRAMS

**SHARING Fund:** Created in 1983, the Chesapeake Utilities SHARING Fund program provides assistance with heating bills for customers facing financial hardship. The program also provides grants for appliance purchases or repairs for those who qualify through an application process. Donations from Chesapeake Utilities, our customers, employees and the community have enabled us to distribute more than \$600,000 in grants over the past 16 years. In 2020, we also provided grants of \$100 to customers in need who were directly impacted by the COVID-19 pandemic.

Grants through the SHARING Fund program are available to eligible customers of Chesapeake Utilities, Elkton Gas,

Sandpiper Energy and Sharp Energy.

## Pandemic Non-pay Service Disconnect Waivers:

What began with a moratorium on service disconnection for our Maryland customers continued as Chesapeake Utilities halted disconnection of service for non-payment for all customers at the beginning of the pandemic in March 2020. Although this was only mandated for our Maryland customers, we voluntarily carried the waiving of disconnects to customers for all of our territories until March 2021.

## Customer Options Relief Drive (CORD):

Launched in 2020 as part of our response to the challenges presented by the pandemic, CORD efforts included an awareness campaign, consisting of email communications, social media posts, radio interviews, live video streaming and dedicated web pages that directed customers to all known charity





and public assistance agencies that offer relief funds for utility bills.

In conjunction with CORD and prior to any governmental requirements to do so, Chesapeake Utilities created new payment plan opportunities to help customers keep their utilities connected in Delaware and Maryland. Approximately 10,000 customers utilized the options.

Around 5,000 Maryland customers saw approximately \$450k-\$500k in COVID-19 assistance funds applied to their utility bills. The Delaware State Housing Authority opened its portal to assist customers with utility bills, and that program will remain active for customers who wish to apply. In Florida, about 350 additional customers received assistance from the Our Florida program. Between the two territories, charity and government assistance programs provided around \$835k in total assistance funds.

**Budget Billing:** In order to further assist customers that were affected financially by the pandemic, we adjusted our budget program to facilitate extended payment

arrangements. This allowed customers to establish a specific budget to address arrearage issues while keeping their accounts in good standing with Chesapeake.

### **ProCAP Price Protection**

**Plan:** In the Delmarva region and Florida, this plan guarantees propane customers' per-gallon price will never rise above the cap price, even when cold weather or other factors drive market prices up. Plus, if market prices drop below the cap price, customers pay the lower price.

**Smart Club:** Sharp Energy's Smart Club provides a significant discount from retail prices for customers who use less than 399 gallons per year. In accordance with the terms of the program, Smart Club members receive price security and the lowest residential rates we have to offer – year-round.

### **IDENTITY THEFT**

Our Identity Theft Prevention Program protects customer information and decreases losses to our business due to fraud. We identify the relevant warning signs that are likely

to occur in our day-to-day operations and put mitigation strategies in place. We consider the various points of detection such as authenticating customer identities, monitoring account transactions, verifying the validity of change-of-address requests and taking other necessary actions to safeguard customer information. We continuously review and evolve our program to respond to changes in technology, our business operations and available tactics to protect the privacy and identification of those we serve.

To further assist and protect customers, the Company is a member of Utilities United Against Scams (UUAS). When customers report potential phishing activities, we alert the central clearinghouse at UUAS for further action to include but not be limited to shutting down the caller's phone number and working with local, state and federal agencies for possible criminal investigation and prosecution.



# Our Communities

## LOCAL PRESENCE AND SUPPORT

Chesapeake Utilities employees have a long history of assuming leadership roles and supporting, through contributions and volunteerism, organizations that serve the communities where we live and work. In the last three years (2019-2021), we have contributed more than \$1.4 million to support our local communities.

We seek opportunities to partner with organizations that help our communities grow and thrive. Chesapeake Utilities employees are mentors for young people, builders of homes, providers of food for families and more.

## SUSTAINABLE COMMUNITIES

It's important that the work we do contributes to a sustainable future for the communities we serve. 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 we assist customers and communities with solutions for more efficient energy use.

We seek partnerships with organizations that work, for example, to conserve the places people and wildlife depend on, preserve land and promote watershed stewardship.

## EDUCATING YOUTH

2021 marked the 16th year of Chesapeake's Aspiring Scholars program. A total of 136 children of Company employees have received scholarship funds toward their study at an accredited college, university or post-secondary education technical school.

We also regularly donate to schools within our service areas, which benefits children who attend school at all stages of learning and development.

## KEEPING OUR COMMUNITIES SAFE

As a community partner, safety is a priority not only within our Company but also within our communities. We routinely host events to raise public awareness about safety, and we offer training for public officials, first responders and contractors with whom we work. We offer training and education utilizing our on-site Safety Town facility in Dover, Delaware, and we have a mobile safety training unit that we readily transport to other facilities in the Delmarva area. In 2021, approximately 30 public awareness events reached more than 1,000 people outside of the Company.

## DONATIONS AND VOLUNTEERING

We take seriously our mission to make life better for the communities we serve.

### Community Focus Areas



**Youth:** In 2021, the Company donated \$100,000 to the YMCA of Delaware. We also supported organizations like the March of Dimes, Special Olympics, Toys for Tots, Boys and Girls Clubs, Junior Achievement, schools and little league teams in all of the states we serve. For the past five years, we've sponsored events for Little Smiles, a group that helps children in Southeast Florida.



**Families:** We recognize the needs of families across our service territories and financially support organizations such as food banks in Delaware, Florida, Maryland and Ohio; the Ronald McDonald House; United Way and Habitat for Humanity.



**Communities:** Community events help bring our customers and neighbors together, making better communities. We've helped fund community festivals, fireworks and parades like the Palm Beach County Veterans Parade and the Amelia Island Chamber Music Festival in Florida.



**Culture:** We also contribute to arts and culture programs such as Arts in Stark (Delaware) and the Chipola College Foundation Regional Arts Association in Marianna, Florida.



**Health:** Healthy communities are made possible by healthy people! We support initiatives such as Relay for Life and the American Heart Association.



**Under-served people:** Our Company supports many organizations that are helping others. We've provided dollars to organizations like Palate Coffee, which works to end human trafficking, and Duvall Homes, which cares for people with disabilities.



**Safety:** Keeping our communities safe is easier when our first responders have the necessary equipment. Our financial contributions to local fire and police departments help those organizations purchase life-saving equipment that helps both first responders and other community members stay safe during critical moments.



**Environment:** All of us are responsible for protecting and preserving the environment around us. We want to make sure that our environment will be as beautiful tomorrow as it is today. Chesapeake Utilities funds organizations such as the Nature Conservancy, Keep Delaware Beautiful, the Delaware Nature Society, Island Marine Center and others.

### CHESAPEAKE GIVES BACK DURING COVID-19 PANDEMIC

**\$200K DONATED TO LOCAL** and national community organizations within our service territories, including Feeding America, The Salvation Army and United Way, to support COVID-19 pandemic relief efforts

**\$25K DONATED (OF THE \$200,000 DONATED)** attributed to a one-time grant awarded to the Company's SHARING program for our customers economically impacted by the pandemic

**\$16K DONATED** to non-profits by our caring employees to help customers impacted by COVID-19. Donations were matched through our Chesapeake Utilities Giving program

**2,982 MASKS** distributed to 950+ employees

**1,666 MASKS DONATED** to local organizations, first responders and hospitals with a one-for-one match made by the Longwood Foundation

**137 CHROMEBOOKS™** provided to our employees' children for remote online instruction

**1,000 PPE KITS** (personal protection equipment kits) assembled and delivered to our community partners



## MUTUAL ASSISTANCE

Just as energy companies from across the country have supported us during responses and restoration efforts after severe storms, crews in our Florida operations assisted with damage repairs and service restoration for customers of an independent energy provider in the Northeast following Hurricane Isaias in July 2020. FPU has assisted energy companies across the United States as part of the Southeast Electric Exchange (SEE) mutual assistance network.

## ECONOMIC DEVELOPMENT

Our Economic Development program identifies business initiatives that will provide innovative energy options and resources for our customers and communities. We partner with government and community officials — from federal, state and local levels — to plan, develop and expand energy solutions that help promote sustainable growth opportunities and environmental benefits within our communities. These projects often involve several subsidiaries and business units under the Chesapeake Utilities Corporation umbrella.

### Recent Economic Development Initiatives

Project name, location	Capital investment	Description
<b>Del-Mar Energy Pathway</b> Delaware, Maryland	approx. \$63M	Increased service to four large customers; added six miles of infrastructure in Delaware; added 13 miles of new infrastructure in Maryland.
<b>Guernsey Power Station</b> Ohio	approx. \$6M	Ten-year agreement established to provide 300,000 Dts/day of natural gas transportation; relocated existing Aspire Energy pipeline.
<b>Callahan Intrastate Pipeline</b> Florida	approx. \$34M	Brought additional natural gas capacity to Nassau and Duval counties with an initial capacity of 148,000 Dts/day; built 26 miles of infrastructure.
<b>Bioenergy DevCo - RNG</b> Delaware, Maryland	not announced	The resources generated from organic waste at BDC's anaerobic digestion facilities in Delaware will become utility-quality RNG once it is processed by a newly constructed gas processing plant.
<b>CleanBay Renewables Inc. - RNG</b> Delaware, Maryland	not announced	The RNG generated at CleanBay's planned Westover, Maryland, bio-refinery is planned to be distributed through Chesapeake Utilities' natural gas infrastructure to customers in the Delmarva region, including low-carbon, renewable vehicle fuel customers. The Westover facility is planned to be scaled large enough to process significant quantities of poultry litter.
<b>Noble Road Landfill Project - RNG</b> Ohio	approx. \$7.3M	A new facility utilizes advanced, patented technology to treat landfill gas by removing carbon dioxide and other components to purify the gas and produce pipeline-quality RNG. Waste methane from the Noble Road landfill in Ohio is extracted, captured and transformed into RNG. The RNG is transported to customers through Aspire Energy's existing natural gas infrastructure system.
<b>Eight Flags Energy, LLC</b> Florida	\$40M	The facility provides electricity and steam generation services through a CHP plant on Amelia Island, Florida, serving approximately 50% of Amelia Island's demand for electricity. The CHP plant produces electricity, steam and water with fewer air pollutants and less water usage, meeting an 80% efficiency target and cutting overall energy consumption in half.

## POLITICAL ADVOCACY AND ENGAGEMENT

We deliver essential energy services to communities throughout our service territories. As a good corporate citizen, we periodically engage in thoughtful, meaningful and responsible dialogue with federal, state and local elected officials who represent the interests of the Company's employees, customers, investors, suppliers, partners and the communities we serve. A policy-making process that is inclusive, diverse and balances all stakeholder interests leads to greater societal advancement.

Our objectives related to the use of Company funds for political advocacy include:

- to engage elected representatives on matters that impact the Company's business operations and its stakeholders
- to engage in matters that provide for the betterment and sustainability of our communities
- to be proactively involved in a diverse and inclusive policy-making process that balances all stakeholder interests, thus leading to greater societal advancement



# Environmental Stewardship

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Chesapeake Utilities recognizes the climate change implications of greenhouse gas emissions on the environment.

- We understand our responsibility to implement strategies that reduce our internal carbon footprint, even as we continue to meet growing customer demand.
- We appreciate that we are uniquely positioned to assist our customers in managing their carbon mitigation journey.
- As we hold ourselves accountable to support environmental sustainability, we apply the same standards to our suppliers and vendors.

Our challenge, as a Company, an industry and a society, is to ensure that we work together to protect the planet for future generations. At the same time, we all should acknowledge that energy is the driving force behind so many of our economic and societal benefits. It's fundamental to achieving the broader community sustainability and improved economic conditions that we all seek. There is no question that we should continue to work to increase conservation, expand renewable energy deployment and ensure the prudent utilization of our energy resources. As we are serious about improving people's lives and driving positive societal and community impacts, we must find a responsible transition to lower carbon that reasonably balances the interests of all stakeholders: customers, communities, employees and investors.

The global transition to lower-carbon sources of energy provides our Company with **opportunities for growth as well as an obligation to be part of the long-term sustainability solution.**

# Our Environmental Sustainability Commitments

- This is our first Sustainability Report. We used outside consultants to help us establish areas of focus and develop an emissions data compilation process. As expected in an initial effort, we identified several areas for more precise data collection and measurement that would improve our emissions reporting. Even though it is unlikely that there would be a material change in our emissions totals, we are committed to those improvements.
- As the entire sustainability reporting framework continues to evolve, we will conform our report to industry standards.
- We will continue to replace older pipeline and other system facilities to reduce methane leaks.
- We will continue to prioritize pipeline damage prevention and leak survey/repair initiatives.
- We will work with regulators to expand our energy conservation programs to encourage high-efficiency appliances and other energy-saving actions that reduce greenhouse gas emissions.
- We will accelerate the conversion of Company vehicles to lower-carbon fuel sources.
- We will sustain a level of travel below pre-COVID-19 levels through virtual meetings and communications.
- We will increase prudent investments in renewable and low-carbon energy projects.
- We will continue supporting emissions reduction technologies development, such as carbon capture.
- We will continue to play an active role in developing public policy that reasonably advances reductions in greenhouse gas emissions and promotes environmental sustainability.

## COMPANYWIDE SCOPE 1 AND SCOPE 2 EMISSIONS DATA

GHG Emissions mtCO <sub>2</sub> e	2019	2020
Scope 1	270,328	266,679
Scope 2 (location-based)	9,768	4,540
Total	280,096	271,219

*Note: Our Scope 1 and Scope 2 greenhouse gas (GHG) emission data reported for calendar years 2019 and 2020 have been independently verified by a third-party. The verification assessment 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 statement can be found on our website.](#)*



## NEW ENVIRONMENTAL SUSTAINABILITY OFFICE

In 2022, we will create a new Environmental Sustainability Officer position. This new role will ensure that we continue to meet Chesapeake Utilities’ internal emissions reduction commitments and accelerate the sustainability efforts of our customers and suppliers.

In 2020, the U.S. Environmental Protection Agency's Greenhouse Gas Reporting Program granted our distribution systems an exemption from reporting, since our total methane emissions levels dropped **BELOW 25,000 METRIC TONS OVER THE PREVIOUS FIVE-YEAR PERIOD.**

Since 2011, our natural gas distribution miles of main increased by 1,300 miles and we added 56,000 customers. At the same time, our fugitive **EMISSIONS FROM DISTRIBUTION FACILITIES DECREASED BY OVER 29%.**

**OUR FUGITIVE EMISSIONS HAVE DECLINED BY 2.95 METRIC TONS PER MILE** of distribution main over the past decade — the cumulative equivalent of taking 7,600 cars off the road.

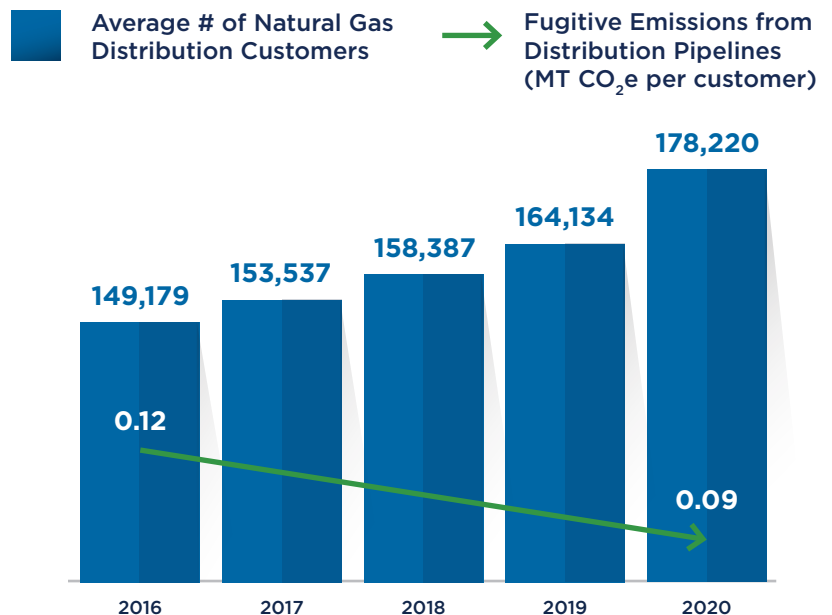
## Reducing GHG Emissions Across Our Internal Operations

### NATURAL GAS PIPELINE REPLACEMENT

Chesapeake Utilities was one of the first natural gas companies to systematically modernize distribution system facilities. While the initial focus was on enhanced safety, we quickly recognized the associated benefits of reduced methane emissions resulting from newer mains. The FPSC approved a rate adjustment mechanism that enables us to recover the cost of the system upgrades outside of a formal rate proceeding. Since 2012, we have invested \$180 million to replace almost 350 miles of older distribution main and 7,000 service lines. In September 2021, we expanded our replacement programs to include the assets of Elkton Gas, acquired in late 2020. The Maryland Public Service Commission approved the cost recovery of our Strategic Infrastructure Development and Enhance (STRIDE) program, which will replace 6.1 miles of first-generation plastic pipe (Aldyl-A) by the end of 2023.

We have replaced 100 percent of our cast iron mains and are approximately 90 percent complete in replacing bare steel mains and service lines across the Company. By the end of 2023, we will have replaced nearly all older Aldyl-A plastic pipe. Much of the new main is plastic, which significantly lowers methane escape from corrosion and weld leaks. We have also significantly grown our distribution footprint over the past several years. The combination of new mains to serve growth and the replacement of older mains has resulted in

#### Average Natural Gas Distribution Customers vs. Fugitive Emissions from Distribution Pipeline





**EIGHT FLAGS CHP AVOIDS MORE THAN 94,000 METRIC TONS OF CO<sub>2</sub> EMISSIONS ANNUALLY.** This equates to approximately 17,000 homes' electricity usage for one year.

Eight Flags CHP electric production is capable of serving almost **50% OF THE AMELIA ISLAND AVERAGE DAY LOAD REQUIREMENTS.**



a higher percentage of new pipelines in the Chesapeake Utilities distribution systems. In addition, we have been rebuilding and modernizing our gate stations and regulator stations. Our replacement and upgrade efforts have significantly reduced corrosion-based and other types of leak emissions.

### **EIGHT FLAGS ENERGY COMBINED HEAT AND POWER PLANT**

In 2016, we completed the construction of a 21MW combined heat and power (CHP) Plant at the Rayonier Performance Fiber paper mill on Amelia Island, Florida. Our Eight Flags Energy CHP Plant includes an electricity-producing natural gas turbine and a heat recovery steam generator (HRSG). The high-efficiency turbine and the recovery of heat to produce unfired steam and hot water for use by the paper mill make the facility one of the most efficient generating plants operating in the U.S., with an overall efficiency of 80 percent. The CHP plant produced two significant environmental improvements. First, our electric distribution operation displaced a portion of its third-party wholesale electricity purchases sourced from coal and fuel oil generation units. Second, the steam produced by Eight Flags is unfired. The waste heat from the operation of the turbine is captured to produce 75,000 lbs. of steam per hour, with no supplemental fuel use. The steam is used by the paper mill in its production process, displacing steam formerly produced by a fuel oil boiler.

### **SOLAR PHOTOVOLTAIC (PV) ELECTRIC GENERATION INSTALLATIONS**

In 2019, we installed solar PV generating systems at three of our operations sites:

- Sharp Energy Office in Georgetown, DE - 120 KW
- Aspire Energy Operation Center in Orrville, Ohio - 110 KW
- Eastern Shore Natural Gas compressor station in Bridgeville, DE - 200 KW

These are small capacity installations, providing partial power for our facilities. However, our broader intent in building these systems was to gain low-risk experience in the construction of solar generation and an understanding of the regulatory and market conditions associated with the units. We saw an opportunity to provide renewable electric power for our needs and potentially build solar generation to support waste-to-energy biogas projects. Providing renewable electricity for the operation of a biogas facility can significantly decrease (improve) the carbon intensity score for the RNG produced by the plant. The better the carbon intensity score, the more economically valuable the RNG produced. We have several opportunities under development to construct solar PV generation to serve RNG production.

In 2019 and 2020, our estimated average annual CO<sub>2</sub> emission reduction for our CNG and propane vehicles compared to gasoline and diesel equivalents **TOTALED 920 METRIC TONS.**



daily travel between sites for many employees. In 2018, we constructed Energy Lane, a new facility in Dover, and in 2019, we moved our operations into a renovated facility in West Palm Beach, consolidating two facilities into one. The Dover construction was awarded the Green Globes Certification by the Green Building Initiative and was nationally recognized for environmental integrity. We installed natural gas heat pumps, extensive daylighting, zoned heating and cooling, automatic lighting controls and other energy-saving features. When Energy Lane was completed, we closed three older and less efficient office facilities in Dover. A fourth facility will close in 2022 to further consolidate our operations.



## CONVERTING OUR VEHICLES TO CLEANER SOURCES OF FUEL

We're investing in the infrastructure required to convert our vehicle fuels from gasoline and diesel to compressed natural gas (CNG) and propane. We built a new CNG fueling station at our Dover, Delaware, Energy Lane operations center in 2018 to join an existing station located at our Beaver Run operations center in Salisbury, Maryland. Our 2022 budget will allow the construction of a new CNG station in association with the construction of our new Florida Safety Town facility in Debary, Florida. We currently operate 33 CNG vehicles, with plans to increase that number in 2022.

We also operate a CNG fueling facility at the Marlin Gas Services logistics facility north of Tampa, Florida, and another is under

construction at our new Savannah, Georgia, CNG station. In 2021, Marlin purchased eight new CNG truck cabs. In the near future, we plan to convert all but a handful of our truck cabs that are otherwise needed to access locations where CNG refueling is not yet available.

Our propane affiliate operates over 60 total propane fueling stations: 23 that Company vehicles can access, and 12 that we use daily to fuel 135 vehicles.

## MANAGING ENERGY AT OUR OFFICE LOCATIONS

Before the COVID-19 pandemic, we began an assessment of our office and operations facility needs. Many of our facilities were dated and inefficient to operate. Additionally, in some areas, Dover, Delaware, and West Palm Beach, Florida in particular, we operated out of several buildings requiring

The pandemic required that we develop remote work capabilities. We upgraded our communications, office applications and devices to support half our employee base working from home. After two years, we are comfortable that many of our employees will continue to work remotely, at least for part of the workweek. We decided to permanently home base all regulated utility call center employees and upgraded our technology to support that move. Over 100 call center Customer Care employees have permanently eliminated their commute to the office, and more than 300 other employees will see significant commute reductions, even after the pandemic subsides.





## DELIVERING NATURAL GAS TO SOMERSET COUNTY, MARYLAND, TO SUPPORT ENVIRONMENTALLY CONSCIOUS ECONOMIC GROWTH

The Somerset County Expansion Project will deliver natural gas service to Somerset County, Maryland. It will extend natural gas service to the Eastern Correctional Institution and the University of Maryland Eastern Shore, helping to improve each facility's environmental profile while offering significant economic benefits to the area. Residents and businesses along the line will also have the choice to use environmentally beneficial and less expensive natural gas service.

## FOCUS ON DAMAGE PREVENTION

Third-party excavator damage to our facilities, in addition to being a safety concern, is the primary cause of accidental methane release on our natural gas systems. We have a long history of damage prevention initiatives, especially related to the 8-1-1 "call before you dig" facility locate process. In 2021, we stepped up our efforts to further reduce excavator damage to our systems. We formed a dedicated damage prevention team with personnel in each of our gas operating areas. We review each contractor damage incident to understand root causes better and define what we can do to prevent future issues. We are also initiating a new public information and contractor outreach campaign to raise awareness of the 8-1-1 process and our excavation safety training for contractors.

## Supporting Customer Environmental Sustainability

### OUR SYSTEM GROWTH PROMOTES SUSTAINABILITY

Chesapeake Utilities is in the energy delivery business. As energy markets transition, we believe the companies that will prosper are those that continuously look for opportunities to serve their customers best. The energy marketplace is becoming more complicated. Customers are searching for energy solutions that support their process and economic requirements and meet lower carbon emission targets. Our energy delivery systems have long filled those needs for residential, commercial and industrial customers. Over the past decade, we have invested approximately \$1.75 billion, expanding our ability to serve customers.

Our natural gas transmission and distribution system expansions bring gas to previously unserved areas. These expansions provide the opportunity to convert coal-, oil-, kerosene-, propane- and wood-fueled appliances and equipment to cleaner-burning natural gas. The emissions reductions are substantial. The cost savings and operational benefits are equally appreciated.

### ENERGY CONSERVATION PROGRAMS

For decades, our Florida gas and electric utilities have offered energy conservation assistance to customers, which includes free energy audits for homes or commercial properties upon request. Rebate programs approved by the FPSC provided incentives to purchase high-efficiency appliances, solar generation systems, building efficiency improvements and customized assistance for large users.

**FROM 2010 TO 2020, WE SPENT OVER \$57M** to administer our

Energy Conservation Program in Florida. Nearly \$26 million of that is directly tied to incentives paid for the replacement or retention of appliances/equipment in residential homes and commercial businesses.



**Hydrogen/Natural Gas Blend Test Project:**

Our Eight Flags CHP facility in Amelia Island, Florida, offers a unique opportunity to assess the feasibility, benefits and operating characteristics of blending hydrogen and natural gas in a contained and closely monitored industrial setting. The engineers and highly skilled technicians who operate Eight Flags 24 hours a day conduct the blended fuel tests. At our Eight Flags distribution metering station, we constructed a hydrogen interconnect. For the test, the hydrogen was delivered to the site by our affiliate Marlin Gas Services

using our repurposed and specialized hydrogen tankers.

Eight Flags is located in a coastal area and is already served by stainless steel gas service lines, which will be used to initially introduce a 4% hydrogen blend to the turbine. We worked with Solar Turbines to complete minor modifications to the plant.

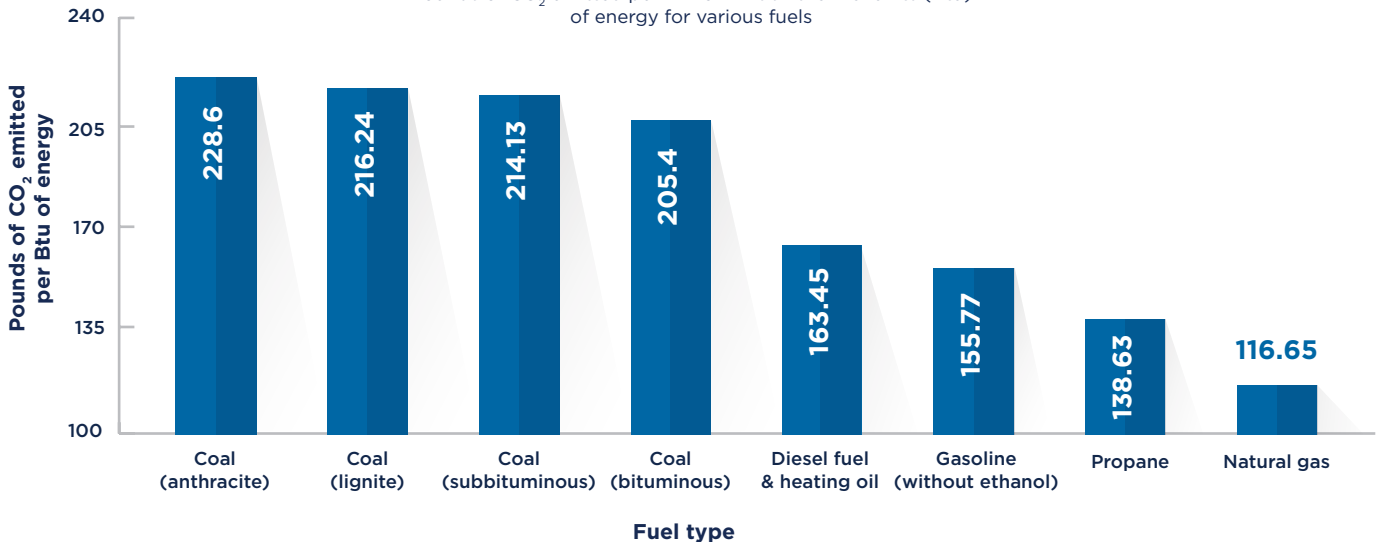
A successful test will result in an increased hydrogen percentage. We anticipate switching to green hydrogen produced by renewable electricity electrolyzers.

The transition to a lower-carbon, sustainable energy world will require multiple sources of energy- and carbon-reduction

strategies. We believe green hydrogen offers a near-term solution for industrial customers seeking lower emissions. Our Eight Flags CHP hydrogen blend test project provides real-world operational and safety data invaluable in demonstrating the practical use and beneficial impact of blended hydrogen/natural gas in an industrial application. Blending hydrogen and natural gas may provide a viable energy source that enhances an already proven and enviable natural gas environmental track record.

**CO<sub>2</sub> Emission by Fuel Type Chart**

Pounds of CO<sub>2</sub> emitted per million British thermal units (Btu) of energy for various fuels



Source: U.S. Energy Information Administration



Our work to add hydrogen to the turbine at Eight Flags will enable industrial customers to **realize lower emissions, a mutual benefit to both companies and the communities in which we operate.**

## CLEAN FUEL VEHICLES

We have expanded our internal vehicle conversions to CNG, propane and electricity to offer customers access to these low emission fuels. Our Dover, Delaware, CNG station is open for public fueling, and just outside the Port of Savannah, Georgia, we will open the largest CNG fueling station on the East Coast in the second quarter of 2022. The station is poised to serve transport trucks and various vehicles at the port.

Our Sharp Energy affiliate has been operating a propane vehicle fueling business since 2013, and since then, we have grown to become one of the largest propane vehicle fuel providers in the northeast. Our AutoGas business focuses on school buses, paratransit buses, waste haulers and other commercial fleets. To date, we have displaced nearly 20 million gallons of gasoline and diesel fuel.

In 2020, our Marlin Gas Services affiliate temporarily supplied natural gas to the Miami-Dade public transportation system in advance of a distribution main installation. Miami-Dade is converting its bus fleet to CNG,

and Marlin's virtual pipeline service enabled the county to utilize natural gas several months before permanent gas service was available. The partnership enabled the bus system to avoid 900,000 gallons of diesel fuel, equivalent to removing an estimated 580 passenger vehicles from the road for a year.

## SUPPLY CHAIN SUSTAINABILITY

Our commitment to diversity extends beyond the four corners of the Company and includes a focus on the third parties that provide products and services instrumental to our business. In 2021, we categorized our vendor diversity and began calculating diversity metrics across our supplier base. These metrics enabled us to formulate some preliminary targets for 2022 to help achieve the advancement we seek in our diversity spend. Most recently, in support of these targets, we announced the launch of a vendor registration portal for potential new suppliers, building on our commitment to utilize diverse businesses in sourcing goods and services. Additionally, in 2022, we will extend the reach of our diversity focus on our natural gas and

propane suppliers and other key suppliers across the value chain.

The supplier portal, available at [chpk.com](http://chpk.com), allows vendors to register for the opportunity to compete for the Company's business and serves as a central point for collecting vendor information that Chesapeake Utilities and its subsidiaries will use when evaluating potential suppliers for a product or service.

## INVESTING IN THE TRANSITION TO LOWER-CARBON ENERGY

We have approached our renewable energy investment strategy in the same disciplined manner in which our traditional investments are evaluated. We developed in-house renewable energy technical, market and financing expertise, and established relationships with trusted third parties to provide legal, accounting and project-specific development and technical assistance.

At this point, most of our attention has focused on the emerging RNG market. We evaluated emerging opportunities, and concentrated on those projects that support solutions to agricultural and landfill waste management

challenges in our service territories. Beyond potential financial equity support, Chesapeake Utilities contributes significant energy market and project management expertise to waste-to-energy projects. The physical assets of our energy delivery businesses are also available to transport RNG, provide conventional gas service, operate gas processing facilities or build solar or CHP electric generation.

Long-term, the projects we support will play an important role in advancing sustainable energy and offer an economically sound business opportunity for our Company.

### **Noble Road Ohio Landfill:**

In October 2021, we announced the completion of a 33-mile pipeline project to transport RNG to our Aspire Energy gathering system in Ohio. We worked closely with Fortistar LLC, which developed the RNG production project in conjunction with landfill operator Rumpke Waste and Recycling at Rumpke's Noble Road landfill in Shiloh, Ohio. The project will capture more than 20,000 tons of methane per year. RNG from the landfill will be transported by Aspire Energy and dispensed in CNG vehicle fueling stations by a Fortistar affiliate. The landfill will produce enough RNG to displace approximately 6.9 million gallons of gas equivalents (GGE) per year, enough to fuel 725 biofuel trucks.

### **Port of Savannah, Ga.**

**CNG Station:** Our Marlin Compression affiliate contracted with Southern Company Gas to construct a CNG fueling station

in Savannah, Georgia. The facility will be one of the largest public access CNG stations on the East Coast. It is located at the newly constructed Port Fuel Center, less than one mile from the Port of Savannah. The Port moved 479,700 twenty-foot equivalent units (TEU) shipping containers in Jan., 2022. The trucks make their way in and out of the Port, driving right by the station. A new 1.1 million-sq.-ft. distribution center is 100 yards from the station. CNG offers a significant reduction in GHG emission levels compared to diesel fuel. We are working to provide an RNG fueling option at the site. The CNG station will open in the second quarter of 2022.

### **Renewable Natural Gas Projects:**

In June and July 2020, we announced our participation in two poultry waste-to-energy projects on the Delmarva Peninsula. Although both facilities utilize anaerobic

digesters to produce biogas, their respective sources of waste are very different. Bioenergy Devco is developing a project in Seaford, Delaware, focused on the organic byproducts remaining after processing. CleanBay Renewables is developing a project in Westover, Maryland, that will use litter and manure collected from poultry farming locations. Both sites are designed to produce organic soil amendment products. Bioenergy Devco's process creates high-quality organic compost. CleanBay intends to produce a dry organic fertilizer. When operational, Chesapeake Utilities affiliates will transport RNG from these facilities to our transmission and distribution systems.

We are actively working on several additional waste-to-energy development projects. Our Marlin Gas Services affiliate is pursuing numerous





RNG transport opportunities within and outside our existing service areas. Other opportunities could result from our equity participation as a partner or independent project developer. We continue to evaluate projects in the mid-Atlantic and Southeast that provide significant environmental benefits and the opportunity for prudent investment.

### **Eastern Shore Natural Gas (ESNG) RNG**

**Interconnect Point:** On the Delmarva Peninsula, our FERC-regulated interstate transmission company is in the process of developing a pipeline interconnect facility, which will allow our transmission system to accept RNG from CNG transport trailers, such as those operated by Marlin Gas Services. It will provide an economical, regional point for introducing RNG into the ESNG system for physical delivery to Chesapeake Utilities distribution systems, and potentially other customers on the ESNG system. By virtue of its upstream connections to other interstate transmission systems, the ESNG system also provides a pathway to the emerging RNG green attribute markets administered by various states and the federal government.

**Marlin Methane Capture:** Occasionally, gas system operators need to remove a pipeline segment from service to undertake maintenance or repair work. The methane in the pipe section can be captured and reinjected into the gas system at another point that remains in service. Ensuring that the methane is captured is an increasingly important objective for pipeline operators. Our Marlin Gas Services affiliate recently ordered compression equipment that can capture and transfer pipeline methane to our CNG transport vehicles. This carbon capture service is another example of our ongoing effort to identify environmentally responsible and economically attractive business opportunities.

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## Our Future

The future is bright. Our culture is strong, and our employees are engaged. We are led by an accomplished Board composed of diverse individuals and a chief executive officer and management team committed to doing the right thing. We make meaningful and valuable capital investments to ensure the safety, affordability and reliability of our energy delivery systems for the benefit of our customers and the communities we serve.

Since 2009, we have invested approximately \$2 billion that has contributed to emissions reductions in our operations and those of our customers. We continue to increase our operational efficiency, modernize our infrastructure and invest in advanced technologies that position us well for the future. Our collaboration with industry-leading organizations on the development and supply of lower-carbon energy sources, like RNG and hydrogen, provides additional energy resource options to our customers. Our energy delivery systems will transport tomorrow's energy.

In 2021, we reset our capital investment guidance at \$750 million to \$1 billion for the five years ending in 2025. This reflects our 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 the RNG market. We are committed to doing our part and leading the way in the evolving energy transition, while creating sustainable value for our customers, investors and other stakeholders.

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SASB Code	Accounting Metric	Chesapeake Utilities Response 2020
<b>Energy Affordability</b>		
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: \$18.43 (2) Commercial: \$15.55 (3) Industrial: \$6.52 (4) Transportation: \$1.41
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: \$82.41 (2) 100 MMBtu: \$148.07
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. Additionally, beginning in March 2020, the Company issued a moratorium on all distribution residential disconnections in Delaware, Maryland and Florida to assist customers impacted by the COVID-19 pandemic.
IF-GU-240a.4	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	See the following sections within our Sustainability Report: • Social Engagement > Our Customers > Energy Assistance Programs • Protecting Our People and Essential Energy Delivery Systems > COVID-19 Response
<b>End-Use Efficiency</b>		
IF-GU-420a.1	Percentage of gas utility revenues from rate structures that (1) are decoupled or (2) contain a lost revenue adjustment mechanism (LRAM)	CPK's natural gas distribution operations span portions of three states, including Delaware, Maryland and Florida. The regulating commissions in the states in which we operate each promote and support energy efficiency. Certain components of our rate structures are either not reliant on usage (for example, fixed monthly customer charge) or contain a "true-up" mechanism designed to keep utility revenues static regardless of fluctuations in demand (for example, revenue normalization).  We actively promote energy efficiency and conservation via our distribution entities' websites and via customer newsletter mail inserts, along with information provided on rebates and assistance programs that encourage end user efficiency measures.  Our Florida distribution entities have had a formal conservation program in place since 1984. Additionally, Chesapeake Utilities implemented its SHARING program in 1983 to help natural gas customers undergoing financial hardship or on fixed income with their energy bills and promote energy efficiency.
IF-GU-420a.2	Customer gas savings from efficiency measures by market (MMBtu)	81,642 MMBtu
<b>Integrity of Gas Delivery Infrastructure</b>		
IF-GU-540a.1	Number of (1) Reportable Pipeline Incidents, (2) Corrective Action Orders (CAO), and (3) Notices of Probable Violation (NOPV)	(1) 1 Reportable Pipeline Incident (2) 0 Corrective Action orders (3) 0 Notices of Probable Violations
IF-GU-540a.2	Percentage of distribution pipeline that is (1) cast and/or wrought iron and (2) unprotected steel	(1) 0.00% (2) 0.85%
IF-GU-540a.3	Percentage of gas (1) transmission and (2) distribution pipelines inspected	(1) 8% - Natural gas transmission pipeline inspection requirements were based on infrastructure located in high consequence areas and in accordance with our Transmission Integrity Management Program (TIMP). CPK's service territory, especially on the Delmarva Peninsula, is largely rural in nature. Thus, the majority of the Company's transmission pipeline system is not located in high consequence areas.  (2) 0% - In-line inspection methods are not typically performed on natural gas distribution pipelines.
IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	See the following sections within our Sustainability Report: • Protecting Our People and Essential Energy Delivery Systems > Commitment to Safety > Pipeline Safety Management System • Protecting Our People and Essential Energy Delivery Systems > Energy Delivery System Safety and Security > System Integrity, System Regulatory Compliance and Damage Prevention • Environmental Stewardship > Reducing GHG Emissions Across Our Internal Operations > Natural Gas Pipeline Replacement
<b>Activity Metrics</b>		
IF-GU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served	(1) 162,127 customers (2) 13,338 customers (3) 2,725 customers
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) 5,218,560 MMBtu (2) 3,156,945 MMBtu (3) 334,669 MMBtu (4) 47,259,105 MMBtu

# Forward-Looking Statements

Chesapeake  
Utilities  
Corporation  
Company  
Overview

Our Strong  
Corporate  
Governance

Enterprise Risk  
Management

Protecting Our  
People and  
Essential Energy  
Delivery Systems

Social  
Engagement

Environmental  
Stewardship

Our Future

SASB Table

**Forward-Looking  
Statements**



# 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 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, 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 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; customers' preferred energy sources; industrial, commercial and residential growth or contraction in our markets or service territories; the effect of competition on our businesses from other energy suppliers and alternative 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, 2021, and other subsequent Securities and Exchange Commission (SEC) filings. This inaugural Sustainability Report should be read in conjunction with such SEC filings.