RENEWED ENERGY IN PHILADELPHIA

Philadelphia Gas Works
Corporate Social Responsibility Report

PGW

Photo by C. Smyth for VISIT PHILADELPHIA®

PGW
PGW

OF
PHILADELPHIA
CONTACT US

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"With the right infrastructure, we can push confidently into the future. That means new revenue streams for Philadelphia, new ways to create family-supporting jobs and a greener future."

Craig White,
President & CEO
Philadelphia Gas Works

MESSAGE FROM THE PRESIDENT & CEO

The energy industry has experienced more change in the last five years than in the previous twenty-five. Looking ahead, it appears this rate of change will only accelerate. New technologies, including natural gas microgrids and Combined Heat and Power mean we power our lives more efficiently than ever. Technological advances also mean we can reach and release significant new natural gas reserves, a vital element of the energy future we envision.

At PGW, we are developing strategies to capitalize on this new energy landscape – strategies that benefit PGW, the City, local businesses, and the environment we share. That means encouraging a move away from less effective fuels, such as coal, oil and gasoline, and towards greater use of cleaner and more efficient natural gas, where feasible. It is a greener alternative that allows us all to step towards a healthier future.

To make sure we're ready, PGW is keenly focused on its underground infrastructure. Right now, we are installing the next generation of pipeline that Philadelphia needs to thrive. It is hard work, it is disruptive work, but it is crucial work. Currently, we are looking at a little more than 40 years to complete this project, but the growing consensus is that we need to accelerate the pace.

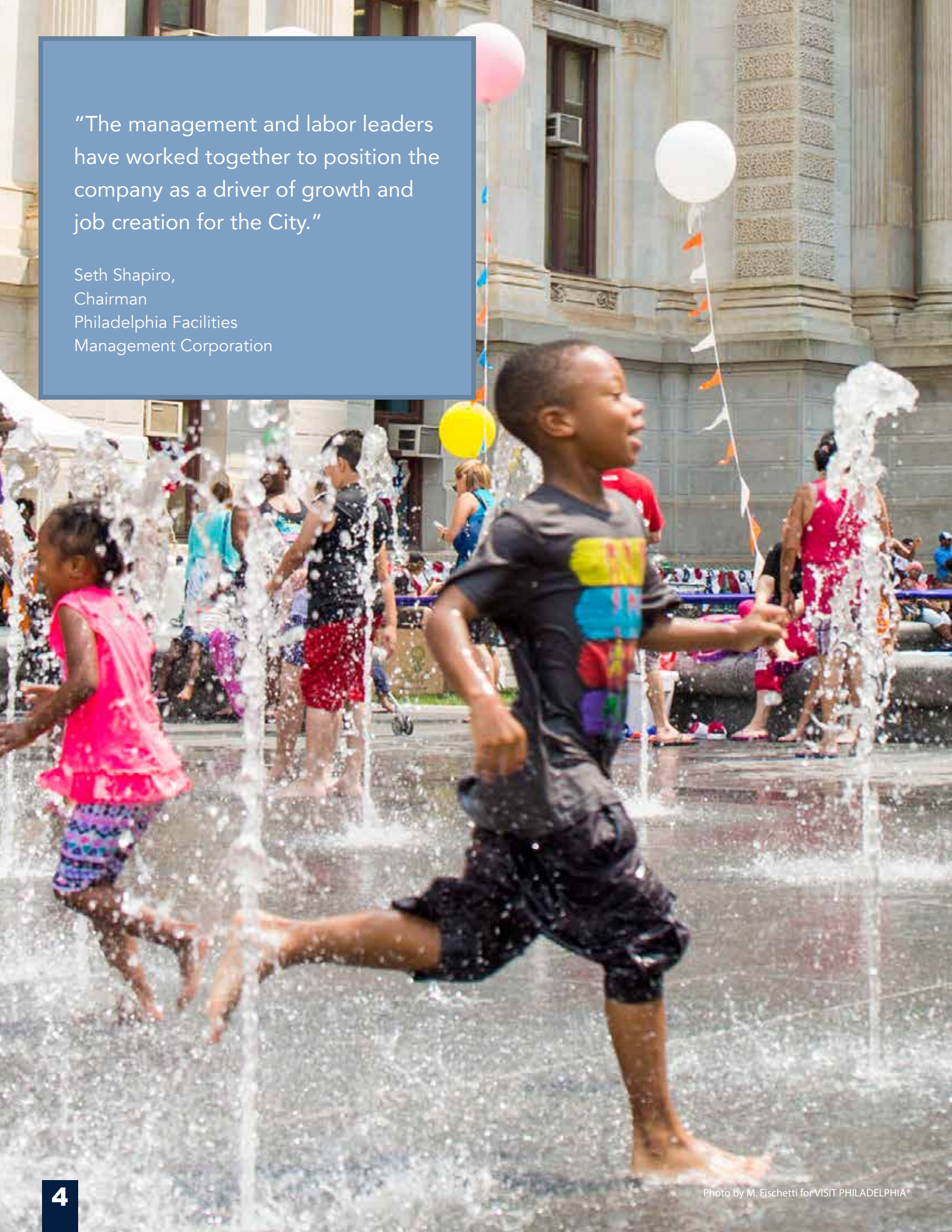
Upgrading our infrastructure is a collaborative task, one that needs community support from all sections of the city. That support must be earned every day. In this report we share some of the ways PGW invests in the long-term sustainability of Philadelphia. Whether it is communicating the safety and reliability of our system, ensuring the health and well-being of our customers and employees, or helping to foster educational and career opportunities for Philadelphia's next generation – we believe our ratepayers can count on a higher return on their investment.

With the right infrastructure, we can push confidently into the future. That means new revenue streams for Philadelphia, new ways to create family-supporting jobs and a greener future.

In the end, we work for Philadelphia. That comes first.

Sincerely,

Craig White
President and CEO
Philadelphia Gas Works



"The management and labor leaders have worked together to position the company as a driver of growth and job creation for the City."

Seth Shapiro,
Chairman
Philadelphia Facilities
Management Corporation

Photo by M. Fischetti for VISIT PHILADELPHIA®

MESSAGE FROM THE CHAIRMAN

The Philadelphia Gas Works is the largest municipally owned gas utility in the nation. That means that in addition to being our customers, our roughly 500,000 ratepayers are also our owners. We enjoy a mutually beneficial relationship with all of them. When PGW thrives, it ultimately results in lower rates and greater value for the city and the ratepayers. Similarly, when the city and its residents succeed and the city grows, it means more customers and greater resources for PGW.

PGW's team of managers and workers has the company in fantastic shape. The Management and labor leaders have worked together to position the company as a driver of growth and job creation for the City. We are poised to capitalize on the combination of new natural gas sources in Pennsylvania and our strategic location on the eastern seaboard.

As outlined within the pages of this Corporate Social Responsibility Report, we hope to demonstrate in greater detail PGW's longstanding commitment to the safe delivery of natural gas, which also includes how we work together and connect with the communities we serve. Investments in a 24-hour safety culture, solid sustainability practices, a focus on diversity and enhanced information sharing are just some of the ways we maintain our pledge to the ratepayers and the city of Philadelphia.

On behalf of the Philadelphia Facilities Management Corporation (PFMC), we are excited to join in sharing with you just some of the great work that PGW does for Philadelphia.

We welcome your feedback, input and support as we strive to protect and grow this utility and the city it serves.

Sincerely,

Seth Shapiro
Chairman, Board of Directors
Philadelphia Facilities Management Corporation

PGW CELEBRATES 180 YEARS OF INNOVATION

In our latest Corporate Social Responsibility (CSR) report, we share our commitment to better our employees, our company and our communities. We are proud to share our history within the chronicles of an American city known for innovation and world class ideas. Our CSR strategy focuses on five areas of great importance to our business and our stakeholders:

- Safety, Reliability & Accessibility
- Customer Satisfaction
- Environmental Responsibility
- Community Engagement
- People & Culture

Learn how we deploy our talented staff to drive social good by aligning our corporate citizenship efforts with the work we do every day to provide safe, reliable natural gas service to Philadelphia and its people.

ABOUT PGW

Since February 8,1836, when the first employees of the newly formed Gas Works lit 46 lights along Second Street, Philadelphia Gas Works has been serving the fine people of Philadelphia 24 hours a day, 365 days a year.

Today, 180 years later, PGW is the largest municipally owned gas utility in the country. We maintain and operate a 6,000 mile distribution system that consists of over 3,000 miles of gas mains and 3,000 miles of gas service lines that deliver an annual 78 billion cubic feet of safe, reliable natural gas to our 500,000 customers each year.

In addition to our extensive pipeline network, PGW's roughly 1,600 gas workers, both union and non-union alike, operate one of the largest liquefied natural gas (LNG) plants in the country. It is estimated that PGW's LNG assets have saved PGW customers over $2 billion since the facilities went on line in 1972.

PGW also operates six neighborhood Customer Service Centers; provides 24-hour emergency response; answers over two million customer phone calls per year within the Call Center and provides customer programs and outreach for those in need; and a myriad of other activities critical to the operation of a gas distribution operation.

These operations demand focused performance provided by PGW employees who work hard every day to provide first rate operations and service to ratepayers.

We aim to successfully integrate social and environmental responsibility into our business operations, as well. Our on-site recycling initiatives outlined within this report, paperless billing options for customers, community engagement on topics of conservation and safety, employee volunteerism and outreach all while providing our customers with the tools they need online and elsewhere make PGW the viable utility that it is today.

PGW's operations are managed by a non-profit corporation, the Philadelphia Facilities Management Corporation (PFMC), whose board of directors is appointed by the Mayor of Philadelphia.

OUR FACILITIES

Corporate Headquarters - 800 West Montgomery Avenue
Philadelphia, Pennsylvania

Gas Production & Storage Plants
Passyunk Plant Richmond Plant

Outlying Field Service Stations
Belfield Castor Porter Tioga

Customer Service Centers

Center City
1137 Chestnut Street

Frankford
4410 Frankford Avenue

Germantown
212 West Chelten Avenue

North Philadelphia
1337 West Erie Avenue

South Philadelphia
1601 South Broad Street

West Philadelphia
5230 Chestnut Street

Transportation Garage

North Philadelphia
1849 North Ninth Street

MISSION: A financially viable enterprise providing safe, reliable natural gas service.

VISION: The industry leader in Customer Service and Operational Excellence.

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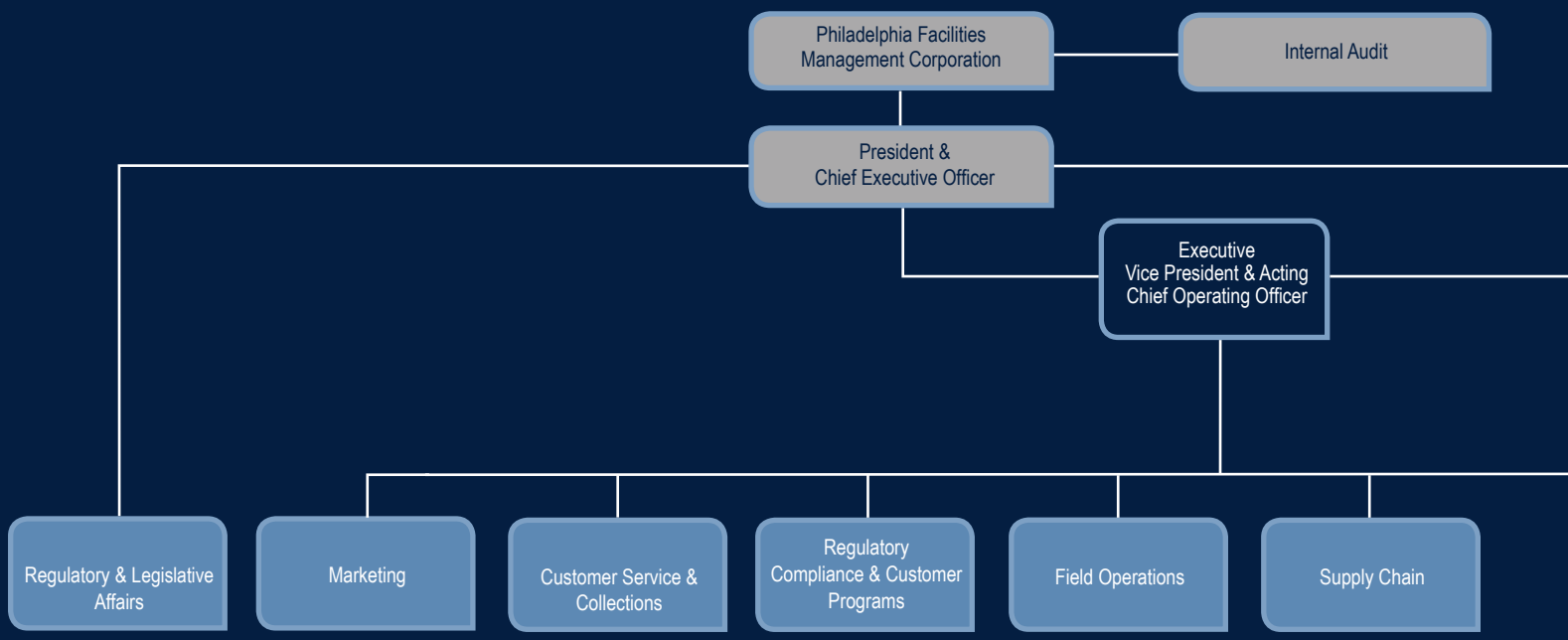
PHILADELPHIA GAS WORKS ORGANIZATIONAL CHART



LEADERSHIP

Craig E. White
President & Chief Executive Officer

Douglas A. Moser
Executive Vice President &
Acting Chief Operating Officer

Joseph F. Golden, Jr.
Executive Vice President &
Acting Chief Financial Officer

Charles J. Grant
Senior Vice President,
Human Resources, Labor, &
Corporate Communications

Raymond M. Snyder
Senior Vice President,
Gas Management

Eloise N. Young
Senior Vice President,
Strategic Planning &
Information Services

Denise Adamucci
Vice President,
Regulatory Compliance &
Customer Programs

Bernard L. Cummings
Vice President,
Customer Service & Collections

William J. Gallagher
Vice President,
Budget & Strategic Development

Raquel N. Guzmán, Esquire
Vice President,
Legal & General Counsel

Anthony P. Mauro
Vice President,
Supply Chain

Gregory Stunder
Vice President,
Regulatory & Legislative Affairs

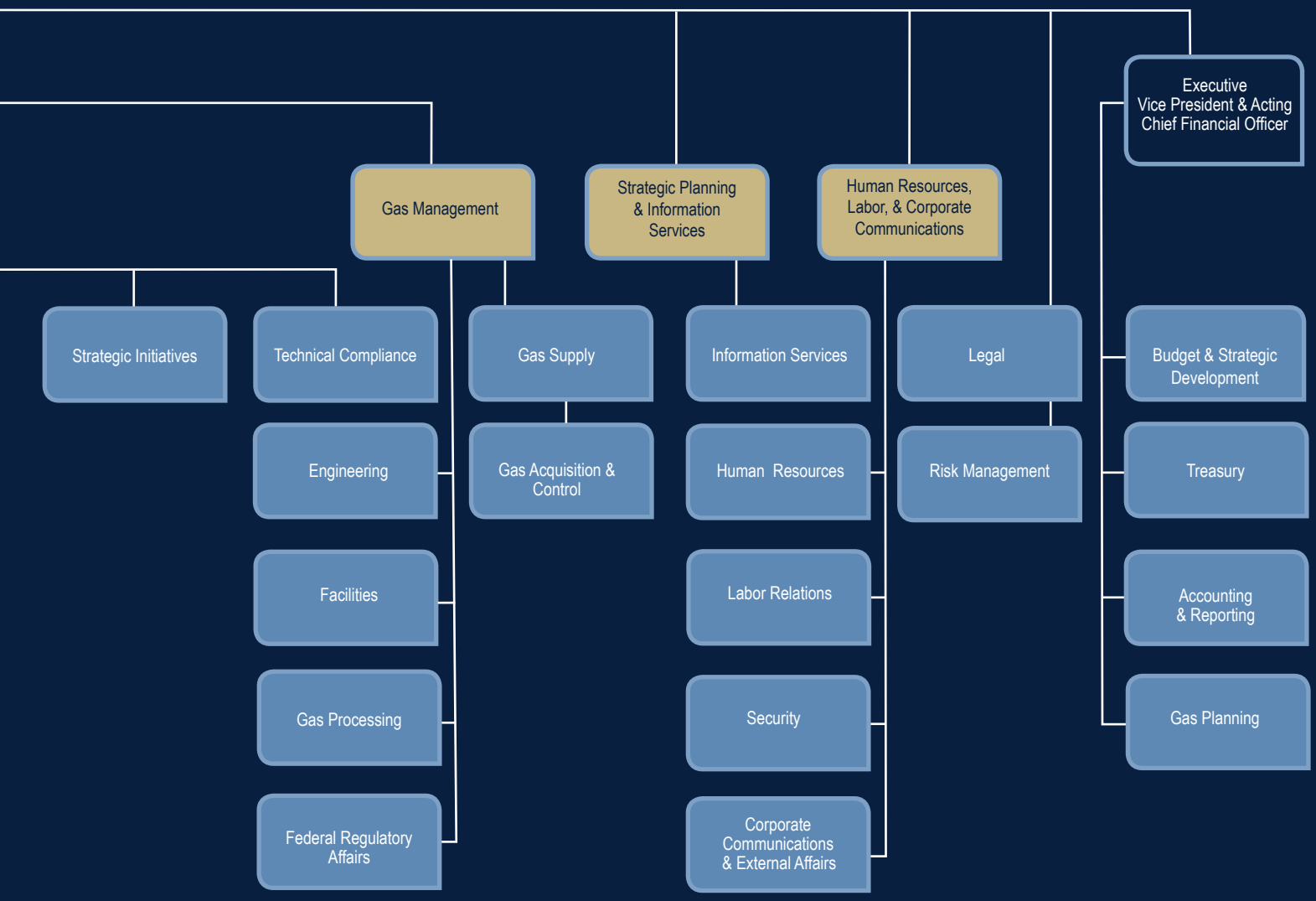
Florian Teme
Vice President,
Marketing

Lorraine S. Webb
Vice President,
Human Resources &
Organizational
Development

Frank Weigert
Chief Information Officer
& Vice President,
Information Services

Raymond J. Welte
Vice President,
Field Operations

John C. Zuk
Vice President,
Gas Supply



Philadelphia Facilities Management Corporation

BOARD OF DIRECTORS

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Board Chairman

Marian B. Tasco

Former Majority Leader, Philadelphia City Council
Board Vice Chair
Workforce Development Committee

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President, Rodriguez Consulting LLC
Workforce Development Committee

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Of Counsel, Genova Burns
Chair, Audit/Finance Committee

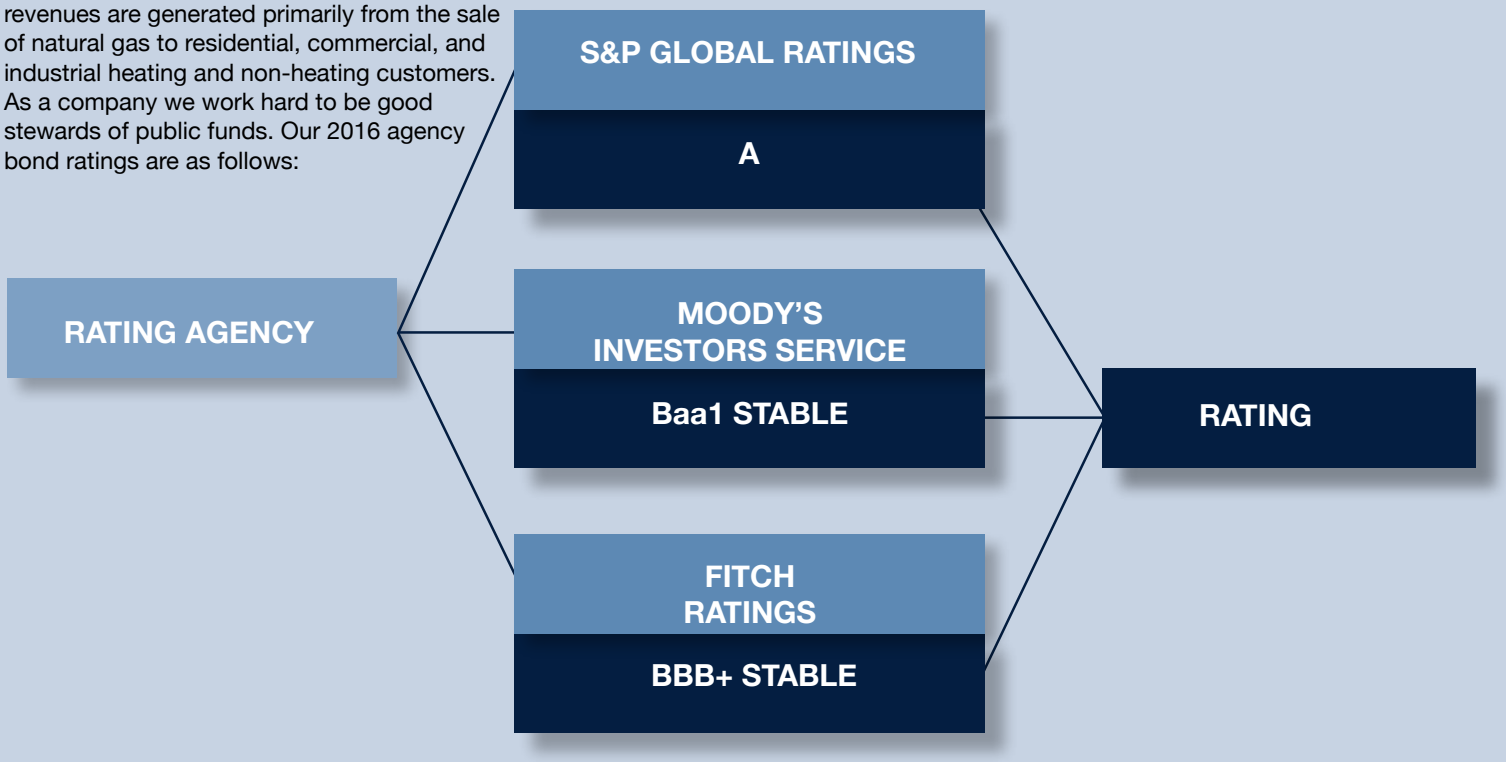
Leigh Whitaker

Director of City Relations University of Pennsylvania,
Board Secretary
Chair, Workforce Development Committee

FINANCIAL OUTLOOK

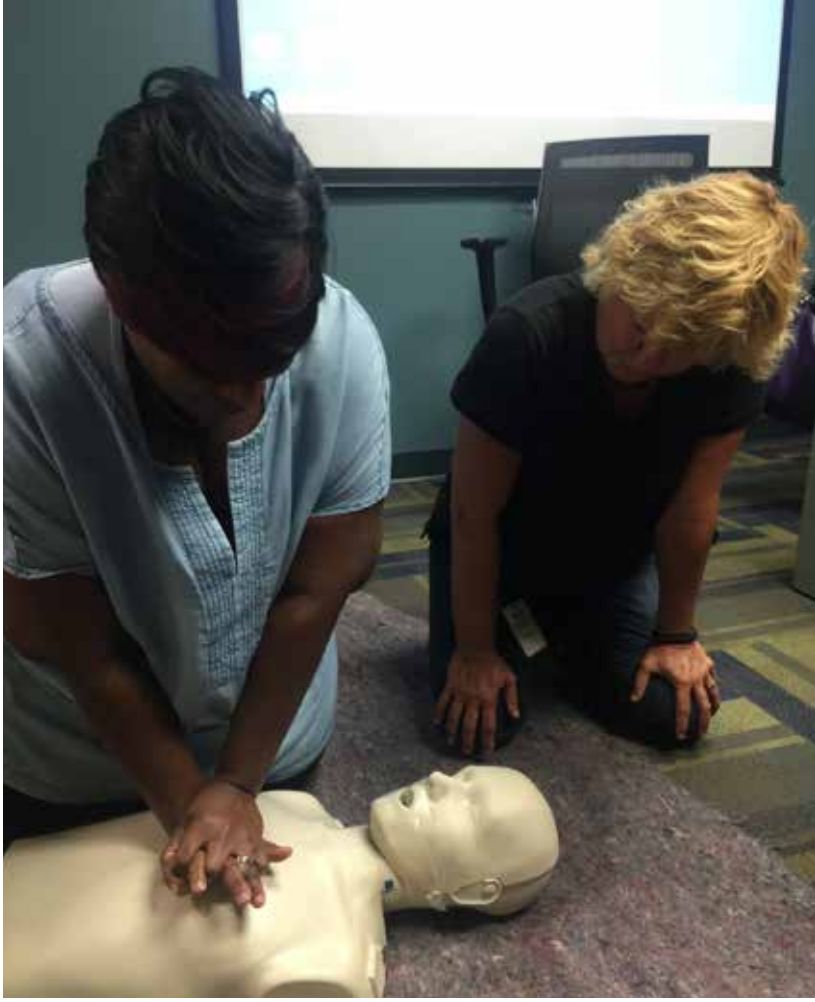
Over the last ten years, PGW has controlled costs and improved its collection rate while also maintaining a strong balance sheet. In 2016, PGW achieved a collection rate of 97.23%.

With annual revenue just under $600 million in 2016, PGW has a great financial story to share with its ratepayers. Our operating revenues are generated primarily from the sale of natural gas to residential, commercial, and industrial heating and non-heating customers. As a company we work hard to be good stewards of public funds. Our 2016 agency bond ratings are as follows:



RENEWED ENERGY: PGW'S 5 AREAS OF CORPORATE CITIZENSHIP

5



1. SAFETY, RELIABILITY & ACCESSIBILITY

With two natural gas plants, six field service stations, and 6,000 miles of natural gas delivery pipelines, we constantly monitor and evaluate the integrity of our system. Our field crews use state-of-the-art mobile sensors – handheld and mounted on vehicles – to monitor and assess real-time issues. We employ sophisticated computer modeling to alert us to potential issues and to assist us in prioritizing our main replacement schedules. We survey every road, street, and avenue for gas leaks on a continual basis, in addition to performing spot checks and responding to odor calls. PGW customers – residential, commercial, and industrial – can rely on PGW for an uninterrupted flow of natural gas to meet their energy needs 24/7.

Philadelphia has grown tremendously in 180 years, as have demands on PGW's system – and our infrastructure must evolve to meet the community's energy needs.
Of our 6,000 miles of pipeline, a little less than a quarter is now cast iron. As a result of aggressive management, we will have reduced the timeline of the cast iron main replacement program by almost 90 years to just over 40 years. In 2016 PGW replaced over 30 miles of existing cast iron.

CULTURE OF SAFETY

At PGW we practice 24-hour safety – every employee is provided the tools and information to stay safe on the job and in life. Tools such as:

- First aid training – On-site cardio-pulmonary resuscitation (CPR) training; over the last five years nearly 500 PGW employees have been trained in CPR and Automatic External Defibrillator(AED).
- Smith School of Driving instruction for vehicle operators – teaching experienced drivers how to avoid collisions;
- Delaware County Community College Class B Commercial Driver License training;
- Welding;
- Fire prevention and protection, for employees;
- Head, eye, ear, foot, respiratory, and burn protection; and
- Accident prevention tips for work, on the street and at home.

SAFETY MOMENT • ANYTIME ANYWHERE •

At PGW training happens as soon as you walk in the door.

2. CUSTOMER SATISFACTION

Improving customer satisfaction means discovering new ways to engage, communicate, and respond to customers. At PGW we understand that our customers assign value to high quality service and communication. Year over year, PGW has improved its JD Power customer satisfaction scores. In fact, in 2016 our customer satisfaction rating is at its highest point to date due to a focus on more proactive communication with our customers through email, phone and text messaging and online surveys.

MESSAGING THROUGH MOBILE

Text messaging isn't just a convenient way to chat with friends. It's also a powerful engagement tool for business. Today the vast majority of people own a cellphone, and most prefer to use their phones to send and receive text messages, also known as SMS messages, rather than use email or social media on their phone.

PGW has adopted SMS messaging to engage directly with our customers and invite them to opt in and receive information from PGW that is relevant to them – like the Parts and Labor Plan, Low Income Home Energy Assistance Program (LIHEAP) grant information, the Customer Responsibility Program and construction updates.

In 2016 over 11,200 PGW customers used SMS messaging to learn about PGW programs and to apply for assistance.

PROTECTING VULNERABLE COMMUNITIES

PGW again joined ranks with the Philadelphia Police Department, Philadelphia Water Department, PECO, and the Philadelphia Corporation for Aging (PCA) in support of the "Be Sure Before You Open The Door" campaign designed to spread awareness to the issue of utility imposters and offer assistance to those who may fall victim to this type of criminal scam.

By dialing 9-1-1 Philadelphia residents can now confirm whether a utility worker should be at their door and have a Philadelphia patrol car dispatched if necessary. More information can be found at pgworks.com/safety.

HOW DID WE DO?

This year PGW introduced the ***How Did We Do?*** survey on pgworks.com/worksites to get real time feedback from customers impacted by a PGW main replacement project. We understand that street construction in front of your home or on your block can be disruptive - the online survey allows residents to share their feedback directly with PGW. Customer feedback from the survey helps us to improve overall operations and provide better customer service.

3. ENVIRONMENTAL RESPONSIBILITY

As Philadelphia's energy company, we understand that we're in the efficiency business. Natural gas is the most efficient fossil fuel out there— by a lot! — with almost 92% of source energy getting delivered to the customer as usable. Efficiency is also about the energy conservation strategies businesses and homeowners use to save on the costs of energy. PGW's Marketing Department works with area businesses to implement energy saving technologies like combined heat and power (CHP) that provide significant savings.

For our workforce we have developed a number of environmentally focused projects and programs that benefit our workplaces and the world around us.

RENEWED SUSTAINABILITY FOR LOCAL HOSPITALS WITH CHP

Hospitals are a natural application for CHP technology as they have both thermal and electric needs every day of the year.

This year Aria Torresdale Hospital became Philadelphia's first CHP fueled hospital**.** Aria's campus, serving the residents of Northeast Philadelphia and surrounding communities since 1977, is a 258-bed hospital. Its newly installed CHP unit is now generating 1.1 MW of electricity, which is one-third of the hospital's peak power electrical demand.

Aria's unit produces hot water from exhaust heat recovery and engine block heat to supplement the hot water boiler plants throughout the hospital's campus.

- Annual Electric Generation (kWh): 8,585,412
- Annual Savings: Approximately $600,000
- 4.9 Year Simple Payback

In May 2016, Cancer Treatment Centers of America (CTCA) proudly unveiled their all-new state-of-the-art CHP unit at their Philadelphia location. In an effort to generate electricity and provide heat and hot water to their facility they installed a natural gas Cummins 1.1 MW reciprocating engine. In order to satisfy the engine requirements, PGW delivered a natural gas high pressure system. The new engine will provide the hospital with 80 to 90 percent of their heating needs in addition to generating 70 to 75 percent of the building's electricity.

"Putting this grant to work will allow Philadelphia to become a showcase for cleaner, greener natural gas vehicle projects and the significant environmental benefits they produce."

NATURAL GAS POWERED TRASH TRUCKS

PGW Continues to Promote Natural Gas Vehicle Market

Every week they're spotted driving through your neighborhood, collecting waste, and keeping our streets clean. Though not glamorous, they're important to our city … they're refuse collection vehicles (you know, trash trucks) … and many will soon rely on natural gas from PGW.

In August, the city of Philadelphia was awarded a Congestion Mitigation and Air Quality Improvement (CMAQ) grant from the Delaware Valley Regional Planning Commission (DVRPC) for over $7 million. An estimated $2 million from that grant will be used to purchase up to 25 natural gas-powered trash trucks for the city, advancing the compressed natural gas market here in Philadelphia.

"Putting this grant to work will allow Philadelphia to become a showcase for cleaner, greener natural gas vehicle projects and the significant environmental benefits they produce," said Craig White, president and CEO of PGW.

These "near-zero" emission vehicles will have the latest engine technology, reducing harmful nitrogen oxide (NOx) emissions by 90 percent per truck. The new vehicles will also support PGW's effort to expand the local natural gas vehicle market and promote clean natural gas technologies. You can expect to see the new trucks on Philadelphia streets in May 2018.

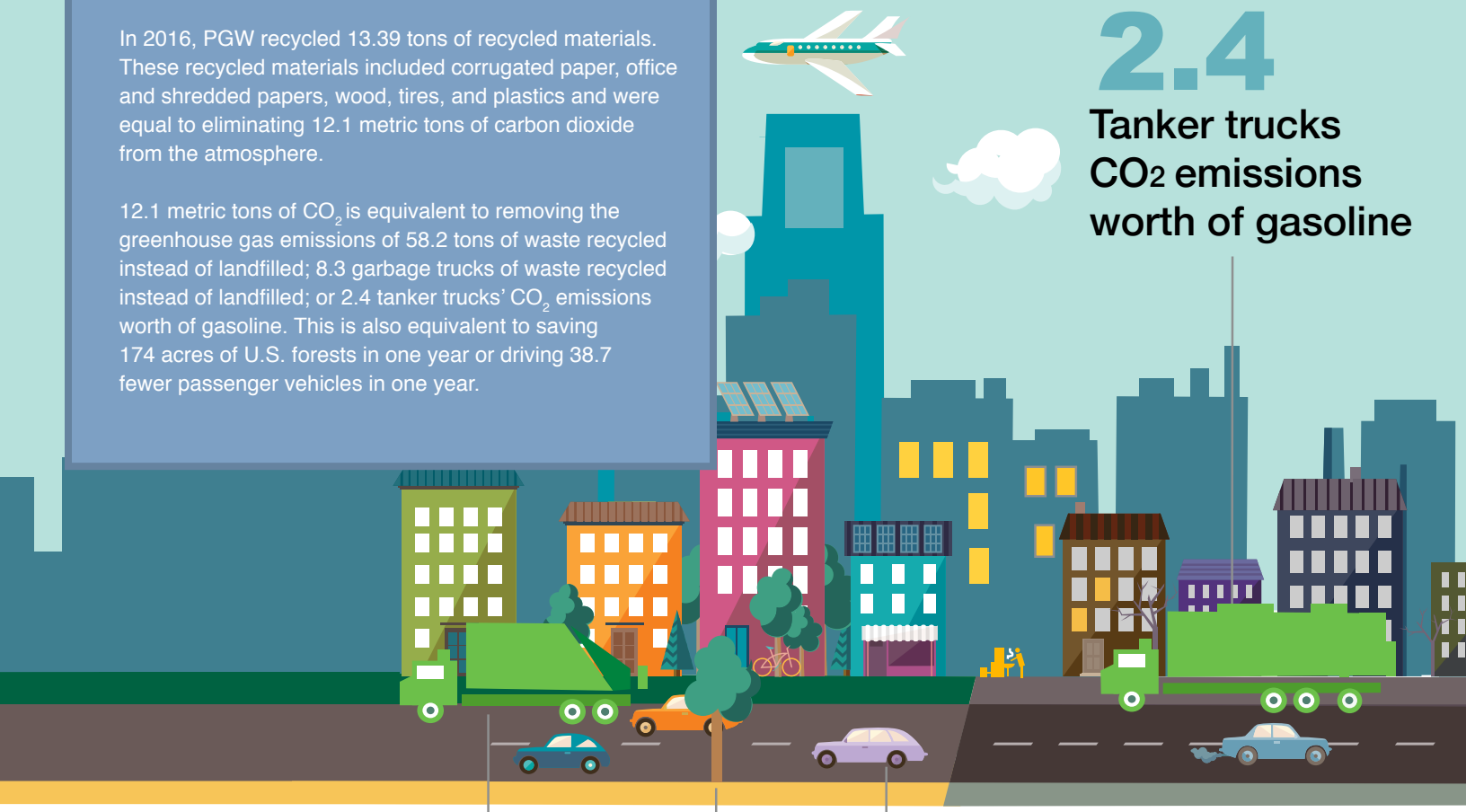
HOME REBATE PROGRAMS

PGW EnergySense is designed to help customers save energy, and provides a suite of business and residential energy efficiency offerings. These offerings include rebates and grants to help businesses and homeowners afford energy efficient products or upgrades. To learn more visit pgwenergysense.com or call 855-PGW-SOLVES.

PGW CARBON FOOTPRINT SAVINGS

In 2016, PGW recycled 13.39 tons of recycled materials. These recycled materials included corrugated paper, office and shredded papers, wood, tires, and plastics and were equal to eliminating 12.1 metric tons of carbon dioxide from the atmosphere.

12.1 metric tons of CO_2 is equivalent to removing the greenhouse gas emissions of 58.2 tons of waste recycled instead of landfilled; 8.3 garbage trucks of waste recycled instead of landfilled; or 2.4 tanker trucks' CO_2 emissions worth of gasoline. This is also equivalent to saving 174 acres of U.S. forests in one year or driving 38.7 fewer passenger vehicles in one year.



2.4
Tanker trucks CO_2 emissions worth of gasoline

Tons of waste recycled instead of landfilled
58.2

Passenger vehicles driven for one year
38.7

174
Acres of U.S. forests in one year

Data source U.S. EPA, 2017

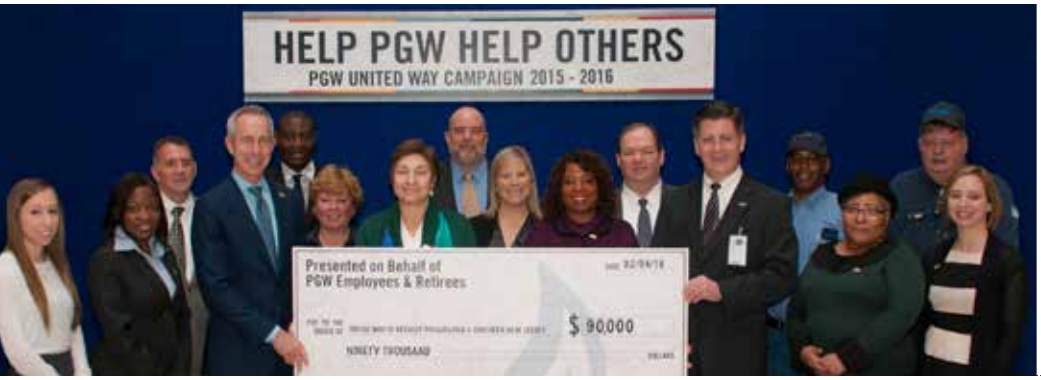
4. COMMUNITY ENGAGEMENT

Our employees live and work in the city of Philadelphia and we want to make sure our impact on this community is a positive one. From supporting local charities through employee volunteerism, hosting community assistance sessions, notifying communities of neighborhood infrastructure improvements and providing cost-saving energy information for more affordable natural gas - PGW is committed to supporting the residents and businesses of Philadelphia.

PGW's community initiatives are about sustaining and improving the quality of life of the communities we serve. By engaging key communities we are better positioned to reach out to lower income customers in the city - of PGW's 500,000 customers approximately 150,000 qualify as low income.

In 2016 PGW partnered with every legislative office in our service area to provide information and share energy saving information. PGW also attended and hosted over 150 community outreach events, informational sessions and public meetings, in both English and non-English speaking communities.

Serving others is core to who we are as a company; and we see it in the way our employees give back to communities all over Philadelphia.



TOYS FOR TOTS
Donation Drop Off
PHILADELPHIA GAS WORKS
Coat Drive
TOYS FOR TOTS
Donation Drop Off
TOYS FOR TO
Donation Dr

PGW

LIHEAP
Apply Here.

Phillies

PGW JOINED WITH ENROLL AMERICA TO HELP PHILLY SIGN UP FOR HEALTH CARE COVERAGE

In January 2016, PGW, in partnership with Enroll America, hosted trained health care navigators at each of our Customer Service Centers to help the community sign up for health coverage through the national Health Insurance Marketplace and support efforts to reduce the number of uninsured residents in our local community. This work was organized in conjunction with the White House's "Healthy Communities" Challenge, designed to engage communities with high percentages of uninsured residents.

Similarly, in November and December, PGW welcomed both Enroll America and Cognosante to again host trained advisors and assisters to help consumers sign up for coverage.

"This unique partnership …provides an innovative way to reach Philadelphians who can benefit from securing affordable health insurance…from a familiar source," said U.S. Department of Health and Human Services Regional Director Joanne Grossi.

HOME RUNS FOR TREES

For the fifth year in a row, the Philadelphia Phillies and PGW partnered with the Pennsylvania Horticultural Society in its efforts to Plant One Million trees.

Plant One Million is an ambitious multi-state tree-planting campaign, encompassing 13 counties in southeastern Pennsylvania and parts of New Jersey and Delaware. For each home run hit by a Phillies player during the season, a tree was planted as part of the program. To date, over 700 trees have been planted through Home Runs for Trees. For the 2016 season, 161 trees were planted.

PGW HELPS DEVELOP AREA COMMUNITY COLLEGE NATURAL GAS TRAINING PROGRAM

In early June, PGW and Delaware County Community College (DCCC) announced the addition of a Gas Distribution Pipeline Mechanic Introduction Program to DCCC's course list. This is the first school in the Philadelphia region to offer a carefully crafted curriculum that prepares students to work in the natural gas industry. Pennsylvania's natural gas industry presence is growing, potentially adding over 600 jobs in our region.

The development of this program gives PGW the opportunity to work hand-in-hand with key industry players to help build a stronger, more prepared future. The loss of experienced employees to retirement results in utilities like PGW needing to find skilled workers to serve our communities. While experience cannot be replaced overnight, programs like this will greatly increase the knowledge base of our newly hired front-line employees.

PGW employees were invited by The Collegiate Consortium to serve as subject matter experts and provide information to help guide the curriculum. The Collegiate Consortium comprises Community College of Philadelphia, Delaware County Community College, Bucks County Community College, Camden County Community College, and Drexel University in addition to public utilities, PGW and PECO.

UNITED WAY

PGW employees raised over $95,000 in 2016 for the United Way and the charities and organizations it supports. PGW has partnered with United Way for more than 90 years.

THE AMERICAN RED CROSS

Twice this year PGW employees participated in the American Red Cross on-site Blood Donor Program. As donors, our support does more than just help patients and sustain our healthcare system. It also touches the lives of patients' family members and friends.

BACK TO SCHOOL SUPPLY DRIVE

Every year the school supply list takes a toll on families as they try to ensure their children have the supplies they need. According to the latest Backpack index by Huntington Bank, parents can expect to spend an average of $659 per elementary school child for the 2016-2017 school years.

Our annual Back to School Supply Drive took place this August organized by our Ignited Towards Success affinity group.

Together PGW employees were able to donate $2,000 worth of school supplies for the 2016-2017 school year to students at the Red Shield Family Residence in North Philadelphia, operated by the Salvation Army.

STEM MENTORSHIP

PGW affinity group, the Technical Association, volunteered to promote Science, Technology, Engineering and Math (STEM) once again this year at the George Washington Carver Science Fair, which encourages urban youth to pursue academic achievement and careers in science. It is open to all students in grades four through twelve who attend Philadelphia County public, charter, parochial, and private schools, as well as to home-schooled students residing in the county. PGW presented two students, chosen from the hundreds that participate, with PGW's Future Techie Award. The award, funded via a Tech Association-sponsored bake sale, is presented to students who provide novel insight into energy use.

WORKREADY 2016

For the last eight years PGW has mentored Philadelphia high school students through WorkReady Philadelphia. The program, organized by the Philadelphia Youth Network, aims to provide students with workforce preparation by offering the tools needed to become great employees, entrepreneurs and leaders. In 2016, PGW hosted over 20 high school interns.

PGW is proud to have a hand in mentoring our area's future leaders and helping our community grow through educational opportunities. To learn more about WorkReady, visit workreadyphila.org.

5. PEOPLE & CULTURE

In 2016, PGW's workforce stood at 1,652 employees (of which approximately 1,130 are unionized). Each of our employees plays a vital role in the company. We value both their professional and personal engagement – and we are focused on making sure all employees have the information and support they need to be their best. As a company we make sure to focus on employee and vendor diversity, employee affinity groups, wellness and work and life balance.

ENGAGING CUSTOMER-FACING EMPLOYEES

Our dedicated field employees and customer service representatives make up the majority of our workforce. They're truly the face of PGW, and we're committed to their growth – which is why both our field operations and customer service representatives receive annual soft skills training.

BUILDING SKILLS FOR NOW AND LATER

PGW encourages professional development by offering a variety of in-house training programs, on-site college classes, and online learning courses. As part of PGW's ongoing commitment to education, the company offers an on-site after hours Associate of Arts degree program through the Community College of Philadelphia.

COLLEGE INTERNSHIP PROGRAM

In addition to supporting the development of our employees, PGW looks for ways to help the next generation obtain the skills needed to join the workforce. In 2016, PGW hosted 29 college interns in departments across the company. Students represented institutions throughout the tri-state area, with the majority from right here in Philadelphia. Since 2007, PGW has employed 149 college interns and hired 19 of them full time.

INVESTING IN PEOPLE

We prioritize health and wellness – and we encourage our employees to, as well. We're proud to offer great health benefits, along with opportunities to help employees develop and maintain healthy lifestyles. In 2016, PGW was recognized by the American Heart Association as a Fit, Friendly Workplace.

PGW observed Heart Health Month in February by offering heart health tips and access to resources like on-site mini gym memberships, free blood pressure screenings, lunch-and-learns, and more! While heart health month was a short 29 days, our commitment to the health and well being of employees, and their families, is a 365-day-a-year focus.

Offering great benefits isn't just the right thing to do. It's smart business.

EMPLOYEE WELLNESS

PGW's corporate wellness program raises awareness and educates employees and their families about a variety of health topics, provides appropriate interventions to help prevent the onset of chronic diseases, and offers a diverse range of activities that support healthy behaviors. The program offers a variety of activities for employees to take advantage of before and after their scheduled start and end time and during their lunch periods to get people moving.

PREVENTATIVE HEALTH SCREENINGS

To help employees reduce their health risk, PGW offers preventive health screenings conducted throughout the year by our on-site highly trained medical staff.

In May PGW partnered with the Fox Chase Cancer Center to bring on-site digital mammography screening directly to PGW. Their mobile mammography van parked on 9th Street outside PGW's parking lot and provided screenings in just 20 minutes for eligible PGW employees.

PGW's Health Care Incentive Program can improve employee health and well being, while helping to reduce out-of-pocket medical costs. Hundreds of employees have purchased Fitbits or received free pedometers from PGW Human Resources, completed nutrition counseling, and logged gym visits to help reduce medical costs for themselves, and their dependents.

FOX CHASE
CANCER CENTER
TEMPLE HEALTH

BIKE TO WORK WEEK: 150 MILES TOTAL

In May, PGW's Green Team hosted a lunch-and-learn, five bike-to-work outings, a bike-at-lunch group ride, and a Saturday ride along scenic Kelly Drive to recognize our first-ever Bike to Work Week. In total, our employees clocked 150 miles.

REFLECTING THE COMMUNITY WE SERVE – DIVERSITY AT PGW

We recognize that a talented, diverse workforce enables us to meet our mission of providing safe, reliable and affordable natural gas service to our customers. As a result, PGW focuses on:

- Commitment
- Culture
- Careers
- Community

We make it a priority to abide by all federal, state and municipal equal employment and affirmative action laws, ordinances, executive orders and regulations with respect to recruitment, employment, promotion and all employee personnel activities.

PGW's Management Team is committed to ensuring that the company's employee population reflects the service territory. Management is directly responsible for providing a workplace environment that encourages employees to achieve their greatest potential and contribute to the operations of the company, without regard to race, color, religion, sex, age, national origin, disability or sexual orientation. The company promotes a work environment that is free of any form of discrimination, harassment or intimidation and encourages mutual respect among all employees.

Each member of PGW's management attends a three-hour diversity training session along with a mandatory five part Equal Employment Opportunity Commission (EEOC) training provided by the EEOC. Every employee at PGW receives sexual harassment awareness training and the company's Employee Utilization Committee focuses on helping employees with personal or work related injuries back to work.

EMPLOYEE AFFINITY GROUPS

PGW supports employee affinity groups as part of its workplace diversity initiative. Affinity groups are initiated by employees who share a common background, interest or issue. Participants benefit from the networking opportunities and continued professional growth and development.

PGW's current affinity groups - the Green Team, Ignited Towards Success, Technical Association and Toastmasters – help channel the company's corporate citizenship efforts such as the back to school drive, Salvation Army Angel Tree toy drive, STEM mentorship opportunities and recycling efforts to achieve even greater impact.

JOB TRAINING & DEVELOPMENT

PGW is present in several Philadelphia educational boardrooms and classrooms. Employees serve on various educational boards to ensure that curriculum and equipment are reflective of Philadelphia and the region's workforce needs. For example, our board service on the Philadelphia Academies Skilled Trades Board helps the Philadelphia School District shape curriculum and standards for those high school students enrolled in Philadelphia's trade schools. PGW has hosted mock interview sessions as well as attended career days and resume review sessions.

PGW also serves on the Process Technology Advisory Board for Philadelphia Community College. Among the duties assigned are to provide real time information on industry needs as well as help shape curriculum.

PGW realizes that it is mutually beneficial to both students and our organization to help prepare the next generation of Philadelphians for successful entry into the workforce.

GLOBAL REPORTING INITIATIVE INDEX

This report aligns with the Global Reporting Initiative's (GRI) 3.1 guidelines. We've self-declared as a Level C reporter. The index indicates where information can be found in this report or other publicly available sources.

PROFILE DISCLOSURES

Indicator	Description	Location
1.1	Statement from the CEO	President & CEO Message, page 3
2.1	Name of the organization	Front Cover
2.2	Primary brands, products, and/or services	About PGW, page 6,7
2.3	Operational structure	Organizational Chart, page 10
2.4	Location of organization's headquarters	Philadelphia, PA, page 7
2.5	Countries of operation	United States
2.6	Nature of ownership and legal form	**2016 Audited Financial Report**
2.7	Markets served	**2016 Audited Financial Report**
2.8	Scale of the reporting organization	**2016 Audited Financial Report**
2.9	Significant changes during the reporting period regarding size, structures, or ownership	**2016 Audited Financial Report**
2.10	Awards received in the reporting period	Named "Fit-Friendly Worksite" from the American Heart Association Certificate of Achievement for Excellence in Financial Reporting for the Consolidated Annual Financial Report by the Government Finance Officers Association of the U.S. and Canada American Public Gas Association (APGA) Public Gas System Achievement Award Public Relations Society of America (PRSA) Philadelphia Chapter • First Place – Internal Employee Newsletter Award • First Place – Internal Communications Award – 2016 Employee United Way Campaign Smart CEO 2016 Philadelphia Healthiest Company Award Finalist
3.1	Reporting period	Calendar year 2016
3.2	Date of most recent previous report	2015
3.3	Reporting cycle	Annual
3.4	Contact point for questions regarding the report or its contents	**Feedback@pgworks.com**
3.5	Process for defining report content	PGW's corporate responsibility team. The team reviewed input from stakeholders and aligned report in accordance with GRI guidelines. Stakeholders expected to use the report include our employees, potential employees, customers and external stakeholders.

3.6	Boundary of the report	This report represents PGW's operations, whether at owned or leased facilities.
3.7	State any limitations on the scope or boundary of the report	n/a
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	n/a
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	n/a, see 3.2
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	n/a, see 3.2
3.12	Table identifying the location of the Standard disclosures in the report	Global Reporting Initiative Index, pp 32-33
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	**2016 Audited Financial Report**
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	The 2016 Philadelphia Facilities Management Corporation consists of seven members, four men and three women. All but the CEO are independent. See page 11.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	**2016 Audited Financial Report**
4.14	List of stakeholder groups engaged by organization	Customers, employees, community organizations and industry groups. See Community Engagement and People & Culture sections for further examples.
4.15	Basis for identification and selection of stakeholders with whom to engage	Our field employees, which represent approximately two thirds of our workforce, are that the front lines of our stakeholder engagement in their communities

Contact Us - If you have any questions or ideas you'd like to share with us, email us at feedback@pgworks.com.

PGW

PGW
MACK
I-RAND

Levi's

PGW

EMERGENCY HOTLINE: (215) 235-1212

If you smell gas or have an unsafe condition, call immediately, at any time.

CUSTOMER SERVICE

Monday - Friday, 8 a.m. to 6 p.m.

If you call regarding your bill, please have your account number ready.

(215) 235-1000 Billing, Special Programs & General Information

(215) 235-1777 Payment Assistance

(215) 236-4646 Hearing Impaired Line (TTY)

(215) 235-2175 Informacíon y Servício en Español

OTHER IMPORTANT NUMBERS

(215) 684-6383 Report the theft of gas 24-hours-a-day, 7-days-a-week. Your call is confidential. Gas theft endangers others.

8-1-1 Call before you dig. Contact the 24-hour PA one-call system.

(215) 684-6535 Claims Office

9-1-1 Guard Against Utility Imposters

IN THE COMMUNITY

If you would like PGW to attend your next community event, to speak or provide information on energy efficiency, grant programs and/or customer assistance programs, contact our Public Affairs Hotline at **(215) 684-6880** or **feedback@pgworks.com.**

Founded in 1836, Philadelphia Gas Works (PGW) is owned by the City of Philadelphia and is the largest municipally owned gas utility in the country. It manages a distribution system of approximately 6,000 miles of gas mains and service pipes supplying approximately 500,000 customers. PGW's operations are managed by a non-profit corporation, the Philadelphia Facilities Management Corporation (PFMC). More information about the company is available at ***pgworks.com.***

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PhillyGasWorks

pgworks.com

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Philadelphia, PA 19122