Our report highlights our sustainability strategy, as well as the components that are most material to our economic, environmental and social impacts. This report was informed by the Global Reporting Initiative (GRI) G4 Sustainability Reporting Framework.

According to GRI, “materiality” represents an organization’s significant economic, environmental and social impacts. It also plays a role in particular stakeholders’ assessments and decisions. In the GRI framework, materiality is separate and distinct from the understanding of materiality under state and federal securities laws and under Generally Accepted Accounting Principles (GAAP). Items that we identify as material in this report are not necessarily material for securities law and GAAP purposes.

Information in this report covers calendar year 2016 and the first quarter of 2017, unless otherwise indicated. References to FY2016 shall mean October 1, 2015, through September 30, 2016. A full GRI table is in the back of the report.

Note: We will make periodic updates on our sustainability efforts and results at sustainability.wglholdings.com. We encourage readers to visit that website for the latest information.
Home
With 170 years of experience providing energy answers to communities around the East Coast and mid-Atlantic region, we are more committed than ever to continuing to identify new energy solutions and weave sustainability into the framework of everything we do here at WGL.

Since our early days lighting the Capitol, we have always prioritized finding the right solutions to provide the most reliable, clean and accessible energy to all the communities we serve. This has not always been easy. Our approach to providing affordable, reliable and sustainable energy has evolved quickly over the last several years, and now includes renewable energy. Investing in our employees, prioritizing safety and continually improving our energy offerings and infrastructure have been essential components to our success and growth as a company, helping us to meet evolving customer and community needs.

At WGL, we know sustainability is crucial to our continued growth and success. The future of the energy business depends on identifying new ways to provide energy solutions and incorporating sustainability into those practices, including reducing our environmental impact, helping customers use energy wisely and efficiently, investing in resilient infrastructure and creating economic opportunities for our employees, as well as our suppliers.

The nation’s capital region is one of the most affluent in our nation, and yet, “energy poverty” — defined as spending 6% or more of household income for energy — affects thousands of people in our region. At WGL, we offer energy efficiency programs to reduce energy use as well as budget billing to reduce seasonal costs. We founded, support and pay all administrative costs for the Washington Area Fuel Fund, which provides assistance to those in need, and our volunteer Day of Weatherization mobilizes our employees to improve energy efficiency for homes throughout our service area.

Our approach views sustainability as an invaluable component of enhancing the WGL business model. Our sustainability framework mimics the values embedded in every aspect of WGL: diversity, innovation, service, sustainability and performance. With those values charting our course, we are proud to continue transforming the energy sector and being a leader in the field of corporate sustainability.

After the success of our first sustainability report last year, we are proud to share our second report that further outlines the successes we have achieved and challenges we look forward to addressing at WGL as we continue working to find energy answers that enhance our sustainability practices. Since our last report, we have exceeded expectations, set new robust targets for 2025 and identified new challenges that lie ahead. To continue this trajectory, we welcome feedback and encourage conversations around these highly formative and important topics.

We hope this report is useful and provides a basis for future discussions around sustainability.

Sincerely,

Terry D. McCallister
Chairman and Chief Executive Officer

Adrian P. Chapman
President and Chief Operating Officer
Our Approach to Sustainability

After releasing our first sustainability report last year, it has been incredible to see the growth and success over the past twelve months that we can share in this second comprehensive sustainability report. For 170 years, WGL has been driven by a commitment to provide our customers with affordable, reliable, sustainable and modern energy — as both their numbers and needs have evolved along with energy options — and this report exemplifies that continued dedication. This report is informed by the GRI G4 framework, which provided context and continuity on our sustainability initiatives.

We recognize that in the communities we serve, energy is not a luxury, but a necessity. Energy provides the pathway to a more sustainable economy, helps to eradicate poverty, combats climate change, generates advancements in health, education, food and water quality and is a critical building block for economic development, competitiveness and quality of life. It has become increasingly important to better understand how energy affects our world — and to engage stakeholders in conversations that promote clean, affordable, sustainable energy for all.

This year’s report is organized around four core principles:

• Ensuring Access to Modern Energy
• Expanding Economic Opportunities
• Embedding Resilient Infrastructure
• Enabling Sustainable Cities and Communities

The four principles of this report allow us to expand upon the impact of clean energy in the communities we serve and for the employees who help WGL thrive. Within this report, we explore the strategy, implementation, measurement and transparency of our sustainability goals, providing context to the successes we achieved and challenges we faced during the last year. Intermingled are stories that demonstrate how our work impacts real people in real ways and help us better understand how we chart the future course of WGL.

To build on last year’s report, we demonstrate the progress we are making in sustainability by sharing our new targets, timeline and data. Through collaboration with a diverse set of experts across the company, we have been able to set ambitious, yet attainable, long-range targets for the year 2025. Meeting each of our targets will be a challenge, but we will ensure success through execution of current strategies, to-be-determined innovations and transparency.

We hope that you will find this report informative. We look forward to a future where access to affordable, reliable and modern energy services is a reality for all.

Sincerely,

Melissa E. Adams
Chief Corporate Social Responsibility Officer
WGL 2025 SUSTAINABILITY TARGETS

In addition to our long-term targets, WGL’s corporate scorecard goals measure the results of short-term activities that drive the long-term strategic objectives of the company. The performance targets are intended to challenge the company and its executive leadership to achieve significant accomplishments in each of these areas.

WGL’s FY2016 performance goals included multiple metrics in eight corporate performance categories related to rewarding investors, safe delivery, customer value, performance improvement, supplier diversity, sustainability, employer of choice and reliable supply. Almost 20% of metrics directly relate to the environment, community and supplier diversity.

For FY2016, 11 of 13 scorecard goals, constituting 83.75% by weighting, were met or exceeded.
STAKEHOLDER ENGAGEMENT

At WGL, we recognize that engaging in open and productive dialogue and collaboration with our stakeholders helps us define our strategy and action areas. That is why we regularly engage our stakeholders to gather feedback and better understand our impacts.

Our key stakeholders include our employees, our customers and communities where we operate, our suppliers and investors, policymakers and regulators, industry trade groups, environmental organizations, local advocates and diversity groups. Our engagements include a variety of direct and indirect methods, such as community advisory panels, community dinners, meetings, street fairs and “town hall” events, and supplier and stakeholder surveys.
In 2015, we worked with sustainability consultancy VOX Global to map our stakeholders in 12 categories. We then created a large list of economic, environmental and social topics. Through research and preliminary interviews, we narrowed the topics to a list of 60. We then engaged with internal and external stakeholders to rank the topics that they found most material to WGL.

We interviewed and surveyed external stakeholders, as well as WGL executives, to identify sustainability priorities and how they pertain to our business goals.

To identify priority issue areas and create our materiality matrix, we mapped feedback from external stakeholders against feedback from inside the business. In the matrix shown, our most material issues to stakeholders (vertical axis) and our business (horizontal axis) are in the upper right-hand quadrant.

WGL is committed to managing our environmental, social and economic impacts as part of our commitment to sustainability. Using the GRI G4 Guidelines as a framework, we conducted a materiality assessment so we could better understand where we should focus our sustainability efforts, where risks and opportunities lie, and which issues are most material to us as a company.
Our Company

ABOUT

WGL Holdings, Inc. (WGL) is a publicly traded company listed on the New York Stock Exchange. With activities and assets across the United States, WGL is a leading source for clean, efficient energy solutions. WGL consists of Washington Gas Light Company, WGL Energy, Inc., WGL Midstream, Inc. and Hampshire Gas. WGL provides natural gas, electricity, green power and energy services to consumers, government entities and large and small businesses across the United States. For the purposes of this report, “WGL” shall refer to WGL Holdings and affiliated subsidiaries. You can find additional information in our Corporate Performance Report and 10-K.
ECONOMIC IMPACT

At WGL, we have a longstanding commitment to providing reliable and high-quality service to our customers. The energy marketplace is rapidly evolving, and we are ready to take advantage of continually emerging opportunities. Innovations in accessing new sources of natural gas have enhanced our energy supply while the renewable energy revolution is yielding new ways to expand the energy market and to deploy more efficient, clean and sustainable energy solutions. Additionally, technology has increased our customers’ ability to more accurately understand and manage their energy use and impact.

While we strengthen our core natural gas utility business through infrastructure improvements and investments, we also deliver energy solutions through our services and programs in electricity and gas commodity supply, solar power, wind energy, carbon offsets, combined heat and power, fuel cell and other distributed generation.

In addition, our investments in midstream assets ensure broader access to marketable natural gas. In these ways, we have positioned ourselves to grow in a dynamic energy market, to increase jobs and economic development, fulfill environmental objectives, improve energy security, and sustain the communities we serve.

WGL STATEMENT

VISION
Our vision is to be the preferred source of clean and efficient energy solutions that produce value for our customers, investors and communities.

BRAND
Our calling as a company is to make energy surprisingly easy — for our employees, for our community and for all of our customers.

VALUES
🌟 DIVERSITY
🌟 INNOVATION
🌟 SERVICE
🌟 SUSTAINABILITY
🌟 PERFORMANCE

TOTAL WGL ASSETS BY OPERATING SEGMENT

- 2013: $4.26B
- 2014: $4.83B
- 2015: $5.26B
- 2016: $6.06B

- TOTAL
- MIDSTREAM ENERGY SERVICES
- COMMERCIAL ENERGY SYSTEMS
- RETAIL ENERGY SERVICES
- REGULATED UTILITY

In addition, our investments in midstream assets ensure broader access to marketable natural gas. In these ways, we have positioned ourselves to grow in a dynamic energy market, to increase jobs and economic development, fulfill environmental objectives, improve energy security, and sustain the communities we serve.
GOVERNANCE

WGL has a strong and well-established commitment to ethical business conduct and compliance with all laws and regulations applicable to our businesses. This includes employment and labor requirements such as those from the Occupational Safety and Health Administration (OSHA), as well as regulations that are specific to our businesses and energy markets, including those from the Federal Energy Regulatory Commission (FERC), U.S. Commodity Futures Trading Commission (CFTC), National Transportation Safety Board (NTSB), U.S. Securities and Exchange Commission (SEC), and the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA).

Our regulated utility operating segment consists of the operations of our subsidiaries Washington Gas and Hampshire Gas. Washington Gas is regulated by the Public Service Commission of the District of Columbia, the Public Service Commission of Maryland and the State Corporation Commission of Virginia, which approve its terms of service and the billing rates that it charges to its customers. Hampshire Gas is regulated by the Federal Energy Regulatory Commission.

Senior management sets the core values for the company, sets the expectations for ethical business conduct, and leads by example. We maintain a Code of Conduct, which anchors our ethics and compliance program. Our Code sets our standards for ethical conduct, our core values and our basic policies on important topics. In addition, a robust set of company policies and procedures are applicable to WGL and its subsidiaries. Employees receive mandatory training and communications in various forms to promote awareness of critical rules and regulations that apply to our businesses, and for which they have responsibility. We also reinforce compliance with applicable laws and regulations as well as other topics, such as safety of products and services, fair competition in business dealings, protection of confidential information and intellectual property, and anti-corruption rules, through platforms such as department trainings and our Compliance Challenge.

Employees and nonemployees can report concerns or complaints regarding compliance anonymously through our Corporate Compliance Hotline at 1-800-249-5360.

WGL is governed by our Board of Directors. The Board has three standing committees that are composed entirely of independent directors: the Audit Committee, the Governance Committee and the Human Resources Committee. WGL has a standing Executive Committee, on which our Chairman and Chief Executive Officer serves.

Matters relating to sustainability would be considered by such Committees of the Board, and/or by the full Board, as appropriate under the specific circumstances. The Chief Corporate Social Responsibility Officer meets with the Board on an as-needed basis to share items such as goals, progress and any issues that may arise throughout the year.

Safety is our top priority and is deeply ingrained in our business culture and operations. You will see this commitment reflected in various sections throughout this report.

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (ERM) is our comprehensive, transparent and rigorous approach to help maximize opportunity and manage risk. We believe that ERM leads to better results and competitive advantage by creating a culture of risk awareness. Find more information about our innovative approach:

CLICK HERE
BOARD OF DIRECTORS

Terry D. McCallister
Chairman of the Board and Chief Executive Officer, WGL Holdings, Inc. and Washington Gas

Terry D. McCallister is Chairman and Chief Executive Officer of WGL Holdings and of Washington Gas Light Company, positions he has held since October 1, 2009. Mr. McCallister previously served as President and Chief Operating Officer of WGL Holdings and Washington Gas Light Company (2001-2009). Mr. McCallister joined Washington Gas Light Company in April 2000 as Vice President of Operations...
ORGANIZATION STRUCTURE

DIVE DEEPER
TOGGLE AN OPTION BELOW TO LEARN MORE.

CORPORATE SUSTAINABILITY & SOCIAL RESPONSIBILITY

MELISSA ADAMS
Chief Corp Social Responsibility Officer

DOREEN HOPE
Real Estate Portfolio Manager

JOHN FRIEDMAN
Sustainability Manager

ALEXANDER MILLER-BROWN
Sr Sustainability Analyst

HUEY J BATTLE
Community Involvement Manager

KELLY L CAPLAN
Sr Community Involvement Specialist

TRACYE D FUNN
Corp Giv & Supplier Diversity Manager

JOAN M HAIRSTON
Sr Supplier Diversity Specialist

DAMINIQUE S BRANCH
Community Involvement Specialist

VIRGINIA CONWAY
Real Estate Services Manager

COMPANY OFFICERS

CORPORATE SUSTAINABILITY & SOCIAL RESPONSIBILITY
DISTRIBUTED IMPACT™

Distributed Impact enhances national security by bringing energy production closer to the recipient and incorporating multiple energy sources. It makes service interruptions less likely and protects large institutions from the impact of potential attacks on the main energy grid. If one source of energy or part of our nation’s energy infrastructure is rendered unavailable for any reason, such as a terrorist or cyberattack, energy can be provided through other sources.

INFRASTRUCTURE SECURITY

We understand the risks posed by breaches of our information technology infrastructure—including cyberattacks and cyberterrorism—to the safety and effectiveness of our operations and the security of customer, employee and company data. Although no measure can be 100% effective for all of our systems all of the time, we have implemented preventive, detective and remediation measures to manage these risks. The responsibility for measures to manage cybersecurity risks falls under the Chief Information Officer. The Chief Security Officer manages security and compliance programs and policies.

WGL employs a robust framework for assessing and mitigating cyber risks to the organization. Security and risk management are closely aligned in considering various forms of cyber risk and in developing approaches to mitigate risks. We work closely with federal government agencies to assess and protect cyber-security systems. We also follow the International Organization for Standardization (ISO) 27002 framework for IT security.

WGL maintains a comprehensive governance reporting system that includes detailed operational metrics of key security performance indicators. IT security is closely aligned with organizational risk management in assessing and mitigating risks to the organization.
Safety, reliability and resiliency are fundamental at WGL, and we incorporate them into everything we do as a company. That includes making the right investments in our infrastructure to improve the safety and resiliency of our operations and services in the face of potential challenges. For example, an increase in severe weather events in Washington Gas’ geographic region may affect the integrity of older pipes.

We have adopted practices that include replacing older pipeline materials with newer, modern and lower-emitting pipelines. With support from legislators and regulators, we now have approved accelerated pipe replacement programs in all of our service jurisdictions, allowing us to accelerate our investment in the infrastructure upgrades that will benefit our communities for decades to come.

We also work closely with communities to address the impact of infrastructure improvements. See the Resilient Infrastructure section, and the Sustainable Cities and Communities section to learn more about this.

Our FY2016 investments underscore our commitment to investment in assets with favorable returns. Our energy infrastructure investments increased from $532 million in FY2015 to $688 million in FY2016, demonstrating our ongoing commitment to enhanced, more resilient service to customers — which is essential for a sustainable company.
Ensuring Access to Modern Energy

A key to WGL's mission is providing energy answers to our customers. We believe in the necessity of UN Sustainable Development Goal 7, which is to “ensure access to affordable, reliable, sustainable and modern energy for all.” That is because access to energy is a core component to economic development, and our objective is to empower the continued development of communities as we shift toward a more sustainable economy. This section highlights these efforts.
ENERGY ANSWERS

WGL is committed to providing energy answers today and for decades to come. With a focus on adaptive innovation, we’re constantly using the stability, experience and institutional knowledge of our long history as an energy company to create new solutions that will be effective well into the future.

By providing natural gas, electricity, green power, carbon offsets, distributed generation and energy efficiency and management services, we maintain our promise of making better use of nature’s resources every day. Our calling is to ensure access to clean, affordable and sustainable energy for our customers and communities.

DISTRIBUTED GENERATION & RENEWABLE ENERGY

Through WGL Energy we offer a broad spectrum of energy offerings, which includes renewable energy and distributed generation.

WGL Energy’s investment in directly financing, owning and operating distributed generation capacity (primarily consisting of photovoltaic solar (PV)) makes us a leader among our peers. At the end of 2016, we had 223 MW of solar assets across 20 states and the District of Columbia — from New England to Hawaii — and we are installing more.

These projects enable our customers to enjoy the benefit of having as much as a 20-year price protection with a low, fixed rate. That is why we expect demand for solar and other forms of distributed generation to continue to grow and are making the necessary investments to meet that demand. WGL is using these kinds of investments to help answer the challenges associated with the transition to a low-carbon economy, and we are providing the solutions needed to make that transition a success.

We have a variety of energy solutions, including customized solar solutions such as behind-the-meter solar facilities, feed-in-tariff solar facilities and off-site solar facilities, as well as Renewable Energy Certificates (RECs) for industrial, commercial and government customers. By selling wind power, carbon offsets and solar power, WGL Energy has helped avoid and minimize emissions equivalent to more than 10.5 billion pounds of carbon dioxide.
FUEL CELLS

As with solar, we expect the market for fuel cells to continue to expand. Fuel cells are a growing part of WGL’s portfolio of alternative energy solutions. As an energy source, fuel cells provide an effective mechanism for on-site power generation fueled by natural gas that produce power with half the carbon footprint of traditional grid electricity and increase efficiencies by eliminating transportation and distribution losses typically associated with grid generation.

Fuel cells offer a more resilient source of energy for customers, especially in areas where power lines are subject to environmental impacts, such as falling trees, heavy winds, rain and snow.

Additionally, by relying on lower-carbon fuels such as natural gas — instead of coal — fuel cells decrease GHG emissions.

SOLAR ENERGY

In addition to on-site solar installations, WGL Energy provides off-site solar options through our Solar Electricity Supply Agreement (SESA). This program includes a 20-year agreement to supply a customer with 100% of the electricity output from a new solar development at a fixed price, providing energy cost certainty, while also allowing customers who lack roof or land space to support the development of renewable energy projects. Notable SESA projects include:

- A 1.5 MW solar system located outside of Baltimore, MD, that came online in July 2016 with MOM’s Organic Market as the off-taker. It is expected to produce 2.1 million kWh per year, which is the equivalent of avoiding more than 3.2 million pounds of CO₂ emissions annually.
- A 2.5 MW project in Maryland that supplies power to National Geographic, as well as the Capital One Arena.

WIND ENERGY

WGL Energy was one of the first suppliers in the mid-Atlantic region to offer wind power options to residential and small commercial customers. All WGL Energy standard-electricity offers in the District of Columbia, Delaware, Maryland and Pennsylvania utility territories automatically include a 5% wind power component for residential customers and a 3.5% wind power component for small commercial customers. These customers also have the option to choose 50% or 100% Green-e® Energy-certified wind power that displaces power generated by fossil fuels to improve air quality and protect the environment. Residential and small commercial customers can choose local (within PJM, a regional transmission organization) or national wind RECs that are paired to their electricity usage:

- 100% National WindPower from WGL Energy is composed of RECs generated from wind farms throughout the United States and matched to customers’ electricity usage.
- 60% or 100% CleanSteps® WindPower from WGL Energy is electricity generated from regional wind farms in states such as Pennsylvania and West Virginia.
- 50% or 100%, PA WindPower from WGL Energy is electricity generated from state licensed wind farms in the Commonwealth of Pennsylvania.

The wind power program continued to grow in 2016, with 1.6 million MWh of wind power sold. WGL Energy customers avoided more than 2.5 billion pounds of carbon dioxide emissions in 2016 due to purchased wind power. That is equivalent to emissions from 2.7 billion miles driven by an average passenger vehicle, or 1.2 billion pounds of coal burned — all avoided through renewable energy.

To date, WGL Energy has sold more than 5.7 million MWh of wind power.

RENEWABLE ENERGY CERTIFICATES

Large commercial, industrial and government customers can choose from three different RECs to benefit the environment and demonstrate environmental leadership. Customers’ purchases of RECs support renewable electricity production in the region where the renewable generation is operating. For every unit of renewable electricity generated, an equivalent amount of RECs is produced. Types of RECs include:

- A Hydro Electric REC is a tradable environmental commodity certifying that one megawatt-hour (MWh) of electricity was generated from hydropower.
- A Solar REC is a tradable environmental commodity certifying that one MWh of electricity was generated from certified solar generation.
- A Wind REC is a tradable environmental commodity certifying that one MWh of electricity was generated from wind.

RENEWABLE NATURAL GAS

Also called “biogas,” renewable natural gas (RNG) is produced from sources such as agricultural waste, manure, municipal waste, plant material, sewage, green waste or food waste. By capturing, cleaning and injecting this gas into existing pipelines and using it as a supplemental fuel source rather than allowing it to escape into the atmosphere, RNG can be considered carbon-negative as well as a renewable fuel. For these reasons, RNG is an attractive potential fuel source, though pipeline technical issues and gas quality compatibility must be addressed. WGL has identified possible sources as well as customers for this low (or negative) carbon fuel option.
ENSURING CUSTOMER SATISFACTION

Our Energy Acquisition team is focused on maintaining a portfolio that ensures natural gas supply, upstream pipeline delivery capacity and storage so that gas is available when our customers need it. We measure energy reliability at the utility by the number of customer outages resulting from disruptions in gas supply, and our utility service was available to 99.85% of customers without unscheduled service interruption in 2016.

We added 12,822 active customer meters in 2016 and 12,488 in 2017, which brings our total to 1,142,353 customers.

ENERGY AFFORDABILITY

Washington Gas rates and terms of service are regulated by the Public Service Commission of the District of Columbia, the Maryland Public Service Commission and the State Corporation Commission of Virginia, which must approve any changes. Our success depends on making energy affordable for our current and future customers. Washington Gas has implemented multiple initiatives to increase energy affordability.

ASSET OPTIMIZATION PROGRAM (AO):
We contract with others to utilize our interstate natural gas storage and transportation capacity resources when they are not being used for and/or by our customers in order to realize the full value from these resources. Regulatory sharing mechanisms in D.C., MD and VA allow the profit from these transactions to be shared between Washington Gas and our customers, lowering the net cost of natural gas service.

BUDGET PLAN:
The Budget Plan spreads the cost of natural gas heating over the entire year, allowing customers to pay approximately the same amount, every month, throughout the year. We calculate average monthly payments based on each customer’s historical natural gas usage, adjusted for normal weather and projected gas costs. If actual gas costs, weather and/or usage differ significantly from our original estimate, we adjust the payments to prevent significant charges or credits at the end of the year.

ENERGY ASSISTANCE:
Washington Gas offers a number of energy assistance programs throughout its service territory to help residents who have difficulty paying their energy bills. These include the Washington Area Fuel Fund (WAFF), the District of Columbia Residential Essential Service Program (RES), as well as the local distribution of federal energy assistance funds through the federal Low-Income Home Energy Assistance Program (LIHEAP), the Maryland Energy Assistance Program (MEAP) and the Virginia Energy Assistance Program (VEAP). Click here for detailed information on each of these programs.

THE WASHINGTON AREA FUEL FUND (WAFF):
Founded in 1983 by Washington Gas, WAFF is a financial assistance program that helps families who do not qualify for, or who have exhausted, government energy assistance. Administrative costs are paid by Washington Gas, and the program is independently administered by the Salvation Army. WAFF provides funds for all types of energy to heat families’ homes in the winter. For more on WAFF, please see the Strengthening Our Communities section.

REVENUE ADJUSTMENT PROVISIONS:
Rate mechanisms that eliminate the effect of deviations in customer usage caused by variations in weather and other factors, such as conservation. These mechanisms support energy efficiency programs and help lower the energy bills of our utility customers during colder than normal periods.
ENERGY CHOICE

WGL empowers customers by providing energy choices.

Because Washington Gas’ delivery service is “unbundled” from the sale of the natural gas commodity, our customers may choose to purchase their natural gas from another company. For these customers, we collect the cost of delivering gas under cost recovery mechanisms approved by regulators. Cost recovery mechanisms for the utility-provided natural gas commodity are shown on customers’ bills as “Purchased Gas Costs” (PGcs).

In addition to natural gas, customers have other energy options. In certain states, customers can select their electricity suppliers and have their electricity delivered through the electric utility’s existing wires. Through WGL Energy’s retail marketing offerings, we provide residential and business customers with a variety of affordable fixed/variable products and other options that are not available from the incumbent utility.

Distributed generation customers of WGL Energy primarily select photovoltaic solar as their energy source because the resulting long-term Power Purchase Agreement is more affordable than current electricity prices in many states.

CUSTOMER SERVICE

Washington Gas’ Customer Service team provides assistance from small residential customers to the large commercial customer. Customers have several options for contacting Washington Gas Customer Service:

- Call our Emergency Call Center if they smell natural gas or have a natural gas emergency: 703-750-1400 and 911.
- Call our Customer Service Call Center for account information, inquiries and concerns: 703-750-1000.
- Meet face-to-face with a representative at Washington Gas walk-in offices located in the Washington, D.C., metropolitan area.
- Communicate and handle transactions through the eService portal.
- Send mail to Washington Gas via the Correspondence group.

In 2016 (as in previous years), Washington Gas measured the satisfaction of customers who contacted the company for service by telephone, field technician or the web. Survey methods included mail, web, telephone through the Voice Response Unit (an automated system that allows the caller to navigate through a series of prerecorded messages) and Interactive Voice Response (a technology that allows a computer to interact with people through the use of voice and tone input via keypad).

Washington Gas’ overall customer satisfaction was 79.8% for FY2016, missing the set target of 87.5%.

Our utility Customer Service has experienced significant transition over the last year as we have been enhancing the service we provide our customers. We’ve worked through technical issues with the internet-based billing platform (eService) and have managed the Washington Gas Call Center transition from offshore (Philippines) to onshore — bringing 200 new jobs to Virginia. We’ve also replaced an over-40-year-old legacy Customer Information System (CIS) with a new state-of-the-art, SAP-based system. Through these three major initiatives, Customer Service has continued to provide our customers with a high-level of service they expect and deserve. Fortunately, after adoption and stabilization periods, Washington Gas Customer Service was returning to historically high service levels as we entered FY2017.

CUSTOMER PRIVACY AND INFORMATION

Protecting customer information is paramount to Washington Gas. The company maintains strict guidelines and protocols in order to maintain a secure customer information system, reducing the risk of our customers’ private information becoming compromised.
Addressing climate change is one of the most important things we can do as a global community, both to protect the environment and to advance economic opportunity. At WGL, we recognize the scientific consensus that human activity — primarily greenhouse gas emissions from industrialization and the conversion of land for forestry and development — is driving global climate change. We believe urgent action is needed to combat climate change and its impacts, in line with the international consensus outlined in the Paris Agreement, Sustainable Development Goals (SDGs) and other frameworks. We further understand that the impacts of climate change not only have the potential to affect Washington Gas’ operations and our services — such as with the increasing number and severity of weather events impacting pipeline integrity — but also to provide an opportunity for WGL to play an active and leading role in transforming how energy is used in the 21st century.

WGL has a three-pronged approach to addressing the risks of climate change. We are reducing our own emissions, assisting or enabling our customers to reduce theirs, and modernizing and strengthening our infrastructure for long-term resilience. We set emissions reduction goals for 2020 that we achieved ahead of schedule and set new targets for 2025. At the same time, we are also increasing our sourcing and supplying of renewable energy to our customers, expanding energy efficiency offerings and allowing customers to purchase carbon offsets to help drive the adoption of sustainable energy solutions. We look forward to working with policymakers at the state and federal levels to inform and support the initiatives necessary to address and mitigate climate change impacts.
Everywhere Washington Gas operates, the company works to help define and implement achievable and practical energy answers that meet the needs of our region as well as the separate jurisdictions.

As a founding member, WGL has served continuously on the Metropolitan Washington Council of Governments’ Climate, Energy & Environment Policy Committee to set regional greenhouse gas emission reduction goals and coordinate efforts to meet them. The committee developed the National capital Region climate change Report as well as the Regional climate and Energy Action Plan.

In Washington, D.C., we are providing expert input to the District of Columbia Department of Energy and the Environment’s clean Energy DC Plan, which seeks to actualize the Sustainable DC goal to cut GHG emissions in half by 2032, and we are developing projects needed to support this goal. WGL Energy was awarded the Capital Solar Challenge contract by the U.S. General Services Administration (GSA) to provide 1.67 MW of solar power to 18 federal building locations, including the GSA’s headquarters and the Ronald Reagan Building. We also helped the DC Department of General Services (DGS) boost total solar generation capacity by roughly 70% through the deployment of 11.8 MW of solar photovoltaic systems on the roofs and parking lots of 34 District-owned facilities. The power purchase agreement (PPA) associated with this project is expected to save District taxpayers more than $25 million over its 20-year term.

Reflecting Maryland’s goal of 20% renewably generated electricity by 2022 and their desired emphasis on solar power, we installed 1.35 MW of solar panels for Towson University, meeting as much as 8% to 10% of the campus’ electrical needs. Three solar projects that we installed at the University of Maryland provide that campus with 2.2 MW of renewable energy. In the non profit sector, WGL Energy brought a 968 kW solar generating array online for Horizon Goodwill Industries that avoided the equivalent of just over 2,000,000 lbs. of carbon emissions in its first year.

WGL worked with legislators, executive staff, energy companies and business groups to further the development of renewable energy in Virginia, resulting in stimulative permitting and zoning reforms and a bill, currently awaiting the Governor’s signature, that authorizes 5,000 MW of renewable energy. In alignment with Virginia’s voluntary goal of 15% renewably generated electricity by 2025, WGL Energy also owns the 6 megawatt, 76-acre Danville, VA, Solar Project that will provide all of the electricity for Danville Power and Light for the next 25 years.
GHG MANAGEMENT PLAN

Managing greenhouse gas (GHG) emissions is critically important at WGL. Goal setting, monitoring and tracking utility GHG emissions are the shared responsibilities of the Chief Corporate Social Responsibility Officer and the Environmental Compliance and Affairs Department. The environmental team tracks natural gas emissions and leak reduction initiatives. GHG emissions and the programs that reduce them are measured and reported quarterly as part of the corporate scorecard, ensuring that they remain a top priority for the company.

In 2016 we reported favorably exceeding both of our aggressive GHG targets against our 2008 baseline. Reducing emissions beyond the levels set in these long-range targets ahead of schedule demonstrated the effectiveness of our approach.

In 2016, we set new long-range targets. We are targeting “carbon neutrality” for our fleet and facilities by 2025 and aim to reduce fugitive emission intensity from the gas we deliver by 38%. Because fugitive emissions from pipelines account for the majority of our GHG emissions and reducing them also has safety and reliability benefits, modernizing our pipeline and gas delivery systems remains a high priority.

In addition, we added a third goal — to help WGL customers achieve reductions equivalent to the avoidance of 18 million tons of CO$_2$e emissions.

*Emission intensity is a calculation of the amount of carbon dioxide (CO$_2$e) emitted per therm of natural gas delivered to our customers.
EPA METHANE
CHALLENGE

Along with carbon dioxide, one of the more potent and important GHG emissions to manage is methane. As an energy company, WGL takes this issue seriously and we always strive to find better solutions to methane management. Our utility, Washington Gas, is a founding member of the EPA’s Natural Gas STAR program and Methane Challenge program. As described by the EPA, the Methane Challenge ‘provides a new mechanism through which U.S. oil and gas companies can make more specific and transparent commitments to reducing methane emissions.” We also actively work with other gas companies by participating in environmental committees run by the American Gas Association, the Southern Gas Association and the Gas Technology Institute.

AIR QUALITY

As part of our commitment to ensure that our operations protect air quality and the health of local residents, Washington Gas typically operates well below our permitted “potential to emit” thresholds. We consistently meet all ambient air quality standards and permit conditions. We are also a founding member of Clean Air Partners, a public-private partnership of the Metropolitan Washington Council of Governments. This not-for-profit organization engages people to take ownership of measures to reduce ground-level ozone.

CARBON OFFSETS

As our customers look to us to provide energy answers, WGL tries to ensure we can provide them with the tools and opportunities they need to help manage their own footprints and be part of the solution in addressing challenges such as climate change. That is why WGL Energy offers WGES CleanSteps® Carbon Offsets, which gives customers the option to match carbon offsets to their natural gas consumption. This is a program that continues to grow year-over-year and has helped WGL Energy customers offset hundreds of millions of pounds of carbon dioxide emissions.

WGL Energy also matches locally sourced carbon offsets to a portion of residential and small commercial customers’ natural gas usage. This includes a 5% match for residential customers and a 35% match for small commercial customers. All WGL Energy standard natural gas offers in BGE, Columbia Gas (Maryland and Virginia), Washington Gas (D.C., Maryland and Virginia), PECO and UGI Penn Natural (Pennsylvania) utility territories include an automatic match. WGL Energy also provides options for increasing these baseline percentages to as much as offsetting 100% of their natural gas use and achieve a net-zero emissions balance. These options include:

• 100% CleanSteps® Carbon Offsets from WGL Energy are independently verified and sourced from current, ongoing activities, such as landfill gas capture and destruction projects in Maryland.

• 100% PA Carbon Offsets from WGL Energy are independently verified and sourced from current, ongoing activities, such as landfill gas capture and destruction projects throughout Pennsylvania.

For our larger commercial customers, WGL Energy’s Green-e® Climate-certified carbon offsets provide an opportunity to offset the environmental impact of business activities. These customers can choose to match offsets to any portion of their natural gas usage (up to 100%), as well as offset some of their other activities — such as business travel, conferences and events — through WGL Energy.

WGL Energy’s carbon offsets also include investments in activities, such as tree planting, that improve air and water quality. WGL Energy and its clean energy partner, Sterling Planet, jointly invest a portion of the proceeds into a Carbon Reduction Fund and a PA Carbon Reduction Fund every time carbon offsets are purchased.

These investments are managed by the Chesapeake Bay Foundation (CBF) and the Pennsylvania Environmental Council (PEC), respectively. They go toward new projects to reduce greenhouse gas emissions while improving air and water quality in the Chesapeake Bay region and the state of Pennsylvania.

Carbon offsets also provide an opportunity for WGL Energy to enhance its partnerships and event sponsorships. For key events, WGL Energy will offer to “green” the event by calculating the greenhouse gas emissions from the event and offsetting them. We are proud to help the communities in which we live and operate work toward building a better planet.

Carbon offsets from WGL Energy are Green-e® Climate certified and derived from third party verified carbon-reduction projects in the Chesapeake Bay watershed. Our supply of carbon offsets comes from carbon-reduction projects in the waste management sector, such as the capture and destruction of methane from regional landfills.

GREENING SPRINGSTEEN

In September 2016, WGL Energy helped to “green” a concert held by Bruce Springsteen and the E Street Band at Nationals Park in Washington, D.C. That meant donating carbon offsets to counterbalance the greenhouse gas emissions resulting from the event, such as energy use, hotel stays, food and other waste.
WATER

WGL recognizes the importance of protecting and preserving clean water — one of the most important resources on the planet and one that is inextricably linked with the impacts of climate change, as well as the potential economic development for billions across the planet as recognized by the UN Sustainable Development Goals. We work to be in full compliance with all rules and regulations regarding water management, including the Clean Water Act. Our measures include storm water management controls, spill prevention and countermeasure plans and audits at construction sites. We are also developing a water inventory project to help Washington Gas protect this important resource. This inventory measures our annual water consumption, discharge and runoff across Washington Gas’ core assets and are able to better understand our other assets. Because of this work, we are also developing a water inventory project to help Washington Gas protect this important resource. This inventory measures our annual water consumption, discharge and runoff across Washington Gas’ core assets and are able to better understand our other assets.

We are committed to recycling across all facilities and have a companywide goal of diverting at least 50% of waste from landfills and incinerators. We audit recycling periodically, and the results are shared to raise awareness and encourage improvement. All Washington Gas locations incorporate single-stream Recycling and we regularly recycle transportation, industrial and universal wastes, including CFL bulbs, HID lamps, nonalkaline batteries and mercury-containing equipment. You can learn more about our resource stewardship here.

For the past year to date, we composted 7,020 lbs. (3.184 metric tons) of compost at our Springfield Center. This organic material is brought to a network of nine local farms in our area, helping farmers in our region.

BIODIVERSITY

Protecting the biodiversity of the environment in which we operate and do business is important for any company. At Washington Gas, we incorporate protection measures when planning for and building new infrastructure. During the construction process, we strive to minimize disturbed areas and meet or exceed all industry best practices for erosion and sediment control, dewatering and emissions minimization. All of our facilities are managed in accordance with local, state and federal environmental regulations.

We also perform environmental reviews of all pipeline and facility construction projects during the design phase. These reviews include an analysis of environmental features present within the delineated project area. In some cases, we adjust project plans to avoid impacts to significant environmental features. In some cases, we adjust project plans to avoid impacts on significant habitats. In other cases, we conduct a detailed alternatives analysis to identify another project footprint with a lesser environmental impact.

ENERGY EFFICIENCY

A critical component for any company seeking to manage climate impacts is to pay careful attention to its own energy use — and to look for opportunities to maximize energy efficiency in its own operations. At WGL, that starts in the buildings that we own and lease. We make our own buildings and facilities as efficient as possible, and are constantly evaluating how much energy we consume and identifying solutions to reduce usage, costs and environmental impact.

Our Facilities Department, working in collaboration with the Sustainability Department, identifies projects that impact energy efficiency throughout the company. We also retain a design engineering firm to conduct numerous energy audits of our existing buildings and, using these energy audits, we are able to identify equipment and systems at our buildings that are less efficient than our standard. In this way, WGL can target and elevate less efficient areas with new, efficient and reliable equipment and systems whenever possible. This also plays a role in new ground-up construction, paying particular attention to LEED accreditation and high-efficiency systems during design. In addition to exploring ways to reduce our grid dependency at our buildings, we also match 100% of our purchased electricity with REcs. WGL Energy’s Tysons office also matches natural gas use with carbon offsets.

Our goal has been to replace aging infrastructure with the most energy efficiency products available when possible. Our company is continually working with cutting-edge energy efficient technology firms as we advance energy efficiency and reduce greenhouse gas emissions.
ENERGY MANAGEMENT PLATFORM

In addition to always looking for new ways to manage our energy footprint, WGL strives to help our customers manage theirs. A new, free online tool called the Energy Management Platform (EMP) helps people manage their electricity and natural gas usage while providing customized energy efficiency recommendations.

The EMP displays customers’ energy usage and cost data and allows them to compare this data over time. It also helps them understand how factors such as weather can impact energy usage. These insights and metrics can help customers better manage their energy budgets, benchmark against industry standards and compare energy use across facilities. An easy-to-comprehend centralized dashboard displays key performance indicators (KPIs), provides tailored reports and allows for customizable inputs. This is one of the many ways WGL Energy is providing energy solutions inside and outside the company.

TRANSPORTATION

Another way that we strive to manage our emissions footprint is through the Washington Gas fleet, which we are actively converting to natural gas vehicles (NGVs). NGVs are better for the environment and human health compared to most gasoline and diesel vehicles. They emit virtually no particulate matter, far less SO₂, and approximately 25% fewer GHG emissions per gallon equivalent compared to petroleum-based fuel vehicles. Other benefits include quieter operation, fewer oil changes and lower maintenance costs because the engines run more cleanly. Through greater utilization of NGVs, as well as expanded driver education and training initiatives, we’ve reduced our petroleum fuel consumption by 29% since 2008. Since May 2017, Washington Gas has been enrolled in the National Association of Fleet Administrators (NAFA) Sustainable Fleet Accreditation Program, which establishes the official industry standard for being a sustainable fleet.

ENVIRONMENTAL MANAGEMENT AND COMPLIANCE

WGL has a variety of procedures, policies and programs to ensure that environmental compliance standards are met or exceeded. For example, the Washington Gas Environmental Compliance and Affairs Department is developing an electronic Environmental Management Information System (EMIS) that will allow all employees to access environmental compliance information pertinent to their operational areas. The EMIS system also includes a compliance calendar that allows the department to effectively and proactively manage reporting and permit-renewal requirements.

Washington Gas has a robust environmental training program for employees. Through the trainings, we ensure that our staff is knowledgeable about the environmental standards and requirements applicable to company operations.

In 2016, Washington Gas did not have any significant environmental fines or nonmonetary sanctions.
Expanding Economic Opportunities

At WGL, we have always prided ourselves on our commitment to providing our customers with the most dependable and advanced energy solutions, knowing that access to energy is key to economic development. We also know that starts with our employees and extends into the communities where we live and operate. In line with UN Sustainable Development Goal 8 to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all,” WGL is engaging our employee base to make sure our shared success turns into opportunities for growth.
EMPLOYMENT AT WGL

More than 1,500 strong, our employee base demonstrates a commitment to excellence, innovation, and continued improvement that allows us to deliver unique solutions in a complex energy market and find innovative opportunities for the future.

Providing ongoing training and development, promoting diversity, and cultivating a safe and inclusive workplace where all employees can thrive reflects many of our core principles.

In FY2016, our commitment to hiring and retaining the best talent was supported by another strong year of hires and promotions. This indicates we are continuing to attract qualified applicants and effectively promoting people to new opportunities internally.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>External Hires</th>
<th>Internal Movement</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>198</td>
<td>324</td>
<td>622</td>
</tr>
<tr>
<td>FY 2016</td>
<td>163</td>
<td>244</td>
<td>407</td>
</tr>
</tbody>
</table>

In general, WGL offers its employees the opportunity to enroll in the following employee benefit programs:

• Group Medical Plan
• Dental Plan
• Vision Plans
• Basic Life Insurance
• Accidental Death & Dismemberment (AD&D) Insurance
• Short Term Disability (STD)
• Long-term Disability (LTD) Insurance
• Flexible Spending Accounts (FSA)
• Transit and parking benefits, 401(k) Retirement Plans with matching and other employer contributions
• Pension Plan (closed to new employees)
• 401(k) company match up to 4% and company contributions into an Enhanced Savings Plan for employees not in the Pension Plan
• Employee Assistance Program (EAP)
• Business Travel Accident Insurance
• Voluntary benefits, such as supplemental life insurance and Aflac

BENEFITS, HEALTH AND WELL-BEING

FULL-TIME WGL management employees and their eligible dependents are able to participate in the Flexible Benefits Program as of their first day of employment.

Union-eligible employees and their eligible dependents are able to participate in the Flexible Benefits Program as of their 90th day of service as a full-time (30 hours per week) employee of Washington Gas.

EMPLOYEE DIVERSITY

Diversity is important to WGL’s success and is one of our core values. We believe an inclusive community culture that recognizes and appreciates different skills, perspectives and backgrounds is vital to our bottom line. We have created relationships with community partners that help us cultivate a diverse talent pipeline and reach out to groups that are underrepresented in our workforce. For instance, we have a higher percentage of women in our overall workforce (26%) than our industry peers, but one of our challenges as we move forward is employing more women — particularly in operations, which is the largest part of the company.

To promote diversity and inclusion, we work with a number of organizations, including:

• INROADS
• Prince George’s County “Teambuilders Academy”
• Arlington/Alexandria Workforce Investment Boards
• Virginia Values Veterans
• Veterans Hiring Events: Militaryhire.com, HireVets.com
• Lincoln College of Technology

<table>
<thead>
<tr>
<th>Years of Service Breakdown:</th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 5</td>
<td>617</td>
<td>33.42%</td>
</tr>
<tr>
<td>5 to &lt; 10</td>
<td>193</td>
<td>12.48%</td>
</tr>
<tr>
<td>10 to &lt; 20</td>
<td>416</td>
<td>26.89%</td>
</tr>
<tr>
<td>20 to &lt; 30</td>
<td>202</td>
<td>13.06%</td>
</tr>
<tr>
<td>30+</td>
<td>219</td>
<td>14.16%</td>
</tr>
<tr>
<td>Total</td>
<td>1,547</td>
<td>100%</td>
</tr>
</tbody>
</table>
EMPLOYEE RESOURCE GROUPS

Our three employee resource groups build on the WGL principles of providing employees with networking opportunities and professional growth:

- Veterans of WGL (VOW)
- Women of WGL (WOW)
- GenNext

UNIONIZATION

At Washington Gas, we are committed to cultivating collaborative relationships with our unions and unionized workforce on all matters. There are several committees consisting of members from both unions and Washington Gas management that meet frequently to address concerns and ensure active engagement from all parties. A considerable percentage of our utility employees — 46% — are covered by collective bargaining agreements. All negotiated collective bargaining agreements include an article on benefits, procedural and administrative changes; contributions and payments; and deductions, which each participant elects. Each contract also explains the DOT Drug/Alcohol Testing Zero Tolerance Standard. Additionally, collective bargaining agreements for eligible unions emphasize the importance of employee safety and well-being.
EMPLOYEE SAFETY

At WGL, our top priority is always the safe delivery of natural gas and other energy services. We are committed to employee safety and cultivate multiple programs — which are overseen by the company’s senior executives — to protect our employees and contractors.

Washington Gas’ Safety Department develops and oversees employee safety strategy, programs, and compliance for all areas of the organization, including Washington Gas and WGL Energy. It also supports contractors in maintaining safe working conditions for their employees.

The department consists of five senior safety specialists, two specialists, a safety supervisor, and a safety manager. The importance of safety is exemplified by the reporting structure — the safety department reports directly to an executive-level leader.

The Safety Department makes regular updates to its strategic plan, which includes a review of previous performance and plans for improvement in the future.

DAMAGE PREVENTION WORKSHOP

In 2017, to promote effective safety and damage prevention strategies, Washington Gas partnered with the Environmental Protection Agency (EPA) by hosting a damage prevention workshop at our Springfield Center. The workshop focused on how to improve safety, and prioritized methods for lowering the quantity and duration of third-party damages and also reducing the amount of methane released from pipeline systems. Attendees also toured our Pipetown training facilities, where our teams demonstrated how we train employees and first-responders. Opportunities like this expand the visibility of best practice safety procedures and encourage increased engagement with procedures to decrease damages.

SAFETY MEASURING AND REPORTING

We measure the effectiveness of our program with both leading and lagging indicators. The company’s DART (Days Away, Restrictions and Transfers) rate — which measures injuries that are severe enough to require lost or restricted time or a job transfer — is included in the corporate scorecard goal for safety.

Over the past five years, we have successfully reduced the DART rate from a high of 2.87 in 2012 to .85 in 2016. The safety department prepares regular updates about our performance on the DART rate, as well as trends and comparisons to historical data, for company executives to present to the Board of Directors.

Washington Gas has a number of regularly scheduled injury and illness reporting mechanisms, including:

• Biweekly: We report progress against our safety goal compared to the prior year. This report is tracked in our Management Operating System and is distributed to company leadership and cascaded to company personnel.
• Quarterly: Reported on the company scorecard as well as to senior executives and management.
• Annually: We report injury and accident statistics to the American Gas Association — along with our peers — for a comparative industry report.
• Annually: We report as required by OSHA in the form of OSHA 300 logs.

INJURY DATA

While our safety performance is strong, we always believe we can improve. Strains and sprains continue to be the leading injury type across the industry. Programs such as a driver safety training address vehicle accidents. Overall, WGL has reduced the number of incidents and the severity of injuries through comprehensive and regular safety trainings.

<table>
<thead>
<tr>
<th>CY 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Deaths</td>
<td>0</td>
</tr>
<tr>
<td>Number of Injuries</td>
<td>25</td>
</tr>
<tr>
<td>Number of DART Injuries</td>
<td>18</td>
</tr>
<tr>
<td>Man hours</td>
<td>3,223,455</td>
</tr>
<tr>
<td>OSHA Injury Rate</td>
<td>1.55</td>
</tr>
<tr>
<td>DART Injury Rate</td>
<td>1.12</td>
</tr>
<tr>
<td>DART Severity Rate</td>
<td>52.94</td>
</tr>
<tr>
<td>Total Accidents</td>
<td>68</td>
</tr>
<tr>
<td>Avoidable Accidents</td>
<td>40</td>
</tr>
</tbody>
</table>
SAFETY AUDIT

Our Safety Department visits worksites of both company personnel and our contractor workforce to observe and support the workforce in executing work in accordance with safety procedures. Observations of unsafe work practices are corrected and shared with employees and supervisors. The safety team also conducts a root-cause analysis for all incidents, including injuries, first aid, vehicle accidents and reported near misses, and provides supervisors and managers with a list of action items to resolve the issue.

JS-5

JS-5 (Job Safety in 5) is a process conducted to assess and communicate job-safety hazards and related corrections at the job level. Most commonly, JS-5 is conducted by on-site team members to allow the entire team to discuss safety issues with the job, environment, surroundings, etc. They can be, and often are, repeated if job conditions change. JS-5 is not limited only to field-level work — it is also a tool that can be used before performing any task to be sure safety hazards are identified and everyone is on the same page about how to reduce the risk of exposure to these hazards.

SAFETY MINUTES

Every meeting across WGL starts with a "safety minute," in which the meeting leader presents a safety tip. The "safety minute" helps to reaffirm to employees the importance of best safety practices and remind the entire company that safety is a companywide priority.
ENGAGING OUR EMPLOYEES

TRAINING AND DEVELOPMENT

WGL hosts rigorous training programs when employees join the company and throughout their careers. Leadership development, technology training, career management, new skills training and safety training are programs made available to all WGL employees (see safety section for more on safety training).

LEADERSHIP DEVELOPMENT

WGL believes in investing in our employees. We make an effort in the development of our staff at every level and function within the organization. Each year, our leaders participate in more than 100 hours of unique engagement and learning experiences.

TALENT DEVELOPMENT

• Senior Leaders Off-site Meetings
  Biannual meetings with leaders from the director level and above to discuss organizational performance, share lessons learned, and build leadership skills.

• Director Development Program
  We recently developed the framework, including a Success Profile and pilot module. This immersion program will provide directors with opportunities to learn, practice and share strategies to develop their business acumen and leadership skills, starting in October 2017.

• Leadership Excellence and Acceleration Program (LEAP)
  Since 2011, 94 manager- and supervisor-level employees have received 176 hours of foundational leadership skills training on key topics, such as problem solving, mindful leadership and communication. Nearly half (45) received promotions after or while participating in the program. The program includes classroom training and peer-to-peer mentoring.

COMMUNICATING SAFETY ACROSS THE COMPANY

Our success depends on conversations around safety practices. Our communications include:

• Weekly and monthly metrics on injury statistics
• A monthly safety video on the employee intranet, OneSite, which is also played on TV monitors installed in company locations
• A monthly safety newsletter distributed to everyone in the organization
• Safety Talks or a Safety Alert when a specific trend or hazard is identified that requires more immediate notifications

TECHNICAL TRAINING

• Gas Operations Leadership Development (GOLD)
  Develops and creates a pipeline of employees for leadership roles in construction, field operations, and gas supply. Ninety-three employees have completed this 12-month program, which includes 240 hours of both technical training and leadership development. Fifty-seven were promoted during or after the program.

• Service Technician Development Program (STDP)
  This 24-month-long program launched in 2012 and offers qualified service assistants both classroom and structured on-the-job training.

• Crew Leader Development Program (CLDP)
  Since 2010, Washington Gas has offered crew mechanics this 18-month leadership and development opportunity in both classroom and on-the-job settings.
TELEWORK — REDUCE THE COMMUTE

Eligible employees who sign a telework agreement with their supervisor and meet other criteria may take advantage of our telework program, “Reduce the Commute.” The program has grown each year — in FY2017, WGL employees avoided commuting 276,275 miles, saving 12,237 gallons of gas and avoiding 117 MTCO$_2$e emissions. They also saved 13,674 hours not sitting in — or contributing to — traffic congestion.
Investing in Resilient Infrastructure

The energy we supply is dependent on the infrastructure we build. WGL operates in cities, towns and communities of varying sizes, but our commitment to the resiliency, safety and sustainability of our infrastructure remains the same. Our focus in this area is with an eye toward UN Sustainable Development Goal 9 to “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.” Whether with suppliers, customers, communities or employees, our efforts toward maintaining safe and resilient infrastructure is key to who we are as a company. We also actively work with our interstate gas pipeline suppliers to encourage them to maintain and modernize their pipeline infrastructure.
WORKING WITH SUPPLIERS

WGL has a complex supply chain of thousands of suppliers. From the natural gas commodity to the equipment in our facilities, we work closely with our suppliers in an effort to encourage them to uphold the same values and commitment to excellence that we do. Applicable suppliers who go through our sourcing process are required to answer questions regarding conflicts of interest, supplier diversity certification status, sustainability status (such as LEED or ISO certifications), financial performance and their safety record. We monitor suppliers for adherence to Department of Transportation (DOT) and Operator Qualifications requirements where applicable. Each department is responsible for ensuring that the supplier fulfills the specific obligations and requirements of that section of the company.

Communicating our procurement policy and procedure to impacted employees with responsibility for procurement of goods and services is an ongoing effort at WGL. Additionally, Supplier Diversity representatives meet with business units throughout the organization to communicate the procurement policy, changes in procedures and to emphasize the importance of including diverse businesses in sourcing events. Across business segments, we are working to streamline our procurement systems. By doing so, we are seeking to improve our ability to monitor and manage our suppliers and ensure excellence in performance, cost efficiency and continuity across the company.

SUPPLIER DIVERSITY

For more than 30 years, we have been committed to supporting diverse and protected-class businesses through our Supplier Diversity Program. For our company, procuring goods and services from a diverse set of suppliers is simply a sound business practice that produces competition in the marketplace, and benefits our customers, the community and our employees.

In 2016, Washington Gas upheld this commitment, as our non-gas operations spent more than $165 million with 45 tier-1 and 88 tier-2 diverse suppliers, achieving 29.13% diverse spend. This well exceeds our non-gas goal for the year. Similarly, we spent more than $3.9 million with seven diverse suppliers to procure gas during that same year.

Washington Gas has been named one of the 40 Best Companies for Diversity by Black Enterprise Magazine for the past six years. Our efforts have not only been recognized locally and nationally but have led to significant increases in total system procurement from minority businesses, and we continue to foster supplier diversity in our operations.

Washington Gas demonstrates its commitment to supplier diversity through partnerships with local government. In February 2009, Washington Gas and other Maryland utilities signed a Memorandum of Understanding (MOU) with the Maryland Public Service Commission, which reaffirmed our commitment to work with minority, women and service-disabled veteran-owned business enterprises in Washington, D.C. Awards earned include:

- Washington Gas was honored during the 2016 Capital Region Minority Supplier Development Council (CRMSCD) Annual Leaders and Legends Awards and was recognized as one of three nominees for the 2016 Corporation of the Year Award.
- Washington Gas’ Supplier Diversity staff was recognized as a “Corporate Partner” by the Women’s President Educational Organization (WPEO), which is an affiliate of the Women’s Business Enterprise National Council (WBENC).

In 2016, Washington Gas exceeded its goal, spending more than 29% with certified minority, women and service-disabled veteran-owned business enterprises. As a result, we increased our short-term diverse spend goal to 26% for 2017 and have set aspirational goals to increase it going forward.

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SAFETY IS A CORE VALUE

The Washington Gas Safety Department’s core mission is to create a safety culture in which all employees seek to ensure a safe and healthy workplace by recognizing hazards, speaking up and taking action. The Safety Department partners with company leaders to address identified hazards, investigating work-related injuries, managing Occupational Safety and Health Administration (OSHA) compliance programs, acting as a resource to company safety committees, conducting facility and worksite safety reviews, and providing safety training and information to company personnel.

The Safety Department conducts visits and inspections of WGL owner/operated facilities to check that our facilities are operating within compliance and are operationally safe. The department also completes field and site-specific safety observations to further support worker safety by documenting and assessing occupational health exposure issues and by engaging with business units to properly mitigate or eliminate such issues.

The Safety Department reviews and evaluates each contractor’s safety program on an annual basis and:
- When changes occur to 29 CFR, 49 CFR or another regulatory guidance that prompt a revision of the program
- When facility operational changes occur that require a revision of the program
- When the contractor/supplier has an accident or near miss that relates to safety
- When changes occur to any related document that prompts a revision of the document
- When standard work procedures fail
- When the nature and/or scope of the work done by contractors, suppliers and/or their subcontractor changes

CONTRACTOR SAFETY

Our Washington Gas Contractor/Supplier Safety Program supplements the general conditions of a contract between Washington Gas and any contractor and defines minimum safety requirements that contractors and subcontractors are expected to meet and/or exceed.

The program is intended to ensure all contractors and suppliers have a valid OSHA-compliant and state-compliant safety plan on record. It is designed to establish clear accountability, ensure active engagement of contractors and provide a consistent contractor safety management program to help reduce incidents and injuries among contractors.

ENVIRONMENTAL AUDIT PROGRAM

Washington Gas’ Environmental Compliance and Affairs Department manages all programs for complying with applicable federal, state and local environmental regulations. In order to proactively manage compliance, validate best practices and foster a culture of continuous improvement, Washington Gas’ Environmental Compliance and Affairs Department conducts environmental audits at Washington Gas facilities.

When quality assurance and field operations started using a smart phone app by Predictive Solutions called SafetyNet to capture and collect data from construction sites and maintenance projects, Washington Gas’ Environmental Compliance and Affairs Department included questions on storm water management and requirements for erosion and sediment control from regulatory agencies in D.C., Maryland and Virginia. Field supervisors and personnel fill out the information, which is automatically uploaded into a central database for record keeping and analysis. The central processing will allow for patterns to be determined so that if training needs are identified, they will be able to be addressed.

Washington Gas’ Environmental Compliance and Affairs Department also uses the data to maintain compliance with state and local requirements on projects.

MANAGING ENVIRONMENTAL IMPACT

When quality assurance and field operations started using a smart phone app by Predictive Solutions called SafetyNet to capture and collect data from construction sites and maintenance projects, Washington Gas’ Environmental Compliance and Affairs Department included questions on storm water management and requirements for erosion and sediment control from regulatory agencies in D.C., Maryland and Virginia. Field supervisors and personnel fill out the information, which is automatically uploaded into a central database for record keeping and analysis. The central processing will allow for patterns to be determined so that if training needs are identified, they will be able to be addressed.

Washington Gas’ Environmental Compliance and Affairs Department also uses the data to maintain compliance with state and local requirements on projects.
ENVIRONMENTAL IMPACT OF PIPELINES

All projects are reviewed for environmental implications relating to air, water or land use. Facilities and operations are regularly audited, and environmental compliance and policies are continuously updated as needed. Very large Washington Gas pipeline projects may also be required to perform natural resource inventories. Where applicable, such reports are completed.

ACCELERATED PIPELINE REPLACEMENT PLAN (APRP)

Pipeline replacement brings increased efficiency, increased lifespan of infrastructure, improved safety and reliability. As part of the jurisdictionally approved accelerated pipe replacement programs, Washington Gas is replacing gas main and service lines in neighborhoods throughout Washington, D.C., Maryland and Virginia. The following is a summary of these plans and progress to date:

VIRGINIA:
In 2011, the Virginia State Corporation Commission (SCC) approved the company’s initial application filed pursuant to the SAVE (Steps to Advance Virginia’s Energy) Act. The SAVE Act allows natural gas utilities to implement a SAVE Plan encompassing eligible infrastructure replacement projects. The company initiated a five-year, $177.1 million program to replace both mains and service lines.

In 2012, the SCC approved Washington Gas’ request to increase the scope of its SAVE Plan, adding $191.4 million over a five-year period to replace an additional 162 miles of main and 247,755 customer service lines by the end of 2017.

The 17-year SAVE Plan mandates all replacement projects must enhance safety or reliability and reduce greenhouse gas emissions. Since the program’s inception, greenhouse gas emissions have been reduced by 44,011 tons, the equivalent of taking 9,266 cars off the road in Washington Gas’ service territory.

WASHINGTON, D.C.:
In our ongoing effort to provide customers with safe and reliable natural gas service, Washington Gas began the first five years of its 40-year plan to replace gas main and service lines in various neighborhoods in Washington, D.C. PROJECTpipes, formerly known as the District of Columbia Accelerated Pipe Replacement Plan (APRP), is part of our ongoing pipe replacement work. The plan was approved by the Public Service Commission of the District of Columbia in Order No. 17602. Under the 40-year plan, Washington Gas will replace approximately 23,600 bare and/or unprotected steel service segments, 29 miles of bare steel main, 25 miles of targeted unprotected steel main, and all 428 miles of low pressure and medium pressure cast iron main in Washington, D.C.

MARYLAND:
On May 6, 2014, the Maryland Public Service Commission approved Washington Gas’ Strategic Infrastructure Development and Enhancement Plan (STRIDE) and Associated Cost Recovery Mechanism. Through its STRIDE plan, Washington Gas is authorized to accelerate replacement of targeted pipes for safety and environmental reasons throughout its Maryland service territory.
## FUGITIVE EMISSIONS - PIPELINES

### Distribution Mains. Subpart W Compliant

<table>
<thead>
<tr>
<th>Location/Station</th>
<th>Material</th>
<th>Total Miles of Pipeline</th>
<th>Natural Gas Emission Factor (SCF/Mile-Hour)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.C. Distribution Mains</td>
<td>Cast Iron</td>
<td>416</td>
<td>27.250</td>
</tr>
<tr>
<td></td>
<td>Plastic</td>
<td>386</td>
<td>1.130</td>
</tr>
<tr>
<td></td>
<td>Protected Steel</td>
<td>326</td>
<td>0.360</td>
</tr>
<tr>
<td></td>
<td>Unprotected Steel</td>
<td>86</td>
<td>12.580</td>
</tr>
<tr>
<td>MD Distribution Mains</td>
<td>Cast Iron</td>
<td>60</td>
<td>27.250</td>
</tr>
<tr>
<td></td>
<td>Plastic</td>
<td>3,517</td>
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<tr>
<td></td>
<td>Protected Steel</td>
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<td></td>
<td>Unprotected Steel</td>
<td>201</td>
<td>12.580</td>
</tr>
<tr>
<td>VA Distribution Mains</td>
<td>Cast Iron</td>
<td>15</td>
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<tr>
<td></td>
<td>Plastic</td>
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<tr>
<td></td>
<td>Protected Steel</td>
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<tr>
<td></td>
<td>Unprotected Steel</td>
<td>221</td>
<td>12.580</td>
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### Distribution Services. Subpart W Compliant

<table>
<thead>
<tr>
<th>Location/Station</th>
<th>Material</th>
<th>Total Number of Services</th>
<th>Natural Gas Emission Factor (SCF/Service-Hour)</th>
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<tr>
<td>D.C. Distribution Services</td>
<td>Copper</td>
<td>10,814</td>
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<tr>
<td></td>
<td>Plastic</td>
<td>89,825</td>
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<tr>
<td></td>
<td>Protected Steel</td>
<td>4,494</td>
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<tr>
<td></td>
<td>Unprotected Steel</td>
<td>19,096</td>
<td>0.190</td>
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<tr>
<td>MD Distribution Services</td>
<td>Copper</td>
<td>24,918</td>
<td>0.030</td>
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<tr>
<td></td>
<td>Plastic</td>
<td>332,912</td>
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<td>Protected Steel</td>
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<tr>
<td></td>
<td>Unprotected Steel</td>
<td>10,281</td>
<td>0.190</td>
</tr>
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</table>
As we continue to improve our pipeline infrastructure, we are ensuring that these changes do not have negative impacts on the communities where improvements are occurring.

Further information and resources about neighborhood projects can be found here.

We know that compliance is not leadership. In the wake of a large gas leak discovered in storage facilities in Aliso Canyon, California (not a WGL Holdings property), WGL did not wait for the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA) to issue regulatory requirements to prevent these kinds of incidents. Company leadership directed Hampshire Gas to engage an independent agency — Independent Energy Standards Corp. — to evaluate the potential for a similar incident and to make recommendations. Their report lauded the “high-performance culture” and the “experienced staff who keep a high standard of maintenance and upkeep.” They also offered recommendations to further reduce the potential for any problems as well as how to respond to them. These recommendations are being implemented.

Replacement FY 2016

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Main Miles</th>
<th>Number of Services</th>
<th>Service Miles</th>
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<tr>
<td>DC</td>
<td>12</td>
<td>2,456</td>
<td>22</td>
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<tr>
<td>MD</td>
<td>32</td>
<td>6,678</td>
<td>80</td>
</tr>
<tr>
<td>VA</td>
<td>26</td>
<td>4,970</td>
<td>65</td>
</tr>
<tr>
<td>FY 2016 Total</td>
<td>69</td>
<td>13,104</td>
<td>167</td>
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Cumulative Replacement by Jurisdiction

<table>
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<tr>
<th>Jurisdiction</th>
<th>Main Miles</th>
<th>Number of Services</th>
<th>Service Miles</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>37</td>
<td>2,667</td>
<td>59</td>
</tr>
<tr>
<td>MD</td>
<td>96</td>
<td>21,263</td>
<td>216</td>
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<tr>
<td>VA</td>
<td>80</td>
<td>27,278</td>
<td>361</td>
</tr>
<tr>
<td>Grand Total</td>
<td>215</td>
<td>57,208</td>
<td>627</td>
</tr>
</tbody>
</table>

*Pipeline miles totals may not foot due to rounding
WGL’s success as a company is inextricably linked to the success of the communities in which we live and operate, and part of that success means ensuring long-term sustainability. We seek to align these efforts with UN Sustainable Development Goal 11, “make cities and human settlements inclusive, safe, resilient and sustainable.” As it pertains to our business, we use the resources we have to help strengthen our communities — not just by providing energy, but by giving back both on and off the job.
KEEPING OUR CUSTOMERS SAFE

Ensuring that no preventable harm comes to those who use our services is our number one priority. For that reason, the many aspects of safety are recurring theme throughout this — and all of our — publications. Here we highlight our efforts that relate specifically to public outreach.

PUBLIC AWARENESS PLAN

Washington Gas conducts business responsibly, with a focus on public safety, as well as the safety of our employees and our environment. Our Public Awareness Plan (Plan) promotes safe, reliable service while exceeding all state and federal regulatory requirements and increasing public awareness.

Our commitment to supporting open, accessible dialogue with the communities and key constituencies where we operate is evident in the various steps, protocols, and communications initiatives in the Plan. As part of the Plan, Washington Gas provides year-round messaging in English and Spanish on topics including pipeline safety, natural gas safety, leak recognition, what to do in the event of a gas leak, and One Call Center information. We publish safety advertisements in the spring and fall in four languages (English, Spanish, Mandarin and Korean) and in 10 publications in our service territory. Washington Gas references local and national census information in addition to local Commission data and media monitoring to determine the need for additional languages for identified stakeholder audiences.

Washington Gas provides annual, targeted direct mail to excavators and contractors in both English and Spanish. Topics include emergency preparedness, damage prevention awareness, One Call requirements, leak recognition, report and response tips, the National Pipeline Mapping System, Rights-Of-Way encroachment prevention, potential hazards and prevention measures, cross bore safety, reliability, mercaptan scratch-and-sniff samples, and ways to get more information about Washington Gas and our pipeline safety efforts.

Our company also participates in annual regulatory inspections with the Public Service Commission of the District of Columbia and the Maryland Public Service Commission. Washington Gas also participates in regulatory inspections with the Virginia State Corporation Commission.

Types of communications and distribution channels include bill inserts; brochures on natural gas safety, pipeline integrity and more; customer newsletters; customer handbooks; direct mailings; surveys; advertising campaigns; press releases; and website information. Washington Gas also employs bilingual customer service representatives and utilizes translation services that provide assistance in more than 100 languages, 24 hours a day, seven days a week.

PROTECTING OUR COMMUNITIES

We use numerous channels to inform customers about issues such as natural gas safety, maintaining service lines and damage prevention, as well as to provide Washington Gas contact information. We also use these channels to reach excavators, public officials, emergency officials and the general public regarding the identification of gas leaks, the hazards of leaking gas, and procedures to follow when reporting a gas leak.

MISS UTILITY

In March 2005, the Federal Communications Commission designated 811 as the national Miss Utility/Call Before You Dig telephone number, which initiates the process of marking the underground utility lines in a homeowner’s yard or on a job site. When an individual calls 811 prior to digging (recommended lead time is approximately two days), he or she is routed to the appropriate local One Call Center in the District of Columbia, Maryland or Virginia. Local One Call Center personnel notify member utilities, such as Washington Gas, to mark the approximate locations of underground utility lines with high-visibility safety paint and/or flags. The service is free.

CALL BEFORE YOU CLEAR PROGRAM

Washington Gas’ unique program, Call Before You Clear, educates customers about safe drain clearing practices and how to mitigate the potential danger of cross bores, which may be created if underground utilities are unknowingly installed through unmarked sewer laterals. Call Before You Clear and cross bore safety information is included in annual customer bill inserts and distributed to the public as outlined in our Public Awareness Plan.
STRENGTHENING OUR COMMUNITIES

Supporting and strengthening the communities where we operate directly correlates to our accomplishments as a company. Through volunteering, philanthropic giving, and increasing public access to energy, we strive to be a reliable and conscientious neighbor, dedicated to giving back to our local communities.

VOLUNTEERING

Our Community Service Team sets a framework for WGL to engage with the community in meaningful ways. In 2016, more than 648 employees volunteered 12,283 hours on more than 45 projects, exceeding our 2015 goal by 1,033 volunteer hours. Thanks to our committed employees, we remain in the top 25 of the Washington Business Journal’s annual corporate philanthropy ranking, which is based on our total number of employee volunteer hours. In addition to providing structure to our employee volunteering and giving, our Community Service Team enhances leadership development, encourages cross-departmental team building, and engages employees in the causes they care most about.

WGL VOLUNTEER ORGANIZATIONS

WGL partners with various throughout the year. These include:

- AARP Foundation
- Leukemia and Lymphoma Society
- DC Central Kitchen
- INOVA
- Junior Achievement
- SHARE Food Network
- Mary’s Center
- Romney Food Pantry Hampshire Food Drive
- Montgomery College Maryland HS Science Bowl
- A Wider Circle
- ALIVE
- Special Olympics D.C.
- Armed Forces Retirement Home, D.C.
- Alice Ferguson Foundation
- So Others Might Eat (SOME)
- March of Dimes
- American Heart Association
- 25th Annual Giant Barbeque Battle
- Leadership Montgomery Day of Service
- Shepherd’s Table
- YMCA
- Northern Virginia Family Service (NVFS)
THE WASHINGTON AREA FUEL FUND (WAFF)

Many people in our service territory suffer from “energy poverty.” When the weather gets colder, thousands of people, primarily in single parent and women-led households, struggle to pay for basic utilities that are fundamental for health and well-being. That’s why Washington Gas and the Salvation Army partnered to establish WAFF more than 30 years ago. Washington Gas covers all of the administrative, promotional, and fundraising expenses and The Salvation Army disburses funds to help local residents in need of energy (heating and lighting) assistance.

Since 1983, WAFF has disbursed more than $25 million dollars in energy assistance to families in need and has helped more than 280,000 people. In 2016, WAFF netted more than $37,000 from WGL employee contributions, plus a $5,000 matching grant from WGL. The 2016 campaign surpassed last year’s proceeds and number of donors by more than 30%. In 2016, $765,499 of energy assistance helped families throughout the Washington metropolitan region.

LIGHT THE NIGHT

Washington Gas first supported the Light the Night Walk in 2000, in memory of the company’s president and COO who lost his battle to leukemia earlier that year. Participation within the company has grown each year. Over the last 17 years, WGL has maintained a strong partnership with the Leukemia and Lymphoma Society and has been a major corporate sponsor. In 2016, WGL employees, and their families and friends, raised a record $211,000 through corporate donations, employee participation in the annual walk and funds raised through the golf tournament.

DAY OF WEATHERIZATION

During our annual Day of Weatherization, employees weatherize low-income homes in Washington, D.C., Maryland, Virginia, and West Virginia, helping keep families warm throughout the winter and lower their energy expenses. Employees work in small teams to weatherize individual homes — which can include caulking leaky crevices, sealing drafty windows in clear plastic, replacing inefficient water aerators, changing gas furnace filters and installing insulation strips.

In 2016, 215 employees and family members, including company leadership, weatherized 105 homes. For the second year, WGL partnered with GRID Alternatives, a not-for-profit solar installation organization, to provide rooftop solar panels on an affordable housing apartment building in Southeast Washington, D.C. The electricity generated by the solar array will power all common areas for the 94-unit building complex, and the savings from this installation will be invested in the refurbishment of tenant apartments to increase energy efficiency and lower heating costs. Tenant units will also be upgraded with new windows, new heating and cooling units, new energy efficient kitchen appliances, and water heaters for better energy efficiency and lower heating costs for the more than 185 residents.

COMMUNITY OUTREACH

Washington Gas partners with Energy Savvy to do home energy audits for customers using a new, free online tool that allows customers to receive tailored energy efficiency recommendations based on their answers to a simple survey.

COMMMUNITY OUTREACH

Washington Gas partners with Energy Savvy to do home energy audits for customers using a new, free online tool that allows customers to receive tailored energy efficiency recommendations based on their answers to a simple survey.
Our Giving is focused on three areas:

**Corporate Charitable Giving**

WGL’s Charitable Giving Program is designed to make a meaningful and lasting impact on the communities we serve through contributions, in-kind support and volunteer resources. In 2016, the company provided $1.02 million in corporate contributions to 135 organizations. WGL continues to be recognized as one of the top 25 companies for metro-area giving and volunteerism hours by the Washington Business Journal.

**Employee Giving**

The company also structures giving programs for its employees. In 2016, employees pledged $142,168 to a variety of charitable organizations. It was the fifth consecutive year that employee pledges exceeded $100,000. The top charity for donations was the Washington Area Fuel Fund. Changing Perceptions, a not-for-profit organization that helps formerly incarcerated individuals transition back into the community, drew the second highest number of pledges.

Over the last 11 years, our employees have donated more than $1.2 million to local, national and international charities.

**Habitat Restoration Efforts**

We understand the importance of maintaining biodiversity beyond protected areas. This has led us to investigate the prospect of creating wetland and upland (forested) habitat banks on several of our properties to offset impacts of pipeline construction operations. These mitigation banks connect to areas of high biodiversity value within protected areas adjacent to Washington Gas sites. For example, Gardiner Road, located in Maryland and on Washington Gas property, is a three-acre forested area where we plant additional trees and maintain as a mitigation site to offset our footprint. Likewise, at our Frederick Station in Maryland, we have planted trees to offset the site’s footprint.

We also proactively engage in legacy site cleanups. Washington Gas conducts environmental investigations to assess possible environmental impacts associated with the former sites and determine whether these effects pose any risk to human health and the environment. Site-specific information, such as contaminant concentrations, risk levels, and current and future use of the property are evaluated to identify appropriate remedial measures. Cleanup measures may include groundwater pump and treatment, soil excavation and replacement, site encapsulation, ground-water monitoring, institutional controls, deed restrictions, and natural attenuation.

**Education:**

We put an emphasis on educational activities that target youths in kindergarten through 12th grade. We give attention to the development of math, science, technology and business, as well as arts-related programs.

**Environment:**

Our primary focus is on programs that push for cleaner air and water, as well as programs that preserve the ecological system of the metropolitan areas where Washington Gas operates.

**Health:**

We give to health organizations that are focused on improving the well-being of citizens in the communities where we operate. We also place an emphasis on energy assistance programs for low-income residents to heat and cool their homes, which lessens illnesses and casualties resulting from exposure to extreme temperatures.

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**Health:**

- We give to health organizations that are focused on improving the well-being of citizens in the communities where we operate. We also place an emphasis on energy assistance programs for low-income residents to heat and cool their homes, which lessens illnesses and casualties resulting from exposure to extreme temperatures.
Key Awards and Recognitions

2016 – 2017

• Terry McCallister was a finalist for “Responsible CEO of the Year” from Corporate Responsibility Magazine
• Received “2017 Employer Recognition Awards” for doubling participation in TeleWork, from Commuter Connections
• Recognized for innovation by the Northern Virginia Chamber of Commerce for our 2015 Interactive Sustainability Report linked to the UN Sustainable Development Goals (SDGs)
• Received the Anacostia Economic Development Corporation’s 2016 Community Trailblazer Award in honor of Innovation, Civic Engagement & Leadership
• WGL earned the 2016 Member of the Year Award from Clean Air Partners for contributions supporting clean air initiatives
• Tracye Funn won Prince George’s County 2017 “Person of the Year Award”
• Leslie T. Thornton won the “Legends in the Law” Award from The Burton Awards
• Leslie T. Thornton received the award for Outstanding Attorneys who embody the school’s mission of public interest and diversity from the UDC David A. Clarke School of Law
• Washington Gas won the 2017 Environment leadership award from the Maryland Green Registry
• WGL was recognized for its CSR efforts and named as the “Corporate Citizen of the Year” (for large companies) by the Northern Virginia Chamber of Commerce
• Scott McGeary was awarded a “Chairman’s Award” from the Northern Virginia Chamber of Commerce
• Washington Gas won the Excellence in Customer Experience Award from SAP
GRI Table
<table>
<thead>
<tr>
<th>Disclosure Type</th>
<th>Category</th>
<th>GRI G4 Disclosure Number</th>
<th>Disclosure Details</th>
<th>Response</th>
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</thead>
</table>
| Standard       | Strategy and Analysis  | G4-1                     | a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability. The statement should present the overall vision and strategy for the short term, medium term, and long-term, particularly with regard to managing the significant economic, environmental and social impacts that the organization causes and contributes to, or the impacts that can be linked to its activities as a result of relationships with others (such as suppliers, people or organizations in local communities). The statement should include:  
  • Strategic priorities and key topics for the short and medium term with regard to sustainability, including respect for internationally recognized standards and how such standards relate to long-term organizational strategy and success  
  • Broader trends (such as macroeconomic or political) affecting the organization and influencing sustainability priorities  
  • Key events, achievements, and failures during the reporting period  
  • Views on performance with respect to targets  
  • Outlook on the organization’s main challenges and targets for the next year and goals for the coming 3-5 years  
  • Other items pertaining to the organization’s strategic approach | Please see Message from Our Leadership |
<p>| Standard       | Organizational Profile | G4-3                     | a. Report the name of the organization. | WGL Holdings, Inc |
| Standard       | Organizational Profile | G4-4                     | a. Report the primary brands, products, and services. | Please see Our Company |
| Standard       | Organizational Profile | G4-5                     | a. Report the location of the organization’s headquarters. | 101 Constitution Ave, NW, Washington, D.C., 20080 |
| Standard       | Organizational Profile | G4-6                     | a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report: | WGL operates in the United States. |</p>
<table>
<thead>
<tr>
<th>Disclosure Type</th>
<th>Category</th>
<th>GRI G4 Disclosure Number</th>
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<tr>
<td>Standard</td>
<td>Organizational Profile</td>
<td>G4-7</td>
<td>a. Report the nature of ownership and legal form.</td>
<td>WGL Holdings, Inc. is publicly traded on the New York Stock Exchange. It was established as a Virginia corporation on November 1, 2000, and provides natural gas and other energy-related products and services through subsidiaries that include Washington Gas, WGL Energy Systems, WGL Energy Services, WGL Midstream and Hampshire Gas. WGL owns all of the shares of common stock of Washington Gas and Washington Gas Resources, which owns WGL Energy Systems, WGL Energy Services and WGL Midstream. Please see Our Company</td>
</tr>
<tr>
<td>Standard</td>
<td>Organizational Profile</td>
<td>G4-9</td>
<td>a. Report the scale of the organization, including: • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided</td>
<td>Please see Our Company and our 2016 Corporate Performance Report</td>
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<tr>
<td>Standard</td>
<td>Organizational Profile</td>
<td>G4-11</td>
<td>a. Report the percentage of total employees covered by collective bargaining agreements.</td>
<td>Please see Expanding Economic Opportunities: Employment at WGL: Unionization</td>
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<tr>
<td>Standard</td>
<td>Organizational Profile</td>
<td>G4-12</td>
<td>a. Describe the organization’s supply chain.</td>
<td>Please see Investing in Resilient Infrastructure: Working with Our Suppliers</td>
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<td>Disclosure Type</td>
<td>Category</td>
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<td>Disclosure Details</td>
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<tr>
<td>-----------------</td>
<td>---------------------------------</td>
<td>--------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
</tr>
</tbody>
</table>
| Standard        | Organizational Profile          | G4-13                    | a. Report any significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain, including:  
  • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions  
  • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)  
  • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination |          |
| Standard        | Identified Material Aspects and Boundaries | G4-17                    | a. List all entities included in the organization’s consolidated financial statements or equivalent documents.  
  b. Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.  
  
  The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents. |          |
| Standard        | Identified Material Aspects and Boundaries | G4-18                    | a. Explain the process for defining the report content and the Aspect Boundaries.  
  b. Explain how the organization has implemented the Reporting Principles for Defining Report Content. | Please see Materiality Assessment |
| Standard        | Identified Material Aspects and Boundaries | G4-19                    | a. List all the material Aspects identified in the process for defining report content. | Please see Materiality Assessment |

In 2016, Washington Gas, a WGL company, announced that its new Northwest Station Fleet Facility in Rockville, Md., earned LEED Gold Certification by the United States Green Building Council (USGBC), exceeding the threshold of 60 credits by 3 points. To earn this certification, Washington Gas worked from the outset to verify and document that the building and all of its systems and assemblies were planned, designed, installed, tested, operated and maintained to meet LEED requirements.

Please see WGL 2016 Corporate Performance Report.

WGL Holdings, Inc. reports financial performance across four operating segments: 1) regulated utility, including Washington Gas and Hampshire Gas; 2) retail energy-marketing (WGL Energy Services); 3) commercial energy systems (WGL Energy Systems); and 4) midstream energy services (WGL Midstream). Utility operations represent 80 percent of WGL’s total assets. This data was assured.

Please see WGL 2016 Corporate Performance Report, pg. 19-20.
<table>
<thead>
<tr>
<th>Disclosure Type</th>
<th>Category</th>
<th>GRI G4 Disclosure Number</th>
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</thead>
<tbody>
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<td>Standard</td>
<td>Stakeholder Engagement</td>
<td>G4-24</td>
<td>a. Provide a list of stakeholder groups engaged by the organization.</td>
<td>☑  See Stakeholder Engagement and Materiality Assessment</td>
</tr>
<tr>
<td>Standard</td>
<td>Stakeholder Engagement</td>
<td>G4-25</td>
<td>a. Report the basis for identification and selection of stakeholders with whom to engage.</td>
<td>☑  See Materiality Assessment</td>
</tr>
<tr>
<td>Standard</td>
<td>Stakeholder Engagement</td>
<td>G4-26</td>
<td>a. Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.</td>
<td>☑  See Stakeholder Engagement and Materiality Assessment</td>
</tr>
<tr>
<td>Standard</td>
<td>Stakeholder Engagement</td>
<td>G4-27</td>
<td>a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.</td>
<td>☑  See Materiality Assessment</td>
</tr>
<tr>
<td>Standard</td>
<td>Report Profile</td>
<td>G4-28</td>
<td>a. Reporting period (such as fiscal or calendar year) for information provided.</td>
<td>☑  Please see About This Report</td>
</tr>
<tr>
<td>Standard</td>
<td>Report Profile</td>
<td>G4-29</td>
<td>a. Date of most recent previous report (if any).</td>
<td>☑  January 2016</td>
</tr>
<tr>
<td>Standard</td>
<td>Report Profile</td>
<td>G4-30</td>
<td>a. Reporting cycle (such as annual, biennial).</td>
<td>☑  Please see About This Report</td>
</tr>
<tr>
<td>Standard</td>
<td>Report Profile</td>
<td>G4-32</td>
<td>a. Report the ‘in accordance’ option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be ‘in accordance’ with the Guidelines.</td>
<td>☑  WGL has used the GRI G4 Guidelines as guidance in preparing this report.</td>
</tr>
<tr>
<td>Standard</td>
<td>Governance</td>
<td>G4-34</td>
<td>a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.</td>
<td>☑  Please see Governance</td>
</tr>
<tr>
<td>Disclosure Type</td>
<td>Category</td>
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<tr>
<td>Standard</td>
<td>Ethics &amp; Integrity</td>
<td>G4-56</td>
<td>a. Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.</td>
<td>Please see Our Company and Governance</td>
</tr>
</tbody>
</table>
   b. Report how the organization manages the material Aspect or its impacts.  
   c. Report the evaluation of the management approach, including:  
   • The mechanisms for evaluating the effectiveness of the management approach  
   • The results of the evaluation of the management approach  
   • Any related adjustments to the management approach | Please see Building Sustainable Cities and Communities: Keeping Our Customers Safe |
<p>| Material        | Aspect: Product Responsibility | G4-PR1: Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | a. Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement. | Please see Building Sustainable Cities and Communities: Keeping Our Customers Safe |</p>
<table>
<thead>
<tr>
<th>Disclosure Type</th>
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</tr>
</thead>
</table>
| Material        | Aspect: Product Responsibility | G4-PR2: Total number of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome | a. Report the total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:  
   • Incidents of non-compliance with regulations resulting in a fine or penalty  
   • Incidents of non-compliance with regulations resulting in a warning  
   • Incidents of non-compliance with voluntary codes  
b. If the organization has not identified any non-compliance with regulations and voluntary codes, a brief statement of this fact is sufficient. | ✓ Please see Building Sustainable Cities and Communities: Keeping Our Customers Safe |
| Material        | Aspect: Compliance | G4 DMA: Compliance | a. Report why the Aspect (Compliance) is material. Report the impacts that make this Aspect material.  
b. Report how the organization manages the material Aspect or its impacts.  
c. Report the evaluation of the management approach, including:  
   • The mechanisms for evaluating the effectiveness of the management approach  
   • The results of the evaluation of the management approach  
   • Any related adjustments to the management approach | ✓ Please see Governance |
| Material        | Aspect: Compliance | G4 - SO8: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | a. Report significant fines and non-monetary sanctions in terms of:  
   • Total monetary value of significant fines  
   • Total number of non-monetary sanctions  
   • Cases brought through dispute resolution mechanisms  
b. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.  
c. Report the context against which significant fines and non-monetary sanctions were incurred. | ✓ Please see Governance |
<table>
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<tr>
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<th>Disclosure Details</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material</td>
<td>Aspect: Compliance</td>
<td>N/A</td>
<td>WGL to identify relevant data point</td>
<td>Please see Environmental Audit Program</td>
</tr>
<tr>
<td></td>
<td>Material Topic: Energy Regulations</td>
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</tr>
<tr>
<td>Material</td>
<td>Aspect: Customer Privacy</td>
<td>G4-DMA: Customer Privacy</td>
<td>a. Report why the Aspect (Customer Privacy) is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach</td>
<td>Please see Governance: Infrastructure Security</td>
</tr>
<tr>
<td></td>
<td>Material Topic: Cybersecurity &amp; Data Protection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Material</td>
<td>Aspect: Economic Performance</td>
<td>G4-DMA: Economic Performance</td>
<td>a. Report why the Aspect (Economic Performance) is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach</td>
<td>Please see Our Approach to Climate Change</td>
</tr>
<tr>
<td></td>
<td>Material Topic: Climate Change</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
| Material        | Aspect: Economic Performance | G4-EC2: Financial implications and other risks and opportunities for the organization’s activities related to climate change | a. Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure, including:  
   • A description of the risk or opportunity and its classification as either physical, regulatory, or other  
   • A description of the impact associated with the risk or opportunity  
   • The financial implications of the risk or opportunity before action is taken  
   • The methods used to manage the risk or opportunity  
   • The costs of actions taken to manage the risk or opportunity  | Please see Our Approach to Climate Change |
| Material        | Aspect: Emissions | G4-DMA: Emissions | a. Report why the Aspect (Emissions) is material. Report the impacts that make this Aspect material  
   b. Report how the organization manages the material Aspect or its impacts.  
   c. Report the evaluation of the management approach, including:  
   • The mechanisms for evaluating the effectiveness of the management approach  
   • The results of the evaluation of the management approach  
   • Any related adjustments to the management approach  | Please see Our Approach to Climate Change: GHG Management Plan |
| Material        | Aspect: Energy | G4-DMA: Energy | a. Report why the Aspect (Energy) is material. Report the impacts that make this Aspect material.  
   b. Report how the organization manages the material Aspect or its impacts.  
   c. Report the evaluation of the management approach, including:  
   • The mechanisms for evaluating the effectiveness of the management approach  
   • The results of the evaluation of the management approach  
   • Any related adjustments to the management approach  | Please see Energy Efficiency and Ensuring Customer Satisfaction |
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</tr>
</thead>
<tbody>
<tr>
<td>Material</td>
<td>Aspect: Energy</td>
<td>N/A</td>
<td>Service was available to 99.85% of customers without unscheduled interruption</td>
<td>Please see <em>Ensuring Customer Satisfaction</em></td>
</tr>
</tbody>
</table>
| Material        | Aspect: Equal Remuneration for Men and Women | G4-DMA: Equal Remuneration for Men and Women | a. Report why the Aspect (Equal Remuneration for Men and Women) is material. Report the impacts that make this Aspect material.  
b. Report how the organization manages the material Aspect or its impacts.  
c. Report the evaluation of the management approach, including:  
   • The mechanisms for evaluating the effectiveness of the management approach  
   • The results of the evaluation of the management approach  
   • Any related adjustments to the management approach | Not addressed, data not available |
| Material        | Aspect: Equal Remuneration for Men and Women | G4-LA13: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | a. Report the ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.  
b. Report the definition used for ‘significant locations of operation’. | Not addressed, data not available |
| Material        | Aspect: Indirect Economic Impacts | G4-DMA: Indirect Economic Impacts | a. Report why the Aspect (Indirect Economic Impacts) is material. Report the impacts that make this Aspect material.  
b. Report how the organization manages the material Aspect or its impacts.  
c. Report the evaluation of the management approach, including:  
   • The mechanisms for evaluating the effectiveness of the management approach  
   • The results of the evaluation of the management approach  
   • Any related adjustments to the management approach | Please see *Our Company: Economic Impact* and *Governance: Infrastructure Investment* |
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<th>Response</th>
</tr>
</thead>
</table>
b. Report the current or expected impacts on communities and local economies. Report positive and negative impacts where relevant.  
c. Report whether these investments and services are commercial, in-kind, or pro bono engagements. | Please see Governance: Infrastructure Investment |
| Material       | Aspect: Local Communities Material Topic: Public Health & Safety | G4-DMA: Local Communities | a. Report why the Aspect (Local Communities) is material. Report the impacts that make this Aspect material.  
b. Report how the organization manages the material Aspect or its impacts.  
c. Report the evaluation of the management approach, including:  
  • The mechanisms for evaluating the effectiveness of the management approach  
  • The results of the evaluation of the management approach  
  • Any related adjustments to the management approach | Please see Building Sustainable Cities and Communities |
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<th>Disclosure Details</th>
<th>Response</th>
</tr>
</thead>
</table>
| Material       | Aspect: Local Communities | G4 - SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programs | a. Report the percentage of operations with implemented local community engagement, impact assessments, and development programs, including the use of:  
  - Social impact assessments, including gender impact assessments, based on participatory processes  
  - Environmental impact assessments and ongoing monitoring  
  - Public disclosure of results of environmental and social impact assessments  
  - Local community development programs based on local communities’ needs  
  - Stakeholder engagement plans based on stakeholder mapping  
  - Broad based local community consultation committees and processes that include vulnerable groups  
  - Works councils, occupational health and safety committees and other employee representation bodies to deal with impacts  
  - Formal local community grievance processes | Please see Enabling Sustainable Cities and Communities and Stakeholder Engagement |
|                | Material Topic: Public Health & Safety | | | |
  b. Report how the organization manages the material Aspect or its impacts.  
  c. Report the evaluation of the management approach, including:  
    - The mechanisms for evaluating the effectiveness of the management approach  
    - The results of the evaluation of the management approach  
    - Any related adjustments to the management approach | Please see Employee Safety |
<table>
<thead>
<tr>
<th>Disclosure Type</th>
<th>Category</th>
<th>Material Topics: Job Safety</th>
<th>GRI G4 Disclosure Number</th>
<th>Disclosure Details</th>
<th>Response</th>
</tr>
</thead>
</table>
| Material        | Aspect: Occupational Health & Safety | Job Safety | G4 - LA6: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | a. Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers), by:  
  • Region  
  • Gender  
b. Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities for independent contractors working on-site to whom the organization is liable for the general safety of the working environment, by:  
  • Region  
  • Gender  
c. Report the system of rules applied in recording and reporting accident statistics. | ✔ Please see Injury Data |
| Material        | Aspect: Occupational Health & Safety | Job Safety | G4 - LA8: Health and safety topics covered in formal agreements with trade unions | a. Report whether formal agreements (either local or global) with trade unions cover health and safety.  
b. If yes, report the extent, as a percentage, to which various health and safety topics are covered by these agreements. | ✔ See Unionization |
| Material        | Aspect: N/A | Energy Affordability | G4-DMA: Energy Affordability | a. Report why the Aspect (Energy Affordability) is material. Report the impacts that make this Aspect material.  
b. Report how the organization manages the material Aspect or its impacts.  
c. Report the evaluation of the management approach, including:  
  • The mechanisms for evaluating the effectiveness of the management approach  
  • The results of the evaluation of the management approach  
  • Any related adjustments to the management approach | ✔ See Ensuring Customer Satisfaction: Energy Affordability |
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<tr>
<td>Material</td>
<td>Aspect: N/A Material Topic: Resilience</td>
<td>N/A</td>
<td>With suppliers, customers, communities or employees, our efforts toward maintaining safe and resilient infrastructure is key to who we are. Please see Investing in Resilient Infrastructure</td>
</tr>
</tbody>
</table>

With suppliers, customers, communities or employees, our efforts toward maintaining safe and resilient infrastructure is key to who we are.