

NEW JERSEY RESOURCES CORPORATION

STATEMENT OF POLICY WITH RESPECT TO RELATED PERSON TRANSACTIONS

(Revised 7/12/16)

A. Introduction

The Board of Directors (the “Board”) of New Jersey Resources Corporation (together with its subsidiaries, the “Company”) recognizes that Related Person Transactions (as defined below) present a heightened risk of conflicts of interest and/or improper valuation (or the perception thereof) of property, products and services and may create the appearance that Company decisions are based on considerations other than the best interests of the Company and its shareholders. The Company, therefore has adopted this policy, which shall be followed in connection with all Related Person Transactions involving New Jersey Resources Corporation and its subsidiaries. It is the Company’s policy to enter into or ratify Related Person Transactions only when the Board of Directors, acting through the Audit Committee of the Board (the “Audit Committee”) or as otherwise described herein, determines that the Related Person Transaction in question is in, or is not inconsistent with, the best interests of the Company and its shareholders. The procedures set forth below are for the review, approval or ratification of Related Person Transactions involving the Company.

A “Related Person Transaction” is: (i) a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships); (ii) in which the Company (including any of its subsidiaries) was, is or will be a participant; (iii) where the amount exceeds \$120,000; and (iv) in which any Related Person had, has or will have a direct or indirect material interest.

A “Related Person” is:

1. any person who is, or at any time since the beginning of the Company’s last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
2. any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities;
3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and
4. any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest.

Under this policy, any “Related Person Transaction” shall be consummated or shall continue only if:

1. (a) the transaction is pre-approved as set forth in Section C. below or (b) the transaction is on terms comparable to those that could be obtained in an arm’s length transaction with an unrelated third party and the Audit Committee (or the Chairperson of the Audit Committee, pursuant to Section B. of this policy) approves or ratifies such transaction in accordance with this policy;
2. the disinterested members of the Board of Directors approve the transaction; or

3. the transaction involves compensation approved by the Company's Leadership Development and Compensation Committee ("LDCC").

B. Approval Procedures

Reporting. Each director, director nominee and executive officer shall promptly notify the General Counsel of the Company when he or she learns of any (i) Related Person Transaction in effect when this policy is adopted, which has not been previously disclosed to the Audit Committee and (ii) any proposed Related Person Transaction involving the Company prior to the entry into such transaction.

If any officer, business unit or function/department leader becomes aware of a possible Related Person Transaction, such person shall promptly notify the General Counsel.

Review. The Board of Directors has determined that the Audit Committee of the Board is best suited to review and approve Related Person Transactions. Accordingly, in the event that a Related Person Transaction is not pre-approved pursuant to Section C. of this policy and management recommends such Related Person Transaction to the Audit Committee, the Audit Committee shall review such transaction. After review, the Audit Committee shall approve or disapprove such transaction and at each subsequently scheduled meeting of the Audit Committee, management shall update the Committee as to any material change to such proposed transaction. In those instances in which the General Counsel, in consultation with the Chief Executive Officer or the Chief Financial Officer, determines that it is not practicable or desirable for the Company to wait until the Audit Committee meeting, the Chairperson of the Audit Committee is authorized to act on behalf of the Audit Committee. In such cases, the Chairperson of the Audit Committee shall report such Related Person Transaction to the Audit Committee at the next meeting. The Audit Committee (or the Chairperson) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders, as the Audit Committee (or the Chairperson) determines in good faith.

C. Standing Pre-Approval for Certain Related Person Transactions

The Audit Committee has reviewed the types of Related Person Transactions described below and determined that each of the following Related Person Transactions shall be deemed to be pre-approved by the Audit Committee, even if the amount involved exceeds \$120,000 in the aggregate.

1. *Employment of executive officers.* Any employment by the Company of an executive officer of the Company if:

- a. the related compensation is required to be reported in the Company's proxy statement under the compensation disclosure requirements of Item 402 of Regulation S-K ("Item 402") promulgated under the Securities Exchange Act of 1934, as amended (generally applicable to "named executive officers"); or

- b. the executive officer is not an immediate family member (as defined above) of another executive officer or director of the Company, the related compensation would be reported in the Company's proxy statement under the compensation disclosure requirements of Item 402 if the executive officer was a "named executive officer", and the LDCC approved (or recommended that the Board approve) such compensation.

2. *Director compensation.* Any compensation paid to a director if the compensation is required to be reported in the Company's proxy statement under the compensation disclosure requirements of Item 402(k).

3. *Certain transactions with other companies.* Any transaction with another company where the Related Person's only relationship is as a director or beneficial owner of less than 10% of the equity interest of another person (other than a general partnership), if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2 percent of that company's consolidated gross revenues.

4. *Transactions where all shareholders receive proportional benefits.* Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a *pro rata* basis (e.g., dividends).

5. *Transactions involving competitive bids.* Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids.

6. *Regulated transactions.* Any transaction with a Related Person involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority (i.e., delivery of natural gas to a Related Person within New Jersey Natural Gas Company's service territory).

7. *Certain banking-related services.* Any transaction with a Related Person involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

D. Disclosure

All Related Person Transactions shall be disclosed in the Company's applicable filings as required by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and related rules and regulations thereof. Furthermore, all Related Person Transactions shall be disclosed to the Audit Committee of the Board and any Related Person Transaction, which has not been pre-approved pursuant to Section C. of this policy shall be disclosed to the full Board of Directors.

The material features of this policy shall be disclosed in the Company's Annual Report on Form 10-K or in the Company's annual meeting proxy statement, as required by applicable laws, rules and regulations.

E. Amendments to Policy

This policy has been approved by the Board of Directors upon recommendation of the Audit Committee. The Audit Committee will review this policy at least annually and recommend amendments for consideration by the Board of Directors from time to time.

Revised: July 12, 2016.