

CIVITAS 2020
COMBINED ESG INDICES

Civitas ESG Scorecard

*Prepared in accordance with the Sustainability Accounting Standards Board (SASB),
American Exploration and Production Council (AXPC) ESG Metrics Framework, and
Task Force on Climate-Related Financial Disclosures (TCFD)*

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Forward-Looking Statements and Cautionary Statements:

Certain statements in this report concerning the merger between Bonanza Creek Energy, Inc. ("Bonanza Creek") and Extraction Oil & Gas, Inc. ("Extraction") and subsequent acquisition of CPPIB Crestone Peak Resources America Inc. ("Crestone Peak") (the "Transactions"), including any statements regarding the combined company's (Civitas Resources, Inc. or "Civitas") credit facility, the results, effects, benefits and synergies of the Transactions, future opportunities for Civitas, future financial performance and condition, guidance and any other statements regarding Civitas' future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts are "forward-looking" statements based on assumptions currently believed to be valid. Forward-looking statements are all statements other than statements of historical facts. The words "anticipate," "believe," "ensure," "expect," "if," "intend," "estimate," "probable," "project," "forecasts," "predict," "outlook," "aim," "will," "could," "should," "would," "potential," "may," "might," "anticipate," "likely" "plan," "positioned," "strategy," and similar expressions or other words of similar meaning, and the negatives thereof, are intended to identify forward-looking statements. Specific forward-looking statements include statements regarding Civitas' plans and expectations with respect to the Transactions and the anticipated impact of the Transactions on Civitas's results of operations, financial position, growth opportunities and competitive position. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995.

The following table references the specific “Oil & Gas—Exploration and Production” SASB industry standard and AXPC standard for quantitative and qualitative data. All information is presented for historical reference and is subject to future revisions and adjustments as appropriate. Version 2 uses consistent pneumatic emissions factors as noted in footnote 1.

Oil & Gas

EXPLORATION AND PRODUCTION

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2020)
GREENHOUSE GAS EMISSIONS				
Gross Global Scope 1 GHG Emissions ¹	Metric tons CO ₂ e (t)	EM-EP-110a.1	AXPC	1,200,551
Percentage Methane	CH ₄ CO ₂ e/Total CO ₂ e (%)	EM-EP-110a.1	—	37
Percentage Covered Under Emissions-Limiting Regulation	Percentage (%)	EM-EP-110a.1	—	0
Gross Global Scope 1 Emissions				
Flared Hydrocarbons	Metric tons CO ₂ e	EM-EP-110a.2	—	26,458
Other Combustion	Metric tons CO ₂ e	EM-EP-110a.2	—	650,051
Process Emissions	Metric tons CO ₂ e	EM-EP-110a.2	—	2,820
Other Vented Emissions	Metric tons CO ₂ e	EM-EP-110a.2	—	458,146
Fugitive Emissions	Metric tons CO ₂ e	EM-EP-110a.2	—	63,077
Scope 1 GHG Intensity Rate	Metric tons CO ₂ e / Gross Annual Production (Mboe)	—	AXPC	12.9
Gross Scope 2 GHG Emissions ²	Metric tons CO ₂ e	—	—	67,564
Total Scope 1 and 2 Emissions	Metric tons CO ₂ e	—	—	1,268,115
Total Electricity Consumed	MWh	—	—	125,733
Methane Emissions	Metric tons CH ₄	—	AXPC	17,806
Methane Intensity	Metric tons CH ₄ / Gross Annual Production (Mboe)	—	AXPC	0.191
Percentage of GHG Emissions Attributed to Boosting and Gathering Segment	Percentage (%)	—	AXPC	0
Gross Annual Volume of Flared Gas	Mcf	—	AXPC	998,504
Percentage of Gas Flared Per Mcf of Gas Produced	%, Gross Annual Volume of Flared Gas (Mcf)/Gross Annual Gas Production (Mcf)	—	AXPC	0.36
Volume of Gas Flared Per Barrel of Oil Equivalent Produced	Gross Annual Volume of Flared Gas (Mcf) / Gross Annual Production (Boe)	—	AXPC	0.011

Oil & Gas

EXPLORATION AND PRODUCTION

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2020)
AIR QUALITY				
Air Emissions NOx (Excluding N ₂ O) ³	Tons	EM-EP-120a.1	—	1,256
Air Emissions SOx ³	Tons	EM-EP-120a.1	—	0
Air Emissions Volatile Organic Compounds ³	Tons	EM-EP-120a.1	—	7,340
Air Emissions Particulate Matter ³	Tons	EM-EP-120a.1	—	Not reported in 2020
SPILLS				
Spill Intensity	Produced Liquids Spilled (Bbl)/Total Produced Liquids (MBbl)	—	AXPC	0.0410
WATER MANAGEMENT				
Total Freshwater Withdrawn	Thousand cubic meters (m ³)	EM-EP-140a.1	—	4,501
Total Freshwater Consumed	Thousand cubic meters (m ³)	EM-EP-140a.1	—	4,501
Percentage of Freshwater in Regions with High or Extremely High Baseline Water Stress	Percentage (%)	EM-EP-140a.1	—	100
Volume of Produced Water and Flowback Generated	Thousand cubic meters (m ³)	EM-EP-140a.2	—	3,043
Percentage Discharged	Percentage (%)	EM-EP-140a.2	—	0
Percentage Injected	Percentage (%)	EM-EP-140a.2	—	100
Percentage Recycled	Percentage (%)	EM-EP-140a.2	—	0 – Due to low water-to-oil ratio inherent to the production and geology of Colorado's Front Range
Hydrocarbon Content in Discharged Water	Metric tons (t)	EM-EP-140a.2	—	N/A
Percentage of Hydraulically Fractured Wells for Which There is Public Disclosure of All Fracturing Fluid Chemicals Used	Percentage (%)	EM-EP-140a.3	—	Colorado has regulations in place that require public disclosure of the chemicals used in hydraulic fracturing utilizing FracFocus.org, but the level of disclosure varies. The identity of some chemicals and their exact concentrations may be protected by confidential business information considerations not disclosed.
Percentage of Hydraulic Fracturing Sites Where Ground or Surface Water Quality Deteriorated Compared to a Baseline	Percentage (%)	EM-EP-140a.4	—	In future reporting Civitas companies will utilize a standardized methodology.
Freshwater Intensity	Freshwater consumed (Bbl) / Gross Annual Production (Boe)	—	AXPC	0.303
Water Recycle Rate	Recycled Water (Bbl) / Total Water Consumed (Bbl)	—	AXPC	0

Oil & Gas

EXPLORATION AND PRODUCTION

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2020)
BIODIVERSITY IMPACTS				
Number of Hydrocarbon spills	Number	EM-EP-160a.2	—	34
Aggregate Volume of Hydrocarbon Spills	Barrels (bbls)	EM-EP-160a.2	—	1,877
Hydrocarbon Spill Volume in Artic	Barrels (bbls)	EM-EP-160a.2	—	0
Hydrocarbon Spill Volume Impacting Shorelines with ESI Rankings 8-10	Barrels (bbls)	EM-EP-160a.2	—	0
Hydrocarbon Spill Volume Recovered	Barrels (bbls)	EM-EP-160a.2	—	Not tracked consistently across companies in 2020
Percentage of (1) Proved and (2) Probable Reserves in or Near Sites with Protected Conservation Status or Endangered Species Habitat	Percentage (%)	EM-EP-160a.3	—	100
SECURITY, HUMAN RIGHTS AND RIGHTS OF INDIGENOUS PEOPLES				
Percentage of (1) Proved and (2) Probable Reserves in or Near Areas of Conflict ⁴	Percentage (%)	EM-EP-210a.1	—	0
Percentage of (1) Proved and (2) Probable Reserves in or Near Indigenous Land ⁴	Percentage (%)	EM-EP-210a.2	—	0
COMMUNITY RELATIONS				
Number and Duration of Non-Technical Delays	Number, Days	EM-EP-210b.2	—	0
WORKFORCE HEALTH AND SAFETY				
Total Recordable Incident Rate (TRIR) for Full-Time Employees	Rate, Hours (h)	EM-EP-320a.1	AXPC	0.45
Total Recordable Incident Rate (TRIR) for Contract Employees	Rate, Hours (h)	EM-EP-320a.1	AXPC	0.35
Total Recordable Incident Rate (TRIR) for Both Full-Time and Contract Employees	Rate, Hours (h)	EM-EP-320a.1	AXPC	0.37
Fatality Rate	Rate, Hours (h)	EM-EP-320a.1	—	0
Near Miss Frequency Rate (NMFR)	Rate, Hours (h)	EM-EP-320a.1	—	Not currently tracked across companies
Average Hours of Health, Safety, and Emergency Response Training for (a) Full-Time Employees, (b) Contract Employees, and (c) Short-Service Employees	Rate, Hours (h)	EM-EP-320a.1	—	Varies by company

Oil & Gas

EXPLORATION AND PRODUCTION

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2020)
RESERVES VALUATION AND CAPITAL EXPENDITURES				
Sensitivity of Hydrocarbon Reserve Levels to Future Price Projection Scenarios that Account for a Price on Carbon Emissions ^{4,5}	Million barrels (MMbbls), Million standard cubic feet (MMscf)	EM-EP-420a.1	—	See <i>Net Proved Reserves Sensitivity Analysis Table</i> Below
Estimated Carbon Dioxide Emissions Embedded in Proved Hydrocarbon Reserves ⁶	Metric tons CO ₂ e	EM-EP-420a.2	—	52 million
Amount Invested in Renewable Energy, Revenue Generated by Renewable Energy Sales	US dollar (\$)	EM-EP-420a.3	—	0
BUSINESS ETHICS AND TRANSPARENCY				
Percentage of (1) Proved and (2) Probable Reserves in Countries That Have the 20 Lowest Rankings in Transparency International's Corruption Perception Index ⁴	Percentage (%)	EM-EP-510a.1	—	0
CRITICAL INCIDENT RISK MANAGEMENT				
Process Safety Event (PSE) Rates for Loss of Primary Containment (LOPC) of Greater Consequence (Tier 1)	Rate	EM-EP-140a.1	—	0

NET PROVED RESERVES SENSITIVITY ANALYSIS

SCENARIOS	OIL (MMbbls)	NATURAL GAS (MMscf)	NGL (MMbbls)
2020 Actuals	238	1,058	117
WEO Stated Policies	267	1,302	141
WEO Sustainable Development	251	1,157	127



Gross Global Scope 1

GHG Emissions

1,200,151 Metric Tons CO₂e (t)



Gross Global Scope 1

GHG Intensity Rate

12.9 Metric Tons CO₂e/MBOE

Oil & Gas

EXPLORATION AND PRODUCTION

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2020)
ACTIVITY METRICS				
Annual Employee Workhours	Number	—	AXPC	1,343,302
Annual Contractor Workhours	Number	—	AXPC	5,170,349
Annual Combined Workhours	Number	—	AXPC	6,513,651
Gross Annual Oil production	Bbl	—	AXPC	47,272,144
Gross Annual Gas production	Mcf	—	AXPC	276,505,592
Gross Annual Production	As reported under Subpart W (Mboe)	—	AXPC	93,356
Total Produced Liquids	MBbl	—	AXPC	66,412
Produced Liquids Spilled	Bbl	—	AXPC	2,720
Freshwater Consumed	Bbl	—	AXPC	28,309,665
Recycled Water	Bbl	—	AXPC	0
Total Water Consumed	Bbl	—	AXPC	28,309,665
Employee OSHA Recordable Cases	Number	—	AXPC	3
Contractor OSHA Recordable Cases	Number	—	AXPC	9
Combined OSHA Recordable Cases	Number	—	AXPC	12
Production of Oil	Thousands of barrels per day (Mbbbl/day)	EM-EP-000.A	—	129
Production of Natural Gas ⁷	Million standard cubic feet per day	EM-EP-000.A	—	755
Production of Synthetic Oil ⁷	Thousands of barrels per day (Mbbbl/day)	EM-EP-000.A	—	0
Production of Synthetic Gas ⁷	Million standard cubic feet per day	EM-EP-000.A	—	0
Number of Offshore Sites	Number	EM-EP-000.B	—	0
Number of Terrestrial Sites ⁸	Number of active wells	EM-EP-000.C	—	4,120



Methane Emissions

17,806 Metric Tons CH₄



Methane Intensity

0.191 Metric Tons CH₄ / Gross Annual Production (Mboe)

Oil & Gas

EXPLORATION AND PRODUCTION

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2020)
QUALITATIVE FACTORS				
GHG emissions				
Discussion of Long-Term and Short-Term Strategy or Plan to Manage Scope 1 Emissions, Emissions Reduction Targets, and an Analysis of Performance Against Those Targets	Qualitative	EM-EP-110a.3	—	<p>All Civitas companies showed a marked decrease in Scope 1 GHG intensity from the 2019 baseline(s) due to a continued regulatory and internal focus on emissions reductions and an industry-wide slowdown in new production associated with COVID demand impacts and a commodity supply glut.</p> <p>In consolidation of the four legacy companies, Civitas was conceived with the directive to aggressively pursue emissions reductions of at least a 2.5% emissions intensity annually from the 2019 baseline and will be offsetting residual Scope 1 and 2 operational emissions beginning on the first day of combined operations (Nov. 1, 2021). Explicit performance targets and metrics are anticipated in a 2021 ESG report to be released during the first half of 2022.</p> <p>In 2020, Extraction Oil and Gas focused on pneumatic retrofits, piloting various methane emissions monitoring technologies, and exploring electrification opportunities to reduce Scope 1 emissions.</p> <p>In addition to similarly focusing on methane emission measurement and reduction technologies, Crestone Peak Resources entered into an innovative partnership with a major utility to supply a portion of produced gas certified to the Trustwell responsibly sourced gas standard.</p> <p>Bonanza Creek, which acquired HighPoint Resources in 2020, found additional operational efficiencies to reduce overall emissions intensity.</p>
Water management				
Does your Company Use WRI Aqueduct, GEMI, Water Risk Monetizer, or Other Comparable Tools or Methodologies to Determine Water Stressed Areas in Your Portfolio?	Qualitative	N/A	AXPC	Yes—According to the WRI Aqueduct Water Risk Atlas, most if not all operated facilities are in extremely high water stress areas.
Biodiversity Impacts				
Description of Environmental Management Policies and Practices for Active Sites	Qualitative	EM-EP-160a.1	—	<p>Civitas values Colorado's natural environment and remains dedicated to being a good steward of operated areas, ensuring they are protected and available for the use and enjoyment of future generations. To support meaningful relationships with stakeholders, Civitas works with landowners on siting the infrastructure necessary to prudently develop subsurface resources. Civitas' goal is to construct and operate sites that are located and developed in a manner that honors landowner wishes while protecting environmental resources.</p> <p>Considerations for active sites include:</p> <ul style="list-style-type: none"> • Compliance with local, state, and federal regulations throughout all phases of development. • Open communication with landowners to ensure their concerns are heard and needs are incorporated into development and operations. • Using independent third-party natural resource consultants for environmental assessments, guidance, and monitoring to ensure we properly identify and exist in harmony with sensitive species and habitats. • An environmental workflow that relies on the principles of Avoid-Minimize-Mitigate; these strategies foster a decision-making process that considers all options and ultimately informs the best choices for siting and operating infrastructure. • At certain locations, the company has reclaimed operational areas with up to 80% of the native species. The company has also partnered with the Butterfly Pavilion to consult on reclamation that is especially well-suited for pollinator species. <p>Civitas has a robust network of remotely monitored operations using automated systems to provide real-time data in the event of disruption occurs, Civitas can respond with immediacy, remotely shutting a well or facility to minimize or eliminate potential environmental impacts. Civitas personnel and contractors have been trained in environmental, health, and safety best practices and have the skills and knowledge required to make informed decisions during emergency situations. This includes retained contract firms with specific emergency response expertise.</p>

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EXPLORATION AND PRODUCTION

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2020)
QUALITATIVE FACTORS				
Security, Human Rights and Rights of Indigenous Peoples				
Discussion of Engagement Processes and Due Diligence Practices with Respect to Human Rights, Indigenous Rights, and Operation in Areas of Conflict	Qualitative	EM-EP-210a.3	—	<p>Civitas takes a proactive approach to human rights and indigenous rights, conducting due diligence prior to developing projects and continuing through the life of a well. Civitas is committed to providing fair wages; child and forced labor are never permitted; and proper channels are in place to identify and address any instances of discrimination, including an anonymous ethics and compliance hotline. Team members and contractors have the authority and obligation to raise issues with management to ensure fair labor practices via the Civitas compliance hotline, an anonymous resource for any employee or stakeholder to report unlawful or unethical behavior, as well as any instances of behavior that may violate company policy.</p> <p>Civitas believes that our commitment to human rights aligns with the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.</p>
Community Relations				
Discussion of Process to Manage Risks and Opportunities Associated with Community Rights and Interests	Qualitative	EM-EP-210b.1	—	<p>As a company committed to excellent stakeholder relations, Civitas engages early in the process, reaching out to communities to address issues and concerns. Core operating values include partnering with communities to provide safe, good-paying jobs, respecting the needs of landowners and neighbors, and protecting the natural environment.</p> <p>Civitas' approach to community engagement includes communication campaigns, digital microsites, mailers, in-person visits, town halls and communications customized for audiences with no internet access, all in U.S. Census-informed, locally predominant languages. For new areas within Colorado that are designated as disproportionately impacted/underserved communities, Civitas communicates through virtual and in-person town halls, mailers, canvassing, phone calls, and microsites to ensure the proper stakeholders are notified of planned operations and have an opportunity to comment on future plans.</p>
Workforce Health and Safety				
Discussion of Management Systems Used to Integrate a Culture of Safety Throughout the Exploration and Production Lifecycle	Qualitative	EM-EP-320a.2	—	<p>Civitas' management system fully integrates its safety culture into the full life cycle of a project. All field employees are provided training and mentorship resources prior to working in operations. Civitas has developed standard operating procedures for routine activities to ensure safe and reliable operations.</p> <p>All employees and contractors have the right and obligation to issue a stop-work order anytime they believe conditions pose a danger to the health, safety or security of personnel, the environment or equipment.</p> <p>Civitas conducts regular hazard assessments on location to identify and correct safety deficiencies and to ensure third-party contractors have the same high standards for drilling, completions, and production operations. All incidents are reviewed, and a root cause mapping process is completed for all significant events and used to develop corrective actions to prevent future events.</p>

Oil & Gas

EXPLORATION AND PRODUCTION

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2020)
QUALITATIVE FACTORS				
Reserves Valuation and Capital Expenditures				
Discussion of How Price and Demand for Hydrocarbons and/or Climate Regulation Influence the Capital Expenditure Strategy for Exploration, Acquisition, and Development of Assets	Qualitative	EM-EP-420a.4	—	<p>Civitas allocates capital to projects that are designed to generate meaningful returns for shareholders in a manner consistent with a commitment to safe and responsible operations within communities. This commitment extends to the global community with a focus on investing in proactive emissions reduction measures that in some cases exceed current regulatory requirements and have the greatest ability to mitigate future risks. By calculating costs of carbon and selecting cost-efficient emissions reduction projects, Civitas seeks to strategically identify technologies and process improvements that build and maintain high-value operations under a variety of climate regulatory scenarios.</p> <p>Civitas takes into consideration current climate regulations with an eye toward anticipated climate legislation. For demand fluctuations associated with climate change regulations, an emissions reduction strategy allows for moderation of impacts and for Civitas to leverage competitive advantages due to a carbon leadership position.</p> <p>Civitas maintains calculations on an internal price of carbon that informs both capital and operational expenditures as well as considers potential climate legislation.</p>
Business Ethics and Transparency				
Description of the Management System for Prevention of Corruption and Bribery Throughout the Value Chain	Qualitative	EM-EP-510a.2	—	<p>Upon employment and annually thereafter, all employees certify they are free from conflict of interest and agree to conduct business honestly and fairly and to not take unfair advantage of anyone through misrepresentation of material facts, manipulation, concealment, abuse of privileged information, fraud or other unfair business practice. Civitas achieves this through certifications of compliance with Civitas' corporate Code of Business Conduct and Ethics, which is distributed to all employees and available on the corporate intranet site.</p> <p>As well as a conflict-of-interest policy, the whistle-blower policy enables any employee or stakeholder to submit a good-faith complaint without fear of dismissal or retaliation. These complaints can be submitted anonymously via our hotline by website or telephone. The hotline is advertised in all of the locations where employees work, including in break rooms and other common areas. All complaints are disclosed to the Audit Committee of the Company's Board of Directors.</p> <p>Civitas' Code of Business Conduct and Ethics, Insider Trading Policy, and Corporate Governance Guidelines are subject to regular third-party audits, and our Compensation, Audit, and Nominating and Governance Committees of the Board of Directors are made up entirely of independent directors.</p>
Management of Legal and Regulatory Environment				
Discussion of Management Systems Used to Integrate a Culture of Safety Throughout the Exploration and Production Lifecycle	Qualitative	EM-EP-320a.2	—	<p>Civitas' management system fully integrates its safety culture into the full life cycle of a project. All field employees are provided training and mentorship resources prior to working in operations. Civitas has developed standard operating procedures for routine activities to ensure safe and reliable operations.</p> <p>All employees and contractors have the right and obligation to issue a stop-work order anytime they believe conditions pose a danger to the health, safety or security of personnel, the environment or equipment.</p> <p>Civitas conducts regular hazard assessments on location to identify and correct safety deficiencies and to ensure third-party contractors have the same high standards for drilling, completions, and production operations. All incidents are reviewed, and a root cause mapping process is completed for all significant events and used to develop corrective actions to prevent future events.</p>

Oil & Gas

EXPLORATION AND PRODUCTION

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2020)
QUALITATIVE FACTORS				
Critical Incident Risk Management				
Description of Management Systems Used to Identify and Mitigate Catastrophic and Tail-end Risks	Qualitative	EM-EP-540a.2	—	<p>Civitas has multiple systems and processes in place to identify, understand and prevent environmental, health, safety, security, and political risk. Rigorous evaluation and mitigation of evolving issues have led Civitas to annually review potential risks related to natural disasters, pandemics, legislation, social, political and regulatory impacts as well as competitive or technology displacements.</p> <p>Low-probability and high-impact accidents represent high consequence events, and as such, Civitas includes training related to these events in regular safety meetings. In addition, safety personnel regularly monitor risks and can quickly elevate topics as needed to ensure timely training and preparation.</p> <p>When incidents occur, a robust set of standard operating procedures and clear processes with built-in redundancies ensure an effective and timely response. Civitas utilizes third-party contractors for emergency response services with OSHA Certified employees rotating on a 7-day schedule to ensure rapid response, stabilization and cleanup of any hazardous material spill.</p>

¹ Scope 1 emissions match what was reported under subpart W for the EPA Greenhouse Gas Reporting Program.

² Scope 2 emissions are based on a location-specific utility emissions factor for Xcel Energy and its affiliates and the 2020 WECC EPA Subgrid emissions factors for all other utility providers.

³ 2020 values reported are for a six-month period from July-December 2020 as part of the first emissions inventory required in Colorado and include production, pre-production and midstream emissions as applicable.

⁴ Civitas does not disclose information on probable reserves.

⁵ Proved reserves under 2020 actuals scenarios are based on SEC respective year end reports, Stated Policies and Sustainable Development Scenarios are based on pricing from the World Energy Outlook publication in 2020.

⁶ Based on SASB methodology using IPCC tables, an API value of 40 for crude oil, and reserves as of year end 2020.

⁷ Production values match what was reported under subpart W for the EPA Greenhouse Gas Reporting Program.

⁸ Number of active wells as reported to the Colorado Oil and Gas Conservation Commission as of December 31 in the respective year.

CIVITAS 2020

Climate-Related Risk and Opportunity Report

Prepared in accordance with the Task Force on Climate-Related Financial Disclosures



Task Force on Climate-Related Financial Disclosure (TCFD) Core Elements



Governance

Civitas has established an ESG Committee within the Company's Board of Directors. This governing body is tasked with generating internal metrics and overseeing compliance with corporate climate objectives, commitments, and ongoing performance. The Committee functions in concert with the other high-level Board committees and relies on a specialized team of technical, policy, and compliance advisors to support them. The ESG Committee meets at least quarterly with the Board and has the authority to raise business-critical ESG issues in the intervening time.



Strategy

See the table on the following page for a description of the different climate scenarios used to evaluate Civitas' climate-related risks and opportunities. Civitas has identified the relevant transition risks—affecting policy, technology, market supply and demand, and reputation—as well as physical climate-related risks.



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Through our commitment to highly responsible operations, we will work to ensure we are producing energy in a way that is safe, efficient, and environmentally sustainable while meeting the world's energy demands.”

-BEN DELL,
INDEPENDENT CHAIRMAN

Civitas Climate Scenarios¹

2020 Actual Observations

This is the sum of actual observations for the four legacy companies that combined to form Civitas. This information comports to reserve pricing and SEC corporate filings as of year-end 2020. It must be acknowledged that 2020 was an anomalous year with regard to operational activity and commodity pricing due to the global pandemic.

Modeled
Environmental
Outcomes

Under a business as usual (high emissions) scenario, global temperatures are very likely to rise between 3.3-5.7C by 2100 (SSP5-8.5). While 2020 was not representative of a typical year, this scenario is presented as an upper bound if countries and private companies fail to adhere to implementing the actions needed to reduce emissions.

Stated Policies [WEO-2020]

Stated global policies and recently announced country commitments that have been adopted by mid-2020 are implemented in a strategic manner.

Under the IEA World Energy Outlook Stated Policies scenario, crude oil cost could be \$85/bbl and natural gas in the US could cost \$9.00/MBtu by 2040.

Modeled
Environmental
Outcomes

Successful execution of currently stated global policies could result in estimates of a 2.7C rise in global average surface temperature above pre-industrial levels by 2100 with 50% probability.

Sustainable Development Scenarios (SDS) [WEO-2020]

An integrated scenario where global partners commit to a pathway aiming at ensuring universal access to affordable, reliable, sustainable, and modern energy services by 2030; substantially reducing air pollution; and taking effective action to combat climate change and achieve emissions reductions in line with the Paris Agreement.

Under the IEA WEO SDS scenario, crude oil cost could be \$53/bbl and natural gas in the US could be \$4.20/MBtu by 2040.

Modeled
Environmental
Outcomes

Accelerated emissions reduction policies could result in limiting global average surface temperature rise to 1.65°C above pre-industrial levels by 2100 with 50% probability.

¹ Climate scenarios include a 2020 year-end actuals scenario based on SEC pricing, and the recommended scenarios from the Sustainability Accounting Standards Board (SASB) for Oil and Gas Exploration and Production Reserves Sensitivity Analysis topic (EM-EP-420a.1) developed by the International Energy Administration (IEA) in their World Energy Outlook (WEO) 2020 Version released on February 19, 2021.

Climate-Related Risk

AND OPPORTUNITY ANALYSIS

CLIMATE SCENARIOS			
Transition Risks: Risks and opportunities related to the transition to a lower carbon economy			
RISK TYPE	2020 ACTUAL OBSERVATIONS	STATED POLICIES [WEO-2020]	SUSTAINABLE DEVELOPMENT SCENARIO (SDS) [WEO-2020]
Policy and Legal	The Colorado Department of Health and Environment has released several new rulemakings that impact oil and gas operations. Recent updates include more stringent record keeping and reporting requirements, greenhouse gas (GHG) intensity rulemakings, retrofit of natural gas pneumatic controllers at facilities, and a probable re-designation of ozone non-attainment areas to “severe” in 2022. Federal regulations lag Colorado but are becoming more stringent with a focus on methane emissions reductions and GHG reductions.		
	The US Government’s social cost of carbon through 2020 set by the EPA via Executive Order ranged from \$1-\$6/tonne CO ₂ , though in early 2021 it was set to an average range of \$14-\$76/tonne CO ₂ dependent on assumed discount rate per Executive Order 13990.	Canada, Chile, China, EU, Korea, South Africa have some regulated carbon pricing frameworks ranging from \$24-\$52/tonne CO ₂ by 2040.	Assumed all advanced economies have established regulatory CO ₂ pricing frameworks, reaching \$140/tonne CO ₂ by 2040.
Emerging Technology	Solar and wind pricing has continued to decline, including under \$20/MWh for a large Colorado utility project in 2018.	Estimated ~2,000 GW of total global installed Solar PV capacity by 2030. Grows by 13% each year from 2020 to 2030. This power source is more cost effective than coal and gas-fired power in many countries including the US.	Estimated ~3,000 GW of total global installed solar PV capacity by 2030. An increase of 8,135 Twh of Solar PV global electricity generation from 2019-2040.
	2020 Electric Vehicle (EV) market share was 1.8%	EVs will account for 7% of road vehicles by 2030, making up 15% of all road vehicle sales. The annual average growth rate of EVs is expected to be nearly 30% over next decade. Europe and China lead global EV markets.	Global EV sales make up 41% of total car and light truck sales by 2030. EVs make up 97% of car sales in the EU by 2050.
	Methane monitoring and emission reduction technologies continue to evolve and proliferate with a focus on continuous ambient air emissions monitoring with immediate intervention.		
	Newer hydraulic fracturing equipment and technology continues to improve, becoming more efficient and lower emitting.		
Market: Supply and Demand	2020 saw record low oil prices due to demand reduction and a supply glut—prices remained low throughout the year.	Demand for fossil fuels remains high. IEA crude oil costs reach \$85/bbl in 2040. Global renewables increase by 864 Mtoe by 2030, natural gas increases by 475 Mtoe by 2030, oil increases by 249 Mtoe by 2030. Renewable energy demand increases to 1.6 times 2019 levels by 2030 (mainly in the form of utility-scale solar photovoltaic and wind projects).	Lower energy demand. IEA crude oil costs decrease to \$53/bbl in 2040. Global renewable energy increases by 1,514 Mtoe by 2030, natural gas decreases by -28 Mtoe by 2030, and oil decreases by -562 Mtoe by 2030. Global oil demand falls to < 70 mb/d by 2040.

Climate-Related Risk

AND OPPORTUNITY ANALYSIS

CLIMATE SCENARIOS...CONT.			
Transition Risks: Risks and opportunities related to the transition to a lower carbon economy			
RISK TYPE	2020 ACTUAL OBSERVATIONS	STATED POLICIES [WEO-2020]	SUSTAINABLE DEVELOPMENT SCENARIO (SDS) [WEO-2020]
Reputation	Rural operations generally have reduced societal impact due to low population density. Oil and gas development activity, resulting in tax revenue generation and the economic multiplier effect, are often an established part of many rural communities.	As populations increase and previously rural areas take on more suburban forms, the increased visibility of oil and gas activities and the associated impacts could become more pronounced. The continued focus on climate change mitigation will likely add an additional layer of scrutiny.	
	Suburban operations face higher degrees of scrutiny due to visibility.		
Physical Risks: Risks and opportunities related to the physical impacts of climate change			
Acute	Climate change has left the western states vulnerable to prolonged wildfire seasons and associated reduced air quality.		
Chronic	The Intergovernmental Panel on Climate Change’s (IPCC) latest report (2021) states with “high confidence” that “more regions are affected by increases in agricultural and ecological droughts with increasing global warming.” Central North America will be affected by more severe droughts even if global warming is stabilized between 1.5-2°C.		

Climate-Related Risk

AND OPPORTUNITY ANALYSIS

COMPANY RISKS		
Transition Risks: Risks and opportunities related to the transition to a lower carbon economy		
RISK TYPE	IDENTIFICATION	RESPONSE
Policy and Legal	Increasingly stringent regulations could reduce profitability as additional emissions reduction requirements are adopted.	By proactively reducing emissions and setting an internal price of carbon, Civitas is focused on staying ahead of regulations and is committed to reducing company emissions to the extent feasible. This low emissions intensity stance would be advantageous when working with other partners in the value chain.
	If a regulated price on carbon is instituted, the additional cost could be borne by E&P operators depending on where in the value chain the fee is collected.	
Emerging Technology	As utilities continue to increase the proportion of renewable energy in their fuel mix, system reliability could be impacted.	Civitas will strive to position itself as a leader in providing low carbon responsibly sourced natural gas ("RSG") to utilities as a baseload fuel source.
	EV market share increases will likely lead to reduced gasoline and diesel fuel consumption.	Civitas plans to explore new opportunities to market responsibly sourced natural gas and feedstocks for utility customers and end users.
	The effort to retrofit and overhaul Civitas facilities with low emissions technology could be costly and time consuming.	Any new facilities built in Colorado during 2020 onward are required to operate with electric-driven or instrument air pneumatic controllers. Going forward, all new Civitas facilities are required to be equipped with ambient air monitoring technology during pre and early production activities.
	Availability of new lower emissions hydraulic fracturing fleets could be limited. Operational reliability of new technologies is yet to be proven.	Civitas plans to continue to proactively source more efficient fracturing fleets. New technologies are thoroughly vetted on a small scale before committing to larger purchases.
Market: Supply and Demand	An imbalance between the fossil fuel supply and demand dynamic would decrease the price of oil and/or natural gas, potentially resulting in lower company profits.	Contracts are structured to scale work activity to match demand and potentially renegotiate vendor costs in certain circumstances. Civitas is constantly analyzing market conditions and periodically uses commodity price hedging to cover a portion of production.
Reputation	Increased suburban development could make it more difficult to attain permits in some areas and may jeopardize the company's social license to operate.	Civitas plans to create the <i>Civitas Community Fund</i> in the spirit of community support and collaboration. The purpose is to provide grants and scholarships to invest in community opportunities and organizations closest to Civitas operations. Civitas is also focused on being a responsible operator and differentiating the company from industry stereotypes.
Physical Risks: Risks and opportunities related to the physical impacts of climate change.		
Acute	A prolonged wildfire season could lead to an increase in "voluntary emission reduction days" and could also result in more restrictive federal nonattainment designations throughout the Front Range.	Civitas plans to continue exploring facility design innovations and other emission reduction technologies that enable continued operations in a more restrictive air permitting environment.
Chronic	Civitas companies use significant amounts of water each year to perform hydraulic fracturing operations. More severe drought could lead to a decline in available water necessary to perform these operations.	Civitas plans to explore the use of recycled produced water as a supplemental source for hydraulic fracturing operations, where feasible. The company is also committed to identifying opportunities to use gray water and other non-potable sources.

Climate-Related Risk

AND OPPORTUNITY ANALYSIS

COMPANY OPPORTUNITIES		
Transition Risks: Risks and opportunities related to the transition to a lower carbon economy		
OPPORTUNITY TYPE	IDENTIFICATION	RESPONSE
Policy and Legal	With increasingly stringent requirements, higher emitting companies may be forced to sell assets at reduced value.	As a lower-emitting company, Civitas would have the opportunity to acquire assets and implement emissions-saving measures to remain below regulated emissions targets.
	A price on carbon could make the costs of business comparatively more expensive for higher-emitting companies than lower-emitting ones.	
Emerging Technology	Economics of the production of renewable energy will likely continue to improve.	Civitas is in the final stages of a partnership agreement to develop and deliver solar energy that would reduce utility costs by ~10% for neighboring subscribers and help Colorado meet its renewable energy goals.
	The electric vehicle market will likely create additional electricity demand for utilities.	Civitas plans to help to meet the additional demands of EV charging by providing RSG to utilities. Civitas is already a partner with Project Canary and the Payne Institute to deliver responsibly sourced gas. Over 80 well pads currently have real-time ambient air emissions monitoring and over 40 pads produce responsibly sourced (and low emission) gas certified with Trustwell.
	Equipment such as air-operated pneumatic devices, electric compressors, and pumps reduce the company's emission profile. New methane detection equipment enables more effective leak detection and repair programs.	Civitas plans to pilot different emissions reductions technologies to find the most effective and cost-efficient solutions that enable the company to retain its social license to operate in Colorado.
	Continued deployment of newer fracturing fleets, especially near line-power, could result in lower Scope 1 emissions.	Civitas is actively pursuing electrification of fracturing fleets using line-power and high-efficiency onsite generation.
Market: Supply and Demand	Demand for fossil fuels remains strong, especially in the short-term. A transition to a lower carbon energy economy will likely require continued use of oil and natural gas for utility power generation and in the materials supply chain.	Civitas is prepared to safely and responsibly produce oil and natural gas resources to meet customer demand for energy and chemical feedstocks.
	Emerging renewable energy will likely be more broadly available.	Low-cost renewable energy and responsibly sourced energy could be used to power Civitas facilities where feasible. The company will continue exploring development of renewables, such as community solar.
Reputation	Civitas has an opportunity to be a leader in sustainability among industry peers by proactively addressing climate change and mitigating its effects.	By being a responsible operator with proactive emissions reduction policies, Civitas could realize a competitive advantage among investors within a changing industry landscape. By operating ESG-accretive assets, the company is positioned to optimize the value of its portfolio and demonstrate a genuine commitment to ESG leadership.
Physical Risks: Risks and opportunities related to the physical impacts of climate change		
Acute	Grid-electrification of drilling rigs and production facilities, tankless and closed-loop facility designs, and other emissions reduction measures can provide a hedge against a more restrictive air permitting and operational environment.	Civitas plans to explore the potential to certify high efficiency, low-emitting sites to assure stable production of responsibly sourced energy.
Chronic	Water re-use is an area of potential leadership that can demonstrate responsible use of resources and establish Civitas as an advocate of water conservation among peers.	Civitas plans to look for partners that can support a water re-use supply chain and other creative water conservation opportunities.

Task Force on Climate-Related Financial Disclosure (TCFD) Core Elements



Risk Management

These climate-related risk and opportunities identified act as starting point for Civitas to evaluate, identify, and manage our risks and opportunities going forward. The ESG Committee is responsible for actively identifying and mitigating these risks to the extent feasible, as well as pursue relevant opportunities across all climate scenarios.



Metrics & Targets

Civitas has two primary climate targets: (1) a reduction of at least 2.5% Scope 1 GHG emissions intensity annually from a 2019 baseline; and (2) a commitment to offset all residual Scope 1 and Scope 2 emissions from the inception of Civitas (November 1, 2021) moving forward using certified carbon offsets sourced from the four most credible registries and green e-certified renewable energy credits. More critical metrics and targets can be found in the Data Table.



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The focus on ESG, and ESG becoming a financial metric, creates so much opportunity to reward our boots on the ground innovators.”

HANNIE FISHER,
Carbon Solutions Manager