

2022



CIVITAS

**CORPORATE
SUSTAINABILITY
REPORT**



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INTRODUCTION

A Letter from Our Chairman



BEN DELL

Independent Chairman,
Board of Directors

It is with great pride that I introduce Civitas Resources' inaugural Sustainability Report. Civitas was formed in 2021 and represents the coming together of four Colorado energy companies with extensive operating histories in the DJ Basin, who now share a single commitment to safe operations, the environment, and to the communities in which we operate. In a short period of time, Civitas has distinguished itself among exploration and production as an ESG leader with ambitious objectives. The result speaks for itself: we are the first carbon neutral oil & gas company in the state of Colorado—not by 2025, 2030 or beyond—but **today**.

Civitas was formed around an unyielding commitment to a new E&P business model that aims to create compelling and sustained value for all stakeholders—against the backdrop of an evolving energy landscape. We believe, as a core tenet of our organization, that ESG leadership results in strong operational performance and financial outperformance. As we issue this first Sustainability Report, I am confident that we will actively and successfully embody this approach and that we are well-positioned to continue along a very compelling trajectory.

Community Comes First

Civitas is Latin for community. The naming was intentional—Colorado has always carefully balanced meeting the needs of its communities while ensuring that future considerations are thoughtfully nurtured. Civitas shares this conviction. In the short time since our founding, we have held fast to sustained and transparent engagement with our communities while maintaining our legacy companies' commitment to responsible and innovative operating practices that mitigate impacts to our neighbors.

And we know that to care for our neighbors, we must first care for our own. The health and safety of our team members and contractors is our highest priority. To that end, we conduct safety training for those working in all field operations, adhering to Colorado's strict regulations that underpin our commitment to safe operations. Civitas actively supports local causes that form the fabric of safe, healthy, and productive communities. To date, we have pledged over \$11 million to humanitarian and disaster relief, education, agriculture, veterans and first responders, and community infrastructure through meaningful partnerships within Colorado and globally.

However, there is much more to come. In 2022, we plan to launch the Civitas Community Fund which will provide community project grants and scholarships with special dispensation for community members closest to our operations.

Colorado's First Carbon Neutral Energy Producer

I am immensely proud that Civitas is the first carbon neutral oil and gas producer in the state of Colorado—a distinction we were determined to achieve on day one of our existence as a combined public company. This reflects the fact that, for Civitas, environmental stewardship is far more than an adjunct to our operations. It is embedded in all that we do.

At Civitas, reducing operational emissions is our foremost priority. Operational excellence and innovation are key to our environmental efforts, and we continue to deploy a suite of technologies that monitor and manage greenhouse gas emissions—all of which help reduce our operating footprint. To offset any remaining Scope 1 and 2 emissions, we obtain only certified offsets sourced from the four largest and most credible offset registries, as well as green-e certified renewable energy certificates. We are also committed to accurate measurement and transparent disclosure of material performance indicators.

We are constantly evaluating new opportunities to reduce or eliminate residual emissions through various mitigation and reduction projects, including through incentives that encourage our team members to minimize the company's environmental footprint across the organization.

As the world continues to demand conventional energy—a need that doesn't appear to be waning—we will work to supply it responsibly, utilizing the ever-evolving universe of tools and technologies at our disposal. For Civitas, this isn't just a pledge, it is a culture that guides our operations on a daily basis.

On behalf of our 300+ team members, I want to thank you for your interest in Civitas and our ESG-related initiatives. Our progress to date is just the beginning. I look forward to keeping you updated on exciting developments ahead. Please don't hesitate to reach out to us with any questions you may have.

Sincerely,

Ben Dell
Independent Chairman, Board of Directors

May 2022

“It is critical that we build a resilient company which embeds sustainability in decision-making and demonstrates its commitments through concrete actions and results.”

Purpose, Vision, Mission & Values

PURPOSE

Civitas’ purpose is to responsibly meet the world’s demand for oil and gas in a way that is sustainable for the environment while returning value to shareholders and the community.

VISION

Operational expertise, robust sustainability practices, and shared community values reach new levels at Civitas, a company born by bringing together decades of operational experience in the DJ Basin. Civitas is Colorado’s largest pure play oil and natural gas producer.

With a premier DJ Basin management team, focused innovation, and a commitment to long-term sustainability, Civitas brings value to Colorado’s economy, its people, and the energy industry. With a strategic and collaborative vision, Civitas ensures that Colorado and its communities benefit from the state’s oil and natural gas industry today and well into the future.

MISSION

Civitas will conduct business in a way that benefits employees, shareholders, and communities by exemplifying the principles of the new E&P business model and through demonstrating ESG leadership within its peer group.

VALUES

Civitas is Latin for “community” and this defines the company’s steadfast commitment to stakeholders. Collectively, the company’s values form the compass that guides its ethical business practices and overall long-term sustainability. At every level of the organization, its five core values influence the work performed each day.



SUSTAINABILITY

Civitas has a responsibility to implement and follow robust sustainability protocols that protect public health and safety, air, water, land, and wildlife.



SAFETY

Civitas values safety foremost, demonstrated by an unwavering commitment to the safety and well-being of its employees and communities.



INNOVATION

Civitas continually implements state-of-the-art practices for safe, sustainable, and efficient operations.



INTEGRITY

Operating with integrity at every level of the organization builds trust and positions Civitas as a partner of choice.



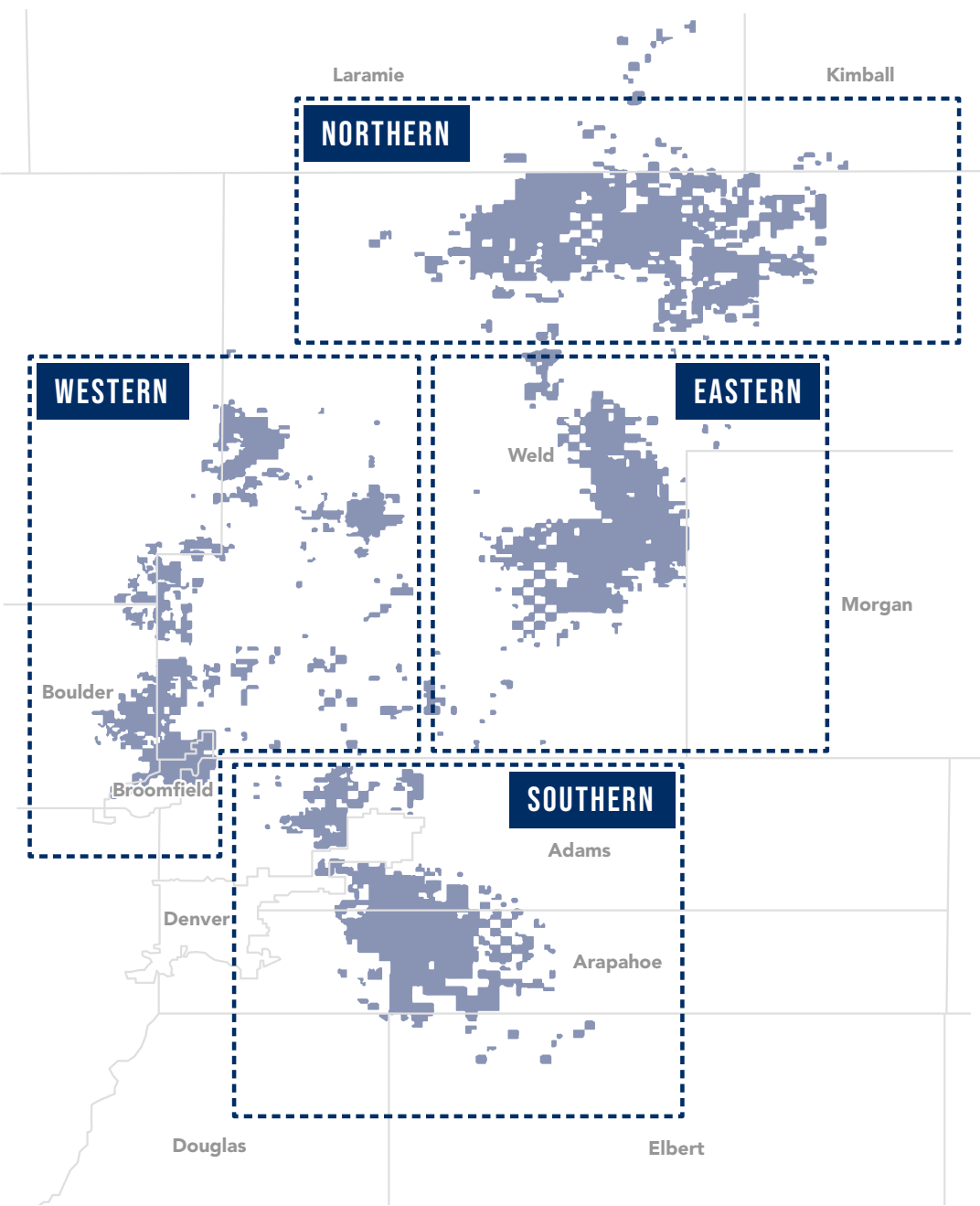
COMMUNITY FOCUSED

Civitas believes in the value of listening to diverse voices, finding solutions, and working closely with stakeholders to ensure Colorado and its communities continue to thrive.

About Civitas

Civitas Resources was founded in November 2021 with the consolidation of Bonanza Creek Energy, Crestone Peak Resources, Extraction Oil and Gas, and HighPoint Resources, which established Civitas as the largest pure-play energy producer in Colorado’s Denver - Julesburg Basin (DJ Basin). Civitas operates approximately 525,000 net acres with a production base of about 160,000 barrels of oil equivalent per day.

The company pursues compelling economic returns and cash flow, delivering best-in-class cost leadership and capital efficiency. The company’s technical staff of geologists, petroleum engineers, and geophysicists have decades of industry experience and are experts in horizontal drilling and fracture stimulation in the DJ Basin.



Sustainable Value Creation

Civitas considers ESG leadership core to its corporate identity. Two of the main pillars of Civitas focus on (1) returning value to shareholders and (2) demonstrating ESG leadership within the industry segment. Civitas’ key stakeholders—investors, regulators, and neighbors—demand excellence in sustainability to ensure the company successfully navigates the transition to a low-carbon economy and maintains its license to operate.

For example, Civitas has contracted a portion of its natural gas at a premium price due to its certified low-emissions intensity and environmental management practices. This highlights how sustainability increases the value of revenue streams. The world continues to rely on oil and natural gas to meet its energy needs and Civitas anticipates that customers will increasingly seek out differentiated oil and gas resources that have been responsibly produced in a demonstrable manner.

Civitas believes a strong ESG platform is also critical to managing risk—whether risk stemming from health or safety, reputational, regulatory, legal, social, or local issues—avoiding harm, and responsibly managing capital.

Finally, the company’s robust ESG-focused operating practices provide an advantage over peers as federal regulators nationalize certain environmental and disclosure obligations and as operators in other jurisdictions work to come into compliance. The TCFD framework particularly aides Civitas in compliance with climate disclosure requirements anticipated from the Securities and Exchange Commission.

Civitas understands that all of our key stakeholders – our investors, our regulators, and our neighbors – demand excellence in sustainability.



Our Approach to Sustainability

About this Report

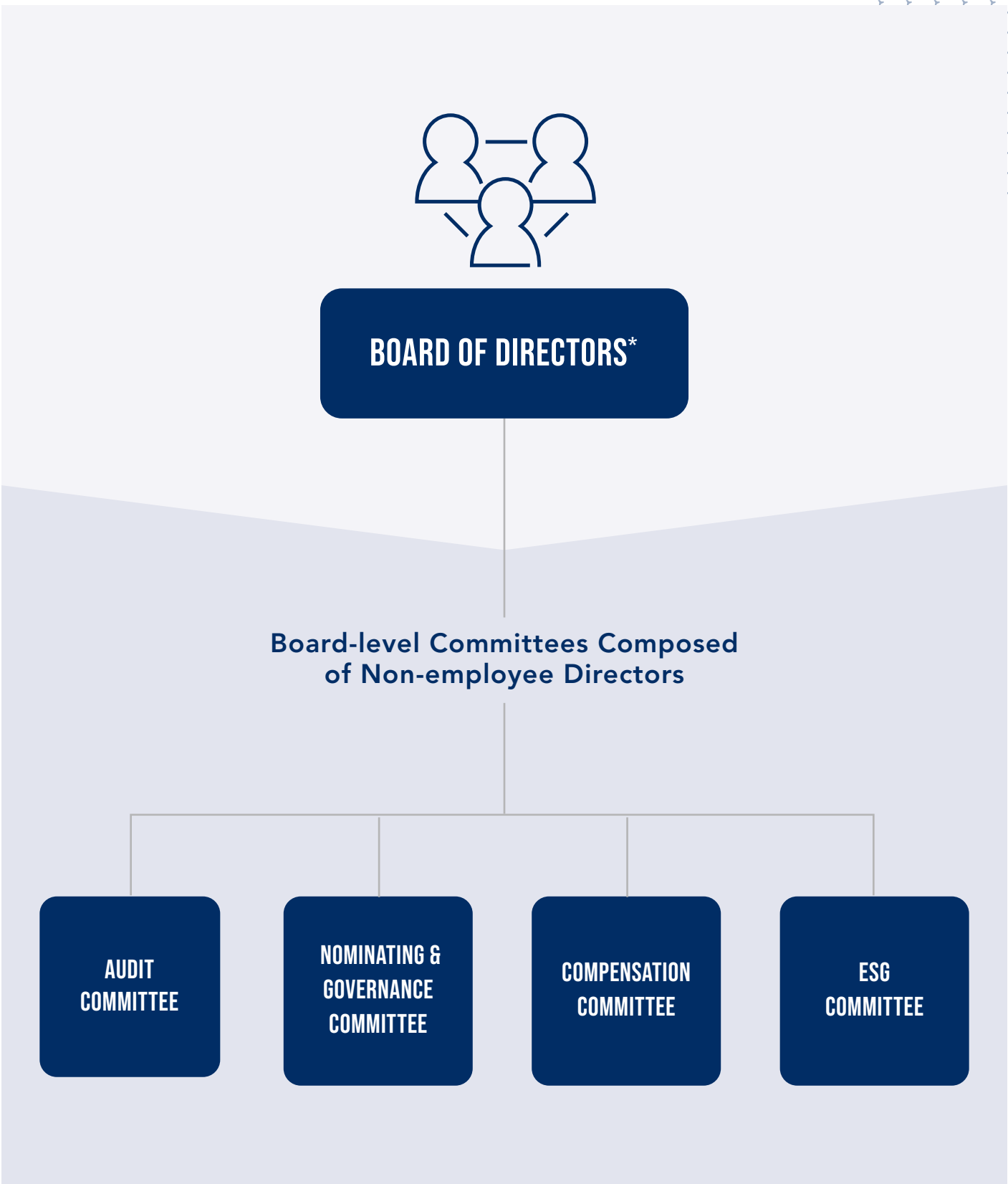
Civitas’ inaugural 2022 report discloses the company’s 2021 performance. This report was notably produced utilizing three different sustainability and climate disclosure frameworks in the interest of maximizing transparency as a best practice: the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), and the American Exploration and Production Council (AXPC). The company will annually evaluate the framework landscape and evolving market, regulatory, and shareholder expectations to determine future annual reporting. This report is meant to update key stakeholders on the company’s vision, mission and values, as well as operational metrics central to ESG factors, and progress toward the objectives identified in this report.

Governance of Sustainability

The Board of Directors provides the highest level of oversight for Civitas Resources and its ESG program. The Board has established an ESG Committee, which oversees compliance with ESG and corporate climate objectives, regulatory compliance, environmental commitments, social initiatives, and ongoing performance. The Committee meets at least quarterly and has the authority to raise business critical ESG issues in the intervening time.

The Chief Sustainability Officer (CSO) leads the company’s ESG program within the executive management team and is accountable for strategy and execution of ESG objectives. The CSO also reports on progress, risks, and opportunities to the executive management team on a weekly basis and regularly interacts with the Board of Directors’ ESG Committee chair and other board members to ensure Board oversight and input on the company’s ESG program.

Civitas has established assessment frameworks to identify, understand and prevent potential ESG-related risks. 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 technological displacements. Civitas continually tracks and monitors ESG-related risks to assess potential impacts.



*Chaired by Chairman of the Board

ESG Materiality Assessment

Civitas’ business value is derived from its focus on safely developing critical energy resources in a way that is aligned with its shareholders and within a framework of sustainability leadership.

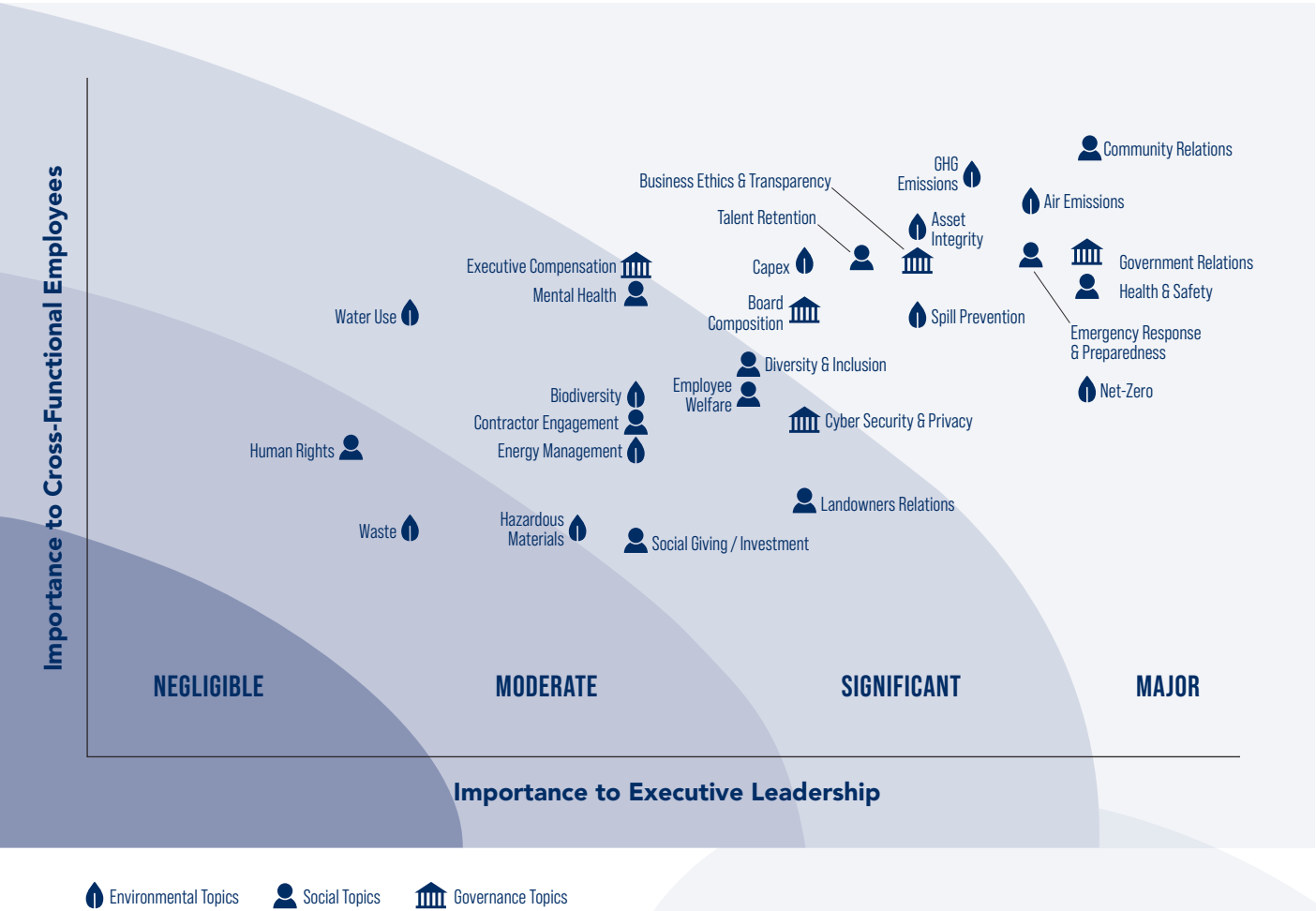
This is the company’s DNA.



Civitas performed a materiality assessment and published a consolidated ESG scorecard in December 2021 to establish the foundation of its ESG program. An ESG materiality assessment is a widely used process designed to identify risks and opportunities that could have the most impact on a business; operationally, financially, reputationally, regulatorily, and otherwise. The initial assessment prioritized insights from executive leadership and cross-functional stakeholders throughout the organization.

The assessment was conducted by an independent, third-party ESG consulting firm to ensure confidentiality and impartiality throughout the process. The consulting firm developed a list of topics relating to the oil and gas exploration and production industry and created a survey for cross-functional experts to complete.

The following provides an overview of the assessment’s findings:



Civitas will re-evaluate this assessment on an annual basis to ensure it remains aligned to important, dynamic market and stakeholder expectations.

2021 Report Highlights

Civitas is Colorado’s first carbon neutral oil and natural gas producer on a Scope 1 and Scope 2 basis

Annual 2.5% fixed emissions intensity reduction against 2019 EPA Reported baseline on a 10-yr average to account for the effects of acquisitions

- Zero routine flaring, achieved January 2022
- Electrified drilling and completions equipment, when feasible
- Comprehensive natural gas pneumatic retrofit
- Pipeline transportation of produced oil and water, when feasible
- Emissions-controlled flowback equipment
- Leak Detection & Repair
- Audio/Visual/Olfactory Inspections

Total recordable incident target: less than 0.25

Board composed of racial and gender diversity greater than 30%

Governance

- » Board compensation chiefly in stock
- » Executive Management compensation aligned with absolute shareholder return targets
- » Dedicated ESG Board Committee
- » Annual Board Elections

Community Fund

- » Grants and scholarships in nearby communities with special dispensation to those located closest to company operations

Community Solar

- » Partnership seeking approval to develop community solar gardens throughout Colorado’s front range
- » Solar development reduces utility costs for neighboring subscribers and helps Colorado meet its renewable energy goals

EV Transition

- » Civitas offering to install electric vehicle charging stations in communities near company operations
- » Convert company work fleet to EV hybrid utility vehicles and EV

Orphan Well Plugging

- » Committed to voluntarily plug 42 wells orphaned by previous operators located in and around its operating areas on the Denver Front Range
- » 10% of Colorado’s orphan wells known as of January 1, 2022

More than 82 development locations equipped with 24/7 real-time air monitoring stations

40 wells certified as producing Responsibly Sourced Gas

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

- BEN DELL
INDEPENDENT CHAIRMAN,
BOARD OF DIRECTORS

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Managing Environmental Risks & Opportunities

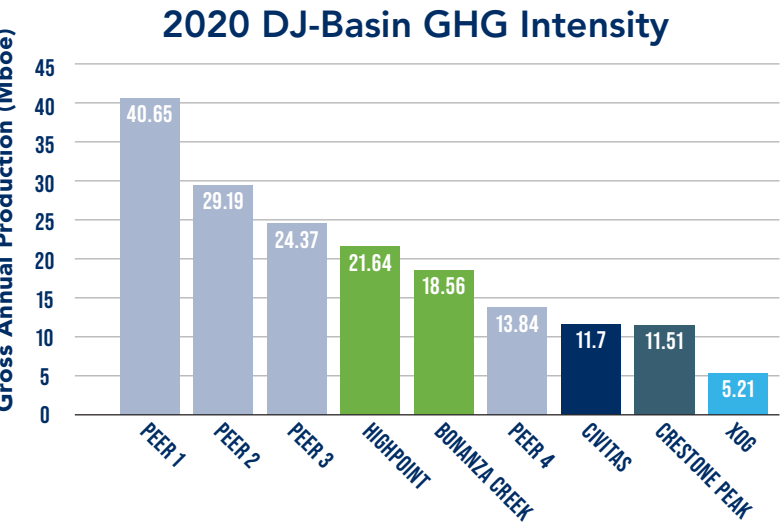
Civitas’ commitment to sustainability leadership in the oil and gas industry starts with a dedication to environmental stewardship and unique status as Colorado’s first carbon neutral oil and gas producer. The company’s carbon neutral commitment is not a goal to be achieved 30 years from now; it is a reality as of the very first day that Civitas came into existence and is maintained through a two-fold approach to 1) reduce and eliminate operational emissions as a foremost priority, and only after that exhaustive effort has taken place, 2) offset the remaining residual emissions annually on a Scope 1 and 2 basis.

Civitas is, first and foremost, relentlessly committed to driving down emissions that would normally be associated with the oil and gas development process. This is accomplished by continually uncovering new ways to reduce emissions and permanently eliminate emissions sources.

Since the inception of Civitas, the company has offset the emissions that cannot be mitigated through an annual voluntary offset and renewable energy credit (REC) procurement process. Civitas offsets Scope 1 emissions through certified offsets offered through the four major carbon offset project registries—American Carbon Registry (ACR), Gold Standard, Climate Action Reserve (CAR), and Verra’s Verified Carbon Standard (VCS) program. To ensure the validity and additionality of the offset program, Civitas exclusively purchases certified offsets from projects validated by the four largest and most credible registries.

Civitas prioritizes U.S.-centric nature-based offsets, methane-eliminating projects, and international offsets that have co-benefits mitigating negative environmental or social impacts. Additional criteria influencing the company’s offset portfolio include principles of disciplined investment, diversity, and staying current with the evolving nature and availability of different offset types.

Civitas offsets Scope 2 emissions with Green-e certified RECs, thereby providing assurance that the company’s renewable energy certificates are legitimate, measurable, and only claimed by one party.¹



¹ <https://www.green-e.org/long-rec-disclosure>

Civitas’ approach to carbon neutral operations is guided by two primary climate goals:

1

FIXED
2.5%
ANNUAL
REDUCTION

An annual 2.5% fixed reduction of Scope 1 GHG emissions intensity from a 2019 baseline.²

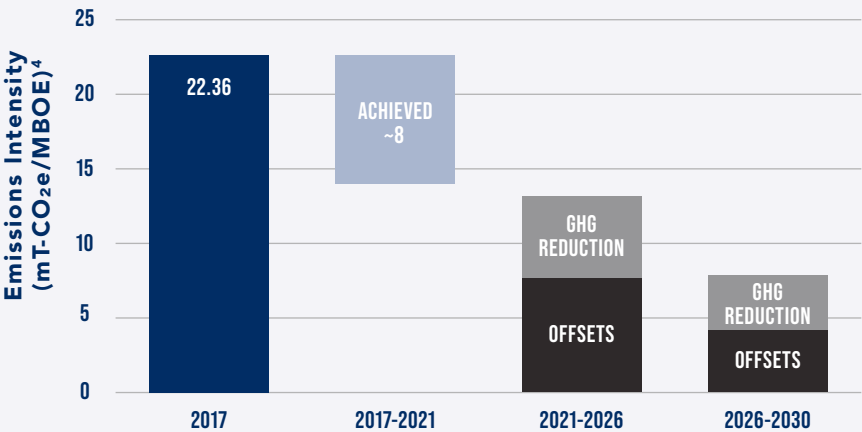
2

CO₂
OFFSET ALL
RESIDUAL
EMISSIONS

A commitment to offset all residual Scope 1 and Scope 2 emissions using certified carbon offsets and renewable energy certificates, respectively.³

Civitas’ legacy companies paved a path to success through excellence in emissions management and mitigation programs. In 2021, one legacy company focused on pneumatic retrofits, piloting various methane emissions monitoring technologies, and electrification of drilling to reduce Scope 1 emissions. Another legacy company entered into an innovative partnership with a major utility to supply responsibly sourced gas.

Path to Carbon Neutrality ADVANCING A LOWER CARBON FUTURE



The carbon neutral commitment creates a financial impetus to reduce emissions to mitigate the long-term liability of purchasing voluntary carbon offsets. Civitas continually demonstrates peer-leading expertise by implementing innovative emissions mitigating technologies where economically feasible and making strategic investments in operations.

These include:

- » Asset optimization through infrastructure consolidation
- » Natural gas pneumatic devices retrofitted to compressed air or electric
- » Facilities designed to engineer-out or control all maintenance emissions
- » Tankless or closed-loop production facilities
- » Plugging of inactive or legacy vertical wells
- » Monthly LDAR and routine visual inspections for leak detection
- » Continuous methane monitoring in pre-production and early production operations
- » Zero routine flaring in all new developments
- » Pipeline transportation of oil where feasible, to reduce trucking emissions
- » “NextGen Flowback” to tankless facilities and pipeline infrastructure

² Time averaged over a 10-year period
³ From company inception in November 2021
⁴ Estimated production levels will be adjusted based on actuals

Cost of Carbon

Cost of carbon calculations are inherently critical to Civitas’ commercial success and its ability to serve stakeholders.

For 2022, Civitas implemented an internal cost of carbon at \$30 per mT-CO₂e. This was calculated by using actual project costs and values to identify the implicit cost of carbon, then applying the implicit cost to a variety of economic, environmental, and social factors to develop an internal cost of carbon. Civitas has since explored major projects up to \$60 per mT-CO₂e. As the incremental metric ton of carbon emissions becomes more difficult to eliminate, the internal cost of carbon range will continue to increase. The company will regularly evaluate and refine the internal cost of carbon.

The internal cost is used as a hurdle to rationalize new emissions reduction projects. Projects with returns that are near or below the internal cost of carbon are given priority for approval. Projects where the cost of reducing emissions is significantly more per ton than the cost of carbon require additional rigor in analysis, optimization in design, and justification in duration of service before receiving approval to proceed. This process ensures climate risk continues to be mitigated as efficiently as possible.

In 2022, the company plans to invest **>\$18 million** on strategic carbon emissions projects. These projects include:

-  **A Comprehensive Retrofit of Natural Gas Pneumatic Devices**
-  **Emissions Control Device Stack Testing**
-  **Ambient Air Quality Monitoring**
-  **FLIR Leak Detection & Repair**
FLIR cameras are used daily in the field
-  **Electric Vehicle Fleet Conversion**
-  **Methane Leak Continuous Monitoring Technologies**
-  **Compression Optimization & Electrification**



Air monitors measure methane, total VOCs, and also other gaseous criteria pollutants (CO, NO, NO₂, O₃, SO₂, H₂S)

Greenhouse Gas & Air Quality

In 2021, greenhouse gas emissions attributable to fugitive emissions leaks were reduced by approximately 85% by increasing the frequency of leak detection surveys and enhancing our responsiveness to repairs.

As one of the most rigorous regulators in the nation, Colorado continues to define the leading edge of air-focused regulations, balancing ambitious reductions of greenhouse gas emissions and criteria air pollutants with practical considerations for operators. Staying in sync and ahead of state standards isn’t only the right thing to do; it serves as a competitive advantage for Civitas as stakeholders continue to expect top tier environmental performance and as federal air regulations become more stringent.

Comprehensively retrofitting natural gas-driven pneumatic devices, for example, goes beyond Colorado regulations, and has the potential to reduce carbon equivalent emissions within the pneumatics category by 70% and total corporate emissions by about 30% over a 3-to-5-year period . Other examples of such efforts include optimizing compression systems, leveraging the synergies of adjacent pipeline systems, and replacing natural gas-fueled engines with electric motors where line power is available. In 2021, greenhouse gas emissions attributable to fugitive emissions leaks were reduced by about 85% by increasing the frequency of leak detection surveys and enhancing responsiveness to repairs . Civitas joined the *Zero Routine Flaring by 2030* initiative with The World Bank, meeting this commitment as of January 2022.

Civitas’ ESG Data Management Strategy will utilize a central ESG metric dashboard, in progress, that allows the company to review aggregated data far ahead of the annual greenhouse gas reporting cycle. This facilitates progress assessment on emissions reduction projects and optimization of the offset portfolio. The company believes access to high-quality data is the key to understanding and implementing innovative approaches to reducing emissions. Civitas has made extensive investments to ensure it has a holistic understanding of the company’s emissions profile.

Civitas employs the Assets and Compliance Tracking System software system (ACTS) as the baseline of the company’s Environmental Management System (EMS). ACTS, in combination with environmental management policies and practices, allows Civitas to proactively manage its environmental footprint and drive operational excellence. ACTS monitors limits on emissions and tracks permitting requirements, sending out alerts and reminders to staff when action is required.

The company’s data systems and software combine to provide a strong methodology to track and trend data, aligning to the expectations of the international Environmental Management System standard ISO 14001.

Most importantly, all Civitas software systems and data management solutions are designed to meet regulatory commitments. Data is fed into Environmental Protection Agency (EPA)-compliant templates that drive aggregation, based on applicable Greenhouse Gas Reporting Program forms. The EPA validates the data annually to ensure appropriate methodologies are utilized.

Air Emissions

As a Colorado operator, subject to the CDPHE regulations, Civitas diligently monitors air quality constituents — including volatile organic compounds (VOCs), nitrogen oxides, sulfur oxides, and particulate matter — and complies with all state and federal regulations. The company tracks emissions, permit limitations, and other air quality data through the EMS.

Each operating area has established air quality practices and procedures, which are reported to Civitas’ Director and Head of Environmental Health Safety and Regulatory Compliance (EHS&RC) on a weekly basis. In addition, the company regularly coordinates with state regulators to participate in voluntary air pollution emissions reduction activities, especially during the summer months.

CASE STUDY ORPHAN WELL PLUGGING

In January 2022, Civitas Resources announced its commitment to voluntarily plug 42 wells that were orphaned by previous operators located in and around our operating areas in Adams, Arapahoe, Elbert, Larimer, and Weld counties. “Orphaned” wells are wells unrelated to Civitas that were abandoned and whose cleanup would otherwise be the responsibility of the state of Colorado. When orphaned wells are left unplugged, they can emit greenhouse gases such as methane and carbon dioxide, which amplify the effects of climate change. Plugging the 410 abandoned wells around the state of Colorado is one of the important ways for the state to meet its commitment to reducing statewide greenhouse gas pollution by 90 percent by 2050, relative to 2005 levels.



Business Wire article:
<https://tinyurl.com/3tt8cue8>



Emissions Monitoring & Management

Civitas deploys several types of monitoring technology:

- » Satellite and drone technologies
- » Extended reach laser detection
- » “Continuous leak detection” technology

Certified Responsibly Sourced Gas (RSG)

Civitas has more than 82 development locations equipped with 24-hour, real-time ambient air monitoring stations, and 40 wells that are certified to produce Responsibly Sourced Gas (RSG). The certification process required an independent third-party review with rigorous analysis of design, operations, and practices. This certification process validates Civitas’ production of affordable, reliable, clean energy to support the energy transition and climate change mitigation. The company is positioning itself to sell RSG to customers with a certified promise that its gas has a lower emissions footprint than non-RSG gas. Civitas has one of the first agreements to sell RSG to Xcel Energy, the largest Colorado utility, as part of Xcel’s efforts to deliver clean gas options to their customers and for their own generation needs moving forward.

Monitoring Technology

The company’s efforts to detect and measure emissions throughout its operational footprint are foundational to its status as a carbon neutral operator, particularly as it applies to its Scope 1 emissions. To improve and validate the data across operations, the company has partnered with two external groups to conduct fly over assessments in the DJ Basin and analyze company assets utilizing top-tier technology. The company has also piloted long-range laser technologies on two large assets in various stages of development to pinpoint leak locations and quantify emissions. Civitas is also piloting a continuous leak detection technology on eight horizontal facilities that will someday be scalable to all pads. The technology enables immediate leak detection and repair efficiency, high-grading monthly, quarterly, semiannual, and annual inspection frequencies. **These technologies have far-reaching benefits beyond leak detection, including tank level measurements, spill notifications, safety and fire response notifications, equipment run-time and eventually, leak quantification.**

Energy Management & Renewables

A key aspect of Civitas’ strategy to manage its Scope 2 footprint includes investing in renewable energy generation to power a portion of its operations. Civitas is installing solar power on pads to power low-voltage systems, and is exploring opportunities to install solar in the unused buffer areas around facilities, where feasible.

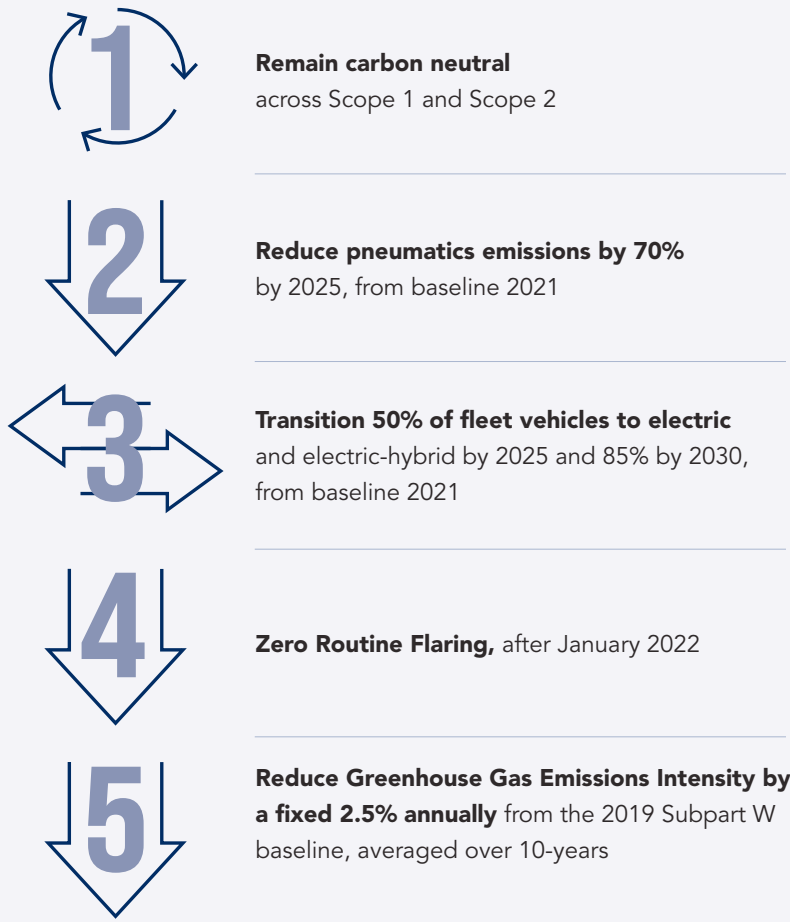
Keeping with its general commitment to reduce first and then offset residual use, Civitas is evaluating strategies to operate with energy-efficient systems and demand-shaving technologies where feasible. Civitas recognizes using less energy overall is a vital component of cutting emissions.

Electrification of Our Assets

Civitas has minimized its environmental impact by electrifying a series of its operational assets and components. Efforts include:

- » Integrating electric-drive technology from drilling and completions partners
- » Electric compression facilities, where feasible, addressing one of Civitas’ highest sources of emissions
- » Electrically powered artificial lift technologies, replacing internal combustion engines
- » Converting the corporate fleet of work trucks to EV hybrid utility vehicles and building EV charging stations for company operations and nearby communities

SUMMARY OF CIVITAS’ EMISSIONS REDUCTION GOALS:



Water Management

Colorado water is a precious commodity, and the company understands the critical role it plays in driving environmental stewardship on this front. As such, the company minimizes water use where possible. Civitas continues to meet water standards set by the Colorado Oil and Gas Conservation Commission (COGCC) and conducts monthly monitoring and reporting to track water levels in its operating regions.

Prior to drilling, the company measures water tables to monitor impact, then uses a protective casing and cement around wells past the water table. Monitoring wells are tested on a prescribed cycle to ensure local freshwater resources are protected. Water quality is tested prior to drilling to establish a baseline, and monthly testing continues throughout the drilling and completion phase. Finally, Civitas conducts a test six months after production as a last method of verification to ensure the integrity of its operating assets. If the company were to ever have an event that impacts water quality, COGCC remediation protocols would be followed.

The company reduces water use through numerous efforts, including the use of tanks and temporary collapsible water pipelines to minimize unnecessary water evaporation. At sites where water collection infrastructure systems are available, Civitas reverses piped water disposal systems to enable water reuse. The subsurface zones targeted in the DJ basin generally do not produce water in sufficient volumes to supply other operations, therefore opportunities to recycle water are more limited than in other geographies.

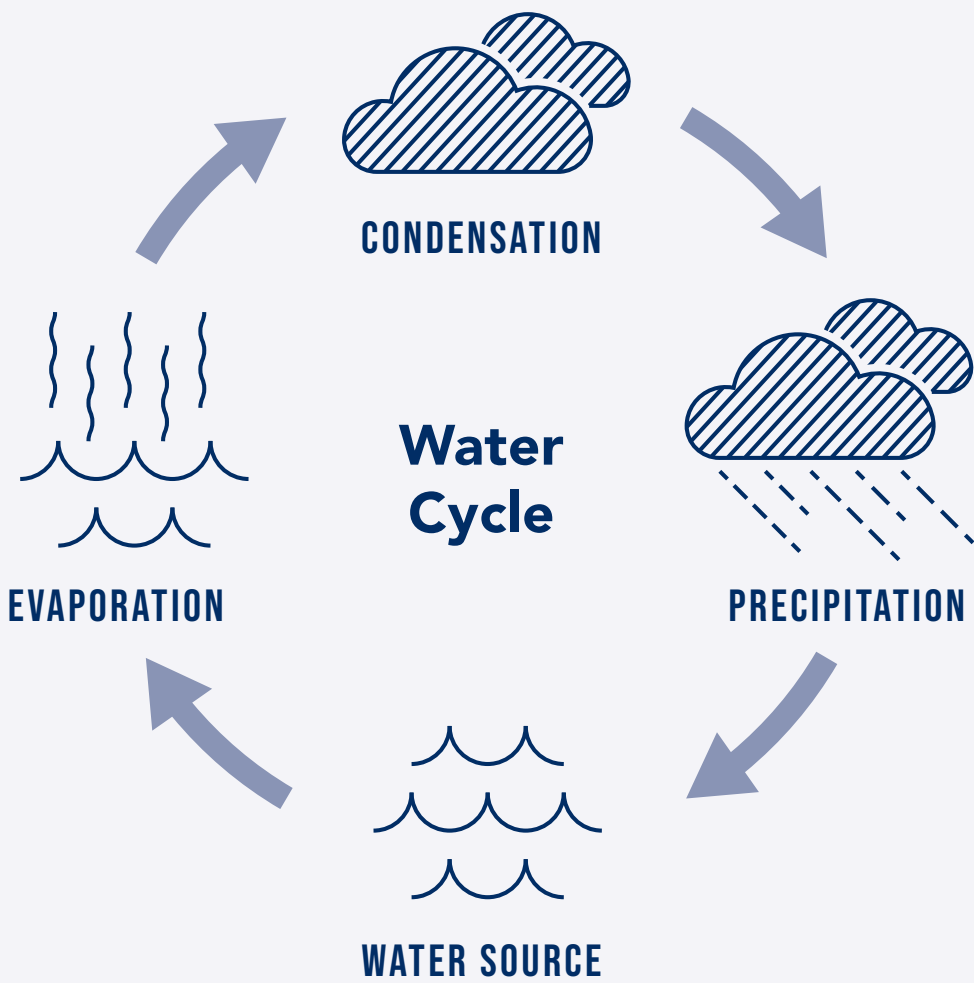
When water is disposed, Civitas uses saltwater disposal (SWD) wells provided by a third party.

Consistent with regulatory requirements and industry best practice, Civitas discloses the chemicals it uses during the hydraulic fracturing process through [FracFocus.org](#).

CASE STUDY

EVAPORATING FLOWBACK WATER

Although Civitas’ operations do not create enough produced water to yield a source for water recycling capabilities, the company is currently undergoing a pilot program to test a new technology that takes produced water, removes the salt and chemicals, and evaporates clean water back into the atmosphere. This process will send the water back into the natural water cycle, as opposed to disposing of it underground. The salt and chemical compounds will then be disposed of following waste handling guidelines.



Spill Prevention & Asset Management

Civitas has a company-wide **target spill intensity<.04 Produced Liquids Spilled (Bbl) / Total Produced Liquids (MBbl)⁵ for 2022**

Preventing spills is an essential part of our license to operate and we go to significant lengths to proactively manage this risk. When spills do occur, we have a Spill Response Notification Program to drive internal critical communications, and we report these spills to our regulators as soon as possible. Civitas also requires an investigation into the root cause of the event to identify lessons learned, helping to proactively prevent future spills.

Civitas has a company-wide target spill intensity <.04 Produced Liquids Spilled (Bbl)/Total Produced Liquids (MBbl)⁵ for 2022, and we will strive to improve our spill-related performance year over year. In the event of a spill or release, reportable or not, Civitas automatically executes remediation protocols to ensure proper cleanup. Civitas tracks and monitors all spills and releases as a best practice. By doing so, we can identify potential areas of weakness in our operations and proactively address them. All spill and release information are captured in our internal database to allow operators to track and manage data.

Our assets are equipped with advanced technology, in addition to secondary containment protections, to prevent spills or leaks from occurring. In case of an event, Civitas employees act immediately to assess the site, ensure they can safely engage, and then rapidly respond to control the spill or release. Our technology also allows our operations team to automatically shut down assets if an emergency scenario arises. Civitas measures leaks in real time, as opposed to utilizing EPA-based calculations to determine spill size. By doing so, we have a 100% accurate reading of the impact to the environment and can respond accordingly.

We have also started the important process of bridging and consolidating the Spill Prevention, Control, and Countermeasure (SPCC) plans of our legacy assets to develop a consistent set of practices and protocols across our operating sites. Civitas employees operate in accordance with these excellent trainings and standards. Once the new, updated SPCC is ready, the document and subsequent trainings will be rolled out to all employees. These trainings will be tailored to the nuances of each of our operational locations.



Emergency/Spill Response Trainings:

Drills, Mock Simulations, Coordination with Local Responders (Annual)

SPCC Plan (Annual)

Emergency Response Training and Drills (Annual)

Desktop Drills (Annual)

Unannounced Drills (Annual)

⁵ AXPC definition

Biodiversity & Ecosystems

Over the past decade, the industry has made tremendous strides to improve its environmental footprint through critical technological advancements, such as the ability to expand sub-surface operations from the same well pad – as opposed to drilling across surface geography. Civitas is actively leveraging this technology, now including extended-reach horizontal drilling, to minimize its impact. The company also executes multiple phases of a project simultaneously to reduce the amount of time a site is undergoing active operations.

Once operations are complete, the company restores disturbed areas to its original self-sustaining ecosystem. Civitas has a robust Reclamation Policy that clearly defines the protocols and processes around biodiversity and habitat restoration. Civitas performs interim reclamation—the middle phase between drilling and the final reclamation element of plugging a well, a practice less common among operating peers. Whether during interim or final reclamation, Civitas partners with biologists, well-planners, reclamation experts and other natural resource specialists to return the land to a state that will most benefit the ecosystem.

Guided by our Biodiversity Policy, when possible, Civitas strategically chooses to operate on locations where there has already been an environmental disturbance to limit new impacts. Before beginning any drilling operation, the company conducts a desktop survey, environmental impact assessment, field survey and alternative site analysis to fully understand all biodiversity and ecosystem impacts. The company may alter its development plans to account for local wildlife and minimize impact, as necessary. Some of the alterations Civitas may make to its development plans include enclosing open-top containments, burner stack openings, vents, and out-of-service/disconnected equipment with expanded metal, wire grid metal or perforated cones.

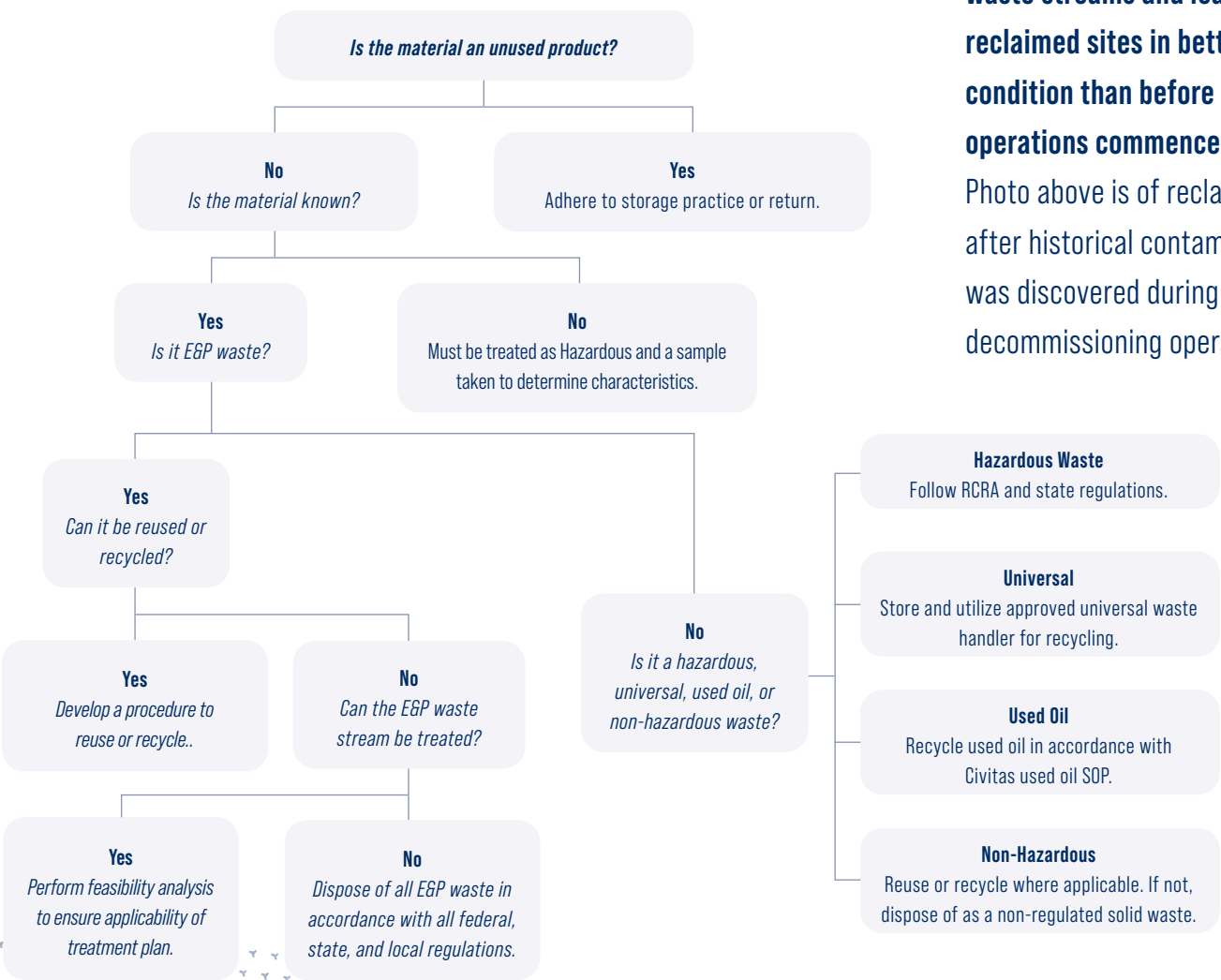
Civitas contracts with wildlife biologists to review the nuanced impacts of seasonality on the ecosystem. These biologists ensure the company does not disturb breeding grounds, nests, or other seasonal wildlife. For example, Civitas has a bird mitigation program to limit impacts to birds near operations. All relevant field personnel are trained to ensure they understand their obligations, responsibilities and tasks required under the company's Environmental Compliance Plan. Personnel are also equipped to recognize migratory birds and maintain awareness of surrounding wildlife during the execution of their normal duties.

Waste Management

Civitas has a process to ensure waste, both hazardous and non-hazardous, is classified, tracked, treated, handled, transported, stored, and disposed of in conformance with regulatory requirements. Civitas is building uniform waste management practices and procedures across operations, in addition to aggregating waste management data.

At each operational site, the company observes protocols that define roles and responsibilities for overseeing waste management. Job-specific training is provided to ensure employee safety and regulatory compliance. Civitas maintains Technologically Enhanced Naturally Occurring Radioactive Material (TENORM) trainings and protocols for the health and safety of Civitas’ workforce and communities where it operates.

Civitas Waste Categorization Process Flow:



Civitas is committed to sustainable management of waste streams and leaving reclaimed sites in better condition than before operations commenced. Photo above is of reclamation after historical contamination was discovered during decommissioning operations.

Climate Risk Management: TCFD Reporting

As Colorado’s first carbon neutral producer, Civitas is dedicated to managing climate impact by reducing and offsetting emissions. Having a strong sustainability platform is the best opportunity to properly manage climate risks while meeting demand for oil and natural gas with a lower carbon footprint than peers.



GOVERNANCE



STRATEGY



RISK MANAGEMENT



METRICS & TARGETS

Governance

BOARD OF DIRECTORS’ ROLE IN ASSESSING & MANAGING CLIMATE RISKS

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 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.

The ESG Committee is responsible for overseeing climate-related risks and proactively mitigating them to the extent feasible, as well as pursuing relevant opportunities across all climate scenarios. The identified climate-related risks and opportunities act as a starting point for Civitas to evaluate and manage risks and opportunities going forward.

MANAGEMENT’S ROLE IN ASSESSING & MANAGING CLIMATE RISKS

Climate-related responsibilities are overseen by the Chief Sustainability Officer, who reports directly to the CEO. The Chief Sustainability Officer meets regularly with the Chair of the Board’s ESG Committee.

The Chief Sustainability Officer is charged with identifying climate-related risks and reporting these on a weekly basis to the full management team. As such, the Chief Sustainability Officer has oversight over the relevant departments and personnel who report out on climate risks. These include the Carbon Solutions Manager, a role tasked with overseeing progress on GHG goals and managing the offset portfolio, as well as the Manager of Community & Government Relations, a role tasked with identifying impending energy policy, legislation, and regulation affecting GHG emissions and climate issues.

Strategy

CLIMATE-RELATED RISKS & OPPORTUNITIES

Civitas’ responsibility to act as an environmental steward is integrated across its broader business strategy. As such, the company monitors the potential impact of climate-related risks on its operations, which allows it to minimize transition risks, including those associated with stranded assets, on longer time horizons.

Civitas has identified the following relevant transition risks—affecting policy, technology, market supply and demand, and reputation—as well as physical climate-related risks. The company is engaged in discussions around long-term and short-term strategies to manage Scope 1 and 2 emissions, emissions reduction targets, and performance against those targets.



TRANSITION RISKS

Policy & Legal:

- » Increasingly stringent regulations could reduce profitability as additional emissions reduction requirements are adopted. If a regulated price on carbon is instituted, the additional cost could be borne more or less by exploration and production (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. The effort to retrofit and overhaul Civitas facilities with low emissions technology could be costly and time-consuming. Operational reliability of new technologies is yet to be proven.



Market-Supply & Demand:

- » An imbalance between the fossil fuel supply and demand dynamic could decrease the price of oil and/or natural gas, potentially resulting in lower company revenue.



PHYSICAL RISKS

Acute:

- » Climate change has left the Western states vulnerable to prolonged wildfire seasons and associated reduced air quality. The persistence of low air quality index days due to wildfire or other metrics could lead to an increase in “voluntary emission reduction days” and could also result in more restrictive federal nonattainment designations throughout the Front Range.



Chronic:

- » More severe droughts could lead to a decline in available water necessary to perform these operations.



OPPORTUNITIES

Policy & Legal:

- » With increasingly stringent requirements, higher-emitting companies may be forced to sell assets. A price on carbon could make the costs of business comparatively more expensive for higher-emitting companies than lower-emitting ones. As a lower-emitting company, Civitas would have the opportunity to acquire assets and implement emissions-saving measures to remain below regulated emissions targets.



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 approximately 10% for subscribers in nearby communities 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 responsibly sourced gas (RSG) to utilities.
- » 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-reduction technologies to find the most effective and cost-efficient solutions that enable the company to retain its social license to operate in Colorado and leadership position among peers.
- » Continued deployment of newer fracturing fleets, especially near line-power, could result in lower Scope 1 emissions. Civitas is actively pursuing electrification of drilling and fracturing fleets using line-power and high-efficiency onsite generation.



Market Supply & Demand:

- » Demand for fossil fuels is strong and will remain so over 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.



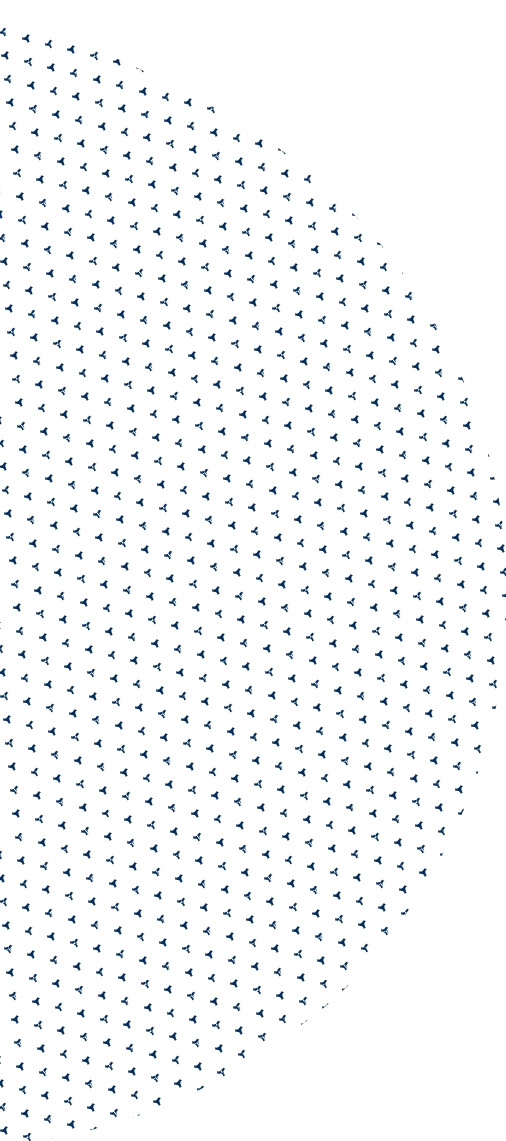
Acute:

- » 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.



The WEO 2021 consists of:
1) Stated Policies Scenario (STEPS) and 2) the Sustainable Development Scenario (SDS), which each assume different sets of changes in policy, technology, market demand and energy efficiency through 2050.

Scenario Analysis to Inform the Company’s Strategic Thinking on Climate-related Risks and Opportunities

Civitas’ strategy development is guided by a scenario analysis of long-term trends and developments in energy markets, which helps the company assess its position relative to climate-related risks and opportunities. The company’s climate scenarios are based on publicly available scenarios developed by the International Energy Agency’s (IEA) World Energy Outlook (WEO) 2021. The WEO 2021 selected scenarios consist of 1) the Stated Policies Scenario (STEPS) and 2) the Sustainable Development Scenario (SDS), which each assume different sets of changes in policy, technology, market demand and energy efficiency through 2050. Population growth and economic growth are kept consistent between both scenarios.

The Colorado Department of Public Health and Environment has released several new rulemakings that impact oil and gas operations. Recent updates include more stringent record-keeping and reporting requirements, GHG intensity rulemakings, retrofit of natural gas pneumatic controllers at facilities, and a probable EPA re-designation of the Denver Metro North Front Range area from an ozone “serious” non-attainment area to “severe” in 2022. Federal regulations often lag Colorado but are becoming more stringent with a focus on methane emissions reductions and GHG reductions.

In terms of emerging technology, all scenarios assume that methane-monitoring and emission-reduction technologies continue to evolve and proliferate with a focus on continuous ambient air emissions monitoring with immediate intervention. It is also accepted that newer hydraulic fracturing equipment and technology will continue to improve, becoming more efficient and lower-emitting.

For chronic physical risks, 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. This is considered across all scenarios as well. The potential for more intense and prevalent fire seasons is also increased, which carries the risk of actual fire impacts on sites as well as the hazards associated with smoke exposure and impaired air quality.

The following climate scenarios are used to evaluate Civitas’ climate-related risks and opportunities that come with the transition to a lower carbon economy:

The **2021 Actual Observations** 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 2021. Due to broader economic and industry dynamics in 2020, 2021 is a more representative year of Civitas’ operations and business. This enabled Civitas to look at a greater disparity from what higher priced oil would entail versus the lower-pricing scenarios that resembled the 2020 actuals. Actual crude oil prices were \$75.33/Bbl (WTI) and natural gas was \$3.82/MMBtu (HH) on December 31, 2021.



Policy & Legal:

» In this scenario, the US Government’s social cost of carbon (SCC) in early 2021 was set to an average central case value of \$51/ tonne CO₂ dependent on assumed discount rate per Executive Order 13990. Multiple legal cases regarding the ability of the EPA to regulate carbon emissions are either pending or have been resolved without any overarching directive to utilize the SCC outside of the federal government.



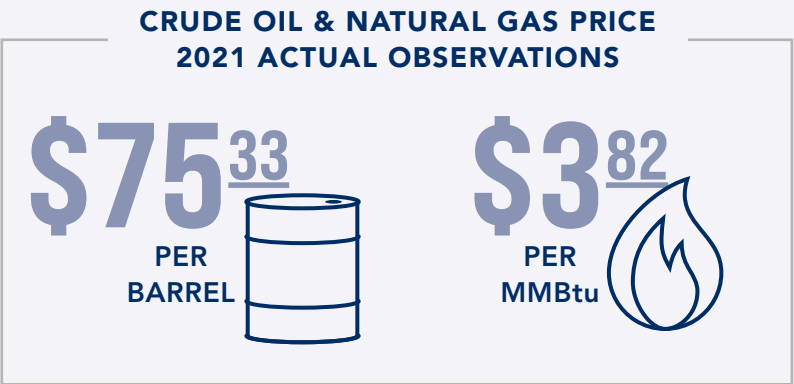
Emerging Technology:

» The levelized cost of energy for utility scale solar and wind power continues to be cost-competitive with conventionally fueled power globally and in the U.S⁶. In addition, 2021 global market share for EVs rose from 4.1% of sales to almost 9%.



Market–Supply & Demand:

» 2021 saw a rebound in oil and gas prices from the prior year. According to the EIA⁷, crude oil prices increased in 2021 due to the economy awakening from the restrictions of the COVID-19 pandemic-related slump. The growing economy resulted in global demand rising faster than supply. The spot price of Brent crude oil, a global benchmark, started the year at \$50 per barrel and increased to a high of \$86/Bbl in late October before ultimately declining in the final weeks of the 2021 year.



⁶<https://www.lazard.com/media/451881/lazards-levelized-cost-of-energy-version-150-vf.pdf>
⁷<https://www.eia.gov/todayinenergy/detail.php?id=50738>

The **Stated Policies [WEO-2021]** covers the IEA World Energy Outlook Stated Policies scenario, in which crude oil cost could be \$88/Bbl and natural gas in the U.S. could cost \$4.30/MMBtu by 2050 (in 2020 dollars).



Policy & Legal:

» This scenario assumes Canada, Chile, China, EU, Korea and South Africa have some regulated carbon pricing frameworks ranging from \$30-\$90/tonne CO₂ by 2050. Actual observations have shown the regulated cost of carbon in Europe crossing the \$80/tonne threshold briefly in 2021.



Emerging Technology:

» It is estimated that there will be approximately 3,492 TWh of solar energy production globally by 2030, a 319% increase from 2020, and 9,667 TWh by 2050. EVs could account for 7% of on-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 the next decade, with Europe and China leading global EV markets.



Market-Supply & Demand:

» In this scenario, demand for fossil fuels remains high and IEA crude oil costs reach \$88/barrel in 2050. Global renewables increase by 181% from 2020 levels by 2050 and represent 26% of the total world energy supply, while natural gas production increases 13% over 2020 levels by 2030 and 27% by 2050, and oil production increases by 13% over 2020 levels by 2030 and stays constant to 2050.

**OIL & NATURAL GAS PRICES
IEA WORLD ENERGY OUTLOOK STATED POLICIES
SCENARIO – 2050 PROJECTIONS**

\$88

PER
BARREL



\$4³⁰

PER
MMBtu



The **Sustainable Development Scenarios (SDS) [WEO-2021]** is an integrated scenario in which global partners commit to a pathway aimed 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 \$50/Bbl and natural gas in the U.S. could be \$2.00/MMBtu by 2050.



Policy & Legal:

» Under this scenario, it is assumed that all advanced economies have established regulatory CO₂ pricing frameworks, with prices increasing to an estimated \$160/tonne by 2050 for advanced economies.



Emerging Technology:

» An estimated 4,989 TWh of total global installed solar PV production is assumed by 2030, reaching 17,433 TWh by 2050, an almost 2000% increase over 2020 levels. Wind generation is likewise increased to 4,102 TWh hours by 2030 and 8,805 TWh by 2050, a 452% increase over 2020 levels. Global EV sales make up 41% of total car and light truck sales by 2030, and EVs make up 97% of car sales in the EU by 2050.



Market-Supply & Demand:

» Supply and Demand: There is assumed lower energy demand in general. As a result, IEA crude oil costs decrease to \$50/barrel in 2050. Global renewables increase by 362% from 2020 levels by 2050 and represent 55% of the total world energy supply, while natural gas production increases 1% over 2020 levels by 2030 and decreases by 39% by 2050. Oil production decreases by 4% from 2020 levels by 2030 and 49% by 2050.

**OIL & NATURAL GAS PRICES
IEA WEO SDS SCENARIO – 2050 PROJECTIONS**

\$50

PER
BARREL



\$2⁰⁰

PER
MBTU



Civitas is focused on staying ahead of regulations by proactively reducing emissions and setting an internal price of carbon.

Risk Management

CLIMATE RISK ASSESSMENT

Civitas includes Climate Related Risk and Opportunity assessment in its annual sustainability report, which includes scenario analysis, climate related-risk and opportunity analysis and corresponding response measures. The climate-related risks and opportunities identified act as a 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 pursuing relevant opportunities across all climate scenarios.

CLIMATE RISK MANAGEMENT

Rigorous evaluation and mitigation of evolving issues has led Civitas to annually review potential risks related to natural disasters, pandemics, legislation, social, political, and regulatory impacts as well as competitive or technological displacements. **In response to this investigation, Civitas has developed the following comprehensive responses:**

Civitas allocates budget 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. Civitas takes into consideration current climate regulations with an eye toward anticipated climate legislation. An emissions reduction strategy moderates the impacts of expanding climate change regulation and creates competitive advantage. 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. Civitas maintains calculations on an internal price of carbon to inform both capital and operational expenditures and consider potential climate legislation. By proactively reducing emissions and setting an internal price of carbon, Civitas is focused on staying ahead of regulations.

In terms of emerging technology, 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. Civitas plans to explore new opportunities to market responsibly sourced natural gas and feedstocks for utility customers and end users. 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. Civitas plans to continue to proactively source more efficient fracturing fleets. New technologies are thoroughly vetted on a small scale before committing to larger financial commitments.

In response to a potential imbalance between the fossil fuel supply and demand, 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.

In response to acute physical risks, Civitas plans to continue exploring facility design innovations and other emission-reduction technologies that enable continued operations in a more restrictive air permitting environment. As for chronic physical risks, Civitas uses 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.

INTEGRATION INTO OVERALL RISK MANAGEMENT

Civitas has multiple systems and processes in place to identify, understand and prevent environmental, health, safety, security, and political risk. Low-probability and high-impact accidents represent high consequence events, and as such, Civitas includes training related to these events in regular safety meetings. Safety personnel regularly monitor risks and can quickly elevate topics as needed to ensure timely training and preparation. When incidents occur, a robust set of standard operating procedures and clear processes with built-in redundancies ensure an effective and timely response.

Ambient air monitoring technology during pre- and early production activities is **required on all new Civitas facilities.**

Metrics & Targets

The metrics used to assess climate-related risks and opportunities in line with the company's strategy and risk management process can be found in the Appendix, starting on [page 74](#).

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SOCIAL

Overall Approach to Managing Social Risks & Opportunities

Civitas' social license to operate is the cornerstone of its business; the company is driven by core values to deliver a model of engaged support and service to the communities in which it operates. The company takes a proactive approach to operating new sites, communicating with stakeholders, looking for opportunities to mitigate associated impacts—direct or indirect – and ensuring all operations are conducted with the respect due to surrounding communities.

A focus on environmentally responsible operations has multiple secondary benefits for the surrounding areas where Civitas operates. Electrified operations are generally quieter, emit fewer pollutants, require less traffic, operate more reliably, and make more efficient use of resources than standard oil and gas operations.

Part of the Civitas strategy is to forge strong relationships with local communities via service providers, workforce, and local institutions. The focus on operational performance combined with the strength of local regulations provide natural pathways for continued improvement and opportunities for employees and local stakeholders to suggest better ways of doing things. Civitas is proud to be a test bed for ambitiously practical strategies that enable the company to be more socially and environmentally responsive within its communities and for partners.

Civitas is proud to continue exceeding expectations where possible while defining **the paradigm of community and environmentally friendly operations** throughout the portfolio.



HSE Programs & Training

Civitas has a goal of zero incidents – no task that is so important or necessary that safety can be sacrificed.

Health & Safety

Civitas’ commitment to safety is paramount to the company’s operations model, and the wellbeing of team members is a fundamental tenet of company culture.

Civitas expects employees to operate in a safe and environmentally responsible manner, whether at the corporate office or field operations. Civitas is committed to abiding by both the spirit and the letter of all applicable laws, regulations, and best industry practices as well as internal policies and standards. As a company, Civitas understands that meeting these objectives is essential to operate with the trust of employees, communities, and regulators.

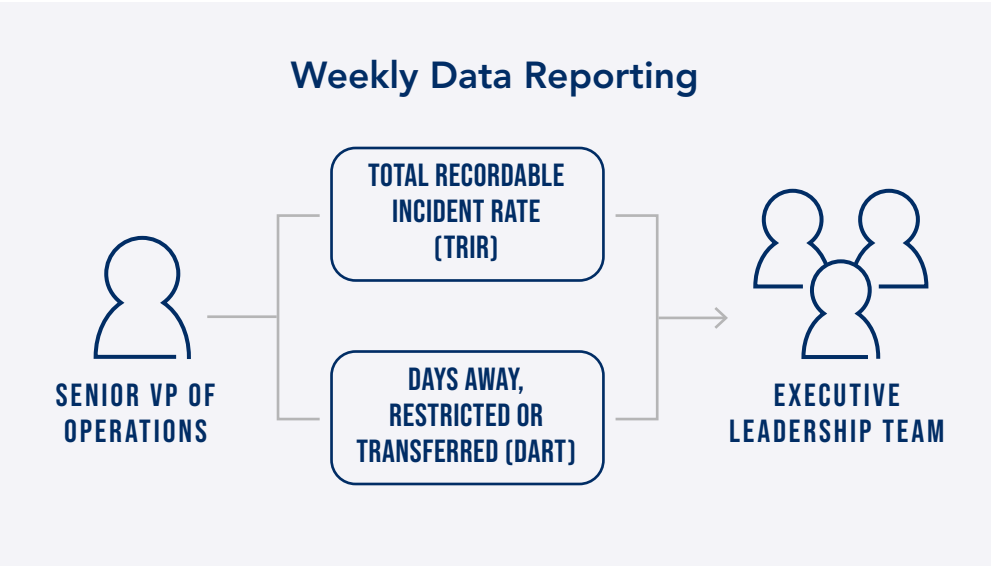
Civitas has a goal of zero incidents. Safety is prioritized in each decision made by management, office personnel, and all field employees and contractors. Safety is not a ‘department’ or function relegated to certain personnel; it is embedded in everything the company does. There is absolutely no task that is so important or necessary that safety can be sacrificed, to even the slightest degree, to perform it. Every employee, contractor, and even visitor on Civitas’ locations has the right and the obligation to “stop work” if they observe operations that are being planned or executed without complete risk assessment or safety management.

Governance

The Senior Vice President of Operations, who reports directly to the Chief Operating Officer, is responsible for the oversight and ownership of Civitas’ organizational health and safety programs and initiatives. This role tracks and manages the data around safety—including key metrics such as total recordable incident rate (TRIR) and days away, restricted or transferred (DART) performance—and reports this data to the executive leadership team on a weekly basis to ensure continuous oversight and accountability.

The Director of HSE and Regulatory Compliance has a critical management role to provide health and safety oversight across operations. All employees and contractors abide by Civitas’ Environmental, Health and Safety & Regulatory Compliance (EHS&RC) policy as stated in the EHS&RC Manual. To reinforce the importance of health and safety, the company considers TRIR performance when determining full-time employees’ annual bonuses.

Ultimately, the governance of health and safety is overseen by the Board’s ESG Committee. Civitas also has a safety management system that is aligned to OHSAS 18001.



Contractor Safety

Contractors make up a significant part of Civitas’ workforce. Ensuring their safety and their commitment to safety is as important as that of full-time employees. First and foremost, Civitas provides contractors with a workplace free of known hazards and addresses any identified hazards or EHS&S issues promptly. Secondly, contractors working for the company are identified, evaluated, and selected based upon an analysis of strong EHS&S management practices and performance criteria that include EHS&S practices and programs.

The EHS&S performance of contractors is verified in the field and is also monitored through audits for conformance to company requirements. The audit process includes a summary of the findings during the tabletop review and field observations.

Contractors participate in frequent safety meetings alongside Civitas employees so they can remain informed, engaged, and compliant with company standards. The *Contractors Expectations Manual* has been created to provide contractors with a clear understanding of Civitas’ environmental, health and safety expectations of third-party contractors and sub-contractors.

Civitas is committed to maintaining an annual TRIR below 0.25, a target far below industry average as reported by the Bureau of Labor Statistics for the Oil and Gas Extraction industry. This target includes both employees and contractors.

Safety Training Program Management

Civitas is committed to instilling a culture of safety excellence among employees and contractors. The company continuously monitors change and adjusts accordingly, learns from incidents, and strives for improvement. There is an expectation that safety is executed at every decision point and that each employee and contractor is a safety leader.

Stop Work Authority

Employees and contractors have the right and responsibility to stop any work when an unsafe condition has the potential to result in injury, release to the environment, or property damage. Contractors are responsible for adhering to Civitas’ standards, training their employees on stop work requirements, and ensuring supervisors support the culture. No negative repercussions will be directed toward any individual who uses Stop Work Authority.



Civitas has achieved and is committed to maintaining an annual TRIR below 0.25 for full-time and contract employees, , which is far below the industry average as reported by the Bureau of Labor Statistics for the Oil and Gas Extraction industry.

At Civitas, employees are recognized for driving a culture of safety excellence. In 2021, Civitas started a monthly newsletter that is sent to every employee and contractor across the company. This newsletter includes safety stories that showcase lessons learned, best practices, and employee engagement. Civitas wants the workforce to be aware of what’s happening across our operations and how we all can continue to strive to be aware, informed, and proactively safe.

Incident Management

All incidents are reported to direct supervisors and the Environmental Health, Safety & Regulatory Compliance (EHS&RC) department upon occurrence or as soon as practically possible. Civitas believes timely and thorough reporting is critical and has established a uniform system for capturing the information needed to understand incident causation, providing a basis to process incident oversight and resolution.

Civitas utilizes a medical case management service in the event of a health and safety incident. This service provides medical knowledge and advice customized to specific incident needs. The software also creates weekly reports for the executive team for oversight and awareness of health and safety performance. In the event of an injury incident, the company also conducts a root cause analysis to understand causal factors. The analysis is facilitated by EHS&RC and includes the necessary stakeholder groups, including supervisors and other parties contributing information, relevant to the analysis.

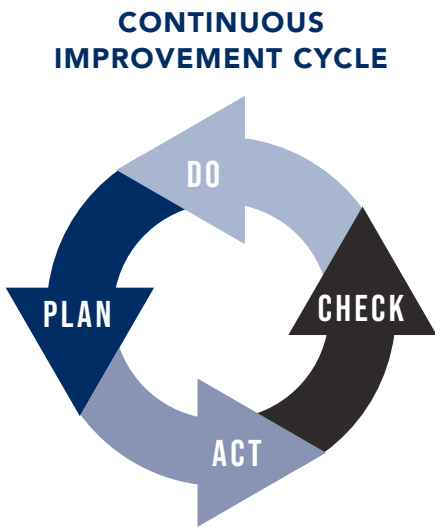
Critically, Civitas also employs continuous proactive risk assessments to identify hazards and evaluate any associated risks to health and safety arising from work activities and ensuring that actions are taken to eliminate or minimize those risks.

Finally, Civitas participates in a variety of safety drills, mock simulations, and coordination techniques with local responders annually to train and prepare for incidents where such cooperation and coordination is necessary and to familiarize local responders with operating locations. Safety drills can include internal drills and table-top drills.

Employees are recognized for driving a culture of safety excellence. Civitas shares a monthly newsletter that is sent to every employee and contractor across the company, which includes safety stories that showcase lessons learned, best practices, and employee engagement.

Emergency Preparedness

Civitas’ robust Emergency Response Plan sets a framework to follow in case of an emergency. Because having a high-quality plan is essential to saving lives, Civitas continuously measures and works to improve its emergency response to drive best-in-class protocols. This continuous improvement is outlined in the ‘Plan’ ‘Do’ ‘Check’ ‘Act’ cycle, which is incorporated by ISO 14001 and OHSAS. Civitas’ leadership is involved in all aspects of planning, performing, measuring, and improving practices to adequately and properly respond to emergency conditions.



Training & Preparedness

Civitas continues to build and create a high-performance culture by requiring employees to participate in training courses that ensure work is completed safely and efficiently. This policy applies to all employees, regardless of job responsibilities, seniority levels, work experience, and any other potential distinctions. In some instances, contractors participate in Civitas training sessions and receive certification to document they have been informed of the specifics of company expectations.

Civitas employees will participate in online, classroom, and field training courses that are either OSHA-required or job specific. These courses are an important component of building a high-performance culture and achieving safety objectives.

All employees are assigned online training courses that must be completed by December 31 of each year. The course types vary according to employee group, job responsibilities, and manager discretion. Upon hire, an employee’s direct supervisor will work in conjunction with the EHS&RC Department to build an employee training profile and assign courses. Courses are mandatory and participation and completion is factored into annual bonus compensation.

The EHS&RC Department organizes classroom training courses throughout the year to inform employees of relevant safety and environmental topics within the industry. Employees who perform or supervise life-critical tasks will be trained and qualified before performing work, and employees are required to demonstrate competency before executing against these responsibilities.

In field locations, Civitas utilizes pre-job checklists, risk assessments, change management, tailgate meetings and/or a job safety analysis to assess and control hazards at each site. Tailgate safety meetings are held at the start of each workday, shift, or task change. The meetings are conducted by the project supervisor, manager or lead, and all members of the crew participate in the meeting. During these meetings, personnel review the planned work activities for the day, discuss and resolve the risks and mitigations as well as discuss any health, safety, and environmental concerns before work can be initiated.

Civitas recognizes the workforce as our greatest and most important asset and view worker health and safety as our top priority.

Examples of EHS&RC Trainings:⁸

- | | | |
|-------------------------------------|-------------------------------|----------------------------------|
| Civitas EHSR Manual and Policies | Lockout Tagout | Working At Heights |
| Confined Space Awareness | Critical Lifts and Rigging | JHA and Hazard Identification |
| Personal Protective Equipment (PPE) | Electrical and Overhead Lines | Hazardous Communication |
| Emergency and Spill Response | Pressure Testing | Safe Driving |
| Hot Work | Rig Moves | Colorado Air Quality Regulations |

⁸ This list is for illustrative purposes only – it is not comprehensive

Human Capital Management



DIVERSITY



EQUITY



INCLUSION

Civitas knows the company is **only as good as its people.** Civitas believes a diverse and inclusive workforce is critical to success as a business and will allow the company to gain valuable perspectives for continuous improvement.

Board & Executive Leadership

At Civitas, diversity starts at the top. Civitas has committed to ensuring the composition of the Board of Directors includes a mix of gender and racial diversity of at least 30%, and the company is proud to have already met that goal. That said, Civitas realizes there is always room to enhance our leadership, which is why the company will continuously work to incorporate diversity in executive management. Civitas believes representation of a diverse group of key decision makers will foster a culture that supports diversity and inclusion throughout the entire company.

The Board of Directors has established a target that its gender-composition will be at least 30% female by the time of Civitas’ 2023 annual shareholder meeting⁹.

Diversity, Equity & Inclusion Across Civitas

Civitas mandates unconscious bias training to continue to foster an inclusive environment where everyone, regardless of background or demographic, feels comfortable in the workplace. This training is part of the online trainings that occur annually. These trainings are meant to underline how employees should conduct themselves in the workplace in a way that is appropriate and affirming to all coworkers. The company also makes it absolutely clear that there is zero-tolerance for any type of discrimination or sexual harassment.

⁹Subject to customary rounding

Board of Directors
gender-composition target of at least 30% female by the 2023 Civitas annual shareholder meeting.

TRAININGS:



Anti-discrimination



Anti-harassment



Diversity & Inclusion and Unconscious Bias

Talent Attraction & Retention

Civitas strives to be an efficient, talent-rich, and highly engaged team focused on creating value for the company and shareholders. To accomplish this, it is essential that the company maintain a strong, collaborative workforce to attract and retain top talent.

Diversity is an important factor in bringing the Civitas team together and encouraging innovation and commitment.

Starting with the hiring process, Civitas is building a protocol that creates a more diverse and equitable candidate search process. Upon hire, Civitas will continue to emphasize the importance of diversity and inclusion throughout the onboarding process. Given the locations of Civitas’ operations and the roles that need to be filled, diverse hiring remains a challenge, but one the company is committed to addressing.

Civitas provides equal opportunity for all candidates, employees, and consultants regardless of race, religion, gender, sexual orientation, age, ethnic or national origin, social origin, disability, family status, or any other protected status and personal characteristics for all aspects of employment. This commitment extends to training and professional development opportunities, internal promotions, and employee benefits. Civitas is currently working to promote job opportunities on diverse job boards to drive a wider pool of candidates. Civitas mandates unconscious bias training for all employees, including the recruitment team, to ensure these practices are executed in recruitment strategies.

Additionally, Civitas is committed to providing competitive pay in order to attract and retain the best talent in the industry. Currently, the company is rolling out an annual compensation evaluation cycle to ensure Civitas continues to provide fair and equitable pay that aligns to industry market rates.

In the search for talent across geographic regions, Civitas prioritizes local hiring for both employees and contractors—specifically in the area of field operations—to support employment opportunities in local communities.

Employee Engagement

Civitas is creating a culture where employees can develop professional skills, advance careers, and create value for the company by providing a variety of growth opportunities including training, professional education, and mentorship programs.

The company has also established an Employee Engagement Committee to be responsible for social events, community service projects, and educational presentations within Civitas.

At Civitas we believe that **diversity is an important factor in bringing our team together** and encouraging innovation and commitment.



Civitas **prioritizes the local hiring** of employees and contractors to support employment opportunities in local communities

Employee Benefits

To foster the health and wellbeing of Civitas employees and their families, all full-time employees are offered access to financial, health and wellness programs, including:

-  Compensation that is driven by performance achievements and goals
-  A 401(k) plan and company match
-  Stock Awards
-  Paid time off
-  Health insurance coverage for all full-time employees
 - Includes medical, dental and vision
 - HSAs (when applicable to medical coverage)
 - Life and AD&D Insurance
 - Short-term and Long-term Insurance
 - Accident & Critical Illness Insurance
-  Maternity and Paternity Leave
-  Paid and Unpaid Leave of Absences
-  FSAs and Dependent Care Programs
-  Employee Assistance Program
-  Fitness Reimbursement
-  College Savings Plan
-  Legal and Identity Theft Protection

Civitas also provides employees and their families with access to an Employee Assistance Program as it is the company's responsibility to support the physical and mental health of the employees. Critical wellness offerings include access to counseling services with a series of three sessions per condition, per family member, per year covered in full by Civitas.

A critical element of employee wellbeing is attributed to maintaining a balance between work and personal life. Civitas does its best to support an environment that accommodates this balance while also actively pursuing the growth of the organization.

During the peak of COVID-19, the legacy companies comprising Civitas each supported working remote when possible to keep employees safe and healthy. The companies followed all local, state, and federal precautions to protect health and safety, and Civitas continues to do so. Civitas has since re-opened offices in alignment with these guidelines to facilitate colleague collaboration and engagement. However, Civitas maintains workplace flexibility since this structure has proven to bring value to employees.

Other wellness achievements include:

- » Providing private personal space to employees when needed, particularly nursing mothers.
- » Expanded fitness reimbursement program to ensure all employees have the opportunity to meet their health and wellness goals. This includes gym memberships, fitness class fees, gym equipment, smoking/alcohol cessation programs, weight-loss programs, race and activity entry fees, ski passes, etc.

Employee Development

All employees participate in annual employee performance reviews. Consistent engagement and communication are an expectation of Civitas' supervisors and managers who proactively reach out to discuss goals, professional development opportunities, and provide critical feedback to support performance growth. Professional goals are also required to align with environmental and safety elements to support the company's ESG vision and mission. At year end, as appropriate and based on an employee's function, Civitas ties discretionary bonuses to these indicators.

Civitas' commitment to training and professional development enables employees to advance in their careers. As an entity that has grown significantly through mergers and acquisitions, this is a key element the company plans to implement to ensure employees feel engaged, challenged, and supported to grow among their peers and within their teams.

Civitas is committed to a variety of employee engagement forums, including:

- » Quarterly townhalls led by the CEO
- » The COO also has lunch with a group of employees across functions and roles on a weekly basis
- » Employee staff meetings and one-on-one meetings
- » Employee newsletters to highlight safety elements across geographies
- » Spot bonuses or gift cards for employee recognition
- » Company-sponsored volunteer activities
- » Employee engagement surveys

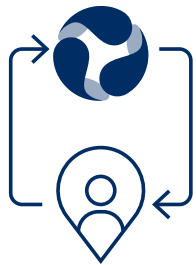


Community Engagement & Volunteering

Civitas manages an email to provide the opportunity to easily voice concerns and ask questions.

Community Stakeholder and Landowner Engagement

Civitas’ community stakeholders and landowners are valued partners, and the company prioritizes maintaining engagement and trust within this critical stakeholder group. Given that Civitas continues to grow, the company is prioritizing communications and outreach to these community members and landowners. Civitas manages an informational email account to provide the opportunity for stakeholders to easily voice concerns and ask questions. Civitas promotes its various communication vehicles at local community meetings and on the corporate website.



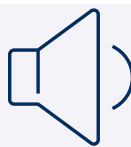
Social Investment

Civitas works closely with local and state safety officials to exceed regulatory standards and ensure that neighboring communities have transparent, comprehensive information about operations.

Civitas has developed practices that continue to enhance the well-being and safety of the communities. **These are among the innovative practices the company seeks to implement in operations, where possible:**



Air-tight, Closed-Loop Systems that Capture 99.9 Percent of Emissions



Quiet Fleet Completion Equipment that Emits Three Times Less Noise than Traditional Fleets



Facilities that Store No Oil Products On-Site



Voluntary Plugging and Reclaiming of Older Wells to Eliminate Emissions



Use of Electric Grid Power on Sites (where feasible) to Eliminate Scope 1 Emissions



State of the Art Safety Systems that Facilitate Automatic Shutdowns

Civitas is also fully committed to listening to its communities. Before a new well is drilled, a permit must be obtained through approval from the local government with land use jurisdiction. Once that is obtained, a permit application must be filed with the Colorado Oil and Gas Conservation Commission (COGCC), which regulates the development and production of oil and natural gas in the state. Civitas works with the commission’s staff of experts for verification and approval of the proposed operations, well location, integrity of the well design, and accuracy of offset data. The public is notified and invited to comment at certain stages during these processes. It is crucial to note that Colorado regulations are some of the strictest in the world, and Civitas often exceeds these regulations; thus, Civitas’ operations abide by the highest standard of environmental and social integrity.

Civitas works to ensure all stakeholders have access to information about the company. Civitas’ communication efforts are tailored to reach all audiences, including those without internet access. Communications are made available in U.S. Census-informed, locally predominant languages. For new areas within Colorado that are designated as disproportionately impacted or underserved communities, Civitas communicates through virtual and in-person town halls, mailers, canvassing, phone calls, and digital microsites to ensure the proper stakeholders are notified of planned operations and have an opportunity to comment on future plans.

Civitas is fully committed to listening to the communities.

The public is notified and invited to comment at certain stages during these processes.



Civitas adheres to key human rights principles, including those concerning freedom of association and collective bargaining and non-discrimination.

Human Rights

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, as outlined in our Human Rights Policy. Community impact assessments are conducted prior to planning development in new areas, and the company engages with community members closely. It also adheres to key human rights principles, including those concerning freedom of association and collective bargaining and non-discrimination. 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. Civitas does not currently operate on indigenous land; however, Civitas abides by Free Prior and Informed Consent (FPIC) due diligence. Although Civitas does not have any human rights incidents to address and mitigate, the company is prepared to respond and act if needed.

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.

Civitas believes that the company’s 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.

CASE STUDY
COLORADO PREPAREDNESS & RESPONSE NETWORK

Civitas’ predecessor companies developed the Colorado Preparedness & Response Network to standardize and implement first responder training and preparedness across the Denver-Julesburg Basin. To date, more than 1,000 Front Range firefighters have participated in emergency response scenarios to train preparedness and build expertise in handling oil and natural gas incidents.



Charitable Giving & Social Investment

WHY IT MATTERS FOR CIVITAS

A key part of Civitas’ enhanced focus on stakeholders is a commitment to sharing the value it creates in the communities where Civitas employees live and work.

Through meaningful partnerships with trustworthy organizations, Civitas supports a variety of causes, including humanitarian and disaster relief, education, agriculture, veterans and first responders, and community infrastructure.

PROGRAMS & INITIATIVES

In 2022, Civitas will launch the Civitas Community Fund that will provide project grants and scholarships in nearby communities with special dispensation to those located closest to company operations. Apart from the Community Fund, Civitas will continue its meaningful support of local organizations that make up the fabric of its communities, including public school foundations, volunteer organizations and food banks.

Civitas is forming a partnership to develop community solar gardens throughout the Front Range of Colorado. Civitas’ community solar initiative is designed to reduce utility costs by 10 percent or more for neighboring subscribers and help Colorado meet its renewable energy goals.

Civitas is offering to install electric vehicle charging stations in the communities where the company operates and in 2022, will begin converting its corporate fleet of work trucks to EV hybrid utility vehicles with the goal of creating a fully electric fleet.

CASE STUDY
COMMUNITY FOUNDATION OF
BOULDER COUNTY

In January 2022, Civitas Resources pledged \$1 million to the Community Foundation of Boulder County to aid in relief efforts following the Marshall Wildfire, the most destructive wildfire disaster in Colorado history. The fire forced the evacuation of 35,000 people and impacted 1,000 homes and businesses throughout the community. Specifically, the company provided \$500,000 immediately to the Community Foundation during the triage phase of this crisis and has pledged an additional \$500,000 throughout the course of 2022 to meet needs that continue to arise within the community resulting from this disaster.



COMMUNITY GIVING
Our total donations and ongoing partnerships*
\$585,000



Soccer City



Pollinator Habitat Preservation



Frederick Outdoor Fitness Court



Marshall Fire**



College and Counseling Assistance



Boys Hope Girls Hope

* Dollar amounts include spend between January 2021- January 2022. The reflects the legacy companies efforts as Civitas was formed November 2021.
** In January 2022 Civitas committed \$1M to the Marshall Fire relief fund. The number above reflects the initial \$500,000 disbursement, with the second \$500,000 to be released later in 2022. That amount is not included in the total above.



Soccer City in Aurora, CO

3

GOVERNANCE

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& PROFESSIONAL CONDUCT

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69 CYBER SECURITY

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GOVERNANCE

Corporate Governance

Stakeholder engagement and ESG leadership is core to everything Civitas does and key to its competitive advantage as a company. The governance structure reflects this commitment, ensuring the Board of Directors and Executive Team’s interests are aligned with shareholders and other key stakeholders.

Economic value and sustainability are fundamental to Civitas’ success. Civitas was created with the intention of leading the oil and gas industry. To accomplish this, sustainability and ESG factor as a critical part of the company’s integrated strategy and business development.

Board Oversight
























The Board of Directors provides the highest level of oversight for Civitas Resources. To ensure the Board’s interests are fully aligned with shareholders and investors, the majority of Board compensation is in stock. This is part of Civitas’ commitment to deliver on the promise of a new model for the exploration and production sector focused on delivering value, as opposed to growth alone, returning cash to stakeholders, maintaining a fortress balance sheet, and creating an industry-leading sustainability platform.

All directors on the Board are elected by proxy annually from a pool of candidates qualified and presented by the Nominating and Corporate Governance Committee and the full Board of Directors, supporting the ongoing accountability to shareholders. Company bylaws also allow shareholders to nominate candidates, abiding by the proper procedural rules and timetables.

The Civitas Board of Directors brings together teams of diverse, highly qualified experts whose skills range from technical and financial expertise, oil and gas and other industry experience, and familiarity with Colorado. As the Board evolves, gender, racial and ethnic diversity remain a key consideration.

The Board of Directors has established four committees to provide specialized oversight related to specific matters within the company including an ESG Committee, an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee.

Board of Directors

	EXPERIENCE				COMMITTEE			
	TECHNICAL	FINANCIAL	COLORADO	INDUSTRY DIVERSITY	AUDIT	COMPENSATION	ESG	NOMINATING & CORPORATE GOVERNANCE
 BEN DELL <i>Independent Chairman, Board of Directors</i>	✓	✓						
 MORRIS CLARK <i>Chair, Audit Committee</i> ▲		✓						
 CARRIE FOX ▲	✓	✓						
 HOWARD WILARD <i>Chair, Comp. Committee</i> ▲		✓		✓				
 CARRIE HUDAK <i>Chair, ESG Committee</i> ▲	✓		✓					
 BRIAN STECK <i>Chair, Nom. / Gov. Committee</i> ▲		✓		✓				
 JEFFEREY WOJAHN ▲	✓		✓					
 JAMES TRIMBLE ▲	✓		✓					

▲ LEAD INDEPENDENT DIRECTOR  COMMITTEE CHAIR  COMMITTEE MEMBER

CIVITAS BOARD OF DIRECTORS COMPOSITION

7

INDEPENDENT

1

NON-INDEPENDENT

6

MALE

2

FEMALE

3

AGES 30-50

5

AGES 50 >

1

MINORITY

7

NON-MINORITY

ESG Committee

The members of the ESG Committee shall be literate in the review and analysis of ESG matters, as such qualification is interpreted by the Board in its business judgment or must become so literate as so interpreted within a reasonable period of time after such member’s appointment to the ESG Committee. The members of the ESG Committee shall be appointed annually by the Board, and the members of the ESG Committee will appoint one of their members as the Chair. Any responsibilities of the ESG Committee may be delegated by the ESG Committee to the Chair or any other member of the ESG Committee; provided that any delegate shall report any actions taken by such delegate to the whole ESG Committee at the ESG Committee’s next regularly scheduled meeting. The ESG Committee may appoint one or more observers in order to assist the ESG Committee in carrying out its responsibilities and duties, as long as each such observer agrees to the terms of an observer agreement in the form approved by the Board from time to time.

The ESG Committee is tasked with setting and overseeing the company’s strategy on its Environmental, Social, and Governance program. This Committee governs compliance with corporate climate objectives, commitments, and ongoing performance. After receiving approval of climate-related goals and targets, the ESG committee continues to monitor progress using most recently available data to inform efficient decision making. The Committee is also responsible for reviewing and providing input on the topics of environment, health, and safety; policies on charitable and philanthropic activities; public policy advocacy efforts; information technology and cybersecurity; and policies and practices regarding diversity, inclusion, and human and workplace rights. The Committee functions in concert with the other Board committees and relies on a specialized team of technical, policy, and compliance advisors to support them. Ultimately, the ESG Committee acts as a critical resource to support Civitas’ executive team in the development and oversight of ESG processes, programs, policies, and disclosures. The ESG Committee meets at least quarterly and has the authority to raise business critical ESG issues in the intervening time. The Chief Sustainability Officer, a member of the company’s executive management team, meets regularly with the ESG Committee Chair to coordinate and prioritize actions within the Committee’s jurisdiction.

Executive Oversight

The executive management team brings deep technical, operations, financial, legal, government, regulatory, and community relations expertise and Board committees ensure thoughtful, ethical and professional governance. Civitas’ entire executive management team is engaged in ESG leadership and oversight for various elements of the company’s ESG program. The team consists of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the General Counsel, the Chief Accounting Officer, the Chief Sustainability Officer, and Senior Vice President of Operations.

The Chief Sustainability Officer (CSO) leads the sustainability program and along with the ESG Committee Chair, is responsible for setting the ESG agenda. The CSO also reports out progress, risks, and opportunities to the management team on a weekly basis.

Executive Compensation

Consistent with Civitas’ commitment to ensure full alignment with shareholders, the executive leadership team’s compensation is in annual salary and company stock (primarily in the form of performance stock units), and no longer includes cash bonuses. Equity awards are tied primarily to absolute shareholder return, driving continued alignment and responsibility to investors.

ESG IN EMPLOYEE COMPENSATION

In 2021, the employee annual bonus plan contained key performance indicators tied to greenhouse gas intensity and safety. Civitas believes this appropriately aligns employee incentives with the company’s ESG goals.

Our Executive Leadership

ESG-RELATED FINANCE MANAGEMENT

Civitas incorporates critical ESG considerations into financial management, overseen by the board. The company uses an internal cost of carbon to evaluate capital and operational expenditures in terms of their relative potential to reduce carbon dioxide equivalent emissions per dollar spent and manage climate-related risks. The Civitas cost of carbon is dynamic to account for changing conditions. For instance, the price incorporates values such as the market cost of voluntary carbon offsets, the cost of carbon offsets in global regulated markets, the published federal social cost of carbon and the intrinsic price of carbon based on implemented projects within Civitas.

The cost of carbon helps Civitas continue to lower its operational emissions by serving as a hurdle rate for evaluating projects for greatest emissions reduction impact. Where projects have a lower cost of carbon emissions reduction per dollar spent than the Civitas cost of carbon, they are fast-tracked for approval. The intrinsic price of carbon is calculated wherever feasible to add a decision point for projects that will result in greenhouse gas emissions reductions.

The cost of carbon also helps Civitas manage climate risks. As part of Civitas’ financial carbon-related planning efforts, the company developed multiple reserves scenarios based on various climate change scenarios per TCFD guidance including those based on actual end of year SEC pricing, the International Energy Administration’s (IEA’s) World Energy Outlook (WEO) Stated Policies scenario, and the IEA WEO Sustainable Development Scenario. This exercise provides key data points based on projected commodity costs to evaluate reserves, consider varying climate scenarios, and help inform the magnitude of various risks in each scenario. More details are provided in the TCFD section of this report but utilizing future forecasting under these scenarios helps Civitas drive climate related risks down faster to avoid higher-cost consequences in the future.



BEN DELL
Independent Chairman,
Board of Directors



MATT OWENS
Chief Operating
Officer



MARIANELLA FOSCHI
Chief Financial
Officer



CYRUS 'SKIP' MARTER
General Counsel
& Secretary



SANDRA K. GARBISO
Chief Accounting Officer
& Treasurer



BRIAN CAIN
Chief Sustainability
Officer



DEAN TINSLEY
Senior Vice President
of Operations

Risk Management

Civitas created a Risk Management team, comprised of subject matter experts from across the company, responsible for identifying, assessing, addressing, and monitoring risks.

This team reports up to the Board and the Audit Committee on a quarterly basis.

As underlined in the *TCFD section*, enterprise risks unquestionably include climate-related risks and opportunities, particularly those associated with legal and regulatory, environmental, and community implications. These act as a foundation for Civitas to evaluate these risks to the extent feasible, as well as pursue relevant opportunities across all climate scenarios.

THE TEAM

Director & Head of Planning,
Finance and Investor Relations

Chief Financial Officer

General Counsel

Director & Head of
Information Technology

Deputy General Counsel

Civitas’ Code of Business Conduct and Ethics, Insider Trading Policy and Corporate Governance Guidelines are subject to regular third-party audits.

All Civitas employees also receive the following trainings at the commencement of their employment with the company, and annually thereafter:

- » Business Conduct and Ethics
- » Insider Trading

To encourage a culture of compliance, Civitas maintains a Compliance Hotline, managed by an independent, third-party vendor, to provide employees and contractors with the ability to anonymously bring forward any concerns or issues and communicate with management. It also acts as a central repository to track, manage, and quickly resolve any reports. The General Counsel oversees this hotline and reports are provided directly to the Audit Committee Chair. The General Counsel is the first to review a report and identify the next appropriate steps to manage the issue, and remains engaged until resolution to ensure a full, independent investigation is conducted.

Civitas wants its workforce to feel confident and safe to voice concerns. For example, in March 2022, the company sent out a survey to all employees to better understand whether employees feel comfortable expressing their thoughts and concerns with all levels of management.

The company maintains a zero-tolerance policy for retaliation targeting anyone that makes an anonymous report.

Should any external stakeholders or community members need to report any behavioral or ethical violations, Civitas provides contact information at operating locations to report concerns or questions. These are tracked to ensure resolution and drive company accountability to the communities where it operates.

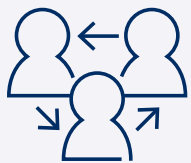
Additionally, part of Civitas’ commitment to ethical values is to provide external contractors access to an anonymous system to report suspected problems or complaints that may involve misconduct or violations to the company’s cultural values.

TRAININGS:

All Civitas employees also receive the following trainings at the commencement of their employment with the company, and annually thereafter:



Business Conduct
and Ethics



Insider Trading

Compliance, Business Ethics & Professional Conduct

Civitas understands the company’s license to operate is closely tied to its ability to adhere to high standards in business ethics and personal conduct, as well as maintain full compliance with all applicable laws and regulations as a minimum requirement to conduct business. Oversight of compliance, business ethics and professional conduct is managed at the Board level by the Audit Committee and at the management level by the company executive team. Sarbanes Oxley audits are conducted annually across operations, covering corruption and ethics assessments.

Civitas’ Code of Business Conduct and Ethics governs the actions of employees and contractors. Agents, suppliers, vendors, and contractors are expected to conform to standards set out in both the Code of Business Conduct and Ethics, as well as the Contractor Expectations Manual for Environmental, Health, Safety, and Regulatory Compliance when working for or on behalf of the company. Additionally, disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules, and regulations may subject an individual, as well as the company, to civil and/or criminal penalties.

Civitas’ General Counsel is charged with code policy training and distribution and updating the code with appropriate approval from the Board to reflect changes in the law, company operations, and recognized best practices. Upon employment and on an annual basis, employees are expected to certify that they have read and are familiar with the Code of Business Conduct and Ethics as well as the company’s Insider Trading Policy.

Management of Third Parties & Suppliers

Civitas works with a variety of contractors and subcontractors to carry out company operations. To maintain the integrity of the company's Environmental, Health & Safety (EH&S) standards, the company requires those it works with to adopt its standards or applicable minimum standards to ensure alignment with the company's ESG objectives. Contractors are first evaluated during the pre-qualification process by scoring contractor responses to the questionnaire in ISNetworld as well as complying with other pre-qualification requirements established by the company. The contractor's resulting score enables evaluation of the contractor's risk to Civitas.

Civitas also requires contractors to answer an ESG questionnaire to ensure contractor alignment with the company's ESG objectives.

The EH&S performance of contractors is verified in the field and is also monitored through audits for conformance to Civitas Resources requirements. The audit process includes a summary of the findings during the tabletop review and field observations. This is completed at a minimum annually, and more frequently if required.

Civitas' service agreements require contractors and subcontractors to comply with standards at least as stringent as the company's Environmental, Safety and Regulatory Compliance Manual or adopt the company's standards if contractor or subcontractor policies are less stringent. All contract employees who work on a Civitas facility must complete training on the Contractor Expectations Manual and maintain a record of completion for auditing and investigation purposes. In the company's Contractors Expectations Manual, Civitas conveys strict expectations to meet or exceed compliance with all applicable federal, state, and local regulations. The information is meant to supplement contractors' own policies and protocols with expected requirements. All contractors are expected to read, acknowledge, and sign this document.

All contract employees who work on a Civitas facility must complete training on the *Contractor Expectations Manual* and maintain a record of completion for auditing and investigation purposes.



Cyber Security

Civitas' deep commitment to proactively managing the risks around IT and Cyber Security remains one of the company's top priorities. Although the company remains steadfast in its policies, programs, and trainings, Civitas knows that cyber security threats are always evolving. For that reason, Civitas continues to seek out best-in-class technology, talent, and cyber security practices that will proactively protect the organization.

The Director & Head of Information Technology, in partnership with other senior IT department professionals, maintains the company's cyber security governance and oversight. On a quarterly basis, or as frequently as required, the IT Department reports cyber security updates, perceived threats, potential risks, and opportunities to Audit Committee on the Board of Directors.

Civitas requires all employees undergo IT and Cyber Security training including internal awareness engagements (such as phishing emails or click-bait) to reinforce good behavior that helps to minimize and mitigate potential risk.

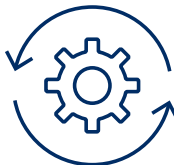
On a quarterly basis, Civitas conducts an internal IT and Cyber audit of its policies and practices to ensure the company is controlling risk as much as possible and drive improvement where necessary. Audits involve network penetration tests on company systems and databases, as well as external auditors that verify Incident Recovery Plans and internal preparedness. Evolving current state systems and trainings drives effective application of security management.



Civitas maintains the following policies to drive immediate, effective responses to IT and Cyber threats:



IT Security



Business Continuity Plan



Disaster Recovery Policy



IT Incident Response and Recovery

Political Activities

Civitas' governance structure is designed to ensure **its political and government affairs activities are fully aligned with the goals outlined as part of its ESG program.**

Civitas maintains regular contact with state and federal regulators and applicable officeholders to ensure it has a full understanding of the regulatory landscape, as well as to lend expertise or represent the company's views in legislative and regulatory policy formulation that is material to the business.

As a pure-play Colorado oil and gas producer, Civitas is proud to operate in a jurisdiction with among the most stringent oil and gas regulations in the country. These rules, enforced by the Colorado Oil and Gas Conservation Commission (COGCC) and the Colorado Department of Public Health and Environment (CDPHE), allow for enhanced community input during the permitting process and prohibit venting of excess natural gas, among other requirements. Civitas is committed to working with state regulators and local political leaders to help the state achieve its environmental, health, and climate objectives, while maintaining an operable environment for the company.

At Civitas, all legislative and regulatory engagement is conducted in accordance with all applicable laws and regulations. Disclosures of Federal lobbying can be found at the website for the Office of the Clerk for the U.S. House of Representatives and State lobbying disclosures are available at the Colorado Secretary of State website.

Our governance structure is designed to ensure political and government affairs activities are fully aligned with the goals outlined as part of the company's ESG program. The government affairs and regulatory policy team reports directly to the Chief Sustainability Officer who is responsible for carrying out the ESG program and reports to the ESG Committee on the Board of Directors.

Memberships & Associations

As part of the company's advocacy activities, the company engages with trade associations that include industry peers and companies from other sectors. Membership in trade associations allows Civitas to engage with other companies and develop unified public policy agendas.

Civitas is currently a member of the following groups:



American Exploration and Production Council (AXPC)



Colorado Oil and Gas Association (COGA)



Colorado Preparedness Response Network (CPRN)



South Platte Water Related Activities Program (SPWRAP)

4 APPENDIX



Oil & Gas

EXPLORATION AND PRODUCTION

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.

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2021)
GREENHOUSE GAS EMISSIONS				
Gross Global Scope 1 GHG Emissions ¹	Metric tons CO ₂ e (t)	EM-EP-110a.1	AXPC	1,278,400
Percentage Methane	Percentage (%)	EM-EP-110a.1	—	42
Percentage Covered Under Emissions-Limiting Regulation	Percentage (%)	EM-EP-110a.1	—	100
Gross Global Scope 1 Emissions				
Flared Hydrocarbons	Metric tons CO ₂ e	EM-EP-110a.2	—	78,000
Other Combustion	Metric tons CO ₂ e	EM-EP-110a.2	—	617,000
Process Emissions	Metric tons CO ₂ e	EM-EP-110a.2	—	3,300
Other Vented Emissions	Metric tons CO ₂ e	EM-EP-110a.2	—	572,000
Fugitive Emissions	Metric tons CO ₂ e	EM-EP-110a.2	—	8,100
Scope 1 GHG Intensity Rate	Metric tons CO ₂ e / MBOE	—	—	15.6
Gross Scope 2 GHG Emissions ²	Metric tons CO ₂ e	—	—	51,500
Total Scope 1 and 2 Emissions	Metric tons CO ₂ e	—	—	1,329,900
Total Electricity Consumed	MWh	—	—	96,300
Methane Emissions	Metric tons CH ₄	—	AXPC	21,650
Methane Intensity	Metric tons CH ₄ / Gross Annual Production	—	AXPC	0.265
Percentage of GHG Emissions Attributed to Boosting and Gathering Segment	Percentage (%)	—	AXPC	0
Percentage of Methane Emissions Attributed to Boosting and Gathering Segment	Percentage (%)	—	AXPC	0
Gross Annual Volume of Flared Gas	Mcf	—	AXPC	670,750
Percentage of Gas Flared Per Mcf of Gas Produced	%, Gross Annual Volume of Flared Gas (Mcf)/Gross Annual Gas Production (Mcf)	—	AXPC	0.27
Volume of Gas Flared Per Barrel of Oil Equivalent Produced	Gross Annual Volume of Flared Gas (Mcf) / Gross Annual Production (Boe)	—	AXPC	0.008

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

²Colorado Emissions Inventory is Mid Year (June through June), values will be reported in July 2022

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2021)
AIR QUALITY ²				
Air Emissions NOx (Excluding N ₂ O)	Tons	EM-EP-120a.1	—	—
Air Emissions SOx ³	Tons	EM-EP-120a.1	—	—
Air Emissions Volatile Organic Compounds ³	Tons	EM-EP-120a.1	—	—
Air Emissions Particulate Matter ³	Tons	EM-EP-120a.1	—	—
SPILLS				
Spill Intensity	Produced Liquids Spilled (Bbl)/Total Produced Liquids (MBbl)	—	AXPC	0.012
WATER MANAGEMENT				
Total Freshwater Withdrawn ³	Thousand cubic meters (m³)	EM-EP-140a.1	—	4,300
Total Freshwater Consumed ³	Thousand cubic meters (m³)	EM-EP-140a.1	—	4,300
Percentage of Freshwater in Regions with High or Extremely High Baseline Water Stress	Percentage (%)	EM-EP-140a.1	—	100
Volume of Produced Water ³	Thousand cubic meters (m³)	EM-EP-140a.2	—	9,250
Percentage Discharged	Percentage (%)	EM-EP-140a.2	—	0
Percentage Injected	Percentage (%)	EM-EP-140a.2	—	100
Percentage Recycled	Percentage (%)	EM-EP-140a.2	—	0.40
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	—	0
Freshwater Intensity	Freshwater consumed (Bbl) / Gross Annual Production (Boe)	—	AXPC	0.329
Water Recycle Rate	Recycled Water (Bbl) / Total Water Consumed (Bbl)	—	AXPC	0.4
Does your company use WRI Aqueduct, GEMI, Water Risk Filter, Water Risk Monetizer, or other comparable tool or methodology to determine the water stressed areas in your portfolio?	Description/ Analysis	—	AXPC	Yes

³Civitas does not disclose information on their probable reserves.

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2021)
BIODIVERSITY IMPACTS				
Number of Hydrocarbon spills	Number	EM-EP-160a.2	—	76
Aggregate Volume of Hydrocarbon Spills	Barrels (bbls)	EM-EP-160a.2	—	500
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	—	80
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 ³	Percentage (%)	EM-EP-210a.1	—	0
Percentage of (1) Proved and (2) Probable Reserves in or Near Indigenous Land ³	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	0.48
Total Recordable Incident Rate (TRIR) for Contract Employees	Rate, Hours (h)	EM-EP-320a.1	AXPC	0.13
Total Recordable Incident Rate (TRIR) for Both Full-Time and Contract Employees	Rate, Hours (h)	EM-EP-320a.1	AXPC	0.17
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 Full-Time Employees	Hours (h)	EM-EP-320a.1	—	30
Average Hours of Health, Safety, and Emergency Response Training for Contract Employees	Hours (h)	EM-EP-320a.1	—	30

³ Civitas does not disclose information on their probable reserves.

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2021)
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 Net Proved Reserves Table Below
Estimated Carbon Dioxide Emissions Embedded in Proved Hydrocarbon Reserves ⁵	Metric tons CO ₂ e	EM-EP-420a.2	—	39 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 ³	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	
SCENARIOS	OIL (MMbbls)	NATURAL GAS (MMscf)	NGL (MMbbls)		
2021 Actuals	144	888	106		
Stated Policies	147	906	108		
Sustainable Development	136	830	99		

*Proved actuals reserves based on SEC pricing for each respective year end report.

⁴ Proved reserves under current policies scenarios are based on SEC respective year end reports.

⁵ Production values match what was reported under subpart W for the EPA Greenhouse Gas Reporting Program; NGLs are included in oil as BOE.

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2021)
ACTIVITY METRICS				
Annual Employee Workhours	Number	—	AXPC	831,700
Annual Contractor Workhours	Number	—	AXPC	6,300,400
Annual Combined Workhours	Number	—	AXPC	7,132,000
Gross Annual Oil production	Bbl	—	AXPC	39,260,000
Gross Annual Gas production	Mcf	—	AXPC	246,808,000
Gross Annual Production	As reported under Subpart W (Mboe)	—	AXPC	81,800
Total Produced Liquids	MBbl	—	AXPC	39,300
Produced Liquids Spilled	Bbl	—	AXPC	485
Freshwater Consumed	Bbl	—	AXPC	26,900,000
Recycled Water	Bbl	—	AXPC	115,000
Total Water Consumed	Bbl	—	AXPC	27,650,000
Employee OSHA Recordable Cases	Number	—	AXPC	2
Contractor OSHA Recordable Cases	Number	—	AXPC	4
Combined OSHA Recordable Cases	Number	—	AXPC	6
Production of Oil	Thousands of barrels per day (Mbbl/day)	EM-EP-000.A	—	108
Production of Natural Gas ⁵	Million standard cubic feet per day	EM-EP-000.A	—	676
Production of Synthetic Oil	Thousands of barrels per day (Mbbl/day)	EM-EP-000.A	—	0
Production of Synthetic Gas	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 ⁶	Number of active wells	EM-EP-000.C	—	4,052
Number of Terrestrial Sites	Number of pad sites	EM-EP-000.C	—	1,077



To see Civitas' 2020 performance indicators, please visit our ESG Scorecard.

<https://tinyurl.com/y9ecwb7d>

⁵ Production values match what was reported under subpart W for the EPA Greenhouse Gas Reporting Program; NGLs are included in oil as BOE

⁶ Number of active wells as reported to the Colorado Oil and Gas Conservation Commission as of December 31 in the respective year

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2021)
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	—	<i>Managing Environmental Risks & Opportunities</i>
Biodiversity Impacts				
Description of environmental management policies and practices for active sites	Qualitative	EM-EP-160a.1	—	<i>Spill Prevention & Asset Management Biodiversity & Ecosystems Waste Management</i>
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	—	<i>Human Rights</i>
Community Relations				
Discussion of process to manage risks and opportunities associated with community rights and interests	Qualitative	EM-EP-210b.1	—	<i>Community Engagement & Volunteering</i>
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	—	<i>HSE Programs & Training Management of Third Parties & Suppliers</i>
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	—	<i>Climate Risk Management: TCFD Reporting</i>
Business Ethics and Transparency				
Description of the management system for prevention of corruption and bribery throughout the value chain	Qualitative	EM-EP-510a.2	—	<i>Compliance, Business Ethics & Professional Conduct</i>
Management of Legal and Regulatory Environment				
Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Qualitative	EM-EP-530a.1	—	<i>Political Activities</i>
Critical Incident Risk Management				
Description of management systems used to identify and mitigate catastrophic and tail-end risks	Qualitative	EM-EP-540a.2	—	<i>Risk Management</i>



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