



Corporate
Sustainability
Report

2023

TABLE OF CONTENTS

03

Introduction



12

Environment



28

Social



41

Governance



51

Appendix

1 INTRODUCTION

- 04 A Letter from Our CEO
- 06 About Civitas
- 08 Our Approach to Sustainability
- 09 ESG Materiality Assessment
- 10 2022 Report Highlights





M. CHRIS DOYLE
President and CEO

A Letter from Our CEO

Last year, in our inaugural sustainability report, we set ambitious aspirations for Civitas Resources — this year, I am pleased to report that we've taken a number of actions to fulfill our commitments. That is why I am pleased to present our second annual Sustainability Report, which details the actions we've taken in the last year to help us meet our goals. Over the past year, we made significant efforts to understand our current performance in each of these pillars so that we can invest in the right areas.

The publication of this report coincides with Civitas' evolution from being Colorado's largest pure-play operator to extending our asset base into the Midland and Delaware Basins of the Permian Basin. Civitas aspires to bring the same level of rigor in measurement and disclosure to these new assets as we share now with this report of our 2022 performance.

UNDERSTANDING OUR FOOTPRINT

Given our status as Colorado's first carbon neutral oil and gas producer with respect to scopes 1 and 2 greenhouse gas (GHG) emissions, we understand the importance of accounting for our greenhouse gas footprint in the most accurate and actionable manner possible. Over the past year, we have invested in creating continuity around data sourcing for our operations and in the solidification of our calculation methodology. Where processes have varied, we have implemented uniform standards that exceed the EPA's most stringent regulatory interpretations, proactively setting Civitas up for success in the face of an ever changing regulatory environment.

In addition to better data sourcing, we have also invested in better data management capabilities. Civitas' compliance tracking system integrates into our environmental, social, and governance (ESG) metrics dashboard, allowing for near-real-time accounting of our scopes 1 and 2 footprint. In line with our ambition to continue to reduce our operating footprint, this tool allows us to better understand where to focus our emissions reduction efforts on a more granular basis, and to set better, more meaningful targets. During 2022, Civitas identified natural gas pneumatic devices as one of its largest single-source contributors to company scope 1 GHG emissions.

We have since implemented a company-wide retrofit to compressed air, scheduled for completion by the end of 2023. This action alone has the potential to reduce the company's absolute scope 1 CO₂e emissions by approximately 33 percent relative to 2021, allowing Civitas to take an important step to reduce scope 1 emissions by 50 percent by 2027 against a 2021 baseline.

SUPPORTING OUR PEOPLE & COMMUNITIES

Foundational to Civitas' success and ability to achieve our aspirations is our social license to operate, and this includes ensuring our team members and contractors have a healthy and safe working environment. In 2022, we continued to make progress on improving personal safety, including the consolidation of health and safety practices to help achieve consistent application of Civitas' high standards.

We made the shift from aspirational to measurable, remaining active in our communities throughout 2022, and officially launching our Civitas Community Foundation that provides project grants and scholarships to communities where we operate. The Foundation's inaugural event partnered with Project Warm to provide a warm winter coat to each of the 10,000 kids attending low-income schools in our operating areas. We have continued our investment in local emergency response training and preparedness for Front Range firefighters as well, making sure that our focus on safety extends beyond our employees and contractors. We are excited to expand on these partnerships in the years ahead to continue supporting our surrounding neighbors and communities.





M. CHRIS DOYLE
President and CEO

STRENGTHENING OUR CORPORATE PRACTICES AND OVERSIGHT

Our leadership team embraces the belief that strong corporate governance and continuous improvement in our practices are key to the long-term health of our business and its people. Over the past year, we have published Human Rights and Biodiversity policies, reinforcing our commitment to acting with integrity — both in our communities and for the ecosystems where we work. Recognizing our commitment to diversity, we have improved female and racial/ethnic representation on our Board with our new 2023 cohort, in line with the objectives of our ESG framework. We are building partnerships with minority-focused professional organizations as a means for creating a quality pipeline of diverse talent throughout the organization. During 2022, we initiated the Employee Engagement Committee, with a Diversity, Equity, and Inclusion (DEI) subcommittee added to engage our employees and learn from their varying perspectives. It's our goal to develop additional employee resource groups based on a firm commitment to attract, retain, and develop top talent in a purpose-driven work environment.

LOOKING AHEAD

Building upon the success we have achieved over the past year, I'm optimistic that 2023 will be another year of significant progress for Civitas. We continue to drive meaningful change on our path to delivering on the aspirations set in our inaugural report and have already implemented a number of changes to-date that we look forward to sharing in the months ahead. I speak for all of Civitas' team members when I say thank you for your continued interest in this journey — our future is bright, and I look forward to all that we will accomplish together.



CARRIE HUDAK
Chairman of the ESG Committee

TBD TITLE

Ribusam enimodis rempelibus, accum eatium dolupis eicipis experum nobit veris esed quo idiamen ihiliciust estiate ipissim invelest, quossitia que nata cum que ventem hillupt aturit la sandia est, od modiciatus vellessincia corrore, si comnimus rem labor rae. Nequis re est enihilluptam eos et, te dento quae nos necto qui officit faccab ilibus, con eos intur si consequam, sit velique quam fuga. Et haruptat voluptur?



ABOUT CIVITAS

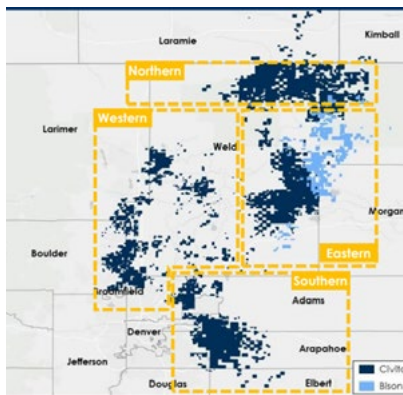
Civitas Resources was founded in November 2021 with the consolidation of Bonanza Creek Energy, Crestone Peak Resources, Extraction Oil and Gas, and HighPoint Resources, which established Civitas as the largest pure-play energy producer in Colorado's Denver — Julesburg Basin (DJ Basin). In March 2022, the company acquired Bison Oil & Gas, further expanding its footprint in the region. Today, Civitas operates approximately 525,900 net acres with a production base of about 170,000 barrels of oil equivalent per day.¹

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.²

¹ [Civitas 2022 10-K](#)

² Civitas Resources announced the signing of two definitive agreements to acquire oil producing assets in the Midland and Delaware Basins of west Texas and New Mexico in June of 2023. Both transactions are subject to customary terms and conditions and are expected to close in the third quarter of 2023 with effective dates of July 1, 2023.

Sustainable Value Creation



Civitas' main pillars of focus are (1) generating free cash flow, (2) maintaining a premier balance sheet, (3) returning cash to shareholders, and (4) demonstrating ESG leadership within the industry. Civitas' key stakeholders — investors, regulators, neighbors, and employees — demand excellence in sustainability to ensure the company successfully navigates the transition to a low-carbon economy.

Civitas sold a portion of its natural gas at a premium price due to its certification as third-party certified Responsibly Sourced Gas (RSG), highlighting how sustainability can increase the value of revenue streams. The world is expected to depend on oil and natural gas to meet its energy needs through decades of energy transition. Civitas anticipates that customers will increasingly seek out differentiated oil and gas resources that have been responsibly produced in a demonstrable manner.

CIVITAS ESG FRAMEWORK



ENVIRONMENT



Emissions Intensity Reductions

Company aims to achieve a 2.5% fixed annual scope 1 emissions intensity reduction against the 2019 EPA reporting baseline.



Absolute Scope 1 Emissions Reduction

Company aims to achieve a 50% reduction of absolute scope 1 GHG emissions by 2027 against the 2021 EPA reporting baseline.



Carbon Neutrality

Company aims to maintain scope 1 and scope 2 carbon neutrality, offsetting residual scope 1 and 2 GHG emissions with certified carbon credits from the four largest and in the Company's estimation, most credible registries (VERRA, GS, ACR, CAR) and for scope 2 emissions, Green-e® Certified renewable energy certificates.



SOCIAL



TRIR

Company aims to maintain a Total Recordable Incident Rate below 0.25 work related injuries per 100 full-time workers inclusive of employees and contractors in a one-year period.



GOVERNANCE



Board Diversity

Company aims to maintain a Board of Directors gender-composition of at least 30% female.

Civitas embraces that all key stakeholders — investors, regulators, neighbors, and employees — demand excellence in sustainability.

Civitas' ESG program is designed to help the company manage key risks related to health and safety, reputation, regulatory, legal, social, or local impacts, which helps the company to avoid harm and responsibly manage capital. This report seeks to align with Sustainability Accounting Standards Board (SASB), American Exploration and Production Council (AXPC), and Task on Climate-related Financial Disclosures (TCFD) disclosure frameworks and standards to provide insights on how climate change has the potential to impact the company's business model and how corporate performance compares to industry-specific peers and global climate change objectives.

The company believes robust ESG-focused operating practices provide a competitive advantage as federal regulators nationalize certain environmental and disclosure obligations and as operators in other areas work to come into compliance. The Greenhouse Gas Protocol will aid Civitas in proactively preparing for climate disclosure requirements proposed by the U.S. Securities and Exchange Commission. Civitas understands that all key stakeholders — investors, regulators, neighbors, and employees — demand excellence in sustainability.

OUR APPROACH TO SUSTAINABILITY

ABOUT THIS REPORT

Civitas' 2023 report discloses the company's 2022 performance. This report is intended 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 company's defined objectives. In the interest of maximizing transparency as a best practice, this report references and builds on the different sustainability and climate disclosure standards and frameworks of the: the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), and the American Exploration and Production Council (AXPC). In addition to the point-in-time disclosures provided in reference to these frameworks in the appendix of this report, supplemental data that becomes available after the date of publication of this report may, by Civitas' discretion, from time to time be made accessible on the Civitas website. However, Civitas takes no duty to update this information on a go-forward basis. The company plans to annually evaluate the evolving voluntary disclosure and regulatory landscape, along with shareholder expectations, to determine future reporting best practices. Unless explicitly stated otherwise, the information in this report is current as of March 31, 2023.

GOVERNANCE OF SUSTAINABILITY

The Board of Directors provides the highest level of oversight for Civitas Resources and its ESG program. The Board's structure includes an ESG Committee, which oversees and supports the Company's environmental, health, safety, regulatory, and compliance policies, programs, and initiatives, as well as the Company's commitment to sustainability. The ESG Committee meets at least quarterly and has the authority to raise business critical ESG issues in the intervening time.

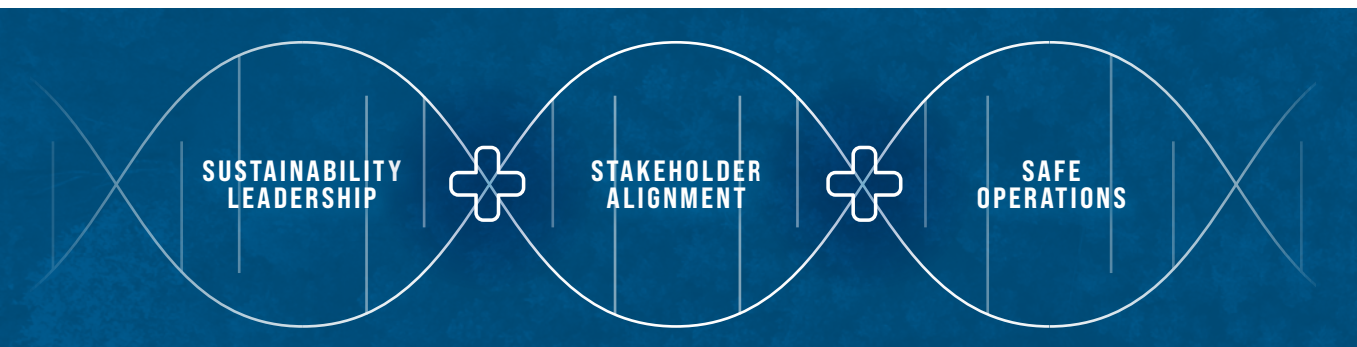
The Chief Sustainability Officer (CSO) leads the company's ESG program within the executive management team and is accountable for strategy and execution of ESG objectives. The CSO reports on progress, risks, and opportunities to the executive management team on a weekly basis and regularly interacts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

Civitas uses established external assessment frameworks to help identify, understand, and prevent particular potential ESG-related risks. The Company's commitment to rigorous evaluation and mitigation of evolving issues have led Civitas to annually review certain potential risks related to natural disasters, pandemics, legislation, social, political, and regulatory impacts, as well as competitive or technological displacements. Civitas works to track and monitor ESG-related risks to assess potential impacts.



ESG MATERIALITY³ ASSESSMENT

Civitas believes that it derives business value from its focus on safely and responsibly developing critical energy resources in a way that is aligned with its shareholders and stakeholders 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.

³ In this report, Civitas is not using such terms "material" or "materiality" as they are used under the securities or other laws of the U.S. or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. Materiality, for the purposes of this document should not, therefore, be read as equating to any use of the word in other Civitas reporting or filings.

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



Civitas intends to re-evaluate this assessment periodically to help ensure it remains aligned to important market and stakeholder expectations.

2022 Report Highlights

CIVITAS IS COLORADO'S
FIRST CARBON NEUTRAL
OIL AND NATURAL GAS
PRODUCER ON A SCOPE 1
 AND SCOPE 2 BASIS.⁴

⁴ We believe Civitas is Colorado's first carbon neutral operator on both a Scope 1 and Scope 2 basis, meaning that Civitas is at a neutral balance between emitting and removing carbon from the atmosphere.

TARGET TO REDUCE ABSOLUTE SCOPE 1 GHG EMISSIONS 50% FROM 2021 BASELINE BY 2027, TOGETHER WITH AN ANNUAL 2.5% FIXED SCOPE 1 GHG EMISSIONS INTENSITY REDUCTION AGAINST 2019 EPA REPORTED BASELINE ON A 10-YR AVERAGE THROUGH 2030.



Zero routine flaring,
achieved January 2022



Electrified drilling and
completions equipment,
used where feasible and
appropriate



Comprehensive natural
gas pneumatic retrofit;
expected completion
by end of 2023



Emissions-controlled
first-production
equipment



Leak detection &
repair



Audio/visual/olfactory
inspections



Pipeline transportation of
produced oil and water,
where feasible

**TOTAL
RECORDABLE
INCIDENT RATE
TARGET: LESS
THAN 0.25**

**CONTINUOUS
METHANE
MONITORING
AT MORE THAN
90 SITES**

**NEW CROSS-SECTOR PARTNERSHIPS
TO DEVELOP A ROBUST PIPELINE OF
DIVERSE TALENT.**



2022 Report Highlights Continued



Governance

- » Board compensation chiefly in stock
- » Named Executive Officer (NEO) compensation aligned with absolute shareholder return targets
- » Dedicated ESG Board Committee
- » Annual Board Elections
- » Updated bylaws that create a majority voting standard and proxy access for improved shareholder nominations



Civitas Community Foundation

A 401(c)(3) providing **grants and scholarships** in nearby communities with special dispensation to those located closest to company operations



Biodiversity

Civitas' Wildlife Program includes a range of **Best Management Practices (BMPs)** and new technologies implemented as appropriate and aimed at reducing ecological impacts, including environmental site assessments, on-site third-party biologists, sound wall installations, and extended-reach horizontal drilling



Humanitarian Relief

In addition to numerous local giving campaigns, Civitas provided **\$10 million** for Ukrainian war relief purposes in 2022



Orphan Well Plugging

- » Civitas committed to voluntarily **plug 41 wells orphaned by previous operators** located in and around its operating areas on the Denver Front Range
- » This commitment will eliminate 10% of Colorado's orphan wells known as of January 1, 2022

MORE THAN 90 LOCATIONS EQUIPPED WITH MORE THAN 100 24-7 REAL-TIME AIR MONITORING AND METHANE DETECTION STATIONS

31 WELLS CERTIFIED BY A THIRD-PARTY AS PRODUCING RESPONSIBLY SOURCED GAS WITH SIGNIFICANT PROGRAM EXPANSION PLANNED FOR 2023

2 ENVIRONMENT

- 13 Managing Environmental Risks & Opportunities
- 16 Greenhouse Gas Emissions & Air Quality
- 19 Emissions Monitoring & Management
- 20 Energy Management & Renewables
- 22 Water Management
- 23 Spill Prevention & Asset Management
- 24 Biodiversity & Ecosystems
- 27 Waste Management



MANAGING ENVIRONMENTAL RISKS & OPPORTUNITIES

Civitas' commitment to sustainability leadership in the oil and gas industry exists at the nexus of a dedication to environmental stewardship and the company's unique status as Colorado's first carbon neutral oil and gas producer with respect to scope 1 and 2 GHG emissions. This commitment to carbon neutrality is not a goal to be achieved years from now; it was a reality at the time of corporate formation that has been maintained through a two-fold approach to 1) reduce and eliminate operational emissions as a foremost priority, and only after that rigorous effort has taken place, 2) offset residual scope 1 and 2 emissions annually.

In 2022, Civitas strengthened and improved its scopes 1 and 2 GHG emissions intensity monitoring, developing detailed planning to meet impending GHG intensity targets — especially methane intensity — required by Colorado and federal regulations. These actions are informed by Civitas' firm understanding of the expectations set by regulating agencies and the company's commitment to proactive and continuous compliance.

Civitas persistently seeks out opportunities where engineering design, technology, and operational procedures can be improved to reduce or permanently eliminate emissions sources. A comprehensive effort was undertaken in 2022 to establish the foundation of the corporate emissions profile, consolidating data collection and calculation methods for consistent and repeatable analysis. This baseline exercise identified the highest-impact emission reduction projects for technology selection, workforce resourcing, and budget allocation.

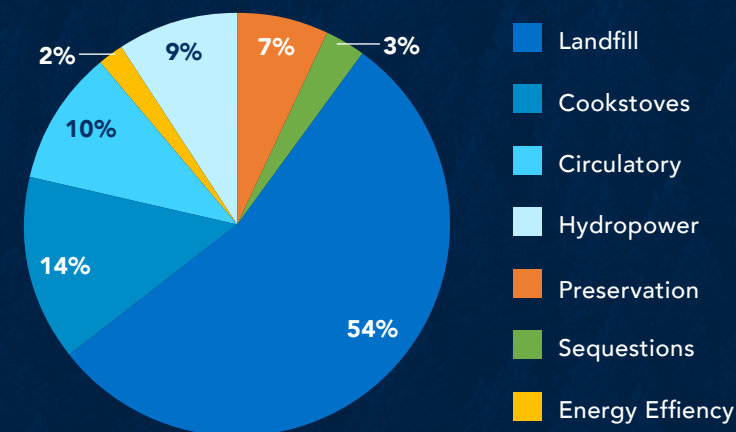
CARBON OFFSET PORTFOLIO

Civitas seeks to offset residual scope 1 emissions that have not yet been or cannot be eliminated with certified credits validated and offered through the four voluntary carbon credit project registries that Civitas considers most credible — American Carbon Registry (ACR), Gold Standard, Climate Action Reserve (CAR), and Verra's Verified Carbon Standard (VCS) program's registry.

Civitas intends to continue offsetting scope 2 emissions with Green-e® certified renewable energy certificates (RECs), providing assurance that the company's renewable energy certificates are legitimate, measurable, and only claimed by one party.⁵

Civitas' disciplined investment principles include a dynamic approach to carbon credit selection over an array of offset project types. The company prioritizes methane-eliminating projects, high-quality U.S.-centric nature-based offsets with clear additionality, energy efficiency, and international offset projects that have co-benefits mitigating negative environmental or social impacts. Civitas stays current with the evolving nature and availability of different offset project types as it manages its portfolio.

CIVITAS HOLDS ~1.5MM MT-CO₂E IN VOLUNTARY CARBON CREDITS [AND RENEWABLE ENERGY CERTIFICATES] AFTER 2022 RETIREMENTS, HELPING TO ENSURE NEUTRALITY THROUGH AND BEYOND 2023



**67% USA
AND 33%
INTERNATIONAL**

⁵ www.green-e.org/long-rec-disclosure

Civitas' approach to carbon neutral operations is guided by three primary climate goals:

- 1 A **50% reduction** of absolute scope 1 GHG emissions by 2027 from a 2021 baseline
- 2 An annual **2.5% fixed reduction** of scope 1 GHG emissions intensity from a 2019 baseline⁶
- 3 A commitment to offset all residual scope 1 and scope 2 emissions using **certified carbon credits** and renewable energy certificates, respectively⁷

Civitas' carbon neutral commitment creates a financial impetus to internally reduce emissions to mitigate the long-term impact of purchasing voluntary carbon credits and renewable energy certificates a methodology for project cost analysis that incorporates value effects, supporting responsible and impactful spending. Civitas continually assesses innovative emissions mitigating strategies and technologies for implementation.

⁶Time averaged over a 10-year period.

⁷From company inception in November 2021.

**At various locations
these include →**



Asset optimization through infrastructure consolidation



Compressed air retrofit of natural gas pneumatic devices



Facilities designed to manage or control maintenance emissions



Tankless or closed-loop production facilities



Plugging of inactive vertical wells



Monthly LDAR and routine visual inspections for leak detection



Continuous ambient emissions monitoring at new facilities in pre-production and early production operations



Pipeline transportation of oil where feasible, reducing truck hauling



Flowback to tankless facilities and pipeline infrastructure



Fuel gas measurement on engines and engine upgrades



Pressurized workover operations equipment to decrease venting



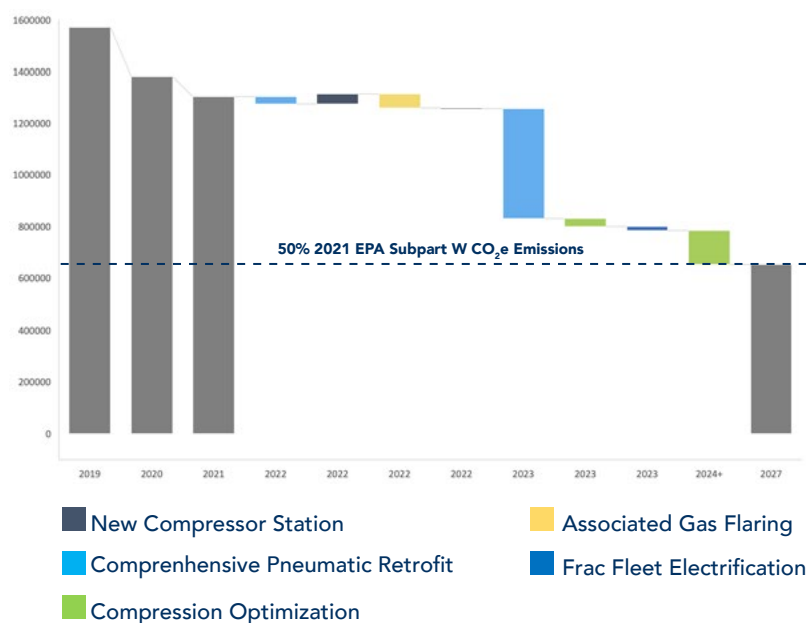
Enhanced gas vapor extraction and emissions controls on tanks



Local sourcing of materials where feasible and appropriate, reducing transportation (e.g., frac sand contracted from a local mine, eliminating the need for rail transportation)

Civitas' legacy companies paved the pathway as early adopters of emissions management and mitigation programs including pneumatic retrofits, methane monitoring technologies, electrification of drilling, and supplying third-party certified Responsibly Sourced Gas (RSG). Civitas has built upon these efforts to advance its own emissions reduction program. Increased frequency and accessibility to GHG data from Civitas' proprietary ESG metric dashboard, developed in 2022, has improved corporate confidence and clarity around its ability to set and meet operational GHG emissions targets.

Absolute Emissions Reduction Roadmap
(mT-CO₂e)



COST OF CARBON

Cost of carbon calculations are inherently critical to Civitas' commercial success and its ability to serve stakeholders with value analyzed emissions reduction projects.

Civitas' internal cost of carbon remains at \$30 per mT-CO₂e, calculated using actual project costs and values to identify the implicit cost of carbon, and then applying a variety of economic, environmental, and social factors to develop an internal cost of carbon. As the incremental metric ton of carbon emissions becomes more difficult to eliminate, the internal cost of carbon range will likely increase.

The company's internal cost of carbon is used as part of a strategy to minimize climate-related risks, select projects with low-carbon emissions, and prioritize projects with high emissions reduction value. Projects with returns that are near or below the internal cost of carbon receive priority in the budgeting process. Projects where the cost of reducing emissions is significantly more per ton than the internal cost of carbon require additional rigor in analysis, optimization in design, and justification in the duration of service before receiving approval to proceed. This process helps ensure that climate risk continues to be mitigated as efficiently as possible within Civitas.

Case Study

Venting from natural gas pneumatics is a major contributor to Civitas' emissions profile, and as such the company continues to invest in proven and commercialized technologies to achieve value-impact emissions reductions. Civitas has committed **\$15 million** to a comprehensive natural gas pneumatic retrofit, as a high value emissions reduction project at **\$33/mT-CO₂e** cost of carbon with significant benefits in methane reduction. Civitas expects that this project will be complete by the end of 2023.



GREENHOUSE GAS EMISSIONS & AIR QUALITY

Civitas made an extensive effort in 2022 to help ensure a comprehensive understanding of the company's emissions profile and to position itself to achieve its emissions reduction goals through its ESG Data Management Strategy. Civitas' data collection and calculation methods were baselined for continuity and to create access to the high-quality data necessary to understand and implement emissions reductions. Civitas' emissions reduction targets often help produce results exceeding federal regulatory requirements, including U.S. EPA standards.

Civitas contracted a field audit to hand-count tens of thousands of pneumatic devices, an improvement to the field estimation method utilized by a majority of their legacy companies. At a calculated 41% of its absolute CO₂e emissions and 95% of its absolute scope 1 methane emissions, natural gas pneumatic devices constitute a significant portion of Civitas's GHG emissions and are a target for meaningful emissions reduction. Civitas' accelerated plan for comprehensively retrofitting natural gas-driven pneumatic devices has the potential to reduce

the company's annual absolute CO₂e scope 1 emissions by approximately 33% by the end of 2023 relative to 2021, a significant step towards Civitas' 50% scope 1 GHG emissions reduction by 2027 target.

Civitas will remain relentless in its commitment to reduce emissions.

Civitas' consolidation of singular processes for data management among legacy companies relied heavily on the company's Environmental Management Information System (EMIS). This EMIS serves as the system of record for GHG and air quality data. The EMIS compiles and stores digital forms, metered data streams, calculated emissions, and physical inventory records. In combination with environmental management policies and practices, the EMIS allows Civitas to proactively manage its environmental footprint at all facilities and supports overall operational excellence. The EMIS calculates emissions, monitors emission limits, and tracks permitting requirements as applicable, sending out alerts and reminders when action is required.

Civitas' ESG metrics dashboard integrates enterprise-wide data from EMIS into a bespoke visualization tool that provides near-real-time data and improved information for operational decision making, allowing the company to review aggregated data far ahead of the traditional annual greenhouse gas reporting cycle. The ESG dashboard enables a granular progress assessment on emissions reduction projects, and is used for optimization of the company's project spend and residual emissions offset management. This capability also allows Civitas to proactively prepare for oncoming regulatory requirements, empower decision making, and prioritize highest-return emissions reduction projects.

The "boots-to-the-boardroom" accessibility to data that's otherwise been unavailable allows Civitas to set better, more meaningful targets. In 2023, Civitas plans to enhance the ESG dashboard to aggregate monthly scope 2 GHG emissions data, develop dashboards for safety and diversity metrics, and provide additional user training for employees.

The company's data systems and software combine to provide a strong methodology to track and analyze data. Data is fed into the system and applied to EPA-compliant templates based on applicable Greenhouse Gas Reporting Program forms. The EPA validates the annual data to ensure appropriate methodologies are utilized.

Civitas' software systems and data management solutions, inclusive of those described in this report, are designed in alignment with the security standards necessary to meet financial reporting requirements. As a publicly traded company on the New York Stock Exchange (NYSE), Civitas Resources is bound by Sarbanes Oxley Act (SOX) compliance. Through the company's compliance activities, Civitas collects, monitors, protects, and tests data used throughout financial reporting processes that would impact the company's key stakeholders, including Civitas' investors, vendors, owners, and communities. Civitas engages third-party audit firms for annual audits to validate Sarbanes Oxley compliance and ensure the Company's security control protocols are adhered to. Civitas Resources is committed to continuous process enhancement to ensure its IT security posture is maintained and sustained.

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

As an operator in a state with some of the most rigorous air emissions regulations in the nation, proactively participating in the development of and preparing to meet new Colorado standards is a competitive advantage for Civitas as the state and various stakeholders increasingly expect superior environmental performance. Civitas' emissions reduction targets often help produce results exceeding regulatory requirements. Natural gas pneumatic retrofit to instrument air, optimizations of compressor systems, pipeline looping, and electrification are examples of projects that help meet regulatory compliance obligations and support the accomplishment of emissions reduction goals.

- ↓ Scope 1 GHG emissions from pneumatic devices **decreased 4.4%** in 2022 as compared to 2021 as Civitas began implementation of the retrofit program in 2022 that will hit its stride in 2023.
- ↓ Operational, procedural, and equipment upgrades resulted in a **95% reduction in scope 1 GHG emissions** from well unloading in 2022 as compared to 2021.
- ↓ Civitas joined the Zero Routine Flaring by 2030 initiative with the World Bank. Associated Gas **emissions from routine flaring were reduced by 99%** with a complete phase out of the source type by year end 2022.



Air monitors measure methane, total VOCs, and other air pollutants including Particulate Matter (PM) and Hazardous Air Pollutants (HAPs).

Beyond Civitas' strategic investment in carbon emissions reductions projects, Civitas annually spends about **\$9 million** on ongoing carbon emissions permitting, monitoring, and reduction.

At various locations these projects include →



Emissions control device stack testing



Ambient air quality monitoring



FLIR leak detection & repair — FLIR cameras are used daily in the field



Continuous methane leak monitoring technologies



Compression optimization, electrification, and replacement of outdated engines



Fuel gas measurement on engines



Annual and semi-annual leak prevention maintenance programs

Regulatory Preparedness

On a national regulatory level, Civitas is regularly evaluating and proactively planning how it would comply with potential future regulations and policies. Through direct engagement with regulators as well as through State and National trade associations, Civitas collaborates with stakeholders and actively participates in the development of responsible regulation. In 2022, Civitas participated in two significant federal rulemakings directly related to methane reduction (OOOOB/c and the MERP). Taking part in these processes enables Civitas to both prepare for compliance and proactively comply.

Civitas continuously engages in rulemaking with new air quality regulations in the State of Colorado. As with federal rulemaking, Civitas' participation in State rulemaking allows regular evaluation and preparation for upcoming compliance requirements. This active involvement with rulemaking at both the federal and state levels encourages a partnership between regulators and Civitas and positions Civitas in a thought leadership role for policy development.

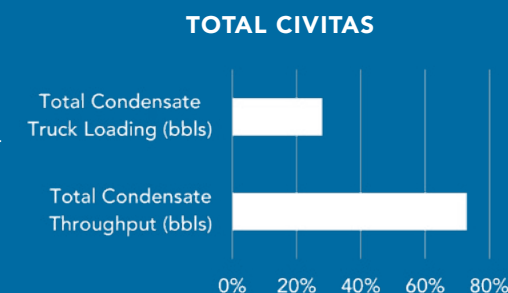
In addition to GHG compliance requirements, Civitas tracks, permits, and works to comply with all applicable state and federal air regulations. These rules regulate additional air quality constituents — including but not limited to volatile organic compounds (VOCs), HAPs, nitrogen oxides, sulfur oxides, and particulate matter.

Air quality reviews are conducted weekly, and the company regularly coordinates with appropriate state regulators to participate in voluntary air pollution emissions reduction activities, especially during the summer ozone season.



Case Study: Oil Trucking vs Pipeline

70% of the oil Civitas produces within Colorado is transported off-pad via pipeline infrastructure, with the remaining 30% trucked. Avoiding trucking decreases road miles and thus, emissions. Less traffic on the roads also reduces the potential for traffic-incident related spills and the burden on the communities in which the company operates.



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 the company's operating areas. Civitas has begun the process of plugging these wells and anticipates completion in 2025.

"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 within the state of Colorado is an important step for the state to meet its commitment to reducing statewide greenhouse gas pollution by 90% by 2050, relative to 2005 levels.

EMISSIONS MONITORING & MANAGEMENT

Monitoring Technology

The company's efforts to detect and quantify emissions throughout its operational footprint are foundational to its status as a carbon neutral operator.

To improve and validate the data across varying operations, the company has partnered with two external groups to conduct annual flyover assessments in the DJ Basin and analyze company assets using top-tier technology.

In 2022, 1,881 surface facilities and 1,419 miles of pipeline were inspected, with an integrity finding in **excess of 99.99%**

Civitas installs 24/7 leak detection on newly constructed facilities. This technology enables immediate leak detection and repair efficiency and 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 leak quantification. Civitas has more than 100 air monitoring systems at more than 90 locations equipped with 24-hour, real-time ambient air monitoring stations. The company plans to expand its long-range laser detection program in early 2023, a technology with the added benefit of detecting leaks at adjacent sites in the existing infrastructure.

Civitas performed over 9,000 optical gas imaging inspections in 2022. This technology allows the technician to survey all the equipment and piping at a facility and see very small methane leaks that might otherwise be undetectable. Civitas' optical gas imaging (OGI) inspection program exceeds standard practice at the state and federal compliance levels and will likely dovetail with future regulatory requirements.

Of the 9011 OGI inspections performed, **3,338 very small leaks were repaired at 608 locations**



THIRD-PARTY CERTIFIED RESPONSIBLY SOURCED GAS

Civitas has more than 30 wells that are third-party certified to produce RSG, positioning itself to sell RSG to customers with a certified promise that its gas has a lower scope 1 GHG emissions footprint than traditionally sourced gas. The certification process requires an independent third-party review with rigorous analysis of design, operations, and practices and validates Civitas' production of affordable, reliable energy to support the energy transition.

In 2023, Civitas plans to obtain additional energy certificates for up to 9 existing sites, and 11 new locations, potentially increasing available RSG deliveries by 50x.

The Oil and Gas Methane Partnership (OGMP 2.0) is an United Nations Environmental Programme for comprehensive measurement-based reporting of methane emissions for the oil and gas industry. Civitas became a partner in 2022 with the submittal of its OGMP 2.0 implementation plan. Civitas seeks to fulfill Level 4 and Level 5 methane emissions disclosure guidelines under the programme — the levels requiring the highest granularity — as a foundation for its responsibly sourced production.

ENERGY MANAGEMENT & RENEWABLES

Civitas is investigating opportunities to manage its scope 2 GHG emissions footprint by investing in renewable energy generation to power a portion of its operations. Civitas has installed solar capabilities on certain pads to power low voltage systems and is exploring opportunities to vertically integrate its electrical usage with solar production through programs with utilities.

Aligned with its commitment to reduce emissions first and then offset residual emissions second, Civitas continues to evaluate strategies to operate with energy-efficient systems and lower energy requiring technologies where feasible, recognizing that using less energy overall is a vital component of cutting emissions.

ELECTRIFICATION OF ASSETS

Electrified over
58% of drilling
activities in 2022

Piloted electrified
hydraulic
fracturing fleets

Electrifying
compressors,
where feasible
and appropriate

Installing electrically
powered artificial
lift technologies,
where feasible and
appropriate

SUMMARY OF CIVITAS' EMISSIONS REDUCTION GOALS



Remain **carbon neutral**
across scope 1 and scope 2



Reduce scope 1 greenhouse gas emissions intensity
by a fixed 2.5% annually from the 2019 Subpart W
reporting baseline, averaged over 10-years



Reduce absolute scope 1
GHG emissions **50%** by
2027 from a 2021 baseline



Reduce scope 1 GHG
pneumatics emissions by
>80% by 2025 from a
2021 baseline



Zero routine flaring after
January 2022

WATER MANAGEMENT

Colorado water is a precious commodity, supplying fresh water to seven states in the Western United States. Civitas understands the critical role it plays in driving environmental stewardship of this important resource. In January 2021, the Colorado Oil and Gas Conservation Commission⁸ (COGCC) implemented Rule 615, regulating groundwater quality standards associated with new oil and gas development. Rule 615 requires monitoring wells within a 0.5-mile radius of the location to be sampled prior to drilling to establish an analytical baseline. Subsequent samples are collected 6-12 months post well completion, 5-6 years post completion, and every five years thereafter during the life cycle of the well. A final sample is required to be collected and analyzed 6-12 months after the well has been permanently abandoned. Should the company experience an event that impacts water quality, Civitas intends to follow site specific COGCC recommendations.

The company works to reduce 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 and recycling. 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.

Civitas disposes of produced water at third-party saltwater disposal (SWD) wells and seeks to do so in a responsible manner. For produced water management, Civitas evaluates the closest water disposal locations as part of the bidding process to optimize for drive times and distances.

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

WATER RESOURCE MANAGEMENT IN PRODUCTION

Monitoring wells are sampled and tested on a prescribed cycle to help ensure local freshwater resources are protected. Groundwater samples are collected for laboratory analysis in accordance with COGCC Rule 615 Part E Section 2, which includes total petroleum hydrocarbons (TPH), benzene, toluene, ethylbenzene, and xylenes (BTEX).

2022 Baseline Sample Data	38 initial water samples were collected in 2022 Subsequent Sample 1 (6-12 Months Post Completion)	Subsequent Sample 2 (60-72 Months Post Completion)	Subsequent Sample 3+ (Every 5 Years Post Completion)
	<ul style="list-style-type: none">28 first subsequent water samples were collected in 20225 samples indicating a reportable change from baseline0 samples indicating a change >5mg/l from baseline	<ul style="list-style-type: none">2 water samples were collected in 20221 sample indicating reportable change between sampling periods⁹0 samples indicating a change >5mg/l between sampling periods	<ul style="list-style-type: none">0 samples taken in 2022

⁸ Renamed the Colorado Energy and Carbon Management Commission (ECMC), formerly the Colorado Oil & Gas Conservation Commission in 2023. The result of SB23-285 – the ECMC reflects the ever-evolving nature of energy development and use in Colorado.

⁹ Change was investigated and not determined to be from oil and gas development.

SPILL PREVENTION & ASSET MANAGEMENT

Spill prevention is an essential part of Civitas' license to operate, and the company goes to significant lengths to proactively manage this risk. When spills do occur, the company's Spill Response Notification Program is designed to drive internal communications, and qualifying spills are expected to be reported to regulators with immediacy. Civitas leverages a root cause investigations to identify lessons learned and systemic weaknesses, helping to proactively prevent future spills by incorporating these insights into facility design, maintenance programs, and procedures. Civitas recently formed a separate operations integrity team that encompasses chemistry, maintenance, and equipment integrity to help investigate spills and identify the root cause.



EMERGENCY/SPILL RESPONSE TRAININGS



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



SPCC Plan (Annual)



Emergency Response Training
and Drills (Annual)



Desktop Drills (Annual)

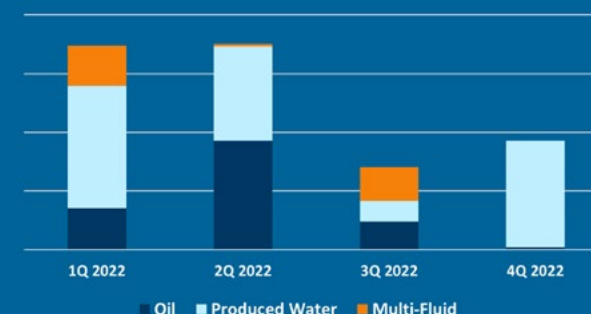


Unannounced Drills (Annual)

Civitas has a company-wide target to reduce reportable spills by **20% compared to 2022 for the year 2023**

2022 SPILL DATA Reportable spills decreased in the second half of the year.

Reportable Spill Volumes



Civitas' sites are outfitted with technology designed to allow its operations team to remotely shut down assets in case of an emergency or under elevated risk circumstances like extreme weather. If a spill incident occurs, Civitas employees are expected to act immediately to assess the site, ensure they can safely engage, and then rapidly respond to control the spill or release. Civitas collects data regarding the release at the site of the incident, assessing the impact on the environment and responding accordingly.

Civitas has consolidated the Spill Prevention, Control, and Countermeasure (SPCC) plans of its legacy assets to develop a consistent set of practices and protocols across its operating sites. Civitas employees are required to operate in accordance with these standards and trainings, which are tailored to the nuances of each operational location.

BIODIVERSITY & ECOSYSTEMS

Biodiversity impacts are a principal consideration given Civitas' geographic footprint and the unique environment and ecosystems of Colorado. Civitas' Wildlife Program incorporates wildlife and nature resource protection measures and Best Management Practices (BMPs) designed to mitigate impacts on biodiversity and ecosystems.

For various sites these intended measures and best practices include →

Environmental site assessments to survey for sensitive wildlife prior to new operations

Wildlife protection and mitigation plans

On-site and third-party qualified biologists

Collaborations with wildlife agencies for wildlife protection/mitigation guidance and data provision (i.e., Colorado Parks and Wildlife and U.S. Fish and Wildlife Services)

Scheduling of operations outside sensitive wildlife seasons, when possible

Reporting of injured or orphaned wildlife and transportation to rehabilitation facilities

Wildlife education sessions for staff

Sound wall installation

Limited daily working hours in certain seasons and habitats

Buffer establishment in line with species-specific buffer zone guidance from wildlife agencies

Wetland delineations and assessments of other sensitive wildlife habitats

Stormwater BMP installation

Strategic selection of operation locations where there has already been an environmental disturbance, when possible

Restoration of disturbed areas to their original self-sustaining ecosystem upon completion of operations

Execution of multiple project phases simultaneously



BIODIVERSITY & ECOSYSTEMS



Civitas leverages technologies to help minimize the ecological impacts of its operations. For example, increasingly extended-reach horizontal drilling expands sub-surface operations from the same well pad as opposed to drilling across surface geography.

Civitas' Biodiversity Policy helps guide its selection of new operating locations, often considering the presence of preexisting environmental disturbances. Prior to beginning any drilling operation, the company conducts a desktop survey, an environmental site assessment, a field survey, and an alternative site analysis to help understand all biodiversity and ecosystem impacts. Third-party vendors collect aerial survey data to view disturbance areas and conduct change analysis from initial buildout to disturbance, which is used to design reclamation plans. Civitas has a new priority habitat mapping process for all operations and comprehensive area plans.

At times, the company may alter its development plans to account for local wildlife and minimize impact, as it deems necessary.

Civitas seeks to consider impact to wildlife throughout all operational phases, including development and construction, operations, workover operations as well as maintenance, remediation, and decommissioning. In addition to working to ensure compliance with all wildlife protection requirements set by the COGCC, Civitas voluntarily requests third-party due diligence surveys prior to all new operations to help ensure compliance with wildlife laws and to avoid unnecessary harm to wildlife. **Civitas contracts with wildlife biologists to review the nuanced impacts of seasonality on the**

ecosystem throughout operations and help ensure the company does not disturb breeding grounds, nests, or other seasonal wildlife. If active nests or other sensitive wildlife or habitats are found, appropriate protection and mitigation measures are implemented, including project delays.

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.

Civitas' commitment continues through the end of the lifecycle with a robust reclamation program that clearly defines the protocols and processes around biodiversity and habitat restoration. The company performs interim reclamation — the middle phase between drilling and the final reclamation element of plugging a well — partnering with biologists, well-planners, reclamation experts, and other natural resource specialists to return the land to a state that will appropriately benefit the ecosystem.

Civitas strives to operate responsibly and avoid unnecessary harm to wildlife. The company intends to continue to collaborate with wildlife agencies to develop the best field-wide and site-specific BMPs to protect wildlife resources and habitats.

2022 STATISTICS:

Civitas conducted more than **400 environmental surveys**

10 projects had biologists (with stop work authority) present on site during operations to monitor nearby active bird nests and birds' responses to operations

12 projects were rescheduled in order to protect seasonal wildlife resources



Case Study

Civitas' bird mitigation program is designed to limit impacts to birds near operations. In one scenario, the identification of an active nest resulted in delayed construction in order to allow the nestlings to fledge, even though the species was not protected by the Migratory Bird Treaty Act (MBTA).



Case Study

In another scenario, for work adjacent to an active bald eagle nest site, Civitas consulted with the CPW, COGCC, and a third-party wildlife biologist to determine a mitigation plan. Time sensitive work was performed, with agency and consultant monitoring to assess the eagles' response to the activity. The remaining operations were put on hold until it was confirmed that the eaglets had fledged the nest.



WASTE MANAGEMENT

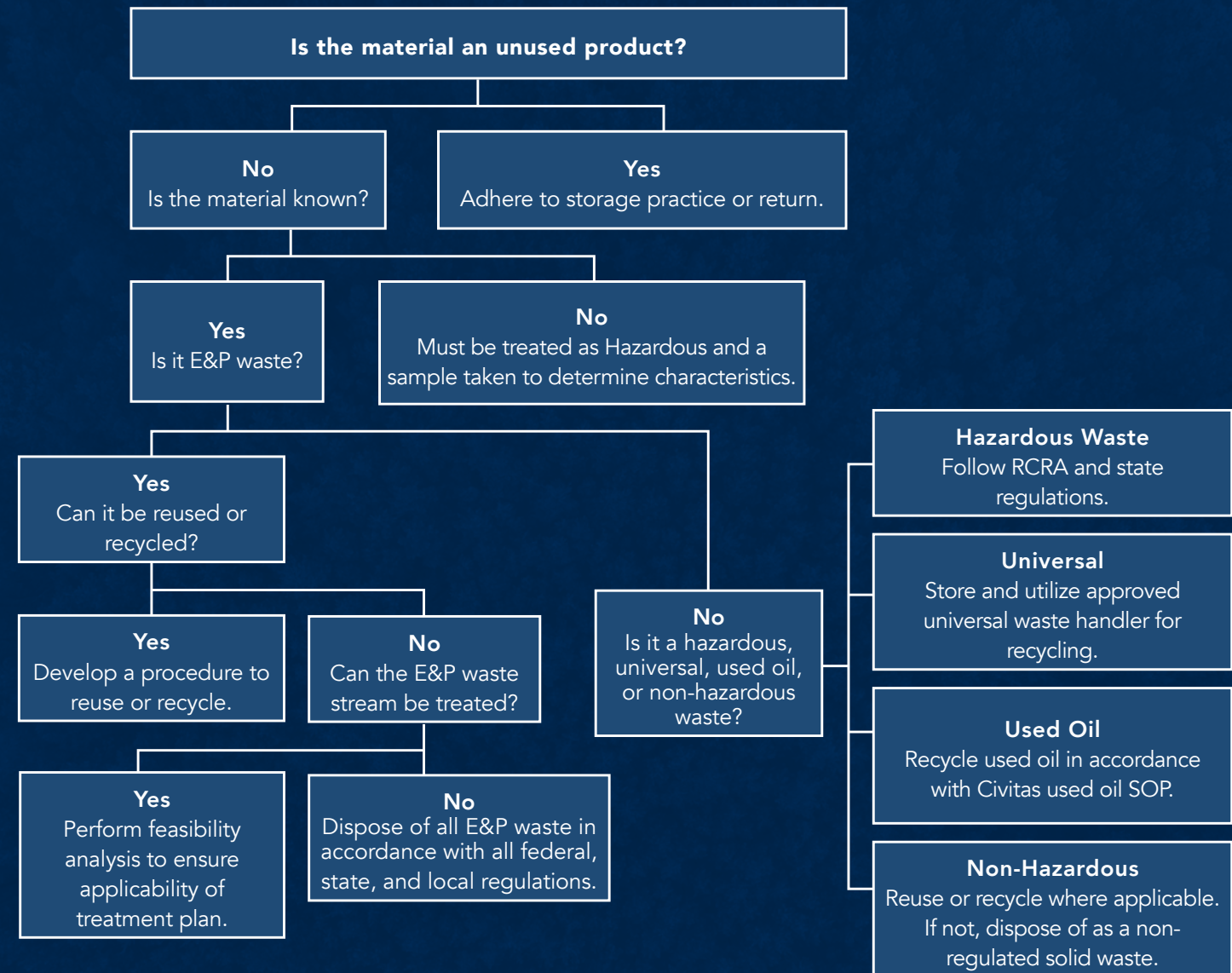
Civitas has a process designed to ensure waste, both hazardous and non-hazardous, is classified, tracked, treated, handled, transported, stored, and disposed of in conformance with regulatory requirements. Civitas is building uniform waste management practices and procedures across operations, in addition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

Civitas' drilling operations reduce the potential waste stream from drilling fluid by an estimated 50% by utilizing emissions controlled multi-stage separation processes for re-use of drilling fluid. This practice reduces the consumption of the highly refined and odor stabilized base oil and extends its useful life significantly. Solids removed from the product are treated to mitigate the remaining volatiles inherent to the reservoir rock to meet the solid waste disposal guidelines. This process reduces consumption, reduces waste, decreases truck traffic to and from the site for deliveries and disposal, and prolongs the life of the technical components, ultimately reducing the amount of time on the location and the risk exposure of the project.

At each operational site, the company has established protocols that define roles and responsibilities for overseeing waste management. Job-specific training is provided to help ensure employee safety and regulatory compliance.

The Colorado Department of Public Health and Environment (CDPHE) 6 CCR 1007-1 Part 20 — Registration and Licensing of Technologically Enhanced Naturally Occurring Radioactive Material (TENORM) provides guidance to individuals who generate, handle, process, transfer, receive, transport, dispose of, possess, distribute, and beneficially use these materials, as well as training guidance for employee training.

CIVITAS WASTE CATEGORIZATION PROCESS FLOW:



3 SOCIAL

- 29 Managing Social Risks & Opportunities
- 30 Governance
- 34 Human Capital Management
- 37 Community Engagement & Volunteering



MANAGING SOCIAL RISKS & OPPORTUNITIES

Civitas' social license to operate is the cornerstone of its business, and the company strives to support the communities where it operates. Civitas takes a proactive approach to operating new sites, communicating with stakeholders, looking for opportunities to mitigate associated impacts — direct or indirect — and working to ensure all operations are conducted with the utmost respect for surrounding communities. Civitas' believes its operations are quieter, emit fewer pollutants, require less traffic, and operate more reliably than traditional operations.

The Company believes that forging strong relationships with local communities is critical to Civitas' strategy and is achieved by soliciting robust feedback from frequent stakeholder engagement. Civitas targets practical strategies that empower the company to be more socially and environmentally responsive within its communities and for its partners.



HSE PROGRAMS & TRAINING

HEALTH & SAFETY

Civitas' commitment to safety is important to the company's operations model, and supporting 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 in field operations. Civitas is committed to abiding by both the spirit and the letter of all applicable laws, regulations, industry best practices, and internal policies and standards. Civitas understands that meeting and exceeding these objectives is essential to gaining the trust of employees, communities, and regulators.

In the past year, Civitas assessed its entire EH&S management system, consolidating processes and procedures from legacy companies into a single system that conveys the same expectations and communications across the company. It is believed that engaging employees' input in developing this system helps Civitas gain the trust of its employees, and ultimately leads to improved health and safety outcomes. Civitas' new EH&S management system is expected to be fully executed and implemented in all parts of the business in 2024 and audited annually thereafter.

Civitas has a zero-incident goal and a 100% reporting expectation. Safety is expected to be prioritized in each planning conversation and decision made by management, office personnel, field employees, and contractors. Safety is not delegated to one organizational department or to certain personnel; it is embedded across the company's operating policies and procedures, with no task exempt from scrutiny. Every employee, contractor, and visitor on Civitas' locations has the right and the obligation to "stop work" if they observe operations that are planned or executed without a complete risk assessment or safety management, supporting Civitas' commitment to safety accountability and continuous improvement. This commitment extends to ensuring Civitas employees are well informed on lessons learned and progress against identified targets through monthly safety meetings.

GOVERNANCE

The governance of health and safety is overseen by the Board's ESG Committee. The Chief Operating Officer, who reports directly to the Chief Executive Officer, is responsible for the oversight and ownership of Civitas' organizational health and safety programs and initiatives. This role tracks and manages safety data and reports this data to the executive leadership team on a weekly basis to help ensure continuous oversight and accountability. Civitas reorganized and quintupled the management structure of its EHSR team in 2022, promoting from within to add Vice President of EHS and Regulatory, Director of Air Compliance and Engineering, and Director of Regulatory and Permitting roles, and making experienced external hires to fill the Director of EHS and Director of Process Safety Management (PSM) and Emergency Management. These new positions have an essential management role in health, safety, and compliance oversight and reinforce Civitas' commitment to its goals by bringing in the leaders necessary to help achieve them.

All employees are required to abide by Civitas' Environmental, Health, Safety & Regulatory (EHS&R) policy as stated in the EHS&R Manual. Civitas' safety management systems align with OSHA, API RP74, and API RP54 and target continual improvement and industry best practices.

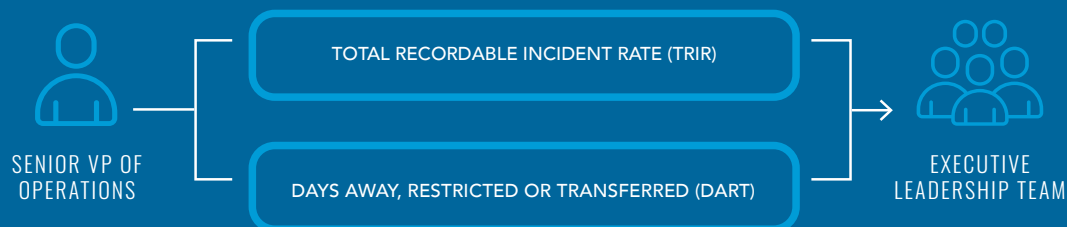


CONTRACTOR SAFETY

Civitas uses specialty contractor services for the labor and equipment required to execute intermittent and highly technical operational activities. Ensuring contractor safety is just as crucial as that of full-time employees. The Contractor Expectations Manual provides contractors with a clear understanding of the environmental, health, and safety expectations that Civitas sets for its third-party contractors and sub-contractors. The following contractor procedures are implemented at Civitas to help ensure effective EHS management:

- Contractors are identified, evaluated, and selected based upon an analysis of strong EHS management practices and performance criteria, including risk tiering and the evaluation of dollar spend in comparison to risk. Civitas uses a third-party supply chain management software application to verify contractors' safety, procurement, regulatory, and quality data, facilitating a complete and equal assessment.
- Civitas has implemented a new MSA process for a review of subcontractors and is transitioning all legacy contractors to the Civitas MSA, helping to ensure that subcontractor performance meets Civitas' expectations.
- Contractor safety performance is monitored in the field and verified through audits. The audit process involves field observations and a summary of the findings during a tabletop review. The annual audit cycle is intensified, as necessary, when performance indicates that additional oversight would benefit safe work practice adoption and engagement.
- Civitas aims to provide contractors with a workplace free of known unmitigated hazards where any identified hazards or EHS issues are promptly addressed. Contractors are empowered to identify and communicate new hazards to Civitas using Stop Work Authority.
- Contractors participate in frequent safety meetings alongside Civitas employees to stay informed, engaged, and compliant with company standards.

Weekly Data Reporting



Civitas is committed to maintaining an annual TRIR (inclusive of both employees and contractors) below 0.25, a target below the industry average as reported by the Bureau of Labor Statistics for the oil and gas extraction industry.*

2021 TRIR
0.17
(RATE PER HOURS)

2022 TRIR
0.26
(RATE PER HOURS)

* U.S. Bureau of Labor Statistics 2021 Total recordable cases rate of injury and illness in oil and gas subsector
https://www.bls.gov/iag/tgs/iag211.htm#fatalities_injuries_and_illnesses

SAFETY TRAINING PROGRAM MANAGEMENT

A culture of safety excellence among employees and contractors is an important component of corporate success. Civitas seeks to continuously monitor change and adjusts accordingly, learns from incidents, and strives for improvement. The company sets the expectation that safety is executed at every decision point and that each employee and contractor is a safety leader. Civitas sends out a monthly newsletter that is delivered to every employee and contractor across the company, sharing safety stories that showcase lessons learned, best practices, and employee engagement.

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, create an adverse impact on the surrounding environment, or damage property. Contractors are responsible for adhering to Civitas' standards, training their employees on stop work requirements, and ensuring supervisors support this culture. In policy and practice, individuals who use stop work authority are protected from negative repercussions.

INCIDENT MANAGEMENT

Civitas' new EHSR management system allows the company to investigate incidents in greater detail. By assigning risk rankings to near misses based on Serious Incident & Fatality (SIF) potential and considering near misses as if they had occurred, Civitas is better able to identify root causes and mitigate future risks through protections and controls.

When incidents do occur, they are expected to be reported to direct supervisors and the Environmental Health, Safety & Regulatory (EHSR) department as soon as practically possible. Civitas has established a uniform system for capturing essential information required to understand incident causation and develop improvement actions to prevent reoccurrence. Civitas' incident management procedures include:

- A third-party medical case management service providing medical knowledge and advice customized to specific incident needs. This service creates weekly reports for the executive team for oversight and awareness of health and safety performance.
- In the event of an injury incident or severe near miss, the company conducts a root cause analysis to understand causal factors. The analysis is facilitated by EHSR and includes supervisors and other parties contributing relevant information.
- Continual proactive risk assessments to identify any associated risks to health and safety arising from work activities, helping to ensure that actions are taken to eliminate or minimize those risks.
- Civitas hosts annual safety drills and mock simulations, as well as coordinates with local agencies to prepare first responders for industry-related incident management. This cooperation and coordination with emergency responders familiarizes local response teams with operating locations and potential conditions.

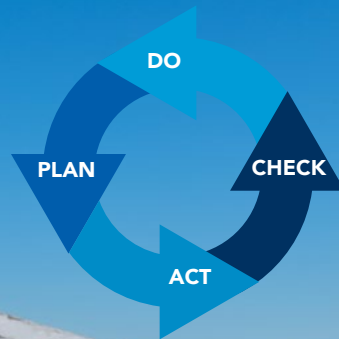
Incident reporting is entered into a software application, automatically integrating data into the EMIS system-of-record for reporting and the ESG dashboard, allowing Civitas to continually track and monitor relevant incident metrics. Leveraging this data helps the company apply a proactive, risk-managed approach to incident management to achieve incident-related goals.

Civitas' unified incident investigation process facilitates improvements in facility design, enabling the company to develop a standardized design that mitigates the need for costly retroactive facility updates and it is believed ultimately decreases the potential for incidents.

EMERGENCY PREPAREDNESS

Civitas' Emergency Response Plan establishes a consistent framework to follow in case of an emergency. Having a high-quality plan is essential to saving lives and minimizing impacts, and 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 18001. Civitas' leadership is involved in all aspects of planning, performing, measuring, and improving practices to respond to emergency conditions adequately and appropriately.

CONTINUOUS IMPROVEMENT CYCLE



Being prepared to respond to potential incidents is essential for risk mitigation. Civitas' emergency management program follows the Federal Emergency Management Agency's (FEMA) National Incident Management System (NIMS), which provides a common structure to facilitate cooperation with local, state, and federal agencies in managing emergency response.

Civitas' emergency management planning includes systems to train and prepare personnel. This encompasses risk assessments and plans to mitigate and minimize impacts to the environment, implementing Incident Command System Training, acquiring membership with the Marine Preservation Association, or MPA, (provides support for response through the Marine Spill Response Organization, the largest oil spill removal organization in the US), and a proactive network of systems to help ensure compliance with regulatory requirements.

Civitas works with employees, local fire departments, and industry partners to conduct table-top drills internally and externally to test capabilities, tactics, systems, and response while improving coordination and communications.

— Lisa David, Director, PSM & Emergency Management

Case Study

Civitas' Sustained Investment in the Colorado Preparedness & Response Network

In 2022, Civitas continued its investment in emergency response and preparedness training for firefighters across the DJ Basin through the Colorado Preparedness & Response Network.

200
FRONT RANGE FIREFIGHTERS

PARTICIPATED IN EMERGENCY RESPONSE SCENARIOS TO TRAIN AND BUILD EXPERTISE IN HANDLING OIL AND NATURAL GAS INCIDENTS IN 2022.

TRAINING & PREPAREDNESS

Civitas continues to build a high-performance culture by requiring employees to participate in training courses that help ensure work is completed safely and efficiently. In some instances, contractors are required to participate in Civitas training sessions to certify that they have been informed of company expectations.

Civitas employees participate in online, classroom, and field training courses that are OSHA-required or job-specific. The course types vary by employee group, job responsibilities, and manager discretion. Hiring managers and supervisors work with the EHS&R department to build training profiles and assign courses specific to job positions. Courses are mandatory, with participation and completion factored into the annual performance management process.

The EHS&R department hosts industry-specific classroom training courses throughout the year to inform employees of relevant safety and environmental topics. Employees who perform or supervise safety-critical tasks are trained and expected to demonstrate competency before executing their responsibilities.

In field locations, Civitas utilizes pre-job checklists, risk assessments, change management, tailgate safety meetings, and a job safety analysis (JSA) to assess and control hazards at each site. Tailgate safety meetings are held with all members of the crew at the start of each workday, shift, or task change. During these meetings, personnel discuss the planned work activities for the day as well as any health, safety, and environmental concerns before work commences.

EXAMPLES OF EHS&RC TRAININGS:¹⁰



Civitas EHSR Manual and Policies



Confined Space Awareness



Personal Protective Equipment (PPE)



Emergency and Spill Response



Hot Work



Lockout Tagout



Critical Lifts and Rigging



Electrical and Overhead Lines



Pressure Testing



Rig Moves



Working At Heights



JHA and Hazard Identification



Hazardous Communication



Safe Driving



Colorado Air Quality Regulations



100%

employees and contractors are expected to complete mandatory safety trainings



100%

incidents are expected to be reported to direct supervisors and the Environmental Health, Safety & Regulatory (EHS&R) department

¹⁰ This list is for illustrative purposes only—it is not comprehensive

HUMAN CAPITAL MANAGEMENT

Civitas believes supporting a diverse and inclusive workforce is valuable to success as a business, as it builds a culture that welcomes differences in perspective, encourages curiosity, and rewards innovative ideas that drive value creation and improve risk mitigation.

BOARD & EXECUTIVE LEADERSHIP

At Civitas, diversity starts at the top and continues to be a focus for the Board of Directors. Civitas has achieved its published ESG Framework target of at least 30% female gender representation on the board. Civitas recognizes that significant and sustainable diversity transitions take time, and a long-term commitment is required to incorporate diversity throughout the company.

In 2022, the board had

30% +
FEMALE DIRECTORS



DIVERSITY, EQUITY & INCLUSION ACROSS CIVITAS

Civitas mandates unconscious bias training for all employees to foster an inclusive environment where everyone, regardless of background or demographic, feels comfortable and engaged in the workplace. This training, along with the other trainings formally outlined in Civitas' Human Rights Policy, is required annually for all employees. These trainings are meant to inform employees on how to conduct themselves in a way that is appropriate for all coworkers. These trainings make it clear that there is zero tolerance for any type of discrimination or sexual harassment.

To embed these values in company culture, Civitas' DE&I Subcommittee of the Employee Engagement Committee is spearheading diversity, equity, and inclusion educational opportunities for employees. Subject matter expert speaker events have been tailored to field, office, and executive audiences. Inclusion, specifically creating curiosity around alternative perspectives, is a key objective in Civitas' DE&I plan.



TRAININGS:

[100% completion rate in 2022 on trainings]



Anti-Discrimination



Anti-Harassment



Diversity & Inclusion



Unconscious Bias

TALENT ATTRACTION & RETENTION

Civitas strives to support 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. A diverse hiring pipeline is key to improving Civitas talent pipeline, and it is a challenge that the company is committed to addressing.

To build a pipeline of diverse talent, Civitas is starting well before the hiring process itself. The company collaborates with multiple organizations, such as the Hispanic Chamber of Commerce, the National Association of Black Accountants, and the National Society of Black Engineers, to help build a robust pipeline of talent. In building a protocol that creates a more diverse and equitable candidate search process, Civitas has leveraged these organizations to promote opportunities to a more diverse pool of candidates. Civitas acknowledges the meaningful presence and participation of women and minorities in our business and industry.

Civitas continues to emphasize the importance of diversity and inclusion throughout the onboarding process. The company is committed to providing equal opportunity for all candidates, employees, and consultants regardless of race, religion, gender, sexual orientation, gender identity, age, ethnic or national origin, social origin, disability, family status, or any other protected status or personal characteristics in all aspects of employment. This commitment extends to training and professional development opportunities, internal promotions, and employee benefits. Civitas mandates unconscious bias training for all employees, including the recruitment team, to help ensure these practices are executed in recruitment strategies.

Civitas is committed to providing competitive pay to attract and retain the best talent in the industry. All positions are publicly posted with a compensation range for the role. During 2022, the company rolled out an annual compensation evaluation cycle to help ensure Civitas provides fair and equitable pay that aligns with industry market rates.

All Civitas employees receive restricted stock awards on an annual basis, driving a culture of ownership and pay-for-performance rewards.

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.

Civitas aims to continue its trend of hiring more than
90% of talent from within its operating areas.

2022 Workforce Demographics



EMPLOYEE ENGAGEMENT

Civitas strives to create a culture where employees can develop professional skills and advance their careers by providing growth opportunities that include training, professional education, and mentorship programs. The Employee Engagement Committee is responsible for educational presentations, community service projects, and social events within Civitas.

In early 2023, Civitas created a Diversity, Equity, and Inclusion Subcommittee under the Employee Engagement Committee with the goal of enhancing DEI initiatives across the company, specifically by creating Employee Resource Groups that enhance inclusion across the organization.

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 (PTO)
-  Paid Sick Leave
-  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
-  Volunteer Time Off (VTO)
-  FSAs and Dependent Care Programs
-  Employee Assistance Program
-  Fitness Reimbursement
-  College Savings Plan
-  Tuition Reimbursement
-  Legal and Identity Theft Protection

Civitas annually evaluates how it can enhance employees’ experiences, collecting direct input from employee engagement surveys and identifying opportunities to implement improvements. Specifically, improvements starting in 2023 include:

- Implementing tuition reimbursement of up to \$5,520 on an annual basis, demonstrating Civitas’ commitment to the professional development of its people.
- Providing two Volunteer Time Off (VTO) days per year, showcasing Civitas’ support of its employees’ contributions to the community.
- Changing designated holidays during peak busy season into floating holidays, so that employees can fully take advantage of their earned time off.
- Creating a charitable giving match of up to \$1,000 per employee.

Civitas is proud of the wellness programs that it offers to its employees, including private personal spaces for nursing mothers, an expansive fitness reimbursement that covers costs from gym memberships to ski passes, and the Employee Assistance Program.

EMPLOYEE DEVELOPMENT

Civitas’ supervisors and managers proactively reach out to employees to discuss goals and professional development opportunities while providing constructive feedback to support engagement, communication, and performance growth. Employees participate in annual employee performance reviews, which are complemented by consistent communication between managers and employees. Professional goals established in the performance management process are required to align with environmental and safety elements to support the company’s ESG vision.

As an entity that has grown significantly through mergers and acquisitions, professional development is a key element Civitas is implementing to help ensure employees feel engaged, challenged, and supported to grow among their peers and within their teams.

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

- Quarterly townhalls led by the CEO
 - Employee staff meetings and one-on-one meetings
- Employee newsletters to highlight safety elements across geographies
 - Company-sponsored volunteer activities
- Employee engagement surveys
 - Employee Engagement Committee
- Reinvestment in education — providing employees with funding for formal and advanced education

COMMUNITY ENGAGEMENT & VOLUNTEERING

COMMUNITY STAKEHOLDER AND LANDOWNER ENGAGEMENT

Given the proximity of Civitas' operations to local communities, maintaining engagement and trust with community stakeholders and landowners is critical.

Civitas manages an informational email account that is promoted at local community meetings and on the corporate website to provide stakeholders with the opportunity to easily voice concerns and ask questions. Further, Civitas is developing an operations control center (OCC) with personnel available to field community calls and landowner concerns, expected to be operational in 2023. These phone calls will help to ensure that community concerns are acknowledged and acted upon in an efficient manner. Civitas' entire production operations team is prepared and empowered to directly and promptly address or elevate the concerns of landowners and neighbors.

COMMUNITY STEWARDSHIP

Civitas works closely with local and state safety officials as appropriate to exceed applicable regulatory standards and helps ensure neighboring communities have transparent, comprehensive information about operations. Civitas has practices that are designed to enhance the well-being and safety of these communities. **Where practicable, the company seeks to implement the following innovative practices in operations:**



Air-tight, closed-loop systems that capture 99.9% of scope 1 GHG emission from oil flashing



Quiet fleet completion equipment that reduces noise impacts by 300% compared to traditional fleets



Tank-free facilities



Plugging and reclaiming of older wells to eliminate emissions



Use of electric grid power on sites (where feasible and appropriate) to eliminate exhaust emissions and engine noise



State of the art safety systems that facilitate automatic shutdowns



Oil transportation through pipeline (70%), helping to reduce the oil transported using heavy-haul trucking (30%)

Civitas is fully committed to listening to its communities, especially those in disadvantaged areas, to ensure their voices are heard. The well drilling process is one example of this behavior — before a new well is drilled, a permit must be obtained through approval from the local government with land use jurisdiction. Once that permit 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 for oil and gas producers are among the strictest in the world, and Civitas often exceeds the performance mandated by regulations. Civitas aims for its operations to abide by the highest standards of environmental and social integrity.

Civitas works to ensure all stakeholders have access to appropriate information about the company. Civitas' communication efforts in connection with planned or ongoing development 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 help ensure the proper stakeholders are notified of planned operations and have an opportunity to comment on future plans.

HUMAN RIGHTS

Civitas takes a proactive approach to human rights and indigenous rights, conducting due diligence prior to developing projects and continuing community engagement through the life of a well, as outlined in the Human Rights Policy. Community impact assessments are conducted prior to planning development in new areas, and the company engages with community members closely. Civitas seeks to adhere to key human rights principles, including those concerning freedom of association, collective bargaining, and non-discrimination. Per Civitas' Human Rights Policy, the company is committed to providing fair wages; child and forced labor are never permitted; and proper channels are in place to help identify and address any instances of discrimination, including an anonymous ethics and compliance hotline. Civitas does not currently operate on indigenous land; however, the company's policy is to abide by Free Prior and Informed Consent (FPIC) due diligence.

Civitas believes it is prepared to respond and act in the event that any human rights incidents surface. Team members and contractors have the authority and obligation to raise relevant issues with management to help 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 its 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.

The company had zero identified human rights incidents in 2022.



CHARITABLE GIVING & SOCIAL INVESTMENT

WHY IT MATTERS FOR CIVITAS

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

To facilitate meaningful partnerships with trustworthy organizations, Civitas established a new giving framework to categorize contributions by the following pillars:



Agriculture



Humanitarian Relief



Community Infrastructure Improvement



Veterans and First Responders



Education

PROGRAMS & INITIATIVES

In November 2022, Civitas officially launched the Civitas Community Foundation, a 501(c)(3) organization providing project grants and scholarships in nearby communities with special dispensation to those located closest to company operations. The foundation's inaugural event was a partnership with Operation Warm, in which Civitas contributed \$250,000 to provide new winter coats to kids attending federally designated low-income schools within its operating areas. Civitas plans to continue this partnership in future years as well as award additional community grants and scholarship opportunities. Civitas plans to commit \$250,000 through the Civitas Community Foundation in 2023.

In addition to the Community Foundation, Civitas plans to 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' aspiration to develop community solar gardens throughout the Front Range of Colorado is ongoing. 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. The company is hopeful to begin development in 2023.



Civitas is offering to install electric vehicle charging stations in the communities where the company operates. In 2022, Civitas placed orders to begin converting its corporate fleet of work trucks to electric and hybrid utility vehicles, with the goal of creating a fully electric fleet as durable technology becomes available.

Outside of its surrounding communities, the humanitarian crisis in Ukraine weighed heavily on our state and our country in 2022. Civitas quickly engaged by contributing more than \$10 million between Project Cure, World Central Kitchen Inc, UNICEF, and Samaritan's Purse. In future years, Civitas aims to balance its contributions more evenly across its giving pillars.

Case Study:

Community Foundation of Boulder County

In 2022, Civitas fulfilled its \$1 million pledge 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 the crisis and an additional \$500,000 throughout the year to meet additional needs resulting from this disaster.

COMMUNITY GIVING

2022 donations and ongoing partnerships*

Pillars:

\$111,000	\$60,000	\$110,000
AGRICULTURE	COMMUNITY INFRASTRUCTURE	HUMANITARIAN RELIEF
\$370,000	\$70,000	\$75,000
EDUCATION	INDUSTRY CHARITABLE FUNDRAISER	VETERANS AND FIRST RESPONDERS
\$1,000,000	\$10,000,000	
COLORADO DISASTER RELIEF	UKRAINIAN HUMANITARIAN AID	

These one-time donations were made beyond the scope of Civitas’ planned giving efforts, representing the company’s proactive support of communities in crisis.

IN 2022, CIVITAS CONTRIBUTED TO THE FOLLOWING ORGANIZATIONS:



* Dollar amounts include spend between January 2022 – December 2022.

4 GOVERNANCE

- 42 Corporate Governance
- 44 Our Executive Leadership
- 45 Our Tools
- 46 Compliance, Business Ethics and Professional Conduct
- 48 Management of Third-Parties and Suppliers
- 49 Cyber Security
- 50 Political Engagement & Regulatory Planning



CORPORATE GOVERNANCE

Stakeholder engagement and ESG leadership are core tenets of Civitas' operations and key to its long-term competitive advantage. The company's governance structure reflects this commitment, and is designed to ensure the Board of Directors and Executive Team's interests align with shareholders and other key stakeholders.

BOARD OVERSIGHT

The Board of Directors is elected by shareholders to set strategy and oversee management and is legally required to put shareholders' interests ahead of their own. To ensure this alignment with shareholder interests, Civitas compensates its Board primarily in stock. Civitas is committed to delivering on the promise of a new model for the exploration and production sector focused on maximizing enduring and predictable free cash flow (as opposed to short term growth alone), returning cash to shareholders, maintaining a fortress balance sheet, and leading on the environmental, social, and governance factors salient to the business.

Directors on the Board are annually elected by proxy from a pool of qualified candidates and presented by the Nominating and Corporate Governance Committee and the full Board of Directors. Company bylaws provide procedural rules and a timetable to allow shareholders to nominate candidates. In 2022, Civitas made updates to its bylaws to enhance shareholder voting rights and access. Notably, the company adopted a majority voting standard as well as "proxy access," which allows certain stockholders to nominate directors.

Civitas places a high priority on attracting and retaining the best talent from qualified, diverse backgrounds.

CIVITAS BOARD OF DIRECTORS COMPOSITION

8 INDEPENDENT	6 MALE	3 AGES 30-50	2 RACIAL/ETHNIC MINORITY
1 NON-INDEPENDENT	3 FEMALE	5 AGES 50 >	7 NON-MINORITY

The Civitas Board of Directors brings together a team of diverse and highly qualified experts whose skills range from technical and financial expertise, oil and gas and other relevant industry experience (e.g., familiarity with the Colorado political landscape, regulations, and operating procedures), sustainability as a means of reducing long-term financial risk, and building an employee culture based on integrity.

Civitas places a high priority on attracting and retaining the best talent from qualified, diverse backgrounds.

Civitas' Board of Directors maintains a published target composition that includes gender diversity of at least 30%. Civitas continues to advance its gender diversity agenda, increasing the proportion of women Executives and Officers from 36% in 2021 to 43% in 2022.

The Board of Directors' four committees — ESG, Audit, Compensation, and Nominating and Corporate Governance — provide specialized oversight related to specific matters within the company.

ESG COMMITTEE

The ESG Committee oversees the company's ESG strategy. The ESG Committee is regularly updated on appropriate key performance metrics, enabling the committee to effectively manage ongoing ESG performance and monitor the progress of Civitas' ESG goals and targets.

The ESG Committee works in concert with other Board committees and 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 interim.

The Chief Sustainability Officer (CSO), in coordination with the ESG Committee Chair, leads Civitas' sustainability strategy and is responsible for setting the ESG agenda. The CSO reports out progress, risks, and opportunities to the management team on a weekly basis and meets regularly with the ESG committee Chair to coordinate and prioritize actions within the Committee's jurisdiction.



The ESG Committee is
also responsible for:



Input on environment,
health, and safety topics



Oversight of charitable
and philanthropic
activities



Oversight of practices
regarding diversity,
inclusion, and human and
workplace rights



Oversight of Public
policy advocacy efforts

OUR EXECUTIVE LEADERSHIP

EXECUTIVE OVERSIGHT

The executive management team brings deep technical, operational, financial, legal, government, regulatory, and community relations expertise, complementing the contributions of Board committees that help ensure thoughtful, ethical, and professional governance. Civitas’ entire executive management team is committed to ESG leadership in their respective elements of the business. The team consists of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Chief Legal Officer and Secretary, the Chief Accounting Officer & Treasurer, the Chief Sustainability Officer, the Senior Vice President of Asset Development, and the Senior Vice President of Corporate Planning & Business Development.



M. CHRIS DOYLE
President and CEO



HODGE WALKER
Chief Operating Officer



MARIANELLA FOSCHI
Chief Financial Officer



TRAVIS COUNTS
Chief Legal Officer &
Secretary



SANDRA K. GARBISO
Chief Accounting Officer
& Treasurer



BRIAN CAIN
Chief Sustainability
Officer



BRAD JOHNSON
Senior Vice President,
Asset Management



BRIAN KUCK
Senior Vice President, Corporate
Planning & Business Development

EXECUTIVE COMPENSATION

Consistent with Civitas’ commitment to ensure full alignment with shareholders, the executive leadership team’s compensation consists of annual salary and company stock (the majority in the form of performance stock units) and does not include cash bonuses. Equity awards are primarily tied to absolute shareholder return, driving exceptional alignment and responsibility to investors.

PERCENTAGE OF COMPENSATION IN SHARES*

79% BOARD OF DIRECTORS

83% EXECUTIVE TEAM

91% CEO

100% of Civitas employees receive compensation in shares

* Per Civitas’ latest proxy statement

ESG IN EMPLOYEE COMPENSATION

Cash bonuses are awarded annually to non-executive employees and are based on key performance indicators, including greenhouse gas intensity and safety, aligning employee incentives with certain of the company’s ESG goals. In addition to the annual cash bonus, every Civitas employee is awarded equity in a stock plan with a structured vesting schedule that aims to incentivize employee retention and achieve further alignment with shareholders.

ESG-RELATED FINANCE MANAGEMENT

Civitas seeks to incorporate critical ESG considerations into its financial management, overseen by the Board. For example, the company calculates 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 in the management of climate-related risks. The price incorporates values such as the market cost of voluntary carbon credits, the cost of carbon credits in global regulated markets, the published federal social cost of carbon, and the intrinsic cost of carbon based on actual carbon-reduction projects within Civitas.

The company prioritizes the reduction of operational scopes 1 and 2 GHG emissions, with the purchase of voluntary carbon credits or renewable energy certificates as a means of offsetting residual emissions. This creates a financial incentive to invest in operational emissions reduction projects, and an internal culture focused on identifying reduction opportunities. The cost of carbon serves as a hurdle rate, or an IRR lever, for evaluating projects for the greatest emissions reduction impact. Projects with a lower cost of carbon emissions reduction per dollar spent are prioritized.

The TCFD framework informs how Civitas assesses climate risks. As part of Civitas' financial carbon-related planning efforts, the company developed multiple planning strategies based on various climate change scenarios, 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 Net Zero by 2050 (NZE). This exercise provides key data points based on projected commodity costs to help inform the magnitude of risks in different climate scenarios.

RISK MANAGEMENT

Civitas' Risk Management team is responsible for identifying, assessing, addressing, and monitoring risks. Comprised of subject matter experts from across the company, this team reports to the Board and the Audit Committee on a quarterly basis.

As underlined in the TCFD framework and related guidance, enterprise risks may include climate-related risks and opportunities, particularly those associated with legal, regulatory, environmental, and community implications. Proper data measurement and analysis are crucial for mitigating these risks to the extent feasible while simultaneously pursuing relevant opportunities across all climate scenarios.

The Risk Management Team:



JOHN WREN

Director & Head of Planning,
Finance and Investor Relations



MARIANELLA FOSCHI

Chief Financial Officer



TRAVIS COUNTS

Chief Legal Officer
and Secretary



JERRY VIGIL

Director & Head of
Information Technology



SHEA KAUFFMAN

Deputy General Counsel

OUR TOOLS

Civitas' bespoke ESG dashboard creates access and visibility to important operational and environmental information that professionals in the operations and air quality departments can respond to in real-time. The ESG Metrics Dashboard allows Civitas to be a considerably more nimble company, facilitating the identification of risks and opportunities in the nascent stages of their development.

COMPLIANCE, BUSINESS ETHICS AND PROFESSIONAL CONDUCT

Civitas' social license to operate is closely tied to its ability to adhere to high standards in business ethics and personal conduct, as well as to maintain full compliance with all applicable laws and regulations. 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's executive team.

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 this code, as well as to the Contractor Expectations Manual for Environmental, Health, Safety, and Regulatory when working for or on behalf of the company. Additionally, violations of domestic or foreign laws, rules, and regulations may subject an individual and the company to civil and/or criminal penalties.

Civitas' Chief Legal Officer and Secretary is responsible for Code of Business Conduct and Ethics 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, all Civitas employees receive training on Business Conduct and Ethics as well as Insider Trading, after which they certify that they have read and are familiar with the corresponding policies. Civitas confirms a 100% completion rate for these trainings in 2022.

Civitas published two additional policy disclosures in 2022, a Human Rights Policy and a Biodiversity Policy, aligning with the company's culture of ethics and compliance.

Civitas' Code of Business Conduct and Ethics, Insider Trading Policy and Corporate Governance Guidelines are subject to regular third-party audits. Sarbanes Oxley audits are conducted annually and include corruption and ethics assessments.



The company maintains a zero-tolerance policy for retaliation.

Transparency is central to Civitas' internal culture of compliance. The company maintains a Compliance Hotline, managed by an independent, third-party vendor, to provide employees and contractors the ability to anonymously communicate any concerns or issues with management.

The Chief Legal Officer and Secretary oversees this hotline and is the first to review reports, which are provided directly to the Audit Committee Chair. The Chief Legal Officer and Secretary identifies the appropriate first steps to manage the issue and remains engaged through resolution to ensure a full, independent investigation is conducted.

Civitas contracted a third-party survey of all employees in March 2022, which included questions evaluating their comfort level in expressing thoughts and concerns with management. The results of this survey and every employee survey are thoroughly analyzed and considered by leadership, with the goal of implementing changes that improve employees' experiences and ensure their ability to communicate important concerns to management.

External stakeholders and community members can report behavioral and ethical violations. These reports are tracked to help ensure that they are resolved on a timely basis and that the company is accountable to the communities in which it operates. Civitas' commitment to ethical values entails providing external contractors with access to an anonymous reporting system that allows them to report suspected misconduct or violations of the company's cultural values. Moreover, Civitas is committed to open communication with the public at large and takes into consideration the perspectives of neighboring communities as much as possible, beyond the public comment period and landowner complaints.



MANAGEMENT OF CONTRACTORS AND SUPPLIERS

Civitas works with a variety of contractors and subcontractors. The company requires third-parties and suppliers to adopt Civitas' Environmental, Health, and Safety (EH&S) standards where company standards exceed those of the contractor to ensure alignment with the company's ESG objectives. Civitas uses an established supply chain management enterprise software for contractor and supplier information management. Civitas evaluates contractors during the pre-qualification process by scoring contractor responses to a questionnaire and assessing compliance with the company's other pre-qualification requirements. The contractor's resulting score enables an evaluation of the contractor's risk to Civitas.

The EH&S performance of contractors is field audited for conformance to Civitas' requirements. The audit process begins with field observations and includes a summary presentation of the findings in a tabletop review. This is completed at a minimum annually and more frequently if needed or 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. All contract employees who work at 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.

The company requires contractors and suppliers to adopt our standards:

Environmental



Health



Safety



CYBER SECURITY

Civitas' remains committed to proactively managing the risks around IT and Cyber Security. Although the company remains steadfast in its policies, programs, and trainings, Civitas knows that cyber security threats are always evolving. The Director and Head of Information Technology, in partnership with other senior IT department professionals, lead Civitas' efforts to seek out best-in-class technology, talent, and cyber security practices that will proactively protect the organization. The IT Department reports cyber security updates, perceived threats, potential risks, and opportunities to the Board of Directors' Audit Committee on a quarterly basis, or more frequently as required.

Civitas employees undergo IT and Cyber Security training, including internal awareness engagements (such as phishing emails or click-bait) to reinforce behavior that helps to minimize and mitigate potential risk. 97% of employees completed assigned IT training in 2022. Civitas conducts a quarterly internal audit of its policies and practices (including network penetration tests on company systems and databases) to help ensure the company is mitigating risk and driving improvement where necessary. External auditors verify Incident Recovery Plans and internal preparedness. These audits, evaluations of evolving current state systems, and frequent trainings drive the 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 ENGAGEMENT & REGULATORY PLANNING

Civitas maintains regular contact with appropriate local, state, and federal regulators and applicable officeholders to help maintain a full understanding of the regulatory landscape, and to lend expertise or represent the company’s views in legislative and regulatory policy formulation material to the business. Given the company’s sole focus as a Colorado oil and gas producer, Civitas is proud to operate in a jurisdiction with among the most stringent oil and gas production regulations in the country. These rules, enforced by agencies including the Colorado Oil and Gas Conservation Commission (COGCC) and the Colorado Department of Public Health and Environment (CDPHE), ensure protection of public health, safety, welfare, the environment, and wildlife resources, while also considering community input. Civitas is committed to working with state regulators and local elected leaders to help the state achieve its objectives, while maintaining an operable environment for the company.

At Civitas, 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. The government affairs and regulatory policy team reports directly to the Chief Sustainability Officer to help ensure that political and government affairs activities are fully aligned with the goals outlined in the company’s ESG program.

UPDATE ON COLORADO AIR QUALITY REGULATIONS



In late 2021, the Colorado Air Quality Control Commission (AQCC) adopted new regulations to reduce greenhouse gas emissions and strengthen methane monitoring from the state’s oil and gas industry.



Operators must meet strict emissions intensity targets, and submit plans by August 2023 on how they intend to reduce emissions from operations.



Colorado methane intensity targets for 2025 are roughly twice as restrictive as those required by the EPA for the rest of the nation.

MEMBERSHIPS AND ASSOCIATIONS

Engaging with various trade associations as part of the company’s advocacy activities allows Civitas to engage with peers and other companies to help develop unified public policy agendas.



5 APPENDIX

- 52 Governance
- 53 Strategy
- 55 Scenario Analysis
- 59 Risk Management
- 61 Oil & Gas Metrics tables

As Colorado's first carbon neutral oil and gas producer, Civitas is dedicated to managing climate impact by reducing its scope 1 and 2 GHG emissions, as a first priority, and the offsetting residual emissions. Civitas believes that having a strong sustainability platform supports its efforts to properly manage climate risks while meeting demand for oil and natural gas at a lower carbon footprint than peers.



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 and mitigating climate-related risks 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 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 reporting on climate issues weekly to the full management team. As such, the Chief Sustainability Officer has oversight over the relevant departments and personnel who report on climate risks. These include the Director of Sustainability and Decarbonization, a role tasked with overseeing progress on GHG goals and managing the carbon credit and renewable energy certificate portfolio, as well as the Manager of Public Affairs, a role tasked with identifying impending energy policy, legislation, and regulation affecting GHG emissions and climate issues.

STRATEGY

CLIMATE-RELATED RISKS & OPPORTUNITIES

Civitas works to integrate its responsibility to act as an environmental steward is integrated across its broader business strategy. As such, the company monitors the potential impact of salient climate-related risks on its operations, which helps it to mitigate transition risks, including those associated with stranded assets, over 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,¹¹ among others. 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.

¹¹ For more information on our approach to climate-related risk identification, please see Civitas’ most recent [10-K filing](#).

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-emission technology could be costly and time-consuming. Operational reliability of new technologies is yet to be proven.



Market – Supply & Demand:

An imbalance between the supply and demand dynamics of fossil fuels 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 reduced air quality. A prolonged wildfire season could lead to an increase in “voluntary emission reduction days” and could also result in more restrictive federal nonattainment designations throughout the Front Range.



Chronic

More severe droughts could lead to a decline in the amount of available water necessary to perform these operations.

STRATEGY

CLIMATE-RELATED RISKS & OPPORTUNITIES

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 for lower-emitting ones. Civitas believes it has a relatively low operational GHG intensity within our industry, and therefore may have the opportunity to acquire assets and implement emissions-saving measures to remain below regulated emissions targets.

Market Supply & Demand

- » Demand for fossil fuels is strong and we expect 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 believes it 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 could be used to power Civitas facilities where feasible. The company plans to continue exploring the development of renewables, such as community solar.

Emerging Technology

- » Economics of the production of renewable energy will likely continue to improve. Civitas strives to develop and deliver solar energy 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 certified RSG to utilities.
- » Equipment such as air-operated pneumatic devices, electric compressors, and pumps help 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 GHG emissions. Civitas is actively pursuing electrification of drilling and fracturing fleets using line-power and high-efficiency onsite generation.

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 in 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 Physical Conditions

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, lower 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.

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 \(WEO\) 2022](#). The WEO 2022 selected scenarios consist of 1) the Stated Policies Scenario (STEPS) and 2) the Net Zero Energy by 2050 (NZE), 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 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 (2022) states with "high confidence" that "climate extremes are causing economic and societal impacts across national boundaries through supply-chains, markets, and natural resource flows, with increasing transboundary risks projected across the water, energy, and food sectors." Central North America will be affected by severe droughts even if global warming stabilizes 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 **2022 Actual Observations** are the actual observations for Civitas. This information comports to reserve pricing and SEC corporate filings as of year-end 2022. Civitas believes that 2022 represented a more typical year than in respect to supply and demand 2021. This enabled Civitas to look at a greater disparity from what higher-priced oil would entail versus the lower-priced scenarios that resembled the actuals from a couple years prior in 2020. Actual crude oil prices were \$78.07/Bbl (WTI), and natural gas prices were \$5.53/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 the 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 direct for any party, outside the federal government, to utilize the SCC.

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.S. In addition, the 2022 global market share for EVs rose from 9% of sales to 14%.

Market – Supply & Demand

2022 saw a significant increase in crude oil prices in the first half of the year before declining during the latter half of the year. According to the [EIA](#), crude oil prices increased due to geopolitical tensions between Russia and Ukraine. With Russia’s invasion in early March coupled with low global crude oil inventories, crude oil prices rose to the highest inflation-adjusted price since 2014. Beginning in June, crude oil prices decreased as concerns about a possible economic recession dampened consumer demand. Natural gas prices trended upwards from February to August due to weather-related demand. By the late third quarter, high natural gas production had led natural gas prices to an annual low in November.

CRUDE OIL & NATURAL GAS PRICE 2022 ACTUAL OBSERVATIONS

\$78₀₇ PER BARREL

\$05₅₃ PER MMBTU

The **Stated Policies scenario (STEPS)** [WEO-2022] reflects how energy systems evolve if current policy settings are retained and completed. In this scenario, crude oil could cost \$95 per barrel and natural gas in the U.S. could cost \$4.70 per MMBtu by 2050 (in 2022 USD).

Policy & Legal

This scenario assumes Canada, Chile, China, the EU, Korea and South Africa have some regulated carbon pricing frameworks ranging from \$13-\$113/tonne CO₂ by 2050. Actual observations have shown the regulated cost of carbon in Europe crossing the \$80/tonne threshold for most of 2022, with the highest carbon price at \$106 in [August](#).

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 30% of all road vehicle sales, seven times larger than today. 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

Economic growth to 2030 is more sluggish than previously projected, leading to lower energy demand growth. In this scenario, primary energy demand is expected to increase by 1% each year until 2030 and be resolved through the expansion of renewables. Demand for fossil fuels remains steady through 2030, then slightly decreases until 2050 as IEA crude oil costs reach \$95/barrel in 2050. Global renewables will account for 43% of electricity generation by 2030 and 65% by 2050, up from 28% today. By 2050, natural gas production is projected to increase by 5.0%, while oil production will grow by 10.3%.

OIL & NATURAL GAS
PRICES IEA WORLD ENERGY
OUTLOOK STATED POLICIES
SCENARIO — 2050 PROJECTION

\$95₀₀ PER BARREL

\$04₇₀ PER MMBTU

The Net Zero Emissions by 2050 (NZE) scenario [WEO-2022] identifies desired future outcomes, including capping global warming to 1.5 degrees Celsius, and then maps the steps needed to establish incremental goals. In order to reach these goals given the current trajectory of emissions, this scenario calls for a reduction in fossil fuel consumption and U.S. prices of \$24/barrel of crude oil and \$1.80/MMBtu of natural gas by 2050.

Policy & Legal

Under this scenario, it is assumed that all advanced economies have established regulatory CO₂ pricing frameworks, as well as emerging economies with net zero emissions pledges, with prices increasing to an estimated \$250/tonne & \$200/tonne, respectively, by 2050. CO₂ prices are projected to rise more slowly in other emerging markets as they transform energy systems.

Emerging Technology

This scenario requires a significant investment in clean energy, increasing from 2% of GDP in 2021 to 4% in 2030. Electricity generation from renewables spending will increase by 233%, totaling USD 1.3 trillion in this same timeframe. Clean energy technology will face pressures to scale up to meet the level of battery demand underpinning the NZE scenario. By 2030, 60% of global car sales will be electric and by 2035, internal combustion engine (ICE) cars will no longer be manufactured and sold. Aviation will pursue decarbonization technology quickly as the share of sustainable aviation fuel rises from 10% in 2030 to 70% in 2050.

Market – Supply & Demand

Supply and Demand: The global energy mix experiences a transformation as unabated energy is supplanted by low-emission sources sector-wide. Between 2021 and 2050, oil will decline by 80% and natural gas will decline by more than 70%. This is paralleled by patterns in energy consumption, which decreases 10% from 2021 levels to 2030, even as GDP increases. Hydrogen-based fuels gain traction after 2030 and will account for 10% of energy consumption by 2050.

OIL & NATURAL GAS PRICES
IEA WEO NZE SCENARIO —
2050 PROJECTIONS

\$24⁰⁰ PER BARREL

\$01⁸⁰ PER MMBTU

RISK MANAGEMENT

CLIMATE RISK ASSESSMENT

Civitas produces an annual Climate-Related Risk and Opportunity 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 overseeing strategies to mitigate these risks to the extent feasible, as well as pursuing relevant opportunities across all climate scenarios.

CLIMATE RISK ASSESSMENT

Civitas' commitment to rigorous evaluation and mitigation of evolving issues has led Civitas to annually review certain 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 risk mitigation responses as part of its comprehensive response strategy:**

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 are believed to 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. Civitas believes an emissions reduction strategy moderates the impacts of expanding climate change regulation and creates a competitive advantage. For demand fluctuations associated with climate change regulations, an emissions reduction strategy allows for moderation of impacts and potentially for Civitas to leverage competitive advantages due to a carbon leadership position. Civitas maintains calculations based on an internal price of carbon to inform both capital

and operational expenditures and consider potential climate legislation. By working to proactively reduce 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 lower carbon, certified RSG to utilities as a baseload fuel source. Civitas plans to explore new opportunities to third-party certified Responsibly Sourced Gas and feedstocks for utility customers and end users. Any new facilities built in Colorado from 2020 on are required by Colorado regulations 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 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 and appropriate. The company is also committed to identifying opportunities to use gray water and other non-potable sources.



INTEGRATION INTO OVERALL RISK MANAGEMENT

Acute and chronic climate risks such as the likelihood of wildfire, increased heat, and drought all pose significant risks to operations. These topics are integrated into safety protocols for training and response and updated based on the current understanding of the risks posed.

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. The data presented here represents a point-in-time snapshot of Civitas’ performance for the 2022 calendar year. From time to time Civitas may at its discretion provide additional and updated data on the Civitas website.

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2022)
GREENHOUSE GAS EMISSIONS				
Gross Global scope 1 GHG Emissions ¹²	Metric tons CO ₂ e	EM-EP-110a.1	AXPC	1,250,800
Percentage Methane	Percentage (%)	EM-EP-110a.1	--	43%
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	--	56,779
Other Combustion	Metric tons CO ₂ e	EM-EP-110a.2	--	668,593
Process Emissions	Metric tons CO ₂ e	EM-EP-110a.2	--	1,121
Other Vented Emissions	Metric tons CO ₂ e	EM-EP-110a.2	--	519,996
Fugitive Emissions	Metric tons CO ₂ e	EM-EP-110a.2	--	4,312
Scope 1 GHG Intensity Rate	Metric tons CO ₂ e / MBOE	--	--	14.5
Gross scope 2 GHG Emissions (market-based) ¹³	Metric tons CO ₂ e	--	--	73,869
Gross scope 2 GHG Emissions (location-based)	Metric tons CO ₂ e	--	AXPC	75,846
Total scope 1 and 2 Emissions	Metric tons CO ₂ e	--	--	1,323,568
Total Electricity Consumed	MWh	N/A	--	143,080
Methane Emissions	Metric tons CH ₄	--	AXPC	21,530
Methane Intensity	Metric tons CH ₄ / Gross Annual Production (MBoe)	--	AXPC	0.228
Percentage of GHG Emissions Attributed to Boosting and Gathering Segment	Percentage (%)	--	AXPC	7%
Percentage of Methane Emissions Attributed to Boosting and Gathering Segment	Percentage (%)	--	AXPC	1%
Gross Annual Volume of Flared Gas	Mcf	--	AXPC	10,475
Percentage of Gas Flared Per Mcf of Gas Produced	%, Gross Annual Volume of Flared Gas (Mcf) / Gross Annual Gas Production (Mcf)	--	AXPC	0.005%
Volume of Gas Flared Per Barrel of Oil Equivalent Produced	Gross Annual Volume of Flared Gas (Mcf) / Gross Annual Production (Boe)	--	AXPC	0.0001

¹² Scope 1 emissions match what was reported under subpart W for the EPA Greenhouse Gas Reporting Program.

¹³ Market-based emission factors for Xcel Energy and location-based for all other electrical providers.

Description		Unit of Measure	SASB Code	AXPC	Consolidated CIVITAS Response (2022)
AIR QUALITY ²					
Air Emissions NOx (Excluding N ₂ O) ¹⁴	Tons	EM-EP-120a.1	--		5,117
Air Emissions SOx ³	Tons	EM-EP-120a.1	--		0
Air Emissions Volatile Organic Compounds ¹⁴	Tons	EM-EP-120a.1	--		5,815
Air Emissions Particulate Matter	Tons	EM-EP-120a.1	--		Not required for Colorado Emissions Inventory. Comprehensive inventory not maintained.
SPILLS					
Spill intensity	Produced Liquids Spilled (Bbl)/Total Produced Liquids (MBbl)	--	AXPC		0.007
WATER MANAGEMENT					
Total Freshwater Withdrawn ¹⁴	Thousand cubic meters (m ³)	EM-EP-140a.1	--		10,745,400
Total Freshwater Consumed ¹⁴	Thousand cubic meters (m ³)	EM-EP-140a.1	--		10,745,400
Percentage of Freshwater in Regions with High or Extremely High Baseline Water Stress	Percentage (%)	EM-EP-140a.1	--		100
Volume of Produced Water and Flowback generated ¹²	Thousand cubic meters (m ³)	EM-EP-140a.2	--		2,377
Percentage Discharged	Percentage (%)	EM-EP-140a.2	--		0
Percentage Injected	Percentage (%)	EM-EP-140a.2	--		100
Percentage Recycled	Percentage (%)	EM-EP-140a.2	--		0
Hydrocarbon Content in Discharged Water	Metric tons (t)	EM-EP-140a.2	--		N/A (no discharge)
Percentage of Hydraulically Fractured Wells for Which There is Public Disclosure of All Fracturing Fluid Chemicals Used	Percentage (%)	EM-EP-140a.3	--		100
Percentage of Hydraulic Fracturing Sites Where Ground or Surface Water Quality Deteriorated Compared to a Baseline	Percentage (%)	EM-EP-140a.4	--		There were no cases where the deterioration of surface water quality was identified as having come from oil and gas development.
Freshwater Intensity	Freshwater consumed (Bbl) / Gross Annual Production (Boe)	--	AXPC		0.8
Water Recycle Rate	Recycled Water (Bbl) / Total Water Consumed (Bbl)	--	AXPC		0
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

¹⁴ Colorado Emissions Inventory values will be reported in July 2023.

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2022)
BIODIVERSITY				
Number of hydrocarbon spills	Number	EM-EP-160a.2	--	24
Aggregate volume of hydrocarbon spills	Barrels (bbls)	EM-EP-160a.2	--	198
Hydrocarbon spill volume in Arctic	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	--	5.5
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 AND HUMAN RIGHTS				
Percentage of (1) proved and (2) probable reserves in or near areas of conflict ¹⁵	Percentage (%)	EM-EP-210a.1	--	0
Percentage of (1) proved and (2) probable reserves in or near indigenous land ¹⁶	Percentage (%)	EM-EP-210a.2	--	0
COMMUNITY RELATIONS				
Number and duration of non-technical delays ¹⁵	Number, days	EM-EP-210b.2	--	0

¹⁵ Civitas does not disclose information on their probable reserves.

¹⁶ Civitas complies with the voluntary ozone reduction measures stipulated in operating agreements for designated high-ozone advisories, of which at least 30 such advisories (in some cases over multiple days) were complied with in 2022.

To see Civitas’ 2020 and 2021 performance indicators, please visit the [2022 Corporate Sustainability Report](#) and [2020 ESG Scorecard](#).

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2022)
WORKFORCE HEALTH AND SAFETY				
Total Recordable Incident Rate (TRIR) for Full-Time Employees	Rate, Hours (h)	EM-EP-320a.1	AXPC	0.31
Total Recordable Incident Rate (TRIR) for Contract Employees	Rate, Hours (h)	EM-EP-320a.1	AXPC	0.25
Total Recordable Incident Rate (TRIR) for Both Full-Time and Contract Employees	Rate, Hours (h)	EM-EP-320a.1	AXPC	0.26
Fatality Rate	Rate, Hours (h)	EM-EP-320a.1	--	0
Near Miss Frequency Rate (NMFR)	Rate, Hours (h)	EM-EP-320a.1	--	Incomplete data set, tracking began 2H22
Average Hours of Health, Safety, and Emergency Response Training for Full-Time Employees	Rate	EM-EP-320a.1	--	22
Average Hours of Health, Safety, and Emergency Response Training for Contract Employees	Rate	EM-EP-320a.1	--	22
RESERVES VALUATION AND CAPITAL EXPENDITURES				
Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions ^{18,19}	Million barrels (MMbbls), Million standard cubic feet (MMscf)	EM-EP-420a.1	--	See Below Table "Net Proved Reserves"
Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves ¹⁸	Metric tons CO ₂ e	EM-EP-420a.2	--	40,173,448
Amount invested in renewable energy, revenue generated by renewable energy sales	US dollar (\$)	EM-EP-420a.3	--	0
BUSINESS ETHICS				
Percentage of (1) Proved and (2) Probable Reserves in Countries That Have the 20 Lowest Rankings in Transparency International's Corruption Perception Index ¹⁹	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-540a.1	--	N/A, PSE rates are not currently tracked
NET PROVED RESERVES				
SCENARIOS	OIL (MMBBLS)	NATURAL GAS (MMSCF)	NGL (MMBBLS)	
2022 Actuals	153	868	119	
Stated Policies	151	856	117	
NZE by 2050	117	634	87	

¹⁷ Civitas complies with the voluntary ozone reduction measures stipulated in operating agreements for designated high-ozone advisories, of which at least 30 such advisories (in some cases over multiple days) were complied with in 2022.

¹⁸ Proved reserves under 2022 Actual scenarios are based on SEC respective year end reports.

¹⁹ Civitas does not disclose information on their probable reserves.

DESCRIPTION		UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2022)
ACTIVITY METRICS					
Annual Employee Workhours	Number	--	AXPC		650,887
Annual Contractor Workhours ²⁰	Number	--	AXPC		11,112,242
Annual Combined Workhours	Number	--	AXPC		11,763,129
Gross Annual Oil production	Bbl	--	AXPC		56,648,096
Gross Annual Gas production	Mcf	--	AXPC		179,410,241
Gross Annual Production	As reported under Subpart W (Mboe)	--	AXPC		86,549,802
Total Produced Liquids	MBbl	--	AXPC		86,565
Produced Liquids Spilled	Bbl	--	AXPC		680
Freshwater Consumed	Bbl	--	AXPC		67,586,534
Recycled Water	Bbl	--	AXPC		0
Total Water Consumed	Bbl	--	AXPC		67,586,534
Employee OSHA Recordable Cases	Number	--	AXPC		1
Contractor OSHA Recordable Cases	Number	--	AXPC		10
Combined OSHA Recordable Cases	Number	--	AXPC		11
Production of Oil	Thousands of barrels per day (Mbbbl/day)	EM-EP-000.A	--		155 ²¹
Production of Natural Gas	Million standard cubic feet per day	EM-EP-000.A	--		620
Production of Synthetic Oil	Thousands of barrels per day (Mbbbl/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 ²²	Number of active wells	EM-EP-000.C	--		3,261

²⁰ Contractor workhours are estimated by the controller using API spend-based method.
²¹ 110 Mbbbl/day oil production, 45 MBOE/day NGL production.
²² Number of active wells as reported to the EPA under Subpart W.

DESCRIPTION	UNIT OF MEASURE	SASB CODE	AXPC	CONSOLIDATED CIVITAS RESPONSE (2022)
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	--	Managing Environmental Risks & Opportunities
Biodiversity Impacts				
Description of environmental management policies and practices for active sites	Qualitative	EM-EP-160a.1	--	Spill Prevention & Asset Management Biodiversity & Ecosystems Waste Management
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	--	Human Rights
Community Relations				
Discussion of process to manage risks and opportunities associated with community rights and interests	Qualitative	EM-EP-210b.1	--	Community Engagement & Volunteering
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	--	HSE Programs & Training
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	--	Climate Risk Management: TCFD Reporting
Business Ethics and Transparency				
Description of the management system for prevention of corruption and bribery throughout the value chain	Qualitative	EM-EP-510a.2	--	Compliance, Business Ethics & Professional Conduct
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	--	Political Engagement & Regulatory Planning
Critical Incident Risk Management				
Description of management systems used to identify and mitigate catastrophic and tail-end risks	Qualitative	EM-EP-540a.2	--	Risk Management

