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California Water Service Group: Environmental Sustainability Policy

Our Commitment

We are in the planet protecting business. To thrive as a company, we must have a thriving environment. By stewarding our water supply from the source to the tap, we are able to meet the needs of our customers now and in the future. We're committed to minimizing our impact on the planet while proactively investing in the long-term resilience and reliability of its most essential resource – water. We continually strive to understand, measure, and address the direct and indirect impact of our operations, finding new, innovative ways to drive water and energy efficiency and conservation. As we build a sustainable future for our company, communities, and climate, we remain committed to learning, improving, and sharing our progress along the way.

“By investing in the resilience of our planet, we’re investing in the long-term resilience of our business.” – Marty Kropelnicki, CEO

Our Approach

When it comes to environmental sustainability, we are focused on two things: minimizing the impact our business has on climate change and minimizing climate change’s impact on our business. We do this by responsibly managing water resources and our energy consumption.

For many years, we have worked to identify and assess climate-related risks and opportunities related to our California operations, which represent 90% of our business. We plan to expand the scope of these assessments, consider evolving climate science, integrate projects into our infrastructure improvement plans to act on our findings, and prepare for the range of climate futures that we may encounter.

In addition to building resilience into our business strategy, we’re also taking several steps to further promote the resilience of our planet, including improving energy efficiency, decreasing the use of fossil fuels, helping our customers conserve water, and supporting biodiversity and ecosystem health.

Our Governance

Achieving our environmental ambitions starts with having the right people on the job. That’s why we established a robust structure of passionate experts from every facet of our

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organization so that we deliver on our planet-related promises. This governance structure consists of our:

- Board of Directors Nominating/Corporate Governance Committee, which holds responsibility for environmental, social, and governance (ESG) priorities.
- Board of Directors, which monitors the risks from climate change and the potential effects on our business.
- CEO, who connects efforts across the company and leads the planning and execution of our environmental strategy.
- Senior VP, Customer Service and Chief Sustainability Officer, who oversees our ESG efforts, including water resource sustainability, conservation, customer service, and community affairs.
- Strategic Operations Committee, a team composed of our CEO and other C-suite officers, which oversees several strategic priorities, including our Enterprise Risk Management program, water quality performance, and efforts to minimize negative impacts from our waste, discharges, and emissions.
- Chief Water Resource Sustainability Officer, who leads our Conservation Department, and coordinates our approach to managing our water supply, achieving operational reliability, and mitigating or adapting to climate change risks.
- VP, Water Quality & Environmental Affairs who leads our rigorous efforts to achieve water quality and compliance with all applicable environmental laws and regulations.
- ESG Executive Oversight Committee, composed of all Group officers, which oversees Group's sustainability strategy, monitors progress, and makes critical decisions related to ESG initiatives.
- Climate Change Decision Committee, composed of officers throughout the company, which reviews and approves projects that reduce our greenhouse gas (GHG) emissions and at least annually assesses our progress towards meeting our GHG emissions reduction target.

Our Priorities

Water supply management, reliability, and resilience

- Providing and protecting a reliable supply of safe, high-quality water is essential to meeting the needs of customers and firefighters. To achieve this, we balance our sources—which include groundwater, surface water, purchased water, or alternative water sources such as recycled water—and anticipate and adapt to changes in supply. Through our water reliability plans and studies, we identify existing and future supplies, project demand over time, and address any gaps between supply and demand. Additionally, we work to provide water at rates that are affordable for all of our customers, so we continually balance the diversity and resilience of our portfolio, the

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quality of our delivered water, and the investment in our infrastructure, mitigated when possible by grant funding, with the costs and their potential impact on rates.

Water system efficiency and conservation

- Reducing the water we use throughout our operations is a top priority for us. We diligently replace, repair, and upgrade water and wastewater infrastructure and assets, improving the efficiency of our distribution network. We implement long-term Water Supply and Facilities Master Plans for each California district, which assess existing infrastructure and identify potential needs, improving our long-term operational reliability. In addition to infrastructure investments, we operate programs to control water loss, such as our Water Loss Auditing and Control Program, which seeks to identify and address water system leaks early.

End-use conservation and efficiency

- To drive further water and energy efficiency, we educate our customers about water conservation and opportunities for potential cost savings. For example, in 2020, we launched the new smart landscape tune-up program, whereby we evaluate customers' irrigation systems and have our contractors address system leaks and inefficiencies at no cost to the customers. This program, which focuses on low-income customers, reduces water waste and promotes affordability by eliminating leaks that customers cannot pay to fix themselves. Our other efforts include offering rebates for high-efficiency appliances and providing conservation kits to customers. Together, these efforts help reduce demand, waste, and overall costs, which in turn helps us maintain adequate supply and keep rates affordable.

Energy and emissions

- Another important part of reducing our carbon footprint is responsibly managing our energy consumption. We achieve this by reducing the fuel consumption of our vehicle fleet, maximizing the energy efficiency of our facilities and distribution network, and pursuing opportunities to increase our renewable energy consumption. And we continually evaluate our processes and programs for monitoring and improving performance. We began reporting our Scope 1 and 2 emissions in 2014 and have since expanded our inventory to include Scope 3 emissions. As a regulated water utility, we are limited in the investments we can make to reduce our carbon emissions, because our regulator determines which, if any, of this type of investment we can make. Still, we are committed to reducing our absolute Scope 1 and 2 GHG emissions by 63% by 2035 from a 2021 base year. The target is science-aligned and supports limiting global temperature increases to 1.5°C above pre-industrial levels, in line with the goals of the Paris Agreement and the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

Sharing Our Progress

Transparency and accountability are at the core of our environmental efforts. As a result, we are committed to:

- **Monitoring our environmental performance:** Monitoring our environmental performance allows us to comply with environmental laws and make data-driven decisions to help protect the planet.
- **Regularly reporting on our environmental performance:** We annually provide updates on our environmental initiatives, challenges, and achievements in our framework-aligned ESG Report and other publicly available documents.
- **Creating environmental awareness:** We are dedicated to creating environmental awareness within our company and in the communities we serve. We accomplish this through various environmental programs, community outreach efforts, and the distribution of our ESG Report.

For more information about our ESG commitments, priorities, and progress, please see our [annual ESG reports](#).

Approved by:

Shannon Dean, Senior Vice President, Customer Service & Chief Sustainability Officer
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