

2022

Environmental, Social, and Governance Report



CALIFORNIA
WATER SERVICE GROUP
INVESTING FOR LIFE



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This 2022 Environmental, Social, and Governance (ESG) Report and ESG Analyst Download (collectively the "2022 ESG Disclosures") contain forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995. The forward-looking statements in the 2022 ESG Disclosures include the Company's objectives, goals, targets, progress, or expectations with respect to ESG, sustainability, and corporate social responsibility matters, and business risks, opportunities, and plans. Because they are aspirational and are based upon currently available information, expectations, and projections, they are subject to various risks and uncertainties, including limitations on our ability to make ESG investments without the support of our regulators, and actual results may differ. Because of this, the Company advises all interested parties to carefully read and understand the Company's disclosure on risks and uncertainties found in Forms 10-K, 10-Q, and other reports filed with the Securities and Exchange Commission ("SEC"). The Company undertakes no obligation to update any forward-looking or other statements, whether as a result of new information, future events, or otherwise, and notwithstanding any historical practice of doing so. The Company may determine to adjust any objectives, goals, and targets or establish new ones to reflect changes in our business.

Historical, current, and forward-looking ESG-related statements and data in the 2022 ESG Disclosures may be based on standards for measuring progress that are still developing, controls and processes that continue to evolve, and assumptions that are subject to change in the future.

The information included in, and any issues identified as material for purposes of, the 2022 ESG Disclosures may not be considered material for SEC reporting purposes, and the use of the term "material" in the 2022 ESG Disclosures is distinct from, and should not be confused with, such term as defined for SEC reporting purposes.

Due to the inherent uncertainty and limitations in measuring greenhouse gas (GHG) emissions under the calculation methodologies used in the preparation of such data, all GHG emissions or references to GHG emissions in the ESG Disclosures are estimates. There may also be differences in the manner that third parties calculate or report GHG emissions compared to the Company, which means that third party data or methodologies may not be comparable to our data or methodologies.

Website references and hyperlinks throughout the 2022 ESG Disclosures are provided for convenience only, and the content on the referenced third-party websites is not incorporated by reference into the 2022 ESG Disclosures, nor does it constitute a part of the 2022 ESG Disclosures. The Company assumes no liability for the content contained on the referenced third-party references.

Letter from the CEO

For us at California Water Service Group, “ESG” is shorthand for doing the right thing, a value that has been foundational to this Company since its inception nearly a century ago. These three little letters represent our commitment to identifying and mitigating risks to the business; taking care of people and the planet; holding ourselves to the highest ethical standards; and enhancing the quality of life for our stakeholders by being the best and most responsible water and wastewater utility we can be.



It is a shame that the specter of politics has recently and increasingly cast a shadow over the good work being done by many businesses in the name of ESG. As I've said to employees throughout the company, our ESG program is not politically motivated, nor is it an excursion from our proven business strategy. We invested time and resources into conducting an ESG materiality assessment because we are focusing on the ESG topics that are pertinent to us and vital to the long-term sustainability of our business. I'm pleased to report that we continued to make good progress in these key areas during 2022, including:

- We completed an updated inventory of our greenhouse gas emissions in accordance with the Greenhouse Gas Protocol and committed to setting absolute, science-based Scope 1 and Scope 2 emissions reduction targets in 2024.
- We invested approximately \$328 million in infrastructure to improve resiliency, water quality, and sustainability.
- We invested more than \$6.1 million in water conservation rebates and programs for customers, helping them save approximately 180 million gallons.
- We completed a fleet study to identify optimal replacement cycles and opportunities to downsize vehicles.
- We cleared fire breaks around key facilities to minimize risk of wildfire damage and installed additional backup generators to enable us to operate during power interruptions.
- We developed and refined contingency plans for operating our water treatment plants impacted by climate change-driven events, including fires, floods, and droughts.

- We hosted 20 Emergency Operations Center training engagements in collaboration with communities across our service areas, better preparing us and our communities for enhanced coordination and resilience during emergency events.
- We contributed more than \$1.58 million to charitable organizations working to enhance the quality of life in our communities.
- We hosted seven events in our communities to help low-income customers take advantage of our rate assistance and other programs.
- We provided unconscious bias training to 95% of our employees.
- We conducted surveys and focus groups to measure employee engagement, and developed a more formal and robust employee communication strategy.

Moving forward, the Board of Directors and I are committed to continuing our efforts to set goals, make progress, and communicate transparently on our ESG program. Sadly, there has been debate about the benefits of “ESG” and the long-term benefits for society. Despite this, we remain focused on our sustainability, citizenship, and corporate responsibility, because we believe that doing so is in the best interests of our customers, communities, employees, and stockholders.

Martin A. Kropelnicki,
President & Chief Executive Officer

About Us

California Water Service Group (Group, the Company, we, our or us) serves more than 2 million people in over 100 communities and is headquartered in San Jose, California. We are a leading provider of water and wastewater services and the third-largest publicly traded water utility in the United States (NYSE: CWT).


Group includes seven operating subsidiaries. California Water Service Company (Cal Water), New Mexico Water Service Company (New Mexico Water), Washington Water Service Company (Washington Water), and Hawaii Water Service Company, Inc. (Hawaii Water) are regulated public utilities that also provide certain non-regulated services. CWS Utility Services and HWS Utility Services LLC (collectively referred to as Utility Services) maintain non-utility property and provide non-regulated services to private companies and municipalities outside of California. Our seventh subsidiary, TWSC, Inc. (Texas Water), is a majority shareholder of BVRT Utility Holding Company (BVRT), which owns and develops wastewater and water utilities in Texas. The majority of our business consists of the production, purchase, storage, treatment, testing, distribution, and sale of water for domestic, industrial, public, and irrigation uses—and includes the provision of domestic and municipal fire protection services. Other services include wastewater collection and treatment. We also offer non-regulated services, such as water system operation, billing, and meter reading services under

agreements with municipalities and other private companies. Additional non-regulated operations include the lease of communication antenna sites, lab services, and the promotion of other non-regulated services. Our [10-K](#) includes more information about our operations and organization.

About This Report

Our 2022 Environmental, Social, and Governance (ESG) Report discloses activities from January 1 to December 31, 2022, representing our sixth year of ESG reporting. We align our disclosures with the [Sustainability Accounting Standards Board \(SASB\)](#) Water Utilities and Services Industry Standard, leverage the guidance of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#), and reference the 2021 Global Reporting Initiative (GRI) Universal Standards. Our [2022 ESG Analyst Download](#) provides key performance metrics for our reporting topics.

Data and disclosures within this report cover all subsidiaries, unless otherwise stated. Since Texas Water does not have full ownership of BVRT, Texas operations are not included in our reporting. In this report, the terms "ESG" and "sustainability" are used interchangeably to indicate environmental, social, and governance practices that demonstrate our commitment and responsibility to managing our material issues. For additional information about this report, please contact our ESG Program Manager at sustainability@calwater.com.

<p>Our Purpose</p> <p>To enhance the quality of life for our customers, communities, employees, and stockholders</p>		<p>Our Core Values</p> <ul style="list-style-type: none"> ⦿ Integrity ⦿ Safety ⦿ Agility ⦿ Service ⦿ Respect and Collaboration ⦿ Commitment ⦿ Innovation ⦿ Corporate Citizenship
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Our Approach to ESG

We are dedicated to understanding and leveraging the interdependence of ESG interests and are proud of our contributions to a sustainable future. We aim to integrate our commitment to protecting the planet, caring for people, and operating with the utmost integrity into the fabric of our daily business activities. We believe this will support our long-term sustainability and business success and help us achieve our purpose of enhancing the quality of life for those we serve.

Our Focus Areas

Through our foundational 2020 materiality assessment, we prioritized ESG focus areas by researching the landscape of ESG topics, mapping impacts to our value chain,

incorporating internal and external stakeholder feedback, and validating our findings with internal leadership. Our material and other high-priority ESG topics inform our ESG program, disclosures, objectives, corporate strategy, and stakeholder engagement.

In the context of this report, the terms “material” and “materiality” refer to ESG impacts consistent with the voluntary reporting standards with which we seek to align our ESG reporting, and should not be confused with what we consider “material” for the purposes of U.S. securities laws and the filings we make with the U.S. Securities and Exchange Commission (SEC).

Reporting Topics ¹				
	Environmental	Social	Workforce	Governance
Most Material²	Water Supply Management, Reliability, and Resilience	Drinking Water Quality and Customer Safety	Diversity, Equality, and Inclusion	Public Policy and Political Involvement
	Water System Efficiency	Emergency Preparedness and Response	Talent Attraction and Retention	Corporate Governance
	End-Use Conservation	Water Affordability and Access		Ethics
	Climate Change, Energy, and Emissions	Stakeholder Engagement and Public Participation		
		Cybersecurity and Data Privacy		
		Community Support		
High Priority³	Environmental Management and Compliance	Customer Service	Workplace Health and Safety	Responsible Sourcing
			Training and Development	
			Labor Relations and Management	
			Compensation, Benefits, and Employee Wellbeing	

¹ The reporting topics are listed in priority order for each tier according to the results of the materiality assessment, with our most material ESG topics listed first. Each material topic is covered in detail throughout this report.

² The “Most Material” topics were identified as most critical to both internal and external stakeholders with regards to business impact, risk, and opportunities. We view these topics as the most important to effectively manage, set goals for, and provide robust discussion of in our reporting.

³ “High-priority” ESG topics are those that did not necessarily emerge as the most material but were nevertheless identified as important topics to monitor and manage effectively. In some cases, these topics are areas our stakeholders viewed as standard business practice or areas that Group already manages well but must maintain.

Our Objectives

Set in 2021, our ESG objectives reflect our efforts to drive accountability, measure progress, and establish milestones that guide our performance. We developed these objectives to concentrate on topic areas that did not already have strong initiatives in place at Group. In support of these

initiatives, we continue to engage with stakeholders, including our regulators, to advocate for ESG-related projects.

In 2022, we made the following progress toward our objectives. For additional information on our efforts related to each ESG objective, see the report sections linked below:

Material Topic	Objectives	2022 Progress Update
Climate Change and Energy and Emissions	Develop a company-wide electric vehicle strategy, including a plan to purchase 100% zero-emission passenger vehicles in California by 2035.	We continue to implement our fleet sustainability strategy with a focus on California as the 2035 California Air Resources Board mandate prompts more ambitious action. These efforts include evaluating electric vehicle availability and their feasibility relative to our operations, which supports our work towards the 2035 goal.
Climate Change and Energy and Emissions	By 2023, develop and begin implementing an enterprise-wide renewable power purchasing strategy to pursue opportunities to increase renewable electricity use and decrease Scope 2 greenhouse gas emissions.	Our initial steps have included conducting research on the renewables market and potential opportunities in our areas of operation, as well as performing a desktop analysis of electrical demand to inform our renewable power purchasing strategy, which remains on track for completion in 2023.
Climate Change and Energy and Emissions	In the next 10 years, invest no less than \$5 million in emissions-reducing energy solutions, such as renewables and low-carbon energy sources.	We are conducting energy audits of our office facilities throughout California, with the goal of updating our building sustainability plan and identifying optimal locations for solar energy investments that will also allow us to meet operational needs. Our pending renewable power purchasing strategy will help inform further renewable energy investments.
Climate Change and Energy and Emissions	Set absolute, science-based greenhouse gas emissions reduction targets for Scope 1 and Scope 2 emissions by the end of the third quarter of 2024.	We worked with an independent third-party to complete an updated greenhouse gas inventory in accordance with the Greenhouse Gas Protocol. This serves as a critical step in establishing a more thorough and complete baseline from which to set meaningful reduction targets.
Climate Change and Energy and Emissions	By 2025, complete comprehensive data analysis and modelling, and set and publish targets for energy/greenhouse gas intensity of water sourced and/or delivered to customers.	As part of our greenhouse gas inventory, we have completed initial calculations of our energy and greenhouse gas intensity of water produced (sourced) and disclosed those numbers in this report. We intend to continue to analyze these intensity metrics and use a data-driven approach to determine the appropriate targets. We believe these efforts will also facilitate our consideration of greenhouse gas emissions in our strategic decision-making about water source mixes.
Community Support	By 2024, roll out an annual enterprise-wide Community Celebration Day to allow employees to spend a half day on a team community service project. Strive to achieve 50% employee and 90% district involvement in the first year.	We have developed plans to pilot our first annual Community Celebration Day in 2023, with full implementation planned for 2024.

Continued on the next page

Material Topic	Objectives	2022 Progress Update
<u>Diversity, Equality, and Inclusion</u>	By 2024, establish a partnership with at least one educational or community resource organization per region enterprise-wide, with the aim of creating more diverse candidate pools.	We are part of a California Water Association group that intends to collaborate with community colleges to build a career pathway in the water sector. We have also identified a number of colleges across our regions with whom we plan to explore the potential for partnerships. Additionally, we continue to work with local schools and colleges in California, including Cristo Rey Jesuit High School, Santiago College, Gavilan College, San José State University, Cañada College, California State University Long Beach, and California State University, Bakersfield.
<u>Emergency Preparedness and Response</u>	By 2024, establish formal partnerships with the State-specific Office of Emergency Services, Water/Wastewater Agency Response Network (WARN), and other essential utilities to improve coordination for large-scale emergency events and/or emerging threats.	As of year-end 2022, we are members of and/or have signed agreements in place with the following entities: <ul style="list-style-type: none"> • The California WARN • The California Governor’s Office of Emergency Services mutual aid program • The New Mexico Water/Wastewater Agency Response Network • The Washington State Intrastate WARN The state of Hawaii does not have a Water/Wastewater Agency Response Network in place, so we are proactively working with stakeholders in that state to assess the feasibility of developing a similar program. BVRT, the company of which our Texas Water subsidiary is a majority shareholder, has also signed a membership agreement with the Texas WARN.
<u>End-Use Conservation</u>	Meet the water-use targets mandated by the State of California for each district effective in 2027.	Final water-use targets for California are pending approval by the State Water Resources Control Board at the time of this report’s publication. Although the exact targets and timelines may change, we are preparing to comply with these objectives through our conservation program.
<u>Stakeholder Engagement and Public Participation</u>	Starting in 2022, partner with community stakeholders to host customer engagement and education events in low-income communities to increase awareness of customer assistance and conservation programs. Host these events in each California district at least once every three years. In addition, engage key stakeholders to increase public trust, build partnerships, and understand external perspectives.	We successfully hosted customer events in low-income communities in seven California districts. We intend to continue to host similar events in remaining districts over the coming years, aligned with our objective to offer these specific events to communities in each California district at least once every three years.
<u>Water Supply Management, Reliability, and Resilience</u>	By 2035, increase the use of recycled water in our operations by no less than 5% of total water supply to customers.	In 2022, recycled water accounted for approximately 3% of our total water supply. To reach 5%, we continue to invest in wastewater treatment infrastructure for high-quality water reuse and explore additional opportunities to purchase reclaimed water from wholesalers.



Protecting Our Planet

The success of our business depends on the health of our planet. We strive to minimize our impacts on the environment while proactively investing in the long-term resilience and reliability of our most essential resource—water.

IN THIS SECTION

Climate Change →

Energy and Emissions →

Water Supply Management, Reliability, and Resilience →

Water System Efficiency →

End-Use Conservation →

Environmental Management and Compliance →



Overview

No single ESG topic stands alone. To protect our planet, we must understand the complex connections between relevant ESG topics and take a cross-functional approach to effectively manage the associated risks of a changing landscape.

Taking a Holistic Approach

Each of the following inextricably linked areas of focus play a role in our strategies for delivering a sustainable supply of safe, affordable water to our communities while reducing our environmental footprint:

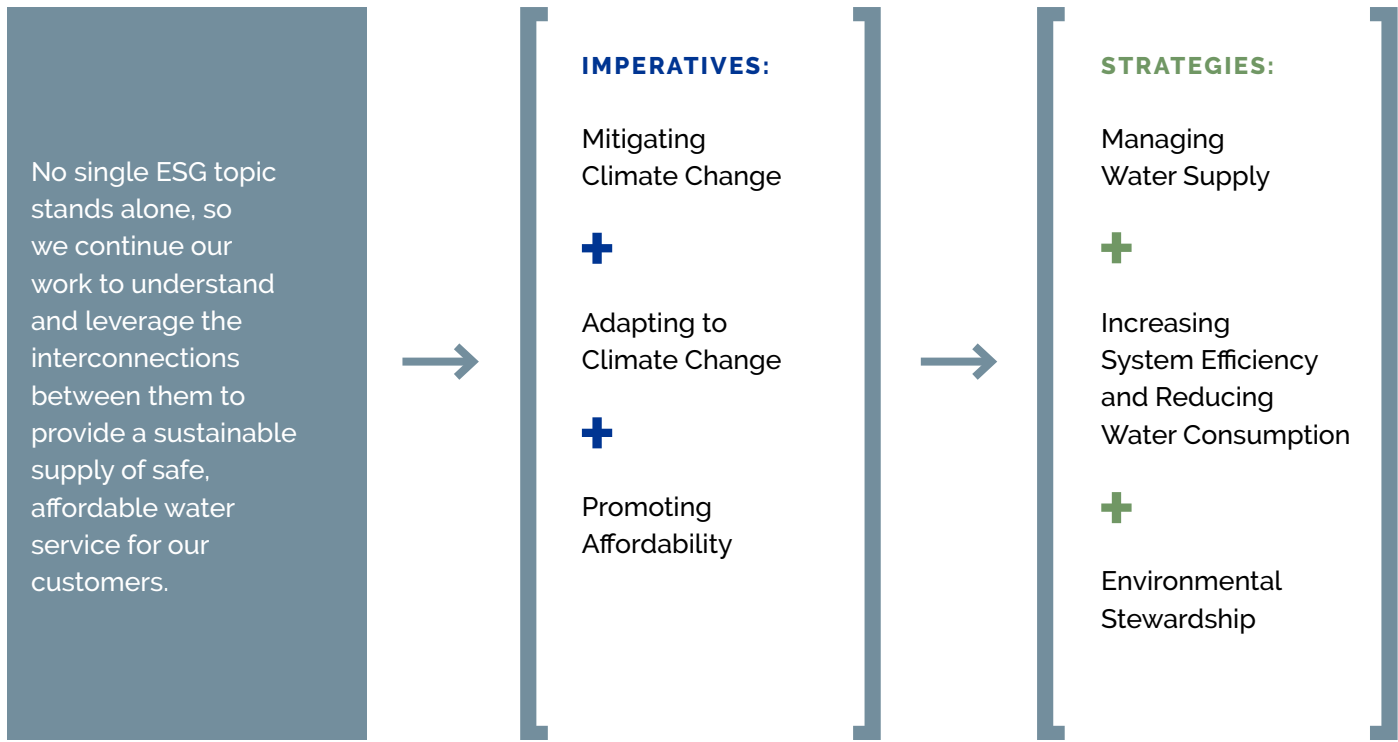
- ⦿ **Managing Water Supply** — Effectively managing changes in water availability and demand, particularly those driven by climatic events, including impacts to snowpack, rain-based surface water, and groundwater levels, plays a significant role in our ability to secure a sustainable supply of water for our customers, now and for generations to come.
- ⦿ **Increasing System Efficiency and Reducing Water Consumption** — By focusing on extending the efficiencies of our water system and reducing consumption at the customer’s tap, we believe we can reduce the energy required to produce and deliver water and, in turn, support a sustainable water supply while reducing our carbon footprint.
- ⦿ **Environmental Stewardship** — Reducing the negative environmental impacts of our operations supports a healthier planet, protects the watersheds from which we source our water, and helps preserve and improve water quality.

To protect our planet, we must understand the complex connections between relevant ESG topics.

Underlying each of the above focus areas are three cross-cutting imperatives that demand an interdisciplinary set of solutions and a balance of priorities:

- ⦿ **Mitigating Climate Change** — The energy we consume to provide water and wastewater services to our customers contributes, in part, to climate change. We work to reduce the carbon footprint of our operations by lowering energy demand through customer conservation measures and by increasing system efficiency and transitioning to carbon-free energy sources in our operations.
- ⦿ **Adapting to Climate Change** — Climate change increases the risks associated with rising temperatures, drought, and extreme weather events that may affect the reliability of our systems and the availability of our water supply. To help us prepare for these risks to our business, we rely on our water supply management efforts, conservation programming, and strategic investments in operational and infrastructure resiliency.
- ⦿ **Promoting Affordability** — Balancing the cost of delivering a reliable supply of safe, high-quality water with our commitment to water affordability is an ongoing challenge in the face of climate change. To help preserve the affordability of our services, with an emphasis on affordability for low-income communities, we seek to focus on what we believe are the most needed water system improvement projects while also considering operational efficiency, rate design, grant opportunities, and conservation programs.

Providing a Sustainable Supply of Safe, Affordable Water



Planning for a Sustainable Future

We use a series of interrelated planning processes and reports to support our water resource and environmental sustainability efforts, conducting them on a recurring basis to help inform adjustments to our approach as the risk

landscape evolves. While these formal plans and studies are developed primarily for our Cal Water subsidiary, some are also used in our other subsidiary states, and we intend to extend this work further in those states in the future.

Plan/Study (hyperlinked where public)	Voluntary/Required	High-Level Description
Climate Change Study (Phase 1: Water Resources Monitoring and Adaptation Plan; Phase 2: Climate Change Risk Assessment and Adaptation Framework)	Voluntary	The climate study analyzes climate-related vulnerabilities in our facilities, operations, and water supply portfolio at the district level. The results show how risks may change over time based on different emissions scenarios and provide a framework for future mitigation and adaptation planning.
Water Supply and Demand Assessment	Required	Annually evaluates water supply status and identifies any potential shortages and response actions, including implementation of the Water Shortage Contingency Plan.
Urban Water Management Plans (UWMPs)	Required	UWMPs provide critical information for our service areas, including historical and projected water demands, water supplies, supply reliability, potential vulnerabilities, water shortage contingency planning, and demand management programs. Every five years, California requires that we complete UWMPs for service areas where we meet the definition of an urban retail water supplier. However, we choose to complete these plans for all service areas in order to promote effective water management.
Water Shortage Contingency Plans (WSCPs)	Required	WSCPs are included as appendices to our UWMPs and are developed every five years. These plans outline appropriate responses during water supply shortages and interruptions to protect health and safety, minimize economic disruption, and preserve environmental and community assets.
Conservation Master Plans	Voluntary	Conducted on a five-year cycle, these conservation plans evaluate and review forward-looking conservation efforts at the district level. These plans are also appendices of UWMPs.
Water Supply Reliability Plans/Studies	Voluntary	These plans evaluate the reliability of existing regional water supplies and assess supply and demand options to enhance future reliability. These reports also include water supply project recommendations for our facilities' master planning processes.
Water Supply and Facilities Master Plans	Required	Informed by our water supply strategy, these plans forecast potential infrastructure needs at the district level and support long-term operational reliability.



Climate Change

As our communities experience the consequences of climate change, we strive to identify, mitigate, and adapt to critical climate-related impacts—and implement governance structures to oversee our short- and long-term sustainability strategies.

Understanding Climate Change Risks and Impacts

Adhering to a Process

Several years ago, we embarked on a multi-year journey to identify and assess climate-related risks throughout our operations in California, which represents the majority of our business. As we advance on that journey, we intend to continue to expand the scope of our assessments, account for evolving climate science, integrate projects into our rate cases to act on our findings, and prepare for the range of climate futures that we may encounter.

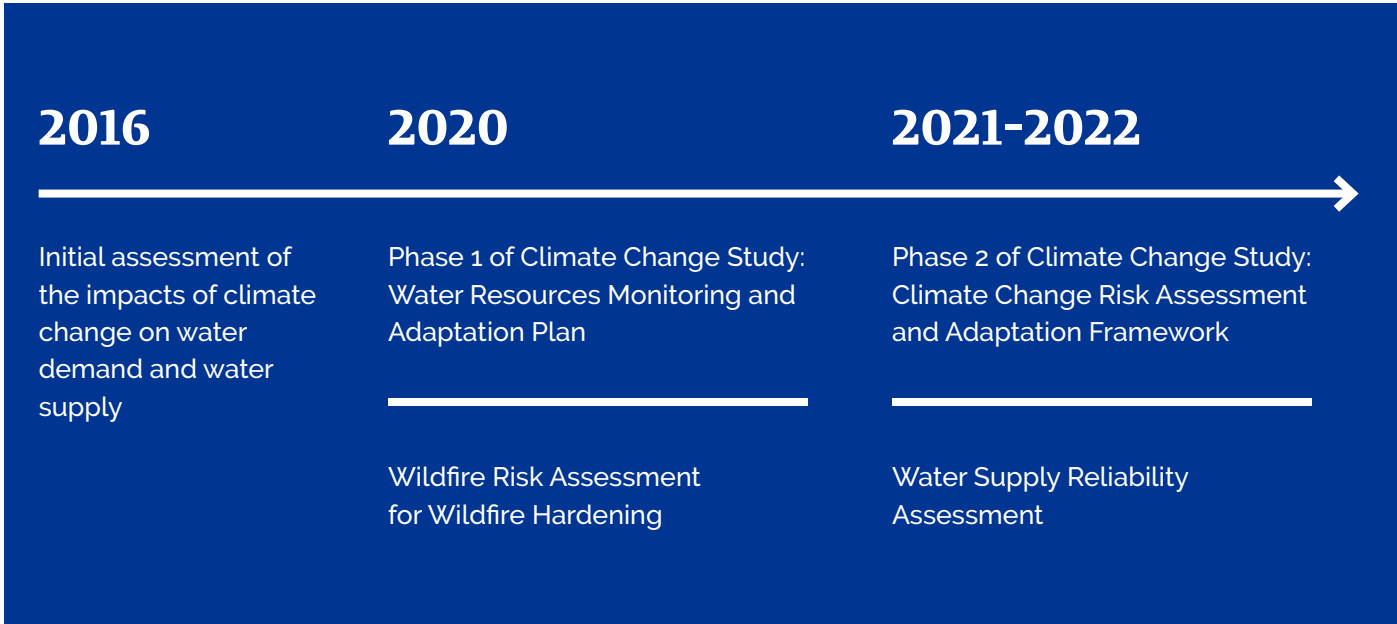
As part of our initial climate change evaluation in 2016, we developed a model designed to statistically estimate the variation in water demand attributable to changes in water rates, personal income, weather, demographics, passive and active conservation programs, and economic conditions. This model was then used to make a forecast of expected water demand conditional upon assumed long-term temperature and precipitation changes associated with climate change. An additional component of the 2016 study

included a detailed review of water source vulnerabilities in 14 Cal Water districts, representing 85% of Cal Water's 2014 water production and reflecting a wide variety of geographies and hydrologic systems.

In 2020, we completed Phase 1 of a more comprehensive climate change study, the Water Resources Monitoring and Adaptation Plan. This analysis, which researched the landscape of studies and resources available to help inform an assessment of climate-driven risks relevant across Cal Water facilities, operations, and water supply portfolio, served as a literature review to inform the second phase of the climate change study.

Recognizing the increased wildfire risks exacerbated by climate change, we also took the critical step of completing a Wildfire Risk Assessment for Wildfire Hardening in 2020. This assessment mapped high-risk areas of Cal Water operations, identified potential issues, and recommended measures to better prepare system facilities and enhance resiliency in the event of widespread wildfire.

Key Climate Risk Assessment Milestones



These foundational assessments informed Phase 2 of our climate change study in 2021. The outcome of this second phase of work, our Climate Change Risk Assessment and Adaptation Framework, identified certain climate-related risks and opportunities that could impact our business over three distinct time horizons. The time horizons considered in our analysis included the following:

- ◉ The early century horizon (2016–2045) includes near-term vulnerabilities and adaptation measures to consider for immediate implementation.
- ◉ The mid-century horizon (2035–2064) covers longer-term capital investments, such as new facilities constructed after the lifespan of current infrastructure.
- ◉ The late century horizon (2070–2099) evaluates long-term adaptation pathways.

Climate projections for each of the 30 years in each time horizon were averaged to account for natural climate variability across shorter time periods. Additionally, following guidance from the TCFD and Intergovernmental Panel

on Climate Change (IPCC), we leveraged Representative Concentration Pathways (RCPs) in our analysis to consider climate risks across a range of possible climate futures. RCPs are scenarios that show trajectories of atmospheric greenhouse gas concentrations dependent on different timeframes and emission levels. Based on findings from Phase 1 of our climate change study and the associated literature review, we selected the following RCPs for our risk analysis:

- ◉ RCP 4.5 is an intermediate scenario that assumes an estimated global temperature rise between 2°C and 3°C from pre-industrial levels by 2100, with anthropogenic global greenhouse gas emissions peaking in 2040.
- ◉ RCP 8.5 is a high-emissions scenario that assumes temperature increases of at least 4°C from pre-industrial levels by 2100, with anthropogenic global greenhouse gas emissions continuing to rise over the next century.

The assets and operations vulnerability assessment leverages the framework in the 2020 California Adaptation Planning Guide, which includes three key elements of vulnerability: exposure, sensitivity, and adaptive capacity. Exposure refers to systems, populations, or assets in areas that make them subject to direct harm; sensitivity is the degree to which a system may be impacted; and adaptive capacity is the ability to prepare for and respond to potential consequences or opportunities.

We evaluated risks at a district level to determine the key risks for each district related to supply reliability and operational assets. We also considered the impacts on Disadvantaged Vulnerable Communities (DVCs), which are often disproportionately exposed to climate hazards and have a lower capacity to adapt to these hazards. We believe the findings of the Climate Change Risk Assessment and Adaptation Framework provide actionable insights and a reliable framework for future planning. By using this tool, we intend to continue to implement programs that capitalize on these adaptation strategies.

In parallel with the broader-focused Climate Change Risk Assessment and Adaptation Framework, in 2021 and 2022 we also conducted a deeper review of the impacts of climate change and other environmental factors on water supply reliability and water quality for 10 Cal Water treatment plants. This study, the Water Supply Reliability Assessment, included an evaluation of climate-driven risks, development of recommendations to prioritize certain sources and facilities for further review, and identification of potential mitigation measures. Subsequent work in this multi-phase process is expected focus on higher-risk facilities and to provide evaluations to further inform risk mitigation measures and adaptive planning.

Predicting Potential Outcomes

Without proper preparation, physical climate-related risks are more likely to damage assets, disrupt operations and services, and impact supply and demand of water over the short, medium, and long term. While the severity of specific risks may vary across climate scenarios and

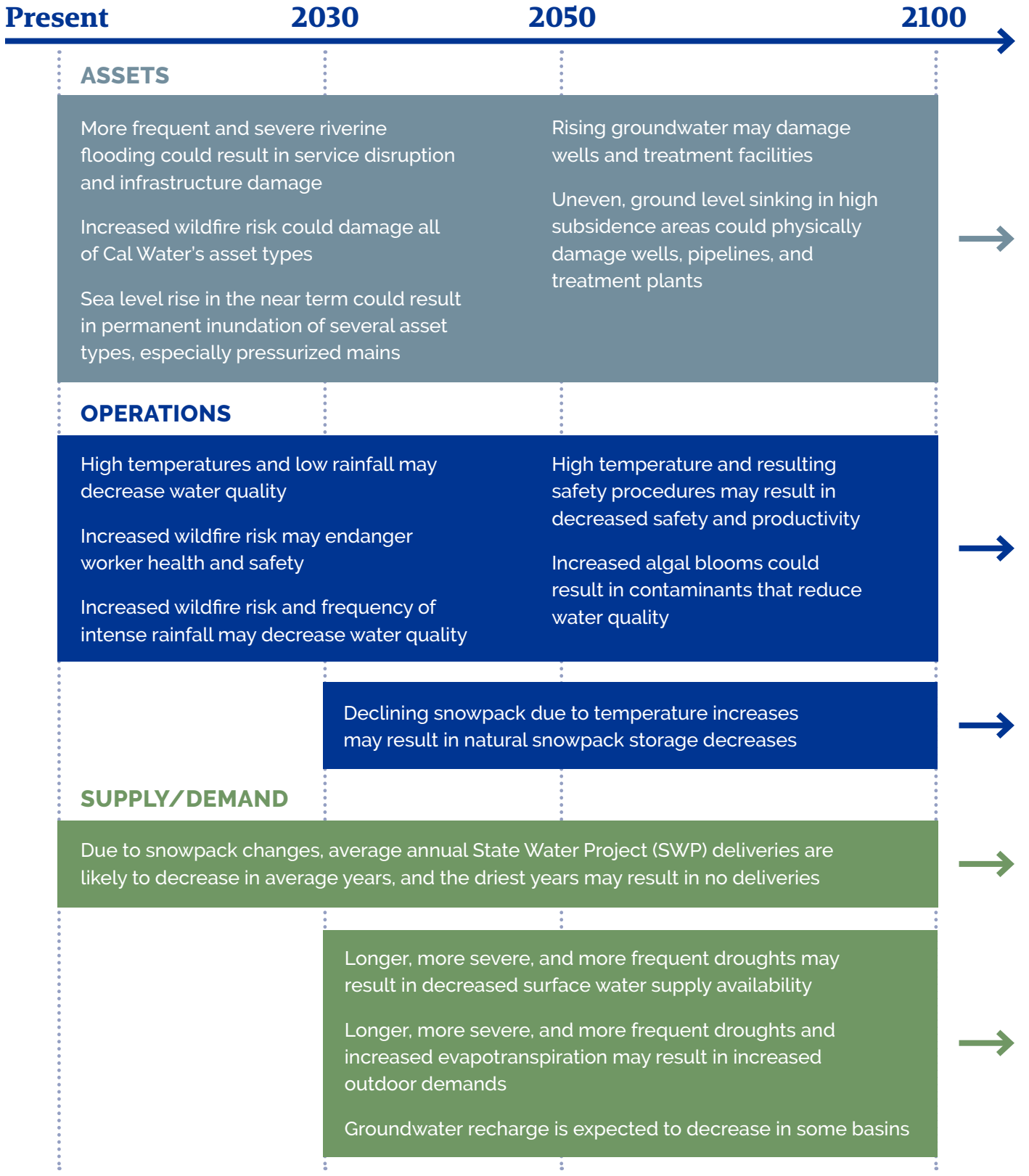


Wildfires pose an ever-increasing threat to surface water supplies and worker health and safety.

over a range of time horizons, the following graph summarizes the climate-related risks for Cal Water that were identified in the Climate Change Risk Assessment and Adaptation Framework.

In particular, DVCs are often especially exposed to climate risks and face challenges in preparing for and recovering from risk events. We identified Cal Water districts serving a large proportion of DVCs and found that climate risks are particularly prevalent for DVCs in Cal Water districts with limited water supply diversity. Some of the top identified climate-related risks to DVCs include water shortage risk due to variations in water supplies and more frequent and severe droughts, elevated contamination risk due to increased wildfires, reduced precipitation, and increasing temperatures. These risks may compound existing health or economic issues in vulnerable communities.

Risks by Time Horizon



Specific to water treatment plants, some of the top climate-driven risks identified in the Water Supply Reliability Assessment include impacts on water quality and key staff. Drought, extreme precipitation, high temperatures, and forest fires can contribute to influxes of nutrients in water sources and cause cyanobacterial blooms, which may produce contaminants that must be treated. Wildfires and other climate-related risks may also prevent staff from accessing water facilities and conducting vital operations. A selection of the highest and more moderate risk facilities is expected to be the focus of risk reduction efforts moving forward.

We have also identified a series of transition- and climate-related risks that may influence our evolving climate strategy. These risks include changes in the market and in consumer demands, due to differences in generational behaviors, shifts in population locations based on climate changes, and variations in water needs. Regulatory risks, such as emission trading systems and carbon taxes, could also financially impact our business. Federal and state regulations may further establish requirements for managing water supplies and limiting impacts on local wildlife, while regional plans and legislation could directly affect how we address water issues. As climate-related impacts continue to affect our industry, we intend to assess transition risks to our business more thoroughly and proactively incorporate these considerations into planning and decision-making processes.

We regularly refresh our Enterprise Risk Management program to analyze risks, revise mitigation controls, and update risk summaries. In 2022, we incorporated findings from our climate change studies to enhance our Enterprise Risk Management model. Risk area owners reviewed opportunities to integrate these updated climate-related risks into our existing risk planning.

Managing Risks and Developing Strategies

Managing the impacts of climate-related risks requires climate mitigation and adaptation throughout our business, including sourcing, treatment and distribution, and community engagement. We aim to minimize our own carbon footprint by increasing the efficiency of our fleet, reducing energy requirements throughout our water systems and distribution infrastructure, and transitioning to renewable sources of energy, where possible. We also communicate with our customers to encourage conservation that may lead to associated energy savings.

For more information about our approach to addressing our emissions footprint, see the [Energy and Emissions](#) section.

In order to better adapt to the increasingly prevalent effects of climate change identified in our various climate risk assessments, we leverage adaptive planning pathways. Through these pathways, we seek to develop implementation horizons and triggers while maintaining the greatest flexibility to respond to changing climate, financial, and regulatory circumstances. Our adaptation planning framework includes:

- Prioritizing top risks
- Evaluating the applicability of climate adaptation strategies to various climate scenarios and seeking to prepare for the worst-case scenario, where possible
- Undertaking viability assessments of proposed risk reduction opportunities
- Coordinating recommended actions with other planned capital or maintenance work at targeted facilities
- Developing project implementation plans in the short-, mid-, and long-term timeframes

We continue to invest in the resilience of our infrastructure, seek to predict and prepare for changes in service demands, and practice water stewardship and conservation. We regularly monitor and diversify water supplies to support reliability, and we contribute to ongoing research. To learn more about how we promote water supply reliability, see the [Water Supply Management, Reliability, and Resilience](#) section. We also strive to adapt to climate change and preserve water availability by saving water in our distribution system and engaging our communities to minimize downstream consumption. For additional information about our efforts, see the [Water System Efficiency](#) section and the [End-Use Conservation](#) section.

We continue to monitor and maintain the quality of our water, which we have identified as a key climate-related risk area. The [Drinking Water Quality and Customer Safety](#) section describes our water quality program. Additionally, we aim to strategically balance our investments to adapt to climate change and protect the human right to access safe and affordable water by advocating for financial support for our customers in need. For more information, see the [Water Affordability and Access](#) section.

Measuring Progress and Setting Objectives

We believe that data drives meaningful action. Identifying climate-related risks has emphasized the importance of measuring our performance so we can, in turn, monitor our ability to mitigate and adapt to climate change. Measuring our energy consumption and greenhouse gas emissions data helps Group assess our contributions to climate change and manage our environmental impacts across our operations. In 2022, we worked with an independent third-party to complete an updated inventory of our greenhouse gas emissions in accordance with the Greenhouse Gas Protocol, the global standard for measuring and managing organizational greenhouse gas emissions. This continued

progress in developing a more thorough and complete picture of our emissions is a critical step in establishing a baseline from which we can set meaningful reduction targets. Additionally, we track metrics related to water supply, system efficiency, conservation, water quality, emergency preparation and response, and other areas where the impacts of climate change on our business are most prevalent.

For further details on our climate-related metrics and improvements to our greenhouse gas inventory, see the associated data in the [Energy and Emissions](#) section. For other information and performance metrics related

Climate-related Risk Objectives



We have publicly committed to a number of objectives related to reducing our emissions footprint and promoting resilience against climate-related risks. These objectives include:

→ **2023**

By 2023, develop and begin implementing an enterprise-wide, renewable power purchasing strategy to increase renewable electricity use and decrease Scope 2 greenhouse gas emissions.

→ **2024**

Set absolute, science-based greenhouse gas emissions reduction targets for Scope 1 and Scope 2 emissions by the end of the third quarter of 2024.

→ **2025**

By 2025, complete comprehensive data analysis and modelling, and establish and publish targets for energy/greenhouse gas intensity of water sourced and/or delivered to customers.

→ **2027**

Meet the water-use targets mandated by the State of California for each district effective in 2027.

→ **2032**

In the next 10 years, invest no less than \$5 million in emissions-reducing energy solutions, such as renewables and low-carbon energy sources.

→ **2035**

Develop a company-wide electric vehicle strategy, including a plan to purchase 100% zero-emission passenger vehicles in California by 2035.

→ **2035**

By 2035, increase the use of recycled water in our operations to no less than 5% of total water supply to customers.

For more information on these objectives and progress against these goals in 2022, see the [Our Objectives](#) section.

to climate risk and adaptation strategies, see the [Water Supply Management, Reliability, and Resilience](#); [Water System Efficiency](#); [End-Use Conservation](#); [Drinking Water Quality and Customer Safety](#); and [Emergency Preparedness and Response](#) sections.

Maintaining Accountability

We manage climate-related risks and opportunities through multiple levels at Group by employing the following structures of oversight and management:

- ⦿ **Board level:** Our Board of Directors periodically reviews and discusses our climate-related risks and opportunities and maintains responsibility for formal approval and oversight of our climate change strategy. Executive leadership regularly reports to the Board on ESG and climate change progress throughout the year. Various departments also provide regular updates to the Board on routine operational priorities relating to climate mitigation and adaptation efforts. Given the importance of climate-related impacts to our business and their interrelation to numerous other ESG focus areas at Group, the Board considers climate-related issues while guiding business strategy, developing action plans, setting objectives, and evaluating company expenditures. The Nominating/Corporate Governance Committee maintains oversight of ESG programs and disclosures, including those related specifically to climate change.
- ⦿ **Executive level:** Our executive leadership team, led by the CEO, collaboratively develop, manage, and execute on our climate change strategy. This is primarily accomplished through the Strategy & Operating Committee and ESG Executive Oversight Committee. Our Vice President (VP), Customer Service & Chief Citizenship Officer and Chief Water Resource Sustainability Officer drive our climate-related efforts. Executive-level updates and discussions frequently cover climate-related issues, such as wildfire preparation, water supply planning, and drought response. Our VP, Information Technology & Chief Risk Officer, also leads our Enterprise Risk Management team to factor climate change into our risk analysis and framework.

- ⦿ **Additional oversight and management:** Various teams monitor material climate-related issues and collaborate throughout Group to manage these impacts:

 - The Water Resource Sustainability Department, directed by the Chief Water Resource Sustainability Officer, leads our overarching climate change strategy, with a focus on risk assessment and adaptation strategies relating to water resource sustainability.
 - Although our climate change strategy requires inputs from across all departments at Group, our Fleet and Facilities, Operations, Engineering, Rates, and Water Quality teams collaborate closely with the Water Resource Sustainability Department, ESG team, and executive leadership on climate change mitigation and adaptation efforts.
 - We also have multiple, cross-functional ESG Working Groups that focus on the three elements of our climate change strategy: mitigation, adaptation, and reporting and compliance. These cross-departmental working groups include officer sponsors as well as directors, managers, and other subject matter experts from teams with relevant skill sets or areas of responsibility across the Company. The ESG Executive Oversight Committee receives updates on the ESG Working Groups during their quarterly meetings.

For information on ESG governance at Group, see the [Corporate Governance](#) section.

ADDITIONAL RESOURCES

- [Climate Change Risk Assessment and Adaptation Framework: Executive Summary](#)
- [Climate Change Risk Assessment and Adaptation Framework: Highlights](#)
- [Embracing Change to Address Climate Change](#)
- [Can You Imagine a Day Without Water?](#)



Energy and Emissions

Reducing energy demand and emissions within our operations is a key part of our strategy for mitigating our contribution to climate change. We are focused on increasing our operational efficiency, leveraging renewable energy sources, promoting fleet sustainability, and enhancing data management processes that may provide additional insights.

Operational Efficiency

While our work to minimize energy consumption spans our subsidiary operations, we have focused our more ambitious efforts in California, where greater than 90% of our operations are located.

Leadership in Energy and Environmental Design (LEED) standards guide construction of new and updated employee occupied buildings at Group. To help enhance energy efficiency in existing office buildings, we seek to optimize heating, ventilation, and air conditioning (HVAC) systems, upgrade to LED lighting, and replace copiers and printers with more energy-efficient models at the end of their useful life.

We also regularly conduct performance assessments of pumping equipment to evaluate opportunities for increasing our use of higher-efficiency pumps and motors

and replacing inefficient assets as needed. Although we maintain fossil fuel-powered backup generators for pump stations and other facilities required for business continuity during power outages, these generators are not a significant part of our footprint. For information about our energy and emissions data, see the [2022 Highlights](#) section and the [2022 ESG Analyst Download](#).

Throughout our supply and distribution systems, we utilize demand response systems to reduce our energy use during peak demand times. This is intended to reduce strain on the electrical grid, while also providing associated financial benefits. For example, our Bakersfield peak demand reduction program shuts down wells during emergency electric power shortage events and offer rebates to participating customers. In Hawaii, our “Rider-M” program generates a discount on energy bills by pausing operation of wells during certain times of the day.

We are developing a fleet electrification strategy to phase out the purchase of fossil-fuel passenger vehicles.

To help conserve water and reduce the energy demands required to process and distribute water in our system, we proactively monitor, maintain, and replace pipelines and infrastructure. For additional information about how water efficiency complements energy efficiency, see the [Water System Efficiency](#) section. We also encourage our customers to reduce their water consumption, which lowers energy use and reduces our Scope 3 emissions. See our [End-Use Conservation](#) section for more information about our engagement with customers about conservation.

Renewable Energy

We continue to invest in renewable energy sources as a way to reduce reliance on fossil fuels and support our transition to a low-carbon economy. To date, we have invested approximately \$3 million in renewable power generation infrastructure at our facilities. Our on-site renewable energy portfolio includes solar panels at our Chico District Customer Center, an inline hydro turbine system in our Rancho Dominguez District, and a wind turbine and inline hydro turbine system in our Waikoloa District in Hawaii. Where feasible, we enroll in programs with our electric utility providers that give us the opportunity to purchase more of our energy from renewable sources. In some California service areas, we also purchase electricity from Community Choice Aggregators who sell power with higher renewable energy percentages than other providers.

Fleet Sustainability

Our diesel- and gasoline-powered vehicles represent the majority of fossil fuel assets that we own and regularly operate. We seek to strategically address these investments in fossil fuels by focusing on enhancing our fleet's sustainability. The degree to which we do this depends on state-specific needs and feasibility:

- ⦿ **Efficient vehicles:** We have standardized our vehicle selection approach to replace older vehicles with more fuel-efficient ones. In alignment with California Air Resources Board (CARB) regulations, we replace aging diesel trucks with lower-emitting alternatives.

- ⦿ **Fleet electrification:** We also procure hybrid and electric vehicles, where possible. We are developing a fleet electrification strategy, currently focused on California, to phase out the purchase of fossil-fuel passenger vehicles. This is in alignment with CARB regulations, which mandate that zero-emissions vehicles must represent 100% of new passenger vehicles sales by 2035. To support the electrification of our fleet, our San Jose and Bayshore District facilities also provide electric vehicle (EV) charging stations, and we continue to evaluate and build additional EV charging stations in California. For information about current progress on our fleet strategy, see the [2022 Highlights](#) section.
- ⦿ **Route optimization:** Our online platform automates our processes to schedule maintenance, communicate with customers, and optimize routes to job sites. This automation also reduces paper documentation and fuel consumption.
- ⦿ **Travel reduction:** Video conferencing allows us to limit employee business travel, minimizing emissions and the costs associated with operating vehicles. We continue to evaluate opportunities to further reduce travel, where possible.
- ⦿ **Commuter benefits:** In California, our commuter benefits program encourages employees to reduce their personal vehicle emissions by utilizing public transportation and ridesharing.

ADDITIONAL RESOURCES

- [Environmental Sustainability Policy](#)
- [ESG Governance Matrix](#)

ENERGY AND EMISSIONS

2022 Highlights

Operational Efficiency

Throughout our operations, we implemented projects designed to improve energy efficiency and management:

- ⦿ **Energy management system:** We continued to make progress on the development of an Energy Management System (EnMS) that would support a more detailed measurement and assessment of our energy consumption and costs in California. This EnMS is intended to allow us to evaluate energy usage and efficiency data at the asset level to help identify energy optimization strategies and define energy-related policies and objectives.
- ⦿ **Backup energy sources:** In September 2022, during Energy Emergency Alerts, we made adjustments to our operations and used backup generators to alleviate power demands on the statewide California power grid, doing our part to prevent rotating power outages to customers.
- ⦿ **Asset replacement program:** We performed 995 efficiency tests on 785 pumps and completed 61 water pump or motor replacement or rebuild projects to increase efficiency in our water distribution systems.
- ⦿ **LED lighting:** We completed LED lighting retrofits for our CSS campus and water quality laboratory in 2022, which are estimated to result in savings of more than \$19,000 per year.
- ⦿ **HVAC systems:** We continue to pursue opportunities for HVAC optimization at our Customer Support Services (CSS) headquarters. Once these improvements have been completed, they are projected to support energy savings amounting to more than approximately \$100,000 per year.

Renewable Energy

Aligned with our ambition to increase renewable electricity use, we are leveraging findings from market research and electrical demand analyses to develop an evidence-based renewable power purchasing strategy. We also commenced operation of an inline hydroturbine in our Waikoloa, Hawaii service area in March 2022. By capturing the energy generated from flowing water, the hydroturbine can produce up to 100 kilowatts of electrical power. Hawaii Water sells the electricity generated by the turbine to the local energy utility. In addition to supplying renewable energy to the grid, these efforts have enabled cost savings that can be passed on to our customers. Over the course of nine months of operation in 2022, the hydroturbine produced approximately 418,000 kilowatt-hours of energy and generated an income of over \$100,000 for Hawaii Water. For more information, please see our [web site](#).

Fleet Sustainability

We completed a study to better understand optimal vehicle replacement cycles and inform our roadmap for electrification. The study focused on evaluating current fleet replacement policies and opportunities to downsize vehicles based on job functions; to reduce safety accidents; and to further electrify our fleet over time in California. The results have informed our policies and standards for vehicle purchase, use, and maintenance. We intend to continue to use the findings of this study to further evaluate the availability of EVs in the market and the opportunity to integrate EVs into our fleet operations.

Energy and Emissions Metrics

In 2022 we worked with a third party to update our Scope 1, Scope 2, and partial Scope 3 greenhouse gas (GHG) emissions inventory, starting with 2021 data. The inventory aligns with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)*, *GHG Protocol Scope 2 Guidance*, and *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, collectively referred to as the "GHG Protocol," and represents considerable progress in our journey to further improve the breadth and integrity of our energy and emissions data. This updated inventory allows us to use actionable data to inform implementation of our climate strategy, and to be methodical and thoughtful in establishing a baseline for emissions reduction target-setting efforts, including our commitment to develop a GHG intensity target by 2025 and to set absolute, science-based GHG emissions reduction targets for Scope 1 and Scope 2 emissions by the end of the third quarter of 2024. Additionally, this data collection is intended to help prepare Group for emerging regulations and disclosure standards. In the coming years, we plan to build upon this progress and to continue to work to expand and improve our emissions data collection, management, and calculation methodologies across our value chain for future GHG emission disclosures.

Although we are committed to setting emissions reduction targets to minimize our carbon footprint, our ability to make investments to reduce our emissions and increase our use of renewable energy sources is limited because such investments must be supported by our regulators, the state public utilities commissions. As we continue to mature our climate change strategy, we intend to focus on what we can control and to advocate for meaningful progress from our regulators.

See the [2022 ESG Analyst Download](#) for additional details on our energy and emissions metrics, including three-year trended data, calculation methodologies, and more.

9.3%

renewable energy consumption⁴

0.21

GHG emissions intensity of water produced (metric tons CO₂e / AF)⁵

-8.18%

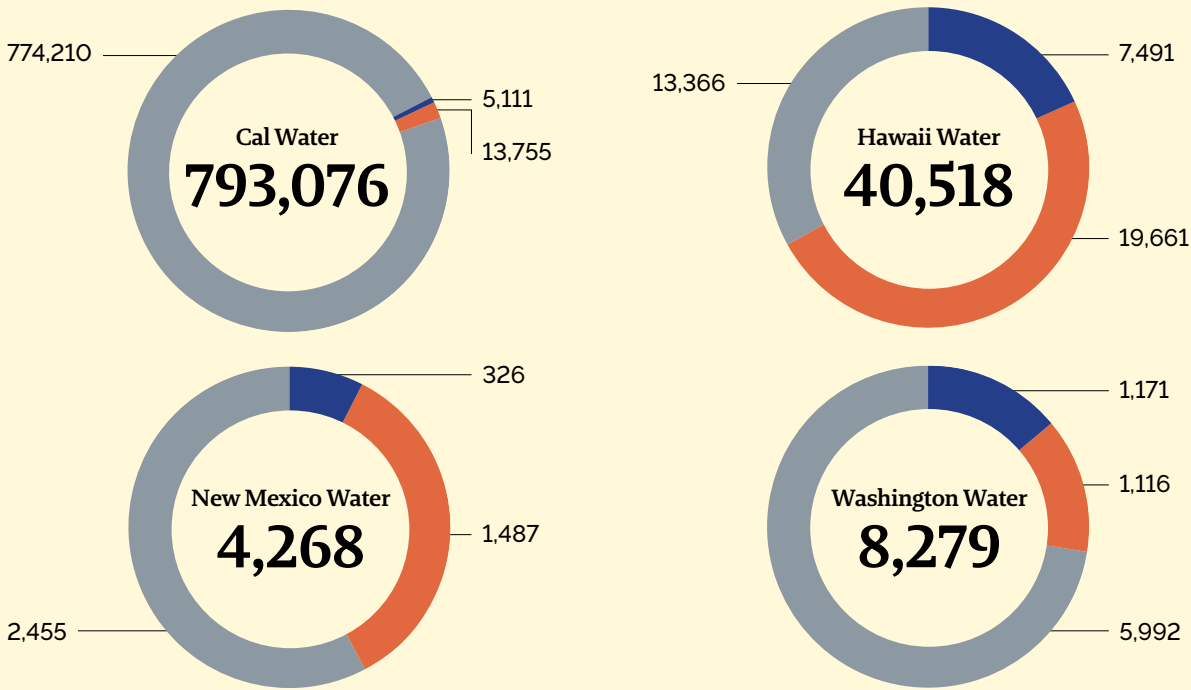
change in total (Scope 1, 2, and 3) GHG emissions from previous year (2021)⁶

⁴ In alignment with the SASB Water Utilities and Services Industry Standard, this metric is calculated by dividing our renewable energy consumption by our total energy consumption and reflects renewable energy calculation methodologies in accordance with the market-based Scope 2 methodology from the GHG Protocol. The percentage only includes renewable energy from electric utility green tariffs and Cal Water's owned on-site solar system in Chico, California, for which Cal Water retains the renewable energy credits. Other renewable energy generation or purchases, such as the energy from the hydroturbines in California and Hawaii, the wind turbine in Hawaii, and electricity purchased from Community Choice Aggregators with higher percentages of renewable power, are not considered renewable consumption by Group because renewable energy credits are either not generated or not retained by Group.

⁵ CO₂e = carbon dioxide equivalent. AF = acre-foot. This metric is calculated by dividing total GHG emissions by volume of water produced. The numerator includes certain Scope 1, market-based Scope 2, and Scope 3 emissions from activities that contribute to the sourcing, treatment, and delivery of water to customers. It excludes emissions associated with the Scope 3 Categories 1 (Purchased Goods and Services) and 2 (Capital Goods), as well as emissions associated with office sites, fleet fuels, and other non-water production-related activities. The denominator includes the total volume of water produced by Group, including purchased water, groundwater, surface water, and recycled water.

⁶ Data includes percent change in total GHG emissions from 2021 compared to 2022, where Scope 2 emissions are market-based.

2022 Greenhouse Gas Emissions (Metric Tons CO₂e)



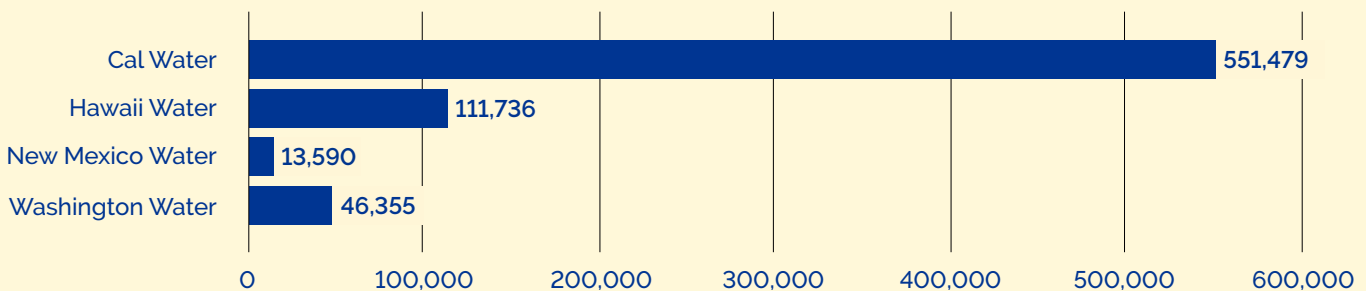
■ Scope 1 (Direct/Fuel) emissions⁷ ■ Scope 2 (Energy Indirect/Electricity) emissions, market-based⁸
 ■ Scope 3 (Purchased Goods and Services, Capital Goods, and Waste Generated in Operations)⁹

⁷ Scope 1 emissions refers to direct GHG emissions from sources owned or controlled by Group. The primary emissions sources reflected in our Scope 1 emissions include natural gas, stationary and mobile fuel combustion sources, and process emissions from wastewater treatment of organic and nitrogen content.

⁸ Scope 2 emissions refers to indirect GHG emissions from the generation of purchased electricity that is consumed in Group's owned or controlled equipment or operations. The primary sources of our Scope 2 emissions include purchased electricity and renewable energy. We have calculated Scope 2 emissions for 2021 and 2022 with both market-based and location-based methodologies in alignment with the GHG Protocol Scope 2 Guidance's "dual reporting" requirement. For location-based Scope 2 emissions, see the [2022 ESG Analyst Download](#).

⁹ Scope 3 emissions refers to other indirect GHG emissions resulting from Group's value chain activities. We reviewed all fifteen Scope 3 categories of the GHG Protocol when assessing the categories to focus on for our 2021 and 2022 emissions inventory. We chose the three Scope 3 categories we believe to be the most significant, most relevant to our business, and/or most impactful for addressing our overall emissions footprint based on the nature of our business: Categories 1 (Purchased Goods and Services), 2 (Capital Goods), and 5 (Waste Generated in Operations). Group may have additional, relevant Scope 3 emissions sources; however, these have not been fully evaluated or calculated. Material data exceptions include the following: Category 5 (Waste Generated in Operations) emissions estimates include only those associated with the disposal, hauling, and treatment of waste streams from Group's owned wastewater treatment plants and from wastewater generated by our customers and treated by third parties. Further sources of waste exist but were not calculated due to data unavailability. We continue to work to expand and improve our data collection for future GHG emissions disclosures.

2022 Energy Consumption (GJ)¹⁰



¹⁰ GJ = gigajoule. Total energy consumption reflects the total amount of energy directly consumed by Group during the reporting period, in alignment with the Sustainability Accounting Standards Board (SASB) Water Utilities and Services Industry Standard. The data includes energy purchased from sources external to Group (e.g., direct natural gas and fuel usage or purchased electricity) and self-generated energy (e.g., renewable power sources).



Water Supply Management, Reliability, and Resilience

We are committed to delivering safe, high-quality water to our communities. For this reason, we are focused on both supply reliability and the operational reliability of our water infrastructure and distribution network.

Supply Reliability

Our greatest water consumption activities are those associated with sourcing and delivering water to our customers. We strive to deliver a reliable supply of water to customers while reducing water loss throughout our entire operation. Group considers all of our water sources as freshwater, excluding recycled water, and supports freshwater availability by monitoring water withdrawal on a daily basis and regularly evaluating our sources of supply.

Our forward-looking approach to water supply management requires an understanding of the risks associated with our portfolio. Our climate change study highlighted potential vulnerabilities, such as increases in droughts and wildfires, declines in snowpack storage and natural groundwater recharge, and other risks that could impact water availability. In addition to this study, we determined risk ratings for

specific surface water sources based on threat likelihood, consequence magnitude, and vulnerability. This assessment continues to inform our efforts to address climate-related risks to water quality and supply.

In California, we develop Water Supply and Demand Assessments, [Urban Water Management Plans](#) (UWMPs), Water Shortage Contingency Plans (WSCPs), and Water Supply Reliability Plans to support long-term water resource planning. These plans summarize and evaluate sources of supply, efficient uses, and demand management. They also inform our water management processes to forecast demand over time and enhance the reliability of water supplies. As we map and account for water risks, we also factor water stress into our ongoing supply evaluation and approach. For more information about our water resource plans, see the [Planning for a Sustainable Future](#) table.

We engage regulatory agencies and address legislative requirements with a view to promote water supply reliability. Set in 2014, California's Sustainable Groundwater Management Act (SGMA) required most water basins to establish a local groundwater sustainability agency (GSA) by 2017, develop a Groundwater Sustainability Plan (GSP) by 2022, and demonstrate progress to protect groundwater resources by 2027. When full SGMA implementation is achieved by 2040, we expect to source nearly all our California groundwater from sustainably managed basins.

The following programs reflect the many ways we manage supply reliability:

- ◉ **Responsible groundwater extraction:** To help preserve the integrity of our water sources, we monitor groundwater levels and avoid sourcing from basins with limited supply, where possible. We also support groundwater recharge by paying well pump taxes that contribute to recharge facilities. Finally, we use surface water supplies in some districts to reduce our groundwater pumping and allow for aquifer recovery.
- ◉ **Preparing for new water sources:** We proactively research, design, and permit new water sources, and seek to comply with regulations set to protect groundwater basins.
- ◉ **Collaboration with local authorities:** We participate in GSAs in our service areas to manage regional groundwater levels, storage availability, seawater intrusion, water quality degradation, and land subsidence. We also contribute to boards and committees of GSAs and review potential projects to enhance local planning efforts.
- ◉ **Partnership with the Public Policy Institute of California (PPIC):** In support of PPIC research, we provide funding and review and supply data for projects that evaluate groundwater management, climate-related impacts on wastewater and recycled water, and drought resilience.
- ◉ **Water conservation:** To support long-term availability, we encourage reductions in customer water consumption. See the [End-Use Conservation](#) section for more information about these initiatives.



Many of our water conservation efforts are focused on reducing customer consumption.

We continue to invest in recycled water sources and production to reduce dependence on freshwater sources and increase water supply resilience. Ongoing projects include:

- ◉ Multiple wastewater treatment plants in Hawaii that provide recycled water for landscape irrigation and green spaces.
- ◉ The Tesoro Viejo Wastewater Treatment and Recycled Water Production Plant, which Cal Water operates and maintains for the Tesoro Viejo Master Mutual Water Company (Tesoro Viejo). The treatment plant generates non-potable recycled water for Tesoro Viejo's customer and community needs, such as landscape and agricultural irrigation and construction dust control.
- ◉ Collaboration with the SF Peninsula Regional Pure Water Project (previously the Potable Reuse Exploratory Plan), which aims to explore indirect and direct potable reuse options in the Bay Area and to support the development of standardized water recycling criteria for direct potable reuse.

- Recycled water service provided by Cal Water to the Apple Campus site located in the City of Cupertino. This recycled water, which comes from the City of Sunnyvale through Valley Water’s transmission facilities to the Apple Campus, supports landscaping, internal plumbing, and cooling at Apple Park.
- Continued evaluation of additional recycled water opportunities in the Bay Area, King City, and other areas we serve that would increase availability of recycled water for customers.

Operational Reliability

We continually invest in our infrastructure to promote service reliability. In addition to routine maintenance, we upgrade our systems to improve resilience against climate-related risks. Sea level rise, floods, wildfires, and other threats may disrupt access to electricity and impact our ability to deliver water. Therefore, we invest in emergency generators, power transfer switches, fire hydrants, and new water lines to support water flow during fire events and control water pressures across distribution zones.

Our Water Supply and Facilities Master Plans support improvements for operational reliability. They guide long-term infrastructure investments and forecast future needs for each California district over 30-year timelines. For more information about our plans to manage our water systems, see the [Planning for a Sustainable Future](#) table.

Responding to Drought

Our Drought Response Program and WSCPs outline our procedures for mitigating water supply constraints during droughts and supplement our ongoing strategy to monitor and enhance long-term supply reliability. In preparation for extended drought conditions, we pursue capital projects such as increasing our filtering capacity and addressing changing water source quality and quantity. We seek to update critical equipment by replacing treatment filters and pumps in advance of droughts. We also identify and make improvements to bring existing wells back online and provide additional sources of water supply.

In California, our policy is to follow a set of drought severity stages to determine appropriate reductions in water use and support drought management. During these intense droughts, our WSCPs outline measures for increasing conservation and preserving our water sources. For more information about our efforts to promote conservation during droughts, see the [End-Use Conservation](#) section.

ADDITIONAL RESOURCES

- [Environmental Sustainability Policy](#)
- [Urban Water Management Plans and Water Shortage Contingency Plans](#)
- [Drought and Conservation Information for Cal Water Customers](#)
- [ESG Governance Matrix](#)



FUNDING KEY WATER SUPPLY PROJECTS

Approved in 2022, our Development Offset Program reflects our strategy to meet the needs of existing and new customers, while accommodating new projects that support a reliable supply of safe, clean, and affordable water. We established this program to account for projected delivery shortfalls during dry years and support continued water availability. The program establishes a fee for developers if a new development produces a net increase in water demand of 50 acre-feet or more. These funds are used to directly support investments for accelerating water supply projects and expanding conservation programs to offset the proposed development’s net demand increase.

WATER SUPPLY MANAGEMENT, RELIABILITY, AND RESILIENCE

2022 Highlights

In 2022, we made progress on the following projects to enhance our water supply management:

- We completed the development of a Strategic Asset Management Plan (SAMP) for Cal Water. The SAMP provides a centralized framework for our asset management planning process. Based on an evaluation of a variety of factors—including the likelihood and consequence of asset failures—we use the SAMP to develop sustainable capital programs that help minimize risk and improve water system reliability while managing the financial impact on our customers.
- Using scenario planning and an adaptive management planning strategy, we completed two Water Supply Reliability Studies that cover six districts. We have also initiated three new studies that cover 11 additional districts.
- We continued progress on a multi-year program of capital projects across California to better prepare us to maintain a reliable supply of water during power interruptions and wildfire events. We completed 18 additional projects in 2022.
- In partnership with the West Basin Municipal Water District (West Basin) and the Palos Verdes Estates Golf Course (PVEGC), we finalized an agreement to support a project that is intended to extend West Basin's recycled water system and provide about 220 acre-feet of recycled water per year to the PVEGC.
- To expand our wastewater treatment operations and increase recycled water generation, we began and/or completed acquisitions of three wastewater utilities in Hawaii, including Kukui'ula South Shore Community Services, HOH Utilities, LLC, and Keauhou Community Services, Inc.

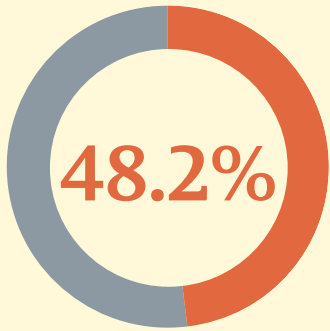
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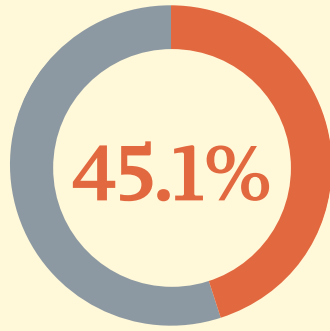
Water Source Mix for 2022

404,833

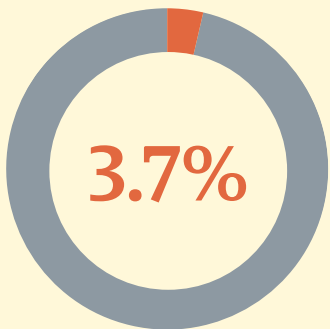
Total water sourced (thousand m³)



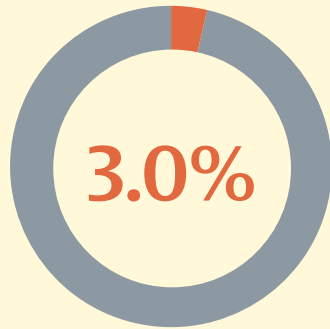
Percentage from groundwater from wells



Percentage from purchased water



Percentage from surface water



Percentage from recycled water

We continue to invest in recycled water sources and production to reduce dependence on freshwater sources and increase water supply resilience.

Recycled Water Delivered to Customers

2022		
Total volume of recycled water delivered to customers (thousand m ³)	Cal Water	8,066
	Hawaii Water	1,333
	New Mexico Water ¹¹	0
	Washington Water	0
	Total	9,399

¹¹ We do not sell recycled water to customers in New Mexico at this time. As part of our discharge plan, we donate produced recycled water to a local homeowner's association for landscaping purposes.



Water System Efficiency

By maintaining the efficiency and integrity of our water system, our goal is to reduce water loss and decrease energy demand. This, in turn, can lower customer costs and minimize unnecessary discharges to the environment.

Managing Water Loss

We maintain and tailor water loss control programs in each of our states designed to address district-specific needs and regulatory requirements. In states where we must report water losses or meet water loss reduction targets, we develop mitigation plans for systems that exceed water loss limits. To proactively drive our management approach, we track and seek to adhere to regulatory water loss standards and develop internal water loss limits where none exist. In California, we are working to meet the water loss reduction targets prescribed by the California State Water Resources Control Board, which is expected to enforce its regulations starting in 2028.

Group initiatives to target water losses include the following:

- **Data analytics and visualization:** We use a centralized reporting tool to track water loss to support the reporting of production volumes in a consistent, timely manner in our districts in all regions. Data on supply, demand, and non-revenue water is intended to support our teams to monitor and report on losses in alignment with regulations. We leverage the AWWA Free Water Audit Software in California and Hawaii to support our validation of our water loss limits, and we are evaluating opportunities to use this tool in additional states. We also incorporate data visualization tools to help inform our reporting. Through GIS-based spatial leak dashboards, we monitor leak types, current leaks being repaired, leaks by pipe material, and district-level trends. Our tools are designed to enable quarterly pulse checks to identify and manage errors, anomalies, and key events.

- ◉ **Meter calibration and testing:** Our asset management reliability program includes regular production meter calibrations for wells, treatment plants, and interconnections. We also perform customer meter accuracy testing—and generally conduct testing more frequently for meters that process greater quantities of water. Additionally, we track calibration and meter testing reports for meters owned by our wholesale water providers and neighboring entities.
- ◉ **Meter replacements:** Our customer meter replacement program includes meter replacements at specific intervals for our small- and medium-service size customers to further support data validity. Replacement intervals are intended to comply with industry best practices and standards dictated by the California Public Utilities Commission.
- ◉ **Leak repairs:** We seek to assess, prioritize, repair, and document leaks in accordance with regulatory standards. Our process aims to safely handle infrastructure to minimize water service interruptions and water losses. We also track our leak repair times in an effort to accurately estimate water loss volumes.
- ◉ **Infrastructure upgrades:** Throughout our locations, we seek to evaluate pipelines for risks related to age, material, leaks, and leak location. Based on our analyses, we prioritize certain pipelines for replacement and integrate the data into our GIS mapping tools to visualize the location and replacement timeline. These efforts can lead to significant impacts and direct reductions in water losses. In California, we incorporate replacement recommendations into our General Rate Case Main Replacement Program, and our associated steering committee guides our formal strategy for replacements.
- ◉ **Water Loss Auditing and Control (WLAC) program:** In California, the WLAC program is designed to establish and document water loss auditing and control standards to support compliance with current and future statewide water loss regulations while enhancing our field practices, data management, affordability, distribution efficiency, and accuracy of revenue generation. Our initial Water Loss Control Steering Committee evolved into our current WLAC program team, which includes representatives from a variety of departments and promotes cross-functional collaboration.



We proactively assess and repair leaks in a timely manner to minimize water loss.

- ◉ **External engagement:** We participated in the development of performance standards for water loss control by the California State Water Resources Control Board. In Washington, we also engage with the public by hosting annual forums about our water-use efficiency efforts.

ADDITIONAL RESOURCES

[Environmental Sustainability Policy](#)

[ESG Governance Matrix](#)

WATER SYSTEM EFFICIENCY

2022 Highlights

In 2022, we supported water system efficiency through the following initiatives:

- Infrastructure investments:** Across Group, we invested \$327.8 million in capital expenditures, both Company-funded and developer-funded. Some of the largest water system infrastructure projects funded by these investments included replacing 25 miles of water pipeline through our main replacement program; additional water pipeline projects to improve water distribution system resiliency; replacements of pumps and motors, flowmeters, and control valves; projects to replace, upgrade, and retrofit water storage tanks and pressure vessels; and projects to strengthen our ability to maintain service in the event of wildfire and public safety power shutoffs. These and all of the other capital investments we make each year help to enhance system efficiency and resiliency, and protect against climate-related risks, such as floods, storms, and wildfires.

- Pilot projects:** In select districts, we implemented pilot projects to evaluate technologies that proactively detect unsurfaced leaks and determine the most effective options to address them. Through these projects, we assess manual acoustic surveys, acoustic sensors, satellite leak detection, and district metering that targets zones with higher water loss. We are also piloting a mobile tool in certain systems to enable electronic reporting of leak repairs, which improves convenience, documentation efficiency, and data availability.
- Water loss standards:** Aiming to extend our commitment beyond baseline compliance, we initiated a multi-year plan to develop our own industry-consistent water loss limits for service areas without existing regulatory standards.

Infrastructure Management¹²

	2020	2021	2022
Volume of non-revenue real water losses (thousand m ³) ¹³	15,379	13,611	14,907
Water main replacement rate	0.66%	0.45%	0.43%

¹² Data listed herein for annual non-revenue real water losses and water main replacement rate represent the Cal Water subsidiary only. Non-revenue real water losses refer to the total volume of physical water leakages, which are not billed and produce no revenue, occurring in the distribution system through breaks, spills, or other means in the given year. The water main replacement rate refers to the total length of pipe replaced during the reporting year, as a percentage of the total length of existing water mains in Cal Water's distribution systems for the given year.

¹³ Calculated using American Water Works Association Free Water Audit Software (v6.0) methodology. Validated water loss audits are completed after the publishing of this report; therefore, volumes listed herein are subject to change as a result of state-regulated validation processes and requirements.



25 Miles of main replaced in 2022



End-Use Conservation

Conservation is key. To help increase water supply reliability in the face of more frequent droughts, we maintain plans designed to combat water shortages and offer programs that are intended to engage and encourage customers to conserve water.

Responsible Conservation

Our Conservation Master Plans direct our ongoing approach to the promotion of efficient water consumption. Produced on a five-year cycle, these plans analyze our water conservation programs and the associated costs of implementation. For more information about our management plans, see the [Planning for a Sustainable Future](#) table.

Led by our Drought Steering Committee, our Drought Response Program further guides our conservation efforts to specifically address drought in California. To support our efforts to maintain safe, clean, and reliable water for our residential and business customers, Cal Water follows a set of drought severity stages to determine the level of

water conservation needed and assess potential water-use restrictions. We call on our customers to follow actions based on current drought conditions, outlined on our [web site](#). Policies focus on increasing rebates, restricting outdoor landscape irrigation, providing guidelines for commercial businesses, implementing penalties for excessive water use, and installing flow-restricting devices. We promote proactive communication with our customers to explain any changes in drought conditions and water conservation needs.

Even when not in times of drought, we continue to work to increase awareness of the benefits of conservation across our subsidiaries and implement programming in California to help meet regulatory water-use reduction targets set by state agencies.

Conservation is not only intended to help alleviate water supply constraints—in our experience, it also generally corresponds to greater affordability for our customers. To help illustrate this trend, we completed a study in 2021 across five districts in California, which represented different geographies and demographics. We believe the results demonstrated that lower per capita water demand reduced operating costs over time.

We offer multiple programs to encourage customer conservation, including:

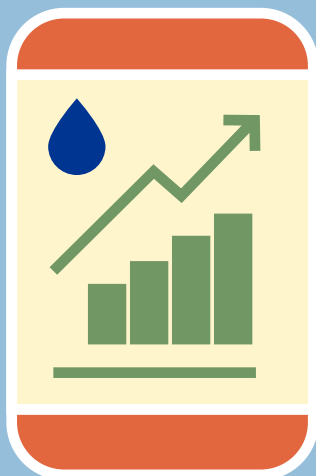
- Rebates for replacement of lawns with low-water-use landscaping; conversions from spray to drip irrigation systems; high-efficiency toilets, clothes washers, and sprinkler nozzles; and the installation of smart irrigation controllers
- Our free Smart Landscape Tune-Up program—which focuses on low-income customers— evaluates customer irrigation systems, installs high-efficiency nozzles, provides weather-based irrigation controllers, and repairs leaks in irrigation systems
- Customer conservation kits that offer efficient hose nozzles and showerheads, faucet aerators, and leak detection tablets
- Opportunities to learn about conservation and efficiency through informational fact sheets, online resources, local water conservation reports, and our subsidiary web sites

- Customized incentive programs for commercial customers
- Multiple community engagement initiatives that promote conservation. These initiatives are described further in the [Community Support](#) section

We also engage in external partnerships as a way to contribute to a broader array of conservation initiatives. We are members of the Alliance for Water Efficiency, and one of our officers serves on the Board of Directors for the California Water Efficiency Partnership. Additionally, we collaborate with the American Water Works Association and are an Environmental Protection Agency (EPA) WaterSense Partner.

ADDITIONAL RESOURCES

- [Environmental Sustainability Policy](#)
- [Drought and Conservation Information for Cal Water Customers](#)
- [The Economic Value of Efficiency for California Water Service: Lower Water Bills](#)
- [ESG Governance Matrix](#)



EMPOWERING CUSTOMERS WITH WATER MONITORING TECHNOLOGY

In 2022, we launched instant rebates for new Flume devices, which are self-installed water monitoring instruments that offer flow data, leak detection notifications, and insights into water usage for individual appliances. These devices are designed to easily connect to a phone application and empower our customers to understand trends in their water consumption. We provided discounts that significantly lowered costs for purchasing Flume devices and sought to support customers to leverage data, target improvements in water conservation, and achieve savings.

END-USE CONSERVATION

2022 Highlights

In 2022, we faced ongoing drought conditions in the state of California. As part of our Drought Response Plan and based on local supply conditions and regulatory requirements, districts throughout the state entered Stage 2 of our Water Shortage Contingency Plan. Please visit our [web site](#) to learn more about the various stages of drought. Varying degrees of drought were also experienced in Hawaii, New Mexico, Texas, and Washington. Where needed, we provided information to customers through direct mail and additional outreach on the need to reduce water use.

We also continued to enhance our conservation programs in 2022 in the following ways:

- ◉ We increased our media campaigns for conservation, continued our ongoing customer leaks campaign, and performed targeted outreach to engage high-use customers, low-income customers, and other key stakeholders.
- ◉ Group increased the dollar amounts for rebates to Cal Water customers for EPA WaterSense-labeled products and our lawn-to-garden turf replacement rebate program.
- ◉ We continued the development of customized water-use targets for individual customers and/or households to increase water efficiency and help meet regulatory water-use reduction targets. Customer water efficiency is based on a variety of factors, including household size, landscaping water needs, and local climate. We plan to roll out the individualized targets in the near future.
- ◉ To help grow our conservation programs outside of California, we assessed water systems in Washington, Hawaii, and New Mexico to identify service areas with higher water rights or water supply risks that may serve as priority locations for targeted conservation programming. We then developed conservation branding and/or pilot-scale conservation programs for use in high-priority areas in each state. Moving forward, we intend to monitor the outcomes and success rates of these efforts. Results are expected to inform subsequent rate filings and introduce larger-scale conservation programs, where applicable, to support sustainable water supply, efficient water use, and affordability.

~180 million

gallons of water saved by our customers annually from water-saving efficiency measures implemented during 2022 across our 24 California districts

More than

\$6.1 million

invested in water conservation rebates and programs for customers

Cal Water customers throughout the state reduced their water use from a 2020 baseline for 8 months in a row from May through December 2022. In December, company-wide water savings reached 16.5% compared to December 2020, surpassing the state's conservation target of 15%.



Environmental Management and Compliance

We are committed to protecting the natural ecosystem by complying with state-specific regulations and mitigating potential impacts related to planned and unplanned potable water and wastewater discharges, chemical spills, waste disposal, and other risks.

Stewarding Our Natural Environment

As part of our environmental management program, we strive for zero instances of non-compliance with regulations. In the event of a violation, our expectation is the timely and accurate reporting of such events, consistent with regulatory requirements, followed by root cause analysis and the development and execution of revised operations and response plans to prevent a recurrence.

We also strive to mitigate our impacts on our natural environments by aligning with local regulations, such as the California Environmental Quality Act (CEQA). By designing projects that take local species into account, we believe we can minimize the effects from our construction and installation activities on biodiversity. Project planning and biological surveys help define a process for minimizing impacts on species and sensitive waterways and habitats. We seek to implement best management practices throughout our activities, including site restoration or mitigation to preserve healthy ecosystems.

Discharge Management and Spill Prevention

Our Environmental and Operations Departments work together to support our compliance with relevant permits and regulations that address effluent management, such as the National Pollutant Discharge Elimination System (NPDES). In California, employees receive a Discharge Management Guidance Manual and annual training on effluent, potable, and groundwater discharges. We also oversee proper chemical storage at our water treatment facilities intended to mitigate the risk of chemical spills. We also work to align with applicable regulations in other states. Seeking to proactively prepare for compliance with future mandates, we continue to monitor the regulatory landscape, maintain open dialogue with legislative bodies, and evaluate treatment technologies that can enhance our water effluent quality.

We also conduct audits to support compliance and manage risks. In preparation for emergencies, we outline procedures for responding to infrastructure failures or other events that may cause unregulated releases from potable water and wastewater utility systems. Such releases may contain chlorinated water or untreated wastewater that could harm aquatic species. We seek to proactively incorporate input from third-party biologists and mobilize field teams to neutralize the discharges before potentially impacting water sources and ecosystems.

Wastewater Treatment

Although our wastewater services are far less extensive than our drinking water services, we maintain a team of over 50 certified wastewater treatment professionals to support effective collection and treatment of wastewater before discharging it to the environment or selling it to customers for reuse. It is Group policy to comply with all applicable regulations in each location and maintain the associated treatment facility discharge and recycled water permits for our wastewater treatment systems.

We regularly inspect, clean, and maintain our wastewater collection systems to help reduce the risk of blockages and sanitary sewer overflows. Our team completes video and/or visual evaluations of our systems and often uses Closed Circuit Television Video (CCTV) inspections to avoid more invasive methods. Inspection frequency may vary by type, but inspections typically are completed at a frequency intended to prevent sanitary sewer overflows. Depending on the system, our maintenance activities may include anything from cleaning systems with high-pressure equipment to removing solids or debris buildup. We also proactively engage our customers to help prevent sewer blockages by communicating how fats, oils, and grease can block collection systems and lead to sanitary sewer overflows. Additionally, we work to anticipate periods of increased demand and plan for expanded operation of wastewater systems, as needed.



We manage and treat wastewater to minimize its impact on water sources and ecosystems.

We use various treatment methods across our wastewater treatment systems, primarily consisting of membrane bioreactors, moving bed bioreactors, and sequencing batch reactors, with minimal operations employing conventional activated sludge and facultative lagoon treatment methods.

To help manage residual biosolids, we utilize land application, composting, dewatering for offsite disposal by third parties, and in very few cases, sludge lagoons. Group continues to explore options for other alternative disposal methods for sewer sludge. Currently, we dispose of it in landfills when alternative methods are not either available or cost-effective.

At many of our treatment facilities, particularly those in Hawaii and California, wastewater is converted to non-potable recycled water for reuse. For more information on our recycled water programs, see the [Water Supply Management, Reliability, and Resilience](#) section.

Waste Management

We promote efforts to reduce, reuse, and recycle various waste streams across our operations, while keeping affordability and feasibility top of mind:

- ⦿ **Hazardous waste:** Our environmental team oversees the handling of hazardous waste to support alignment with current regulations. In California, operations and laboratory employees also receive annual training for hazardous waste management. We continue to identify opportunities to minimize hazardous waste. Past efforts have included modifying our water treatment processes to reduce average hazardous chromium waste volumes by 70%. As part of our remediation activities, we have voluntarily removed residual mercury left from previous waste materials, and we often engage local agencies to provide voluntary oversight of waste cleanup during site remediation.
- ⦿ **Production waste:** We handle production waste based on the type of waste material and local waste diversion options. First, we prioritize reductions in waste generation, and then we pursue reuse and recycling, as needed. Our efforts include, but are not limited to, initiatives to minimize waste from demolitions and reuse materials from water storage tank cleanings during road construction.
- ⦿ **Office waste:** Depending on the services available at each of our locations, we use separate containers to recycle paper products and collect wet compost in our offices where possible. In San Jose, our campus also collects bottles and cans and donates them to a local church that recycles the materials to finance water well installations in developing countries. Additionally, we contract a third-party vendor to recycle batteries and light bulbs.
- ⦿ **E-waste:** In California, our Information Technology (IT) Department collaborates with a third party to recycle e-waste, including IT equipment and electronic components. Our team also leverages this partnership in other states and engages local e-waste companies, as needed.

To help safeguard our employees and minimize risks, we provide protective equipment, tools, and training for employees who may interact with potentially harmful waste streams. We also continue to pursue safer, alternative materials that offer lower toxicities, when possible.

Material Sourcing and Consumption

We support sustainable consumption by leveraging environmentally friendly materials and avoiding excessive purchasing where possible. In California office facilities, we source furniture and work surfaces that meet sustainability standards, such as qualifications from the Forest Stewardship Council, Intertek's Clean Air certification, and the LEVEL standard for responsibly sourcing furniture. We apply our approach to sustainable procurement to all states, where possible, and continue to evaluate additional opportunities for reducing materials consumption.

LEED standards guide our design and construction activities for both existing buildings and new building projects. When we build new buildings or remodel a space, we also install drinking water refill stations to support reusable bottles. For other environmental initiatives in our offices and facilities, see the [Energy and Emissions](#) section.

Air Emissions

We manage air emissions beyond greenhouse gases to support our compliance with environmental standards and reduce air pollutants. We hold permits for backup generators, and we select generator technologies that are designed to meet requirements for emissions controls to address California legislation regarding air toxins. We also have permits for a few small wells in California to help manage hydrogen sulfide removal from the water. We do not meet the threshold to require federal air permits, which reflects our lower impact on air emissions overall.

ADDITIONAL RESOURCES

[Environmental Sustainability Policy](#)

[ESG Governance Matrix](#)

ENVIRONMENTAL MANAGEMENT AND COMPLIANCE

2022 Highlights

In 2022, we piloted a data application in California to collect and manage data required for permits related to planned and unplanned discharges from our water systems. In addition to replacing a paper-based system, the technology improved process efficiency, data integrity, and data access in the field.

We also developed a relationship with a manufacturer who specializes in remanufactured office furniture to support a circular economy. We ordered recycled furniture for an office relocation in Washington and intend to continue to partner with this manufacturer where possible.

1
violation for water discharges in 2022¹⁴

370
metric tons of hazardous waste generated

3
sanitary sewer overflows¹⁵ in 2022,
totaling a volume of approximately 12 m³

¹⁴ In California, we received one violation for exceeding sanitary sewer permit discharge rate limitations. As corrective action, we installed a new tank to reduce the flow rate. No monetary fines were levied.

¹⁵ Sanitary sewer overflows to the environment refer to untreated or partially treated overflows, spills, releases, or diversions of wastewater from sanitary sewer systems under the Company's ownership or operational control.

Sanitary Sewer Wastewater Treatment

Metric	Subsidiary	2022
Average volume of sanitary sewer wastewater ¹⁶ treated per day in 2022 (m ³ per day)	Cal Water	308
	Hawaii Water	5148
	New Mexico Water	1287
	Washington Water	151

¹⁶ Sanitary sewer wastewater refers to wastewater liquid and waterborne wastes from residences, commercial buildings, industrial plants, and institutions, which is directed via a sanitary sewer system to treatment facilities for appropriate treatment. Sanitary sewers are distinct from combined sewers, which are designed to collect large volumes of stormwater in addition to sewage and industrial wastewater.

Supporting Our Communities

We proudly contribute to our local charitable organizations, build trusted relationships with our stakeholders, and develop strategic partnerships in the communities we serve. We also proactively seek to enhance our business resilience and prepare for emergency situations that may impact those communities.



IN THIS SECTION

Community Support →

Stakeholder Engagement and Public Participation →

Emergency Preparedness and Response →



Community Support

Our charitable contributions, programs, and community events align with our commitment to enhancing the quality of life in our communities by fostering economic growth, education, and well-being.

We Believe in the Power of Community

Built by our Government & Community Affairs team in collaboration with local management, our community giving plan supports organizations that share our commitment to helping others. Our community partners also provide input on program information and community benefits so we can regularly evaluate and improve upon our performance.

We engage in multiple, long-standing initiatives designed to support the communities that we serve. Examples of our ongoing initiatives include:

- The annual Firefighter Grant Program provides funding to fire departments for personal protective gear, life-saving equipment, training, and other necessities. In the last four years, we have assisted 23 fire departments with grants totaling almost \$670,000.
- We provide college scholarships to students in our service areas who are pursuing higher education and vocational training. Awards are based on community service, academic achievement, and financial need.

- We support undergraduate research at the Engineering School at California State University, Bakersfield, which educates many low-income and first-generation college students. Please see our [web site](#) for more information.
- Each year, we help sponsor the H₂O Hackathon. This coding and multimedia competition challenges middle school, high school, and college students to be part of the solution for California's water future.
- Our annual Cal Water H₂O Challenge, currently in its ninth year and recently expanded, engages students in developing and implementing solutions for local water issues. Past H₂O Challenge winners are shown celebrating in the photo above. More information is available on our [web site](#).
- Through our employee contribution matching program, Group matches employee donations to eligible non-profit organizations, up to \$250 per year per employee.

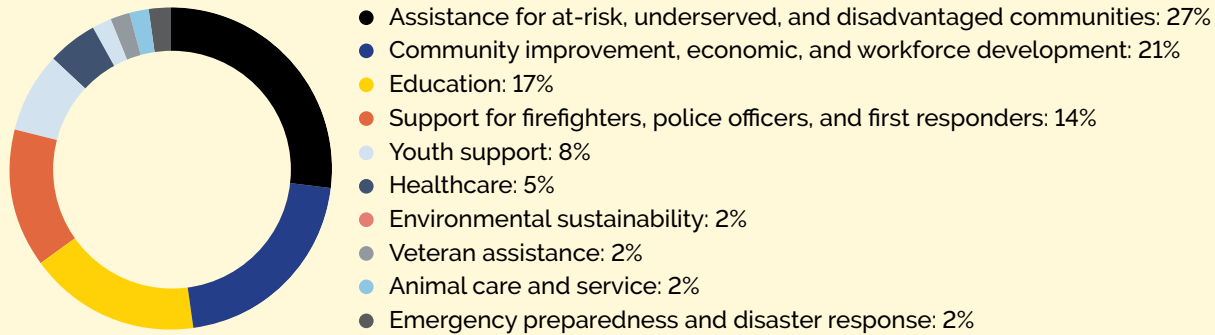
ADDITIONAL RESOURCES

[ESG Governance Matrix](#)

COMMUNITY SUPPORT

2022 Highlights

We donated a total of approximately \$1.58 million to local organizations through our philanthropic activities. Top giving categories included assistance for at-risk, under-served and disadvantaged communities; community improvement, economic and workforce development; and education.



Other highlights of our community support efforts in 2022 include the following:

- Our fourth annual Firefighter Grant Program increased funding to provide a total of \$185,763, more than tripling donations since program inception. More information is available on our [web site](#).
- In the 9th year of Group’s annual College Scholarship Program, we awarded \$80,000 in college scholarships to 12 students living in our service areas for the 2022-2023 academic year. See our [web site](#) for more information about the 2022 recipients.
- In King City, Calif., we sponsored the second annual Operation Santa Claus program and partnered with local stakeholders to deliver a special holiday experience for communities in need. Flown in by helicopter, Santa provided toys and meal kits to more than 2,000 residents from South Monterey County.
- We expanded the Cal Water H2O Challenge to provide additional opportunities for students, classrooms, and school-based clubs in Cal Water service areas to support water conservation projects. While the Classroom Challenge continued to invite students in grades four through six to develop and implement solutions for local water issues, our inaugural 2022 Individual Challenge consisted of a media competition in which K-12 students submitted original art focused on caring for water. The

winning project for the 2022 Classroom Challenge focused on tracking and diverting waste to avoid polluted water, and we were blown away by the heartfelt and powerful art submissions from entrants to our Individual Challenge. Read more about the awardees on our [web site](#).

- To help struggling families during Thanksgiving, we collaborated with local legislators and charitable organizations to support Operation Gobble in the Salinas Valley area. Through the program, we donated \$13,500 and an additional \$8,500 in turkey gift certifications to those in need. View details on our [web site](#).
- We supported the annual adopt-a-goat program initiated by Palos Verdes Peninsula Land Conservancy, which preserves undeveloped land as open space for historical, educational, ecological, recreational, and scenic purposes. The Conservancy brought goats to remove invasive plants and dry vegetation, allowing native species to flourish.
- When Hurricane Ian struck the southeastern U.S. and caused extensive damage to communities, we contributed \$25,000 to the American Red Cross to support disaster response efforts.
- We pride ourselves on supporting our global community. In the wake of the conflict between Russia and Ukraine, we donated \$50,000 to Ukrainian relief efforts and matched applicable employee contributions.



Stakeholder Engagement and Public Participation

By striving to maintain open, transparent, and consistent communication with our stakeholders, we gain a better understanding of our actual and potential impacts. Positive community relationships allow us to gather input, address concerns, and incorporate feedback to enhance our practices and better serve our communities.

We're All In This Together

We seek to build trusting, positive connections with our key stakeholders in order to provide transparency, discuss and understand the needs of our communities, and identify ESG focus areas. Conversations with community stakeholders usually occur on a weekly—if not daily—basis. Additionally, our Government & Community Affairs team and local management teams collaborate annually to prepare a Community Engagement Conspectus, which outlines a consistent engagement approach across service areas and offers opportunities for our managers to enhance community involvement and philanthropic giving. We promote local community engagement through management participation in citizen advisory committees, service clubs, and community boards.

In collaboration with our partners, we also continue to advocate for reliable access to safe, clean, and affordable water for our customers and communities. We do this by supporting policies that fund critical water infrastructure, enhance assistance for low-income customers, and contribute to water availability. For information about legislation we support, see the Public [Policy and Political Involvement](#) section.

For all main replacement and other capital projects that may cause a temporary inconvenience, we send letters to nearby customers to provide advance notice of the project, including details on project location, duration, process, and potential water service disruptions. Depending on the size and impact of the project, we may conduct additional outreach to other stakeholders through direct engagement; press releases; digital and social media communications; community meetings; and other communication channels.

We engage stakeholder groups in the following manners and topics:

Stakeholder Group	Primary Engagement Methods	Key ESG Topics and Focus Areas
Customers, Communities, and "Grasstop" Stakeholders (i.e., city council members, county supervisors, chambers of commerce board members)	<ul style="list-style-type: none"> • Public meetings • One-on-one discussions and meetings • Speaking engagements and presentations • Focus groups • Interviews • Surveys • Community advisory panels • Social/digital media • Emails and direct mail • Phone and text messages during emergencies • Bill inserts 	<ul style="list-style-type: none"> • Community-giving initiatives • Infrastructure projects • Water affordability, equity, and rate changes • Water conservation, drought, and supply reliability • Climate change and sustainability • Water quality • Safety, emergency preparedness, and Public Safety Power Shutoffs
Employees	<ul style="list-style-type: none"> • Focus groups • Meetings • Surveys • Training 	<ul style="list-style-type: none"> • Cybersecurity • Diversity, equality, and inclusion • Employee engagement and labor relations • Safety • Water supply management, reliability, and resilience • Ethics
Industry Associations	<ul style="list-style-type: none"> • Conferences • Participation in committees • Memberships 	<ul style="list-style-type: none"> • Regulatory relations • Government relations • Public policy issues • Water affordability and equity • Climate change and sustainability • Water quality • Water system efficiency • Water supply management, reliability, and resilience
Investors	<ul style="list-style-type: none"> • Conferences • Earnings calls • Meetings • Securities and Exchange Commission filings 	<ul style="list-style-type: none"> • Climate change • Customer satisfaction • Emissions and energy consumption • Water supply management, reliability, and resilience • Ethics

Continued on the next page

Stakeholder Group	Primary Engagement Methods	Key ESG Topics and Focus Areas
Non-Governmental Organizations and Activists	<ul style="list-style-type: none"> • One-on-one discussions and meetings • Speaking engagements and presentations • Focus groups 	<ul style="list-style-type: none"> • Safety, emergency preparedness, and Public Safety Power Shutoffs • Water conservation and drought • Water affordability and equity • Water quality • Climate change and sustainability
Regulators and Legislators	<ul style="list-style-type: none"> • Filings and reports • Policy research • Lobbying • Meetings • Trade associations 	<ul style="list-style-type: none"> • Political involvement • Public policy issues • Water affordability and equity • Water supply management, reliability, and resilience
Suppliers	<ul style="list-style-type: none"> • Supplier audits and evaluation • Contract negotiations • Supplier business review • Subcontractor diversity spend reporting 	<ul style="list-style-type: none"> • Climate change • Labor relations • Local economic impact • Supplier diversity

Memberships

We maintain memberships in a variety of associations:

- ◉ Alliance for Water Efficiency
- ◉ American Water Works Association (AWWA)
- ◉ Bay Area Council
- ◉ California Chamber of Commerce
- ◉ California Community Action Partnership Association
- ◉ California Foundation on the Environment and the Economy
- ◉ California Hispanic Chambers of Commerce
- ◉ California Water Association (CWA)
- ◉ California Water Efficiency Partnership
- ◉ National Association for the Advancement of Colored People (NAACP)
- ◉ National Association of Water Companies (NAWC)
- ◉ National Utilities Diversity Council
- ◉ Public Policy Institute of California
- ◉ Silicon Valley Leadership Group
- ◉ Sustainable Silicon Valley
- ◉ Water Education for Latino Leaders

Conversations with community stakeholders usually occur on a weekly—if not daily—basis.

Tracking Engagement and Collecting Feedback

Through our Quorum engagement platform, our local management and Government & Community Affairs teams can efficiently monitor and track our stakeholder engagement activities. The platform serves as a repository for political, regulatory, and community outreach efforts and streamlines processes to evaluate interactions. Using this tool, we track engagement channels, tone, location, issues, support from team members, and participating stakeholders. We require local management in California to report stakeholder interactions through this platform, which continues to offer insights about our engagement.

We use various other mechanisms to collect, report, and address feedback, which informs future stakeholder engagement activities. In support of continued improvement, we leverage customer satisfaction surveys, and after-call surveys to provide vital input on service delivery. See the [Customer Service](#) section for details.

We also hold public participation hearings (PPHs) that allow community members to voice opinions on specific projects. Open communication informs our approach to minimizing impacts and improving service for customers. In addition to our regular engagements, we may hold community meetings and participate in panel discussions about the drought to answer questions and review our drought management.

ADDITIONAL RESOURCES

[ESG Governance Matrix](#)



COLLABORATING WITH COMMUNITIES IN WATER SUSTAINABILITY LEADERSHIP

We are proud to work with Water Education for Latino Leaders (WELL), an organization that creates educational opportunities, fosters inclusive cultures, increases the effectiveness of local leaders, and contributes to healthy communities. Multiple employees represented Group at the WELL 2022 Central Valley conference, and our Chief Water Resource Sustainability Officer was a speaker for a panel on “The Economic Impacts of Drought and Potential Solutions for Communities.”

Additionally, one of our District Managers was a member of the 2022 program, which included 14 elected officials within California. Through this fellowship program, the group travelled to different areas in California to learn about regional water challenges, best practices for watershed management, water conveyance systems, water contaminants, and other critical issues. The participants developed the interpersonal and leadership skills to positively contribute to California water policy.

STAKEHOLDER ENGAGEMENT AND PUBLIC PARTICIPATION

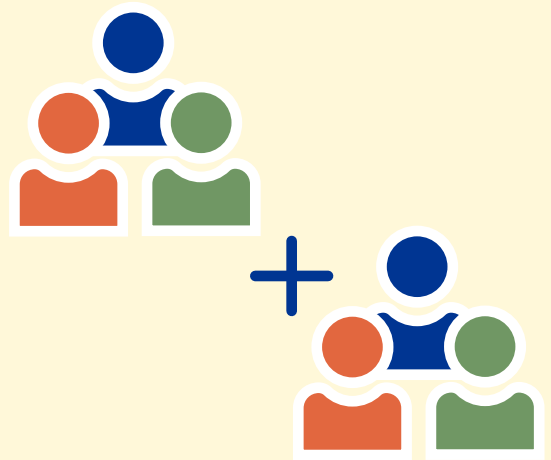
2022 Highlights

We established and expanded multiple initiatives in 2022:

- ◉ We hosted two roundtable discussions with a number of environmental, social justice, and environmental justice organizations to learn about each organization's water-related short- and long-term objectives, gather insights on how we can collaborate on these objectives, and socialize ideas for related legislation that we would like to pursue in 2023. Key themes discussed in these conversations included water quality, reliability, and access. Outcomes are expected to inform our ongoing strategies and community stakeholder collaborations.
- ◉ As part of our efforts to educate customers on the connections between climate change and water issues, we held a month-long campaign to connect with customers in conjunction with global climate movements, including Climate Week and Imagine a Day Without Water. Through social channels, emails, earned and paid media, and a water treatment plant tour, we emphasized the impacts of climate change, explained how water conservation reduces energy consumption and our carbon footprint, shared conservation tips, and encouraged customers to take action.
- ◉ To promote compliance with our Water Shortage Contingency Plans, we enhanced communications with customers through digital channels, launched a [web site](#) focused on drought, and performed targeted outreach to connect with specific audiences about conservation.
- ◉ In 2022, New Mexico Water Service acquired the Morningstar water system. To integrate new customers, we hosted a customer open house, customer service booths, and open forums that encouraged public engagement and provided information about the Company. We intend to continue to enhance community relationships and promote discussions with our customers about water quality, reliability, and affordability.

In 2022, Cal Water team members attended nearly **100 meetings** of local governing bodies, such as city councils. We also had more than **1,670 interactions** with community stakeholders in California, from local mayors to members of Congress. The top five topics discussed during our interactions were:

- ◉ Community Giving Initiatives
- ◉ Conservation and Sustainability
- ◉ Rates, Affordability, and Cost of Service
- ◉ Cal Water Infrastructure Projects
- ◉ Water Supply and Drought





Emergency Preparedness and Response

Natural disasters, fire events, spills, Public Safety Power Shutoffs, water contamination, and other emergency events require rapid response to help mitigate harm to our communities and maintain service during crises. Our goal is to always be prepared.

Prevention

At Group, we strive for agility and reduce the potential impact of emergencies through diligent maintenance, education, and communication. Our policy includes conducting regular inspections of fire safety equipment and maintaining clear paths to exits. We seek to align all employee training and procedures with Occupational Safety and Health Administration (OSHA) 30 and OSHA 10 certification. As part of our wildfire hardening strategy, we conduct annual vegetation management intended to reduce the chance of wildfires spreading to our facilities.

We also monitor external threats to our infrastructure by tracking communications from the Department of Homeland Security (DHS) and Infragard, a partnership between the Federal Bureau of Investigation (FBI) and the private sector to protect critical infrastructure. In addition, employees are encouraged to report any suspicious activity through multiple convenient channels that are monitored around the clock.

Preparation

We coordinate training and tabletop exercises across our service areas intended to prepare for emergencies, and we provide a comprehensive Emergency Action Guidebook to all employees. In addition to this guidance, which includes hazard-specific checklists for various emergency scenarios, we develop unique, location-specific Emergency Response Plans. To help meet our goal of 100% employee participation in emergency response training, we hold annual training to all employees and provide additional training for field employees. Internal training and simulations test our evacuation practices and the functionality of emergency equipment. We believe that our ongoing commitment to training, exercise drills, and continuous improvement contributes to a robust risk mitigation program.

Effective preparation for and response during emergencies requires collaboration with our communities. Across our regions, our Operations and Community Emergency Response Team hosts annual Emergency Operations Center (EOC) training events in coordination with local

first responders, police departments, contractors, city employees, elected officials, electric utilities, and other key stakeholders. EOC training exercises promote community preparedness, resilience, and outreach. Managers and employees also receive internal EOC training to learn how to more efficiently respond within the command framework and support EOCs when emergencies occur in other districts. Our procedures are designed to align with guidance from the Standardized Emergency Management System and National Incident Management System.

Wildfires and electricity interruptions present significant risks to our business and require us to be prepared. To help mitigate these risks, we have leveraged findings from our Wildfire Risk Assessment for Wildfire Hardening study to prioritize key initiatives, including main replacement projects, improvements to system interconnections, and the formation of our Wildfire Taskforce, which guides our emergency preparedness efforts by confirming completion of relevant training, upkeep of vegetation management, and the placement of critical equipment in strategic locations. The taskforce also helps maintain open lines of communication with fire agencies and other first responders. Additionally, our annual wildfire training reviews standard operating procedures for fire hydrant inspections, hydro pack operations and maintenance, fire prevention, dry weather monitoring, and responses to changing air quality.

Response and Recovery

During emergencies, we strive to keep our employees and communities safe while delivering a reliable supply of water to customers and first responders. Supplemented by mobile offices as needed, our EOCs act as central command centers that enable communication with relevant external stakeholders to organize emergency response and recovery, including the distribution of essential equipment, resources, and support. As a participant of mutual aid programs in multiple states, we share resources across communities, support systematic processing of mutual aid requests, and contribute to collective approaches for community protection. We continue to work with organizations to implement similar programs across all subsidiaries.

Our investments in backup-power generators, portable power sources, and other equipment allow us to restore and maintain service during emergencies, which may increasingly include events caused by climate-related risks. To help our customers through emergencies during after-hours operations, we provide additional customer service lines to answer concerns and provide updates.

Emergency events may leave long-lasting impacts on the community and our employees, so we typically extend our response and recovery efforts beyond the end of a crisis, providing water, food, and information to the affected community. In accordance with our disaster relief plan, we offer bill discounts and assistance to those who have lost their homes. Employees can also receive support for emotional wellness and recovery through a peer-to-peer support program and the professional CareBridge Employee Assistance Program. For more information on our employee health and wellbeing services, see the [Compensation, Benefits, and Employee Wellbeing](#) section.

By tracking our progress, executing tactical projects, and regularly evolving our strategy, we are better able to support the long-term resiliency of our operations to emergency events. We evaluate our emergency response by using after-action reports, tracking alignment with regulatory requirements, and leveraging post-incident evaluations to identify opportunities for future improvements. During our annual review of significant emergency events, we facilitate discussions that are designed to inform the next year's training and planning activities.

ADDITIONAL RESOURCES

[ESG Governance Matrix](#)

EMERGENCY PREPAREDNESS AND RESPONSE

2022 Highlights

- ◉ Continuing a multi-year effort to better prepare us for power interruptions and wildfire events, we completed 18 additional projects in California to harden infrastructure exposed to wildfire risks, strengthen water availability for firefighting, and provide backup power.
- ◉ We successfully launched regional Operations Rapid Response Teams (ORRT) with highly skilled employees to expand our flexibility and capabilities to respond during crises. Training for these teams focused on spill control, fall protection, trailer use, advanced first aid, generator operation, portable booster operation, and wildfire safety.
- ◉ We activated 8 EOCs to directly respond to emergency events, and we hosted 20 EOC training engagements across our states and districts to discuss our collective approach and review our plans. In addition to Company employees, attendees of the various training events included a diverse group of community members, such as councilmembers, public works employees, fire marshals, law enforcement officials, city officials, emergency manager associations, other utility representatives, and community emergency response team representatives.
- ◉ In times of emergency—especially earthquakes—districts need the ability to bypass damaged sections of the distribution system to supply emergency water and fire protection. In California, we purchased five miles of emergency hose to use as temporary water mains that can be rapidly deployed during natural disasters or other crises. Customers benefit by having an emergency pipeline bypass system.
- ◉ All districts successfully completed annual vegetation management maintenance designed to enhance protection of assets during wildfires, and 100% of operations employees attended refresher training for wildfire preparation.
- ◉ In 2021 and 2022, we made significant enhancements to our physical security program. We added five new formal physical security standards to align our fencing, lighting, CCTV/access control/intrusion detection systems, vegetation management, and incident response procedures to leading industry practice, and we implemented a number of projects to directly enhance the physical security of various locations across the state of California. We also integrated information-sharing with law enforcement directly into our physical security incident response procedure and established ongoing relationships with law enforcement teams across our service areas.



TRAINING TOGETHER FOR EMERGENCY RESPONSE

In 2022, we hosted a bioterrorism-focused training drill with representatives from multiple agencies, including the FBI, Butte County Inter-Agency Bomb Squad, Cal Fire, Chico Police Department, Cal OES, and City of Chico. All agencies used the joint exercise to practice emergency responses to potential scenarios, such as water supply tampering and discovery of suspicious devices, to strengthen our preparation and coordination in advance of any future events.

Serving Our Customers

We work hard to provide access to the safe, high-quality water service that is critical to the health and well-being of our customers. In addition to diligently maintaining water quality, we pursue opportunities to promote affordability, strengthen the security of our operations, and improve convenience.



IN THIS SECTION

- Drinking Water Quality and Customer Safety →**
- Water Affordability and Access →**
- Cybersecurity and Data Privacy →**
- Customer Service →**



Drinking Water Quality and Customer Safety

Our water quality assurance program and accredited water quality professionals contribute to our ability to treat, test, and deliver high-quality water to the communities we serve.

Treatment and Testing

Our Water Quality Department manages processes to proactively collect water samples, regularly test quality, and effectively treat water in order to meet or surpass requirements. The department leads our efforts to leverage advanced technology and collaborate with federal, state, and regulatory agencies. To help preserve water quality during droughts, wildfires, and other events, we monitor environmental conditions and adjust operations as needed to maintain safety.

We manage extensive monitoring programs and over 800 different treatment processes to meet over 250 water quality standards, including requirements from the federal Safe Drinking Water Act (SDWA) and applicable state regulations. To accomplish this at each entry point to the distribution system, we employ programs that are specifically designed to improve water quality, such as our award-winning groundwater treatment projects.

In California, we collect more than 70,000 water samples from our water systems and conduct more than 400,000 water quality tests every year. We analyze the majority of water samples from our California service areas at our in-house laboratory in San Jose. For the remaining samples, we outsource testing only to state certified contract laboratories that align with our licensing and quality thresholds. Our lab has achieved Environmental Laboratory Accreditation Program (ELAP) certification for 23 years by passing annual site audits performed by the State of California or a third-party assessor. We also adhere to The NELAC Institute (TNI) Laboratory Accreditation Standards, adopted by ELAP, to meet more rigorous laboratory operational requirements.

We use our Laboratory Information Management System (LIMS) to manage data collection, quality control, reporting, and regulatory compliance programs in California and Washington. We update the LIMS regularly to expand functionality, scope of use, and capabilities of the application. We plan to incorporate the LIMS in our remaining states of operation.

In addition to meeting regulations in California related to drinking water, we also maintain safety certifications for any direct additives or products that may come into contact with drinking water. These products or chemicals are certified for meeting the specifications of NSF International/American National Standard Institute (NSF/ANSI). If there are any issues related to water quality and safety, we have systems in place designed to notify customers quickly and proactively.

Emerging Contaminants

In advance of regulations, we proactively conduct additional testing, maintain transparency about our performance, and support research on emerging contaminants. Every five years, we also participate in the Unregulated Contaminant Monitoring Rule (UCMR) program to collect occurrence data on emerging contaminants. We support legislation to prohibit products that may impact water quality, thereby protecting the water supply before contamination can occur.

Our process to evaluate methods to treat emerging contaminants aligns with our standard approach for treatment and testing. We consider best available technologies (BAT), cost-effectiveness, and the existence of any co-contaminants that must also be removed. Other site-specific factors include lot size, operational considerations, and discharge and waste disposal options.

While there are no state or federal Maximum Contaminant Levels (MCLs) yet for per- and polyfluoroalkyl substances (PFAS) compounds, we continue to closely monitor the regulatory process at state and federal levels, follow recommendations from regulators, review existing and new treatment methods, and develop a response strategy to help prepare us to meet anticipated Maximum Contaminant Levels. Where detections of PFAS in our California systems have exceeded the response levels (RLs) advised by experts, we seek to act quickly by either removing the source from service or installing treatment for PFAS. We use granular activated carbon treatment, reverse osmosis, and ion-exchange technologies to remove contaminants where needed.

We also treat affected water supplies for chromium-6, which experts suggest is harmful to human health and for which the California State Water Resources Control Board is developing a new Maximum Contaminant Level. To treat chromium-6, we use strong base anion exchange or reduction, coagulation, oxidation, and filtration treatment methods. We began treating water supplies for chromium-6 shortly after the safe drinking water standard was set in 2014, and we have continued to meet the threshold for affected active water sources as regulations have evolved.

Preventing lead contamination that may result from corrosion of lead-bearing components in distribution infrastructure or household plumbing is another primary focus of our efforts to protect the health and safety of our customers. We monitor water quality and test for lead in drinking water as required by law; maintain and upgrade our systems to support compliance with health and safety codes mandating use of lead-free materials in water system replacements, repairs, and new installations; frequently test for corrosivity of the water and add corrective measures when necessary to prevent lead from home plumbing fixtures from affecting water quality; and carefully plan and conduct water quality testing before using any new source of water. We also provide educational resources for customers to learn about lead contamination and how they can reduce potential exposure to lead in drinking water.

While there are no known lead service lines within Cal Water systems, the updated Lead and Copper Rule from the Environmental Protection Agency includes expanded requirements to complete service line inventories on both the water utility's and the customer's side of the water meter to identify lead in drinking water. As part of our compliance strategy for this updated rule, we are currently conducting an inventory to identify potential lead service lines on the customer side of the water meter.

To help address the emerging risks of microplastics, we are identifying future opportunities to monitor microplastics at certain facilities in alignment with guidance from the California State Water Resources Control Board's Division of Drinking Water.

Cross-Connection Control

Through our cross-connection control program, we manage actual or potential connections between potable water supply and non-potable matter that can contaminate water supplies in the event of backflow, where hydraulic conditions cause the direction of water flow to reverse. Our Water Quality team oversees this program to help protect our distribution system from any activities on customers' properties. At-risk customers are required to install, test, and maintain proper backflow prevention measures designed to align with regulations and avoid potential liability. Our experts confirm annual testing of backflow prevention assemblies, assess all water connections, and administer new commercial and residential assemblies.

Training

Our Water Quality Department includes experts with a large variety of certifications and qualifications related to cross-connection control, laboratory analysis, and treatment. Because the responsibility for water quality does not lie with the Water Quality Department alone, Operations Department staff receive water quality training on a variety of topics, including SDWA regulations, sample collection, analytics equipment use, field analysis, operation of specific treatment equipment, and additional technical information. Attendees are required to prove comprehension of sample collection

by taking a written exam after training. We encourage employees in all roles to learn more about water quality by engaging in relevant training, certification processes, and conferences.

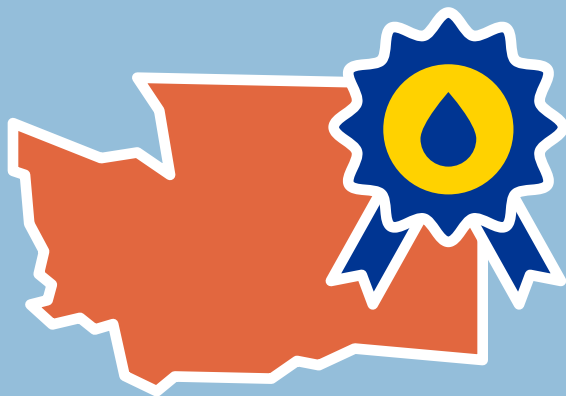
Reporting

We submit hundreds of monthly performance reports to the California State Water Resources Control Board's Division of Drinking Water. The Division of Drinking Water also audits existing facilities, including wells, tanks, and pipelines, and provides permits for new operations.

To help residents and businesses across our subsidiaries learn about their local water supply, we prepare annual Consumer Confidence Reports. Available on our subsidiary websites, these water quality reports provide information on the water supply, sustainability, testing, standards, and other topics. Customers may also request a copy by contacting their local Customer Center.

ADDITIONAL RESOURCES

- [Our Commitment to Excellent, Affordable Service](#)
- [ESG Governance Matrix](#)



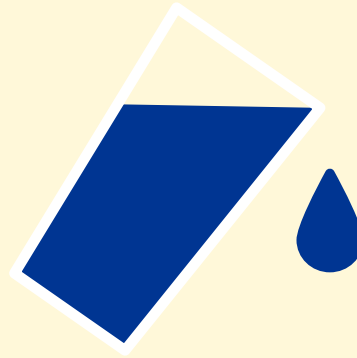
DEMONSTRATING A COMMITMENT TO WATER QUALITY EXCELLENCE

One of our Operations Managers at Washington Water received the Drinking Water Week Commitment to Excellence award from the Washington State Department of Health for contributing to improvements in the water system. He created new monitoring schedules and used methods to evaluate and enhance source water and distribution processes—all with the goal of better serving customers and providing high-quality water. For more information, see our [web site](#).

DRINKING WATER QUALITY AND CUSTOMER SAFETY

2022 Highlights

- ⦿ As we continue to prepare for water quality regulations for emerging contaminants, we celebrated the opening of a new PFAS treatment facility in Montebello, Calif. The Montebello well site was previously taken offline due to the presence of PFAS in the water supply. The new treatment plant allowed us to return the well to service, helping enhance water supply reliability for our East Los Angeles customers' everyday and emergency needs while also ensuring they have water that will meet both current and future water quality standards. Learn more on our [web site](#).
- ⦿ We completed construction of a treatment plant to remove perfluorooctanesulfonic acid (PFOS) at wells in Oroville and Marysville, Calif. The new treatment facilities are expected to enable us to return the wells—which were previously offline—to service, increasing water supplies and reliability while providing high-quality water to customers for their everyday and emergency needs. We have also begun PFAS sampling in our Washington systems to comply with new State Advisory Levels.
- ⦿ We enhanced the accessibility of water quality training by integrating SDWA training into our human capital management platform, which is available for all employees. Our water quality lab staff also successfully completed training to continue to meet TNI Laboratory Accreditation Standards. We also prepared to launch an internal backflow certification training for the Northern California region, which should take place in 2023.
- ⦿ Across the Company, our teams achieved 100% compliance with all SDWA and applicable state water quality standards, with zero primary or secondary violations.



Zero

Tier 1 (acute health-based) drinking water violations

Zero

Tier 2 (non-acute health-based) drinking water violations

Two

procedural Tier 3 (non-health-based) drinking water violations



Water Affordability and Access

Our approach to affordability seeks to prioritize operational efficiency, rate design, conservation activities, and low-income support programs in order to provide affordable drinking water to our customers despite the rising costs associated with providing a safe, reliable supply.

Affordability Considerations in the Rate-Making Process

Affordability factors into decisions throughout the entirety of our business, as changes to infrastructure, water quality standards, and supply costs may impact water rates. Our Rates Department emphasizes affordability when setting customer rates—which is a highly regulated process—with the public utilities commissions in our states. We also maintain open communication with our communities to explain rate changes. Factors that impact and contribute to rate changes include:

- Additional water quality regulations and standards that require greater investments in contaminant detection and water treatment technologies.
- Local officials in different cities and counties—who mandate shifts in planning, permitting, and reporting in different cities and counties. We often incur costs related to these additional requirements, such as the relocation of pipelines or repaving of areas during main replacement projects.
- Customer incomes, housing prices, and local costs of living can directly affect affordability of rates.
- Climate change increases the intensity and likelihood of wildfires, flooding, and power loss, which can in turn increase costs for infrastructure repair and resilience measures.
- Supply chain constraints may increase the cost of obtaining equipment and critical products.
- Long-term supply chain challenges can increase the price of wholesale water when other providers face similar supply conditions.

Based on these impacts, we adjust our strategy as needed to balance it with affordability. Additionally, we incorporate local regulatory requirements and review specific needs within our service areas, including infrastructure investments, budgeting factors, operating costs, and services provided.

During preparation of rate case proceedings, we evaluate multiple rate design scenarios and their effects on average bills, with a focus on costs for residential and low-income customers. To help manage associated financial impacts, we may propose options to phase-in rate increases over time and advocate for the consolidation of smaller water systems with larger water systems to spread costs over a larger customer base.

We foster regular communication with our regulators to demonstrate transparency and align on safety, reliability, affordability, sustainability, and any other overlapping priorities to benefit our customers. For example, we support the Environmental and Social Justice (ESJ) Action Plan of the California Public Utilities Commission (CPUC). This plan targets investments in certain communities intended to enhance local air quality, climate resilience, access to high-quality water, safety, outreach, and economic development. We regularly report to the CPUC about our progress on supporting these goals through our rate cases. We are also active contributors to water policy proceedings at the CPUC, which in 2022 included rulemakings focused specifically on enhancing the affordability of utility services in California and on reducing the water bill debt of low-income customers.

Expense Management

We also contribute to savings for our customers by seeking to control internal expenses. When diversifying water supplies, we pursue lower-cost sources when possible that don't compromise quality. To help meet evolving regulations, we consider the costs of treatment technologies when piloting potential options, and we advise public health experts on reasonable implementation timelines. Additionally, we work to negotiate with our suppliers to achieve lower costs through long-term contracts, build up our safety stock to avoid expensive delays, balance our supply mix to minimize the costs of goods, and evaluate alternative, affordable materials. For more information about our supply chain reliability, see the [Responsible Sourcing](#) section.

Alternate Funding Mechanisms

When available, we pursue funding such as grants and no-interest loans from external sources. These funding sources are intended to enable us to make additional investments in critical projects while limiting impacts on our customers. To date, we have requested more than \$27 million in grant funding from state and federal entities to pursue a variety of projects focused on water supply, operational reliability, drought resiliency, water quality, and conservation programs, particularly in low-income communities. In some cases of water contamination, we have pursued civil litigation to hold parties responsible for applicable remediation. These actions prevent our customers from bearing the costs of contaminated water treatment.

Conservation

Our conservation programs directly impact affordability by lowering customer consumption and associated water bills. Greater water savings also reduce demand on our water sources, which helps to minimize the costs of investment in additional infrastructure to secure more water supply. For more information about customer engagement on conservation, see the [End-Use Conservation](#) section.

Financial Assistance for Customers

We provide multiple programs to help our customers pay their bills during challenging financial times. Our efforts support greater access and convenience for our customers and include:

- **Flexible billing:** Customers have access to penalty-free, interest-free payment arrangements and extensions. We also do not charge late fees for payments in California, New Mexico, and Washington.
- **Customer Assistance Program (CAP):** Formerly known as the Low-Income Ratepayer Assistance program, CAP provides a credit equal to 50% of the 5/8" x 3/4" monthly service charge for residential customers in California who meet maximum income guidelines. We also have a stockholder-funded hardship grant program that protects access to water.

- ⦿ **Low Income Household Water Assistance Program (LIHWAP):** This federal program provides funding to pay bills on behalf of low-income customers. We help our customers access funding by increasing awareness of the program and connecting them to third-party administrators through engagement with community organizations.
- ⦿ **Rate Support Fund:** In California, this program subsidizes monthly bills for customers in our highest-cost districts, including Dixon, Kern River Valley, and Willows districts. These districts have fewer customers available to share costs related to operation, maintenance, and infrastructure upgrades.
- ⦿ **Customer service support:** To give customers more flexibility, we offer extended customer service hours. We strive to inform customers of opportunities for bill payment arrangements, late payment structures, our financial assistance programs, and local low-income assistance programs. If customers have special medical needs, our policy is to reach out to offer additional assistance.

Implemented in 2020, California Senate Bill 998 (SB998) is designed to prevent disconnections by requiring sufficient notifications and opportunities for exercising payment options before shutoff occurs. To support our alignment with this legislative mandate, we allow non-payment for a total of 79 days prior to disconnection, send payment reminders through multiple communications, and maintain

residential health and safety exemptions. We strive to avoid disconnections as much as possible by promptly notifying customers of past-due billing and offering information about the variety of financial assistance programs and payment arrangements available.

We also continue to support various legislation that aims to enhance affordability for customers. See the [Public Policy and Political Involvement](#) section for recent efforts.

Expanding Access

To help increase access to high-quality, reliable water service in communities near our service areas, we often collaborate with neighboring low-income, underserved communities—or those struggling to maintain their water systems—on projects such as acquiring those systems or installing connections to our existing distribution system to extend our service, in some cases using grant funding. For example, when the De-Rancho-Y Mobile Villa in Bakersfield faced a well failure, we installed a service line with temporary piping to connect the residents to our system and provide them with a new water supply. The community is now working to obtain grant funds to install permanent piping for continued service.

ADDITIONAL RESOURCES

- [Our Commitment to Excellent, Affordable Service](#)
- [ESG Governance Matrix](#)



EXPANDING PAYMENT FLEXIBILITY FOR RESIDENTIAL CUSTOMERS

We continue to expand flexible bill payment options for customers to increase convenience and affordability. Recently, we engaged in a partnership with Promise to provide an online portal, PromisePay, where residential customers can select from various payment plan options, set up automatic payments, and provide contact information for payment reminders and other notifications through text messaging. PromisePay allows customers to manage their water bills and change payment plans more easily. For further information about the program, visit our [web site](#).

WATER AFFORDABILITY AND ACCESS

2022 Highlights

- We secured more than \$10 million in grants to minimize rate impacts of critical infrastructure, water supply, and water quality projects in smaller, water-stressed, and disadvantaged or higher-cost service areas. Among these, we secured nearly \$2.4 million in drought relief grants from the California State Department of Water Resources for three water supply reliability projects targeted for completion in 2023 through 2025:

 - Leveraging \$1.45 million in grant funding, we intend to build a new raw water intake facility to enhance the reliable supply of surface water to the Kern River Valley District.
 - Using \$894,000 in funding, we plan to construct and install a new storage tank and two booster pumps to provide an above-ground water reservoir and additional pumping capacity in our Visalia District.
 - In our Redwood Valley District, we intend to use \$19,500 in grant assistance to install two additional membrane filters to the existing treatment plant, increasing reliability and reducing the dependency on hauled water supplies.
- We held seven CAP events to engage service areas with higher percentages of low-income customers that also had lower levels of CAP participation. CAP events were designed to foster CAP enrollment, increase awareness of customer assistance and conservation programs, and build relationships with local community organizations. Through these initiatives, we strengthened our community partnerships and introduced customers to CAP. We expect to continue to conduct CAP events in other communities moving forward to cover all of our service areas at least once every three years.

More than

116,400

customers enrolled in our CAP as of the end of 2022

\$14 million

provided in discounts through our CAP in 2022

Over

700

customers used the LIHWAP program to pay more than \$460,000 toward their water bills.



Cybersecurity and Data Privacy

Cybersecurity is a vital component of both operational and water safety. To help prepare for and address evolving cyber threats, we regularly evaluate our cybersecurity processes, invest in advanced technology, and promote employee education to strengthen system and data security.

Compliance Matters

Our management approach is intended to align with the following standards and regulations for cybersecurity and data privacy:

- ◉ National Institute of Standards and Technology (NIST) Cybersecurity Framework
- ◉ The Sarbanes-Oxley Act (SOX)
- ◉ NIST 800-171 and Cybersecurity Maturity Model Certification
- ◉ Payment Card Industry Data Security Standard (PCI-DSS)
- ◉ California Consumer Privacy Act (CCPA)
- ◉ Health Insurance Portability and Accountability Act (HIPAA)
- ◉ Defense Federal Acquisition Regulations Supplement (DFARS)

The Information Technology (IT) team regularly updates and maintains programs that are designed to support compliance with these requirements. For example, we implement processes to protect data privacy, enable customers to make CCPA inquiries, and promptly respond to these requests in alignment with CCPA. We also have multiple internal policies and procedures related to IT security, incident response, data privacy, information classification, encryption, vulnerability management, and other key cybersecurity topics.

Our Security Operations Center helps identify and address cybersecurity threats by assessing threat level and appropriate response in real time.

Other key efforts that form the foundation of our cybersecurity and data privacy management include:

- ⦿ **Regular testing:** Through external audits and annual, third-party penetration tests on our corporate and supervisory control and data acquisition (SCADA) networks, we test our controls and seek to identify potential weaknesses in our technology infrastructure. Assessments also help to analyze possible network breaches through various pathways, evaluate security levels, and review our Incident Response Plan. Our IT team conducts drills for our Incident Response Plan multiple times per year and coordinates support from the Department of Homeland Security (DHS), the Federal Bureau of Investigation (FBI), California Cyber Security Integration Center (Cal CSIC), and our cybersecurity vendors.
- ⦿ **Monitoring for risks:** A third party manages our Security Operations Center (SOC) and is responsible for monitoring network traffic 24/7. Our SOC helps identify and address cybersecurity threats by assessing threat level and appropriate response in real time. To help manage cyber risks within our supply chain, we use tools to screen and review supplier IT and cybersecurity scores. We work with our suppliers to collaborate on opportunities for improvement.
- ⦿ **Security controls:** Our controls to prevent, detect, and correct potential breaches leverage both physical- and software-based methods. The Company's Security Incident Event Management tool evaluates security logs to help identify irregular activity, includes detective controls, and tracks how often vulnerabilities are scanned and patched.
- ⦿ **Defensive technology:** We incorporate an intrusion prevention system, antivirus program, and endpoint protection system designed to block unwanted traffic and flag suspicious activity on endpoint devices. Our data loss prevention security tool inspects outgoing traffic and helps blocks sensitive data from being exposed. Additionally, we maintain an Identity Access Management tool to manage security access to resources needed for job responsibilities.

- ⦿ **Regular improvements:** Group continues to work to enhance technology security systems based on new information, incorporate advanced controllers in our SCADA system, and evaluate software and hardware acquisitions. We also engage the FBI, DHS, Cal CSIC, and a Fusion Center, which gathers threat-related intelligence, to support incident response and share critical information that informs improvements in security.

Workforce Training and Engagement

Our employees are our most important line of defense in cybersecurity protection. To help strengthen their ability to mitigate risks and review critical policies and security practices, we annually update and provide security awareness training for active employees and contractors. We also publish an internal monthly cybersecurity newsletter that informs our workforce of cybersecurity best practices.

On a monthly basis, we run mock phishing email campaigns to test employee security awareness and caution them from clicking on fraudulent emails that may appear safe. First-time offenders receive additional training, repeat offenders must meet with supervisors and the IT Security team, and further offenses result in negative performance logs. With the support of repeated employee engagements and training, we have continued to reduce the number of employees clicking on test phishing emails.

ADDITIONAL RESOURCES

[California Water Service Group Privacy Policy](#)
[ESG Governance Matrix](#)

CYBERSECURITY AND DATA PRIVACY

2022 Highlights

- ◉ As additional federal mandates and CCPA compliance standards evolve, our IT department continues to work to update security measures, identify high-priority data, review opportunities for data encryption, determine appropriate access levels, and develop a record of access.
- ◉ We have leveraged multiple tools designed to minimize cyber vulnerabilities and support our monitoring efforts. For example, we added multi-factor authentication to enable more robust security controls and verify users before allowing access to certain sensitive data. We also replaced our previous Firewall with a Next Generation Firewall, to help mitigate an aging infrastructure risk. For supplier screening, we implemented Avetta, a software tool to review a new vendor's financial stability and security posture.
- ◉ We added the following new state-level partners to strategically improve incident response support and to promote collaboration to share critical information:
 - California Cybersecurity Integration Center (Cal-CSIC)
 - New Mexico All Source Intelligence Center (NMASIC)
 - Washington State Cybersecurity & Critical Infrastructure Protection (WA-CCIP)
- ◉ Our team regularly engaged our security and government partners to remain updated on potential threats and support efficient responses, especially to address concerns related to the conflict in Ukraine.



We added multi-factor authentication to enable more robust security controls and verify users before allowing access to certain sensitive data.



Customer Service

Our customers are at the heart of everything we do. We are committed to increasing convenience, providing excellent service, and leveraging continuous feedback from our customers to better serve our communities and enhance the quality of life of those we serve.

Commitment to Excellence

Our Customer Service Representatives (CSRs) are dedicated to meeting the needs of our customers and contributing to high-quality customer experiences. These professionals receive a range of training to cultivate their knowledge and improve their ability to serve our customers.

Across our subsidiaries, our Customer Service Department collaborates with regional and local customer service teams to help manage controls and metrics, organize audits, and address urgent needs and special projects. Our Regional Customer Centers (RCCs) strive to offer consistent, elevated customer service in our California districts.

A commitment to excellence also means a commitment to evolution. The needs and preferences of our customers change over time. We seek to track these changes closely and evolve our service to address them. For example, to

support accessibility as customers continue to shift from in-person to more online engagement, we offer multiple web-based service solutions:

- Our online, customer-facing portal is designed to enable customers to securely access account information on the web and connect to the Customer Care and Billing (CC&B) platform. The platform offers improvements in payment options, account recovery, notification management, leak detection, and conservation and meter analytics.
- Our Customer Outreach Portal, which syncs CC&B and geographic information system (GIS) data, is another online solution that helps us quickly identify customers affected by emergencies across our geographic locations and communicate important information through call, text, or email.

- ◉ We provide a Connected Customer notification system that can update customers with real-time alerts and expected arrival times of field technicians.
- ◉ Customers can report water waste concerns and water main or service leaks through our mobile application or web site.
- ◉ To increase accessibility, we have live customer chat features to address questions directly on our web site.
- ◉ Acting on customer feedback, we offer increased clarity in our email communications and payment failure messages, as well as additional mechanisms for customers to submit after-hours service requests through our web site.

Knowing our customers receive information through a variety of channels, we want to reach them where they are. We utilize a multi-channel approach to engage them, whether through traditional bills and direct mail, email or social and digital channels, or the media. When we acquire new water systems, we utilize multiple modes of engagement intended to provide customers with important information about our operations, and we host events so they can connect with us in person. We continue to work to align our approach across the Company to promote consistency in our outreach process.

Customer Feedback

We are committed to basing customer service decisions on customer preferences and using customer feedback to help us identify opportunities to improve our service. At Group, we actively engage customers in surveys to measure satisfaction levels and better understand their perceptions and preferences on a variety of topics, such as service priorities and expectations, communication needs, water quality, rates, water usage, and more.



A Cal Water team member meets with a customer about a service request.

Additionally, our Medallia survey platform requests customer feedback after customer service calls and distributes email surveys on a regular basis. The platform reports on CSR performance and collects data on customer perspectives and experiences. We review the insights to better inform our processes, update training for CSRs, and celebrate accomplishments.

ADDITIONAL RESOURCES

[ESG Governance Matrix](#)

We are committed to basing customer service decisions on customer preferences and using customer feedback to help us identify opportunities to improve our service.

CUSTOMER SERVICE

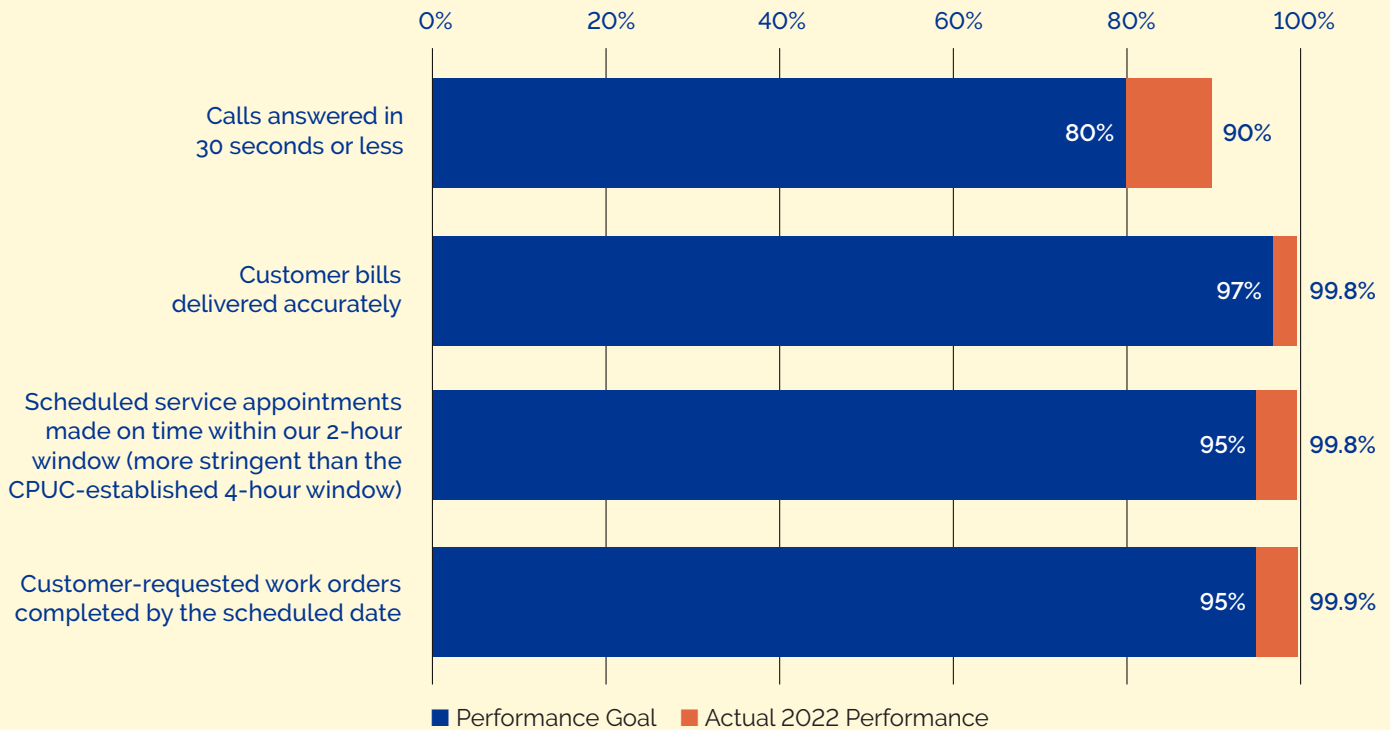
2022 Highlights


- Leveraging phone system features:** We tested and refined our new phone system features to record and monitor customer calls. Customer service leaders use the data to draw insights and support our efforts to provide consistent, high-quality service. We plan to launch the system formally in 2023.
- Certification training program:** We expanded our customer service certification training throughout California in 2022, and rolled it out in Hawaii, New Mexico, and Washington in Q1 of 2023. Training includes baseline and higher-level courses on customer service, internal policies, and water system operations. The program upskills our customer service professionals and outlines pathways to promotion.
- Leading Customer Loyalty program:** We relaunched our Leading Customer Loyalty program, which contributes to the ability of our CSRs to develop meaningful connections with our customers. Participants receive training on how to model, teach, and reinforce empathy, responsibility, and generosity.

<0.01%

customer complaints to the CPUC's Consumer Affairs Branch were received for our California customer connections in 2022, meeting our goal of less than 0.1%

California Customer Service Performance in 2022





Engaging Our Workforce

We strive to cultivate a workforce that is representative of the communities we call home. We work to continually develop the skills of our employees, proactively engage our talent, and instill a culture of safety throughout our organization and communities.

IN THIS SECTION

Diversity, Equality, and Inclusion →

Talent Retention Strategy →

Workplace Health and Safety →



Diversity, Equality, and Inclusion

Providing equal opportunity is at the core of who we are. We continue to work to promote an inclusive work environment and foster diversity across our teams to provide a variety of perspectives that enhance our connections to the communities we serve.

Equal Opportunity

Our commitment to diversity and equal opportunity encompasses our whole workforce, including our field employees, office staff, management, and executive team. Our policy is to maintain a zero-tolerance approach to discrimination, harassment, and retaliation. We seek to provide equal opportunity regardless of age, sex, race, ethnicity, ancestry, religion, creed, citizenship status, disability, national origin, marital status, military status, sexual orientation, gender identity, socioeconomic status, or any other characteristic protected by law or any other non-job-related factor or activity. We review and address any non-compliance claims from employees, and we continue to work to enhance policies and procedures to support our employees. Annually, we submit our affirmative action plans and report Equal Employment Opportunity (EEO) statistics.

We also work to promote diversity in our supply chain and increase spending with women-, minority-, veteran-, disabled veteran-, and LGBTQ-owned suppliers. For more information, see the [Responsible Sourcing](#) section.

Inclusive Hiring, Development, and Culture

We believe inclusion starts with our hiring practices. We strive to increase gender and racial/ethnic diversity throughout the Company, from the Board of Directors to entry-level positions. The Nominating/Corporate Governance Committee of our Board of Directors includes diversity as part of its consideration for director nomination. We value members who demonstrate a diversity of thought, perspectives, skills, backgrounds, and experiences, because these qualities can enhance our ability to innovate and improve our service.

We support broad outreach and recruitment to reach a diverse group of candidates through targeted job boards, job fairs, and partnerships with local community colleges. We believe a strong workforce reflects a wide range of experiences, and we encourage people of all backgrounds, including veterans, to apply for our positions. Across Group, 7% of our employees are veterans, and our connection with veterans is especially strong in Hawaii, where veterans represent 12% of our team. To further promote inclusive hiring practices, we seek to provide more diverse panels of interviewers and proactively train our teams to prevent bias during the selection process.

Our leadership development program, Future Leaders of Water, also considers diversity in candidate selection for high-potential directors and management. The program contributes to a pipeline for senior management and considers diversity when advancing leaders to represent the communities that we serve. For more information about this program, see the [Talent Retention Strategy](#) section.

We work to foster an inclusive environment for all who join our team. At Group, our culture focuses on enabling effective collaboration and thoughtful discussion by supporting and learning from each other. We continue to work to promote inclusivity throughout the Company so everyone is empowered to contribute to our achievements and feels appreciated and respected. As part of our approach, employees receive annual live, online, or virtual video-facilitated trainings on topics including about unconscious bias and sexual harassment avoidance to support awareness of proper workplace conduct.

Progress Evaluation

We evaluate our progress related to diversity, equality, and inclusion to make improvements to our strategy. We periodically analyze pay equity for gender and other factors to implement changes, and we continue to analyze data on employee demographics as we aim to build a workforce



Our team members enjoy working in an inclusive workplace environment that focuses on collaboration, support, and learning from one another.

that reflects our communities. Our Board of Directors also reviews our annual EEO reports and discusses ways to enhance our diversity strategy across all employee levels. Employee feedback helps to inform our approach as well, and provides additional context for our practices and priority areas. Our officers also gather insights about leading practices through our involvement in industry associations.

ADDITIONAL RESOURCES

- [Diversity, Equality, and Inclusion Policy](#)
- [ESG Governance Matrix](#)

DIVERSITY, EQUALITY, AND INCLUSION

2022 Highlights

- ⦿ In 2022, we expanded our six-hour unconscious bias training to all full-time employees and received positive engagement and feedback. The training was completed by 95% of employees.
- ⦿ We increased our presence in diverse recruiting channels and engaged prospective employees through multiple career fairs, including military-, disability-, and minority-focused career fairs.

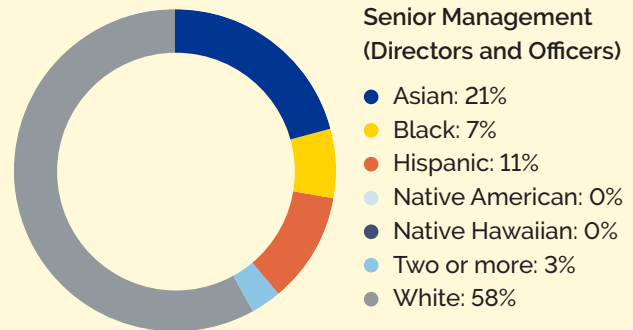
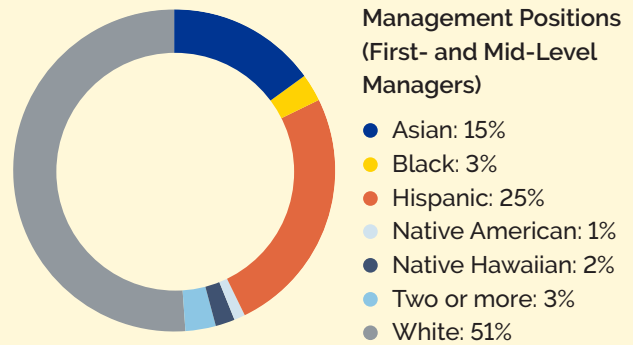
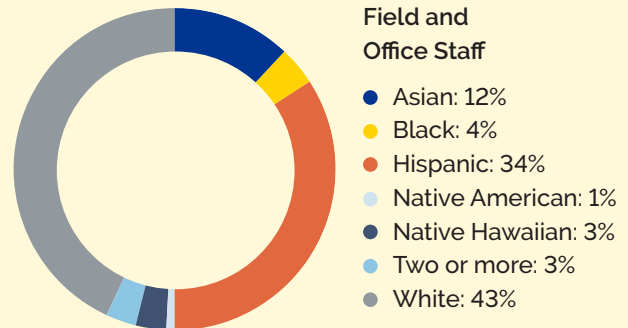
Employee feedback reflected the importance of unconscious bias training:

“The training was a good opportunity to learn a little bit about myself, as well as others I work with around the Company.”

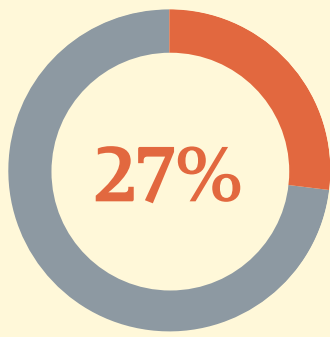
“This gives people a perspective they may not have had before.”

“The course makes a person re-evaluate something they never considered.”

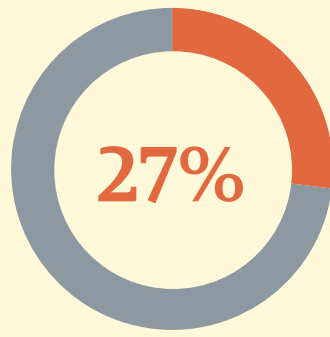
Racial/Ethnic Diversity in the Workforce



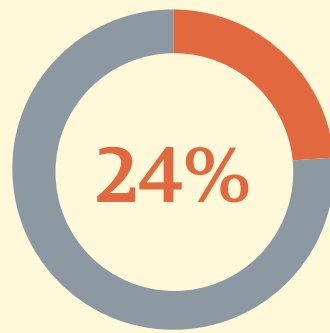
Percentage of Women in the Workforce



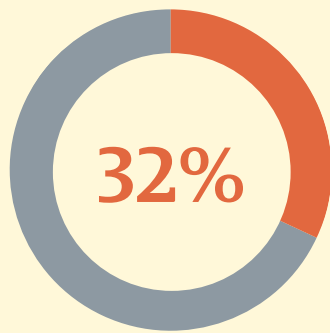
Overall Workforce



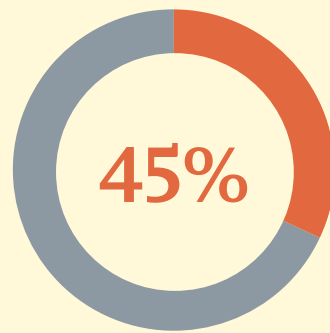
Field and Office Staff



Management Positions
(First- and Mid-Level
Managers)



Senior Management
(Directors and Officers)



Board
of Directors

Our culture focuses on enabling effective collaboration and thoughtful discussion by supporting and learning from each other.



Talent Retention Strategy

We believe the strength and success of our business depends upon the strength and success of our workforce. We are committed to attracting, engaging, retaining, and rewarding our employees while protecting their labor rights and promoting their overall well-being.

Talent Attraction

We aspire to recruit highly qualified professionals with a team-oriented mindset, effective leadership skills, and a passion for innovation. Candidates should also share our values and ethical standards, as well as our commitment to delivering high-quality service to our customers. Our hiring managers are trained to offer flexible interview formats, promote diverse perspectives, and receive unconscious bias training to help minimize potential preferential treatment and promote consistent hiring practices. For more information about inclusive hiring, see the [Diversity, Equality, and Inclusion](#) section.

We frequently collaborate with local high schools, trade schools, and colleges across our subsidiaries to help teach students about potential careers in the water industry and develop our talent pipeline. For example, through our regular engagement with Cristo Rey Jesuit High School in San Jose, Calif., we support low-income and at-risk students by offering work experience across our teams, including our Facilities, IT, Human Resources, Engineering, and Accounting

departments. Additionally, we participate in career fairs and provide internship opportunities to students through our partnerships with San José State University and California State University, Bakersfield. Other established partnerships include those with Santiago College, Gavilan College, Cañada College, and California State University, Long Beach. We are also part of a California Water Association group that intends to collaborate with community colleges to build a career pathway in the water sector, and have identified a number of additional colleges across our regions with whom we plan to explore potential partnerships to expand our reach.

Training and Development

To aid employees in their professional growth, we seek to prioritize training and development opportunities. When evaluating strategic training needs for employees, we consider multiple factors, including internal standards; external regulations and compliance; feedback from previous trainings and team-building resources; succession planning and preparation for anticipated employee

retirements; response to geopolitical or cultural events; and alignment with our core values. To help improve our training programs, we also solicit feedback and ask for suggestions from training participants. Our Human Resources team analyzes the feedback and adjusts courses to address suggestions for improvement as needed.

Using our human capital management platform, we work to promote consistency in our leadership training for employees. All managers are required to complete our Management Essentials training series, a course of six modules to improve management capabilities. Newly promoted and recently hired managers are also required to take a Foundations of Leadership training that offers tools and resources to help them drive success and navigate new roles.

Our Future Leaders of Water (FLOW) program provides an additional leadership development opportunity for employees and contributes to a key pipeline for senior management talent. In this 18-month program, high-potential directors and managers learn from officer mentors and complete modules to improve their capabilities related to strategic thinking, executive presentation, business writing, ratemaking, risk management, and project management. To evaluate the program's impact, participants conduct a 360-degree assessment and measure their development.

Employees may also pursue external education opportunities. Our workforce holds over 1,500 industry-specific certifications, and we offer bonuses worth up to 3.5% of pay to encourage our employees to achieve additional certifications beyond the minimum requirements. We collaborate with a local community college to offer online water treatment and distribution certification courses, engage third parties to teach courses on our own campus, and provide tuition reimbursement for outside coursework. We also collaborate with a third party to grant access to over 120 state-approved courses for distribution, treatment, and wastewater certification obtainment and renewals. These classes are hosted in our human capital management platform and allow employees to easily access the training courses at any time. This also streamlines the process for employees to obtain and renew their certifications.

Group Employees undergo annual performance reviews to promote discussions with their managers, identify opportunities for development, and determine short- and long-term career goals. We also conduct annual talent review and succession planning sessions with each member of the officer team, with results presented to and discussed with the Board.

Additionally, we strive to provide ample opportunity for our employees to grow within the organization, so we support internal advancement, where possible, and offer an interim promotion program that allows employees to temporarily serve as managers and assess whether they want to proceed to the management level.

Compensation, Benefits, and Employee Wellbeing

We believe we offer competitive benefits that provide flexibility and strive to exceed legal requirements, because we want to take care of our employees and attract highly qualified talent. Our part-time employees receive the same benefits as full-time employees, with adjustments for accrual of hours, and some benefits are subject to minimum levels of service with the Company. We offer the following options:

- ⦿ Paid time off for holidays, employee sick and family sick time, personal days, and vacations
- ⦿ A 401(k) savings plan with an employer matching program
- ⦿ A defined benefit pension plan
- ⦿ Medical, dental, and vision insurance plans
- ⦿ Flexible spending accounts for both medical and dependent daycare expenses
- ⦿ Company-paid life insurance
- ⦿ Supplemental life insurance for employees and dependents
- ⦿ Long-term disability insurance
- ⦿ Employee Stock Purchase Plan for all regular employees working at least 20 hours per week
- ⦿ A commuter benefits program that encourages alternative modes of transportation instead of driving alone

- ⦿ Survivor benefits for dependents of a deceased employee
- ⦿ Retiree health benefits for employees who retire from the Company
- ⦿ An employee assistance program that provides childcare and eldercare resources
- ⦿ Emotional support services offered through external CareBridge professional counseling
- ⦿ Our Critical Incident Response Management (CIRM) program, which offers peer-to-peer emotional support for employees who experience stress, loss, grief, change, or other traumatic events
- ⦿ Tobacco-free incentive for healthcare
- ⦿ A return-to-work program that helps employees adjust after a work-related or non-work-related injury
- ⦿ Personal leave of absence that may be requested and approved in alignment with our Collective Bargaining Agreement
- ⦿ Additional leave that may be available under certain circumstances for education, family, reasonable dependent care, or other personal reasons
- ⦿ Financial wellness education, planning tools, and investment advisory services
- ⦿ Annual Employee Celebration Day
- ⦿ Flexible work schedules, including 9/80's or hybrid remote work, where possible, and consideration of job-sharing requests
- ⦿ Webinars, articles, and additional resources to manage stress and foster positive mental health
- ⦿ Virtual support groups for stress and grief through our employee assistance program
- ⦿ Blue Zones Project Approved Worksites in Hawaii supporting practices and events that encourage healthy behaviors

Labor Relations and Management

We work to protect fair labor rights, maintain safe working conditions, establish regular dialogue with our employees, and efficiently address any concerns. As described in our [Business Code of Conduct](#) and the [Ethics](#) section of this report, employees can report any grievances as needed through our ethics hotline. Our policy is to respect the right to freedom of association and collective bargaining. To contribute to informed decisions, we provide information about the differences between union-represented and non-represented employees. We work to continue to preserve freedom of association by enabling a mechanism for union employees to submit grievances and outlining this process in union contracts.

At the end of 2022, union employees represented about 61% of our workforce, which includes members of the Utility Workers Union of America, AFL-CIO and the International Federation of Professional and Technical Engineers (IFPTE). We engage with our unions in regular meetings to review business matters and discuss potential issues. In partnership with our unions, we also seek to foster opportunities for career development and provide applicable safety and functional training. For more information about union involvement in our safety programs, see the [Workplace Health and Safety](#) section.

Employee Feedback

We assess employee satisfaction and gather feedback through the Bay Area News Group's Top Workplace employee survey and the Great Place to Work® Trust Index® Survey. Our officers review findings and employee comments from these annual surveys and use the results to help identify opportunities to enhance our performance.

ADDITIONAL RESOURCES

- [Business Code of Conduct](#)
- [Diversity, Equality, and Inclusion Policy](#)
- [ESG Governance Matrix](#)

TALENT RETENTION STRATEGY

2022 Highlights

Our efforts in 2022 focused on further developing and engaging our talent:

- ◉ Through our new Operations Leadership Program, we supported the growth of our employees by defining career maps, offering educational resources, and connecting each member of the program with a trained mentor to facilitate continued learning and professional growth in Operations.
- ◉ We began to offer more flexible work schedules, including a 9/80 work schedule rolled out to eligible IFPTE union members and hybrid remote work options for other employees, where possible, depending on job function. We are exploring opportunities to expand these flexible options in the future.
- ◉ Following the results of this year’s employee surveys, we engaged a third party to host employee focus groups to gain additional insights and better understand the survey results. We developed a response plan designed to address employee feedback and concerns, which we plan to roll out in 2023.

Employee Turnover¹⁷

5%

voluntary resignation

4%

employee retirement

Training and Engagement

22 hours

average hours of training per year, per employee

Approximately

\$1.1 million

incurred for employee training and continued education

81%

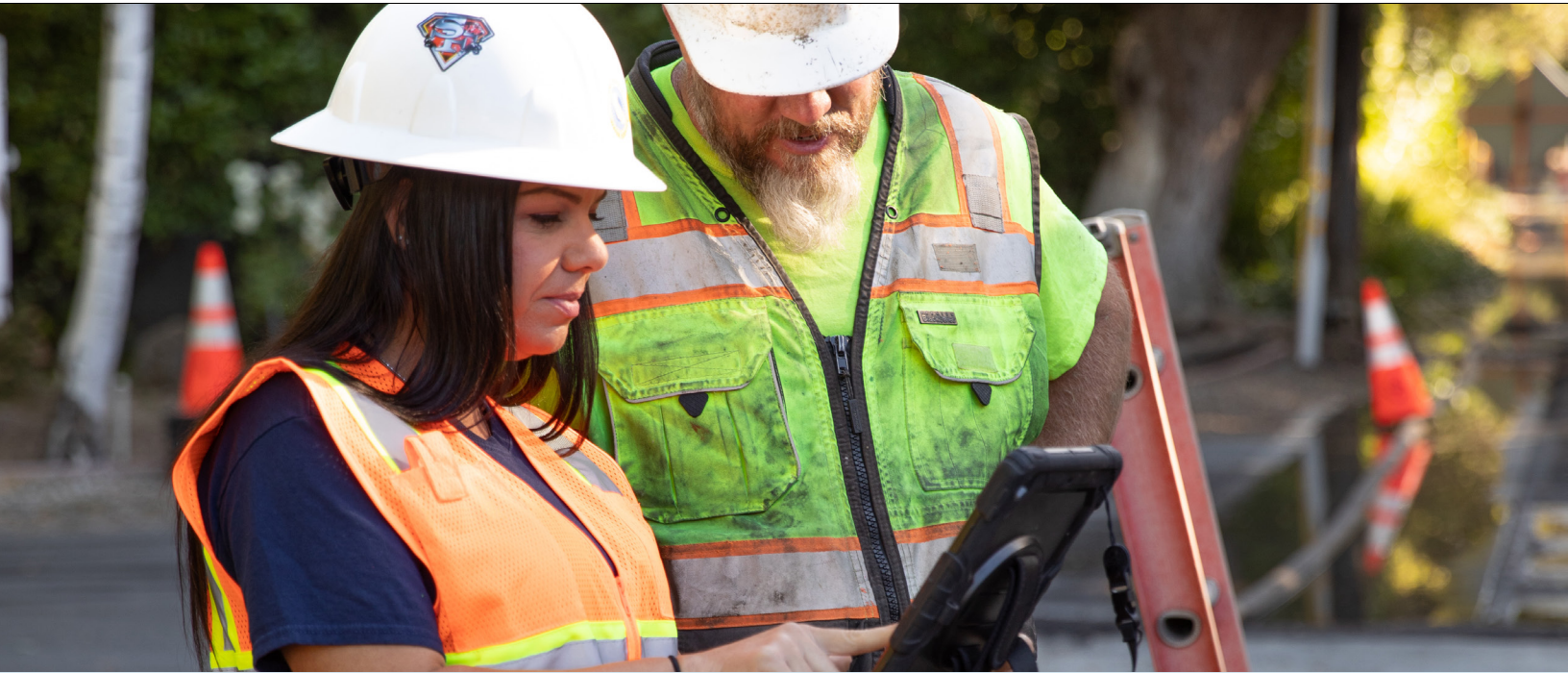
employee satisfaction¹⁸



Named a Great Place to Work[®] by the Great Place to Work[®] Institute in 2022 for the seventh year in a row

¹⁷ As of year-end 2022. Employee turnover refers to the total number of employees that leave within the reporting year, as a percentage of the total number of employees (including full-time, part-time, permanent, temporary, and intern employees) at the Company for that given year. Voluntary resignation refers to instances in which an employee actively chooses to resign from employment with the Company, fails to return from leave, mutually consents to ending employment, or abandons their job, and excludes any instances of employee retirement.

¹⁸ 81% was the average score across all areas in the 2022 annual Great Place to Work employee survey. The survey had a 35% response rate (421 responses of 1,146 invitations to participate)



Workplace Health and Safety

The health and safety of our employees is integral to the success of our business. We strive to exceed the requirements of applicable regulations and protect our team members by offering safety training, proactively preventing injuries, and fostering a culture of safety at our place of business.

Safety First

Health and safety represent a vital part of our operations because we believe our employees are our most important resources and are critical to our continued success. Our occupational health and safety management policies and procedures apply to all Group employees, facilities, and operations, and guides our strategy to preserve an accident-free and healthy work environment. We maintain an Illness and Injury Prevention Plan that incorporates over 30 internal programs, procedures, and policies related to health and safety. We review and update the plan annually and provide resources that enable our employees to more effectively mitigate risk and operate safely.

Our districts and states each have a local Safety Committee that meets monthly. Members include a Safety Committee Chair, Safety Champions, and representative employees across the organization, including frontline supervisors, managers, and union members. These committees leverage

our "Safety Champion Handbook" to help complete job safety analyses, increase awareness of safety guidelines, and promote safe practices to minimize risks.

Employee Engagement and Training

Employees receive both in-person and online safety training to help mitigate safety risks, and we continue to analyze injury trends to inform and update our training. Our Master Planning Safety Training Calendar outlines annual training on general workplace safety and other safety-related topics. We track training attendance for all employees as required by OSHA standards, which mandate specific training for first aid, heat illness prevention, use of fire extinguishers, and other topics, and we continue to achieve a high completion rate for our training. New employees and existing employees are also required to complete vehicle safety training to learn about safe driving behavior, the causes of distracted driving, and our updated driving policies. Our vehicle safety program is designed to reward employees for safe driving and promote a consistent approach across departments and locations.

In addition to the required safety trainings for all employees, our Safety Department holds specialized training based on team/role exposure to specific safety risks. Training may cover “boots on the ground” emergency response, EOC response, wastewater biohazard safety, sprains and strains, hearing conservation, safe lifting mechanics, and ergonomics. We also provide optional training opportunities through our human capital management platform. To learn about specific training for emergencies, see the [Emergency Preparedness and Response](#) section.

We encourage employee involvement in the evaluation of our occupational health and safety programs by partnering with the Utility Workers Union of America, AFL-CIO, to train union employees to become Power 4 America (P4A) safety advocates in California. Safety advocates perform job site audits, provide guidance on safe practices, monitor use of protective equipment, and review safety products on site. We engage P4A safety advocates to help us meet our targets, identify training needs, and mitigate hazards. We believe the program contributes to the safety of our teams while fostering open dialogue and internal coaching among union members.

Risk Mitigation and Injury Management

We conduct extensive job safety analyses to help identify potential hazards, record trends in compliance, and promote safe practices. To learn from our performance and inform training, we encourage employees to report any issues, record safety and near-miss data, and collect insights from our “boots on the ground” team members. Our Stop Work Authority Program is designed to empower employees and contractors to pause work if they observe a health, safety, or environmental risk, and our policy prohibits punishment or retribution for exercising Stop Work Authority. Managers are required to evaluate the potential hazard and work to address any concerns to preserve safety in the workplace.

As part of our approach, we strive to prevent safety incidents before they occur. We provide personal protective equipment, implement clear rules and procedures for daily operations, and begin meetings with a safety reminder to help build a culture of safety. For relevant roles, we perform hearing and respiratory fit testing to confirm employees are prepared to work safely. Through our Injury and Illness Prevention Program, we seek to prevent injuries, mitigate risks, train employees, and thoroughly investigate any accidents.

When an injury occurs, our occupational health services include first aid, emergency treatment, health surveillance, and a triage nurse program designed to quickly evaluate injuries and determine appropriate action. We also support the re-assimilation of injured employees through our return-to-work program. To help support overall employee wellbeing, we offer medical insurance plans, a peer-to-peer support program, and professional employee assistance. See the [Compensation, Benefits, and Employee Wellbeing](#) section to learn more.

To help minimize ongoing risks related to the pandemic, we continue to work to align all of our COVID-19 safety protocols with Centers for Disease Control and Prevention (CDC) guidelines and state-specific OSHA requirements. Our COVID-19 Taskforce EOC was in effect for all of 2022 and is expected to continue through 2023. We also maintain a designated Incident Commander who oversees daily operations relating to COVID-19 safety protocols and procedures, including use of personal protective equipment and travel restrictions.

Contractor Safety Management

Contractors performing work for Group are held to the same safety standards and expectations as our employees. Contractors are required to provide a health and safety plan for our review and confirm that any staff working with us have been trained. Both contractors and employees are required to review the job safety analysis before commencing work to support the identification of risks and understand methods to help mitigate any hazards. To help maintain oversight of contractors, we require contractors to provide daily reports of their work, and designated onsite construction managers are responsible for tracking their progress.

To help monitor safety in our supply chain, our supplier risk management program requires high risks and critical suppliers to submit annual reporting on OSHA recordable incidents. If injury rates exceed the industry average, our system is designed to flag the supplier, and we discuss potential actions with the supplier to improve their performance. Depending on the circumstances, we may delay or halt engagement with a supplier until they meet our criteria for safety metrics and provide written documentation of a safety plan.

ADDITIONAL RESOURCES

[ESG Governance Matrix](#)

WORKPLACE HEALTH AND SAFETY

2022 Highlights

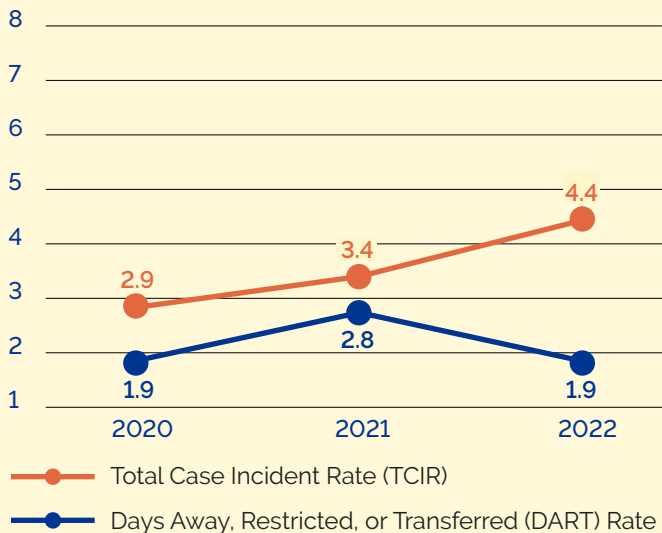
As people returned to work after COVID-19 restrictions ended, we saw a spike in driving-related incidents and OSHA recordable incidents across various industries. To manage the risks associated with more people on the road, we expanded our vehicle safety program and procedures. We outlined policies to structure our approach, provided hands-on training, developed definitions for preventable incidents, and updated vehicle inspection procedures. Across our operations, we shared challenges and best practices, and recognized districts that achieved zero incidents. In addition to promoting safe driving behavior, we continue to consider additional safety features and alarms in vehicles as the Company updates our fleet.

Despite increases in incidents from prior years, we still performed better on average than the NAWC industry benchmarks on OSHA recordable incidents in 2022.

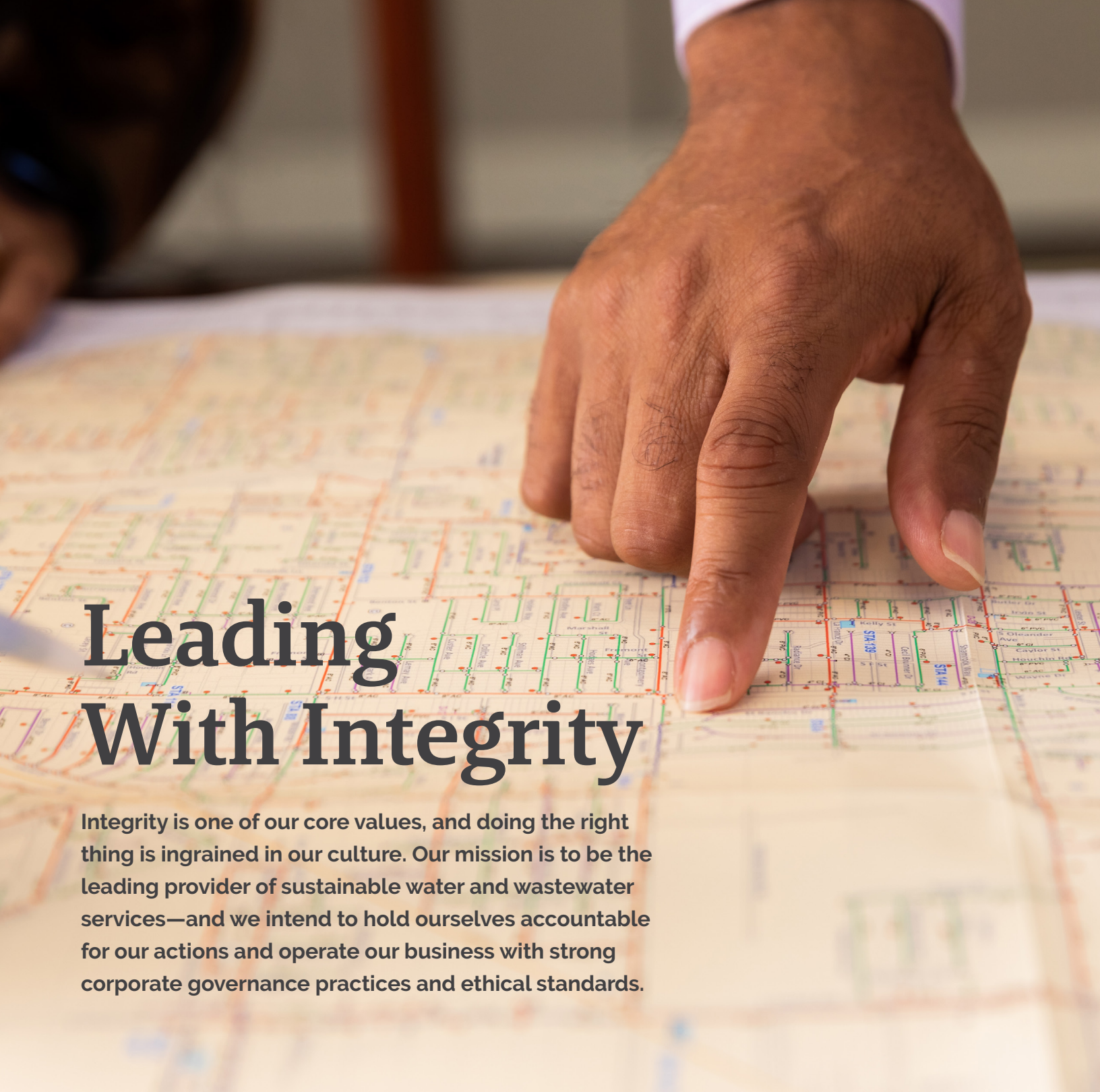
We performed better on average than the NAWC industry benchmarks on OSHA recordable incidents in 2022.



Safety Performance¹⁹



¹⁹ Total Case Incident Rate refers to the number of OSHA recordable injuries and illnesses occurring per 100 full-time employees during the designated reporting year. Days Away, Restricted, or Transferred Rate refers to the number of OSHA recordable cases involving days away from work, days of restricted work activity, or job transfer per 100 full-time employees during the designated reporting year. Per OSHA guidelines, these rates are calculated with the following formula: Total number of cases X 200,000 ÷ Number of hours worked by all employees = Total recordable case rate. The 200,000 figure in the formula represents 100 employees working 40 hours a week for 50 weeks during a calendar year, and provides the standard base for calculating incident rates.



Leading With Integrity

Integrity is one of our core values, and doing the right thing is ingrained in our culture. Our mission is to be the leading provider of sustainable water and wastewater services—and we intend to hold ourselves accountable for our actions and operate our business with strong corporate governance practices and ethical standards.

IN THIS SECTION

Corporate Governance →

Ethics →

Public Policy and Political Involvement →

Responsible Sourcing →



Corporate Governance

Corporate oversight and controls support our efforts to sustain and grow our business. We seek to establish strong corporate governance and responsible leadership through a clear framework of accountability and maintain effective oversight by designing clear bylaws, governance guidelines, policies, practices, and organizational structures.

Leadership That’s Focused on the Big Picture

Our commitment to excellence starts at the highest level of our organization with our Board of Directors, which oversees our leadership team and collaborates with them to establish and pursue business goals. For more general information on Corporate Governance at Group, please see our Investor Relations [web site](#) and our annual [Proxy Statements](#).

ESG Governance

Our Board is responsible for overseeing our overall ESG progress, including the execution of our climate change strategy. As part of our formal structure for ESG governance, the Nominating/Corporate Governance Committee oversees our overall ESG program and reporting, as well as our Board diversity. We continue to work to strengthen the diversity of our representation on the Board, regarding demographics such as gender, race, ethnic, national background, geography, age, and sexual orientation, because we believe that diverse membership offers critical insights by leveraging a range of experiences and perspectives.

Additional Board committees maintain specific ESG-related responsibilities, including the following:

- ◉ Our Enterprise Risk Management, Safety, & Security Committee advises executive leaders about our Enterprise Risk Management program, including safety and security risks that threaten business resilience.
- ◉ The Organization & Compensation Committee oversees employee relations, turnover, employee diversity, employee development, and executive compensation.
- ◉ In addition to overseeing our internal controls, the Audit Committee monitors cybersecurity risk, ethics reporting, and the integrity of our suppliers.
- ◉ The Finance & Capital Investment Committee manages investments in corporate assets and our ability to obtain financing, which supports ESG efforts.

At least annually, executive leadership provides ESG updates to Board committees and/or the full Board. Topics may include introduction of new strategic ESG initiatives,

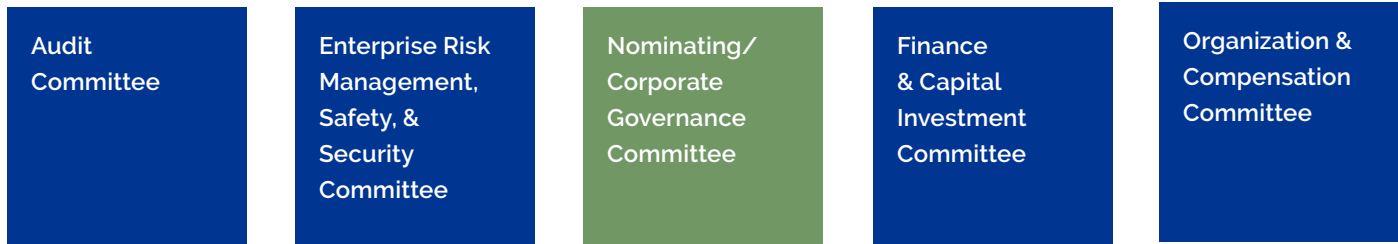
progress on ESG projects and objectives, results of relevant studies and reports, current and emerging legislation, and trends in the industry.

The ESG Executive Oversight Committee, comprised of members of the executive leadership team across functional areas of the Company, is led by our VP of Customer Service & Chief Citizenship Officer and ESG Program Manager. The ESG Executive Oversight Committee's purpose is to oversee Group's overall ESG vision, management, and communications, as well as track progress of the strategies, policies, and practices relating to Group's material sustainability issues. To further promote responsibility for ESG performance across our leadership team, our short-term incentive program links executive compensation to metrics related to ESG initiatives, including for water quality, emergency preparedness, workplace safety, and customer service.

We also have various ESG Working Groups dedicated to specific cross-cutting ESG focus areas. The Working Groups include officer sponsors, subject matter experts, and goal owners across the Company. These teams support the execution of our ESG strategies and objectives as well as facilitate cross-departmental collaboration for their areas of focus. The number of groups, meeting cadence, and areas of focus for the ESG Working Groups may evolve over time based on shifts in need. The ESG Executive Oversight Committee typically receives updates on the ESG Working Groups during their quarterly meetings. Additionally, there are several management committees, such as the Drought Steering Committee, that oversee our strategy for certain ESG-related topics outside of the formal ESG program governance structure.

ESG Governance Structure

Board Level²⁰



Executive Level



Supporting Structures



²⁰ Although the Nominating/Corporate Governance Committee oversees our overall ESG program and reporting, each of the four remaining Board committees maintain specific ESG-related responsibilities as well.

At the individual ESG topic level, the following table outlines governance responsibilities held by our departments, officers, and Board:

ESG Governance Matrix			
Topic	Departments (Led by Directors and Managers)	Officers	Board Oversight
Climate Change, Energy, and Emissions	<ul style="list-style-type: none"> • Water Resource Sustainability • Engineering • Procurement (Fleet & Facilities) • Operations 	<ul style="list-style-type: none"> • CEO • VP, Customer Service & Chief Citizenship Officer • Chief Water Resource Sustainability Officer 	<ul style="list-style-type: none"> • Full Board of Directors
Water Supply Management, Reliability, and Resilience	<ul style="list-style-type: none"> • Water Resource Sustainability • Engineering 	<ul style="list-style-type: none"> • CEO • VP, Customer Service & Chief Citizenship Officer • Chief Water Resource Sustainability Officer 	<ul style="list-style-type: none"> • Full Board of Directors
Water System Efficiency	<ul style="list-style-type: none"> • Water Resource Sustainability • Engineering 	<ul style="list-style-type: none"> • VP, Engineering • Chief Water Resource Sustainability Officer • Chief Engineering Officer 	<ul style="list-style-type: none"> • Full Board of Directors
End-Use Conservation	<ul style="list-style-type: none"> • Water Resource Sustainability 	<ul style="list-style-type: none"> • VP, Customer Service & Chief Citizenship Officer • Chief Water Resource Sustainability Officer 	<ul style="list-style-type: none"> • Full Board of Directors
Environmental Management and Compliance	<ul style="list-style-type: none"> • Environmental Affairs 	<ul style="list-style-type: none"> • VP, Engineering & Chief Water Quality & Environmental Compliance Officer 	<ul style="list-style-type: none"> • Enterprise Risk Management, Safety, & Security Committee
Community Support	<ul style="list-style-type: none"> • Government & Community Affairs • Human Resources 	<ul style="list-style-type: none"> • VP, Customer Service & Chief Citizenship Officer • VP, Government & Community Affairs 	<ul style="list-style-type: none"> • Nominating/Corporate Governance Committee • Full Board of Directors
Stakeholder Engagement and Public Participation	<ul style="list-style-type: none"> • Government & Community Affairs 	<ul style="list-style-type: none"> • VP, Customer Service & Chief Citizenship Officer • VP, Government & Community Affairs • VP, Rates & Regulatory Affairs 	<ul style="list-style-type: none"> • Full Board of Directors
Emergency Preparedness and Response	<ul style="list-style-type: none"> • Safety 	<ul style="list-style-type: none"> • VP, Information Technology & Chief Risk Officer • VP, Emergency Preparedness, Safety & Security 	<ul style="list-style-type: none"> • Enterprise Risk Management, Safety, & Security Committee

Continued on the next page

Topic	Departments (Led by Directors and Managers)	Officers	Board Oversight
Drinking Water Quality and Customer Safety	<ul style="list-style-type: none"> • Water Quality 	<ul style="list-style-type: none"> • VP, Engineering & Chief Water Quality & Environmental Compliance Officer • Chief Water Quality Officer • Management Committee • Strategy & Operating Committee • Environmental & Water Quality Officer Oversight Committee 	<ul style="list-style-type: none"> • Enterprise Risk Management, Safety, & Security Committee • Full Board of Directors
Water Affordability and Access	<ul style="list-style-type: none"> • Rates & Regulatory Affairs* 	<ul style="list-style-type: none"> • VP, Rates & Regulatory Affairs • VP, Corporate Development • VP, Chief Financial Officer & Treasurer 	<ul style="list-style-type: none"> • Full Board of Directors
Cybersecurity and Data Privacy	<ul style="list-style-type: none"> • Information Technology 	<ul style="list-style-type: none"> • VP, Information Technology & Chief Risk Officer 	<ul style="list-style-type: none"> • Audit Committee • Full Board of Directors
Customer Service	<ul style="list-style-type: none"> • Customer Service 	<ul style="list-style-type: none"> • VP, Customer Service & Chief Citizenship Officer 	<ul style="list-style-type: none"> • Full Board of Directors
Diversity, Equality, and Inclusion	<ul style="list-style-type: none"> • Human Resources 	<ul style="list-style-type: none"> • VP, Chief Human Resource Officer 	<ul style="list-style-type: none"> • Organization & Compensation Committee • Full Board of Directors
Talent Attraction and Retention	<ul style="list-style-type: none"> • Human Resources 	<ul style="list-style-type: none"> • VP, Chief Human Resource Officer 	<ul style="list-style-type: none"> • Full Board of Directors
Training and Development	<ul style="list-style-type: none"> • Human Resources 	<ul style="list-style-type: none"> • VP, Chief Human Resource Officer 	<ul style="list-style-type: none"> • Organization & Compensation Committee • Full Board of Directors
Labor Relations and Management	<ul style="list-style-type: none"> • Human Resources 	<ul style="list-style-type: none"> • VP, Chief Human Resource Officer 	<ul style="list-style-type: none"> • Full Board of Directors
Compensation, Benefits, and Employee Wellbeing	<ul style="list-style-type: none"> • Human Resources 	<ul style="list-style-type: none"> • VP, Chief Human Resource Officer 	<ul style="list-style-type: none"> • Organization & Compensation Committee
Workplace Health and Safety	<ul style="list-style-type: none"> • Safety 	<ul style="list-style-type: none"> • VP, Information Technology & Chief Risk Officer • CEO • VP, Operations • VP, Chief Human Resource Officer • Executive Safety Committee • VP, Emergency Preparedness, Safety & Security 	<ul style="list-style-type: none"> • Enterprise Risk Management, Safety, & Security Committee • Full Board of Directors

Continued on the next page

Topic	Departments (Led by Directors and Managers)	Officers	Board Oversight
Ethics	<ul style="list-style-type: none"> • Human Resources • Legal 	<ul style="list-style-type: none"> • VP, Corporate Secretary & Chief of Staff • VP, Chief Human Resource Officer • VP, General Counsel 	<ul style="list-style-type: none"> • Audit Committee • Full Board of Directors
Public Policy and Political Involvement	<ul style="list-style-type: none"> • Government & Community Affairs 	<ul style="list-style-type: none"> • VP, Customer Service & Chief Citizenship Officer • VP, Government & Community Affairs • CEO 	<ul style="list-style-type: none"> • Nominating/Corporate Governance Committee • Full Board of Directors
Responsible Sourcing	<ul style="list-style-type: none"> • Procurement (Fleet & Facilities) 	<ul style="list-style-type: none"> • VP, Facilities, Fleet, & Procurement 	<ul style="list-style-type: none"> • Audit Committee

* While we take an interdepartmental approach to many of our ESG topics, Water Affordability and Access is particularly cross-cutting because all departments play a role in finding opportunities to reduce expenses that can ultimately impact affordability. Additionally, the Water Resource Sustainability Department leads our grant funding efforts.

Our Enterprise Risk Management (ERM) program supports our efforts to effectively mitigate ESG risks by incorporating material ESG topics into our ERM process and providing strategic recommendations to enhance performance. Through this program, we focus on strengthening our practices and assessing enterprise risks and mitigation controls annually to contribute to business continuity. Also, as part of the annual refresh of our program, we review best practices and top-tier risks of companies within our industry. Lead officers and departments oversee risk management of individual topics, and

our Enterprise Risk Management, Safety, & Security Committee maintains responsibility for the overall ERM process and updates the full Board.

ADDITIONAL RESOURCES

- [Corporate Governance web site](#)
- [Corporate Governance Guidelines](#)
- [California Water Service Group Bylaws](#)
- [Annual Reports and Proxy Statements](#)

Our short-term incentive program links executive compensation to metrics related to ESG initiatives.

CORPORATE GOVERNANCE

2022 Highlights

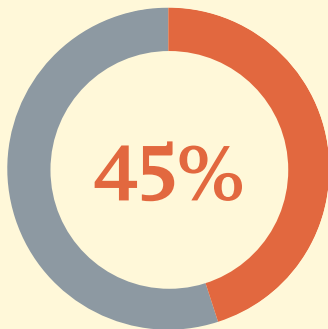
In support of continued improvement, we have initiated an operational review and assurance program to expand our current internal audit activities beyond financial compliance audits. The new program is designed to evaluate the implementation of operational policies and further integrates internal risk management and control opportunities into ESG matters. We performed a risk assessment pilot in 2021 and an operational review pilot for ESG in 2022. We intend to continue to advance this program in the future.

In addition to discussions that take place regularly with the Board of Directors and its committees on aspects of the business relating to our ESG-related focus areas—such as workplace safety, customer service, talent retention, and climate change—ESG program-specific items reviewed by the Nominating/Corporate Governance Committee in 2022 included:

- Annual ESG reporting and public disclosures
- ESG program achievements and strategic outlook
- Key ESG trends impacting Group's business
- ESG objectives and status updates

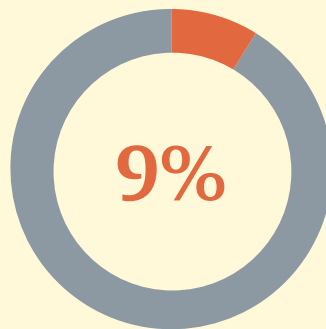
Board Diversity

Gender Diversity



5 out of 11 acting directors are women

Racial/Ethnic Diversity



1 out of 11 acting directors are racially/ethnically diverse

Board Independence

All

Independent Board Committees

9 of 11

Independent Directors

75

Mandatory Retirement Age

Scott L. Morris

Independent Lead Director



Ethics

At Group, we seek to conduct our business in accordance with the highest ethical standards of corporate citizenship and to maintain our accountability through detailed policies and clear expectations, which are required to be adhered to by employees and leadership alike.

Living Our Values

Our [Business Code of Conduct](#) and [Code of Business Conduct and Ethics Policy of the Board of Directors](#) provide expectations for maintaining the highest standards of personal and professional integrity at Group. The Business Code of Conduct, which applies to all employees, sets forth responsibilities related to compliance with laws, fair dealing, conflicts of interest, confidential information, and other ethical issues. To promote awareness of our standards, employees receive online ethics training annually. We may supplement this training by periodically offering live, in-person trainings as well.

Our Audit Committee annually reviews and updates the Business Code of Conduct. Additionally, the Nominating/Corporate Governance Committee annually evaluates and enhances the Code of Business Conduct and Ethics

Policy of the Board of Directors. Furthermore, we audit our policies, confirm that our employees have annually reviewed these ethical standards, and review any ethical issues. Our Internal Audit Department, which provides updates to the Audit Committee and senior management, assesses the effectiveness of the Company's internal controls.

To promote awareness of our standards, employees receive online ethics training annually.

We utilize several incident reporting mechanisms and opportunities for employees to report ethical violations, complaints, or other concerns. Any form of retaliation against employees who report misconduct is prohibited, as set forth in our Business Code of Conduct. Employees or third parties may report breaches of the code or potential incidents through the following channels:

- ⦿ Reports of incidents can be emailed or mailed directly to the Audit Committee.
- ⦿ Reports of incidents can be emailed or mailed directly to the VP, Human Resources, or VP, General Counsel.
- ⦿ Concerns or complaints about fraud or other violations of the Business Code of Conduct can be anonymously reported through our 24/7 ethics hotline, which is available via a landline phone, an online web form, or QR code for all Group employees, as well as to suppliers by landline phone. Our VP, General Counsel, evaluates these incidents and promptly engages the appropriate departments and/or the Audit Committee.
- ⦿ Certain employees can report incidents via our quarterly Sarbanes-Oxley (SOX) 302 certification questionnaire to disclose concerns on ethics, conflicts of interest, and other policy violations. We also extend this questionnaire to a greater number of employees than required. Our Internal Audit Department reviews and investigates these reports as needed and/or refers issues to the appropriate parties for further investigation. The Internal Audit Department provides the employee SOX 302 reports to the Audit Committee.
- ⦿ As part of the annual disclosure process, all officers and directors receive questionnaires, which are updated annually. The questionnaires aim to identify any potential problems related to ethical and legal issues, board memberships and compensation, and external relationships such as related-party transactions.

Human Rights

Our [Human Rights Policy](#) aligns with the UN Guiding Principles on Business and Human Rights. The Board of Directors oversees our Human Rights Policy, which covers topics related to ethical conduct, water affordability, workplace health and safety, equal opportunity, labor practices, and responsible sourcing.

Although we have not identified any material human rights risks associated with our direct operations or areas of impact, we are committed to working to mitigate any potential or unforeseen negative impacts. For example, we prohibit slave, child, or otherwise forced labor throughout our operations and supply chain. For additional information on how we protect fundamental human rights and conduct due diligence in our supply chain, refer to the [Responsible Sourcing](#) section.

As a water utility, we also recognize we have a responsibility to help support equal access for all human beings to drinking water that is safe, reliable, accessible, and affordable. We seek to do so by investing in infrastructure to source and deliver high-quality water to more communities, enhancing affordability, and preserving the availability and quality of water sources. We promote affordability through our ongoing efforts to minimize costs, provide financial support and flexible payment options, and encourage conservation to lower water bills. For further information, see the [Water Affordability and Access](#) section. We also engage regulators and advocate for provisions that protect affordability, customer convenience and access, and the quality of water resources. See the [Public Policy and Political Involvement](#) section for details.

To further demonstrate our dedication to protecting the human right to water, we supported legislation that created California’s Safe Affordable Drinking Water Fund to support reliable water service for communities. See our policy on our [web site](#) for more information about our commitment to uphold the human right to water.

ADDITIONAL RESOURCES

- [Business Code of Conduct](#)
- [Code of Business Conduct and Ethics Policy of the Board of Directors](#)
- [Human Rights Policy](#)
- [Supplier Code of Conduct](#)
- [Whistleblower Policy](#)
- [ESG Governance Matrix](#)

ETHICS

2022 Highlights

In 2022, we worked to enhance opportunities to report ethical concerns by establishing an online web form and QR code to supplement existing hotline reporting mechanisms. We also conducted live in-person training for managers on ethics and compliance reporting as a supplement to the annual online ethics training provided to all employees.

2

complaints through our incident reporting mechanisms, both relating to human resource-related matters and employee relations

0%

substantiation rate

We utilize several incident reporting mechanisms and opportunities for employees to report ethical violations, complaints, or other concerns. Any form of retaliation against employees who report misconduct is prohibited.



Public Policy and Political Involvement

Through our partnerships and regulatory engagement, we support policies that align with our values and our commitment to advance the interests of our customers, communities, employees, and stockholders.

Supporting Policies That Reflect Our Values

Our political involvement is intended to be policy-driven, non-partisan, and transparent, to benefit our customers, communities, employees, and stockholders. We advocate for affordability, water quality, sustainability, and equality for our customers, as well as seek to safeguard our position as the leading provider of water service in our communities. In addition to our efforts to follow regulations and proactively engage policymakers, we endeavor to set clear internal expectations for our employees and align our activities with our values and objectives.

Leading our efforts, our Government & Community Affairs team is responsible for managing our political donations in accordance with local, state, and federal laws and regulations. The team also oversees two employee-funded Political Action Committees (PACs), which include the

same five officers on each Board of Directors. For both PACs, our VP, Government & Community Affairs serves as the Executive Director, our VP, Customer Service & Chief Citizenship Officer is the Chair, and our CEO is the Vice Chair. The purpose of our federal PAC is to organize contributions to support qualified candidates who are running for federal office and may impact Group, our subsidiaries, employees, stockholders, or customers. Our state and local PACs perform the same function related to state and local offices in California.

We engage with industry organizations and trade associations, including the AWWA, CWA, Water Research Foundation, and NAWC, to prepare for emerging regulations and offer input on policies that may impact Group. Additionally, we regularly collaborate with the PPIC to conduct research and generate thought leadership.

Our advocacy efforts and focus areas can be found in public records, and we are required to file quarterly lobbying disclosure reports in accordance with California Government Code Section 86116. It is our policy in California to only use contract lobbyists, and none of our employees are registered lobbyists. Our lobbying focuses mainly on programs that address water-related issues. On our [web site](#), we outline several of the core areas on which we focus, including:

- ⦿ **Conservation and Sustainability:** As we prepare for the impacts of climate change, we support initiatives that seek to strengthen resilience against drought. We also encourage structures that promote water conservation and favor drought-tolerant landscaping.
- ⦿ **Water Quality:** We advocate for bills that fund critical water infrastructure and favor investments to understand, monitor, and address PFAS contamination, because we strive to protect the health of our customers.
- ⦿ **Community Safety and Partnerships:** To preserve safety in our communities, we support requirements to provide alerts about public health dangers, such as smoke from wildfires, and to prepare for air quality issues and higher temperatures.
- ⦿ **Affordability:** Many of our advocacy efforts concentrate on improving affordability and access for our customers. We have supported legislation that was intended to remove extraneous customer fees, enhances access for low-income communities, and provide financial assistance for customers who cannot afford their bills due to financial hardships.

We continue to work to integrate cloud-based tools into our processes and systems in order to better manage external relationships and track our political and regulatory outreach activities. For more information, see the [Stakeholder Engagement and Public Participation](#) section.

As part of our approach to monitor legislation, our Rates Department oversees our relationship with the utilities commission in each state and examines regulatory impacts. For more information, see the [Water Affordability and Access](#) section.



We support initiatives that promote water conservation, including drought-tolerant landscaping.

ADDITIONAL RESOURCES

[Political Engagement Policy](#)

[The Cal Water Difference](#)

[Political contributions from California Water Service](#)

[Lobbying activity of California Water Service](#)

[State and local political contributions \(California only\) from the California Water Service State and Local PAC](#)

[Federal political contributions from the California Water Service Group PAC](#)

[ESG Governance Matrix](#)

PUBLIC POLICY AND POLITICAL INVOLVEMENT

2022 Highlights

Our recent engagements on public policy included the following:

- ◉ We partnered with community-based organizations to promote access to safe, clean, and affordable drinking water by securing legislative support for a first-of-its-kind, statewide, low-income water ratepayer assistance program in California.
- ◉ Working with several non-profit organizations, we promoted adoption of legislation that would consider development of a single application for multiple, low-income support programs offered by private utilities in California, so the process to enroll in these programs would be easier for applicants.
- ◉ To encourage conservation, we supported passage of a bill that allows water suppliers to implement a regulatory tool known as decoupling. This practice is designed to remove the link between water suppliers' financial performance and the amount of water they sell, so they can expand water conservation efforts while maintaining the resources necessary to increase safety and reliability of their water systems.

In 2022, we also launched The Cal Water Difference campaign, which includes our new www.calwaterdifference.com web site. This online resource highlights our recent advocacy efforts, our community engagement initiatives, and news about our progress.



We partnered with community-based organizations to promote access to safe, clean, and affordable drinking water.



Responsible Sourcing

We strive to strengthen reliability and responsibility throughout our supply chain by selecting suppliers that seek to mitigate their environmental impacts, align with our expectations for conduct, and reflect the diversity of our communities.

A Strong and Diverse Supply Chain

Group is the largest investor-owned water utility west of the Mississippi River, and we recognize our opportunity to generate positive impacts across our supply chain. In addition to applicable regulations, we require our suppliers to comply with our Supplier Code of Conduct, which incorporates principles from the United Nations Global Compact and references recognized standards and regulations, such as the U.S. Foreign Corrupt Practices Act; the United Nations Guiding Principles on Business and Human Rights; and the International Labor Organization Core Labor Standards.

Our Supplier Code of Conduct describes our commitments and expectations regarding anti-corruption, anti-bribery, fair dealing, conflicts of interest, protection of confidential information, workplace conduct and safety, environmental

management, human rights and labor practices, supplier diversity, and compliance. It also encourages our suppliers to implement their own written code of conduct and adopt labor practices conforming to international and domestic regulations for their own supply chain. Read the full contents of the Supplier Code of Conduct on our [web site](#).

Supplier Selection, Evaluation, and Monitoring

During our initial screening of new suppliers, it is our policy to assess supplier compliance with our standards and to consider supplier diversity among a number of selection criteria. After selecting suppliers, we include conditions in our major contracts to help minimize the risk of negative impacts and enforce management practices related to hazardous materials; waste disposal; wetlands and local wildlife; fair labor; human rights; and health and safety.

It is our policy to establish ongoing communication with our key suppliers, collect information about their performance, and address any issues in a timely manner.

Aided by a software solution and service designed to efficiently manage our supplier data, our supplier risk management program—which currently focuses on critical and high-risk suppliers in California—includes supplier risk segmentation, further supplier qualification, and ongoing monitoring. By segmenting suppliers into critical and high-risk categories, we can more easily define our focus areas for enhanced supplier engagement and risk management. We generally regard critical suppliers as those that may offer unique services, have high switching costs, or help prevent service interruptions. High risk suppliers are generally regarded as those that may be exposed to activities with stricter safety and security requirements, such as excavating or demolition activities, electrical work, hazardous waste disposal, or information security.

To further qualify suppliers within our supplier risk management program, we evaluate their regulatory, financial, health and safety, environmental, and cybersecurity performance. Our self-certification process includes an annual questionnaire and upholds our right to audit suppliers. We flag issues in our supplier risk management system, and the vendors are required to provide an explanation and a corrective action plan.

In alignment with best practices, it is our policy to establish ongoing communication with our key suppliers, collect information about their performance, and address any issues in a timely manner. If we determine that any vendors do not meet our standards, we may also engage our internal subject matter experts to address the concerns, where needed. We may issue stop work orders, terminate contracts, and/or add a supplier to our no-bid list if critical issues are repeated or remain unresolved.

Employee Training

We continue to train our employees to better understand our procurement policies and risk management processes. Our training covers ethical practices related to gifts and conflicts of interest; our inclusion requirement for competitive bidding; our approach to supplier diversity; and topics related to safety, environmental management, and security.



Our employees receive continual training to ensure they fully understand our procurement policies and risk-management processes.

Supplier Diversity

We maintain a Supplier Diversity Program designed to receive high-quality products and services while increasing our partnerships with women-, minority-, disabled veteran-, lesbian-, gay-, bisexual-, transgender-, and persons with disabilities-owned business enterprises. As part of our efforts to support economic inclusion, we strive to achieve the annual CPUC target for spending with diverse suppliers and engage leading practices to continually enhance our program.

Our Procurement Policy requires that at least one diverse supplier be invited to bid for every competitive bidding event, and we continue to evaluate the impact of this effort. Through our Supplier Diversity Program, we also support qualified suppliers in achieving certification through the CPUC's Supplier Clearinghouse. For additional information about supplier diversity, see [our annual supplier diversity reports](#) filed with the CPUC.

We continue to exceed the federal subcontracting goals with small businesses on our Travis Air Force Base operations. Additionally, we aim to build on our Operation Contract with Travis Air Force Base and engage more HUBZone (Historically Underutilized Business Zone) suppliers.

To benefit our communities, we purchase locally when possible. Our 2017 Buy Local Study, which incorporated tags in our financial system for local suppliers in our service areas, continues to inform our approach. Using these results, we regularly assess local supplier participation as a percentage of our total procurement, monitor trends in our performance, and annually evaluate our investment in our local communities.

Supply Chain Reliability

A wide variety of factors may impact our operations by threatening supply chain reliability. Disruptions may include natural disasters, geo-political or regional conflicts, economic recessions, shifting transportation patterns, and pandemics. In response, we monitor these factors to enhance our strategy to help manage the associated risks to our supply chain. As part of our approach, we may strengthen relationships with key partners, order materials in advance, increase stockpiling of inventory, diversify our supplier base, and engage local vendors, where possible. Our efforts aim to contribute to our service reliability and operational efficiency while preparing our business for emergency situations.



In order to help maintain supply chain reliability, we foster strong partner relationships, order materials in advance, and stockpile inventory as needed.

ADDITIONAL RESOURCES

- [Supplier Code of Conduct](#)
- [Supplier Diversity Annual Reports](#)
- [Supplier FAQ](#)
- [ESG Governance Matrix](#)

We regularly assess local supplier participation as a percentage of our total procurement, monitor trends in our performance, and annually evaluate our investment in our local communities.

RESPONSIBLE SOURCING

2022 Highlights

We completed the following actions in 2022 to help strengthen ESG performance in our supply chain:

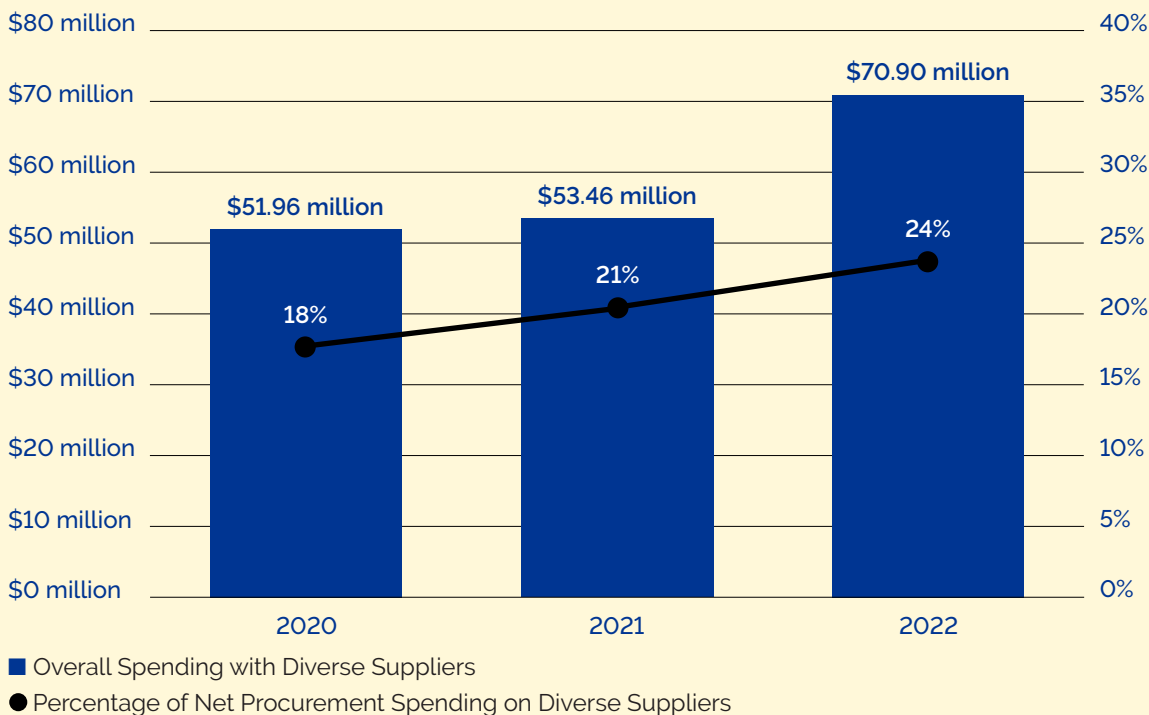
- ◉ To further inform responsible sourcing, we have initiated development of guidelines for procuring environmentally preferred products and services. These standards aim to reduce waste, conserve energy, minimize material consumption, and maximize recycled content.
- ◉ Demonstrating our commitment to supplier diversity, we reached 24% spending on diverse suppliers, which exceeds the 2022 CPUC goal to purchase 22% of products and services from diverse suppliers.
- ◉ We completed the first stage of our supplier risk management program in 2021, which is designed to assess and monitor high-risk and critical suppliers for underground construction and capital investments. In 2022, we implemented the second stage to complete the process for additional high-risk and critical suppliers in California.

In 2022, changing economic conditions and other global events contributed to supply chain challenges, including longer supply lead times, cost increases, construction labor shortages, and reductions in supplier stability. To mitigate current and future supply chain disruptions, we established specific task forces to implement programs that enhance the resilience of our supply chain. Activities to address disruptions included the following:

- ◉ Extending contracts, expanding product standards, and combining project scopes
- ◉ Piloting opportunities for faster payment processes for diverse/small businesses
- ◉ Increasing visibility to storeroom inventory
- ◉ Expanding the existing pool of material suppliers
- ◉ Receiving periodic supply chain updates from suppliers
- ◉ Verifying material prices and managing escalation needs
- ◉ Purchasing equipment and materials in advance
- ◉ Improving construction management processes

Spending on Diverse Suppliers

(women-, minority-, disabled veteran-, lesbian-, gay-, bisexual-, transgender-, and persons with disabilities-owned business enterprises)



Content Indices

IN THIS SECTION

TCFD Content Index →

SASB Content Index →

GRI Content Index →

TCFD Content Index

We seek to align our disclosures with the guidance of the TCFD, focusing on transparency around the four thematic areas that represent the core of the recommendations: governance, strategy, risk management, and metrics and targets.

Topic	TCFD Recommendations	Location or Direct Response
Governance	Describe the board's oversight of climate-related risks and opportunities.	Maintaining Accountability; Corporate Governance
	Describe management's role in assessing and managing climate-related risks and opportunities.	Maintaining Accountability; Corporate Governance
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Understanding Climate Change Risks and Impacts; Managing Risks and Developing Strategies
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Managing Risks and Developing Strategies
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Understanding Climate Change Risks and Impacts; Managing Risks and Developing Strategies
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	Understanding Climate Change Risks and Impacts
	Describe the organization's processes for managing climate-related risks.	Understanding Climate Change Risks and Impacts; Managing Risks and Developing Strategies
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Understanding Climate Change Risks and Impacts
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Measuring Progress and Setting Objectives; 2022 ESG Analyst Download
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Measuring Progress and Setting Objectives; Energy and Emissions; 2022 ESG Analyst Download
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Measuring Progress and Setting Objectives; Our Objectives

SASB Content Index: Water Utilities and Services Sustainability Accounting Standard

SASB Disclosure	Location or Direct Response
Energy Management	
IF-WU-130a.1: (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Energy and Emissions; 2022 ESG Analyst Download
Distribution Network Efficiency	
IF-WU-140a.1: Water main replacement rate	Water System Efficiency; 2022 ESG Analyst Download
IF-WU-140a.2: Volume of non-revenue real water losses	Water System Efficiency; 2022 ESG Analyst Download
Effluent Quality Management	
IF-WU-140b.1: Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	Environmental Management and Compliance; 2022 ESG Analyst Download
IF-WU-140b.2: Discussion of strategies to manage effluents of emerging concern	Environmental Management and Compliance
Water Affordability and Access	
IF-WU-240a.1: Average retail water rate for (1) residential, (2) commercial, and (3) industrial customers	2022 ESG Analyst Download
IF-WU-240a.2: Typical monthly water bill for residential customers for 10 Ccf of water delivered per month	This data is unavailable for disclosure while we work to enhance our data collection processes.
IF-WU-240a.3: Number of residential customer water disconnections for non-payment, percentage reconnected within 30 days	2022 ESG Analyst Download
IF-WU-240a.4: Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory	Water Affordability and Access
Drinking Water Quality	
IF-WU-250a.1: Number of (1) acute health-based, (2) nonacute health-based, and (3) non-health-based drinking water violations	Drinking Water Quality and Customer Safety; 2022 ESG Analyst Download
IF-WU-250a.2: Discussion of strategies to manage drinking water contaminants of emerging concern	Drinking Water Quality and Customer Safety
End-Use Efficiency	
IF-WU-420a.1: Percentage of water utility revenues from rate structures that are designed to promote conservation and revenue resilience	2022 ESG Analyst Download
IF-WU-420a.2: Customer water savings from efficiency measures	End-Use Conservation; 2022 ESG Analyst Download

Water Supply Resilience	
IF-WU-440a.1: Total water sourced from regions with High or Extremely High Baseline Water Stress, percentage purchased from a third party	This data is unavailable for disclosure while we work to enhance our data collection processes.
IF-WU-440a.2: Volume of recycled water delivered to customers	Water Supply Management, Reliability, and Resilience ; 2022 ESG Analyst Download
IF-WU-440a.3: Discussion of strategies to manage risks associated with the quality and availability of water resources	Managing Risks and Developing Strategies ; Water Supply Management, Reliability, and Resilience ; Drinking Water Quality and Customer Safety
Network Resiliency and Impacts of Climate Change	
IF-WU-450a.1: Wastewater treatment capacity located in 100-year flood zones	2022 ESG Analyst Download
IF-WU-450a.2: (1) Number and (2) volume of sanitary sewer overflows (SSO), (3) percentage of volume recovered	Environmental Management and Compliance ; 2022 ESG Analyst Download
IF-WU-450a.3: (1) Number of unplanned service disruptions, and (2) customers affected, each by duration category	2022 ESG Analyst Download
IF-WU-450a.4: Description of efforts to identify and manage risks and opportunities related to the impact of climate change on distribution and wastewater infrastructure	Climate Change
Activity Metric	
IF-WU-000.A: Number of: (1) residential, (2) commercial, and (3) industrial customers served, by service provided	2022 ESG Analyst Download
IF-WU-000.B: Total water sourced, percentage by source type	Water Supply Management, Reliability, and Resilience ; 2022 ESG Analyst Download
IF-WU-000.C: Total water delivered to: (1) residential, (2) commercial, (3) industrial, and (4) all other customers	2022 ESG Analyst Download
IF-WU-000.D: Average volume of wastewater treated per day, by (1) sanitary sewer, (2) stormwater, and (3) combined sewer	Environmental Management and Compliance ; 2022 ESG Analyst Download
IF-WU-000.E: Length of (1) water mains and (2) sewer pipe	2022 ESG Analyst Download

GRI Content Index

Statement of Use	California Water Service Group has reported the information cited in this GRI Content Index for the period January 1, 2022 to December 31, 2022 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI Disclosure		Location or Direct Response
General Disclosures		
The Organization and Its Reporting Practices		
RI 2: General Disclosures 2021	2-1: Organizational details	About Us; 2022 10-K
	2-2: Entities included in the organization's sustainability reporting	We have included all subsidiaries in our full reporting and data, unless otherwise noted. Texas Water does not have full ownership of BVRT, so these facilities are not included in the scope of our data disclosures at this time.
	2-3: Reporting period, frequency, and contact point	About This Report
	2-4: Restatements of information	We have restated data from previous years due to corrections and/or changes in methodology. Restatements are noted where applicable.
Activities and Workers		
GRI 2: General Disclosures 2021	2-6: Activities, value chain, and other business relationships	About Us; 2022 10-K
	2-7: Employees	About Us; 2022 ESG Analyst Download
Governance		
GRI 2: General Disclosures 2021	2-9: Governance structure and composition	Corporate Governance; 2022 Proxy
	2-10: Nomination and selection of the highest governance body	Corporate Governance; 2022 Proxy
	2-13: Delegation of responsibility for managing impacts	Corporate Governance; 2022 Proxy
	2-14: Role of the highest governance body in sustainability reporting	Corporate Governance; 2022 Proxy

Strategies, Policies, and Practices		
GRI 2: General Disclosures 2021	2-22: Statement on sustainable development strategy	CEO Letter
	2-23: Policy commitments	Ethics ; Responsible Sourcing ; Cybersecurity and Data Privacy ; Diversity, Equality, and Inclusion ; California Water Service Group does not formally follow the precautionary principle.
	2-24: Embedding policy commitments	Ethics ; Responsible Sourcing ; Cybersecurity and Data Privacy ; Diversity, Equality, and Inclusion
	2-25: Processes to remediate negative impacts	Stakeholder Engagement and Public Participation ; Labor Relations and Management ; Ethics
	2-26: Mechanisms for seeking advice and raising concerns	Ethics
	2-27: Compliance with laws and regulations	2022 ESG Analyst Download
	2-28: Membership associations	Stakeholder Engagement and Public Participation
Stakeholder Engagement		
GRI 2: General Disclosures 2021	2-29: Approach to stakeholder engagement	Stakeholder Engagement and Public Participation
	2-30: Collective bargaining agreements	2022 ESG Analyst Download ; about 61% of employees are covered by collective bargaining agreements.

Material Topics (listed per order of report)		
GRI 3: Material Topics 2021	3-1: Process to determine material topics	Our Focus Areas
	3-2: List of material topics	Our Focus Areas
Climate Change, Energy, and Emissions		
GRI 3: Material Topics 2021	3-3: Management of material topics	Climate Change: Energy and Emissions
GRI 201: Economic Performance 2016	201-2: Financial implications and other risks and opportunities due to climate change	Climate Change: Energy and Emissions
GRI 302: Energy 2016	302-1: Energy consumption within the organization	Energy and Emissions: 2022 ESG Analyst Download
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	Energy and Emissions: 2022 ESG Analyst Download
	305-2: Energy indirect (Scope 2) GHG emissions	Energy and Emissions: 2022 ESG Analyst Download
	305-3: Other indirect (Scope 3) GHG emissions	Energy and Emissions: 2022 ESG Analyst Download
	305-4: GHG emissions intensity	Energy and Emissions: 2022 ESG Analyst Download
Water Supply Management, Reliability, and Resilience		
GRI 3: Material Topics 2021	3-3: Management of material topics	Water Supply Management, Reliability, and Resilience
GRI 303: Water and Effluents 2018	303-1: Interactions with water as a shared resource	Water Supply Management, Reliability, and Resilience
	303-3: Water withdrawal	Water Supply Management, Reliability, and Resilience: 2022 ESG Analyst Download
Water System Efficiency		
GRI 3: Material Topics 2021	3-3: Management of material topics	Water System Efficiency
GRI 303: Water and Effluents 2018	303-1: Interactions with water as a shared resource	Water System Efficiency
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2022 ESG Analyst Download.	Water System Efficiency: 2022 ESG Analyst Download
End-Use Conservation		
GRI 3: Material Topics 2021	3-3: Management of material topics	End-Use Conservation
GRI 303: Water and Effluents 2018	303-1: Interactions with water as a shared resource	End-Use Conservation
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2022 ESG Analyst Download.	End-Use Conservation: 2022 ESG Analyst Download

Material Topics (listed per order of report)		
Community Support		
GRI 3: Material Topics 2021	3-3: Management of material topics	Community Support
GRI 413: Local Communities 2016	413-1: Operations with local community engagement, impact assessments, and development programs	Community Support
Stakeholder Engagement and Public Participation		
GRI 3: Material Topics 2021	3-3: Management of material topics	Stakeholder Engagement and Public Participation
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section.	Stakeholder Engagement and Public Participation
Emergency Preparedness and Response		
GRI 3: Material Topics 2021	3-3: Management of material topics	Emergency Preparedness and Response
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section.	Emergency Preparedness and Response
Drinking Water Quality and Customer Safety		
GRI 3: Material Topics 2021	3-3: Management of material topics	Drinking Water Quality and Customer Safety
GRI 416: Customer Health and Safety 2016	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	2022 ESG Analyst Download
Water Affordability and Accessibility		
GRI 3: Material Topics 2021	3-3: Management of material topics	Water Affordability and Access
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2022 ESG Analyst Download.	Water Affordability and Access: 2022 ESG Analyst Download
Cybersecurity and Data Privacy		
GRI 3: Material Topics 2021	3-3: Management of material topics	Cybersecurity and Data Privacy
GRI 418: Customer Privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	2022 ESG Analyst Download
Diversity, Equality, and Inclusion		
GRI 3: Material Topics 2021	3-3: Management of material topics	Diversity, Equality, and Inclusion
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	Diversity, Equality, and Inclusion: 2022 ESG Analyst Download

Material Topics (listed per order of report)		
Talent Attraction and Retention		
GRI 3: Material Topics 2021	3-3: Management of material topics	Talent Attraction
GRI 401: Employment 2016	401-1: New employee hires and employee turnover	2022 ESG Analyst Download
Corporate Governance		
GRI 3: Material Topics 2021	3-3: Management of material topics	Corporate Governance
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2022 ESG Analyst Download.	Corporate Governance ; 2022 ESG Analyst Download
Ethics		
GRI 3: Material Topics 2021	3-3: Management of material topics	Ethics
GRI 205: Anti-Corruption 2016	205-2: Communication and training about anti-corruption policies and procedures	Ethics
	205-3: Confirmed incidents of corruption and actions taken	2022 ESG Analyst Download
GRI 206: Anti-Competitive Behavior 2016	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2022 ESG Analyst Download
Public Policy and Political Involvement		
GRI 3: Material Topics 2021	3-3: Management of material topics	Public Policy and Political Involvement
GRI 415: Public Policy 2016	415-1: Political contributions	Public Policy and Political Involvement
High-Priority Topics (listed per order of report)		
Environmental Management and Compliance		
GRI 3: Material Topics 2021	3-3: Management of material topics	Environmental Management and Compliance
GRI 303: Water and Effluents 2018	303-1: Interactions with water as a shared resource	Environmental Management and Compliance
	303-2: Management of water discharge-related impacts	Environmental Management and Compliance
	303-4: Water discharge	Environmental Management and Compliance ; 2022 ESG Analyst Download

High-Priority Topics (listed per order of report)		
GRI 306: Waste 2020	306-1: Waste generation and significant waste-related impacts	Environmental Management and Compliance
	306-2: Management of significant waste-related impacts	Environmental Management and Compliance
	306-3: Waste generated	2022 ESG Analyst Download
Customer Service		
GRI 3: Material Topics 2021	3-3: Management of material topics	Customer Service
Self-Selected Metric	We provide relevant indicators for this high-priority topic within the corresponding report section and in the 2022 ESG Analyst Download.	Customer Service; 2022 ESG Analyst Download
Training and Development		
GRI 3: Material Topics 2021	3-3: Management of material topics	Training and Development
GRI 404: Training and Education 2016	404-1: Average hours of training per year per employee	2022 ESG Analyst Download
	404-2: Programs for upgrading employee skills and transition assistance programs	Training and Development
	404-3: Percentage of employees receiving regular performance and career development reviews	2022 ESG Analyst Download
Compensation, Benefits, and Employee Wellbeing		
GRI 3: Material Topics 2021	3-3: Management of material topics	Compensation, Benefits, and Employee Wellbeing
GRI 401: Employment 2016	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation, Benefits, and Employee Wellbeing
Labor Relations and Management		
GRI 3: Material Topics 2021	3-3: Management of material topics	Labor Relations and Management
Self-Selected Metric	We provide relevant indicators for this high-priority topic within the corresponding report section and in the 2022 ESG Analyst Download.	Labor Relations and Management; 2022 ESG Analyst Download

High-Priority Topics (listed per order of report)		
Workplace Health and Safety		
GRI 3: Material Topics 2021	3-3: Management of material topics	Workplace Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1: Occupational health and safety management system	Workplace Health and Safety
	403-2: Hazard identification, risk assessment, and incident investigation	Workplace Health and Safety
	403-3: Occupational health services	Workplace Health and Safety
	403-4: Worker participation, consultation, and communication on occupational health and safety	Workplace Health and Safety
	403-5: Worker training on occupational health and safety	Workplace Health and Safety
	403-6: Promotion of worker health	Workplace Health and Safety; Compensation, Benefits, and Employee Wellbeing
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workplace Health and Safety
	403-8: Workers covered by an occupational health and safety management system	Workplace Health and Safety
	403-9: Work-related injuries	2022 ESG Analyst Download
Responsible Sourcing		
GRI 3: Material Topics 2021	3-3: Management of material topics	Responsible Sourcing
Self-Selected Metric	We provide relevant indicators for this high-priority topic within the corresponding report section and in the 2022 ESG Analyst Download.	Responsible Sourcing; 2022 ESG Analyst Download



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WATER SERVICE GROUP
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1720 North First Street, San Jose, California 95112-4508
Phone: 408.367.8200 | www.calwatergroup.com | NYSE: CWT