

A light in the dark

California Water
Service Group



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CWT 20-Year
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California Water Service Group (NYSE: CWT) is the third-largest publicly traded water utility in the United States, providing high-quality water and wastewater services to more than two million people through four regulated subsidiaries: California Water Service (Cal Water), Hawaii Water Service (Hawaii Water), New Mexico Water Service (New Mexico Water), and Washington Water Service (Washington Water).

We are committed to improving the quality of life for our customers, communities, employees, and stockholders. We do this by living our core values and delivering on our promise to provide quality, service, and value.

“Only in
the darkness
can you see
the stars.”

Martin Luther King, Jr.



Keeping our light shining bright

During a public health crisis, having a safe, reliable water supply is essential. As the coronavirus pandemic emerged, we knew our efforts to keep our employees protected, supported, and informed would be critical to the safety of our communities.

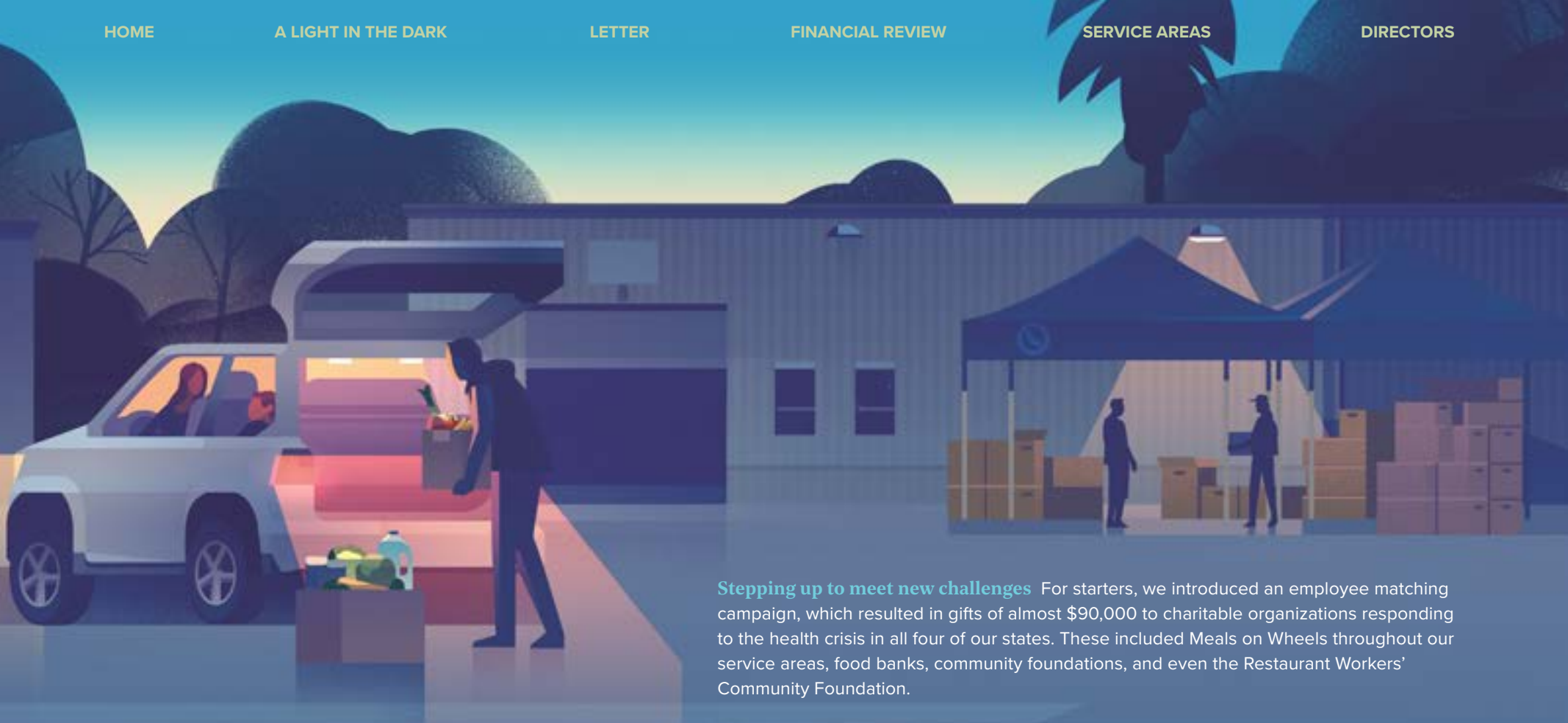
Putting safety first We retained a highly respected infectious disease expert to guide us in our efforts to keep employees safe. We closed our lobbies to walk-in traffic and provided masks, gloves, and other personal protective equipment to all staff. We made hand sanitizer and disinfectant wipes available; enhanced cleaning of our facilities; screened employees' temperatures; and offered flexible work arrangements. To keep indoor air safe, we installed large-scale High Efficiency Particulate Air (HEPA) purifiers throughout our office facilities. And we secured additional fleet vehicles so crews would not have to ride together to job sites.

Providing strong support Knowing the significant impact COVID-19 could have on our employees, we provided them with up to 15 additional sick days for COVID-19-related absences, including those necessitated by school and day care closures. We also addressed the emotional toll the pandemic was taking on employees by providing support through our professional phone counseling service and our confidential peer-to-peer support team. We even distributed industrial-sized toilet paper rolls when supplies on the shelves were scarce.

Keeping everyone informed During this time of heightened stress and uncertainty, we made information-sharing a priority. In addition to providing frequent updates from the Centers for Disease Control and Prevention and other government entities, we held daily management briefings from our Emergency Operations Center and weekly all-employee calls with our CEO, who often invited special guest experts to share the latest information and answer questions. The purpose of all of these efforts was to keep our employees safe, healthy, and informed so they could continue to provide an essential service to our customers.

“We want to thank you for continuing to deliver safe, clean water to us, even during this COVID-19 emergency. It is a big deal, and we appreciate your hard work... please know we think of you every time we turn on our faucets.”

Susan W., Bear Gulch District Customer From Portola Valley



Being a bright spot in our communities

Needless to say, 2020 was a tough year for charitable organizations, many of which struggled to meet growing demand in the face of the pandemic and California wildfires. Despite the crippling uncertainty of the times, we knew this was no time to pull back on our stockholder-funded charitable giving.

Stepping up to meet new challenges For starters, we introduced an employee matching campaign, which resulted in gifts of almost \$90,000 to charitable organizations responding to the health crisis in all four of our states. These included Meals on Wheels throughout our service areas, food banks, community foundations, and even the Restaurant Workers' Community Foundation.

We also doubled down on contributions to our community partners. We helped Visalia Emergency Aid provide meals to an additional 1,710 families. We partnered with our old friend the Oroville Salvation Army to feed those forced to evacuate by Butte County wildfires. And, in a new partnership, we supported the San Mateo Child Care Fund in its efforts to keep small daycare centers safely open to serve children of essential workers.

Keeping our commitments We also continued our ongoing philanthropic programs, granting \$148,500 to firefighting agencies to purchase life-saving gear and equipment, awarding \$80,000 in college and trade school scholarships to students in our service areas, and honoring elementary school classrooms participating in our H2O Challenge water conservation contest.

“Cal Water’s support has repeatedly played a key role in Visalia Emergency Aid’s success. There is no way to fully express our gratitude for your partnership.”

Executive Director Mary Jennings

Providing a ray of light to our customers

Last year brought dark days and unprecedented challenges to our customers. What better time for us to do what we have set out to do since 1926—make life better for those we serve? By giving customers one less thing to worry about, we provided a ray of light in the dark.

Responding to unparalleled times In the early days of the pandemic, we recognized how critical it was for our customers to have an uninterrupted supply of clean water for their hygiene and safety. So before government officials and regulators required it, we ceased shutting people off for non-payment and other collection activities. We also took the unprecedented step of requesting that the California Public Utilities Commission delay scheduled rate increases for our largest subsidiary until 2021.

Providing financial assistance As the days of stay-at-home orders continued and more and more jobs were lost, we knew we needed to take further action. Using our stockholder-funded hardship grant program, we forgave more than \$400,000 in overdue balances for customers whose accounts became delinquent after the shut-down began. We reached out to customers whose payments had become overdue and offered to make delayed payment arrangements, in an effort to prevent growing, unmanageable balances in the future. We also proactively added more than 10,000 newly qualified customers to our Low-Income Rate Assistance Program.

Finding innovative solutions To keep customer bills as low as possible, we turned to water conservation. The result: a new, innovative Smart Landscape Tune-Up program that provides financial assistance to customers who can't afford to repair irrigation system leaks. It's a win-win for customers and the environment, preventing both large bill balances and water waste.

Thanks to voluntary pay reductions taken in 2021 by our Officers and Board, we expect to have an additional \$600,000 to help customers in need this year.

Shining a light to the future

In the darkest days of 2020, many people just wanted to hunker down safely with their families. But for us, there could be no sheltering in place. We had to be out in our communities, making improvements to our water systems, ensuring they would remain safe and reliable for customers and firefighters alike, both now and in the future.

Over the last decade, we have invested more than \$2 billion to replace and upgrade water system infrastructure in order to provide a reliable supply of safe water.

Increasing reliability by replacing water lines As part of our Main Replacement Program, we invested \$94 million to replace 169,000 feet of aging water pipes in 2020. Using a systematic approach, we prioritize these projects based on an analysis of each pipe's leak history and its proximity to sensitive ecosystems. In one of the few silver linings of the past year, stay-at-home orders enabled us to accelerate and complete construction with minimal impact on our neighbors.

Preparing for wildfires and power outages Wildfires are becoming increasingly damaging, particularly in California. In the past years, they've even encroached into our urban service areas. Although we were mostly spared in 2020, we continue to invest in wildfire preparation projects. That means making investments in the water infrastructure—pipes, pumps, and valves—needed to produce a more robust water flow in the highest risk zones.

A related risk is posed by Public Safety Power Shutdowns, which occur when the electric utility interrupts power to avoid having its equipment spark fires. The challenge? Every water utility needs electricity to get the water from the source to the tap. That's why one of our top priorities has been expanding our fleet of portable electric generators that can be deployed to any of our service areas.

Investing in water safety State and federal governments are working through the process of setting enforceable standards for per- and polyfluoroalkyl substances (PFAS). However, in California—where we have detected PFAS in 51 of the 484 wells we've tested—we are taking action. Existing regulation allows us to operate these wells as long as we notify our customers that PFAS have been detected. But we have made the decision to either take the wells out of service or install treatment to remove PFAS. We've completed two treatment facilities to date and plan to construct three more in 2021.

TO OUR STOCKHOLDERS

2020 was a year of unprecedented adversity. We were challenged by a global pandemic, racial injustice, civil unrest, wildfires, and a deeply divisive election.

Through it all, we kept going, showing up day after day to ensure that our customers and communities continued to receive a safe, reliable water supply. But we did more than just show up—we were a light in the dark.

The previous pages feature some of our efforts to brighten the lives of our employees, customers, and communities. Here, we focus on other 2020 highlights that will both contribute to our success and challenge us in the future.

We continued to grow in 2020

In addition to the 743 new connections added organically through main extensions and growth in existing service areas, we signed agreements to purchase assets and provide water and wastewater service to 3,915 new customers in Hawaii and New Mexico.

Through these agreements, we will provide water service to 80 customers previously served by Valencia Mesa Water in Los Lunas, New Mexico, and 1,850 customers previously served by Animas Valley Land & Water in northwest New Mexico. We will also provide wastewater service to 1,600 customers in Keauhou on the island of Hawaii.

In addition, we completed our acquisition and integration of Rainier View Water, serving 18,500 connections in Washington. We expect 2021 to be another good year for growth as we pursue a number of acquisitions in our business development pipeline.

2018 California general rate case was favorable, but 2021 filing will be a challenge

As we announced in early December, the California Public Utilities Commission (Commission) issued a decision in our 2018 Infrastructure Improvement Plan/General Rate Case (IIP/GRC). We viewed the outcome favorably, as it authorizes the Company's largest subsidiary, California Water Service (Cal Water), to invest \$828 million in water system infrastructure through 2021. It also allows Cal Water to keep balancing accounts related to decoupling water sales from revenues through 2022.

In a separate 2020 decision, however, the Commission determined that we cannot use our existing mechanism to decouple sales from revenues in our next IIP/GRC. We advocated strongly against this decision, because we believe it will hamper the state's ability to respond to droughts, hinder our water conservation efforts, and increase costs for customers using small amounts of water, who also tend to have lower incomes.

So we are thinking outside the box as we plan for our 2021 IIP/GRC filing to propose a rate structure that seeks to protect low-income customers, incentivize conservation, and maintain our financial stability. Two factors will be critical to our success: taking a very sophisticated approach to water sales forecasting, and predicting and planning for events that could impact our use of the lowest cost sources of water.

COVID resulted in past-due balances, and customers will need help

As outlined earlier in this report, we stepped up early in the pandemic and, before we were required to do so, ceased all collections activities, including shutting off service for non-payment. As a result, the percentage of customers with past-due balances on their bills at the end of 2020 was 24% higher than at the end of 2019.

Many customers accumulated significant balances during the pandemic. The question is, how can we help them without overburdening other customers or our stockholders? We believe the answer lies in aggressive pursuit of relief funds. As of this writing, our national industry association, the National Association of Water Companies, is working with the Department of Health and Human Services regarding its distribution of federal relief funds for water and wastewater bills. And our state industry association, the California Water Association, is advocating for our vulnerable customers at the state level.

Financial Highlights

Dollars in thousands, except per common share data

Year ended December 31	2020	2019	2018	2017 ¹	2016
Market price at year end	\$54.03	\$51.56	\$47.66	\$45.35	\$33.90
Book value per share	\$18.30	\$16.07	\$15.19	\$14.56	\$13.75
Earnings per share (diluted)	\$1.97	\$1.31	\$1.36	\$1.52	\$1.01
Dividend per share	\$0.850	\$0.790	\$0.750	\$0.720	\$0.690
Operating revenue	\$794,307	\$714,557	\$698,196	\$676,113	\$609,370
Net income	\$96,831	\$63,116	\$65,584	\$72,940	\$48,675

¹The 2017 reported financial data was adjusted to reflect an immaterial computational error that resulted in an understatement of operating revenue, net income, and earnings per share.

We are also collaborating with the California Public Utilities Commission on ways we can help customers with past-due accounts while still ensuring that our bills reflect the actual cost of providing service. One way, for example, would be to offer longer-term payment programs with incentives for participation.

COVID accelerated changing customer behaviors, and we are responding

Before the pandemic forced us to close our customer lobbies, the number of people paying their bills in person was trending downward as customers steadily migrated to faster, more convenient payment channels. Our analysis shows that since we closed our customer lobbies, 98.8% of the customers who formerly paid their bills in person have adopted new payment methods. And in a study conducted at the end of the year, we learned that very few customers had any intention of resuming in-person payments.

In response, we developed a plan to transition customer service activities to four regional customer service centers. At these centers, elite teams of customer service professionals will provide enhanced services, including

expanded service hours and new service channels. Each of our districts remains prepared to serve customers locally and in person should the need arise. Following our announcement of this plan in November 2020, we worked with our union to address the impacts of the plan on employees and customers. In March 2021, we signed a Letter of Understanding, and are moving forward together to increase efficiency and improve service.

We made significant progress on our environmental, social, and governance (ESG) efforts

In 2020, we conducted an in-depth materiality assessment to identify and prioritize the ESG topics most relevant to our internal and external partners. After a rigorous process of researching and benchmarking, mapping topics across our business processes, conducting internal and external interviews, analyzing external sources, and scoring and validating results, we prioritized our top ESG topics. This process will inform our ESG strategy, reporting, and resource allocation going forward.

Martin A. Kropelnicki

MARTIN A. KROPELNICKI
President and Chief Executive Officer



Peter C. Nelson

PETER C. NELSON
Chairman of the Board

We also produced an Environmental, Social, and Governance Report that aligns with the Sustainability Accounting Standards Board (SASB) Water Utilities & Services Industry Standards and references Global Reporting Initiative (GRI) Standards. A summary is included at the back of this report, and the full report may be accessed at www.calwatergroup.com/esg2020.

In addition to completing the materiality assessment and upgrading our report to align with SASB and GRI, we established a new Water Resource Sustainability Department and completed the first phase of a water resource monitoring and adaptation plan, both of which will better enable us to address the risks posed by climate change. Our efforts to further mature our climate change strategy will be guided by the framework from the Task Force on Climate Related Financial Disclosures (TCFD).

Additionally, in late February, our Board of Directors adopted four new policies: Environmental Sustainability; Diversity, Equality, and Inclusion; Political Engagement; and Human Rights. We will develop a plan to train employees on them prior to year end. In 2021, we will continue to refine our ESG strategy, data collection, and reporting.

Officer changes

Finally, we are pleased to report that in 2020, the Board of Directors promoted Shannon Dean to Vice President, Customer Service & Chief Citizenship Officer, Michael Luu to Vice President, Information Technology & Chief Risk Officer, Michael Mares to Vice President, Operations, and Michelle Mortensen to Vice President, Corporate Secretary. These changes decidedly strengthen our officer leadership team.

As we look back on what was the darkest year in many of our lives, we take pride in the light our Company provided to its employees, customers, communities, and stockholders. As we look ahead, we fervently hope for health, prosperity, civility, and justice for all in 2021 and beyond.

Dollars in thousands, except per common share and other data

**EIGHT-YEAR
FINANCIAL REVIEW****2020****2019****2018****2017****2016****2015****2014****2013****Summary of operations**

Operating revenue ¹	\$794,307	\$714,557	\$698,196	\$676,113	\$609,370	\$588,368	\$597,499	\$584,103
Operating expenses ^{1,2}	\$657,641	\$615,145	\$587,656	\$569,030	\$526,734	\$506,803	\$508,631	\$500,518
Interest expense, other income and expenses, net ²	\$39,835	\$36,296	\$44,956	\$34,143	\$33,961	\$36,548	\$32,130	\$36,331
Net income ¹	\$96,831	\$63,116	\$65,584	\$72,940	\$48,675	\$45,017	\$56,738	\$47,254

Common share data

Earnings per share (diluted) ¹	\$1.97	\$1.31	\$1.36	\$1.52	\$1.01	\$0.94	\$1.19	\$1.02
Dividend declared	\$0.850	\$0.790	\$0.750	\$0.720	\$0.690	\$0.670	\$0.650	\$0.640
Dividend payout ratio	43%	60%	55%	47%	68%	71%	55%	63%
Book value	\$18.30	\$16.07	\$15.19	\$14.56	\$13.75	\$13.41	\$13.11	\$12.54
Market price at year end	\$54.03	\$51.56	\$47.66	\$45.35	\$33.90	\$23.27	\$24.61	\$23.07
Common shares outstanding at year end (in thousands)	50,334	48,532	48,065	48,012	47,965	47,875	47,806	47,741
Return on average common stockholders' equity	11.4%	8.4%	9.2%	10.7%	7.5%	7.1%	9.3%	8.8%
Long-term debt interest coverage	3.87	3.10	3.57	4.58	3.45	3.67	4.29	3.42

Balance sheet data

Net utility plant	\$2,650,558	\$2,406,370	\$2,232,723	\$2,047,965	\$1,859,277	\$1,701,768	\$1,590,431	\$1,515,831
Total assets	\$3,394,248	\$3,111,308	\$2,837,704	\$2,744,710	\$2,411,745	\$2,241,253	\$2,182,711	\$1,954,741
Long-term debt, including current portion	\$786,227	\$808,622	\$814,938	\$531,713	\$557,953	\$514,045	\$421,200	\$428,936

Capitalization ratios:

Common stockholders' equity	54.0%	49.10%	47.3%	56.8%	54.2%	55.5%	59.8%	58.3%
Long-term debt	46.0%	50.90%	52.7%	43.2%	45.8%	44.5%	40.2%	41.7%

Other data

Water production (in million gallons)	110,742	104,735	107,589	104,986	99,096	98,899	118,282	126,363
Customers at year end, including Hawthorne and Commerce	543,000	520,600	517,500	514,300	511,500	509,000	506,100	502,900
New customers added	22,400	3,100	3,200	2,800	2,500	2,900	3,200	2,200
Operating revenue per customer	\$1,463	\$1,373	\$1,349	\$1,315	\$1,191	\$1,156	\$1,181	\$1,161
Utility plant per customer	\$7,165	\$6,820	\$6,240	\$5,775	\$5,312	\$4,925	\$4,628	\$4,401
Employees at year end	1,192	1,207	1,184	1,176	1,163	1,155	1,105	1,125

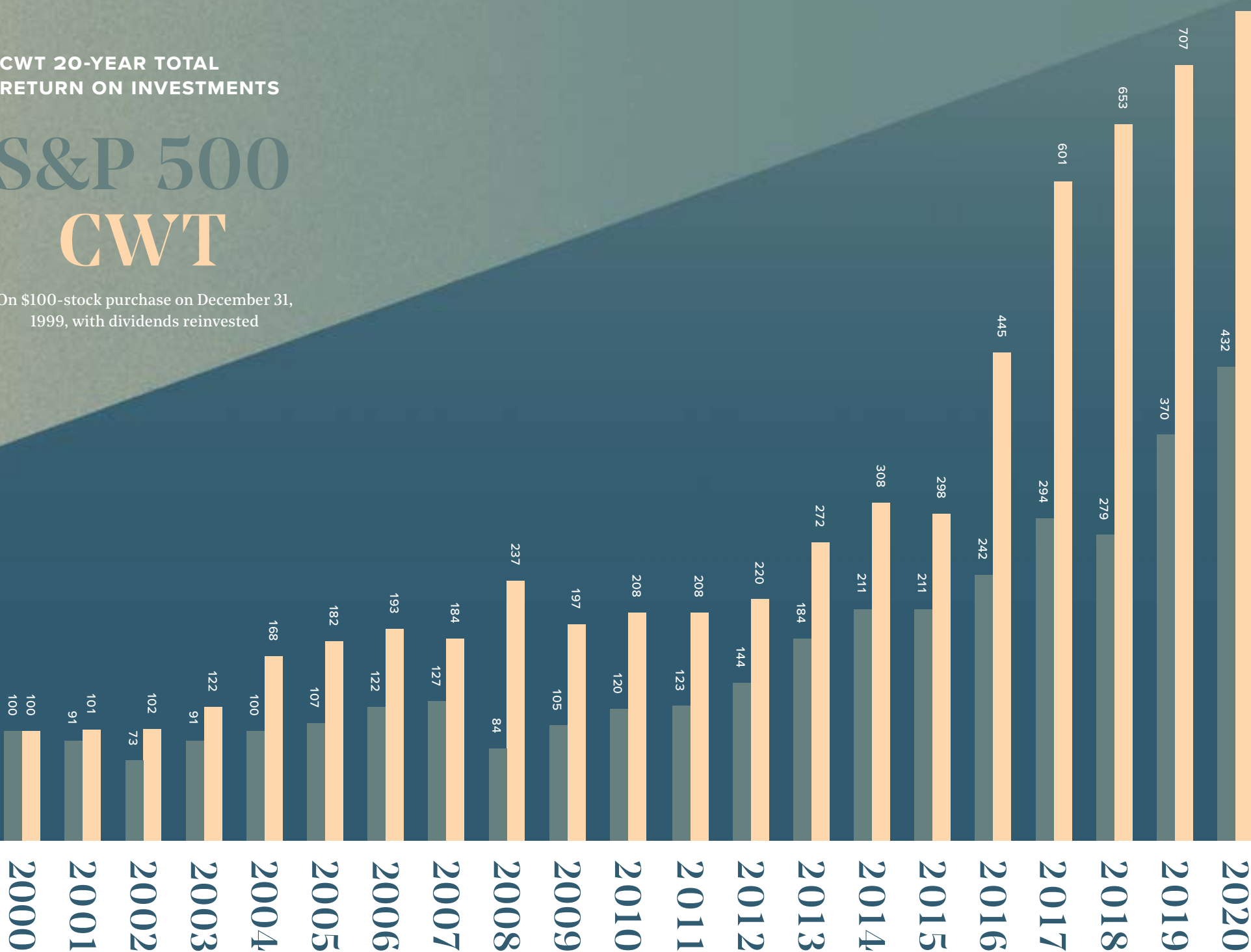
¹ The 2017 reported financial data was adjusted to reflect an immaterial computational error that resulted in an understatement of operating revenue, operating expenses, net income, and earnings per share.

² The eight-year financial review for 2017, 2016, 2015, 2014, and 2013 reflect the retrospective adoption of new pension accounting requirements (ASU 2017-07). The Company adopted this guidance on January 1, 2018. The eight-year financial review for 2015, 2014, and 2013 reflect the retrospective adoption of ASU 2015-03, which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The Company adopted this guidance on January 1, 2016.

CWT 20-YEAR TOTAL RETURN ON INVESTMENTS

S&P 500 CWT

On \$100-stock purchase on December 31, 1999, with dividends reinvested



COMMUNITIES AND CUSTOMER CONNECTIONS

Washington

36,600

Serving more than 425 neighborhoods and small communities in the counties of Clallam, Jefferson, Kitsap, Mason, Pierce, King, San Juan, and Thurston.

Hawaii

5,300

Serving the communities of Ka'anapali, Pukalani, Waikoloa, North Kona Coast, Kohala Coast, and Kalaeloa on the islands of Maui, Hawaii, and Oahu.

New Mexico

8,500

Serving the communities of Meadow Lake, Cypress Gardens, Rio Communities, Rio Del Oro, Elephant Butte, Sandia Knolls, Indian Hills, Woodland Hills, Squaw Valley, and Cedar Crest in the counties of Sierra, Valencia, Torrance, and Bernalillo.

California

492,600

Bakersfield
73,500

Bay Area Region
56,000

South San Francisco, Colma, Broadmoor, San Mateo, San Carlos, Lucerne, Duncans Mills, Guerneville, Dillon Beach, Noel Heights, and portions of Santa Rosa

Bear Gulch
19,000

Atherton, Woodside, Portola Valley, and a portion of Menlo Park

Chico
30,800

Hamilton City

Dixon
3,100

Dominguez
34,300

Carson and portions of Compton, Harbor City, Long Beach, Los Angeles County, and Torrance

East Los Angeles
26,900

Portions of Montebello, Commerce, Monterey Park, and Vernon

Hawthorne and Commerce
7,700

Operation and maintenance agreements

Hermosa-Redondo
27,100

Hermosa Beach, Redondo Beach, and a portion of Torrance

Kern River Valley
4,000

Bodfish, Kernville, Lakeland, Mountain Shadows, Onyx, Squirrel Valley, South Lake, and Wofford Heights

Los Angeles County Region
25,700

Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, Fremont Valley, Lake Hughes, Lancaster, and Leona Valley

Livermore
18,900

Los Altos
19,000

Portions of Cupertino, Los Altos Hills, Mountain View, and Sunnyvale

Marysville
3,800

Salinas Valley
31,600

Salinas and King City

Oroville
3,700

Selma
6,500

Stockton
44,800

Visalia
46,700

Westlake
7,100

Westlake Village and a portion of Thousand Oaks

Willows
2,400

BOARD OF DIRECTORS

**Gregory E. Aliff**

Former Vice Chairman and Senior Partner of U.S. Energy & Resources, Deloitte LLP

Director since 2015. Chair of the Audit Committee. Member of the Enterprise Risk Management, Safety, and Security Committee.

**Terry P. Bayer**

Former Chief Operating Officer, Molina Healthcare Inc.

Director since 2014. Chair of the Finance and Capital Investment Committee. Member of the Audit Committee and the Organization and Compensation Committee.

**Shelly M. Esque**

Former Vice President and Global Director of Corporate Affairs, Intel Corporation

Director since 2018. Member of the Enterprise Risk Management, Safety, and Security Committee and the Nominating and Corporate Governance Committee.

**Martin A. Kropelnicki**

President and Chief Executive Officer of California Water Service Group

Director since 2013.

**Thomas M. Krummel, M.D.**

Emile Homan Professor and Chair Emeritus, Surgery Department, Stanford University School of Medicine

Director since 2010. Chair of the Organization and Compensation Committee. Member of the Nominating and Corporate Governance Committee.

**Richard P. Magnuson**

Private Venture Capitalist and Lead Director of California Water Service Group

Director since 1996. Chair of the Nominating and Corporate Governance Committee. Member of the Audit Committee and the Finance and Capital Investment Committee.

**Scott L. Morris**

Chairman, Avista Corporation

Director since 2019. Member of the Enterprise Risk Management, Safety, and Security Committee and the Organization and Compensation Committee.

**Peter C. Nelson**

Chairman of the Board of California Water Service Group

Director since 1996.

**Carol M. Pottenger**

Principal and Owner of CMP Global, LLC, and Retired U.S. Navy Vice Admiral

Director since 2017. Vice Chair of the Enterprise Risk Management, Safety, and Security Committee. Member of the Finance and Capital Investment Committee and the Nominating and Corporate Governance Committee.

**Lester A. Snow**

Former Director of the California Department of Water Resources

Director since 2011. Chair of the Enterprise Risk Management, Safety, and Security Committee. Member of the Finance and Capital Investment Committee and the Organization and Compensation Committee.

**Patricia K. Wagner**

Former Group President, U.S. Utilities, Sempra Energy

Director since 2019. Member of the Audit Committee and the Nominating and Corporate Governance Committee.

CORPORATE OFFICERS



Shannon C. Dean

Vice President,
Customer Service &
Chief Citizenship Officer



Robert J. Kuta

Vice President,
Engineering & Chief Water
Quality & Environmental
Compliance Officer



Lynne P. McGhee

Vice President,
General Counsel



Elissa Y. Ouyang

Chief Procurement &
Lead Continuous
Improvement Officer



Thomas F. Smegal, III

Vice President,
Chief Financial Officer &
Treasurer



David B. Healey

Vice President &
Corporate Controller



Michael B. Luu

Vice President,
Information Technology &
Chief Risk Officer



Greg A. Milleman

Vice President,
California Rates



Todd K. Peters

Chief Engineering Officer



Paul G. Townsley

Vice President, Corporate
Development & Chief
Regulatory Officer



Martin A. Kropelnicki

President &
Chief Executive Officer



Michael S. Mares

Vice President,
Operations



Michelle R. Mortensen

Vice President,
Corporate Secretary



Gerald A. Simon

Vice President,
Chief Safety, Security,
and Emergency
Preparedness Officer



Ronald D. Webb

Vice President,
Human Resources

CORPORATE INFORMATION

Computershare investor services

462 South 4th Street, Suite 1600
Louisville, Kentucky 40202

Bond registrar

U.S. Bank Trust, N.A.
One California Street
San Francisco, California 94111
415.273.4580

Executive office and stockholder information

California Water Service Group
Attn: Stockholder Relations
1720 North First Street
San Jose, California 95112
408.367.8200 or 800.750.8200
www.calwatergroup.com

Annual meeting

The Annual Meeting of Stockholders will be held online on Wednesday, May 26, 2021, at 9:30 am PT. Details of the business to be transacted during the meeting will be contained in the proxy material, which will be mailed to stockholders on or about April 14, 2021.

To transfer stock

A change of ownership of shares (such as when stock is sold or gifted or when owners are deleted from or added to stock certificates) requires a transfer of stock. To transfer stock, the owner must complete the assignment on the back of the certificate and sign it exactly as his or her name appears on the front. This signature must be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations, and credit unions with membership in approved signature medallion programs) pursuant to SEC Rule 17Ad-15. A notary's acknowledgment is not acceptable. This certificate should then be sent to Computershare Investor Services (Computershare) by registered or certified mail with complete transfer instructions. Alternatively, the Direct Registration System can be utilized, which allows electronic share transactions between your broker or dealer and Computershare.

Anticipated dividend dates for 2021

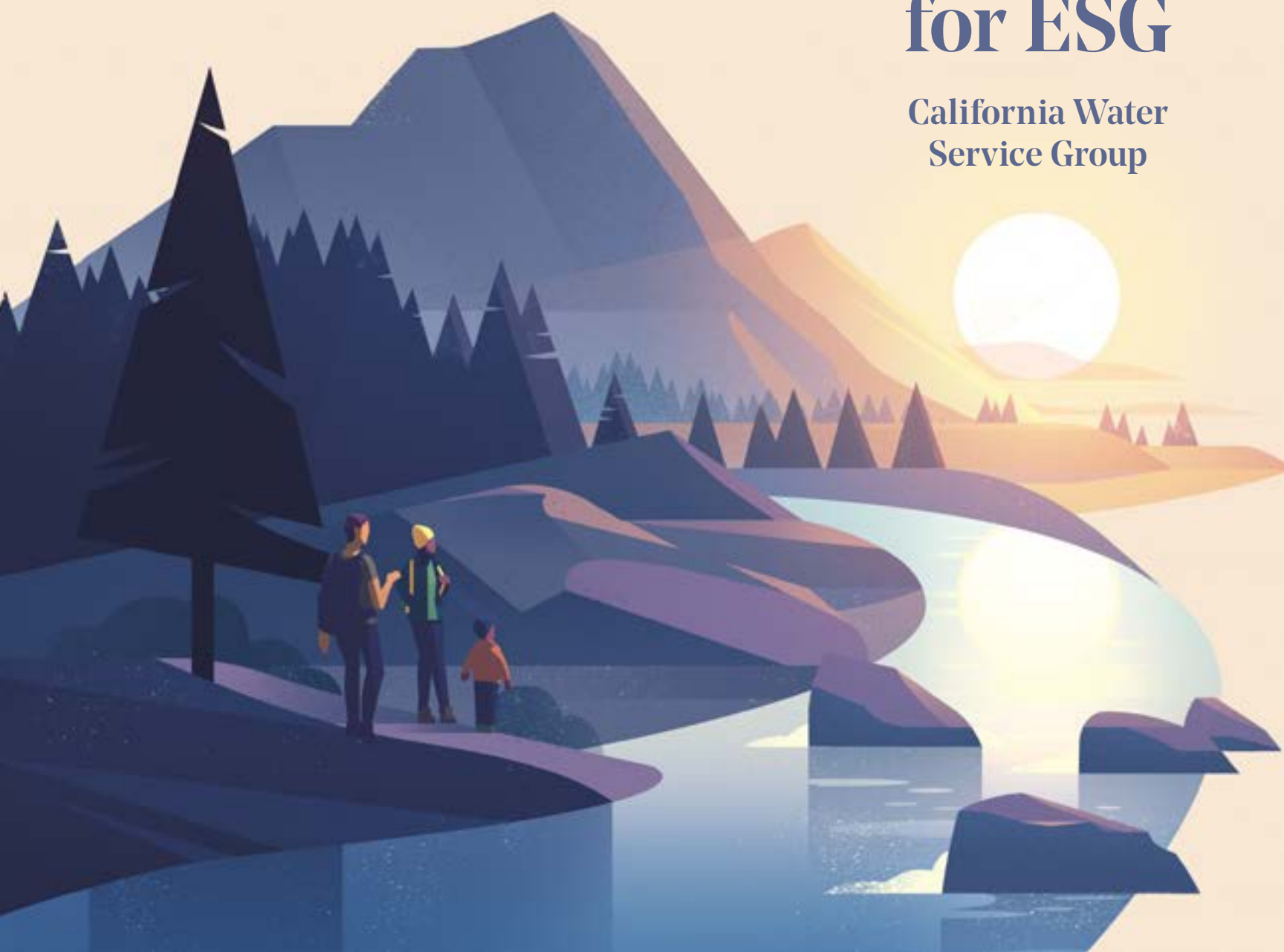
Quarter	Declaration	Record Date	Payment Date
First	January 27	February 8	February 19
Second	April 28	May 10	May 21
Third	July 28	August 9	August 20
Fourth	October 27	November 8	November 19

Annual report for 2020 on Form 10-K

A copy of the Company's annual report for 2020 filed with the Securities and Exchange Commission (SEC) on Form 10-K is available and can be obtained by any stockholder at no charge upon written request to the Company. The Company's filings with the SEC can be viewed via the link to the SEC's EDGAR system on the [Company's website](#).

A new day for ESG

California Water
Service Group



It's the dawn of a new day
in Environmental, Social, and
Governance (ESG) performance
and reporting at California
Water Service Group. In
this summary, we look back at
highlights for 2020 and
forward to the journey ahead.

For the full Environmental,
Social, and Governance Report, please visit
www.calwatergroup.com/esg2020

From the CEO

Why ESG matters

As a company, “doing the right thing” has always been in our DNA. We strive to make the world a better place and take pride in our long-standing efforts to provide safe water at affordable rates, plan for our customers’ future water needs, be responsible stewards of the environment, give back to our communities, have the best trained employees, and maintain the highest ethical standards. This commitment is distilled in our shared purpose, which is to enhance the quality of life for our customers, communities, employees, and stockholders.

We are building on that strong foundation, sharpening our focus on ESG and reporting in a way that is intended to meet the expectations of our customers, regulators, stockholders and other partners. It’s a new day for ESG, and we look forward to evolving and maturing our program over the next several years.

We are sharpening our focus on our ESG program because we believe that managing and addressing environmental, social, and governance risks is critical to the long-term sustainability of our business. As a provider of a precious and finite natural resource, we understand our responsibility to minimize our impact on the environment and prepare for the inevitable and significant effects of climate change. We recognize the importance of making water affordable and accessible to all we serve despite the rising cost of delivering a reliable supply that meets increasingly stringent standards. And at a time when society is wrestling with complex issues like racial injustice, we must ensure that our company is a place where everyone feels valued and has an opportunity to succeed.

ELECTRICITY USAGE THROUGH RENEWABLE SOURCES

The 2020 increase in use of electricity from renewable sources is due to higher availability from our electric utilities. Although we are committed to minimizing our carbon footprint, our ability to make investments to reduce our emissions is limited because such investments must be supported by our regulators, the state public utilities commissions. As we mature our climate change strategy, we will focus on what we can control and advocate for meaningful progress from our regulators.



Our vision and strategy

We are building an ESG program that plays a very real part in helping us achieve our purpose of enhancing the quality of life for those we serve, both now and into the future. Our strategy is simple: We focus our efforts on the ESG topics that are most relevant to our business. We set measurable, time-bound goals related to those topics. We measure and report our progress on achieving those goals. And we weave ESG considerations into the decisions we make. We are organizing internally and collaborating externally to execute this strategy.

Key achievements in 2020

It goes without saying that 2020 was a year of unprecedented challenges. The global pandemic put our emergency response capabilities to the test, and we passed with flying colors. On previous pages we highlight the extraordinary measures we took to keep our employees healthy and support our customers through a profoundly dark and challenging time. We also showcase our efforts to make critical improvements to our infrastructure in order to continue to provide a safe, reliable, and affordable water supply to customers in the future.

Here, we focus on 2020 efforts to improve our ESG program and reporting. A key first step in the process was partnering with a third party to conduct a materiality assessment to determine the highest priority ESG topics to our internal and external stakeholders. After a rigorous process that included research and benchmarking, value chain mapping, stakeholder engagement, scoring, and validation with our leadership team, we identified our top ESG topics. Highlights related to the top five—Water Quality and Customer Safety; Water Supply Management, Reliability, and Resilience; Emergency Preparedness and Response; Water Affordability and Access; and Water System Efficiency and Conservation—are provided below.

(For the full report covering all relevant ESG topics, please visit www.calwatergroup.com/esg2020.)

ABOUT OUR 2020 ESG REPORT

Although our 2020 report marks the fourth year of our review of ESG activities, it is the first time our disclosures align with the Sustainability Accounting Standards Board (SASB) Water Utilities & Services Industry Standards and reference Global Reporting Initiative (GRI) Standards. The full report covers our 2020 activities related to:

Environment

- > Climate change, energy, and emissions
- > Water supply management, reliability, and resilience
- > Water system efficiency and conservation
- > Environmental management and compliance

Social

- > Community support
- > Stakeholder engagement and public participation
- > Emergency preparedness and response
- > Drinking water quality and customer safety
- > Water affordability and access
- > Cybersecurity and data privacy
- > Customer service

Governance

- > Corporate governance
- > Ethics
- > Public policy and political involvement
- > Responsible sourcing

Workforce

- > Diversity, inclusion, and equality
- > Talent attraction and retention
- > Training and development
- > Workplace health and safety
- > Compensation, benefits, and employee well-being
- > Labor relations and management

Addressing climate change

One issue that cuts across many of our high-priority ESG topics is climate change. Climate change is a risk that has been identified through our Enterprise Risk Management and is overseen by me and our Board of Directors. In 2020, in order to bolster our efforts to understand and address the risks posed by climate change, we established a Water Resource Sustainability Department that combines employees from water supply and demand management. The new team reports to our Chief Citizenship Officer, a new position tasked with leading future ESG efforts.

We also completed the first phase of a Climate Change Water Resources Monitoring and Adaptation Plan, which, when completed, will enable us to develop adaptation strategies based upon the vulnerability and risks of projected climate change impacts to our facilities, infrastructure, and water sources. This adaptation plan builds upon the climate change study we completed in 2016.

Looking to 2021 and beyond

Having identified our top ESG priorities and produced our first report that aligns with recognized frameworks, we are now at a point where we can identify opportunities to strengthen our ESG performance. Working with our Board of Directors, we will establish a formal ESG vision and governance structure to drive improvement. We will set goals and key performance metrics related to our highest priority ESG topics. We will continue to align our disclosures with the Sustainability Accounting Standards Board (SASB) Water Utilities & Services Industry Standards or other appropriate framework. And, most importantly, we will advance our efforts on understanding and addressing the risks associated with climate change and reporting our progress based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will include updates on these efforts in our next annual Environment, Social, and Governance Report.



MARTIN A. KROPELNICKI
President and Chief Executive Officer

Top ESG priorities

Quality and customer safety

Our absolute highest priority is protecting customer health and safety by providing water that meets or surpasses stringent water quality standards. One of our five strategic corporate goals is to meet every water quality standard, every day, in every system. It is so important to us that our executive and management incentive compensation is tied to our performance in meeting both primary and secondary water quality standards. In 2020, we had zero primary water quality violations, zero secondary water quality violations, and four non-health-based, procedural violations.

472 million gallons

Our 2020 water conservation rebates and other programs will save an estimated 472 million gallons over their lifetime.

97%

In 2020, 97% of our employees completed emergency response training.

0

We had zero interruptions in water service due to public safety power shutoffs, due in part to the 12 new generators we added in 2020.

\$11 million

We currently have 102,389 customers enrolled in our low-income customer assistance program, and we provided \$11 million in discounts through this program in 2020.

240

We met or surpassed 240 water quality standards.

70,000

We collected 70,000 water samples throughout our water systems for testing.

400,000

We conducted 400,000 water quality tests.

140

We tested for over 140 contaminants.

Supply management reliability, and resilience

In light of the effects of climate change on future water supplies, it is little wonder that internal and external stakeholders ranked water supply, management, reliability, and resilience so highly as an ESG priority. We recognize that the sustainability of our business is directly tied to the sustainability of our water supply, and our focus on resiliency is critical.

In addition to our efforts to study and prepare for climate change, we began development of our first Water Supply Reliability Plans for our districts in 2020. These plans, in conjunction with our Urban Water Management Plans and Conservation Master Plans, describe and evaluate sources of supply, efficient uses, reclamation, and demand management activities. Another important facet of water supply reliability planning is ensuring that we design our infrastructure wisely and make the investments necessary for it to operate reliably now and in the future. In 2020, we invested \$298.7 million in our water systems.

Emergency preparedness and response

It is our mission to provide a safe, reliable water supply to our customers and communities, even in times of emergency. We are compliant with the National Incident Management System and the Standardized Emergency Management System, and our emergency response program utilizes the Incident Command System in conformance with the Emergency Preparedness Standards of the Office of Homeland Security. We stood up our longest-running Emergency Operations Center at the beginning of the coronavirus pandemic. Thanks to our early and ongoing efforts, we continued to meet customers' needs, even when our staffing levels were reduced.

Affordability and access

Water is a basic human need, and we recognize the importance of affordability and access. This is an ongoing challenge, as the costs of delivering a reliable supply of safe water continue to rise. To achieve affordability, we focus on operating as efficiently as possible and making prudent and responsible investments in our water infrastructure. On an ongoing basis, we offer a low-income assistance program to qualified customers, as well as flexible payment arrangements, payment extensions, and stockholder-funded hardship grants. Also, in a program unique to California Water Service, we have a Rate Support Fund that subsidizes rates in smaller systems where the costs of providing water service are higher.

During the pandemic, we were among the first to cease all collections activities on customers' past due accounts, doing so before required by government and regulatory bodies. We used our stockholder-funded hardship grant program to forgive more than \$400,000 in overdue balances and continued to offer assistance to customers affected by the pandemic. When the pandemic ends, a number of customers will have accumulated significant balances; we are currently working with regulators on a plan to help these customers without unfairly burdening others.

Efficiency and conservation

Another way to improve affordability and help the environment is to help customers conserve water, and we offer a range of programs to promote end-use efficiency. For example, in 2020, we launched the new smart landscape tune-up program, whereby we evaluate customers' irrigation systems and then have our contractors address system leaks and inefficiencies at no cost to the customers. This program, which targets low-income customers, reduces water waste and promotes affordability by eliminating leaks that customers cannot afford to fix themselves. Thanks to this program and many others, in 2020, all 24 of our California service areas achieved the 20% reduction targets set by the State Water Resources Control Board.

It's equally important that we maintain efficient water systems and minimize water lost through leaks. The most important way we do this is by responsibly maintaining and upgrading our infrastructure. Our Enterprise Asset Management applications and practices help us extract the maximum use from our infrastructure while proactively upgrading any components that may become unreliable or more expensive to repair in the future.

Learn about all of our relevant ESG topics

Please see the full Environmental,
Social, and Governance Report at
www.calwatergroup.com/esg2020



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