

A young child with blonde hair is shown in profile, drinking from a clear glass cup. The child is wearing a light blue shirt. The background is a soft, out-of-focus grey. The top and right edges of the image are framed by a blue border with a water droplet pattern.

2023

Environmental, Social, and Governance Report

MAY 2024



CALIFORNIA
WATER SERVICE GROUP
INVESTING FOR LIFE®



Table of Contents

INTRODUCTION	3	ENGAGING OUR WORKFORCE	74
Letter from the CEO	4	Diversity, Equality, and Inclusion	75
2023 Highlights	5	Talent Attraction and Retention	79
Company Overview	6	Workplace Health and Safety	83
About Us	7		
About This Report	7	GOVERNING WITH INTEGRITY	86
Our Approach to ESG	7	Corporate Governance	87
Priority ESG Topics	8	Ethics	90
Our Objectives	9	Public Policy and Political Involvement	93
		Responsible Sourcing	96
PROTECTING OUR PLANET	11	APPENDICES	99
Utility Water Flow and Impacts of Climate Change	12	ESG Governance Responsibilities Matrix	100
Climate Change Strategic Planning and Risk Management	14	TCFD Content Index	103
Energy and Emissions	21	SASB Content Index	105
Water Supply Resilience, and Reliability	29	GRI Content Index	107
Water System Resilience, Reliability, and Efficiency	35		
End-Use Conservation	39		
Environmental Management, Compliance, and Stewardship	43		
SERVING OUR CUSTOMERS AND COMMUNITIES	48		
Drinking Water Quality and Customer Safety	49		
Water Affordability and Access	53		
Stakeholder Engagement and Public Participation	57		
Customer Service	62		
Cybersecurity and Data Privacy	65		
Emergency Preparedness and Response	68		
Philanthropy and Volunteerism	71		

This 2023 Environmental, Social, and Governance (ESG) Report and ESG Analyst Download (collectively the “2023 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 2023 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 2023 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 2023 ESG Disclosures may not be considered material for SEC reporting purposes, and the use of the term “material” in the 2023 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 2023 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 2023 ESG Disclosures are provided for convenience only, and the content on the referenced third-party websites is not incorporated by reference into the 2023 ESG Disclosures, nor does it constitute a part of the 2023 ESG Disclosures. The Company assumes no liability for the content contained on the referenced third-party websites.



Introduction

California Water Service Group takes pride in our long-standing efforts to provide quality, service, and value to our customers and communities. Our business strategy is focused on contributing to the well-being of people and the planet by investing in the long-term sustainability of our business.

IN THIS CHAPTER

- ➔ Letter from the CEO
- ➔ 2023 Highlights
- ➔ Company Overview
- ➔ About Us
- ➔ About This Report
- ➔ Our Approach to ESG
- ➔ Priority ESG Topics
- ➔ Our Objectives

Letter from the CEO

At California Water Service Group, we are committed to providing the safe, reliable water supply that is the lifeblood of our communities. This commitment guides our decisions and drives our actions every day as we build a strong, resilient company that delivers long-term value for all those we serve. To do so, we are taking a thoughtful, commonsense approach to ESG.

As a provider of a precious, life-sustaining natural resource, our company and its’ success are directly tied to the environment and the people we impact, including our customers, employees, and stockholders. As a result, our approach is focused on addressing the ESG risks and opportunities that matter most to our business and our stakeholders. We view ESG as a strategic business issue directly linked to value-creation—not a short-lived fad or political talking point.

Our ESG strategy aims to strike the right balance between the level of ambition these critical issues warrant and our company’s commitment to maintain the affordability that our customers need and our regulators require.

Our approach to climate change is a case in point. As we witness the increased frequency of droughts, flooding, fires, and intense storms driven by climate change, we have a sense of urgency to act. But we believe it is vital to take a disciplined and data-driven approach, setting goals based on a thorough understanding of our emissions footprint, climate scenarios, risks, and practical pathways to decreasing emissions.

We are proud to have made significant and thoughtful progress in our climate work in 2023, including a key milestone of setting science-aligned emissions reduction goals. We are targeting a 63% reduction in absolute Scope 1 and 2 emissions by 2035 from our 2021 baseline. We have also completed and have planned several projects to enhance infrastructure resiliency, strengthen water availability, and support continued delivery of clean, safe, reliable water in areas exposed to the most pressing impacts of climate change, such as wildfire, drought, and severe weather events.

Throughout the pages of this report, there are many examples of other 2023 accomplishments across our core ESG focus areas from water quality and customer service to employee engagement and corporate governance. We are proud of all we have accomplished, as we strive to make meaningful progress toward meeting the challenges of tomorrow. None of this progress would be possible without the hard work and commitment of our employees. Together, we continue our efforts to protect the planet, care for people, and operate with the utmost integrity, and, in the process, make our business resilient and successful.



A handwritten signature in dark ink, reading "Martin A. Kropelnicki". The signature is fluid and cursive.

Martin A. Kropelnicki
President and Chief Executive



2023 Highlights

Protecting the Planet

- **63% targeted emissions reduction** in absolute Scope 1 and 2 emissions by 2035 from a 2021 base year.
- **13.9% renewable energy consumption** from on-site solar and utility green rate programs.
- **\$383.7 million invested** in infrastructure to deliver safe, reliable water supply to our customers.
- **~30 miles of water mains replaced** to reduce water loss and improve system reliability and resiliency.
- **~95 million gallons of water saved annually** by customers from programs implemented during 2023 across our California districts.

Serving Our Customers and Communities

- **100% compliance** with primary and secondary federal Safe Drinking Water Act (SDWA) and applicable state water quality standards across the Company.
- **\$83 million** in funding applied for and received through the California Extended Water and Wastewater Arrearage Payment Program to relieve residential and commercial customers of past-due balances incurred during the pandemic.
- **No. 1 in overall customer satisfaction** among large water utilities in the western United States in the J.D. Power 2023 Water Utility Residential Customer Satisfaction StudySM.
- **More than \$1.5 million donated** to local community organizations.

Engaging Our Workforce

- **20+ diverse recruitment events and career fairs** attended, including military veteran recruitment events, diversity career fairs, and college and high school events.
- **8% veteran hire rate**, doubled from 4% in 2022.
- **Approximately \$728K invested** in employee training and continuing education for an average of 13.6 hours per employee.
- **\$10,000 in scholarships awarded** to children of employees in California, Hawaii, New Mexico, and Washington subsidiaries.
- **8th consecutive year** earning a Great Place to Work[®] certification from the Great Place to Work[®] Institute.

Governing with Integrity

- **36% gender diversity, 18% ethnic diversity on the Board of Directors** (4 women, 7 men, 2 racially/ethnically diverse directors of 11 acting directors).
- **50+ instances in which ESG-related matters were discussed** during committee or full Board meetings.
- **3 years as one of "America's Most Responsible Companies"** and 1 of only 5 water utilities selected as one of the "World's Most Trustworthy Companies" recognized by *Newsweek*, thanks to Group's sustainability and corporate citizenship efforts.
- **27.2% of net procurement spend with diverse suppliers**, exceeding our 22.5% target set by the California Public Utilities Commissions (CPUC) by nearly 5%.

Company Overview

Our Core Values

- Integrity
- Safety
- Agility
- Service
- Respect and Collaboration
- Commitment
- Innovation
- Corporate Citizenship

Our Purpose

To enhance the quality of life for our customers, communities, employees, and stockholders

Our Operating Priorities

In everything we do, we are guided by these pillars:

Affordable, Excellent Service

Our user-friendly, technology-driven platforms enable clear and effective communication with our customers.

Sustainability and Community Impact

We are committed to supporting our communities and being a responsible steward of our resources.

Employees as Best Advocates

We promote a work environment that is safe, healthy, respectful, and a positive place to grow.

Public Health and Safety

Our water quality testing, water treatment technologies, and emergency preparedness systems and procedures are best-in-class.

Enhanced Stockholder Value

We have the infrastructure and strategy to be successful in the long term.



About Us

California Water Service Group (Group or the Company) (NYSE: CWT) provides high-quality water and wastewater utility services through five subsidiaries: California Water Service (Cal Water), Hawaii Water Service (Hawaii Water), New Mexico Water Service (New Mexico Water), Texas Water Service (Texas Water), and Washington Water Service (Washington Water). We are committed to being the leading provider of sustainable water and wastewater services.

As the third-largest publicly traded, regulated water utility in the United States, we work to fulfill our purpose every day: to enhance 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.

The majority of our business consists of the production, purchase, treatment, testing, storage, distribution, and sale of water for domestic, commercial, industrial, public, and irrigation uses—and includes the provision of domestic and municipal fire protection services. Other services include wastewater collection and treatment and recycled water service. We also offer non-regulated services, such as water system operation, billing, and meter reading services, under agreements with municipalities and other private companies. [Our Annual Report on Form 10-K](#) includes more information about our operations and organization.

About This Report

Our 2023 Environmental, Social, and Governance (ESG) Report discloses activities from January 1 to December 31, 2023. Data and disclosures within this report cover all subsidiaries, unless otherwise stated. Since Texas Water is a holding company and does not have full ownership of BVRT, Texas Water operations are not included in our reporting. Our [2023 ESG Analyst Download](#) provides key performance metrics for our reporting topics.

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.

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 Manager at sustainability@calwater.com.

Our Approach to ESG

At California Water Service Group, we strive to be responsible stewards of the environment, give back to our communities, foster a positive and enriching work environment for our employees, and maintain the highest ethical standards. We believe that managing and addressing ESG risks and opportunities is essential to the resilience of our company, our communities, and our planet.

Our efforts focus on the ESG issues that impact our business and stakeholders most. We integrate sustainability throughout our business, and we hold ourselves accountable to our commitments.



Priority ESG Topics

We undertook a formal materiality assessment in 2020 to identify the priority ESG topics for both our business and our stakeholders. The assessment included researching the landscape of ESG topics, mapping impacts to our value chain, seeking internal and external stakeholder feedback, and validating our findings with company leadership. The results of the assessment have directly informed our broader ESG program and priorities, and are reflected in our ESG reporting and disclosures, objective-setting, integration with our corporate strategy, and internal and external stakeholder engagement efforts.

The ESG topics in the table below are listed in priority order for each tier based on our materiality assessment, with the most material topics listed first. The “Highest Priority” topics were identified as most critical to both internal and external stakeholders with regards to business impact, risk, and opportunities. The “Higher Priority” topics did not emerge as the most critical but were nevertheless identified as somewhat important to our stakeholders. We view the “Highest Priority” and “Higher Priority” topics as the most important to effectively manage, set goals for, and discuss in detail in our reporting. The “High Priority” topics were viewed

by stakeholders as standard business practice or areas that Group already manages well but must maintain. As such, they were rated as less significant overall but nevertheless important topics to monitor and manage effectively.

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

Priority ESG Topics				
	Environmental	Customers and Communities	Workforce	Governance
Highest Priority	Climate Change, Strategic Planning, and Risk Management	Drinking Water Quality and Customer Safety		Public Policy and Political Involvement
	Water Supply Resilience and Reliability	Emergency Preparedness and Response		
	Water System Resilience, Reliability, and Efficiency	Water Affordability and Access		
	End-Use Conservation	Stakeholder Engagement and Public Participation		
		Cybersecurity and Data Privacy		
Higher Priority	Energy, and Emissions	Philanthropy and Volunteerism	Diversity, Equality, and Inclusion	Corporate Governance
			Talent Attraction and Retention	Ethics
High Priority	Environmental Management, Compliance, and Stewardship	Customer Service	Workplace Health and Safety	Responsible Sourcing
			Training and Development	
			Labor Relations and Management	
			Compensation, Benefits, and Employee Well-Being	

Our Objectives

Set in 2021 after completing our foundational ESG materiality assessment, California Water Service Group’s short-term and long-term ESG objectives guide our proactive approach to managing our most material topics and help drive

accountability as we measure and report our progress. These ESG objectives are in addition to a range of other ongoing initiatives in place to manage environmental and social issues across our business.

In 2023, 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.

Priority ESG Topic	Objectives	2023 Progress Update	
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.	Achieved ☑	We worked with an independent third party and undertook a rigorous target-setting process. In March 2024, we committed to a science-aligned target to reduce absolute Scope 1 and 2 emissions by 63% by 2035 from a 2021 base year.
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.	Achieved ☑	Group is committed to reducing water production-related Scope 1 and 2 GHG emissions per unit of water produced (i.e., sourced) by 60% by 2035 from a 2021 base year.
Energy and Emissions	Purchase 100% zero-emission passenger vehicles in California by 2035.	On track ➡	As we continue to build out our fleet electrification strategy, we have: <ul style="list-style-type: none">• Developed a roadmap to replace older vehicles with more fuel-efficient ones and/or hybrid or electric vehicles (EVs) where feasible.• Completed a fleet standard for management vehicles to increase the number of electric and hybrid vehicles.• Completed a study to evaluate and plan for EV charging station infrastructure needs as we work toward our target of purchasing 100% zero-emission passenger vehicles in California by 2035.
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.	Achieved ☑	We evaluated an array of renewable power procurement and generation options, taking into consideration environmental impact, visibility, cost, financial risk, and complexity in the context of our business model. Our near-term renewables strategy is focused on on-site solar and utility programs, since we found current market conditions to be more favorable for those strategies compared to other alternatives. We plan to continue to track the renewable energy market and may modify our strategy if conditions change.
Energy and Emissions	By 2033, invest no less than \$5 million in emissions-reducing energy solutions , such as renewables and low-carbon energy sources.	On track ➡	To help inform future renewable energy investments, we have assessed and ranked on-site solar viability at our facilities throughout the Company and identified two potential on-site solar projects in California that we are now pursuing. We intend to continue to evaluate additional opportunities to invest in emissions-reducing energy solutions.
Water Supply Resilience and Reliability	By 2035, increase the use of recycled water in our operations by no less than 5% of total water supply to customers.	On track ➡	In 2023, 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 to explore additional recycled water project opportunities in our service areas.

Continued on the next page

Priority ESG Topic	Objectives	2023 Progress Update	
End-Use Conservation	Meet the water-use targets mandated by the State of California for each district, effective in 2027.	On track ⇒	Final water-use objectives 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.
Stakeholder Engagement and Public Participation	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. Additionally, engage key stakeholders to increase public trust, build partnerships, and understand external perspectives.	On track ⇒	Since setting this objective in 2021, we have successfully hosted customer events in low-income communities in seven California districts each year. After evaluating local conditions, we changed our approach, to focus on areas with greater need. We intend to continue to host similar events over the coming years, aligned with our objective to offer these specific events to communities.
Emergency Preparedness and Response	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.	Achieved ☑	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 WARN• The Washington State Intrastate WARN <p>The state of Hawaii does not have a WARN in place, so we are proactively working with stakeholders in that state to assess the feasibility of developing a similar program.</p>
Philanthropy and Volunteerism	By 2024, roll out an annual enterprise-wide community celebration, the Season of Service , 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.	On track ⇒	We piloted our first annual Season of Service event in 2023, with full implementation planned for 2024.
Diversity, Equality, and Inclusion	By 2024, create more diverse candidate pools by establishing a partnership with at least one educational or community resource organization per region enterprise-wide.	Achieved ☑	We now have relationships with diverse recruiting, educational, and/or community resource organizations covering all of our locations enterprise-wide, and continue to look to expand our partnerships with additional organizations. As an example of the results of these efforts, we doubled our veteran hire rate from 4% in 2022 to 8% in 2023.



Protecting Our Planet

Our mission as a water utility requires us to deliver—and steward—the planet's most precious resource. We are working to minimize our environmental footprint from the source to the tap, while investing in the long-term resilience and reliability of our water supply and system. Integral to this is our extensive work to understand how climate impacts our business and to develop and implement a cohesive, long-term strategy to address risks and realize opportunities.

IN THIS CHAPTER

- ➔ Utility Water Flow and Impacts of Climate Change
- ➔ Climate Change Strategic Planning and Risk Management
- ➔ Energy and Emissions
- ➔ Water Supply Resilience and Reliability
- ➔ Water System Resilience, Reliability, and Efficiency
- ➔ End-Use Conservation
- ➔ Environmental Management, Compliance, and Stewardship

Utility Water Flow and Impacts of Climate Change

Only 1% of the water on Earth is fresh, usable, and accessible, and it's becoming more scarce due to climate change. In order to deliver clean, safe, affordable water, we take a holistic view of utility water flow from end to end and consider potential climate impacts to customers, employees, and stockholders at each step.

When we try to tease apart the components of the utility water process—from sourcing to delivering water to customers to discharging the used product—we find they're inextricably linked. No part stands alone. That's why we must understand the connections and use that understanding to develop an interdisciplinary approach to providing a sustainable supply of safe, affordable water to customers. This section discusses the various components of the utility water process and how they relate to Group's efforts to address three cross-cutting imperatives: affordability of our water service, climate change mitigation, and climate change adaptation.

Promoting Affordability. In the face of climate change, it's challenging to balance delivering a reliable supply of safe, high-quality water—and making it affordable. To help keep costs in check, especially for low-income communities, we 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. For more, see [Water Affordability and Access](#).

Mitigating Climate Change. Throughout the utility water process, Group consumes energy to pump, treat, distribute, and provide water and wastewater services—but that also contributes to climate change. We take steps to mitigate our contribution to greenhouse gas (GHG) emissions through this process by reducing energy demands in our operations,

fleet, and value chain and by promoting conservation among users. For more, see [Energy and Emissions](#) and [End-Use Conservation](#).

Adapting to Climate Change Impacts. Risks associated with climate change include, but are not limited to, rising temperatures, drought, and extreme weather events. These affect water supply availability and distribution system reliability. We work to adapt to impacts through water supply management, conservation programs, and strategic investments in operations and infrastructure. For more, see [Advancing Our Understanding of Climate Change Risks and Impacts](#).

Tracking Utility Water Flow

To understand the linkages within the utility water process, see the diagram and descriptions on the next page. You'll also find links to the relevant sections where you can learn more about the Company's efforts to provide a sustainable supply of safe, affordable water to customers and to mitigate and adapt to climate change.

ADDITIONAL RESOURCES

- [Climate Change Risk Assessment and Adaptation Framework: Executive Summary](#)
- [Planning for the Future: Understanding Climate Change Impacts on Water Reliability and Resources](#)

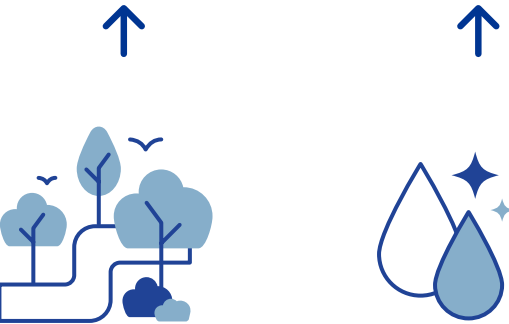
UTILITY WATER CYCLE: CLIMATE CHANGE AND ENERGY NEEDS IMPACT EVERY STEP.



Water Supply

The utility water process starts with obtaining the water supply needed for residential, commercial, industrial, and other customers' uses. We depend on four sources: purchased water, groundwater, surface water, and recycled water.

For more, see [Water Supply Resilience and Reliability](#).

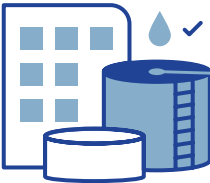


Recycled Water

Wastewater can be recycled by meeting more stringent regulatory standards for landscaping, irrigation, and industrial uses.

Treated Water

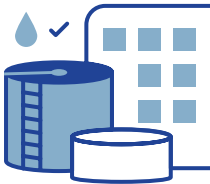
Wastewater treated to meet regulatory standards is typically returned directly to the water cycle.



Drinking Water Treatment

The next step in the utility water process is treating raw water to meet or surpass water quality standards so that it is safe for customer use.

For more, see [Drinking Water Quality and Customer Safety](#).



Wastewater Treatment

Removing contaminants from wastewater and reducing negative environmental impacts from our operations helps to support a healthier planet, protect watersheds from which we source water, and preserve and improve water quality.

For more, see [Environmental Management, Compliance, and Stewardship](#).



Distribution

Once water is ready for delivery to our customers, it either flows through distribution mains and pipes with the help of gravity or, more likely, it's pumped. We proactively invest in our infrastructure to better operate and maintain our system, enhance efficiency, reduce water loss, and prepare for emergencies.

For more, see [Water System Resilience, Reliability, and Efficiency](#).



End Use

By participating in our award-winning conservation program and in response to drought, customers may decrease water use either voluntarily or to help us comply with water use restrictions to support a sustainable supply.

For more, see [End-Use Conservation](#).

Climate Change Strategic Planning and Risk Management

Managing risk requires rigorous and thoughtful analysis of climate scenarios and strategic planning to address potential impacts to our business. We aim to identify, mitigate, and adapt to risks and address opportunities through our climate change strategy and through redundancies that help us reliably serve customers and promote resilience. Additionally, we have set objectives to reduce our contributions to climate change.



CLIMATE RISK ASSESSMENT MILESTONES

2016

Initial assessment of climate change impacts on water demand and water supply

The study *Potential Climate Change Impacts on the Water Supplies of California Water Service* included a model to forecast expected water demand based on climate change. The model was designed to estimate the statistical variation attributable to various factors—changes in water rates, personal income, demographics, weather, passive and active conservation programs, and economic conditions. The study also included a review of water source vulnerabilities in 14 Cal Water districts, reflecting various geographies and hydrologic systems.

2020

Phase 1 of Climate Change Study + Wildfire Risk Assessment for Wildfire Hardening

The *Climate Change Water Resource Monitoring and Adaptation Plan* provided a baseline understanding of changes to climate in areas relevant to Cal Water. The analysis served as a literature review for Phase 2 of the climate change study. Given the increased wildfire risks due to climate change, we also undertook the *Wildfire Risk Assessment for Wildfire Hardening*. The study mapped high-risk areas of operations, identified potential issues, and recommended measures to prepare facilities and enhance resiliency.

2021–2022

Phase 2 of Climate Change Study + Water Supply Reliability Assessment

The *Climate Change Risk Assessment and Adaptation Framework* identified climate-related risks and opportunities that could impact our operations, assets, and water supply through the end of the century. The study included adaptation strategies to manage each of these elements. Also, for 10 Cal Water treatment plants, we conducted a *Water Supply Reliability Assessment*, a deeper review of the impacts of climate change and environmental factors on water supply reliability and quality.

Advancing Our Understanding of Climate Risks and Impacts

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

ALIGNMENT WITH ENTERPRISE RISK MANAGEMENT

We refresh our Enterprise Risk Management (ERM) Program annually to analyze new and existing risks, evaluate the risk environment at the industry level, and develop or revise the mitigation controls. Climate is a cross-cutting risk we carefully review and incorporate into the overall risk discussion, to identify climate adaptation opportunities. Additionally, we conduct an annual mapping exercise to determine the linkage of each enterprise risk to climate and document those findings in the ERM Program.

A Closer Look at Phase 2 of the Climate Study

Our initial evaluations in 2016 and 2020 formed the foundation for Phase 2 of our climate change study. The *Climate Change Risk Assessment and Adaptation Framework* considered climate-related risks and opportunities over three distinct time horizons:

- The early century horizon (2020–2049) 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 the current infrastructure.
- The late-century horizon (2070–2099) evaluates long-term adaptation pathways.

Climate projections for each time horizon were averaged to account for natural climate variability across shorter periods. We also followed guidance from the Task Force on Climate-related Financial Disclosures (TCFD) and the Intergovernmental Panel on Climate Change (IPCC) to leverage Representative Concentration Pathways (RCPs) for a range of possible climate futures. RCPs show trajectories of atmospheric GHG concentrations for 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 GHG 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 GHG emissions continuing to rise over the next century.

Although RCP 2.6 is the lower bound of the RCP scenarios adopted by the IPCC, we selected RCP 4.5, since we believe it to be a more realistic potential lower bound, because achieving RCP 2.6 requires significant actions at a global scale. The California Fourth Climate Assessment also identified RCP 4.5 and RCP 8.5, which are consistent with planning models that state agencies use. For more discussion of the RCP scenarios selected, see our [2023 CDP Response](#).

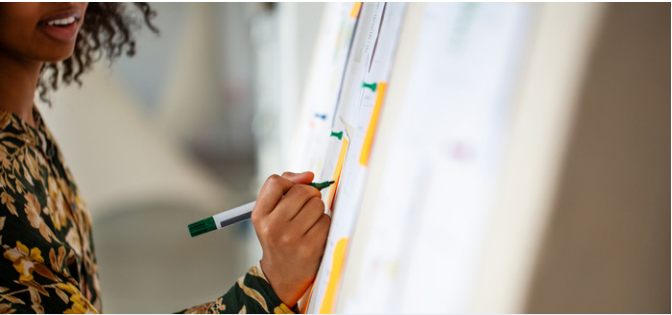
The *Climate Change Risk Assessment and Adaptation Framework* also identifies and prioritizes climate-driven risks to Cal Water’s future water supply availability and critical operations and assets; projects and assesses changes to the supply of and demand for Cal Water resources; and identifies primary risks to our operations across all districts, as well as the top risks to individual districts.

Outcomes of the Phase 2 Study and Adaptation Planning Framework

Using the study and adaptation framework, Cal Water can monitor and address the following:

- Immediate risks that pose near-term threats and for which Cal Water has a low risk tolerance.
- Actions to take triggered by available information or an external opportunity for an adaptation strategy.
- District-specific risks requiring targeted management attention.
- Risks to disadvantaged and vulnerable communities (DVCs) that are disproportionately exposed to climate hazards and have a lower capacity to adapt.

We believe the *Climate Change Risk Assessment and Adaptation Framework* provides actionable insights and a reliable framework for future planning. Using this framework, we intend to continue implementing programs that capitalize on these adaptation strategies as we make investment decisions.



ADAPTATION PLANNING FRAMEWORK

Our adaptation planning framework includes the following steps:

- 1. Prioritize top risks.
- 2. Evaluate how adaptation strategies apply to various climate scenarios and prepare for the worst-case scenario.
- 3. Assess the viability of proposed opportunities to reduce risk.
- 4. Coordinate recommended actions with other planned capital or maintenance work at targeted facilities.
- 5. Develop project implementation plans for the short-, medium-, and long-term time horizons.

Risks and Management Strategies

The table on the following pages, Physical Risks by Time Horizon and Management Strategies, shows the physical climate-related risks included in the *Climate Change Risk Assessment and Adaptation Framework*, as well as a high-level overview of management strategies. The severity of risks depends on the climate scenario and timeframe.

Without adaptation, the risks are more likely to damage assets, disrupt operations and services, and impact water supply and demand over short-, medium-, and long-term time horizons. Additionally, we identified districts serving a large proportion of DVCs and found that DVCs in districts with limited water supply diversity are particularly vulnerable to the impacts of climate change, because they do not have a backup source of water if their current supply source diminishes or disappears. These risks may also compound existing health or economic issues in DVCs.

Cal Water is currently carrying out programs intended to address some of the climate risks identified. Efforts include infrastructure projects and upgrades to prevent power loss at critical facilities, protect worker safety, and increase reliability during a wildfire. Improvements in our long-term water demand model, including the addition of evapotranspiration and updated climate projections, are designed to allow more effective management of water resources. Additionally, operational efficiency enhancements, intentional rate design, grant opportunities, and conservation programs are all intended to help make our services more affordable for customers, particularly for those living in DVCs.

In addition to physical risks, we face transition risks, such as changes in the market and consumer demands, differences in generational behaviors, shifts in population due to pandemics and different weather patterns, and variations in water needs and customer groups. Additionally, regulations may restrict operations, impose new business costs, or require emissions limitations that may increase power and fleet operations costs. Compliance with potential cap-and-trade regulations or federal and state regulations that require increased climate reporting and third-party verification would increase operational costs. For more, see our [2023 CDP Response](#) and the [Annual Report on Form 10-K](#).

To address transition risks, we strive to reduce energy demand and emissions within operations and our value chain; enhance data management processes; align reporting and disclosures with leading frameworks and standards; and integrate projected changes in population and customer behavior into water demand assessments and supply planning.






As our understanding of Group’s contribution to climate change and its role in reducing risks increases, we remain intent on climate change mitigation measures. For more information about our efforts to reduce our own contributions to climate change, see [Energy and Emissions](#).

Physical Risks by Time Horizon and Management Strategies










The chart below provides a summary of climate-related risks over time, along with impacts and potential adaptation measures. For more detail on climate risks, impacts to our business, and adaptation measures, see our

[2023 CDP Response](#). For more on adaptation measures related to assets, see [Water System Resilience, Reliability, and Efficiency](#); and [Emergency Preparedness and Response](#) related to water supply, see

[Water Supply Resilience and Reliability](#); related to water quality, see [Drinking Water Quality and Customer Safety](#); and related to employee health and safety, see [Workplace Health and Safety](#).

Risk Area	Risk	Impact	Timeframe				Adaptation Measures
			Present	2030	2050	2100	
Assets	More frequent and severe riverine flooding	Service disruption and infrastructure damage					<p>Promote resilience and reliability through:</p> <ul style="list-style-type: none">• Infrastructure maintenance and upgrades.• System interconnections.• Operational reliability improvements.• Investments in emergency generators, power transfer switches, fire hydrants, and new water lines to support flow and pressure across the distribution network.• Operational adjustments to address impacts to safety and water quality.• Environmental condition monitoring.• Development of operational contingency plans.• Wildfire Taskforce guidance.• Standard Operating Procedures review for fire hydrant inspections, hydro pack operations and maintenance, fire prevention, and more.
	Sea level rise in the near term	Permanent inundation of several asset types, especially pressurized water mains					
	Rising groundwater	Damage to wells and treatment facilities					
	Increased wildfires	Damage to all asset types					
	Uneven, ground-level sinking in high-subsidence areas	Damage to wells, pipelines, and treatment plants					

Continued on the next page

Risk Area	Risk	Impact	Timeframe				Adaptation Measures
			Present	2030	2050	2100	
Operations	High temperatures	Lower safety and productivity due to necessary safety procedures					<ul style="list-style-type: none">• Promote worker safety by monitoring environmental conditions and adjusting operations to maintain health and safety.
	Increased wildfires	Endangered worker health and safety					Promote worker safety through: <ul style="list-style-type: none">• Collaboration with Wildfire Taskforce to guide emergency preparedness.• Environmental condition monitoring.• Adjustments to operations to protect workers during wildfire events.
	Increased wildfires and intense rainfall	Lower water quality					Promote water quality through: <ul style="list-style-type: none">• Proactive collection of water samples, regular water quality testing, and effective water treatment to meet or exceed requirements.• Environmental condition monitoring.• Operations adjustments to address impacts to water quality.• Emerging contaminant research.• Transparency about performance.• Advocacy to prohibit products that may impact water quality.• Participation in the Unregulated Contaminant Monitoring Rule.
	High temperatures and low rainfall	Lower water quality					
	Increased algal blooms	Contaminants that reduce water quality					
	Temperature increases	Declining snowpack storage					
Supply/ Demand	Snowpack changes	Decreased average annual State Water Project (SWP) deliveries in average years and no deliveries in driest years					Support water supply availability through: <ul style="list-style-type: none">• Demand assessment and water supply planning.• Supply diversification.• Water conservation and drought response.• Engaging regulatory agencies and addressing legislative requirements to promote water supply reliability.
	Longer, more severe, and more frequent droughts and increased evapotranspiration	Increased outdoor water demands					
	Droughts and snowpack shortages	Decreased groundwater recharge in some basins					

CLIMATE-RELATED RISKS TO WATER TREATMENT PLANTS

Complementing the Phase 2 study is the *Water Supply Reliability Assessment*, which specifically studied climate-driven risks to water treatment plants, including impacts on water quality and key staff. Events like drought, heavy rains, high temperatures, and wildfires can contribute to influxes of nutrients in water sources and cause cyanobacterial blooms, which may produce contaminants that require treatment. Climate-related risks could also prevent staff from accessing water facilities and conducting vital operations. Additional work in this multiphase process is expected to focus on higher-risk facilities and to provide evaluations that inform risk mitigation measures and adaptive planning.



Implementing Our Climate Change Strategy to Help Manage Risk and Realize Opportunities

Our [2023 CDP Response](#) provides additional information on governance related to climate-related issues, including:

- Board oversight and skills.
- Frequency of reporting to the Board.
- Management-level responsibility.
- Incentives for management.

Steps in Our Climate Change Strategy

Our climate change strategy, approved by the Board of Directors in 2021, seeks to address the impacts of climate-related risks through mitigation and adaptation. The strategy includes the five core elements outlined below, which encompass sourcing, treatment and distribution, and community engagement.

1. Reduce Group and Value Chain Contributions to Climate Change

We have publicly committed to emissions reduction targets for our operational emissions (Scopes 1 and 2). We strive to minimize our GHG emissions footprint by reducing energy use in our operations, transitioning to renewable energy where possible, and increasing fleet efficiency and electrification. We also work to reduce water consumption by increasing efficiency in the water system and helping customers conserve water and reduce demand. Additionally, we continue to advance our value chain GHG emissions inventory (Scope 3) and explore strategies to help mitigate our suppliers' environmental impact and emissions.

2. Plan for Potential Climate Change Impacts on Our Business

We are committed to delivering safe, high-quality water to our communities. Through adaptive planning pathways, we develop timeframes and triggers for implementing projects, while maintaining the flexibility to respond to changing climate, financial, and regulatory circumstances. Our current climate change adaptation efforts include these core elements:

- Manage changes in water availability and demand to secure a sustainable water supply for our customers far into the future.
- Preserve water availability, by saving water in our distribution system and engaging our communities to minimize downstream consumption.
- Invest strategically in operating and infrastructure resilience to prepare for and respond to climate change risks.

3. Ramp Up Collaboration and Advocacy

We engage extensively with regulators, policymakers, customers and communities, and industry associations on climate priorities.

4. Set Time-Bound Goals

We have publicly committed to science-aligned emissions reduction targets for our operational emissions, as well as several other objectives designed to support our efforts to reduce emissions and promote resilience in response to climate-related risks.

5. Continue to Mature Disclosures

Our climate change-related disclosures leverage the guidance of the TCFD. In 2023, we also completed an updated inventory of GHG emissions that aligns with the GHG Protocol, published a midyear update on our climate change strategy, and prepared our inaugural 2023 CDP Climate Change Response. We strive to enhance our data collection process and to mature and enhance our climate change-related reporting to align with leading reporting standards and frameworks.

CLIMATE-RELATED OBJECTIVES AND ANTICIPATED TIMELINE

COMPLETED

2023

Develop and begin implementing an enterprise-wide, renewable power purchasing strategy to increase renewable electricity use and decrease Scope 2 GHG emissions.

Q3 2024

Set absolute, science-based GHG emissions reduction targets for Scope 1 and Scope 2 emissions.

2025

Complete comprehensive data analysis and modeling, and establish and publish targets for energy and GHG intensity of water sourced and/or delivered to customers.

IN PROGRESS

2027

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

2035

Increase recycled water in our operations to at least 5% of the total water supply.

2032

Invest at least \$5 million in emissions-reducing energy solutions, such as renewables and low-carbon energy sources.

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

Reduce absolute Scope 1 and 2 emissions by 63% from a 2021 base year.

Reduce water production-related Scope 1 and 2 GHG emissions intensity of water produced by 60% form a 2021 base year.

Explore these objectives and our progress toward them during 2023 in [Our Objectives](#).

Setting Objectives and Measuring Performance

We believe that sound data drives meaningful action. Identifying climate-related risks has highlighted the importance of measuring our performance—and then using the data to monitor our capacity to mitigate and adapt to climate change. Analyzing energy consumption and GHG emissions helps Group assess our contributions to climate change and manage environmental impacts across our operations. Completing an updated inventory of GHG emissions in 2023 was a critical step in establishing a

baseline for meaningful reduction targets. We also track metrics related to water supply, system efficiency, conservation, water quality, emergency preparation and response, and other areas where climate change impacts our business most.

Learn about our climate-related metrics and GHG emissions inventory in [Energy and Emissions](#). Read about other performance metrics in [Water Supply Resilience and Reliability](#); [Water System Resilience, Reliability, and Efficiency](#); [End-Use Conservation](#); [Drinking Water Quality and Customer Safety](#); and [Emergency Preparedness and Response](#).

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?](#)

[California Water Service Group 2023 CDP Response](#)

Energy and Emissions

Water utilities require large amounts of energy for operations—and lowering energy use from nonrenewable sources is essential to reduce greenhouse gas (GHG) emissions. We are working across several fronts to use energy more efficiently, improve fleet sustainability, and transition to renewables. To help drive progress, we have also set Scope 1 and 2 emissions reduction targets and continue to explore ways to quantify and reduce value chain emissions.



63%

targeted emissions reduction in absolute Scope 1 and 2 emissions by 2035 from a 2021 base year.

27.9%

reduction in total Scope 1 and 2 GHG emissions from a 2021 base year.

13.9%

renewable energy consumption in 2023, up from 9.34% in 2022.

Data and Reporting

- Worked with an independent consultant to complete an updated Scope 1, 2, and 3 GHG emissions inventory in alignment with the GHG Protocol and to set a science-aligned emissions reduction target that supports limiting global temperature increases to 1.5°C above pre-industrial levels.
- Published inaugural response to the 2023 CDP [Climate Change questionnaire](#), which includes detailed energy- and emissions-related data, information about our efforts to minimize energy use and emissions, and a discussion of our climate change-related strategy, governance, risk management, and more.

2023 HIGHLIGHTS

Operational Efficiency

- Conducted an energy audit to identify opportunities to optimize energy use efficiency in our California office facilities.
- Completed a custom Energy Management System (EMS) for Cal Water, guided by the ISO 50001 standard, that enables us to evaluate energy cost, usage, and efficiency data, and identify energy optimization and renewable sourcing strategies.

Fleet Sustainability

- Completed and implemented a fleet standard for management vehicles to increase the number of electric and hybrid vehicles.
- Based on the results of an Optimal Vehicle Replacement Cycle study completed in 2022, prepared to include projects to replace internal combustion engine vehicles with EVs in the 2024 General Rate Case. We are seeking support from our regulators for our target of purchasing 100% zero-emission passenger vehicles in California by 2035.
- Completed an infrastructure needs assessment and plan to construct more than 290 EV charging stations in California by 2035.

Renewable Energy

- Finalized a renewable power purchasing strategy, focusing on utility programs and on-site solar.
- Identified two strong facility candidates in California for solar installation. We are pursuing construction, with planned completion by the end of 2026.

Establishing a Baseline for GHG Emissions and Energy Reduction

To support our GHG emissions and energy reduction targets, we started by determining a baseline. Group's GHG emissions inventory provides actionable data for our climate strategy and supports a methodical and thoughtful approach to establishing GHG emissions reduction strategies. Our GHG emissions inventory is conducted in alignment 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.” Using the GHG Protocol represents considerable progress in the breadth and integrity of our energy and emissions data in recent years.

In 2022, we began working with an independent consultant to update our Scope 1, 2, and 3 GHG emissions inventory, starting with 2021 data. For Scope 3 emissions, we initially focused on categories we believed to be the most significant, most relevant, and/or most impactful for addressing our overall emissions footprint based on our business at the time. This included Categories 1 (Purchased Goods and Services), 2 (Capital Goods), and 5 (Waste Generated in Operations). To improve and expand our emissions inventory, we assessed the potential relevance of additional Scope 3 GHG emissions categories in 2023. We have since added the following Scope 3 GHG emissions categories to our inventory:

- Category 3: Fuel- and energy-related activities
- Category 4: Upstream transportation and distribution
- Category 6: Business travel

- Category 7: Employee commuting
- Category 9: Downstream transportation and distribution (partially reported)
- Category 12: End-of-life treatment of sold products (GHG emissions have been reallocated from Scope 3 Category 5, Waste Generated in Operations, to this category, and additional GHG emissions from this category have been reported)
- Category 13: Downstream leased assets (partially reported)

Adding these emissions categories reflects continued improvement of our inventory process, rather than the introduction of new GHG emissions sources that were not previously relevant. As such, a year-over-year comparison of 2023 total Scope 3 GHG emissions to previous reporting years is not representative of changes in GHG emissions associated with the underlying activity data and instead reflects methodology changes.

Although we determined that the following Scope 3 categories are relevant, we have not yet identified appropriate data sources to reliably estimate GHG emissions in:

- Category 10: Processing of sold products
- Category 15: Investments



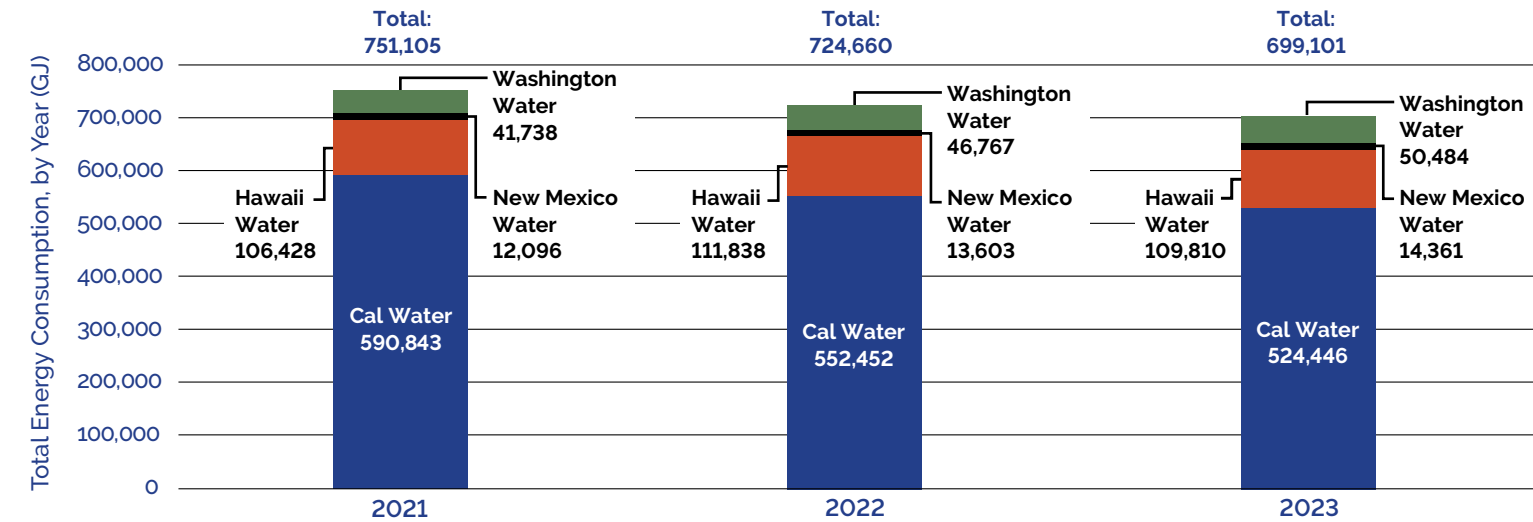
Group has engaged a third-party assurance provider to conduct pre-assurance of our Scope 1 and 2 GHG emissions inventory for the 2021 and 2022 reporting years. We intend to pursue limited level verification of our Scope 1 and 2 GHG emissions for the 2021, 2022, and 2023 reporting years in accordance with an internationally recognized standard for non-financial data developed by International Auditing and Assurance Standards Board (IASSB), an independent standard-setting body. Seeking third-party verification of Group's GHG emissions inventory is consistent with our goal of continuing to mature our climate-related disclosures as we report on annual progress from our 2021 base year towards our GHG emissions reduction targets.

In the coming years, we plan to build on the progress made in 2022 and 2023 and continue to work to expand and improve our GHG emissions data collection, management, and calculation methodologies across our value chain.

Energy and GHG Emissions Metrics

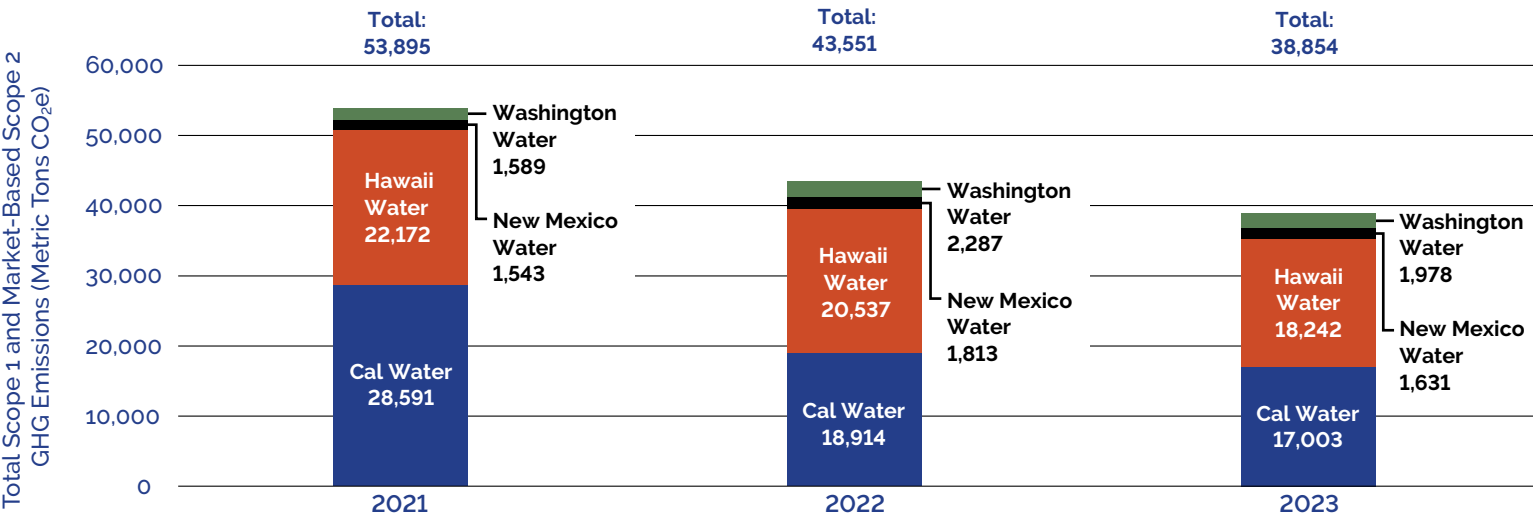
See the [2023 ESG Analyst Download](#) for additional details on our energy use and GHG emissions, including additional metrics, three-year trend data, and calculation methodologies. Numbers presented herein may not sum to the provided totals, due to rounding.

Year-Over-Year Energy Consumption Breakdown



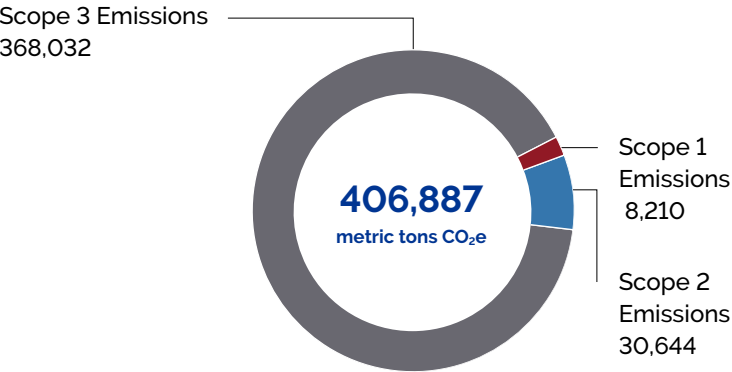
699,101
gigajoules (GJ) total energy
consumption in 2023.

Year-Over-Year Operational (Scopes 1 and 2) GHG Emissions Breakdown

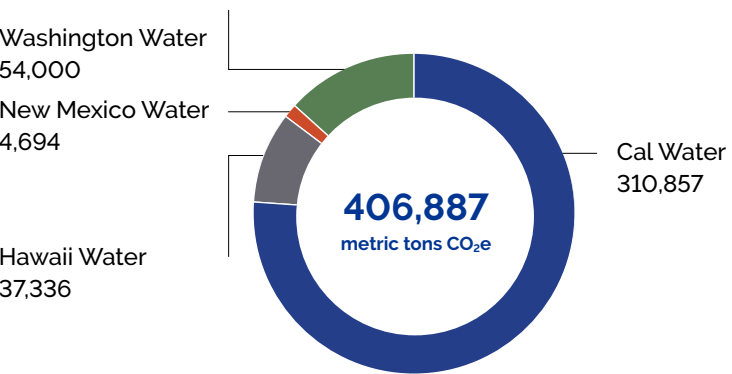


63%
targeted reduction in absolute
Scope 1 and 2 emissions by 2035
from a 2021 base year

2023 Total Market-Based GHG Emissions by Scope



2023 Total Market-Based GHG Emissions by State



2023 Total Market-Based GHG Emissions by Activity

Activity	GHG Emissions (Metric Tons CO ₂ e)	Percentage of Total GHG Emissions
Scope 1		
Diesel	1,404	0.35%
Gasoline	5,433	1.34%
Natural Gas	260	0.06%
Propane	44	0.01%
Refrigerant	100	0.02%
Wastewater Treatment	969	0.24%
Scope 2		
Electricity (market-based)	30,644	7.53%
Scope 3		
Category 1: Purchased Goods and Services	48,632	11.95%
Category 2: Capital Goods	71,523	17.58%
Category 3: Fuel-and Energy-Related Activities	12,217	3.00%
Category 4: Upstream Transportation and Distribution	727	0.18%
Category 5: Waste Generated in Operations	1,881	0.46%
Category 6: Business Travel	462	0.11%
Category 7: Employee Commuting	3,947	0.97%
Category 9: Downstream Transportation and Distribution	26	0.01%
Category 12: End-of-Life Treatment of Sold Products	228,562	56.17%
Category 13: Downstream Leased Assets	54	0.01%

0.09
metric tons CO₂e/acre-foot (AF)
Scope 1 and 2 water production-related GHG emissions intensity of water produced.

10.8%
reduction in total Scope 1 and 2 GHG emissions from 2022.

Reducing Energy Use and GHG Emissions

As a water utility, Group does not own or invest in fossil-fuel assets in the same way an energy utility or investment bank might. Rather, our assets—such as water mains, pumps, and treatment plants—are related primarily to our water infrastructure. To reduce our GHG emissions, our strategy is to cut fossil fuels from the electricity we consume and the energy we use. We are working to do so by boosting operational efficiency, improving fleet sustainability and electrification, developing a viable approach to renewable energy, and promoting water conservation within our operations and among customers.

ADVOCATING FOR CLIMATE CHANGE MITIGATION MEASURES

Although we are committed to reducing our energy and GHG emissions footprint, we need approval from our regulators—the state public utilities commissions—to make meaningful investments. In our experience, public utilities commissions have been sensitive to increased costs to customers. So, instead of focusing on climate change mitigation or decarbonization, rulemaking has instead centered on incorporating climate change adaptation and resiliency planning into the water utility business. While we agree that adaptation is critical to our ability to deliver safe, high-quality water to our communities 24/7, we also believe it's essential to reduce our own contributions to climate change. We intend to continue to advocate for meaningful progress on decarbonization with our regulators.

SETTING EMISSIONS REDUCTION TARGETS

In 2023, Group partnered with an independent consultant to develop targets for reducing GHG emissions. We used a data-driven process that included cross-functional collaboration and consisted of the following:

- Understanding the target landscape and best practices.
- Analyzing our baseline and projected activities and emissions over the target timeframe.
- Estimating existing, planned, and potential additional emissions reduction initiatives.
- Modeling target scenarios and decarbonization roadmaps.
- Developing an interdisciplinary and active strategy to achieve the selected targets.

In March 2024, we announced our commitment to reduce absolute Scope 1 and 2 GHG emissions by 63% by 2035 from a 2021 base year. Group is also committed to reducing water production-related Scope 1 and 2 GHG emissions per unit of water produced by 60% by 2035 from a 2021 base year. The absolute Scope 1 and 2 reduction target is science-aligned and consistent with an annual reduction percentage of 4.5% required by the Science-Based Targets initiative (SBTi). SBTi supports limiting global temperature increases to 1.5°C above pre-industrial levels, in line with the goals of the Paris Agreement and the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. The GHG emissions

reduction target boundary for both our absolute and intensity targets is consistent with Group's Scope 1 and market-based Scope 2 GHG emissions inventory boundary, which utilizes the operational control consolidation approach. All applicable Scope 1 and 2 GHG emissions from Group's inventory are included within the target boundary.

Group remains dedicated to delivering value to customers and stockholders, while pursuing our reduction targets. We project that ambitious renewable portfolio standards adopted in the states where we operate will reduce emissions intensity of the electricity grid and substantially support targeted emissions reductions. At the same time, we intend to continue to pursue a portfolio of GHG emissions reduction projects focused on fleet electrification, water conservation, on-site solar installations, and renewable electricity procurement, while reducing customer costs where possible. We intend to evolve our decarbonization strategies as needed, to address potential changes to our business and operating environments.



Boosting Operational Efficiency

Increasing the efficiency of our operations reduces the energy we use and the associated GHG emissions. We're focused on reducing energy consumption, first by using data analytics to determine the assets and operations that use the most energy and produce the most associated GHG emissions, and second by targeting those areas for efficiency improvements.

Pumping water accounts for more than 60% of our operational (Scope 1 and 2) GHG emissions. We regularly assess the performance of pumping equipment to determine the most appropriate schedule for pump and motor maintenance and upgrades that will help improve energy efficiency and lower GHG emissions.

Additionally, our custom energy management system (EMS), guided by the ISO 50001 standard, supports more detailed measurement and assessment of our energy consumption and costs in California. The EMS enables us to evaluate energy cost, usage, and efficiency data to identify optimization strategies within our water system.

When possible, whether through enrollment in power suppliers' demand response programs or through our own proactive adjustments to our operations, we decrease energy consumed during peak times, when electric utilities rely on a greater portion of nonrenewable energy sources. This helps reduce the GHG emissions intensity of the grid while improving resilience and saving on energy costs. For example, through participation in a peak demand reduction program in Bakersfield and the Rider-M program in Hawaii, we aim to pause the operation of wells during emergency electric power shortage events and when the electricity demand is high. In return for our efforts, we receive discounts on our electricity bills.

To make our offices more energy efficient, we apply the California Energy Commission's building energy efficiency standard (Title 24) when we construct or update employee-occupied buildings. In 2023, we conducted an energy audit of office facilities in California and identified several opportunities for energy efficiency improvements. Where feasible, we aim 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.

Since processing and distributing water is energy-intensive, we focus on promoting water use efficiency and conservation across our business and with our customers. Put simply, the more water we save, the less we have to pump, and the more energy consumption and GHG emissions we can avoid. Learn more in [Water System Resilience, Reliability, and Efficiency](#) and [End-Use Conservation](#).

Improving Fleet Sustainability

Decreasing the fossil-fuel energy used by our fleet also reduces associated GHG emissions. We focus on enhancing our fleet's sustainability, depending on state-specific needs and feasibility. Current efforts include optimizing vehicle replacement cycles, standardizing the vehicle acquisition process, moving toward fleet electrification, and reducing travel where possible.

We recently completed a study to better understand optimal vehicle replacement cycles. With that insight, we plan to replace older vehicles with more fuel-efficient and/or hybrid or electric vehicles. Additionally, we aim to replace aging diesel trucks with lower-emitting alternatives to align with California Air Resources Board (CARB) regulations. Additionally, we plan to conduct a pilot program that will evaluate the use of renewable diesel for equipment and vehicles.



Our fleet electrification strategy, currently focused on California, is in alignment with both the California Governor's Executive Order N-79-20 and with CARB regulations, which are designed to phase out sales of fossil-fuel passenger vehicles by 2035. Our implementation timeline, if approved by our regulators, is more aggressive than the state mandate, in that not only do we intend to purchase 100% zero-emission passenger vehicles in California by 2035, but we also plan to convert most of our California passenger vehicles to EVs within that same timeframe. To support our fleet electrification strategy, our San Jose and Bayshore District facilities provide EV charging stations, and, in 2023, we completed an infrastructure needs assessment and plan to construct more than 290 EV charging stations in California by 2035.

To reduce travel distances and fuel use, our online customer service platform automates maintenance and customer service calls and optimizes routes. Increased use of video conferencing also helps decrease employee business travel. Additionally, our commuter benefits program in California encourages employees to reduce their personal vehicle emissions by using public transportation and ridesharing.

REGULATIONS TO ACCELERATE CLEAN FLEETS

The Advanced Clean Fleets (ACF) regulation is part of the CARB overall approach to accelerate a large-scale transition to zero-emission medium- and heavy-duty vehicles. As of December 31, 2023, we were compliant with the regulation, which goes into effect in 2024.

Developing a Robust Renewable Energy Strategy

To date, we have invested more than \$3 million in infrastructure to generate renewable power at our facilities. Our rooftop solar system in Chico, Calif., supports the electricity needs for one of our offices, while renewable energy from our inline hydro turbine system in our Rancho Dominguez and Waikoloa Districts supply energy to the grid. Our wind turbine in Waikoloa, Hawaii helps to reduce our energy costs, while also greening the grid. Additionally, in some California service areas, the electricity we buy from Community Choice aggregators has lower emissions intensities than other providers.

We increased our percentage of energy consumption supplied from renewable energy from <1% in 2021 to 9.3% in 2022 and 13.9% in 2023. The increase in renewable energy is due to our recent enrollment in an electric utility green tariff program. To build on this progress, we continue to focus on identifying renewable energy sources to reduce reliance on fossil fuels and to support our transition to a low-carbon economy. We completed market research and electrical demand analyses in Q2 2023 to develop an evidence-based renewable power purchasing strategy that will inform our ongoing emissions reduction initiatives. We found that current market conditions and availability in our areas of operation are more favorable for utility programs and on-site solar in the near term compared with other alternatives, such as virtual Power Purchase Agreements, community solar, and unbundled renewable energy credits. As a result, we’re currently focusing on utility programs and on-site solar for our renewable energy strategy.

For on-site solar opportunities, we used a site evaluation tool to assess and rank our facilities based on factors including location, incentives, policies for on-site solar, energy demand, land availability, and roof availability and condition. We are presently moving forward with installing solar at two sites in California, and we plan to use the same tool to assess the potential for on-site solar at other locations in the future. To further inform next steps for our renewables strategy, we also conducted a green tariff and utility green product evaluation to identify, characterize, and rank utility-offered renewable programs within Group’s electric utility portfolio. We plan to continue to track the renewable energy market and may modify our strategy if conditions change.



Understanding and Addressing Value Chain Impacts

We recognize that it’s vital to measure and reduce value chain (Scope 3) emissions to address climate change. Although we are proud of our progress and are committed to looking for ways to make an impact in this area, our business and industry face several challenges related to Scope 3 GHG emissions reductions. We feel it’s important to share examples of these challenges so that stakeholders have useful context and can help us identify solutions to overcome obstacles as we make progress.

Our infrastructure investment activities contribute substantially to the emissions captured in the Purchased Goods and Services and Capital Goods categories, which currently account for approximately 32.6% of our 2023 Scope 3 emissions. We believe this poses a significant challenge to reducing our 2023 Scope 3 GHG emissions because as a regulated, investor-owned water utility, we deliver value to both customers and stockholders by investing in water and wastewater system infrastructure. Our foundational ESG materiality assessment identified drinking water quality and customer safety as our highest priority ESG topic. Not only is our infrastructure investment program critical to the health and safety of our customers, but it is also the primary basis for stockholder returns. Additionally, our sourcing of purchased water contributes to Purchased Goods and Services GHG emissions. We have little influence over the climate strategies of the large government agencies from which we purchase approximately 50% of our water supply. In some locations, these agencies are our only available water source.

Through efforts in 2023 and early 2024 to improve and expand our understanding of value chain GHG emissions, we have identified third-party treatment of wastewater after customer use as another substantial contributor to our value chain GHG emissions. These GHG emissions are reflected in

the End-of-Life Treatment of Sold Products category, which currently accounts for approximately 62.1% of our 2023 Scope 3 emissions. We have little influence over the emissions activities and treatment processes used by the entities that treat wastewater after customer use, which presents an additional challenge for reducing our GHG emissions within our value chain.

Despite these challenges, in 2024 and beyond, we plan to further assess opportunities for reducing Scope 3 GHG emissions without compromising our ability to address other high-priority ESG focus areas, such as our capital investment program and water supply resiliency. We plan to explore opportunities to address our Purchased Goods and Services and Capital Goods emissions. These include developing a strategy to engage more closely with suppliers on their emissions data and reduction initiatives and to increase sourcing of less GHG-intensive products as they become more commercially available and financially feasible. We also plan to investigate ways to reduce emissions from the End-of-Life Treatment of Sold Products category, such as reducing customer water use and supporting industry efforts to mitigate emissions associated with wastewater treatment.

Broadly, we also intend to continue to improve the quality of Scope 3 GHG emissions data and expand the breadth of our Scope 3 emissions inventory to include additional relevant categories. As we continue these ongoing efforts to quantify our value chain emissions, we hope to identify more feasible opportunities to reduce them.

Managing Air Emissions

In addition to our work to mitigate GHG emissions, we manage air emissions to support compliance with environmental standards and reduce air pollutants. We hold permits for backup generators where required and select generator technologies designed to meet emissions control requirements and comply with applicable legislation regarding air toxins. We also have air emissions permits for a few small wells in California, to help manage hydrogen sulfide removal from the water. However, we do not meet the threshold to require federal air permits, which reflects our relatively low impact on air emissions overall.

ADDITIONAL RESOURCES

[Environmental Sustainability Policy](#)

[California Water Service Group 2023 CDP Response](#)

We plan to **further assess opportunities for reducing Scope 3 GHG emissions** without compromising our ability to address other high-priority ESG focus areas, such as our capital investment program and water supply resiliency.

Water Supply Resilience and Reliability

We must manage water sustainably to keep providing this finite resource to customers in the face of climate risks and population growth. Group seeks to safeguard existing sources and adjusts our approach as needed to provide long-term availability. To help mitigate risks, we plan across various climate scenarios and timeframes, invest in infrastructure, and continue to diversify water supplies.



3% recycled water

delivered out of total water sold to customers.



2,600+ million

gallons of recycled water delivered to customers for landscaping, irrigation, and industrial uses.

2023 HIGHLIGHTS

- Shifted from the more acute Stage 2 drought to Stage 1 in California, identified some longer-term drought resiliency needs in several districts, and incorporated lessons from our Stage 2 response into long-term supply resiliency planning.
- Completed regional Water Supply Reliability Studies covering 11 additional districts, bringing the total to 18 districts to date. To provide water for the next 25 years, plans may include recommendations to add wells, tanks, pumps, and pipelines, prioritize facilities, develop alternative supplies, or implement emergency power.
- Completed Recycled Water Feasibility Studies in the San Francisco Bay Area to better evaluate opportunities, which included identifying recycled water demands, customers, projects, and potential alignment with recycled water pipelines.

WATER SUPPLY PLANNING PROCESS



CLIMATE CHANGE RISK ASSESSMENT
AND ADAPTATION FRAMEWORK

Area: All Cal Water districts within one report

Frequency: ~5–10 years

Timeframe Assessed: Three 30-year time horizons covering 2020–2099

Purpose: Determines risk for specific water sources based on threat likelihood, consequence magnitude, and vulnerability.

Outcome: Informs efforts to address climate-related risks to water quality and supply. Outputs from this study impact the other plans where climate risks apply.

Impact: Overarching review of climate change-related risks for integration into all other plans where appropriate. See [A Closer Look at Phase 2 of the Climate Study](#).

Required by: Voluntary Cal Water planning and research

REGIONAL WATER SUPPLY RELIABILITY STUDIES

Area: All Cal Water districts, grouped by regions for each report

Frequency: ~10 years

Timeframe Assessed: 25–30 years

Purpose: Enhances reliability, by assessing existing regional water supplies under multiple scenarios and supply and demand options. Considers climate-driven risks, recommendations for further review, and potential adaptation measures and projects.

Outcome: Recommends projects based on ranking potential water sources on factors including reliability, environmental impact, permitting, and cost.

Impact: Input for Water Supply and Facilities Master Plans

Required by: Voluntary Cal Water planning and research

WATER SUPPLY AND FACILITIES MASTER PLANS

Area: All Cal Water districts, one report for each district

Frequency: ~10 years

Timeframe Assessed: 25–30 years

Purpose: References water supply strategy to maintain and improve long-term operational reliability. Includes assessment of existing infrastructure.

Outcome: Identifies current and anticipated infrastructure deficiencies and associated risks, and approximate timing and type of potential improvements needed.

Impact: Technical basis to support General Rate Case project justifications

Required by: California Public Utilities Commission (CPUC)

URBAN WATER MANAGEMENT PLANS (UWMPs)

Area: All Cal Water districts, one report for each district

Frequency: 5 years

Timeframe Assessed: 25 years

Purpose: Supports medium- and long-term resource planning to provide adequate water supplies for existing and future needs.

Outcome: Determine water source reliability and demand management measures.

Impact: Appendix includes Water Shortage Contingency Plan and Conservation Master Plan

Required by: California Water Code

WATER SHORTAGE CONTINGENCY PLANS (WSCPs)

Area: All Cal Water districts, one report for each district

Frequency: 5 years

Timeframe Assessed: Not applicable

Purpose: Helps plan for adequate water supplies if shortages occur due to severe climate events or other catastrophes.

Outcome: Improves water conservation and water shortage planning and prioritizes adaptation actions.

Impact: Appendix to UWMP and describes procedures for Annual Water Supply and Demand Assessments

Required by: California Water Code

CONSERVATION MASTER PLANS (CMPs)

Area: All Cal Water districts, one report for each district

Frequency: 5 years

Timeframe Assessed: 5 years

Purpose: Evaluates conservation efforts to promote cost-effective conservation programs that help customers use water efficiently.

Outcome: Informs annual conservation activities and mix of conservation measures based on estimated water savings, costs, and effects on water demand.

Impact: Optional appendix to UWMP, positions districts for compliance with regulations for “Making Water Conservation a California Way of Life”

Required by: Voluntary Cal Water planning and research

ANNUAL WATER SUPPLY AND
DEMAND ASSESSMENTS (AWSDAs)

Area: All Cal Water districts, one report for each district

Frequency: 1 year

Timeframe Assessed: Current year and one dry year

Purpose: Assesses supply and demand to predict likelihood of short-term water shortages, using criteria including purchased water availability, treatment and distribution system constraints, and state regulatory conditions.

Outcome: Determines response to anticipated water shortages.

Impact: Basis for generating and submitting an Annual Water Shortage Assessment Report

Required by: California Water Code

Planning for Sustainable Water Supplies

We strive to deliver a reliable water supply to customers, while reducing water loss throughout our operations. All of our water sources are freshwater, excluding recycled water. We support freshwater availability by monitoring water withdrawal daily and regularly evaluating our sources of supply.

A series of interconnected planning processes and reports support our short-, medium-, and long-term water resource planning. We adjust our approach as the risk landscape evolves. Each of these plans integrates climate change impacts on our water supply and demand, and on our operations at the district or regional level. This helps us develop strategies that guide water supply planning and infrastructure investments to meet the long-term water needs of each California district.

Factoring in Water Stress

As we map and identify water risks, we factor water stress into our ongoing supply evaluation and approach. Baseline water stress measures the ratio of total water demand to available renewable surface and groundwater supplies, as defined by the World Resources Institute. Water demand encompasses domestic, industrial, irrigation, and livestock uses. Available renewable water supplies reflect the impacts of upstream water users and large dams on downstream availability.

In California, our long-term resource planning is based on our Water Supply Reliability Studies, along with the UWMPs, WSCPs, and AWSDAs. We apply the same evaluation techniques to all of our districts, but in areas of higher water stress, we make specific recommendations to address local needs based on supply, timeline, availability, water quality, and affordability.

Additionally, in our Water Supply Reliability Studies and Water Supply and Facilities Master Plans, we calculate our forecasted water demands compared to our available supplies. This helps us more accurately identify any projected gaps and what is needed to fill them. In areas where water stress is higher, we aim to prioritize and move faster on projects to develop and construct additional water supply or treatment facilities, diversify our supply, and conserve water.

Protecting Groundwater Basins

We collaborate with local authorities and work to comply with regulations to protect groundwater basins. The passage of California’s Sustainable Groundwater Management Act (SGMA) in 2014 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.

We actively participate in GSAs in many of our service areas, including Bakersfield, Chico, Salinas, Selma, Stockton, and Visalia in California’s Central Valley. The GSAs develop the GSPs and manage regional groundwater levels, storage availability, seawater intrusion, water quality degradation, and land subsidence. We also work with city agencies and contribute to boards and committees of additional GSAs and review potential projects to enhance local planning efforts.

SGMA regulations require that each GSP develop projects and management plans to address the potential impacts of over-pumping and depletion of groundwater storage and help the basin achieve sustainability. Projects may include infrastructure development, such as constructing recharge basins, building aquifer storage and recovery facilities, or constructing interties between neighboring water systems. Additionally, projects may include measures to improve water use efficiency, including upgrading irrigation systems, promoting conservation practices,

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.

or encouraging repurposing of irrigated lands. Management actions involve regulatory and operational strategies to control and allocate groundwater resources effectively. These may include implementing pumping restrictions, setting up groundwater trading programs, establishing groundwater markets, and instituting groundwater monitoring and reporting protocols.

For select districts where Cal Water operates within a critically over drafted, high-priority, or medium-priority subbasin as defined by SGMA, we have conducted a district-specific analysis to summarize and integrate the potential GSP impacts into our planning. With full SGMA implementation by 2040, we hope to source nearly all of our California groundwater from sustainably managed basins.

In addition to the extensive planning and coordination efforts associated with SGMA, our standard procedure includes monitoring groundwater levels in the aquifers we use for water supply, to help preserve their integrity. Where levels are dropping, where possible we aim to increase our supply from other sources, such as surface water, to reduce groundwater pumping and allow aquifer recovery.

We also pursue groundwater banking and recharge projects. Groundwater banking diverts excess rainwater or other surface water during wet years and uses it to recharge an underground aquifer where it can be stored until a dry year. Highlights include:

- Cal Water recently signed a contract to increase our volume of banked water in a groundwater recharge facility operated by the City of Bakersfield. We now have approximately 40,000 acre-feet of water stored in this facility for future use.
- We support groundwater recharge by paying well pump taxes in some of our service areas that contribute to recharge facilities.
- Since 2015, Cal Water has provided funding (through a groundwater surcharge on customers' bills) to the Cities of Visalia and Selma to fund local recharge efforts.

Diversifying for Water Supply Reliability

One of the most effective strategies for mitigating water supply risks is diversifying water supplies. This means securing a mixture of different water sources to keep water flowing under various climatic and operating conditions and exploring ways to increase use of alternative supplies. We proactively seek to obtain access to new water sources. We also encourage reductions in customer water consumption to support long-term availability. For more, see [End-Use Conservation](#).

Recycled Water

We continue to invest in recycled water sources and production to reduce dependence on freshwater sources and increase water supply resilience. Since 2018, we have increased the volume of recycled water delivered to our customers by over 30%. Today, approximately 3% of our total water delivered to customers from all sources—including groundwater, surface water, purchased water, and recycled water—is recycled water, and we have targeted 2035 as the year recycled water should make up at least 5%.

Currently, the recycled water we provide is wastewater treated to regulatory standards for landscaping, irrigation, and industrial uses. Increasing recycled water substantially to meet landscaping and irrigation needs alone is challenging given the limited number of customers for these uses and because it costs more to deliver the recycled water to them. To help us overcome this challenge, we are exploring indirect potable reuse and direct potable reuse (DPR) with other agency partners, which we can now pursue, given the approval of the DPR regulations in California in December 2023.

Our recycled water projects include:

- Multiple wastewater treatment plants in Hawaii.** Our wastewater treatment plants provide recycled water for landscape irrigation and green spaces.
- Tesoro Viejo Wastewater Treatment and Recycled Water Production Plant.** Cal Water operates and maintains the wastewater treatment and recycled water plants for the Tesoro Viejo Master Mutual Water Company. 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.
- Recycled water service on the Apple Campus in the City of Cupertino.** Cal Water provides recycled water from the City of Sunnyvale that flows through Valley Water's transmission facilities to the Apple Campus in Silicon Valley. The recycled water supports landscaping, internal plumbing, and cooling.
- Recycled water project evaluation in the San Francisco Bay Area.** By participating in the San Francisco Peninsula Regional Pure Water Project, we are helping to explore indirect and direct DPR options in the Bay Area and develop standardized water recycling criteria for DPR. We also recently completed Recycled Water Feasibility Studies for our Mid-Peninsula, South San Francisco, and Los Altos service areas, which included identifying recycled water demands and potential project opportunities.

RECYCLED WATER
IN DOMINGUEZ

Over the last two decades, we have helped increase water supply resiliency in our Dominguez District in Southern California by increasing our use of recycled water. In 2000, we relied on a mix of groundwater, purchased water, and recycled water for this service area, at about 38%, 54%, and 8% of our supply, respectively. Now, not only has overall water consumption in Dominguez decreased by nearly 20%, but we have also doubled our portion of supply from recycled water, which now consists of nearly 20% of Dominguez's total water supply mix. This harnesses a vital alternative supply and reduces the reliance on other sources like groundwater and purchased water, providing a reliable source of supply for our customers.

- Reclaimed water purchased from wholesalers.** As an example, our partnership with the West Basin Municipal Water District and the Palos Verdes Estates Golf Course in Los Angeles County allows us to extend West Basin's recycled water system and provide more than 200 acre-feet of recycled water per year to Palos Verdes Estates.

Other Alternative Water Supplies

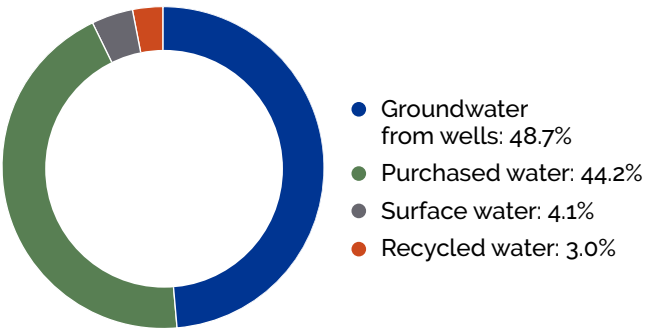
We are also investigating alternative supplies besides recycled water, such as water transfers and brackish desalination. Water transfers between sellers with legal water rights and willing buyers can help distribute water supplies to places of critical need in dry times. Brackish desalination converts brackish water into drinking water by removing its salt content.

In the 2021 General Rate Case filing with the California Public Utilities Commission (CPUC), Cal Water sought approval for a project to explore the feasibility of brackish desalination in the Bayshore District in the San Francisco Bay Area. The goal is to drill a pilot well to determine the potential for a brackish water treatment plant. Our ability to pursue these types of projects is contingent on support from our regulators.

Water Source Mix for 2023

391,731 thousand m³

Total water sourced



Responding to Drought

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

In California, our policy is to follow a set of drought severity stages to determine appropriate water-use reductions and support drought management. During droughts, our WSCPs outline conservation measures that intensify with the impacts on water sources. For more, see [End-Use Conservation](#).

ADDITIONAL RESOURCES

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



FUNDING WATER SUPPLY PROJECTS FOR NEW DEVELOPMENTS

To help meet the needs of existing and new customers and help fund projects needed for a reliable supply of safe, clean, and affordable water, Cal Water established the Development Offset Program in 2022 in the Bear Gulch and Bayshore Districts in the San Francisco Bay Area. The program accounts for projected delivery shortfalls during dry years and supports water availability for continued development. If a new development produces a net increase in water demand of 50 acre-feet or more, the developer pays a fee that directly supports investments that accelerate water supply projects and expand conservation programs to offset the net increase in demand.

Water System
Resilience,
Reliability,
and Efficiency

Our customers rely on us to provide safe drinking water and, in some cases, wastewater treatment as well. We're taking action across our distribution system and operations to help ensure our infrastructure is resilient to climate risks, reliable for our customers, and efficient at conserving water and energy.



2023 HIGHLIGHTS



invested in infrastructure to deliver safe, reliable water supply to our customers.

230+ pumps tested and 40+ pump/motors replaced or rebuilt

by Cal Water to improve energy efficiency and resilience to support water delivery.



of water mains replaced to reduce water loss and improve system reliability and resiliency.

0.50% water main replacement rate

an increase of 0.07 percentage points from 2022, to help reduce water losses.

Bolstering Operational Reliability

Group strives to balance infrastructure investments with affordability of water delivery and wastewater treatment. We aim for strategic investments that help to minimize significant risks, provide the greatest customer benefit, and enhance system resilience, reliability, and efficiency. Our Water Supply and Facilities Master Plans guide infrastructure investments and forecast future needs for each California district over 30-year timelines. For more, see [Water Supply Resilience and Reliability](#).

Cal Water’s Strategic Asset Management Plan (SAMP) also provides a centralized framework for our asset management planning process. Based on an evaluation of various factors—including the likelihood of asset failures and the consequences—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.

In addition to larger infrastructure projects and maintenance and upgrades of critical assets such as plants and pipelines, we routinely maintain and replace smaller components, such as customer meters, panelboards, control valves, flow meters, pumps, and motors. We also invest in projects to replace, upgrade, and retrofit water storage tanks and pressure vessels, as well as projects that improve our ability to provide service during wildfires and public safety power shutoffs.

Cross-functional oversight and training also contribute to our overall approach to maintaining assets and bolstering operational reliability:

- **Awareness and training.** The Asset Management team provides training as needed to employees whose roles include maintaining or operating water system assets. Electrical/Mechanical Technicians generally have the skills necessary for electrical maintenance when they’re hired, but they receive additional instruction on control valves and pressure vessels. We also provide training on operational reliability to employees, including information on coating inspection and asset management principles.
- **Managerial responsibility.** Led by our Chief Engineering Officer and Directors for each team, the Capital Planning and Budgeting, Distribution and Operations, Capital Delivery, and Asset Management teams collaborate to plan and deliver infrastructure investment and asset management programs. As our programs mature, we continue to work to optimize system operations, reduce the frequency and severity of outages, and reach the expected service life of our assets at the lowest life-cycle cost.

Threats such as wildfires, floods, rising sea levels, and earthquakes can disrupt our access to electricity and impact our ability to deliver water. To prepare, we invest in emergency generators, power transfer switches, fire hydrants, and new

water lines to support water flow and control pressure across distribution zones. In particular, our Earthquake Task Force worked on multiple initiatives to help us maintain operational reliability and identified steps we should implement immediately to respond to seismic events. For more, see [Emergency Preparedness and Response](#).

Hardening Against Wildfires

Wildfires are a critical climate-related risk in California, the site of 90% of our operations, but also in subsidiary states, such as Hawaii. Impacts include asset damage, disrupted operations, electricity interruptions, impaired water quality and quantity, and threats to worker health and safety. Group formed a Wildfire Taskforce in 2019 to guide emergency preparedness and harden our infrastructure, including water mains and interconnections.

Starting in 2020, we evaluated our entire water system and identified necessary wildfire hardening projects under our capital program. We completed many projects and then submitted more as part of the 2021 General Rate Case (GRC). We have continued to work on these projects to protect against wildfires and expect to complete others over the next several years. For more, see [Emergency Preparedness and Response](#).

We aim for **strategic infrastructure investments** that help to minimize significant risks, provide the greatest customer benefit, and enhance system resilience, reliability, and efficiency.



WATER LOSS AUDITING AND CONTROL (WLAC) PROGRAM IN CALIFORNIA

Our WLAC program team establishes and documents water loss auditing and control standards. WLAC supports compliance with current and future statewide water loss regulations, while enhancing our field practices, data management, affordability, distribution efficiency, and accuracy of revenue generation. The WLAC program team includes representatives from various Cal Water departments and promotes cross-functional collaboration.

Improving Water System Efficiency

Distribution networks can lose water because of leaks and inefficiencies in the system. These non-revenue real water losses equal the total volume of physical water leakages that occur in the distribution system through breaks, spills, or other means. Although this lost water generates no revenue, producing it requires the same energy, creates the same emissions, and incurs the same costs as metered water billed to our customers. Maintaining the integrity and efficiency of our water system conserves water, prevents unnecessary impact on the environment, and lowers costs for Group and our customers.

Water Loss Detection and Data Management

To address district-specific needs and regulatory requirements, we leverage analytical tools to optimize water system operations and maintain water loss control programs in all of our service areas. Where necessary, we develop adaptation plans for systems that exceed water loss limits. To drive our management approach, we track water loss and are committed to adhering to regulatory water loss standards. Where none exist, we develop internal water loss limits.

In California, we participated in developing the water loss reduction targets adopted by the California State Water Resources Control Board (SWRCB) that we are now working to meet. All Urban Retail Water Suppliers must comply with the standards, which the SWRCB is expected to enforce starting in 2028. Supplier-specific water loss performance standards are determined using an economic model that incorporates parameters from audits submitted in 2017–2020 and default input values provided by the SWRCB.

In 2023, we developed relevant key performance indicators and a dashboard for water loss control to contribute to compliance with California water loss reduction requirements and further understand water loss in other states.

Our initiatives to uncover water losses include the following:

- **Data analytics and visualization.** Data on supply, demand, and non-revenue water inform teams that monitor and report losses as required by regulations. We also incorporate data visualization tools to inform our reporting. Through Geographic Information System (GIS)-based spatial leak dashboards, we monitor leaks by type, pipe material, and repair status, along with district-level trends. Our tools are designed to enable quarterly pulse checks to identify and manage errors, anomalies, and critical events.
- **Validated water loss calculations.** We leverage the American Water Works Association Free Water Audit Software to validate water loss calculations in California, Hawaii, and Washington, and we are evaluating opportunities to use this tool in additional states.
- **Meter calibration and testing.** Our asset management program includes regular production meter calibrations for wells, treatment plants, and interconnections. We also perform customer meter accuracy testing, with the frequency increasing as the volume of water processed does. Additionally, we track calibration and testing reports for meters that our wholesale water providers and neighboring entities own.
- **Meter replacements.** We replace meters at specified intervals for our small- and medium-sized service customers to further support water loss data validity. Replacement intervals are selected to comply with industry best practices or standards dictated by the California Public Utilities Commission (CPUC).

PILOT PROJECTS TO EVALUATE NEW TECHNOLOGIES

We continued conducting pilot projects in 2023 to evaluate technologies that proactively detect unsurfaced leaks and determine the most effective ways to address them. Through these projects, we're assessing manual acoustic surveys, acoustic sensors, satellite leak detection, and district metering that targets zones with higher water loss. We're also piloting mobile technology for electronic leak repair reporting, which improves convenience, documentation efficiency, and data availability.

Water Loss Control

After identifying where our distribution system is losing water, we repair leaks, upgrade infrastructure, and replace water mains to minimize service interruptions and water losses. Here are key ways we manage water loss:

- **Leak reporting and repairs.** In addition to detecting leaks using our own technology, we also ask Cal Water customers to [report leaks or water waste online](#) to help us avoid water loss. Once we become aware of a leak, we seek to assess, prioritize, repair, and document the leak in accordance with regulatory standards. We work to minimize customer water service interruptions and to restore service as quickly

as possible, while not wasting or contaminating the water supply. Additionally, we communicate with the community, public officials, media, and customers impacted by a leak and maintain all interdepartmental documentation required.

- **Infrastructure upgrades.** Throughout our service areas, we evaluate water mains for risks related to age, material, leaks, and leak location. Based on our analyses, we prioritize pipelines for replacement and integrate the data into our Geographic Information System (GIS) mapping tools to pinpoint the location and replacement timeline. These efforts can lead to direct reductions in water losses. In California, the Main Replacement Program Steering Committee helps guide our formalized Main Replacement Program, which is led by the Distribution/Operations Engineering Director and Main Replacement Manager.

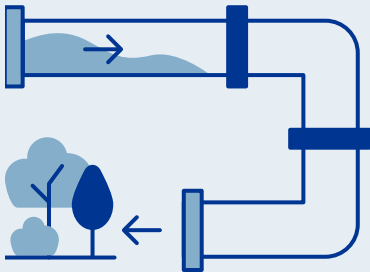
Infrastructure Management

Main replacement rates fluctuate each year, primarily depending on approval of capital projects from our regulators, availability of construction resources, and ability to obtain construction permits in a timely manner.

	2021	2022	2023
Water main replacement rate	0.45%	0.43%	0.50%

ADDITIONAL RESOURCES

[Environmental Sustainability Policy](#)



KEEPING MAINTENANCE WATER FROM GOING DOWN THE DRAIN

We flush water mains in certain circumstances to remove sediment and mineral build-up and improve the color, odor, and taste of water. This can result in a conundrum—flushing water mains is vital for water quality, but may require using large volumes of water. To help boost water use efficiency, our Operations teams have found creative ways to capture and reuse the water in some cases, instead of letting it flow into nearby storm drains after flushing. Examples include working with a nearby golf course to reuse the water for landscaping purposes and capturing the water and returning it back to a surface water reservoir to meet future water supply needs. These solutions can save thousands of gallons each time water mains are flushed.

End-Use Conservation

Water is a precious and vital resource. Using water sustainably helps preserve supply for generations to come, saves energy, and creates fewer associated emissions. Group promotes water conservation through education and incentives for our customers.



\$4.4 million

invested to encourage water savings through water conservation rebates and programs.

~95 million

gallons of water saved annually by customers from programs implemented during 2023 across our California districts.

10 straight months

of water savings reached in February 2023 through joint Cal Water and customer efforts to address drought conditions. Heavy rainfall and atmospheric rivers in early 2023 decreased conservation needs, but we encouraged customers to remain vigilant.

Promoting Conservation in California

- Earned the U.S. Environmental Protection Agency's 2023 WaterSense® Excellence in Promoting WaterSense Labeled Products Award.
- Provided 698 conservation kits to customers, rebates for more than 34,000 high-efficiency sprinkler nozzles, more than 1,660 smart irrigation controllers, and more than 1,170 indoor high-efficiency devices such as clothes washers, urinals, and toilets.

2023 HIGHLIGHTS

- Provided rebates for converting more than 577,650 square feet of turf to California-friendly landscaping and 403,800 square feet of spray irrigation to drip irrigation.
- Provided rebates for more than 190 Flume water monitoring devices that provide flow data, leak detection notifications, and insights into water use for individual appliances.
- Hosted a water awareness festival in Selma, Calif. in May to help customers learn about water and celebrate the work that has made Selma one of Cal Water's top 10 water-saving districts.

Expanding Conservation Programs in Other States

- Worked with the homeowner's association in Kukio, Hawaii, to develop and roll out water use targets. By comparing the target number with actual usage for each parcel, homeowners became aware of the need to reduce consumption.
- Updated our conservation master plan in Kaanapali, Hawaii, in anticipation of filing a rate case. Once approved, we plan to ramp up conservation efforts there and roll them out to our other systems in Hawaii.
- Received approval from the Washington Utilities and Transportation Commission for conservation programs, education, and outreach to help consumers use water more efficiently. Resources include fact sheets promoting conservation, lawn watering techniques, indoor water audits, and leak repair.

Promoting Customer Conservation

Our Conservation Master Plans direct our ongoing approach to efficient water consumption. Completed every five years, these plans analyze our water conservation programs and associated savings and costs. For more, see [Water Supply Resilience and Reliability](#).

We implement programs in California to help meet water-use reduction targets set by state agencies and strive to increase awareness of conservation benefits across our subsidiaries. Through various programs, rebates, and incentives—along with education and technology—we help a variety of customers save water every day.

Conserving Water During Drought

Our Drought Steering Committee addresses drought status in all the states where Group operates. Although our Drought Response Program is intended to address water shortages in California, we plan to expand the program to other states. The program uses a set of six drought severity stages that define the level of water conservation needed and guide potential water-use restrictions. For more, see [Drought Information and Resources](#) on the Cal Water website.



Generally, our drought response program focuses on increasing and expanding rebates, restricting outdoor landscape irrigation, providing guidelines for CII customers, and implementing penalties for wasteful and excessive water use. We regularly communicate with customers to explain changes in drought conditions and water conservation needs. While we were thankful for the heavier precipitation that we received in 2023 and also for the water savings our customers were able to achieve, we remind our customers that we still need to use water wisely and make conservation a way of life, because our changing climate will bring more dry years in the future.



Through various programs, rebates, and incentives—along with education and technology—we help customers save water every day.


Standard Residential Customers

Our large portion of residential customers means that reducing water consumption at home helps reduce total demand.

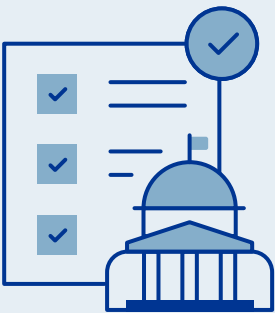
Indoor Solutions	Outdoor Solutions
<div data-bbox="94 310 575 751"></div> <div data-bbox="575 310 1193 751"><ul style="list-style-type: none">• Customer conservation kits with efficient hose nozzles and showerheads, faucet aerators, and leak-detection tablets.• Rebates for water-efficient plumbing fixtures/ retrofits, high-efficiency toilets, and EPA WaterSense® appliances like clothes washers.</div>	<div data-bbox="1193 310 1674 751"></div> <div data-bbox="1674 310 2312 751"><ul style="list-style-type: none">• Rebates for replacement of lawns with landscaping that uses less water.• Conversions from spray irrigation to drip systems.• Rebates and installation of smart irrigation controllers.• Free Smart Landscape Tune-Up program focusing on low-income customers, to evaluate irrigation systems, install high-efficiency nozzles, weather-based irrigation controllers, and repair irrigation system leaks.</div>

Commercial, Industrial, and Institutional (CII) and Firefighting Customers

We have implemented various technologies to help CII customers and firefighters with high water use volumes to increase water efficiency.

<div data-bbox="94 855 1193 1406"></div>	<ul style="list-style-type: none">• For industrial and manufacturing customers that have water-intensive operations, conservation kits and smart landscaping are rarely enough to make a real impact. We strive to partner with these customers on creative solutions to save water. For example, Cal Water recently partnered with a business in Southern California to install an on-site water reuse system for its laundry facility. The on-site non-potable water reuse system captures and treats water for reuse, allowing the wastewater effluent from the facility’s operations to be used multiple times. Flows for the system range from 3 million to 5 million gallons per year.• Fire departments often require millions of gallons of water for training and engine/pump testing each year. To help reduce water consumption, the Direct Recirculating Apparatus Firefighter Training Sustainability (DRAFTS) unit captures and recirculates water that’s usually wasted during training. Cal Water has provided five units to fire departments in Los Angeles, Ventura, Visalia, and Stockton, with total projected savings of over 40 million gallons of water each year. Another example of the creative ways we work with fire departments to reduce water consumption is evident in our Bear Gulch District in the San Francisco Bay Area, where we allow local fire agencies to train on Cal Water property. Instead of being wasted, the water they use for practice goes into our treatment plant settling ponds and eventually back into our reservoir.
--	---

For information on how Group works to save water in our internal processes—before it ever reaches the customer—see [Water System Resilience, Reliability, and Efficiency](#).



MEETING REGULATORY WATER-USE REDUCTION TARGETS

In 2018, the California Legislature passed bills intended to “Make Conservation a California Way of Life.” To achieve that goal, the California Department of Water Resources (DWR) provided regulation recommendations to the SWRCB, including water use efficiency standards and performance measures for urban retail water suppliers.

When adopted by the SWRCB, the proposed regulations will require urban retail water suppliers to track and report water-use data, such as annual water use relative to water use objectives. They will also establish an overall residential water budget known as the Urban Water Use Objective (UWUO). Urban retail suppliers must calculate and comply with their UWUO. Although the regulations are not yet finalized, our Water Resource Sustainability team has evaluated the proposed water reduction targets and developed plans and estimated costs to comply with them.

Supporting Education and Advocacy

Group offers customers opportunities to learn about conservation and efficiency through informational fact sheets, online resources, local water conservation reports, and our subsidiary websites. We also support multiple community engagement initiatives that promote conservation. For example, Cal Water’s Tap Into Learning, an environmental education program, is now in its 10th year. The program offers multiple ways to participate, including field trips, an art competition, and grants awarded to teachers to fund classroom water projects. For more, see [Philanthropy and Volunteerism](#).

- **Political advocacy.** Cal Water advocates for water conservation in several ways, including encouraging the CPUC to decouple utility revenues from water sales to promote conservation goals. For more, see [Public Policy and Political Involvement](#).
- **Media campaigns.** Since 2022, we’ve promoted conservation through media campaigns, continued our ongoing customer leaks campaign, and performed targeted outreach to engage high-use customers, low-income customers, and other key stakeholders. We’ve published multiple thought leadership pieces on climate change, including [Embracing Change to Address Climate Change](#) and [Can You Imagine a Day Without Water?](#), and hosted a month-long campaign to educate customers on the connections between climate change and water issues, such as conservation and supply.
- **External partnerships.** By engaging in external partnerships, we can contribute to a broader array of conservation initiatives. For instance, 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. Also, we collaborate with the American Water Works Association.

ENVIRONMENTAL PROTECTION AGENCY (EPA) RECOGNIZES CAL WATER’S CONSERVATION PROGRAMS

The U.S. EPA awarded us the 2023 “Excellence in Promoting WaterSense® Labeled Products” award for our commitment to—and partnership in—helping customers become more water-efficient. The national award recognizes a partner that goes above and beyond to help consumers understand the value of water use efficiency and aligns with EPA’s focus on these efforts. Through Cal Water’s conservation programs state-wide, EPA WaterSense®-labeled devices installed in customers’ homes and businesses in 2023 are estimated to be able to save 579 million gallons of water over the lifetime of the devices.

ADDITIONAL RESOURCES

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

Environmental Management, Compliance, and Stewardship

California—home to 90% of our operations—leads the nation in setting policies aimed at reducing environmental impacts. Group is committed to complying with all regulations for potable water, wastewater discharges, and environmental quality. We manage risks through regular assessments and audits by professional staff and expert consultants. Our stewardship activities include protecting local watersheds, sourcing sustainably, and managing waste responsibly.



Reduced the number of trips to the landfill and generated less waste per quarter due to upgraded machinery at Kamakoa Sewage Treatment Plant in Waikoloa on Hawaii's Big Island. The upgrade allows us to dewater solids waste more thoroughly, reducing the need for waste disposal.

Launched a new Discharge Record Form for California that digitally tracks planned and unplanned discharges, such as those from main leaks, main flushing, or tank drainage.

2023 HIGHLIGHTS

Process Improvement

- Developed office furniture standards that incorporate environmental stewardship considerations.
- Assessed best management practices to reduce turbidity in discharge, implementing hands-on training to reinforce concepts and determine whether local soil conditions impact the effectiveness of different practices.

Compliance

- Performed independent environmental compliance risk assessments of representative facilities in California, Hawaii, New Mexico, Washington, and Texas. We plan to use the findings to help promote compliance with federal, state, and local regulatory requirements, and to protect human and environmental health.
- Conducted an internal audit of the Company's hazardous material management and waste disposal training in California to evaluate risk mitigation effectiveness and identify training enhancement opportunities.
- Worked with third-party consultants to support compliance and manage risks associated with our annual Internal Environmental Audit program, including conducting a comprehensive review of the program and providing recommendations for updated audit protocols and procedures for Group staff.

Assessing and Managing Nature-Related Issues

Group values environmental stewardship and prioritizes environmental topics material to our business. Many of our most relevant topics are aligned with nature-related issues outlined in the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). We consider the following nature-related issues to be most applicable to our business. For information on oversight of these nature-related issues and our strategies to manage them, see the applicable sections throughout the report, as well as the [ESG Governance Responsibilities Matrix](#).

- **Water supply availability:** Our business relies on a reliable water supply, and our sourcing, treatment, and distribution impact broader freshwater supplies. However, declines in quantity and policy-based restrictions on water supply and transfers impact availability.
- **Water conservation:** Our water conservation efforts impact broader freshwater supplies and help mitigate nature- and climate-related risks relating to water supplies. Changes to the policy landscape also create risks. Without decoupling mechanisms, lower demand for water could result in lower revenues.
- **Water quality:** Our business depends on source water quality, which determines the treatment necessary. Poor-quality discharge water can degrade freshwater quality and ecosystem health.
- **Natural disaster preparedness and response:** Our areas of operation are prone to earthquakes, fires, mudslides, and other natural disasters that could adversely affect water quality and/or our ability to deliver water.

- **Biodiversity and ecosystem health:** Infrastructure projects and discharges into waterways could adversely affect species and their habitats, resulting in loss of ecosystem services. Changes in the policy landscape regarding environmental protections and due diligence also create risks.
- **Waste management** and non-greenhouse gas **air emissions:** Mismanagement of waste streams and pollution and air emissions from operations, such as operating backup power generators, could impact air quality.

Implementing Our Environmental Management Program

Led by the Environmental Affairs department, we strive to improve the quality and scope of our environmental management program and have implemented the following activities:

- **Corrective actions to stimulate continued improvement:** We are currently developing a more formal tracking process to digitally document corrective actions that were previously tracked manually.
- **Training and awareness programs:** California Operations employees receive training annually on hazardous materials and waste, Department of Transportation requirements for managing and shipping hazardous waste, emergency response, and discharge management. Additionally, 2023 training in discharge management included some Engineering staff.

- **Internal environmental audits:** We conduct internal audits annually, measuring district compliance against local, state, and federal regulatory requirements.
- **External environmental audits:** We began conducting external audits in 2023 with a third-party consultant and plan to audit three water systems each year going forward.
- **Compliance with environmental regulation:** For all permits and regulations, Environmental Affairs' approach is to provide regular guidance and support to project teams across the organization. For new permits or water systems, we complete regulatory analysis to confirm understanding of environmental requirements before a new system or infrastructure goes into service. As an example, we obtain permits for any activities requiring California Environmental Quality Act (CEQA) review, impacting U.S. waters, relating to chemical storage and hazardous materials, involving streambed alteration agreements, or encroaching on land needed for projects like main replacement.
- **Objectives, targets, and deadlines:** Our primary corporate objective is to incur no violations.
- **Internal and external communications on environmental management issues:** Our internal communications on new regulations and compliance issues take place through meetings, presentations, emails, or on-site visits for further discussion. Our external communications may be a part of a public meeting process or included in public communications for new acquisitions, capital projects, or water or wastewater systems, and remediation projects.

Supporting Biodiversity and Ecosystem Health

Keeping our watersheds clean and safe for everyone who uses them is a key priority. We work to incorporate best management practices in all our activities, including site restoration and mitigation to preserve healthy ecosystems. We take steps to mitigate impacts from construction and other activities on the natural environment by aligning with local regulations, such as CEQA, where applicable.

Going beyond compliance within our own operations, we also emphasize biodiversity and environmental stewardship in our community engagement, such as our conservation programs, water-smart landscaping, and Tap Into Learning educational initiative. We also donate to organizations and partner with local nonprofits on community projects focused on environmental stewardship and sustainability. Examples include our \$200,000 commitment to the Monterey Bay National Marine Sanctuary Foundation to help further its stewardship mission—including exploring future opportunities for youth education outreach programs to deepen knowledge about conservation and protecting marine wildlife and the ecosystem. We’ve also worked with the South Coast Botanic Garden in Southern California on butterfly habitat restoration. For more, see [Philanthropy and Volunteerism](#).

Construction Projects

Before and during construction, our Environmental Affairs team works with the project team to evaluate and address applicable environmental factors. That process starts with an Environmental Affairs Questionnaire designed to identify potential environmental issues associated with the project and continues with ongoing guidance and support as needed throughout the project.

Group construction projects begin with an assessment of required permits, including environmental permits at the local, state, and federal levels. Most of our sites have been in place for many years and either don’t fall under CEQA-related requirements or are exempt because they don’t pose environmental concerns. In fact, fewer than 1% of our projects are subject to biodiversity/natural resource protection requirements and impact mitigation.

Where CEQA is required, we review potential environmental impacts to prevent avoidable environmental and cultural damage. 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 mitigating impacts on species and sensitive waterways and habitats whether that’s by specifying work windows to avoid impacting species or by minimizing vegetation removals, planning revegetation, and installing erosion controls during the project.

Where CEQA review is not required, local agency rules and our own policies guide our actions. Even where there are essentially no requirements and the project is deemed to have no impact, we still have controls in place. Those include our Environmental Policy, Supplier Code of Conduct, and contract language requiring vendors to follow all local, state, and federal environmental regulations. Additional specific requirements may be necessary depending on the type of work, such as construction that disturbs or erodes soil.

After construction, when a facility is operational, we have a program that manages discharge risks with the help of mapping that determines where discharges would go and identifies sensitive species in the waterways. We use this as a reference if a discharge occurs, to confirm it has no impact. We plan to add terrestrial species to the mapping in the next year.

Complying with Regulations for Effluent Quality and Spill Prevention

Routine water discharges associated with our operations may include effluent from water system maintenance activities such as main flushing and tank cleaning. Unplanned or unregulated potable water discharges typically involve a main or tank leak, whereas unplanned wastewater discharges could result from treatment plant effluent or sanitary sewer overflows. Such releases may contain chlorinated water or untreated wastewater that could harm aquatic species, ecosystem health, and possibly public health. So, as part of Group’s environmental management program, we strive for zero instances of noncompliance with permits and regulations that address discharges of drinking water and wastewater, such as Clean Water Act requirements. We conduct internal audits to support compliance and manage risks. Additionally, to 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.

To prepare for emergencies, we outline procedures for responding to infrastructure failures or other events that may cause unregulated releases from potable water and wastewater systems. For certain discharge events, such as unplanned discharges with large flow volume that occur suddenly or at night, we’re proactive about getting input from third-party biologists and mobilizing field teams to manage discharges before they impact water sources and ecosystems. If we have a violation with applicable permits or regulations, we’re committed to reporting it promptly and accurately, per regulatory requirements. We follow up with root-cause analysis and develop and execute response plans and operational improvements to help prevent a recurrence.



UPGRADED TRACKING SOFTWARE

We fully implemented a Discharge Record Form for California in 2023. The form tracks planned and unplanned discharges digitally instead of manually. Data includes main leaks and other discharges, such as flushing or tank drainage, which districts must track. The software also provides alerts on compliance information and issues—for example, if a discharge data point is out of compliance.

To help support employee awareness, Operations employees in California receive a Discharge Management Guidance Manual and annual training on effluent, potable, and groundwater discharges. In 2023, we held in-person discharge management training for the first time since the COVID-19 pandemic. The three-hour session included classroom instruction and an outdoor demonstration. We also provide annual training and oversee proper chemical storage at our water and wastewater treatment facilities and water quality laboratory in California to mitigate the risk of spills.

Advancing 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 the effective collection and treatment of wastewater before discharging it to the environment or selling it to customers for reuse. Group's policy is to comply with all applicable regulations in each service area and maintain the associated treatment facility discharge and recycled water permits for our wastewater treatment systems.

Our systems collect only sanitary sewer wastewater, which refers to wastewater liquid and waterborne wastes from residences, commercial buildings, industrial plants, and institutions. This wastewater flows through a sanitary sewer system to our facilities for appropriate treatment. We regularly inspect, clean, and maintain our wastewater collection systems to help reduce the risk of blockages and sanitary sewer overflows (SSOs). An SSO is an untreated or partially treated overflow, spill, release, or diversion of wastewater from sanitary sewer systems. Our team completes video and/

or visual evaluations of our systems and often uses Closed Circuit Television Video inspections to avoid more invasive methods. Inspection frequency varies by type, but inspections are typically completed at a frequency intended specifically to prevent SSOs. Depending on the system, our maintenance activities may range from cleaning systems with high-pressure equipment to removing solids or debris buildup. To help prevent sewer blockages, we also proactively educate customers on how fats, oils, and grease can block collection systems and lead to SSOs. Additionally, we try to anticipate periods of increased demand and plan for expanded wastewater system operations when needed.

Wastewater and Sludge Treatment

We use various treatment methods across our wastewater treatment systems, consisting mainly of membrane and moving bed bioreactors and sequencing batch reactors. A few operations use conventional activated sludge and facultative lagoon treatment methods. At many of our treatment facilities, particularly those in Hawaii and California, wastewater is converted to non-potable recycled water for reuse. For more, see [Water Supply Resilience and Reliability](#).

Sanitary Sewer Wastewater Treatment Volumes		
Average volume of sanitary sewer wastewater treated per day in 2023 (m³ per day)	Cal Water	454
	Hawaii Water	5,152
	New Mexico Water	1,397
	Washington Water	114

Sourcing and Consuming Materials Sustainably

We support sustainable consumption by striving to purchase only necessary items and choosing environmentally preferable materials when possible. In our California offices, we aim to source furniture and work surfaces that meet sustainability standards, such as the Forest Stewardship Council, Intertek Clean Air certification, and the LEVEL standard. LEED standards guide our design and construction activities for both existing and new building projects. To support a circular economy, we are working with a producer who specializes in remanufactured office furniture. Where possible, we apply our approach to sustainable procurement to all states and evaluate additional opportunities for reducing consumption.

Managing Waste Responsibly

We reduce, reuse, and recycle various waste streams across our operations, while keeping affordability and feasibility top of mind. 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. When possible, we also pursue safer alternative materials with lower toxicities.

● **Hazardous waste.** Our environmental team oversees the handling of hazardous waste to comply with current regulations. We continue to identify opportunities to minimize hazardous waste. For example, we have modified our water treatment processes to reduce average hazardous chromium waste volumes by 70%. As part of our site remediation activities, we voluntarily removed residual mercury from previous waste materials, and we often engage local agencies to provide voluntary oversight of waste cleanup. In California, operations and laboratory employees also receive annual training on how to manage hazardous waste.

- **Production waste.** We handle production waste based on the type of material and local diversion options. We first try to reduce waste generation where possible, and then we pursue reuse and recycling if available. Our efforts include initiatives to minimize demolition waste and reuse materials from water storage tank cleanings in road construction.
- **Biosolids.** The approach to residual biosolids—sludge from wastewater treatment—varies depending on the treatment process and locally available sludge and solids waste handling options, but it is our policy that all of our sludge disposal activities are approved, contained, regulated activities that follow state and federal regulations and requirements. We use land application, composting, dewatering for offsite disposal by third parties, and, in very few cases, sludge lagoons. We currently dispose of sludge in landfills when alternative methods are unavailable or not cost-effective. We monitor sludge for contaminants, such as heavy metals and pesticides. If contaminants are present, we cannot apply it to land in dedicated facilities, as we do now. Instead, the sludge would be handled separately as hazardous waste.
- **Office waste.** Depending on our facilities' services, we use separate containers to recycle paper products and collect wet compost 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 with a third-party vendor to recycle batteries and light bulbs.



● **E-waste.** In California, we collaborate with a third-party provider to recycle e-waste, including computer equipment and electronic components. Our team relies on the same partnership in other states and engages local e-waste companies when needed.

ADDITIONAL RESOURCES

[Environmental Sustainability Policy](#)



Serving Our Customers and Communities

Safe, high-quality water service is critical to the health and well-being of our customers. In providing it, we also seek ways to promote its affordability, improve service, strengthen security, and prepare for emergencies. Since our customers are our neighbors as well, we also prioritize their needs as we identify opportunities for philanthropy and volunteerism.

IN THIS CHAPTER

- Drinking Water Quality and Customer Safety
- Water Affordability and Access
- Stakeholder Engagement and Public Participation
- Customer Service
- Cybersecurity and Data Privacy
- Emergency Preparedness and Response
- Philanthropy and Volunteerism

Drinking Water Quality and Customer Safety

Accredited water quality professionals and rigorous training across our operations support our ability to sample, test, and treat water on an ongoing basis. Our robust safety infrastructure also helps us address emerging contaminants, potential cross connections, and other risks. All of this helps us deliver high-quality water to the communities we serve.



with primary and secondary federal Safe Drinking Water Act (SDWA) and applicable state water quality standards across the Company.

542,600+ water quality tests

conducted in 2023 by our water quality team to confirm that we met or surpassed state and federal water quality standards set to protect public health.

Conducted extensive testing and treatment, where necessary, in response to new or proposed U.S. Environmental Protection Agency (EPA) or California State Water Resources Control Board (SWRCB) rules governing perfluoroalkyl and polyfluoroalkyl substances (PFAS), hexavalent chromium, lead, and copper.

2023 HIGHLIGHTS

- Evaluated the approximate cost for compliance with two potential lower arsenic maximum contaminant level (MCL) regulations.
- Delivered an enhanced water quality training program to help provide our workforce with a strong understanding of the federal SDWA regulations, state regulations, and best practices for providing high-quality water.
- Enhanced our backflow certification training program and successfully hosted four certification classes in 2023.
- Assessed compliance needs for the new regulations for cross-connection control, with a focus on business, industrial, and multi-family residential service connections.
- Developed a mobile backflow tester application for rollout in 2024.
- The American Water Works Association recognized Tarrah Henrie, Director of Water Quality, with the 2024 George Warren Fuller Award for distinguished service to the water supply field.

Prioritizing Treatment and Testing

Our Water Quality Department manages our processes for collecting water samples, testing water quality, and treating water to meet or surpass requirements. We leverage advanced technology and collaborate with federal, state, and other regulatory agencies to help preserve water quality and safety during droughts, wildfires, and other events. We also monitor environmental conditions and adjust operations to protect water quality as needed.

Extensive monitoring programs and approximately 20 different treatment processes help us meet over 250 water quality standards, including requirements from the federal SDWA and applicable state regulations. We deploy our expertise at each point in the distribution system, including our award-winning groundwater treatment projects.

In California, we collected more than 70,000 water samples and conducted over 500,000 water quality tests last year. Our in-house laboratory in San Jose analyzes most of the water samples from our California service areas, and it has achieved Environmental Laboratory Accreditation Program (ELAP) certification for 23 years by passing site audits performed by the State of California or a third-party assessor. We also adhere to The NELAP (National Environmental Laboratory Accreditation Conference) Institute (TNI) Laboratory Accreditation Standards, adopted by the SWRCB ELAP, to meet more rigorous operational requirements. TNI is nationally recognized as the accrediting authority for environmental laboratories. We also outsource some testing to state-certified contract laboratories that align with our licensing and quality thresholds.

If any issues arise related to water quality and safety, our systems enable us to notify customers quickly and proactively. We use our Laboratory Information Management System (LIMS) to manage sample scheduling, data collection, quality control, reporting, and regulatory compliance programs in

California and Washington state. In addition to updating the LIMS regularly to expand its functionality, scope of use, and capabilities, we plan to expand it to the other states where we operate.

As well as meeting drinking water regulations, we maintain safety certifications in California for direct additives or products with which drinking water may come into contact. These products or chemicals are certified for meeting the specifications of NSF (formerly National Sanitation Foundation) International/American National Standard Institute.

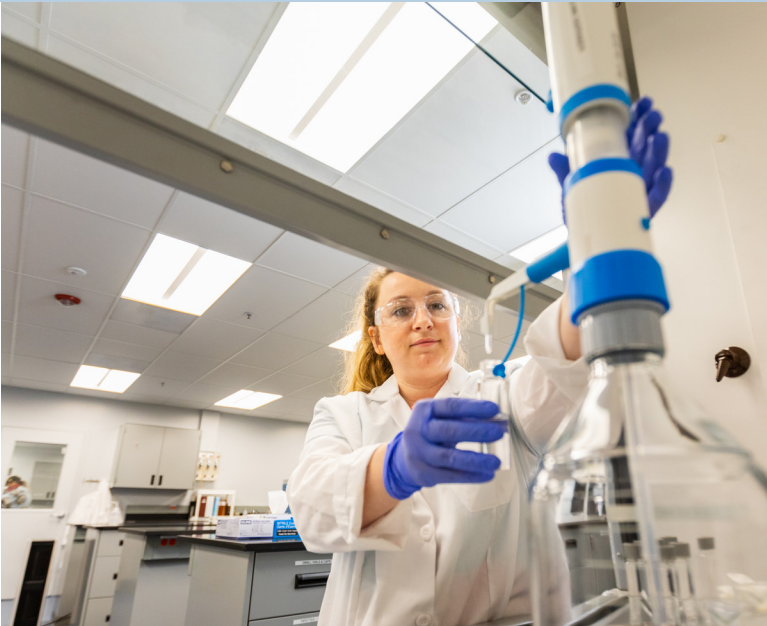
Identifying and Treating Emerging Contaminants

We support legislation that prohibits products that may impact water quality, which helps protect the water supply before contamination can occur. Additionally, we participate once every five years in the Unregulated Contaminant Monitoring Rule (UCMR) program and collect occurrence data on emerging contaminants to inform potential future drinking water regulations. In 2023, we successfully complied with the first of three phases of UCMR 5. This requires us to collect and test samples for 30 chemical contaminants between 2023 and 2025, using analytical methods developed by the EPA and consensus organizations.

Our process for evaluating methods to treat emerging contaminants aligns with our standard approach for treatment and testing. We consider best available technologies, 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.

Perfluoroalkyl and Polyfluoroalkyl Substances

Perfluoroalkyl and polyfluoroalkyl substances (PFAS) have long been used in a wide range of consumer and industrial products, but these long-lasting, man-made chemicals can



have a negative impact on health and the environment. In April 2024, the EPA finalized a National Primary Drinking Water Regulation for six PFAS compounds in drinking water. Under the new PFAS regulation, water utilities with impacted water systems across the country are required to monitor for these PFAS by 2027 and to comply with a series of Maximum Contaminant Levels (MCLs) and a Hazard Index by 2029.

We started planning for compliance with PFAS regulations in 2016. To date, we have followed recommendations from regulators, reviewed existing and new treatment methods, and developed a response strategy to help us prepare. That included testing water systems in California, Washington, New Mexico, and Hawaii for PFAS before being required to do so and—where we have detected PFAS above the “response level” in California or “action level” in Washington—either removing the source from service, installing additional water treatment to remove PFAS, or making operational changes to lower PFAS levels.

Throughout this process, we have proactively collaborated with state agencies to keep our customers updated. We have also conducted studies to help select the best treatment options; we currently use granular activated carbon treatment, reverse osmosis, and ion-exchange technologies to remove PFAS contaminants. In 2023, we also created a PFAS Compliance Steering Committee and established a full-time position dedicated to preparing and executing a program to meet the new PFAS standards. To help cover the compliance costs and reduce the financial impact of treatment on our customers, we are actively pursuing grant funding for PFAS-related projects. Additionally, Group has filed lawsuits to hold PFAS manufacturers financially responsible for the costs of monitoring and treating water for PFAS. For more, see [Water Affordability and Access](#).

We refer to guidance from the EPA to inform our approach to handling PFAS treatment waste, and the specifics of the disposal methods depend on the treatment process used. Overarchingly, the waste consists of PFAS contaminants that are adsorbed into treatment media, and the disposal method consists of heating or incinerating the treatment media to destroy these contaminants. This disposal process is carried out by third-party treatment media or waste disposal vendors, from which we require certification that the PFAS has been destroyed. We intend to evolve our approach as needed to follow any future guidance and regulations regarding disposal of PFAS treatment waste.

Hexavalent Chromium

Although a California State Water Resources Control Board MCL standard for hexavalent chromium (chromium-6) has yet to go into effect, we already treat nearly all affected water supplies for chromium-6 using strong base anion exchange or reduction, coagulation, oxidation, and filtration treatment methods.

Microplastics

To help address the emerging risks of microplastics, we are identifying future opportunities to monitor them at certain facilities in alignment with guidance from the California SWRCB Division of Drinking Water.

Lead and Copper

Lead and copper are not considered contaminants of emerging concern, but Group is working to prevent contamination that may result from corrosion of lead-bearing components in distribution infrastructure or household plumbing. While there are no known lead service lines within Group systems, the Revised Lead and Copper Rule from the EPA includes expanded requirements to complete service line inventories on both the water utility and the customer side of the water meter, to identify lead in drinking water.

In 2023, we completed Phase 1 of the lead service line inventory development in California, which involved identifying the year that facilities were constructed. In New Mexico, Hawaii, and Washington, we began Phase 1 work. Phase 2 will consist of on-site investigations.

Other activities to prevent, identify, and address lead contamination include:

- Monitoring water quality and testing for lead in drinking water as required by law.
- Maintaining and upgrading our systems to support compliance with health and safety codes.
- Mandating use of lead-free materials in water system replacements, repairs, and new installations.
- Testing frequently for corrosivity of the water and adding corrective measures when necessary to prevent lead in home plumbing fixtures from affecting water quality.
- Planning and conducting water quality testing before using any new source of water.
- Providing educational resources for customers to learn about lead contamination and what they can do to reduce potential exposure to lead in drinking water.

Extensive monitoring programs and approximately 20 different treatment processes **help us meet over 250 water quality standards.**

Preventing Potential Backflow Contamination

Through our cross-connection control program, the Water Quality team manages actual or potential connections between potable water supply and non-potable matter that can contaminate water supplies in the event of backflow—i.e., hydraulic conditions that cause the direction of water flow to reverse. This helps protect our distribution system and customers from potential contamination.

At-risk customers are required to install, test, and maintain proper backflow prevention measures to align with regulations and avoid potential liability. Our experts confirm annual testing of backflow prevention assemblies, assess water connections, and administer new commercial and residential assemblies.

In January 2024, we implemented a mobile backflow tester application for electronic test entry. This is designed to allow the cross-connection control team to dedicate more time to identifying hazards to our water systems and installing the necessary backflow protection.

Training Employees

Our Water Quality Department includes experts with multiple certifications and qualifications related to cross-connection and backflow control, laboratory analyses, and treatment. Because the Operations Department also shares responsibility for water quality, its staff receives training on SDWA regulations, sample collection, analytical equipment use, field analyses, operation of specific treatment equipment, backflow prevention measures, and additional technical information. Employees who undergo training are required to prove comprehension of sample collection, by taking a written exam. In addition to these required training programs, we encourage employees in all roles to learn more about water quality by engaging in relevant training, certification processes, and conferences.

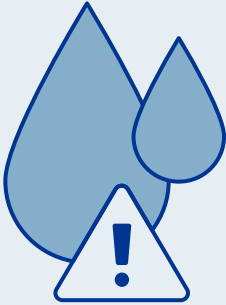
Making Reporting a Priority

We submit hundreds of monthly performance reports to the California SWRCB Division of Drinking Water (DDW). The DDW 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](#)



ADDRESSING CLIMATE-RELATED RISKS TO DRINKING WATER

Drought, extreme precipitation, high temperatures, cyanobacterial algal blooms, and forest fires are among the top climate change-driven risks that can have a negative impact on water quality. We take a variety of steps to mitigate these risks and maintain safe drinking water. For example, to combat drought intensity, we have been maximizing our use of surface water whenever possible, so that groundwater will be available when needed. Our Bakersfield operation is just one area where this approach has been successful. It can deliver as much surface water as our system allows, and we are in the process of studying ways to increase and divert our treated surface water sources of supply more effectively. To minimize the impact of algal blooms, we have engaged in an aggressive sampling and monitoring program at select locations, to track their growth and intensity throughout the expected bloom season. As part of our proactive approach, we also seek evaluations from consultants to identify best treatment technologies.

Water Affordability and Access

Affordability shouldn't stand in the way of a safe and reliable supply of drinking water. That is why we make it the cornerstone of rate design and take a variety of measures to control customer costs. Among them, we prioritize operational efficiency, develop flexible low-income support programs, and pursue funding opportunities through grants. Together, such efforts help improve access across our service areas.



in funding applied for and received through the California Extended Water and Wastewater Arrearage Payment Program to relieve residential and commercial customers of past-due balances incurred during the pandemic.

121,600+ customers

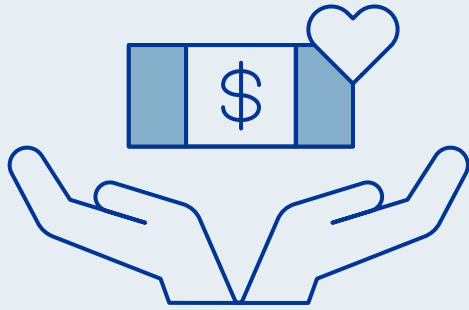
enrolled in the Customer Assistance Program (CAP) as of year-end 2023, offering approximately \$15 million in discounts during the year.

\$27 million

in grant funding applied for from state and federal entities, to pursue water quality and water supply resiliency projects in disadvantaged communities in our service areas.

2023 HIGHLIGHTS

- Launched PromisePay to offer residential customers customizable, interest-free payment plans for past-due water bills.
- Hosted local, community-based events in seven districts to promote the Low Income Household Water Assistance Program and Customer Assistance Program.
- Successfully tracked key affordability metrics in each California water district for 2023. Our team plans to analyze the results to design and implement solutions to be included in the General Rate Case.
- Rolled out a grant program for Washington, New Mexico, and Hawaii, administered by Dollar Energy Fund.



HELPING CUSTOMERS ACCESS LIHWAP FUNDING

In 2023, Cal Water partnered with the California Department of Community Services and Development to make it easier for customers to access funds through the Low Income Household Water Assistance Program (LIHWAP). This federal program provides funding—up to \$15,000 per household—to pay bills on behalf of low-income customers. We have helped our customers access LIHWAP funding through a campaign that increases awareness of the program and by connecting them to third-party administrators through engagement with community organizations. We have developed similar LIHWAP-related initiatives in Washington, Hawaii, and New Mexico. The results are clear: in 2023, customer enrollment in the program tripled, with approximately 3,000 California Water Service Group customers benefiting from more than \$2 million in LIHWAP funding.

Striving for Affordability in Rate Making

In designing rates, Group balances affordability, financial stability, and conservation. Affordability factors into decisions throughout our business, since changes to infrastructure, water quality standards, and supply costs may impact water rates. Our Rates Department emphasizes affordability when proposing rates—a highly regulated process—to the public utilities commissions in our states. We also maintain open communication with our communities to explain rate design. Factors that may impact and contribute to rate changes include:

- Additional water quality regulations and standards that require greater investments in contaminant detection and water treatment technologies.
- Government agencies mandating shifts in planning, permitting, and reporting. We often incur costs related to these additional requirements, such as the relocation of pipelines or repaving of areas during main replacement projects.
- Climate change, which can increase the intensity and likelihood of wildfires, flooding, and power outages that, in turn, drive up costs for infrastructure repair and resilience measures.
- Supply chain constraints, which increase the cost of obtaining equipment and critical products.
- Long-term supply chain challenges, which can increase the price of wholesale water when other providers face similar supply conditions.

These impacts must be balanced with affordability, as part of the rate design process. During preparation of rate case proceedings, we evaluate multiple rate design scenarios and their effects on average bills, and we 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 into larger water systems, to spread costs over a bigger customer base.

We foster ongoing 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 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 on our progress in supporting these goals through our rate cases. We are also active contributors to water policy proceedings at the CPUC.

Controlling Expenses

Controlling internal expenses results in savings for our customers. We consider business expenses carefully and with our customers in mind. For example, when diversifying water supplies, we aim whenever possible to pursue lower-cost sources 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 strive to negotiate with our suppliers to achieve lower costs through long-term contracts, stockpile critical inventory to avoid expensive delays, balance our water supply mix to minimize the costs of service, and evaluate alternative, affordable materials. For more information about our supply chain reliability, see [Responsible Sourcing](#).

Pursuing Alternate Funding Mechanisms

In the past few years, we have worked diligently to develop and implement a formal grant program to more proactively pursue grant funding that benefits customers. Grant funding sources can help us make additional investments in critical projects while reducing impacts on our customers and assisting with affordability, particularly in areas with the highest need. From 2014 through 2023, we submitted applications for \$59 million in grant funding from state and federal entities and have been awarded more than \$12 million to pursue a variety of projects focused on water supply, operational reliability, drought resiliency, water quality, and conservation programs, particularly in low-income communities.

Additionally, we regularly pursue civil litigation to hold parties responsible for remediation of water contamination. These actions, when successful, help to reduce the financial impact on our customers of the full cost of treatment. For example, Group has filed lawsuits against per- and polyfluoroalkyl substances (PFAS) manufacturers, to recover costs incurred to treat contaminated groundwater. Our lawsuits against the PFAS manufacturers, which are a few of many filed by water providers across the country, are currently stayed while bellwether cases are being prepared for trial. The first

such bellwether case was settled in June 2023, and brought about nationwide water system settlements with 3M and DuPont/Chemours. Cal Water has been appointed as a class representative for the 3M and DuPont settlements, both of which have received final approval in federal courts as of the publication of this report. A settlement with Tyco Fire Products and certain of its affiliates was recently announced and this settlement will be subject to preliminary and final review and approval, as well as the running of all applicable appeal periods. Cal Water anticipates financial recovery from these settlements once all final approvals have been received and all appeal periods have run. The amount of recovery, if any, is not yet known, but any financial recovery would be expected to offset costs and reduce the financial impact of PFAS treatment on Group’s customers.

Promoting Conservation

Our conservation programs directly impact affordability by lowering customer consumption and associated water bills. Greater water savings also reduces demand on our water sources, which helps to minimize the costs of investment in additional infrastructure.

For more information about customer engagement on conservation, see [End-Use Conservation](#).

Offering Financial Assistance to Customers

We provide multiple forms of support to help our customers pay their bills when they are facing financial challenges. Our efforts support greater access and convenience and include:

- **Flexible billing:** Access to penalty-free, interest-free payment arrangements and extensions. Additionally, we 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 for residential customers in California who meet maximum income guidelines. We also have a stockholder-funded hardship grant program that protects access to water.
- **Rate Support Fund:** This program subsidizes monthly bills for customers in our three highest-cost districts in California. These districts have fewer customers available to share costs related to operation, maintenance, and infrastructure upgrades. In 2023, we provided more than \$4.4 million in benefits to approximately 9,600 California customers through this program.

We provide multiple forms of support to help our customers pay their bills when they are facing financial challenges.

- **Customer Service support:** To give customers more flexibility, we offer extended customer service hours. We also strive to inform customers of opportunities for bill payment arrangements, our financial assistance programs, and local low-income assistance programs. If customers have special medical needs, we reach out to offer additional assistance.
- **PromisePay:** This program allows residential customers with past-due water bills in California, New Mexico, and Washington to select customizable, interest-free payment plan options, set up automatic payments, and provide contact information for reminders and other notifications through text messaging.
- **State and federal funding:** Where available, we strive to pursue grant funding and participate in state and federal programs to help directly cover customer bills. For example, Cal Water has secured more than \$100 million to help customers with past-due bills incurred during the pandemic through the Original and Extended California Water and Wastewater Arrearage Payment Program. We also help low-income customers access financial assistance to pay their bills through the federal Low Income Household Water Assistance Program (LIHWAP), which provides funding to pay bills on behalf of low-income customers.

Implemented in 2020, California Senate Bill 998 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 [notify customers promptly](#) of past-due billing and offer information about the variety of financial assistance programs and payment arrangements available.

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

Expanding Access

To help increase access to high-quality, reliable water service in communities near our service areas, we sometimes collaborate with neighboring low-income, underserved communities—or those struggling to maintain their water systems—to acquire those systems or install connections to our existing distribution system. In some cases, we use grant funding to accomplish this. For example, we received a \$4.3 million grant from California’s Department of Water Resources (DWR) in 2023, to connect struggling, disadvantaged water systems to our Salinas System in Central California. Part of DWR’s Small Community Drought Relief Program, the grant will be used to consolidate 195 customer connections in the cities of Gabilan, Lagunita, Trihorn, Livingston, Morris, and Martin.

ADDITIONAL RESOURCES

[Our Commitment to Excellent, Affordable Service](#)



Stakeholder Engagement and Public Participation

Our stakeholders are varied—from customers and community leaders to employees, investors, and regulators. By working to maintain open, transparent, and consistent communication, we gain a better understanding of our actual and potential impacts. Positive relationships help us to gather input, address concerns, and incorporate feedback to enhance our practices and better serve our communities.



500+ meetings

attended at local governing bodies, such as city councils.



1,500+ interactions

with community stakeholders in California, from local mayors to members of Congress.

2023 HIGHLIGHTS

- Partnered with community stakeholders to host seven customer engagement and education events specifically designed to increase enrollment in customer assistance and conservation programs in low-income communities. These events also engage key stakeholders to help increase public trust, build partnerships, and understand external perspectives.
- Developed and executed outreach plans for new, proposed water quality regulations issued in 2023, such as for PFAS and hexavalent chromium.
- Assembled a panel discussion on the interconnection of water quality and affordability in low-income communities and communities of color. We did this in collaboration with the League of California Cities African American Caucus and Latino Caucus as well as the West Basin Municipal Water District.

Emphasizing Transparency in Our Engagement Activities

Building trusting, positive connections with our key stakeholders helps us understand the needs of our communities and identify environmental, social, and governance (ESG) focus areas. We believe that transparency is critical, and conversations with community stakeholders usually occur on a weekly basis. Additionally, our Government and Community Affairs team and local management teams collaborate annually to prepare a Community Engagement Conspectus. This 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.

We also proactively communicate with customers through social media, public advertising, news outlets, and on our websites regarding issues that directly impact them, such

as water quality, conservation, service reliability, financial assistance, and affordability programs. Additionally, for main replacement and other capital projects that may cause a temporary inconvenience to community members in our service areas, we provide advance notice, 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 customers and other stakeholders through direct engagement, press releases, digital and social media communications, community meetings, and other communication channels.

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 [Public Policy and Political Involvement](#).

Building trusting, positive connections with our key stakeholders helps us understand the needs of our communities.



Our Approach to Stakeholder Engagement		
Stakeholder Group	Engagement Channels	Key Topics Discussed
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• Feedback forms• Intranet	<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• Public information/communications• Diversity, equality, and inclusion• Employee engagement and labor relations

Continued on the next page

Our Approach to Stakeholder Engagement		
Stakeholder Group	Engagement Channels	Key Topics Discussed
Investors	<ul style="list-style-type: none">• Conferences• Earnings calls• Meetings• Securities and Exchange Commission filings	<ul style="list-style-type: none">• Financial performance• Infrastructure investment• Climate change• Customer satisfaction• Emissions and energy consumption• Water supply management, reliability, and resilience
Nongovernmental 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">• Legislation• 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

In addition to local organizations, we maintain memberships in a variety of associations, including:

- 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

Tracking Engagement and Collecting Feedback

Our local management and Government and Community Affairs teams are involved and accessible in the communities we serve. We participate in service clubs, on community committees, and on the boards and subcommittees of local nonprofits.

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

We use various other mechanisms to collect, report, and address feedback, which informs future stakeholder engagement activities. In pursuit of continued improvement, we leverage customer satisfaction surveys and after-call surveys to enhance our service. See [Customer Service](#) for details.

We also hold public participation hearings and periodic focus groups that allow community members to voice opinions on specific projects. Open, two-way 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 specific or current issues, such as drought conditions and response measures, to review our efforts, answer questions, and solicit feedback.

STAKEHOLDER FEEDBACK

The top five topics discussed during our interactions with stakeholders in 2023 were:

- Community giving initiatives.
- Conservation and sustainability.
- Rates, affordability, and cost of service.
- Cal Water infrastructure projects.
- Water supply and drought.



Customer Service

Our customers are at the heart of everything we do. We show our commitment to each of them by exploring ways to increase convenience, provide excellent service, and leverage their feedback. That is why we are routinely ranked among industry leaders in customer service. When we succeed, we help support our communities and enhance their quality of life.



in overall customer satisfaction among large water utilities in the western United States in the J.D. Power 2023 Water Utility Residential Customer Satisfaction Study.SM

2,800 new customer connections

across California, Hawaii, New Mexico, and Washington.

9.1 out of 10

average score our Cal Water customer service team received among more than 10,000 respondents on a survey platform that invites post-call feedback.

~442,000

inbound customer calls fielded.

2023 HIGHLIGHTS

Rolled out expanded customer service certification training in Hawaii, New Mexico, and Washington, which provides pathways to promotion. Training includes baseline and higher-level courses on customer service, internal policies, and water system operations.

Rolled out “Here for You” campaign to educate customers about our 24/7 emergency service, 7 a.m.–7 p.m. customer service, and at-home visits five days per week.

Striving for Excellence

Our customer service professionals are dedicated to creating high-quality customer experiences and receive a wide range of related training. Across 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 offer consistent, elevated service in our California districts, and we hold ourselves to the same customer service standards across all states in which we operate, even when it isn't required.

We provide information to customers through a variety of channels, so we reach them where they find it most convenient. We utilize a multichannel engagement approach, including paper bills, direct mail, email, social and digital channels, advertisements, and traditional media. When we acquire new water systems, we employ multiple modes of engagement 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—and enhance—our outreach.

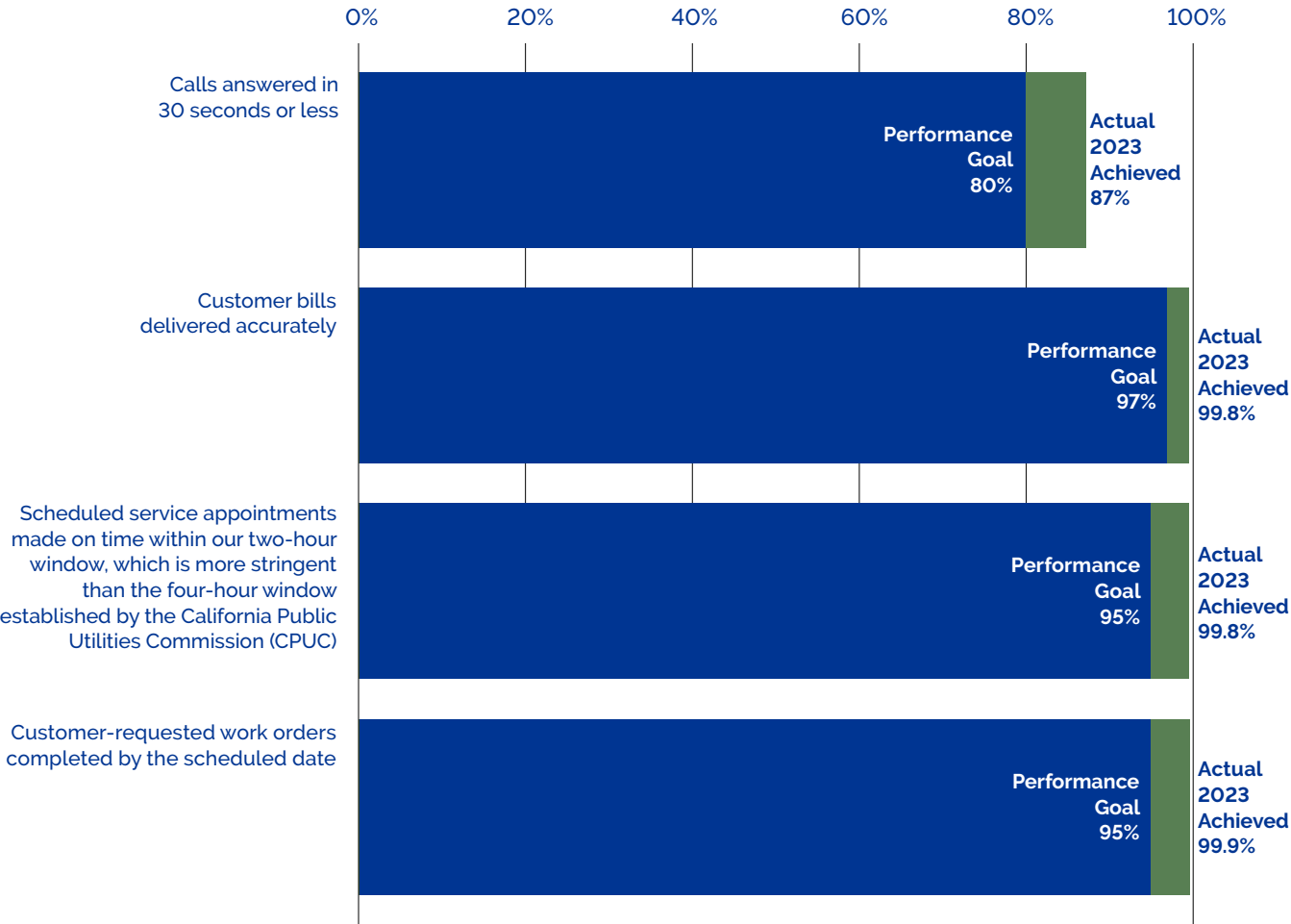
Of course, the needs and preferences of our customers change over time, so we evolve our service approach accordingly. For example, with the shift to more online-based engagement, we offer multiple web-based service solutions to support accessibility:

- Our online, customer-facing portal enables 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 data, is another online solution that helps us quickly identify customers affected by emergencies and communicate important information through phone calls, texts, 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 website.
- 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 on our website.



We provide information to customers **through a variety of channels** to reach them where they find it most convenient.

2023 California Customer Service Performance



Facilitating Customer Feedback

We are committed to basing customer service decisions on customer preferences and using their feedback to help us identify opportunities for improvement. Across our service areas, we survey customers to measure satisfaction levels and better understand their perceptions and preferences on a variety of topics. That includes service priorities and expectations, communication needs, water quality, rates, water usage, and more.

Additionally, our Medallia survey platform requests feedback from California customers after service calls and distributes email surveys on a regular basis. The platform reports on Customer Service Representatives, (CSRs,) 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.

Cybersecurity and Data Privacy

Cybersecurity is a vital component of operational and water safety, enabling us to support our customers without interruption and protect their personal information. Our approach to testing and monitoring is designed to comply with multiple cybersecurity and data privacy standards. To help prepare for and address evolving cyber threats, we regularly evaluate our processes, invest in advanced technology, and promote employee education.



Extended CPRA privacy rights to Cal Water employees, giving employees the ability to request their personal data collected by our Human Resources Dept.

Regularly engaged with our security and government partners to remain updated on potential threats and to support efficient responses, especially to address concerns related to the conflict in Eastern Europe and the Middle East.

2023 HIGHLIGHTS

- Continued to update security measures, identify high-priority data, review opportunities for data encryption, determine appropriate access levels, and develop a record of access to meet evolving federal mandates and California Privacy Rights Act (CPRA) compliance standards.
- Developed appropriate policies and procedures to comply with the U.S. Securities and Exchange Commission and Cybersecurity and Infrastructure Security Agency cyber disclosure rule.
- Added the Okta Lifecycle Management module to better onboard and offboard employees and contractors. The Okta module automates the process of aligning employee access to the applications, systems, and information they need based on their role.
- Successfully completed annual activities related to employee training, phishing/smishing campaign, network penetration test, and tabletop exercises.

Driving Compliance

The Information Technology (IT) team regularly updates and maintains programs to drive compliance with our cybersecurity and data privacy programs. For example, we implement processes to protect data privacy, enable customers to make CPRA inquiries, and promptly respond. We also maintain multiple internal policies and procedures related to IT security, incident response, data privacy, information classification, encryption, vulnerability management, and other key cybersecurity topics.

The Company has developed a framework for evaluating qualitative and quantitative factors to determine the materiality of a cyber incident, and, if one occurs and we determine that it is material, reporting it to the appropriate federal agencies.

Our cybersecurity risk management approach is informed in part by multiple standards and regulations for cybersecurity and data privacy, including the following:

- National Institute of Standards and Technology (NIST) Cybersecurity Framework
- NIST 800-171 and Cybersecurity Maturity Model Certification (NIST 800-171 CMMC)
- Payment Card Industry Data Security Standard
- California Privacy Rights Act
- California Consumer Privacy Act
- Health Insurance Portability and Accountability Act
- Defense Federal Acquisition Regulations Supplement (DFARS)

Our cybersecurity risk management approach is informed in part by **multiple standards and regulations** for cybersecurity and data privacy.



Strengthening Workforce Training and Engagement

Our employees are one of our most important lines of cybersecurity defense. To help raise awareness and strengthen their ability to mitigate risks and review critical policies and security practices, we annually update and provide cybersecurity 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 caution employees from clicking on fraudulent emails that may appear safe, and we run mock phishing email campaigns to test employee security awareness. First-time offenders receive additional training, while repeat offenders must meet with supervisors and the IT Security team. Further offenses result in negative performance logs. With the support of repeated employee engagements and training, we have reduced the number of employees clicking on test phishing emails.

ADDITIONAL RESOURCES

[California Water Service Group Privacy Policy](#)

FEATURES OF OUR CYBERSECURITY AND DATA PRIVACY MANAGEMENT PROGRAM

- **Regular testing:** We engage a third-party cybersecurity firm to conduct an annual network penetration test on our corporate and supervisory control and data acquisition networks. The annual penetration test enables us to assess our existing security controls to identify weaknesses and eliminate vulnerabilities to defend against cybersecurity threats proactively. Our Information Technology team also conducts rehearsals of our Incident Response Plan (IRP) to test and enhance our ability to respond to cybersecurity incidents.
- **Monitoring for risks:** We engage a third-party cybersecurity firm to manage our Security Operations Center (SOC), who is responsible for monitoring our network traffic 24/7. Our SOC helps to identify and respond to cybersecurity issues in real time by assessing the level of threats and making recommendations on appropriate actions.
- **Security controls:** We incorporate physical- and software-based preventive, detective, and corrective security controls to prevent or detect unauthorized activities and proactively alert us should an unauthorized activity occur within the organization. Early detection can enable the security team to quickly contain and eradicate the unauthorized activity, to reduce the time exposure window and the impact of the incident. Our Security Incident Event Management tool monitors security logs, includes detective controls, and helps to identify irregular activities.
- **Detection and preventative technology:** We have implemented multiple technologies designed to help protect our systems from cybersecurity threats, including an intrusion prevention system, next-generation antivirus program, end-point protection system, and a data loss prevention security tool.
- **Regular improvements:** We regularly work to enhance our systems and integrate new information and technology to upgrade our systems. We review and approve software and hardware acquisitions to enhance our ability to detect and manage cybersecurity threats. We also engage the FBI, Department of Homeland Security, and Fusion Center for incident response support and collaborate to share critical information.



Emergency Preparedness and Response

Natural disasters and human-caused emergency events are an inevitable part of today's operating environment. We have made significant ongoing investments in training, equipment, and processes, to help us respond swiftly when emergencies occur, in order to mitigate harm to our communities and help limit service interruptions.



20+ projects completed

to enhance infrastructure resiliency, strengthen water availability for firefighting, and provide backup power in areas exposed to wildfire risks.

\$38,000 granted

to the Los Angeles County Fire Department for a HeloPod™ firefighting helicopter dip source and cistern for water. Using a HeloPod is four times faster than filling up by landing.

2023 HIGHLIGHTS

- 19 community and five internal Emergency Operations Center (EOC) training events completed across our operating states, to better prepare us and our communities for enhanced coordination and resilience during emergency events.
- Participated in the Great Shakeout earthquake disaster preparedness exercises in California, Hawaii, and New Mexico. We also hosted community EOC Great Shakeout events in our East Los Angeles and Rancho Dominguez service areas.
- The Earthquake Task Force worked on multiple initiatives, including liquefaction planning, drills and training, and damage assessment procedures.
- Rolled out a radio communications pilot program, which included distribution of mobile and portable radios, to improve communications for day-to-day and emergency operations across California districts.

Focusing on Prevention

California Water Service Group strives to be agile and to reduce the potential impact of emergencies through diligent maintenance, education, and communication. 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 across all districts to reduce the risk of damage to our facilities.

To monitor external threats to our infrastructure, we track communications from the Department of Homeland Security and Infragard, a partnership between the FBI and the private sector. Additionally, employees are encouraged to report any suspicious activity through multiple convenient channels that are monitored around the clock.

Emphasizing Training and Cooperation

We coordinate training and tabletop exercises across our service areas 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.

Operations employees are required to complete annual training on Public Safety Power Shutoffs. In partnership with contracted emergency response professionals, we also provide in-person training on “boots on the ground” emergency response concepts for all field personnel who may be deployed in such situations. Additionally, we use internal emergency simulations to test our evacuation practices and the functionality of emergency equipment.

Effective emergency preparedness and response requires collaboration with our communities. Across our regions, our Operations and Community Emergency Response Team hosts annual Emergency Operations Center (EOC) training events, along 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 respond more efficiently 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. Additionally, Cal Water’s annual Firefighter Grant Program helps offset community costs associated with fire protection efforts, equipment, training, and education.

To help mitigate the risks from wildfires and electricity interruptions, we have leveraged findings from our Wildfire Risk Assessment for Wildfire Hardening study to prioritize several initiatives. Examples include main replacement projects, improvements to system interconnections, installation of backup power sources at critical sites, and the formation of our Wildfire Taskforce. The Taskforce guides our emergency preparedness efforts by confirming completion of relevant training, upkeep of vegetation management, and the placement of critical equipment in strategic locations. It also helps maintain open lines of communication with fire agencies and other first responders. Additionally, our annual wildfire training, offered to all employees, reviews standard operating procedures for fire hydrant inspections, hydro pack operations and maintenance, fire prevention, dry weather monitoring, and responses to changing air quality.



DEPLOYING OUR RAPID RESPONSE TEAMS

California Water's Operations Rapid Response Teams (ORRT) are staffed by highly trained employees who are equipped, ready, and able to respond to operational emergencies throughout the Company. In 2023, we deployed 48 ORRT members to respond to nine emergencies and natural disasters, including a number of severe storm events in California.

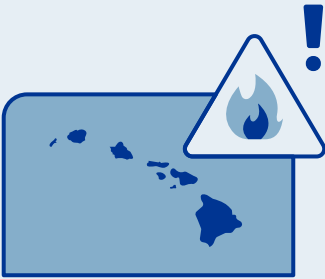
Preparing for Response and Recovery

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. That includes the distribution of essential equipment, resources, and support. As a participant in mutual aid programs in multiple states, we share resources across communities, support systematic processing of aid requests, and contribute to collective approaches for community protection. We continue to implement similar programs across all subsidiaries.

Our investments in backup-power generators, portable power sources, and other equipment support our ability to restore and maintain service during emergencies, which may increasingly include those that are climate-related. 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.

One area of focus for emergency preparation is our Earthquake Task Force, which is composed of employees from multiple departments, districts, and states across the Company. Together, they help develop and implement strategies to plan for—and recover from—these potentially disruptive events. The task force has nine separate subtasks, including development of conceptual risk maps, evaluation of capital projects and interconnection options with neighboring systems, station hardening assessments, and liquefaction planning. It is also involved in planning for restrained joint pipelines, earthquake response, damage assessment, and drills and training.

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 in emergency events. We evaluate our emergency response by using after-action reports and by tracking alignment with regulatory requirements, to identify opportunities for future improvements.



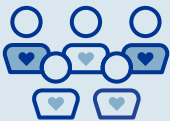
MOVING QUICKLY TO ADDRESS THE MAUI WILDFIRE CRISIS

When wildfires broke out in Maui in August 2023, our Hawaii Water Service subsidiary responded on multiple fronts. We quickly activated an Emergency Operations Center to coordinate the emergency response effort and collaborated with local officials and other utilities to support our employees and the Lahaina community. Team members valiantly kept our generators running and our systems operational. In fact, we were the only water utility on the west side of the island to provide safe, clean water throughout the emergency. Thanks to the work of our corporate communications team, we were able to keep customers updated with a steady stream of emails and texts.

Beyond serving our customers, we set up water supply stations for residents outside our service areas and provided water for firefighting. Our \$50,000 contribution to the Maui Strong Fund, set up by the Hawaii Community Foundation, supported efforts to provide immediate, on-the-ground assistance. We are still involved in the recovery and working with a variety of entities to provide water for temporary schools and housing.

Philanthropy and Volunteerism

California Water Service Group is committed to being an asset to our communities through charitable giving and volunteer activities that meet a broad range of local needs. We invest time and resources in organizations that we believe make a real difference, whether it's through serving at-risk populations, promoting education and workforce development, or advancing a variety of other philanthropic initiatives.



More than
\$1.5 million

donated to local community organizations.

\$186,077 donated

through our annual Firefighter Grant Program which is more than triple the amount donated at the program's inception in 2019.

\$75,000 awarded in college scholarships

in the 10th year of Group's annual College Scholarship Program benefiting 12 students in our California, Hawaii, New Mexico, and Washington service areas.

\$50,000

committed to the Hawaii Community Foundation's Maui Strong Fund to provide immediate, on-the-ground assistance in the wake of the devastating Lahaina Fire.

2023 HIGHLIGHTS

- Expanded Tap Into Learning with a year-round youth water conservation education program that offers grants to teachers proposing unique classroom water projects.
- Partnered with Operation Warm Wishes in New Mexico to gather donations of warm clothing items and distributed them locally in our service areas to keep our community warm through the winter.
- Received the honor of the Outstanding Social Responsibility Award by the *Los Angeles Business Journal* for our efforts at enhancing the quality of life in our Los Angeles County communities.
- Received the City of Commerce's Mayor's Merit Award for our participation, contribution, and community engagement work in East Los Angeles.
- Received the annual Large Business of the Year award from the Visalia Chamber of Commerce in California's Central Valley, based on our significant contributions to the community.
- Supported the work of Human-I-T at closing the digital divide, which included distributing more than 58,000 refurbished laptops and other devices to the community, helping over 15,000 households sign up for no- or low-cost internet, and providing more than 2,500 adults with basic digital literacy skills.

Embracing the Power of Community

Group’s formal commitment to promoting community development is outlined in our community giving plan, which was developed by our Government and Community Affairs team in collaboration with local management. Our philanthropic activities are funded by stockholders and have no impact on customer rates. We support organizations that share our commitment to helping others and monitor their programs and results.

We engage in multiple long-standing initiatives designed to support our communities, often going beyond cash donations in pursuit of our purpose of enhancing the quality of life in the communities we serve. Among them, our annual Tap Into Learning program (formerly the Cal Water H2O Challenge), currently in its 10th year, engages students on local water issues and empowers them to be stewards of the environment. It began as a classroom competition in 2014 and has since expanded to multiple offerings, including:

- **Aqua Adventures**, an environmentally focused offering that provides free water and nature-based field trips for upper elementary classrooms, grades 4–6, in Cal Water service areas.
- **Splash of Creativity**, an art competition for individual students, grades K–12, in a Cal Water service area.

- **WaterSmart Grant**, \$100 project grants, available year-round, for classroom water projects in a Cal Water service area.
- **H2Oath**, an online offering providing students the opportunity to commit to pledges around caring for water at home and in their communities.

Additionally, our annual Firefighter Grant Program, now in its sixth year, provides funding to fire departments for personal protective gear, life-saving equipment, training, and other necessities. We also provide college scholarships to students in our service areas who are pursuing higher education or vocational training. Awards are based on community service, academic achievement, and financial need. Additionally, we fund a graduate scholarship through the California-Nevada Section of the American Water Works Association and support undergraduate research in engineering at California State University, Bakersfield, which educates many low-income and first-generation college students.

Through our employee contribution matching program, California Water Service Group matches employee donations to eligible nonprofit organizations, up to \$250 per employee per year.



MAKING A DIFFERENCE IN INAUGURAL SEASON OF SERVICE

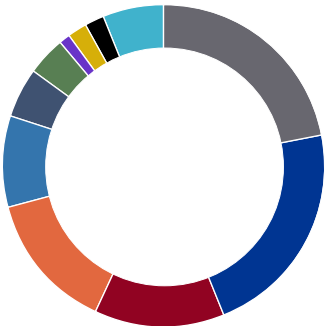
In 2023, we launched Cal Water’s first Season of Service, a three-month volunteer initiative that involved nearly half our employees. Our team sorted more than 39,000 pounds of food at Second Harvest of Silicon Valley and packed 4,000 pounds of food for the Visalia Emergency Aid Food Pantry and Family Assistance Center. Additionally, they cleaned and decorated at the Boys and Girls Club of the North Valley and rejuvenated the rose garden at Dominguez Rancho Adobe. Other beneficiaries included Project Helping and the Happy Hope Foundation. For employees who were unable to participate in these events, we provided workplace-based opportunities to make care packages for the homeless, hospitalized veterans, needy children, and shelter animals.



COLLABORATING WITH
COMMUNITIES IN WATER
SUSTAINABILITY LEADERSHIP

We are proud to sponsor 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. While specific programming may vary year to year, we consistently sponsor WELL’s annual conferences. These often feature Group employees as panelists. For example, in 2022, our Chief Water Resource Sustainability Officer was a speaker for a panel on “The Economic Impacts of Drought and Potential Solutions for Communities.” Other recent engagements included working with WELL to host its Central Valley Water Summit in 2023 and participating in the UnTapped Fellowship program. This program provides local elected leaders in California with the opportunity to travel to different watersheds throughout the state to learn from water professionals about regional water challenges, best practices for watershed management, water conveyance systems, water contaminants, and other critical issues.

2023 Charitable Giving by Category



- Assistance for at-risk, underserved, and disadvantaged communities 22%
- Community improvement, economic, and workforce development 22%
- Education 13%
- Support for firefighters, police officers, and first responders 14%
- Youth support 9%
- Healthcare 5%
- Environmental stewardship and sustainability 4%
- Veteran support 1%
- Animal welfare 2%
- Emergency preparedness and disaster response 2%
- Other 6%

ADDITIONAL RESOURCES

- [College Scholarship Program](#)
- [Tap Into Learning](#)





Engaging Our Workforce

Our 1,200 employees help California Water Service Group serve more than 150 communities across five states. To develop a workforce that performs at the highest levels and reflects the diversity of the communities that we serve, we have made significant investments in hiring, training, engagement, and safety.

IN THIS CHAPTER

- ➔ Diversity, Equality, and Inclusion
- ➔ Talent Attraction and Retention
- ➔ Workplace Health and Safety

→

Diversity, Equality,
and Inclusion

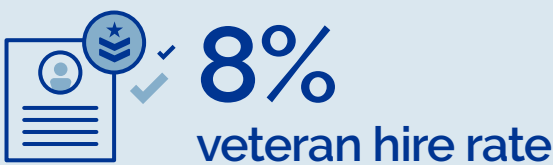
We have made substantial progress toward creating a diverse and inclusive work environment—one that places equal opportunities for advancement at its core. Fundamentally, we believe that this is the right thing to do. More than that, operating in this manner helps us attract the best people and broaden our perspectives, which makes us stronger and enhances our connections to the communities we serve.

2023 HIGHLIGHTS



attended unconscious bias training with a 90-minute training session facilitated by Life Theatre.

Received the “Diversity Achievement Spirit Award” from City Career Fair and the Diversity Recruiter’s Network for our active and continued support of recruiting diverse candidates.



doubled from 4% in 2022.

Established partnerships with four new women- and minority-owned staffing agencies to increase our diverse candidate outreach.



diverse recruitment events and career fairs attended by Group to support diverse hiring, including military veteran recruitment events, diversity career fairs, and college and high school events.

Creating an Equal Opportunity Workplace

We work to provide equal opportunities across our workforce for field employees, office staff, management, and executive team. This commitment extends to our supply chain, where we have sought to increase spending with women-, minority-, veteran-, disabled veteran-, and LGBTQ-owned suppliers. For more information, see [Responsible Sourcing](#).

Group maintains a zero-tolerance policy regarding 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 noncompliance 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.

Taking an Inclusive Approach to Hiring, Development, and Culture

Inclusion begins with our hiring practices, where we strive to increase gender and racial/ethnic diversity throughout the Company. That starts with entry-level positions and goes up to the Board of Directors. The Board’s Nominating/Corporate Governance Committee includes diversity as part of its consideration for director nomination. We value members who demonstrate a diversity of thought, perspectives, skills, backgrounds, and experiences. These qualities enhance our ability to innovate and improve our service.

We reach a diverse group of candidates through targeted job boards, job fairs, and partnerships with local community colleges. We also partner with diverse recruiting, educational, and/or community resource organizations covering all our locations enterprise-wide to help us identify a diverse pool of qualified candidates. 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, 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 [Enhancing Training and Development](#).

To support awareness of proper workplace conduct, employees receive annual live, online, or virtual video-facilitated trainings on topics including unconscious bias and sexual harassment avoidance.

Evaluating Our Progress Regularly

By evaluating our progress on diversity, equality, and inclusion, we can make adjustments to our strategy as needed. We periodically analyze pay equity for gender and other factors, and we continue to analyze data on employee demographics. Our Board 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 it provides additional context for our practices and priority areas. Our officers also gather insights about leading practices through our involvement in industry associations.



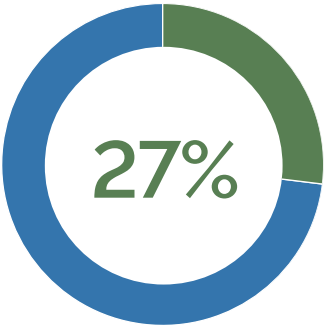
ADDITIONAL RESOURCES

[Diversity, Equality, and Inclusion Policy](#)

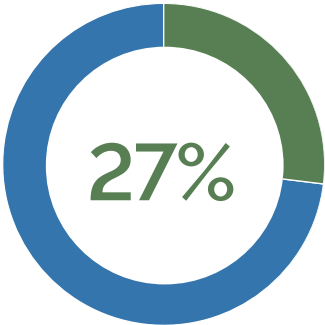


Workforce Diversity

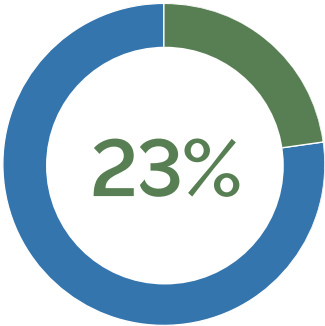
2023 Percentage of Women in the Workforce



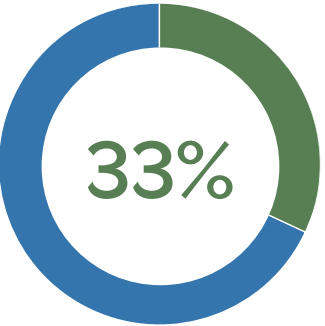
Overall Workforce



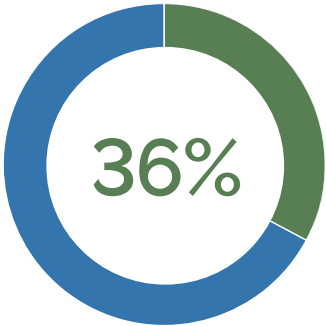
Field and Office Staff



Management Positions
(First- and Mid-Level
Managers)



Senior Management
(Directors and Officers)

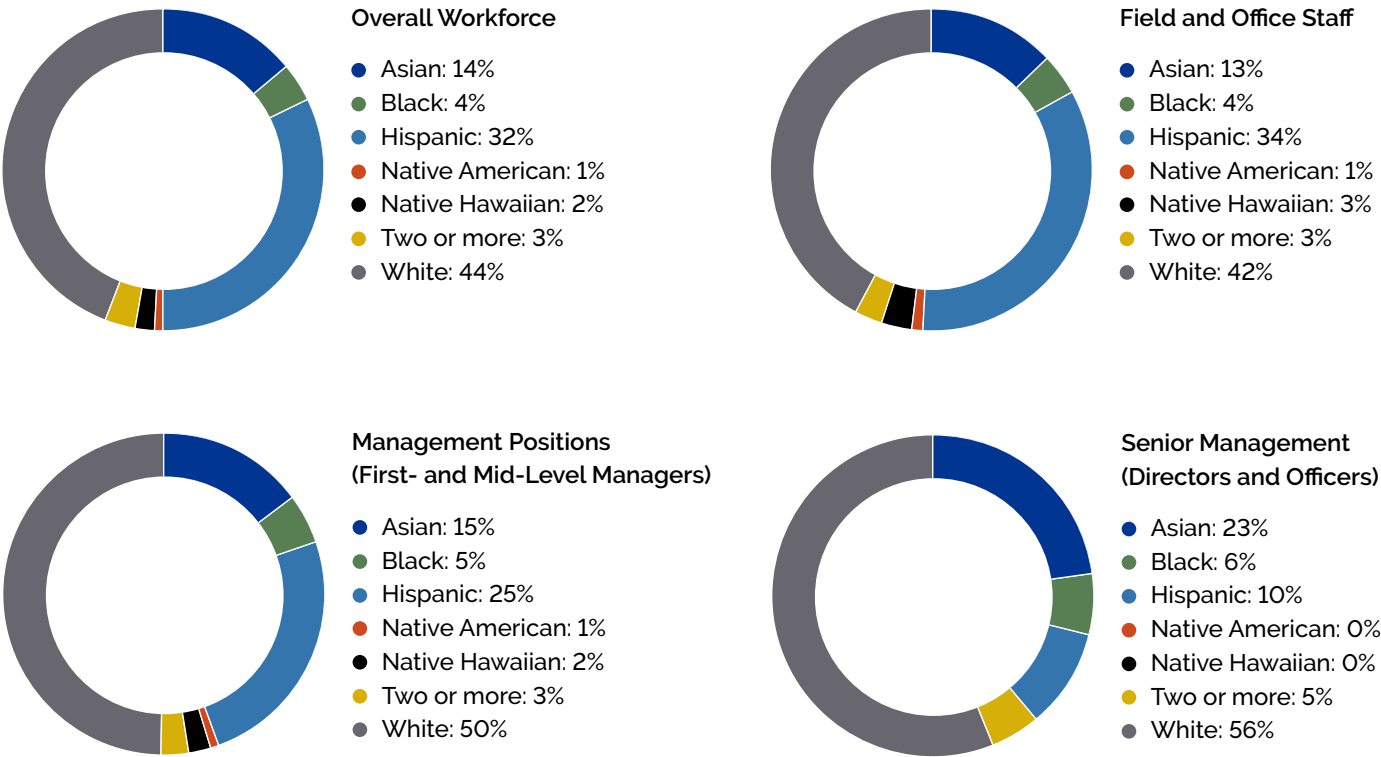


Board of Directors

Group maintains a **zero-tolerance** policy regarding discrimination, harassment, and retaliation.

Workforce Diversity

2023 Racial/Ethnic Diversity in the Workforce



We value **diversity of thought, perspectives, skills, backgrounds, and experiences**. These qualities enhance our ability to innovate and improve our service.



Talent Attraction and Retention

Working in the water industry presents unique opportunities as well as challenges, and we need a workforce that is equipped to embrace both. We devote significant resources to talent recruitment and development, with top-tier training programs and pathways to advancement. Competitive pay and benefits, along with a commitment to fair labor practices, have helped make us a Great Place to Work,[®] and we have built systems designed to measure and enhance employee satisfaction.



earning a Great Place to Work[®] certification from the Great Place to Work[®] Institute.

~\$728K invested in employee training

and continuing education for an average of 13.6 hours per employee.

\$10,000 in scholarships awarded

to children of employees in California, Hawaii, New Mexico, and Washington subsidiaries.

8% total employee turnover

with 4% voluntary resignation, 2% involuntary resignation, and 2% employee retirement.

2023 HIGHLIGHTS

- Extended the opportunity to participate in our performance-based compensation program to regular full-time and part-time employees in good standing. The at-risk pay program is based upon performance metrics that contribute to the sustainability of the business, including public health and safety, customer service, and infrastructure investment.
- Implemented a post-tax Roth feature in the company 401(k) Savings Plan, effective January 2024, allowing employees more flexibility to maximize tax advantages for retirement.
- Addressed employee feedback and concerns identified through a third-party survey process and focus groups, with a response plan that included officer site visits, all-hands meetings, and other forms of engagement.
- Rolled out Operations Leadership Pathway program to create career paths for entry-level Operations leaders.

Recruiting Top Talent

We aspire to recruit highly qualified professionals with a team-oriented mindset, effective leadership skills, and a passion for innovation. We also look for candidates who 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 and promote diverse perspectives. They also receive unconscious bias training, to help minimize potential preferential treatment and promote consistent hiring practices. For more information about inclusive hiring, see [Diversity, Equality, and Inclusion](#).

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

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. This valuable learning opportunity—currently

offered at our Customer Support Services headquarters in San Jose as well as our operations in Bakersfield and Rancho Dominguez—can be up to a year in length, depending on the needs of the department. Each intern performs duties under the supervision and guidance of professional employees, with responsibilities that vary depending on the assigned department. To qualify for the internship, students must be enrolled in a bachelor’s or master’s degree program at an accredited college or university.

Other established partnerships include those with Santiago College in Orange, Calif., Gavilan College in Gilroy, Calif., Cañada College in Redwood City, Calif., and California State University, Long Beach.

Enhancing Training and Development

Training and development opportunities aid employees in their professional growth. When evaluating strategic training needs, we consider multiple factors, such as 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. Our Human Resources team analyzes any feedback and adjusts courses as needed.



We frequently **collaborate with local high schools, trade schools, and colleges** across our subsidiaries to educate students on potential careers in the water industry and develop our talent pipeline.

Using our human capital management platform, we work to promote consistency in our leadership training. All managers are required to complete our Management Essentials training series, a course of six modules to help improve their capabilities. Topics include coaching for performance, team building, conflict resolution, leadership, performance counseling, building trust, and performance management. 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 program provides an additional leadership development opportunity for employees and contributes to a key pipeline for senior management talent. Over 18 months, high-potential employees learn from officer-level mentors and complete modules to improve their capabilities related to strategic thinking, executive presentation, business writing, ratemaking, risk management, and project management. At the beginning and end of the program, participants conduct 360-degree assessments that evaluate its impact.

Through our Operations Leadership Pathway program, employees moving from hourly to management positions learn and demonstrate water operations expertise, leadership skills, and business acumen. Nine employees have graduated from this program, with 12 enrolled at year-end.

Employees may also pursue external education opportunities. Our workforce holds more than 1,500 industry-specific certifications, and we offer bonuses 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 work jointly with American Water College to grant access to over 120 state-approved courses to obtain or renew distribution, treatment, and wastewater certifications. Employees can easily access these training courses at any time on our human capital management platform.

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. This year, we expanded our talent review to assess the potential impact of each employee’s departure. Our leaders are working on strategic backfill plans for positions with incumbents whose roles have been denoted as critical.

Additionally, 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.

We are also finalizing career maps for our non-union employees that provide them with information on the certification, education, and work experience required to move into management roles.

Strengthening Our Labor Relations and Management Practices

We work to protect 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 through our ethics hotline. Our policy is to respect the right to freedom of association and collective bargaining. To help drive informed decisions, we communicate the differences between union-represented and non-represented employees. We also provide a mechanism for union employees to submit grievances and outline this process in union contracts.

At the end of 2023, union employees represented about 60% of our workforce. They include members of the Utility Workers Union of America, AFL-CIO, and the International Federation of Professional and Technical Engineers. We engage with our unions in monthly meetings to review business matters and discuss potential issues. Together, 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 [Workplace Health and Safety](#).

Providing Competitive Compensation and Benefits

To care for our employees and attract highly qualified talent, we offer competitive benefits. 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. They include:

- 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.
- A commuter benefits program that encourages alternative modes of transportation.
- Survivor benefits for dependents of a deceased employee.
- Retiree health benefits.
- An employee assistance program that provides childcare and eldercare resources.
- Emotional support services offered through our Employee Assistance Program provider, CareBridge.
- Our Critical Incident Response Management 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; the Company provides a maximum of up to two years of unpaid leave after any paid leaves are exhausted.
- Additional short or long-term 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 options—such as hybrid remote work, consideration of job-sharing requests, and a 9/80 work schedule (a two-week work schedule that compresses 80 working hours into nine days rather than ten)—for certain eligible employees based on job requirements.
- 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 that support practices and events encouraging healthy behavior.

Group is committed to promoting employment security whenever possible. The Company has not had a layoff of regular/permanent employees since 1926. When we transitioned two years ago from a district-level model to using Regional Customer Centers in California, we avoided any employee layoffs and adjusted roles and duties for more than 100 employees to support our customers efficiently.

Assessing Employee Satisfaction

We assess employee satisfaction and gather feedback through the Bay Area Top Workplaces survey, sponsored by Energage (no longer affiliated with the Bay Area News Group) and the Great Place to Work® Trust Index®. 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](#)

Our policy is to respect the **right to freedom of association** and collective bargaining.

Workplace Health and Safety

Health and safety concerns underpin our operations. Injury prevention forms the bedrock of our safety efforts, and our proactive approach involves extensive safety training. We work to surpass regulatory compliance standards wherever possible and engage employees regularly to provide input and evaluate our progress. Our contractors are also required to meet our high safety standards.



2023 HIGHLIGHTS

Achieved target to reduce vehicle accidents by at least 5% compared to 2022.

Piloted use of the HSI Donesafe application, which we rolled out to all employees in January 2024. This application enables access to important safety processes via computer or mobile device from the office or in the field.

- Laid the groundwork for a 360-degree vehicle walk-around campaign, which we implemented in March 2024. Performing a 360-degree walk-around inspection of a vehicle before driving allows drivers to identify potential hazards and helps support employee safety, minimize risks, and preserve the integrity of company vehicles.
- Implemented a “Road-eo” training program that was mandatory for Operations employees. The training was designed to enhance drivers' ability to maneuver small, medium, and large vehicles through an obstacle course similar to those seen in actual rodeos.

- Developed Incident Response Procedure and Incident Reporter tools to log incidents. Using “near miss” and “See something, say something” forms, employees can report hazards and emergencies that require immediate attention.
- Benchmarked Total Case Incident Rate (TCIR), Days Away Restricted and Transferred (DART), workers' compensation, and preventable vehicle accidents against our peers of similar size. We are now building strategies to improve our performance and applying leading practices to our safety programs.
- Identified our top three workplace injury types and associated job tasks (twisting body motions, repetitive motions, and lifting/pushing/pulling) and recommended equipment to mitigate hazards.
- Delivered companywide Active Shooter and Situational Awareness training to increase the safety of our employees both at work and in their private lives.

Putting Safety First

Each year, we set a goal to meet or exceed all industry safety benchmarks and to reduce company-wide health and safety incidents by 5% year over year. Since we did not meet this goal in 2023, we are working even harder to achieve it in 2024. Our occupational health and safety management policies and procedures, which apply to all Group employees, facilities, and operations, guide our strategy to create an accident-free and healthy work environment. We maintain an Illness and Injury Prevention Plan that incorporates more than 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 effectively mitigate risk and operate safely.

At each of our locations, we 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.

Our Safety team regularly evaluates and updates our safety program and procedures to meet Occupational Safety and Health Administration (OSHA) regulatory requirements on a variety of topics, including asbestos awareness, blood-borne pathogens, confined space, noise exposure/hearing conservation, respiratory protection, valley fever, and silica dust.

Enhancing 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 on first aid, heat illness prevention, use of fire extinguishers, and other topics, and we continue to achieve a high completion rate. New 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 promote safe driving by employees and take a consistent approach across departments and locations.

In addition to required safety training for all employees, our Safety Department holds specialized training based on an employee’s exposure to specific safety risks. Training may cover “boots on the ground” emergency response, Emergency Operations Center (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 [Emergency Preparedness and Response](#).



REDUCING SECURITY-RELATED INCIDENTS THROUGH MULTIPLE PROGRAM ENHANCEMENTS

Cal Water achieved a year-over-year reduction in security-related incidents of approximately 34% in 2023. This was due to several recent enhancements in our physical security program, such as completing companywide Active Shooter and Situational Awareness training, expanding our formal physical security standards to include security signage, implementing a third-party service to monitor CCTV/surveillance systems at various facilities, and engaging with local law enforcement on security issues.

EMPLOYEE RECOGNITION

Our “Caught doing it right” program enables managers to recognize employees for excellence in safety, customer service, ethics, and job execution at all-hands meetings.

We encourage employee involvement in the evaluation of our occupational health and safety programs. One way we do this is by partnering with the Utility Workers Union of America and AFL-CIO to train union employees to become Power for America 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 believe that the program contributes to the safety of our teams while fostering peer-to-peer dialogue, coaching, awareness, compliance, and improvement on safety issues.

Prioritizing 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 that authority. Managers are required to evaluate the potential hazard and work to address any concerns.

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 safety culture. For relevant roles, we perform hearing and respiratory fit testing to confirm that employees are prepared to work safely. Through our Injury and Illness Prevention Program, we seek to prevent injuries and mitigate risks, train employees, and thoroughly investigate any accidents.

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 reassimilation of injured employees through our return-to-work program. To help support overall employee well-being, we offer medical insurance plans, a peer-to-peer support program, and professional employee assistance. For more, see [Providing Competitive Compensation and Benefits](#).

Monitoring Contractor Safety Management

Contractors performing work for Group are held to the same safety standards and expectations as our employees. They 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 starting work, to support the identification of risks and understand methods to help mitigate hazards. To help maintain oversight, we require contractors to provide daily reports of their work, and designated on-site construction managers are responsible for tracking their progress.

In our supply chain, our supplier risk management program uses the recordable incidents data that our high-risk and critical suppliers submit to OSHA to assess safety and performance. If injury rates exceed the industry average, our system is designed to flag the supplier. We then discuss potential actions with the supplier, including requiring corrective action plans to improve its performance. Depending on the circumstances, we may delay or halt work with a supplier until it meets our safety standards.

Total Case Incident Rate (TCIR) and Days Away, Restricted, or Transferred (DART) Rate			
	2021	2022	2023
TCIR	3.4	4.4	4.7
DART	2.8	1.9	2.6

We believe the increasing trend in safety incident rates from 2021 to 2023 is due to a combination of the following factors: higher retirement rates in 2021-2023 than previous years, resulting in loss of expertise and safety knowledge; an increase in injuries reported by newer employees with less experience and safety education; an increase in repetitive-type incidents reported by employees due to retire in two to three years; and the transition of office-based roles to field-based roles upon closure of Cal Water customer service lobbies.

Despite the increase in incident rates from prior years, we still perform better than the average TCIR reported by the Bureau of Labor and Statistics for water utilities across the United States.



Governing with Integrity

California Water Service Group's mission is to be the leading provider of sustainable water and wastewater services—and that starts with integrity as a core value. We hold our Board, employees, and suppliers to high ethical standards and strive to follow best practices as we advocate for the interests of our customers, communities, employees, and future generations.

IN THIS CHAPTER

- ➔ Corporate Governance
- ➔ Ethics
- ➔ Public Policy and Political Involvement
- ➔ Responsible Sourcing

Corporate Governance

Robust corporate governance underpins everything we do at California Water Service Group. We rely on strong Board and executive leadership, as well as a clear framework of oversight and controls that guides our business and promotes long-term value. Sound policies and practices also build trust with investors, employees, communities, and public officials.



2023 HIGHLIGHTS

3 years as one of “America’s Most Responsible Companies”

and 1 of only 5 water utilities selected as one of the “World’s Most Trustworthy Companies” recognized by *Newsweek*, thanks to Group’s sustainability and corporate citizenship efforts.

50+ instances in which ESG-related matters were discussed

during committee or full Board meetings.

36% gender diversity, 18% ethnic diversity on the Board of Directors

4 women, 7 men, 2 racially/ethnically diverse directors of 11 acting directors.

10 of 11

independent Board directors

All independent Board committees

Scott L. Morris—Independent Lead Director
75—Mandatory Retirement Age

- Selected Martin A. Kropelnicki to assume the role of Chairman, President and Chief Executive Officer of Group when Peter C. Nelson retired in May 2023.
- Added two new directors to our Board. Having served as a senior executive in the electric utility industry, Charles R. Patton’s areas of expertise include customer service, regulatory affairs, communications, and federal public policy. Jeffrey Kightlinger is the former CEO of the nation’s largest municipal water supplier and is experienced in water law.

ESG Governance Structure		
Oversight Level	Entity	Responsibility
Board	Nominating/Corporate Governance Committee	Oversees overall ESG program and reporting, as well as Board diversity.
	Enterprise Risk Management (ERM), Safety and Security Committee	Assists the Board in the oversight of Group's ERM, Safety, and Security programs, including items related to safety, security, and environmental risks.
	Organization and Compensation Committee	Oversees employee relations, turnover, diversity, development, and executive compensation.
	Finance and Capital Investment Committee	Oversees investments in corporate assets and our ability to obtain financing, which supports ESG efforts and climate-related projects.
	Audit Committee	Oversees compliance with environmental and ethics standards, internal controls, cybersecurity risk, and supplier integrity.
Executive	Senior VP, Customer Service and Chief Sustainability Officer	Oversees ESG Program and co-leads the Executive Oversight Committee.
	ESG Executive Oversight Committee (executive leadership across functional areas) led by Senior VP, Customer Service and Chief Sustainability Officer and ESG Manager	Comprised of the full executive leadership team. Oversees overall ESG vision, management, and communications, and tracks progress of strategies, policies, and practices related to material sustainability issues.
Supporting	ESG Working Groups	Comprised of officer sponsors, subject matter experts, and goal owners across the Company. Executes strategies and objectives and facilitates collaboration among departments on specific cross-cutting ESG focus areas.
	ESG Manager	Manages the ESG Program and co-leads the ESG Executive Oversight Committee.

Leading for Long-Term Sustainability and Business Success

Our commitment to excellence starts at the highest level of California Water Service Group, with our Board of Directors. The Board oversees and collaborates with our leadership team to set and pursue ambitious business goals. For more general information on Corporate Governance at Group, please see our [Investor website](#) and our annual [Proxy Statements](#).

ESG Governance

To further drive ESG progress, we have also implemented a formal structure for ESG governance, to designate responsibility and guide our execution. Our full Board oversees execution of our climate change strategy, and the Nominating/Corporate Governance Committee oversees our ESG program and reporting. The Board delegates oversight of specific ESG-related matters to additional Board committees with deep experience and expertise in related topics. Our executive team and supporting management committees oversee individual ESG focus areas, ESG governance, address cross-cutting issues, and track progress of strategies, policies, and practices. Additionally, our short- and long-term incentive programs link executive compensation to metrics related to ESG initiatives. See our [Proxy Statements](#) for details.

The table to the left shows the overarching ESG governance structure for our centralized ESG program. Several cross-functional committees outside the formal ESG program also advise on and execute strategies to address specific needs related to material ESG topics. Examples include the Drought Steering Committee, Capital Program Management Committee, PFAS Compliance Steering Committee, and others. Additionally, the report appendix includes the topic-by-topic [ESG Governance Responsibilities Matrix](#). The Group 2023 CDP Response provides full information on governance of climate-related issues.

NOMINATING/CORPORATE GOVERNANCE COMMITTEE RESPONSIBILITIES

The primary responsibility for overseeing our overall ESG program and reporting falls to the Nominating/Corporate Governance Committee. Additionally, the Committee promotes Board diversity, including gender, race, ethnicity, national background, geography, age, and sexual orientation. To promote critical insight and competence on climate-related issues, the Committee looks for Board members with varied occupational and personal backgrounds as well as experiences and perspectives. For example, the Board member who serves as Chair of the Enterprise Risk Management, Safety, and Security Committee brings over 40 years of water and natural resource management experience to the Board.

Regular Board Updates on ESG Matters

At least once each year, the Nominating/Corporate Governance Committee receives a formal ESG update, although additional updates are given throughout the year as needed. Topics include progress on ESG focus areas and objectives, new strategic ESG initiatives, significant stakeholder concerns relating to ESG matters, and current and emerging ESG legislation and trends relevant to Group. Additionally, specific topics within Group’s ESG strategy may be discussed at other committee and/or full Board meetings throughout the year. For example, the Enterprise Risk Management, Safety, and Security Committee is formally scheduled to discuss specific safety, security, and environmental matters at a minimum twice per year, and on an as-needed basis thereafter.

Integrating ESG Risks into ERM

As part of our core business strategy and to contribute to business continuity, we assess risks and mitigation controls annually through our Enterprise Risk Management (ERM) program. We also review best practices and top-tier risks of other companies in our industry. Lead officers and departments oversee risk management for individual topics, and our Board’s Enterprise Risk Management, Safety, and Security Committee owns the overall ERM program and updates the full Board.

Our material ESG topics are closely aligned with the enterprise risks we monitor through our ERM program. In fact, there is an 85% overlap between our primary and secondary ERM risks and our material ESG topics. During our ERM review process each year, we analyze new and existing risks, and develop or revise the mitigation controls. We also review and update our mapping across ERM and ESG areas and strive to integrate new and emerging ESG-related risks into our risk assessments and mitigation controls as appropriate.

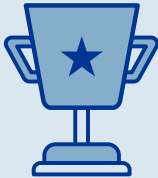


ADDITIONAL RESOURCES

- [ESG Governance Responsibilities Matrix](#)
- [Annual Reports and Proxy Statements](#)
- [Corporate Governance Guidelines](#)
- [California Water Service Group Bylaws](#)
- [Code of Business Conduct and Ethics Policy of the Board of Directors](#)

Ethics

California Water Service Group has a long-standing reputation for doing the right thing. We maintain accountability through detailed policies and clear expectations for leadership and employees. Deeply ingrained business ethics promote integrity among the Board, executives, and employees, and help us earn the trust of our investors, customers, and communities.



1 of only
5 water utilities

selected as one of the "World's Most Trustworthy Companies" recognized by *Newsweek*, with rankings determined based on market definition, an independent survey of 70,000+ participants, and social listening analysis.

Zero
significant instances

of non-compliance with laws and regulations.

2023 HIGHLIGHTS

- Delivered mandatory annual ethics training for all Group employees.
- Our Ethics Hotline is available 24/7 and can be accessed by telephone or online.
- Our Senior VP, General Counsel, evaluates all ethics incident reports and regularly reports to the Audit Committee of the Board of Directors on open ethics matters.

Maintaining Personal and Professional Integrity

Group considers the highest standards of personal and professional integrity to be essential to our business. Our [Business Code of Conduct](#) and [Code of Business Conduct and Ethics Policy of the Board of Directors](#) (Codes) set clear expectations for employees and Board members. Additionally, our Supplier Code of Conduct outlines commitments and expectations for suppliers. For more, see [Responsible Sourcing](#).

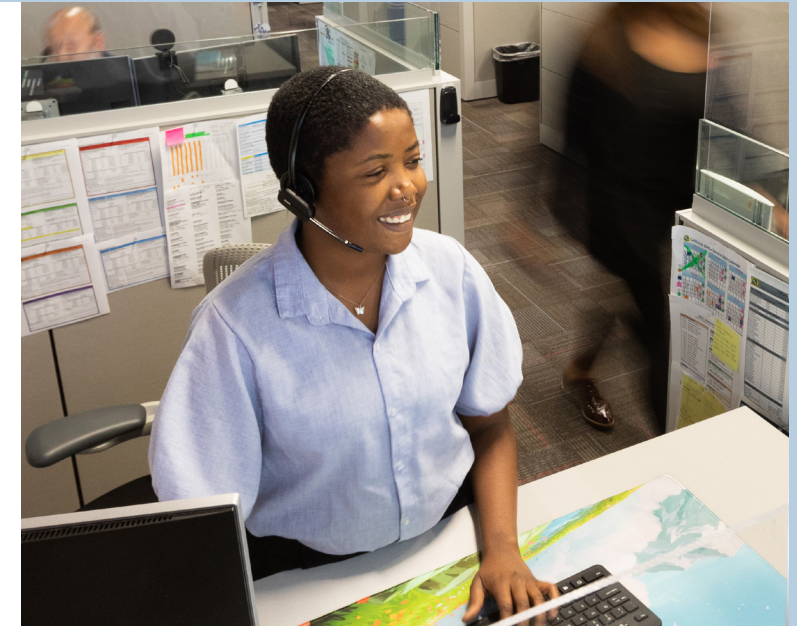
The Business Code of Conduct, which applies to all employees, details responsibilities related to compliance with laws, fair dealing, conflicts of interest, confidential information, and other ethical issues. It also prohibits retaliation against employees who report misconduct. To make sure employees are aware of our standards, new employees are required to acknowledge the Business Code of Conduct when they join Group. Additionally, all employees are required to review and acknowledge the Business Code of Conduct each year as part of mandatory annual ethics training.

The Code of Business Conduct and Ethics Policy of the Board of Directors is intended to focus the Board and each director on areas of ethical risk, offer guidance to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability.

Our Audit Committee annually reviews and updates the Business Code of Conduct, and the Nominating/Corporate Governance Committee annually evaluates and enhances the Code of Business Conduct and Ethics Policy of the Board of Directors. Our Senior VP, General Counsel, regularly reports to the Audit Committee of the Board on open ethics matters. Additionally, our Internal Audit Department, which provides updates to the Audit Committee and senior management, evaluates the effectiveness of Group's internal controls.

Employees are encouraged to communicate ethical concerns directly to management. We also provide several additional mechanisms for employees to report potential Code or policy violations related to ethics:

- Email or mail reports submitted directly to the Audit Committee of the Board of Directors.
- Email or mail reports submitted directly to the VP, Chief Human Resource Officer, VP, Corporate Secretary and Chief of Staff, or Senior VP, General Counsel.
- Responses by senior leaders and management via our quarterly Sarbanes-Oxley (SOX) 302 certification questionnaire. Our Internal Audit Department reviews and investigates these reports 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.



All employees are required to review and acknowledge the Business Code of Conduct each year as part of mandatory annual ethics training.

- Reports through our confidential, 24/7 Ethics Hotline. The Ethics Hotline is available to all employees and external stakeholders, including suppliers and customers, for reporting possible illegal, unethical, or improper conduct. Employees can access the channel by phone, an online web form on our Intranet, or a QR code. Suppliers and other external stakeholders can access it by phone. Individuals can make reports to the Ethics Hotline confidentially and anonymously, although they are encouraged to identify themselves to facilitate follow-up and investigation. As stated in our Business Code of Conduct, we will make every effort to protect the reporting individual’s identity and will share information only with those who need to know to help investigate concerns. In some instances, however, it may be impossible to keep the reporting individual’s identity confidential, because of the demands of conducting a thorough investigation or because of legal requirements. Our Senior VP, General Counsel, evaluates these incident reports and promptly engages the appropriate departments and/or the Audit Committee.
- Reports as part of the annual disclosure process by company leadership. All officers and directors complete questionnaires each year to identify potential ethical and legal issues and report board memberships and compensation as well as external relationships, such as related-party transactions.

Upholding Human Rights

The [California Water Service Group Human Rights Policy](#) aligns with the UN Guiding Principles on Business and Human Rights. The Board of Directors oversees the Policy, which covers 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 impact areas, we are committed to mitigating potential or unforeseen negative impacts. For example, we prohibit slave, child, or otherwise forced labor throughout our operations and supply chain. For more on how we protect fundamental human rights in our supply chain, see [Responsible Sourcing](#).

ADDITIONAL RESOURCES

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



THE HUMAN RIGHT TO DRINKING WATER

As a leading provider of a valued natural resource, we believe we have a responsibility to help support equal access for all humans to drinking water that is safe, reliable, and affordable. We aim to make water affordable by minimizing costs, providing financial support and flexible payment options, and encouraging conservation to lower water bills. We also work to expand access to high-quality water for communities that need it, whether by connecting to nearby, struggling water systems through new water system acquisitions, or by investments in infrastructure. For more, see [Water Affordability and Access](#).

Public Policy and Political Involvement

Group supports policies that align with our values and leaders who advance the interests of our customers, communities, employees, and stockholders. Our political involvement and spending help influence and elect leaders who engage on topics critical to our mission.



2023 HIGHLIGHTS

Worked with the Community Water Center, Leadership Counsel for Justice and Accountability, and Clean Water Action to support the enactment of California Senate Bill 3, which helps protect low-income Californians from arbitrary service disconnections.

Collaborated with the Natural Resources Defense Council and other stakeholders to secure adoption of California Assembly Bill 1572, which bans using potable water to irrigate purely ornamental turf in public spaces.

- Supported the proposed expansion of the Green Rate program offered by our electric utility provider, Southern California Edison, which helps reduce greenhouse gas emissions by giving customers like Cal Water the opportunity to purchase a greater portion of their energy from renewable sources.
- Contributed to the President's National Infrastructure Advisory Council's Preparing United States Infrastructure for Today's Evolving Water Crisis report, published in August 2023.

Supporting Policies That Reflect Our Values

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

Overseeing Political Advocacy

Our Government and Community Affairs team leads our public policy and political involvement efforts and seek to manage our political donations in line with local, state, and federal laws and regulations. The team also oversees two employee-funded Political Action Committees (PACs). Both PAC Boards have the same composition:

- **Chair:** Senior VP, Customer Service and Chief Sustainability Officer
- **Vice Chair:** Chairman, President and CEO
- **Executive Director:** VP, Government and Community Affairs
- **Board members:** Officers and District Manager

The federal PAC aims to organize contributions to support qualified candidates who are running for national office and may impact Group, our subsidiaries, customers, employees, and stockholders. The state and local PAC performs the same function related to state and local offices in California.

Public records document our advocacy efforts. We file quarterly lobbying disclosure reports for our California subsidiary, as required by California Government Code Section 86116. Our policy is to use only contract lobbyists in California; none of our employees are registered lobbyists.

Although most of our legislative advocacy focuses on California, our regulatory advocacy covers all states. Our Rates Department oversees our relationship with the utilities commission in each state we serve. We regularly communicate with our regulators on issues impacting our business and customers, such as safety, reliability, and affordability.

We also engage with industry organizations and trade associations—including the American Water Works Association, California Water Association, Water Research Foundation, and National Association of Water Companies—to prepare for emerging regulations and offer input on policies that may impact Group. Additionally, we regularly collaborate with the Public Policy Institute of California, to conduct research and generate thought leadership. For more, see [Memberships](#).

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 from the California Water Service State and Local PAC](#)
- [Federal political contributions from the California Water Service Group PAC](#)



OUR CORE ADVOCACY PRIORITIES AND ACTIVITIES

Conservation and Sustainability

We support initiatives that seek to strengthen resilience against drought. We also encourage structures that promote water conservation and favor drought-tolerant landscaping.

- Supported AB 1572—Turf Irrigation Standards

Water Quality

We advocate for funding of critical water infrastructure and favor investments to understand, monitor, and address contamination with per- and polyfluoroalkyl substances, and we strive to protect public health.

- Supported AB 805—Water Systems Consolidation

Access to Water

We are committed to providing our customers with access to a water supply that is safe, clean, and reliable.

- Supported SB 3—Access to Water Service

Infrastructure

We recognize that building and maintaining infrastructure is critical to delivering safe, reliable water service to our customers. Group has invested more in infrastructure maintenance and upgrades in the last decade than any other regulated water provider in California.

- Supported AB 838—Water Reliability and Safety

Affordability

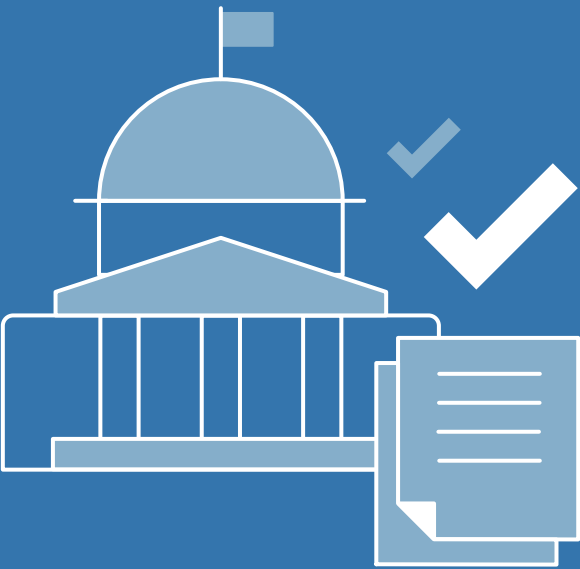
Many of our advocacy efforts focus on improving water affordability and access for our customers. We have supported legislation that was intended to remove extraneous customer fees, enhance access for low-income communities, and provide financial assistance for customers who cannot afford their water bills due to economic hardship.

Combating Chemicals

We strongly support state legislation that would prohibit the sale and use of certain PFAS-containing products, require the certification of accurate testing methods, and establish a publicly accessible database that includes PFAS sources entering water supplies.

Supported:

- AB 246—Prioritizing Female Health
- AB 347—Enforcing PFAS Compliance
- AB 727—Safe Cleaning Products
- AB 1290—Removing PFAS from Packaging
- AB 1423—Artificial Turf Standards
- AB 496—Safer Cosmetic Products



Climate Change Response

California's water policies have not kept pace with the changing climate. We have supported the following policies to promote available and accessible water:

- California Public Utilities Commission (CPUC) decoupling of water utility profits from water sales to promote California's water conservation goals.
- Adoption of an industry-wide approach to tiered rates to motivate customers to better understand and reduce their water use.
- Implementation of Advanced Metering Infrastructure (AMI) by water suppliers, to provide customers with real-time water usage information that can save water and money and CPUC approval of a utility-wide AMI rollout.
- Regular completion and updates of water provider Climate Risk Assessment Plans, to take full stock of climate change impacts and develop advanced solutions to help address and mitigate them.

Responsible Sourcing

California Water Service Group aims to acquire goods and services in a way that's sensitive to environmental, social, and ethical considerations. That means working with suppliers who take responsibility for the entire lifecycle of products and services, align with our expectations for conduct, and safeguard the human rights of workers for the supplier and in their supply chains.



27.2%

of net procurement spend with diverse suppliers, exceeding our 22.5% target set by the California Public Utilities Commission (CPUC) by nearly 5%.

34 events attended

to foster partnerships with external organizations and advocacy groups dedicated to supplier diversity.

\$91.5 million diverse spend

in 2023 up from \$70.9 million in 2022.

2023 HIGHLIGHTS

- Developed more uniform contract templates designed to simplify adding ESG-related requirements and allow Cal Water contracts to be more easily understood, especially by small businesses.
- Evaluated internal warehousing and logistics at district storerooms and storage sites, to prevent supply chain disruptions from impacting operations, maintenance, and capital projects, and handle emergencies. To allow inventory space, we worked with companies to recycle obsolete materials or dispose of them properly.
- Pushed out standards contract language, templates, and practices across the procurement function in all states.

Building a Strong and Principled Supply Chain

As the largest investor-owned water utility west of the Mississippi River, Group has a tremendous opportunity to generate positive impacts across our supply chain. We require our suppliers to comply with applicable regulations and our [Supplier Code of Conduct](#). The Code of Conduct incorporates principles from the UN Global Compact and references recognized standards and regulations, such as the U.S. Foreign Corrupt Practices Act, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization Core Labor Standards.

Our Supplier Code of Conduct outlines our commitments and expectations regarding anti-corruption, anti-bribery, fair dealing, conflicts of interest, confidential information, workplace conduct and safety, environmental management, human rights and labor practices, supplier diversity, compliance, and the need for an anonymous worker grievance process. Our Code also encourages our suppliers to implement their own written code of conduct and adopt labor practices that conform to international and domestic regulations for their supply chain.

Screening, Evaluating, and Monitoring Suppliers

When we screen potential suppliers, we first establish clear criteria based on the nature of the purchase and the expected duration of the supplier relationship. These criteria assess experience and technical, financial, and managerial strengths. Further, by policy, we include at least one diverse supplier in every competitive selection and track occasions when we cannot find a qualified diverse supplier.

SUPPLIER RISK MANAGEMENT PROGRAM

1. Initial Supplier Assessment

We check potential suppliers (not just high-risk suppliers) against the denied party lists maintained by the U.S. Treasury Department's Office of Foreign Assets Control. That may include identifying sanctions and embargoes placed on nations and political jurisdictions. Then we perform an insurance check where insurance is required, verify each supplier is licensed to do business, and confirm that it has had no known corrupt practices in the past.

2. Supplier Risk Segmentation

We segment suppliers into critical and high-risk categories to define focus areas more easily for enhanced supplier engagement and risk management. Critical suppliers offer unique services, have high switching costs, or help prevent service interruptions. High-risk suppliers may be exposed to activities with stricter safety and security requirements, such as excavating or demolition, electrical work, hazardous waste disposal, confined space work, or information security. We evaluate suppliers through the Avetta® program and platform, which promotes risk prevention, especially in health and safety, across supply chain networks.

3. Further Supplier Qualification

We require all suppliers to sign the Supplier Code of Conduct as part of their contract. To date, more than 900 suppliers have acknowledged the Code. To further qualify suppliers within our SRM program, we evaluate their regulatory, financial, environmental, and cybersecurity performance. Our self-certification process includes an annual questionnaire and upholds our right to audit suppliers. We flag issues in our SRM system, and vendors must provide an explanation and corrective action plan that may include training related to the issue.

4. Supplier Monitoring

We establish ongoing communication with our key suppliers, collect information about their performance, and address any issues promptly. If we determine that a supplier does not meet our standards, we may also engage internal subject matter experts to address concerns. If critical issues are repeated or remain unresolved, we may issue stop work orders, terminate contracts, and/or add a supplier to our no-bid list.



We strive to include conditions in our contracts to help minimize the risk of negative impacts and enforce best practices. Depending on the work performed, specific provisions may be included relating to hazardous materials, waste disposal, wetlands and local wildlife, fair labor, human rights, and health and safety, among other issues. After selecting suppliers, we monitor compliance with contract requirements, use corrective actions to address supplier performance issues, and work to build mutually beneficial long-term relationships.

Supplier Risk Management

We continue to refine our supplier risk management (SRM) program—which includes critical and high-risk suppliers in California. We plan to roll out the SRM program across our other state operations in 2024. Presently, the SRM platform tracks approximately 83% of high-risk and critical suppliers. The program uses a software solution and service designed to manage our supplier risks efficiently. The process includes four key steps, from assessment to monitoring.

Promoting Supplier Diversity

Our Supplier Diversity Program helps us receive high-quality products and services while increasing partnerships with businesses owned by women, minorities, disabled veterans, LGBTQ individuals, and persons with disabilities. To support economic inclusion, we aim to achieve the annual CPUC target for spending with diverse suppliers and follow best practices to continue to enhance our program. For additional information, see our [annual supplier diversity reports](#) filed with the CPUC.

To support our supplier diversity goals, our Procurement Policy requires that we invite at least one diverse supplier to participate in competitive bidding events for purchases over \$50,000. We continue to evaluate the impact of this effort. Through our Supplier Diversity Program, we support qualified suppliers aiming to achieve certification through the CPUC Supplier Clearinghouse. CPUC requires breakdowns of diversity spend in categories such as Standard Industrial Classification (SIC) code, direct, sub-contract, women-owned, LGBTQ, and minority-owned businesses (MBE).

To benefit our communities, we purchase locally when possible. Additionally, we continue to exceed the federal subcontracting goals for small businesses on our Travis Air Force Base operations in Fairfield, Calif. We aim to build on our Operation Contract with Travis Air Force Base and engage more Historically Underutilized Business Zone (HUBZone) suppliers.

Percentage of Net Procurement Spend with Diverse Suppliers		
2021	2022	2023
20.9%	24.3%	27.2%

Training Employees on Procurement Policies

We recognize the importance of training employees who either make or approve requisitions, to better understand our procurement policies and risk management processes. Our training covers ethical practices related to gifts and conflicts of interest, inclusion requirements for competitive bidding, our approach to supplier diversity, and topics related to safety, security, and environmental management. The Procurement Department hosts training periodically and customized training as needed. In 2023, for example, we trained engineering project managers and IT personnel on procurement policies and processes, because each of these groups handles higher-risk procurements.

Additionally, more than 100 people received procurement-related training through the normal course of procurement work. Also, employees frequently send inquiries and messages to the Procurement Help Desk, which provides comprehensive support for employees who need help with procurement matters.

Enhancing Supply Chain Resilience

Our operations depend on a robust supply chain, but various factors can threaten reliability. Disruptions may include natural disasters, geopolitical or regional conflicts, economic recessions, shifting transportation patterns, and pandemics. We track these disruptors to enhance our management of associated supply chain risks. As part of our proactive approach, we closely monitor key material and service categories, order materials in advance, stockpile inventory, strengthen relationships with key partners, diversify our supplier base, and engage domestic or local vendors, where possible. We also continue to build redundancy in the supply of critical maintenance, repair, and construction services and supplies. We aim to ensure service reliability and operational efficiency, to be prepared for emergencies.

ADDITIONAL RESOURCES

- [Supplier Code of Conduct](#)
- [Supplier Diversity Reports](#)
- [Supplier FAQ](#)

Appendices

IN THIS CHAPTER

- ➔ ESG Governance Responsibilities Matrix
- ➔ TCFD Content Index
- ➔ SASB Content Index
- ➔ GRI Content Index

ESG Governance Responsibilities Matrix

Here are the departments, executives, and directors responsible for each of our priority ESG topics:

Topic	Departments (Led by Directors and Managers)	Responsible Officers	Board Oversight
Climate Change Strategic Planning and Risk Management Energy and Emissions	<ul style="list-style-type: none">• Water Resource Sustainability• Engineering• Procurement (Fleet & Facilities)• Operations	<ul style="list-style-type: none">• Chairman, President & CEO• Senior VP, Customer Service & Chief Sustainability Officer• Chief Water Resource Sustainability Officer• VP, Facilities, Fleet & Procurement	<ul style="list-style-type: none">• Full Board of Directors
Water Supply Resilience and Reliability	<ul style="list-style-type: none">• Water Resource Sustainability• Engineering	<ul style="list-style-type: none">• Chairman, President & CEO• Chief Water Resource Sustainability Officer	<ul style="list-style-type: none">• Full Board of Directors
Water System Resilience, Reliability and Efficiency	<ul style="list-style-type: none">• Water Resource Sustainability• Engineering• Operations	<ul style="list-style-type: none">• Chief Water Resource Sustainability Officer• Chief Engineering Officer• Senior VP, Operations	<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">• Chief Water Resource Sustainability Officer	<ul style="list-style-type: none">• Full Board of Directors
Environmental Management, Compliance, and Stewardship	<ul style="list-style-type: none">• Environmental Affairs	<ul style="list-style-type: none">• VP, Water Quality & Environmental Affairs	<ul style="list-style-type: none">• Enterprise Risk Management, Safety & Security Committee
Philanthropy and Volunteerism	<ul style="list-style-type: none">• Government & Community Affairs• Human Resources	<ul style="list-style-type: none">• VP, Government & Community Affairs• VP, Chief Human Resources Officer	<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, 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• Operations	<ul style="list-style-type: none">• Senior VP, Corporate Services & Chief Risk Officer• VP, Emergency Preparedness, Safety & Security• Senior VP, Operations	<ul style="list-style-type: none">• Enterprise Risk Management, Safety & Security Committee
Drinking Water Quality and Safety	<ul style="list-style-type: none">• Water Quality• Operations	<ul style="list-style-type: none">• VP, Water Quality & Environmental Affairs• Management Committee• Strategy & Operating Committee• Oversight Committee	<ul style="list-style-type: none">• Enterprise Risk Management, Safety & Security Committee• Full Board of Directors

Continued on next page

Topic	Departments (Led by Directors and Managers)	Responsible Officers	Board Oversight
Water Affordability and Access	<ul style="list-style-type: none">• Rates & Regulatory Affairs*	<ul style="list-style-type: none">• VP, Rates & Regulatory Affairs• VP, Government & Community Affairs• Chief Water Resource Sustainability Officer• Senior VP, Customer Service & Chief• Sustainability Officer	<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">• Senior VP, Corporate Services & 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• Corporate Communications	<ul style="list-style-type: none">• Senior VP, Customer Service & Chief Sustainability 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 (including Training and Development, Labor Relations and Management, Compensation, Benefits, and Employee Well-Being)	<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• Organization & Compensation Committee
Workplace Health and Safety	<ul style="list-style-type: none">• Safety• Operations	<ul style="list-style-type: none">• Chairman, President & CEO• Senior VP, Corporate Services & Chief Risk Officer• Senior VP, Operations• VP, Chief Human Resource Officer• VP, Emergency Preparedness, Safety & Security• Executive Safety Committee	<ul style="list-style-type: none">• Enterprise Risk Management, Safety, & Security Committee• Full Board of Directors

Continued on next page

Topic	Departments (Led by Directors and Managers)	Responsible Officers	Board Oversight
Corporate Governance, Ethics	<ul style="list-style-type: none">• Human Resources• Legal	<ul style="list-style-type: none">• Chairman, President & CEO• VP, Corporate Secretary & Chief of Staff• VP, Chief Human Resource Officer• Senior 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">• Chairman, President & CEO• Senior VP, Customer Service & Chief Sustainability Officer• VP, Government & Community Affairs	<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

** We take an interdepartmental approach to many of our ESG topics, particularly for Water Affordability and Access. All departments play a role in finding opportunities to reduce expenses and increase affordability. Additionally, the Water Resource Sustainability Department leads our grant funding efforts.*

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 Recommendation	Location or Direct Response
Governance	Describe the board’s oversight of climate-related risks and opportunities.	ESG Governance Responsibilities Matrix ; Group 2023 CDP Response
	Describe management’s role in assessing and managing climate-related risks and opportunities.	Corporate Governance ; ESG Governance Responsibilities Matrix ; Group 2023 CDP Response
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	Advancing Our Understanding of Climate Risks and Impacts ; Implementing Our Climate Change Strategy to Help Manage Risk and Realize Opportunities ; Group 2023 CDP Response
	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	Advancing Our Understanding of Climate Risks and Impacts ; Implementing Our Climate Change Strategy to Help Manage Risk and Realize Opportunities ; Setting Objectives and Measuring Performance ; Group 2023 CDP Response
	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Advancing Our Understanding of Climate Risks and Impacts
Risk Management	Describe the organization’s processes for identifying and assessing climate-related risks.	Advancing Our Understanding of Climate Risks and Impacts ; Group 2023 CDP Response
	Describe the organization’s processes for managing climate-related risks.	Advancing Our Understanding of Climate Risks and Impacts ; Implementing Our Climate Change Strategy to Help Manage Risk and Realize Opportunities ; Group 2023 CDP Response
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	Advancing Our Understanding of Climate Risks and Impacts ; Integrating ESG Risks into ERM ; Group 2023 CDP Response

Continued on next page

Topic	TCFD Recommendation	Location or Direct Response
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.	Setting Objectives and Measuring Performance ; 2023 ESG Analyst Download ; Group 2023 CDP Response
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Advancing Our Understanding of Climate Risks and Impacts ; Energy and Emissions ; 2023 ESG Analyst Download
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Our Objectives ; Setting Objectives and Measuring Performance ; Group 2023 CDP Response

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 and (3) percentage renewable	Energy and Emissions; 2023 ESG Analyst Download
Distribution Network Efficiency	
IF-WU-140a.1: Water main replacement rate	Water System Resilience, Reliability, and Efficiency; 2023 ESG Analyst Download
IF-WU-140a.2: Volume of non-revenue real water losses	2023 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	2023 ESG Analyst Download
IF-WU-140b.2: Discussion of strategies to manage effluents of emerging concern	Environmental Management, Compliance, and Stewardship; Drinking Water Quality and Customer Safety
Water Affordability and Access	
IF-WU-240a.1: Average retail water rate for (1) residential, (2) commercial, and (3) industrial customers	2023 ESG Analyst Download
IF-WU-240a.3: (1) Number of residential customer water disconnections for non-payment, (2) percentage reconnected within 30 days	2023 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 incidents of non-compliance associated with drinking water quality standards and regulations	Drinking Water Quality and Customer Safety; 2023 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 designed to promote conservation and revenue resilience	2023 ESG Analyst Download
IF-WU-420a.2: Customer water savings from efficiency measures, by market	End-Use Conservation; 2023 ESG Analyst Download

Continued on next page

SASB Disclosure	Location or Direct Response
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	2023 ESG Analyst Download
IF-WU-440a.2: Volume of recycled water delivered to customers	Water Supply Resilience and Reliability; 2023 ESG Analyst Download
IF-WU-440a.3: Discussion of strategies to manage risks associated with the quality and availability of water resources	Utility Water Flow and Impacts of Climate Change; Climate Change Strategic Planning and Risk Management; Water Supply Resilience and Reliability; 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	2023 ESG Analyst Download
IF-WU-450a.2: (1) Number and (2) volume of sanitary sewer overflows (SSO) and (3) percentage of volume recovered	2023 ESG Analyst Download
IF-WU-450a.3: (1) Number of unplanned service disruptions and (2) customers affected, each by duration category	2023 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	Utility Water Flow and Impacts of Climate Change; Climate Change Strategic Planning and Risk Management; Water System Resilience, Reliability, and Efficiency; Emergency Preparedness and Response
Activity Metric	
IF-WU-000.A: Number of: (1) residential, (2) commercial, and (3) industrial customers served, by service provided	2023 ESG Analyst Download
IF-WU-000.B: Total water sourced, percentage by source type	Water Supply Resilience and Reliability; 2023 ESG Analyst Download
IF-WU-000.C: Total water delivered to: (1) residential, (2) commercial, (3) industrial, and (4) all other customers	2023 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, Compliance, and Stewardship; 2023 ESG Analyst Download
IF-WU-000.E: Length of (1) water mains and (2) sewer pipe	2023 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, 2023 to December 31, 2023 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		
GRI 2: General Disclosures 2021	2-1 Organizational details	Company Overview ; 2023 10-K
	2-2 Entities included in the organization’s sustainability reporting	About This Report
	2-3 Reporting period, frequency and contact point	About This Report
	2-4 Restatements of information	2023 ESG Analyst Download 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	Company Overview ; 2023 10-K
	2-7 Employees	2023 ESG Analyst Download
Governance		
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Corporate Governance ; 2024 Proxy
	2-10 Nomination and selection of the highest governance body	Corporate Governance ; 2024 Proxy
	2-13 Delegation of responsibility for managing impacts	Corporate Governance ; 2024 Proxy
	2-14 Role of the highest governance body in sustainability reporting	Leading for Long-term Sustainability and Business Success ; 2024 Proxy

Continued on next page

GRI Disclosure		Location or Direct Response
General Disclosures		
Strategies, Policies, and Practices		
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Letter from the CEO
	2-23 Policy commitments	Energy and Emissions ; Cybersecurity and Data Privacy ; Diversity, Equality, and Inclusion ; Ethics ; Responsible Sourcing ; California Water Service Group does not formally follow the precautionary principle.
	2-24 Embedding policy commitments	Energy and Emissions ; Cybersecurity and Data Privacy ; Diversity, Equality, and Inclusion ; Ethics ; Responsible Sourcing ; ESG Governance Responsibilities Matrix
	2-25 Processes to remediate negative impacts	Stakeholder Engagement and Public Participation ; Strengthening Our Labor Relations and Management Practices ; Ethics
	2-26 Mechanisms for seeking advice and raising concerns	Ethics
	2-27 Compliance with laws and regulations	2023 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	Strengthening Our Labor Relations and Management Practices ; 2023 ESG Analyst Download

Continued on next page

GRI Disclosure		Location or Direct Response
General Disclosures		
Material (Highest and Higher Priority) Topics (listed per order of report)		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Priority ESG Topics
	3-2 List of material topics	Priority ESG Topics
Climate Change, Strategic Planning, and Risk Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG ; Utility Water Flow and Impacts of Climate Change ; Climate Change Strategic Planning and Risk Management ; Energy and Emissions ; Group 2023 CDP Response
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Climate Change Strategic Planning and Risk Management ; Energy and Emissions ; Group 2023 CDP Response
Energy and Emissions		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy and Emissions ; 2023 ESG Analyst Download
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy and Emissions ; 2023 ESG Analyst Download
	305-2 Energy indirect (Scope 2) GHG emissions	Energy and Emissions ; 2023 ESG Analyst Download
	305-3 Other indirect (Scope 3) GHG emissions	Energy and Emissions ; 2023 ESG Analyst Download
	305-4 GHG emissions intensity	Energy and Emissions ; 2023 ESG Analyst Download

Continued on next page

GRI Disclosure		Location or Direct Response
General Disclosures		
Material (Highest and Higher Priority) Topics (listed per order of report)		
Water Supply Resilience and Reliability		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Utility Water Flow and Impacts of Climate Change; Water Supply Resilience and Reliability
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Utility Water Flow and Impacts of Climate Change; Water Supply Resilience and Reliability
	303-3 Water withdrawal	Water Supply Resilience and Reliability; 2023 ESG Analyst Download
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2023 ESG Analyst Download.	Water Supply Resilience and Reliability; 2023 ESG Analyst Download
Water System Resilience, Reliability, and Efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Water System Resilience, Reliability, and Efficiency
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water System Resilience, Reliability, and Efficiency
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2023 ESG Analyst Download.	Water System Resilience, Reliability, and Efficiency; 2023 ESG Analyst Download
End-Use Conservation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; 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 2023 ESG Analyst Download.	End-Use Conservation; 2023 ESG Analyst Download
Drinking Water Quality and Customer Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; 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	2023 ESG Analyst Download

Continued on next page

GRI Disclosure		Location or Direct Response
General Disclosures		
Material (Highest and Higher Priority) Topics (listed per order of report)		
Water Affordability and Accessibility		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Water Affordability and Access
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2023 ESG Analyst Download.	Water Affordability and Access; 2023 ESG Analyst Download
Stakeholder Engagement and Public Participation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; 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
Cybersecurity and Data Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Cybersecurity and Data Privacy
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2023 ESG Analyst Download
Emergency Preparedness and Response		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Emergency Preparedness and Response
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section.	Emergency Preparedness and Response
Philanthropy and Volunteerism		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Philanthropy and Volunteerism
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Philanthropy and Volunteerism

Continued on next page

GRI Disclosure		Location or Direct Response
General Disclosures		
Material (Highest and Higher Priority) Topics (listed per order of report)		
Diversity, Equality, and Inclusion		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Diversity, Equality, and Inclusion
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, Equality, and Inclusion; 2023 ESG Analyst Download
Talent Attraction and Retention		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Talent Attraction and Retention
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Talent Attraction and Retention; 2023 ESG Analyst Download
Corporate Governance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Corporate Governance
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2023 ESG Analyst Download.	Corporate Governance; 2023 ESG Analyst Download
Ethics		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; 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	2023 ESG Analyst Download
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2023 ESG Analyst Download
Public Policy and Political Involvement		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Public Policy and Political Involvement
GRI 415: Public Policy 2016	415-1 Political contributions	Public Policy and Political Involvement; 2023 ESG Analyst Download

Continued on next page

GRI Disclosure		Location or Direct Response
General Disclosures		
High-Priority Topics (listed per order of report)		
Environmental Management, Compliance, and Stewardship		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Environmental Management, Compliance, and Stewardship
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Environmental Management, Compliance, and Stewardship
	303-2 Management of water discharge-related impacts	Environmental Management, Compliance, and Stewardship
	303-4 Water discharge	Environmental Management, Compliance, and Stewardship; 2023 ESG Analyst Download
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Management, Compliance, and Stewardship
	306-2 Management of significant waste-related impacts	Environmental Management, Compliance, and Stewardship
	306-3 Waste generated	2023 ESG Analyst Download
Customer Service		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Customer Service
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2023 ESG Analyst Download.	Customer Service; 2023 ESG Analyst Download
Training and Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Enhancing Training and Development
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Company Overview; Talent Attraction and Retention; 2023 ESG Analyst Download
	404-2 Programs for upgrading employee skills and transition assistance programs	Enhancing Training and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Enhancing Training and Development 100% of California Water Service Group employees receive regular performance.

Continued on next page

GRI Disclosure		Location or Direct Response
General Disclosures		
High-Priority Topics (listed per order of report)		
Compensation, Benefits, and Employee Wellbeing		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Providing Competitive Compensation and Benefits
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Providing Competitive Compensation and Benefits
Labor Relations and Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Strengthening Our Labor Relations and Management Practices
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2023 ESG Analyst Download.	Strengthening Our Labor Relations and Management Practices; 2023 ESG Analyst Download
Workplace Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; 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	Providing Competitive Compensation and Benefits; Workplace Health and Safety
	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	2023 ESG Analyst Download

Continued on next page

GRI Disclosure		Location or Direct Response
General Disclosures		
High-Priority Topics (listed per order of report)		
Responsible Sourcing		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Approach to ESG; Responsible Sourcing;
Self-Selected Metric	We provide relevant indicators for this material topic within the corresponding report section and in the 2023 ESG Analyst Download.	Responsible Sourcing; 2023 ESG Analyst Download



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