California Water Service Group - Climate Change 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

California Water Service Group (Group, the Company, we, our or us) serves more than 2 million people in over 100 communities and is headquartered in San Jose, California. We are a leading provider of water and wastewater services and the third-largest publicly traded water utility in the United States (NYSE: CWT). Group includes seven operating subsidiaries. California Water Service Company (Cal Water), New Mexico Water Service Company (New Mexico Water), Washington Water Service Company (Washington Water), and Hawaii Water Service Company, Inc. (Hawaii Water) are regulated public utilities that also provide certain non-regulated services. CWS Utility Services and HWS Utility Services LLC (collectively referred to as Utility Services) maintain non-utility property and provide non-regulated services to private companies and municipalities outside of California. Our seventh subsidiary, TWSC, Inc. (Texas Water), is a majority shareholder of BVRT Utility Holding Company (BVRT), which owns and develops wastewater and water utilities in Texas. Because we do not have operational control, emissions from this subsidiary are excluded from our inventory given our use of the operational control approach. The majority of our business consists of the production, purchase, storage, treatment, testing, distribution, and sale of water for domestic, industrial, public, and irrigation uses—and includes the provision of domestic and municipal fire protection services. Other services include wastewater collection and treatment. We also offer non-regulated services, such as water system operation, billing, and meter reading services under agreements with municipalities and other private companies. Additional non-regulated operations include the lease of communication antenna sites, lab services, and the promotion of other non-regulated services.

This 2023 CDP Climate Change Questionnaire contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995. The forward-looking statements in the 2023 CDP Climate Change Questionnaire include the Company's objectives, goals, targets, progress, or expectations with respect to Environmental, Social, and Governance ("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 CDP Climate Change Questionnaire 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 CDP Climate Change Questionnaire may not be considered material for SEC reporting purposes, and the use of the term "material" in the 2023 CDP Climate Change Questionnaire 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 CDP Climate Change Questionnaire 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 CDP Climate Change Questionnaire are provided for convenience only, and the content on the referenced third-party websites is not incorporated by reference into the 2023 CDP Climate Change Questionnaire. The Company assumes no liability for the content contained on the referenced third-party references.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date
January 1 2022

End date
December 31 2022

Indicate if you are providing emissions data for past reporting years
Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for
1 year

Select the number of past reporting years you will be providing Scope 2 emissions data for
1 year

Select the number of past reporting years you will be providing Scope 3 emissions data for
1 year

C0.3

(C0.3) Select the countries/areas in which you operate.
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	CWT

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Board Chair	Led by Chairman of the Board, President & Chief Executive Officer, our Board of Directors is responsible for overseeing our overall ESG progress, including the execution of our climate change strategy. Given climate change risk is a Tier 1 risk for the company, the full Board oversees execution of our climate change strategy. The Board periodically reviews and discusses our climate-related risks and opportunities and maintains responsibility for formal approval and oversight of our climate change strategy. Executive leadership regularly reports to the Board on ESG and climate change progress throughout the year. Various departments also provide regular updates to the Board on routine operational priorities relating to climate mitigation and adaptation efforts. Given the importance of climate-related impacts to our business and their interrelation to numerous other ESG focus areas at Group, the Board considers climate-related issues while guiding business strategy, developing action plans, setting objectives, and evaluating company expenditures. The Chairman of the Board, President & Chief Executive Officer also works collaboratively with the executive leadership team to develop, manage, and execute on our climate change strategy. This is primarily accomplished through the Strategy & Operating Committee and ESG Executive Oversight Committee.
Board-level committee	The Nominating/Corporate Governance Committee maintains oversight of ESG programs and disclosures, including those related specifically to climate change. The Committee also oversees risks related to matters of corporate governance, including director independence and Board performance, as well as risks related to environmental, social responsibility, and sustainability matters.
Board-level committee	Our Enterprise Risk Management, Safety, & Security Committee advises executive leaders about our Enterprise Risk Management program, including safety and security risks, such as those associated with climate change, that threaten business resilience. Our Senior VP, Corporate Services & Chief Risk Officer also leads our Enterprise Risk Management team to factor climate change into our risk analysis and framework.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures Reviewing innovation/R&D priorities Overseeing and guiding employee incentives Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Monitoring the implementation of a transition plan Overseeing the setting of corporate targets Monitoring progress towards corporate targets Overseeing and guiding public policy engagement Overseeing value chain engagement Reviewing and guiding the risk management process	<Not Applicable>	Our Board of Directors periodically reviews and discusses our climate-related risks and opportunities and maintains responsibility for formal approval and oversight of our climate change strategy. Executive leadership regularly reports to the Board on ESG and climate change progress throughout the year. Various departments also provide regular updates to the Board on routine operational priorities relating to climate mitigation and adaptation efforts. Given the importance of climate-related impacts to our business and their interrelation to numerous other ESG focus areas at Group, the Board considers climate-related issues while guiding business strategy, developing action plans, setting objectives, and evaluating company expenditures. Our Enterprise Risk Management, Safety, & Security Committee advises executive leaders about our Enterprise Risk Management program, including safety and security risks, such as those associated with climate change, that threaten business resilience. Our Senior VP, Corporate Services & Chief Risk Officer also leads our Enterprise Risk Management team to factor climate change into our risk analysis and framework.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	The Nominating / Corporate Governance Committee assesses the composition of and criteria for membership on the Board and its committees on an ongoing basis in consideration of our current and future business and operations. In fulfilling this responsibility, the Nominating/Corporate Governance Committee takes a long-term view and seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the Board as a group. Among the variety of factors considered by the Nominating/Corporate Governance Committee are our long-term strategy, including our strategy to address climate change risks and the skills and experiences that directors provide to the Board (including in the context of our business strategy). For example, Lester Snow, Chair of the Enterprise Risk Management, Safety, and Security Committee and a member of the Organization and Compensation and Finance and Capital Investment Committees, brings more than 40 years of water and natural resource management experience (both climate-related issues) to the Board. His distinguished public service career enables him to assist the Board in addressing water and environmental issues as well as regulatory and public policy matters. Mr. Snow's executive experience in the public sector provides the Board with critical insight on a variety of operational and financial matters.	<Not Applicable>	<Not Applicable>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee
Chief Executive Officer (CEO)

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Providing climate-related employee incentives
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line
Quarterly

Please explain
Our executive leadership team, led by the Chairman of the Board, President & Chief Executive Officer, collaboratively develops, manages, and executes on our climate change strategy. This is primarily accomplished through the Strategy & Operating Committee and ESG Executive Oversight Committee. Executive-level updates and discussions frequently cover climate-related issues, such as wildfire preparation, water supply planning, and drought response. Executive leadership regularly reports to the Board on ESG and climate change progress throughout the year. Various departments also provide regular updates to the Board on routine operational priorities relating to climate mitigation and adaptation efforts.

Position or committee
Other C-Suite Officer, please specify (Vice President (VP), Customer Service & Chief Citizenship Officer)

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
Annually

Please explain
Our Vice President (VP), Customer Service & Chief Citizenship Officer and Chief Water Resource Sustainability Officer drive our climate-related efforts. The VP, Customer Service & Chief Citizenship Officer assists the CEO and Chief Water Resource Sustainability Officer in managing annual budgets for climate mitigation activities, managing major capital and/or operational expenditures related to low-carbon products, providing climate-related employee incentives, integrating climate-related issues into corporate strategy, setting and monitoring progress on climate-related objectives, and assessing and managing climate-related risks and opportunities. Given her role leading the company's Customer Service, Environmental, Social, and Governance, Corporate communications, Government and community relations, and Sustainable Water Management departments, the VP, Customer Service & Chief Citizenship Officer also holds responsibility for developing and implementing a climate transition plan and managing public policy engagement that may impact the climate. Executive leadership regularly reports to the Board on ESG and climate change progress throughout the year. Various departments also provide regular updates to the Board on routine operational priorities relating to climate mitigation and adaptation efforts.

Position or committee
Other C-Suite Officer, please specify (Chief Water Resource Sustainability Officer)

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Providing climate-related employee incentives
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line
Corporate Sustainability/CSR reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
Annually

Please explain
Our Vice President (VP), Customer Service & Chief Citizenship Officer and Chief Water Resource Sustainability Officer drive our climate-related efforts. The Chief Water Resource Sustainability Officer assists the CEO and VP, Customer Service & Chief Citizenship Officer in managing annual budgets for climate mitigation activities, managing major capital and/or operational expenditures related to low-carbon products, providing climate-related employee incentives, integrating climate-related issues into corporate strategy, setting and monitoring progress on climate-related objectives, and assessing and managing climate-related risks and opportunities. The Water Resource Sustainability Department, directed by the Chief Water Resource Sustainability Officer, leads our overarching climate change strategy, with a focus on risk assessment (including conducting climate-related scenario analysis) and adaptation strategies relating to water resource sustainability (including implementing a climate transition plan). The Chief Water Resource Sustainability Officer is also the lead officer for Water Supply Risk and Climate Change Risk, two Tier 1 risks per the company's Enterprise Risk Management and Risk Responsibility Matrix.

Position or committee
Chief Risks Officer (CRO)

Climate-related responsibilities of this position
Assessing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
Annually

Please explain
Our Senior VP, Corporate Services & Chief Risk Officer leads our Enterprise Risk Management team to factor climate change into our risk analysis and framework.

Position or committee
Other, please specify (Vice President, Facilities, Fleet & Procurement)

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Developing a climate transition plan
Implementing a climate transition plan
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing value chain engagement on climate-related issues

Coverage of responsibilities
<Not Applicable>

Reporting line
Other, please specify (General Counsel reporting line)

Frequency of reporting to the board on climate-related issues via this reporting line
Annually

Please explain
Although our climate change strategy requires inputs from across all departments at Group, our Fleet and Facilities, Operations, Engineering, Rates, and Water Quality teams collaborate closely with the Water Resource Sustainability Department, ESG team, and executive leadership on climate change mitigation and adaptation efforts. Our VP, Facilities, Fleet, and Procurement, leads our Fleet and Facilities teams as well as the Procurement team in assisting executive leadership with climate-related matters relevant to those departments, such as managing annual budgets and capital expenditures for climate change mitigation efforts relating to facilities and fleet, assisting with the development and implementation of fleet-, facilities-, and supply chain-related components of a climate transition plan, setting and monitoring progress against climate-related objectives, and engaging suppliers on climate-related issues.

Position or committee
Other committee, please specify (ESG Executive Oversight Committee)

Climate-related responsibilities of this position
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
Annually

Please explain
The ESG Executive Oversight Committee, comprised of members of the executive leadership team across functional areas of the Company, is led by our VP of Customer Service & Chief Citizenship Officer and ESG Program Manager. The ESG Executive Oversight Committee's purpose is to oversee Group's overall ESG vision, management, and communications, as well as track progress of the strategies, policies, and practices relating to Group's material sustainability issues, including climate change. The ESG Executive Oversight Committee may be asked to assist in developing and/or approving a climate transition plan, overseeing implementation of a climate transition plan, integrating climate-related issues into company strategy, setting and monitoring progress on climate-related corporate objectives, and assessing and managing climate-related risks and opportunities.

Position or committee
Other committee, please specify (Strategic Operating Committee (SOC))

Climate-related responsibilities of this position
Integrating climate-related issues into the strategy
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
Annually

Please explain
The Company's Strategic Operating Committee (SOC), chaired by the President & CEO, is comprised of senior officers and NEOs, and meets twice per month. Among other functions, the SOC assesses evolving market conditions and develops a long-term strategy to mitigate emerging risks and maximize future opportunities. Priorities for the SOC include, but are not limited to, workforce transformation (including succession planning, employee development, and recruitment), business development, political climate, operating model, affordability, resiliency, climate change, and sustainability, with an emphasis on water resource planning.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive
Corporate executive team

Type of incentive
Monetary reward

Incentive(s)
Salary increase

Performance indicator(s)
Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to
Not part of an existing incentive plan

Further details of incentive(s)
Each year, our officers establish a number of corporate goals and objectives that seek to promote the long-term growth and align the interests of stockholders, customers, and employees. The objectives are communicated internally and monitored quarterly. Changes in base salary for our President & CEO and other NEOs are generally based on progress against certain of these key corporate goals relevant to the officer's role and responsibilities, officer performance goals, and individual officer performance. Once the Organization and Compensation Committee ("Committee") assesses the business results for each long-term goal, the Committee then reviews and discusses the overall performance of each officer and the competitive data provided by the independent consultant retained by the Committee. Once reviewed and agreed upon, the Committee recommends to the Board the base salaries for our officers (including the President & CEO).

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
Climate-related issues are embedded in the annual corporate strategic goal-setting process, with many annual goals related directly to climate-related issues such as carbon accounting, climate reporting, climate-related risk assessment and adaptation planning, wildfire/emergency response, water conservation, water supply planning and resiliency, energy efficiency improvements, fleet sustainability, etc. Each goal is assigned to a lead officer or officers based on relevance to their role and responsibilities, and changes in base salary for the President and CEO and other NEOs are generally based on progress against certain of these key corporate goals, officer performance goals, and individual officer performance as described above.

Entitled to incentive
Corporate executive team

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)
Performance-Based Short-Term At-Risk Compensation: As strategic goals are long-term in nature, we maintain an annual performance-based short-term at-risk compensation program for officers designed to align annual performance and achievement with the long-term strategic goals of the Group. The performance-based short-term compensation is fully at risk with payout, dependent upon achievement of certain performance objectives over a one-year performance period. The performance metrics are intended to foster and enhance cross-functional integration, customer relationships, continuous improvement, and team accountability while focusing on key corporate goals and initiatives. Targets for each of the performance metrics were designed to be challenging but achievable given strong management performance. For 2022, the Organization and Compensation Committee granted the opportunity for our officers to receive short-term at-risk (ARP) performance awards as follows: President & CEO—Target ARP Payout: 100% of base salary—Actual ARP Payout Range: 0%-200% of target, based on performance; All Other Officers—Target ARP Payout: 30% of base salary—Actual ARP Payout Range: 0%-200% of target, based on performance. Payment of the short-term at-risk performance awards is typically made in March, following the Group's receipt of audited financial statements and the subsequent certification of the Group's performance by the Organization and Compensation Committee. See the 2023 Proxy Statement for additional information regarding the performance goals and resulting payouts under the annual short-term at-risk compensation program for 2022.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
Performance goals under the annual short-term at-risk compensation program for 2022 included goals relating to water quality and public health (weight 20%), customer service and support (weight 20%), infrastructure improvement and utility plant investment (weight 20%), budget to actual performance (weight 20%), and emergency preparedness and safety (weight 20%). Three of these five goal categories are related to the company's climate change strategy as follows:
1) Water quality and public health is directly related to the company's climate change adaptation strategies, as water quality impacts are among the top climate change risks identified in our Climate Change Risk Assessment and Adaptation Framework (e.g., high temperatures and low rainfall, increased algal blooms, increased wildfire risk, and increased frequency of intense rainfall are all physical impacts of climate change that may decrease water quality)
2) Infrastructure improvement and utility plant investment is a key component of providing reliable, high-quality water service to customers in the face of extreme weather events resulting from climate change impacts on the environment, such as flooding, wildfires, and sea level rise. Infrastructure improvements also help reduce water loss, which in turn helps reduce operational energy consumption and emissions, which represent key components of the company's climate change mitigation strategy.
3) The emergency preparedness is comprised of five safety program components, including Community Emergency Operations Center (EOC) training; full attendance at Cal Water mandated safety, wildfire preparedness, and cyber training for all employees; Total Case Incident Rate (TCIR); and more. As identified in our Climate Change Risk Assessment and Adaptation Framework, climate risks such as increased wildfire risk and high temperatures may endanger worker health and safety. Therefore, performance goals linked to health and safety metrics such as training and TCIR contribute to the company's climate change adaptation strategies.

Entitled to incentive
Corporate executive team

Type of incentive
Monetary reward

Incentive(s)
Shares

Performance indicator(s)
Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to
Long-Term Incentive Plan

Further details of incentive(s)
The purpose of our long-term equity compensation is to better align executive compensation with the interests of both stockholders and customers, to create incentives for officer recruiting and retention, to encourage long-term performance by our officers, and to promote stock ownership. Risk is taken into account in determining the aggregate amount of at-risk compensation and performance criteria, including assessment of risk management and risk mitigation.
For the performance metrics applicable to each year's performance-based RSU award, the Organization and Compensation Committee will certify the level of achievement at the end of the three-year performance period. The number of shares awarded at the end of the three-year performance period is based on the extent the performance criteria is met over such time and subject to the officer's continued employment through such date.
For 2022 (the 2022-2024 performance period), the Organization and Compensation Committee set the total value for the long-term at-risk (ARP-LT) equity compensation awards as follows: President & CEO—Target ARP-LT Total Value: $1,020,000—Performance-Based RSUs: 64%—Time-Based RSAs: 36%; Group's Vice Presidents—Target ARP-LT Total Value: $170,000—Performance-Based RSUs: 56%—Time-Based RSAs: 44%; All Other Officers—Target ARP-LT Total Value: $100,000—Performance-Based RSUs: 55%—Time-Based RSAs: 45%.
Performance metrics for the performance period 2022-2024 include return on equity (40%), growth in stockholders' equity (weight: 40%), and Environmental, Social, and Governance (weight: 20%). Our 2023 Proxy Statement provides a more detailed look at each performance metric for the performance period 2022—2024, along with the maximum, target, and threshold levels for each and the benefits derived by our customers. Similar information for the 2021-2023 and 2020-2022 performance periods can be found in our 2022 and 2021 Proxy Statements, respectively.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
For the 2022-2024 long-term incentive plan performance period, the Environmental, Social, and Governance performance metric (weight: 20%) rewards completion of four cross-functional projects that are expected to meaningfully impact affordability, diversity, equality & inclusion, emissions, and climate change. Two of the four objectives are linked directly to the company's climate change strategy:
1) By the end of 2024, invest no less than $1.5 million in emissions-reducing energy solutions, such as renewables and low-carbon energy sources.
2) By the end of 2024, complete comprehensive data analysis and modelling, and set and publish targets for energy/GHG intensity of water sourced and/or delivered to customers.

For the 2021-2023 long-term incentive plan performance period, the Affordability and Rate Design metric (weight: 20%) rewards implementation of a rate design which increases the total percent of company-wide annual revenue requirement collected through a customer's fixed monthly service charge, and reduces the typical Customer Assistance Program customer bill in 15 service areas as compared to the rate design approved in the 2018 rate case. If adopted by the CPUC and executed properly, this new rate design should enable Cal Water to meet CPUC affordability goals for economically disadvantaged customers, increase its conservation signals to customers, and reduce volatility of revenues as compared to current rate design in a non-decoupled environment. As climate change brings more frequent and harsher droughts, increases in water conservation (which the achievement of this metric is designed to address) will continue to be a critically important tool for water suppliers and customers alike.

Water conservation not only helps us adapt to climate change, but it also helps mitigate the effects of climate change by reducing the energy used by the water sector.

For the 2020-2022 long-term incentive plan performance period, the Environmental Leadership metric rewards the publication of annual framework-compliant reporting of material ESG data, completion of a water supply risk assessment from climate change, and agreements for or initiation of construction on three water supply diversification projects by 2022. Each of these is linked directly to components of the company's climate change strategy, such as improving climate change-related disclosures, assessing climate-related risks and opportunities, and managing climate-related risks.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?
Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	30	The early century/near-term horizon (2016–2045) supports the identification of near-term vulnerabilities, adaptation measures to consider for immediate implementation, or adaption planning to consider beginning in the near-term. The period of 2016-2045 aligns with the California Department of Water Resources' 2030 analysis horizon
Medium-term	20	50	The mid-century horizon (2035–2064) covers longer-term capital investments, such as new facilities constructed after the lifespan of current infrastructure. The period of 2035-2064 aligns with Cal-Adapt's mid-century time horizon.
Long-term	55	85	The late century horizon (2070–2099) provides a long-term outlook to support development of adaptation pathways. The period of 2070-2099 aligns with Cal-Adapt's end of century time horizon.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

We define substantive financial impact as transactions regarding California Water Service Group consolidated financial statements that are:
1) Greater than 10% of calendar year consolidated net income attributable to Group; or
2) Greater than 5% of calendar year-end total assets presented in Group's consolidated balance sheet; or
3) Greater than 15% of the asset category presented in Group's calendar year-end consolidated balance sheet.

We define substantive strategic impact as any direct impact affecting our ability to deliver high-quality water or wastewater utility service.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
A specific climate-related risk management process

Frequency of assessment
Not defined

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Several years ago, we embarked on a multi-year journey to identify and assess climate-related risks throughout our operations in California, which represents the majority of our business. Completed in 2020, Phase 1 of our climate change study—the Water Resources Monitoring and Adaptation Plan—researched the landscape of studies and resources available to help identify climate-driven physical risks relevant across Cal Water facilities, operations, and water supply portfolio. This served as a literature review to inform the second phase of the climate change study—the Climate Change Risk Assessment and Adaptation Framework ("the Study," completed in 2022)—in which we conducted an assessment of relevant physical risks to help identify the physical impacts of climate hazards on infrastructure, understand how climate hazards may delay or disrupt operations, and identify the capacity of the Cal Water system to cope with these climate hazards.

Within the above-described framework for how Group defines substantive financial or strategic impact on the business, our Climate Change Risk Assessment and Adaptation Framework further evaluates the impacts of physical climate change risk on our business. The Study follows three steps that are common in the risk assessment stages of adaptation planning: framing the assessment, conducting the vulnerability assessment, and carrying out the risk evaluation. The Study draws from existing efforts

to understand climate impacts to California's water systems (e.g., by the San Francisco Public Utilities Commission, Metropolitan Water District of Southern California, and California Department of Water Resources).
The Study considered a range of climate hazards, including changes in precipitation, riverine and urban flooding, as well as changes in temperature, wildfire, sea level rise, coastal erosion, coastal flooding, emerging groundwater, and subsidence. Following guidance from the TCFD and Intergovernmental Panel on Climate Change (IPCC), the Study considered Representative Concentration Pathways (RCPs) 4.5 and 8.5 to address risks and changes over three distinct time horizons: early-century (2016–2045), mid-century (2035–2064), and late-century (2070–2099) to capture a range of potential future climates due to uncertainty in emissions over the remainder of this century.
The Study looked at four distinct overarching functions of Cal Water's water and wastewater services across value chain stages within Cal Water's locus of control: operations, assets, supply (upstream), and demand (downstream). Climate risks were assessed through the lens of several indicators that draw from the framework put forth in the 2020 California Adaptation Planning Guide and include three key elements of vulnerability: exposure, sensitivity, and adaptive capacity. Exposure refers to systems, populations, or assets in areas that make them subject to direct harm; sensitivity is the degree to which a system may be impacted; and adaptive capacity is the ability to prepare for and respond to potential consequences or opportunities.
Based on vulnerabilities to water supply and demand and the company's operations and assets, the Study team developed a collection of risk statements that describe the potential damage or disruption to Cal Water's system. The Study team ranked each risk statement based on the scenario's likelihood and consequences to Cal Water's system. Likelihood refers to the chance, absent any intervention, that the risk will result in asset/operational failure or disruption to services, while consequence refers to the magnitude of the effect on Cal Water's system. For more information, see the executive summary of the Study at https://www.calwatergroup.com/esg/protecting-our-planet.

The Study developed an adaptation framework to identify the structure for Cal Water's order of operations for working to address key risks. The primary steps of the adaptation framework include: prioritizing top risks; determining the need for new adaptation measures and identifying adaptation options; evaluating the applicability of climate adaptation options to various climate scenarios and seeking to prepare for the worst-case scenario, where possible; evaluating timing and effectiveness of adaptation options using adaptation pathways and stress tests, respectively; coordinating recommended actions with other planned capital or maintenance work at targeted facilities; developing project implementation plans in the short-, mid-, and long-term timeframes; and reassessing risks to Cal Water and Cal Water's risk tolerance to any newly identified or non-priority risks. We intend to continue to expand the scope of our climate risk assessments, account for evolving climate science, integrate projects into our rate cases to act on our findings, and prepare for the range of climate futures that we may encounter.

Managing the impacts of the various physical climate-related risks we have identified through this process requires climate mitigation and adaptation strategies across our value chain, including in upstream water supply planning, treatment and distribution within our operations, and downstream community and customer engagement. We seek to predict and prepare for changes in service demands, regularly monitor and diversify water supplies to support supply availability and reliability, and contribute to ongoing research on water resource sustainability. We also continue to invest in the reliability and efficiency of our water production, treatment, and distribution systems and engage our communities to minimize downstream consumption. Efforts to save water within our operations and at the customer's tap serve the dual purpose of not only helping us adapt to climate change impacts on water scarcity, but also helping reduce our energy and emissions by reducing the energy required to produce and treat the water. We also invest in infrastructure resilience and maintain emergency preparedness and response procedures across our service areas to help restore and maintain service during emergency events, including those related to the impacts of climate change, such as wildfires, flooding, and electricity interruptions. Additionally, we continue to monitor and maintain the quality of our water, which we have identified as a key climate-related risk area. For additional information about our efforts, see the Water Supply Management, Reliability, and Resilience section, Water System Efficiency section, End-Use Conservation section, and Drinking Water Quality and Customer Safety section of our 2022 ESG Report.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Short-term

Description of process
We refresh our Enterprise Risk Management ("ERM") program annually to identify and analyze risks, revise mitigation controls, and inform updates to policies and procedures as needed. In 2022, we incorporated findings from our recently-completed climate change studies to enhance our ERM model and risk area owners reviewed opportunities to integrate these updated climate-related risks into our existing risk planning. Our Senior VP, Corporate Services & Chief Risk Officer leads our ERM team to factor climate change into our risk analysis and framework annually.
Group's ERM program structure is aligned with the International Organization for Standardization (ISO) 31000 risk management standard and includes the following :
- Scope, Context, and Criteria: Outlining the scope for the risk management process, defining Company objectives, and establishing the risk evaluation criteria. The context for an organization entails both external elements (regulatory environment, current market conditions, and stakeholder expectations) and internal elements (the organization's governance, culture, standards and rules, capabilities, existing contracts, worker expectations, information systems, etc.) that guide its risk management priorities and functions.
- Risk Identification: Risk identification is an evolving process amongst the Company's stakeholders that captures relevant risks for consideration, assessment, and mitigations. It is executed through both a top-down process that is informed by business unit leaders and pertinent subject matter experts and a bottom-up process through the input of front-line employees. Together, these processes capture a wide variety of potential risks.
- Risk Analysis: Risk analysis involves the consideration of risk sources, likelihood, probabilities, events, scenarios, consequences, as well as controls and their effectiveness. The Company's risk analysis is a tailored approach for each risk after appropriate consultations with risk owners and experts to both analyze and mitigate the risk.
- Risk Evaluation: Risk evaluation includes a comparison of the risk analysis phase with the risk criteria to determine where additional mitigative steps are required for each risk.
- Risk Treatment: Risk treatment consists of the Company implementing appropriate mitigations and controls for its identified risks, after completing the risk evaluation process. The selection and execution of mitigations and controls for each risk is an ongoing process that necessitates input from functions across the organization – ERM, Compliance, Business Unit Leaders, Senior Leadership, etc. – to help ensure that the desired risk treatment options are scoped, selected, prioritized and executed for each risk.
- Communication and Consultation: Communication and Consultation includes the manner in which the Company communicates with its internal stakeholders to describe, assess, and treat the relevant risks. These mechanisms are designed to improve the organization's ability to accurately share relevant information and updates in an efficient way. Subsequent risk-informed determinations are made based on the latest information available across the organization.
- Monitoring and Review: Monitoring and Review is an important process within risk management in an organization as it corroborates whether the prior elements of risk analysis, evaluation, and treatment have been effective. Effective monitoring and review can be performed by personnel within the business and independent parties. Independent parties can review the risks through testing, audits, and assessments to confirm that the appropriate mitigations and controls are in place, policies and procedures are being followed, and that the Company's risk level is being reduced.
- Recording and Reporting: The accurate recording and reporting of risk management activities is critical for establishing credibility with both internal and external stakeholders and for continuous improvement of the risk management function. Recording and reporting activities are designed to result in accurate information for decision-making across the organization and to ultimately result in enforcing accountability for risk management practices.

Water Supply Risk (a physical risk), Climate Change Risk (both physical and transition risks), and Natural or Human-Caused Disaster Risk (a physical risk) are climate-related Tier 1 risks identified in the Company's ERM and Risk Responsibility Matrix, which can be found on page 35 of our 2023 Proxy Statement. Current mitigations and controls for these risks include: We seek to predict and prepare for changes in customer water demands, regularly monitor and diversify water supplies to support supply availability and reliability, and contribute to ongoing research on water resource sustainability. We also invest in infrastructure resilience and maintain emergency preparedness and response procedures across our service areas to help restore and maintain service during emergency events, including those related to the impacts of climate change, such as wildfires, flooding, and electricity interruptions. Additionally, we continue to invest in the reliability and efficiency of our water production, treatment, and distribution systems and engage our communities to promote conservation. Efforts to save water within our operations and at the customer's tap serve the dual purpose of not only helping us adapt to climate change impacts on water scarcity, but also helping reduce our energy and emissions by reducing the energy required to produce and treat the water. To further mitigate our own contributions to climate change and address the transition risks identified through our ERM process, we aim to minimize our own operational carbon footprint by increasing the efficiency of our fleet, reducing energy requirements throughout our water systems and distribution infrastructure, and transitioning to renewable sources of energy, where possible. Group has committed to setting absolute, science-based Scope 1 and Scope 2 GHG emissions reduction targets by the end of the third quarter of 2024. This builds on our prior commitment to set intensity targets for energy- or GHG-intensity of water produced and/or delivered to customers. The reduction targets will be based on our newly completed GHG Protocol-aligned inventory of Scope 1 and Scope 2 GHG emissions. For more information about our approach to addressing our emissions footprint, see the Energy and Emissions section of our 2022 ESG Report, which can be found at https://www.calwatergroup.com/esg/reports-documents.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
A specific climate-related risk management process

Frequency of assessment
Not defined

Time horizon(s) covered
Short-term

Description of process
Through our foundational 2020 materiality assessment, we prioritized ESG focus areas to inform our ESG program, disclosures, objectives, corporate strategy, and stakeholder engagement. In the context of the materiality assessment, the terms "material" and "materiality" refer to ESG impacts consistent with the voluntary reporting standards with which we seek to align our ESG reporting, and should not be confused with what we consider "material" for the purposes of U.S. securities laws and the filings we make with the U.S. Securities and Exchange Commission (SEC). The materiality assessment process consisted of researching the landscape of ESG topics to identify those most relevant to the Company; mapping impacts across our value chain; incorporating internal and external stakeholder feedback on top ESG risks and opportunities; and validating our findings with internal leadership. The material and other high-priority ESG topics identified in the materiality assessment inform our ESG program, disclosures, objectives, corporate strategy, and stakeholder engagement. The materiality assessment identified climate change as a cross-cutting topic that poses a material risk as well as opportunity to the company. Many stakeholders that provided input to the assessment highlighted Group's opportunity to lead its industry and peers on climate change strategy and the many topics related to or influenced by it. By being a leader amongst peers and demonstrating the company's progress on climate change mitigation and adaptation, we may be better able to meet the expectations of investors interested in corporate issuers' disclosure and rigor of climate change strategies.
To better respond to the climate-related opportunities identified in the 2020 materiality assessment, we took steps in the years since its completion to establish a formal climate change strategy, set public objectives linked to the execution of that strategy (such as objectives to increase investments in renewable energy, develop a fleet electrification strategy, increase recycled water supply, and more), and align our annual ESG reporting with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). We also embarked on a multi-year journey to identify and assess climate-related risks throughout our operations in California, where the majority of our business operations are, and to develop an adaptation framework for addressing key risks. Moving forward, we are committed to continuing our efforts to set goals, make progress, and communicate transparently on our climate change efforts. We have committed to setting absolute, science-based Scope 1 and Scope 2 emissions reductions targets by the end of the third quarter of 2024. This builds upon our prior commitment to set intensity targets for energy- or GHG-intensity of water produced and/or delivered to customers by 2025, as well as a number of other objectives related to addressing climate-related risks as described in our 2022 ESG Report. We also intend to continue to expand the scope of our climate risk assessments, account for evolving climate science, integrate projects into our rate cases to act on our findings, and prepare for the range of climate futures that we may encounter.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
A specific climate-related risk management process

Frequency of assessment
Every three years or more

Time horizon(s) covered
Short-term

Description of process
We use a series of interrelated planning processes and reports to support our water resource and environmental sustainability efforts, conducting them on a recurring basis to help inform adjustments to our approach as the risk landscape evolves. Each of these plans integrates considerations of climate change impacts on our operations and on water supply and demand as applicable (e.g., in projecting water supply shortages, projecting shifts in water demand over time, and accounting for risks to water supply or operational reliability). While these formal plans and studies are developed primarily for our Cal Water subsidiary, some are also used in our other subsidiary states, and we intend to extend this work further in those states in the future.

The various plans include the following:
-- Urban Water Management Plans (UWMPs) (every 5 years): provide critical information for each of our service areas, including historical and projected water demands, water supplies, supply reliability, potential vulnerabilities, water shortage contingency planning, and demand management programs. The plans address measures for residential, commercial, governmental, and industrial water demand management and serve as foundational documents that support our long-term water resource planning to help provide our customers with adequate water supplies to meet current and future demand.
-- Water Shortage Contingency Plans (WSCPs) (every 5 years): WSCPs are included as appendices to our UWMPs. These plans outline appropriate responses during water supply shortages and interruptions to protect health and safety, minimize economic disruption, and preserve environmental and community assets.
-- Conservation Master Plans (every 5 years): evaluate and review forward-looking conservation efforts at the district level. These plans are also appendices of UWMPs.
-- Water Supply and Demand Assessment (annual): evaluates water supply status for the upcoming year and identifies any potential shortages and response actions,

including implementation of the Water Shortage Contingency Plan.
-- Water Supply Reliability Plans/Studies: evaluate the reliability of existing regional water supplies and assess supply and demand options to enhance future reliability. These reports also include water supply project recommendations for our facilities' master planning processes.
-- Water Supply and Facilities Master Plans: Informed by our water supply strategy, these plans forecast potential infrastructure needs at the district level and support long-term operational reliability.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Our business is heavily regulated by state and federal regulatory agencies. Therefore, current and emerging regulation at the state, federal, and international levels are always considered during the annual enterprise risk management process, which includes assessment of climate-related risks. Regulatory climate-related risks are subsequently discussed in Item 1A (Risk Factors) of the company's annual 10-K filings. For example, regulatory risks such as emission trading systems and carbon taxes may financially affect our business. Additionally, federal and state regulations present requirements for managing water supplies and limiting impacts on local wildlife, while regional plans and legislation may directly affect how we address water issues. The Climate Change Risk Assessment and Adaptation Framework also considers relevant policy context, highlighting the various state agencies that have or are expected to develop requirements on water utilities for incorporating climate change adaptation into their planning and operations including conducting vulnerability assessments as a starting point. It also reviews the regulatory and governance constraints that may impact future water supply availability as much or more than impacts of climate change on natural hydrology, and recognize that many regulations, such as instream flow requirements, water quality standards, and reliability standards may become more difficult to achieve with a changing climate.
Emerging regulation	Relevant, always included	Current and emerging regulation at the state, federal, and international levels are always considered during the annual enterprise risk management process, which includes assessment of climate-related risks. Regulatory climate-related risks are subsequently discussed in Item 1A (Risk Factors) of the company's annual 10-K filings. For example, future legislation or regulation regarding climate change may restrict our operations or impose new costs on our business. Our operations depend on power provided by other public utilities and, in emergencies, power generated by our portable and fixed generators. If future legislation or regulation limits emissions from the power generation process, our cost of power may increase. The Climate Change Risk Assessment and Adaptation Framework also considers relevant policy context, highlighting the various state agencies that have or are expected to develop requirements on water utilities for incorporating climate change adaptation into their planning and operations including conducting vulnerability assessments as a starting point. It also reviews the regulatory and governance constraints that may impact future water supply availability as much or more than impacts of climate change on natural hydrology, and recognize that many regulations, such as instream flow requirements, water quality standards, and reliability standards may become more difficult to achieve with a changing climate.
Technology	Relevant, always included	Technology risks are considered during the annual enterprise risk management process, which includes assessment of climate-related risks. Relevant risks are subsequently discussed in Item 1A (Risk Factors) of the company's annual 10-K filings. For example, we rely on our information technology and a number of complex business systems to assist with the management of our business and customer and supplier relationships, and a disruption of these systems due to power loss in storm events or due to earthquakes, floods, fires, mudslides, and other natural disasters could adversely affect our business. Additionally, the ability to address water quality risks posed by climate change depends upon availability of appropriate treatment technology.
Legal	Relevant, always included	The risk of potential legal proceedings is considered during the annual enterprise risk management process, which includes assessment of climate-related risks. Relevant legal risks are subsequently discussed in Item 1A (Risk Factors) of the company's annual 10-K filings. For example, we have been and may in the future be party to environmental and product-related lawsuits, which could result in us paying damages not covered by insurance. Additionally, the ability to source water depends upon a variety of factors beyond our control, including legal limitations on water use such as rationing restrictions during a drought.
Market	Relevant, always included	Market risk is considered during the annual enterprise risk management process, which includes assessment of climate-related risks. Relevant risks are subsequently discussed in Item 1A (Risk Factors) of the company's annual 10-K filings. For example, climate change transition risks include changes in the market and consumer demands, such as differences in generational behaviors, shifts in population locations due to the pandemic and different weather patterns, and variations in water needs and customer groups. Additionally, our operating costs are subject to market conditions and other factors, such as changes in climate change regulations that could increase the cost of power and, in turn, would result in an increase in the rates our power suppliers charge us.
Reputation	Relevant, always included	Reputational risk is considered during the annual enterprise risk management process, which includes assessment of climate-related risks. Relevant risks are subsequently discussed in Item 1A (Risk Factors) of the company's annual 10-K filings. A manifestation of any of the company's climate-related risks, such as those that could affect the company's ability to provide reliable water supply and distribution, safety performance, and reasonable prices for customers, could materially and adversely affect our reputation. Additionally, past events in the utility sector, including those in Flint, Michigan and related to Pacific Gas and Electric Company in California, show that failure to meet one or more water quality, environmental, or safety standards can have severe effects on customer trust, reputation, regulatory treatment, or civil and criminal liability.
Acute physical	Relevant, always included	Acute and chronic physical risks associated with climate change are considered during the annual enterprise risk management process. Relevant risks are subsequently discussed in Item 1A (Risk Factors) of the company's annual 10-K filings. The Climate Change Risk Assessment and Adaptation Framework (the Study) consists of a more in-depth assessment of physical climate-related risks across all Cal Water's districts, spanning its future supply and demand as well as its key operations and assets. The Study identifies primary risks to Cal Water across all districts as well as the top risks to individual districts. The Study considered a range of acute and chronic physical climate hazards, including changes in precipitation, riverine and urban flooding, as well as changes in temperature, wildfire, sea level rise, coastal erosion, coastal flooding, emerging groundwater, and subsidence. Immediate physical risks could affect our operations and intensify over time as climate change worsens. More frequent flooding, wildfires, sea level rise, rising groundwater, and uneven ground level sinking could damage our assets, including pressurized mains and other pipelines, wells, treatment facilities, and other infrastructure. Wildfires and changes in rainfall may also affect water quality (leading to higher treatment costs), and both higher temperatures and wildfires can pose risks to employee safety. Farther into the mid-century and late-century horizon, temperature increases may cause declines in snowpack storage, and droughts could decrease surface water supply availability and groundwater recharge while causing increased outdoor demands.
Chronic physical	Relevant, always included	Acute and chronic physical risks associated with climate change are considered during the annual enterprise risk management process. Relevant risks are subsequently discussed in Item 1A (Risk Factors) of the company's annual 10-K filings. The Climate Change Risk Assessment and Adaptation Framework (the Study) consists of a more in-depth assessment of physical climate-related risks across all Cal Water's districts, spanning its future supply and demand as well as its key operations and assets. The Study identifies primary risks to Cal Water across all districts as well as the top risks to individual districts. The Study considered a range of acute and chronic physical climate hazards, including changes in precipitation, riverine and urban flooding, as well as changes in temperature, wildfire, sea level rise, coastal erosion, coastal flooding, emerging groundwater, and subsidence. Immediate physical risks could affect our operations and intensify over time as climate change worsens. More frequent flooding, wildfires, sea level rise, rising groundwater, and uneven ground level sinking could damage our assets, including pressurized mains and other pipelines, wells, treatment facilities, and other infrastructure. Wildfires and changes in rainfall may also affect water quality (leading to higher treatment costs), and both higher temperatures and wildfires can pose risks to employee safety. Farther into the mid-century and late-century horizon, temperature increases may cause declines in snowpack storage, and droughts could decrease surface water supply availability and groundwater recharge while causing increased outdoor demands.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Wildfire

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Worker health and safety will be endangered due to wildfire (likely; medium-high consequence/impact).
Increased wildfire risk could affect all of Cal Water's asset types (likely; medium-high consequence/impact).
Water quality will be impacted by increased wildfire risk and frequency of intense rainfall, resulting in greater quantities of debris and pollutants that enter waterways after fire events. This may disrupt operations, increase water treatment costs, and reduce water available for distribution (very likely; medium-high consequence/impact).
Timing of the risks vary by location of the Company's operations, but may extend from the short-term to long-term time horizons evaluated in the Climate Change Risk Assessment and Adaptation Framework (2016-2099)

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

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

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

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

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
More frequent and severe riverine and urban flooding can result in service disruption and infrastructure damage due to loss of access to assets, damage to electrical components, long recovery time from disruption, and difficulty in moving or replacing fixed assets. Timing of the risk varies by location of the Company's operations, but

may extend from the short-term to long-term time horizons evaluated in the Climate Change Risk Assessment and Adaptation Framework (2016-2099)

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation
We continually invest in our infrastructure to promote service reliability. This spending may increase as flooding risk increases over the near-term due to climate change impacts. In addition to routine maintenance, we upgrade our systems to improve resilience against climate-related risks. Sea level rise, floods, wildfires, and other threats may disrupt access to electricity and impact our ability to deliver water. Therefore, we invest in emergency generators, power transfer switches, fire hydrants, and new water lines to support water flow during events and control water pressures across distribution zones. Our Water Supply and Facilities Master Plans support improvements for operational reliability. They guide long-term infrastructure investments and forecast future needs for each California district over 30-year timelines. Additionally, in 2022, we developed and refined contingency plans for operating our water treatment plants impacted by climate change-driven events, including fires, floods, and droughts.

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

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Upstream

Risk type & Primary climate-related risk driver

Chronic physical	Water scarcity

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Annual State Water Project (SWP) deliveries are likely to decrease in average years and be eliminated in the driest years (likely; medium-high consequence/impact).
Groundwater recharge is expected to decrease in some basins, which could limit sustainable yield from groundwater basins and lead to supply shortages (likely; medium-high consequence/impact).
Decreased surface water supply availability is expected due to longer, more severe, and more frequent droughts, leading to potential supply shortages (likely; medium-high consequence/impact).
Natural snowpack storage may decrease due to declining snowpack due to temperature increases, leading to overall reduced supply and forcing Cal Water (or reservoir managers) to adjust reservoir storage facilities and operations to adapt to decreased surface flows (likely; medium consequence/impact)
We also periodically review the climate change plans of our wholesalers to determine whether alternative supplies may be necessary in the future. However, we can give no assurance that replacement water supplies will be available at a reasonable cost or a cost acceptable to our customers and Commissions (unknown likelihood; unknown magnitude of impact).
Timing of the risks vary by location of the Company's operations, but may extend from the short-term to long-term time horizons evaluated in the Climate Change Risk Assessment and Adaptation Framework (2016-2099)

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation
Effectively managing changes in water availability and demand, particularly those driven by climatic events, including impacts to snowpack, rain-based surface water, and groundwater levels, plays a significant role in our ability to secure a sustainable supply of water for our customers, now and for generations to come. However, securing long-term supply and replacement water supplies may require increased costs for the Company. For example, we can give no assurance that replacement water supplies from wholesalers will be available at a reasonable cost or a cost acceptable to our customers and regulators in the future.
In California, we develop Water Supply and Demand Assessments, Urban Water Management Plans (UWMPs), Water Shortage Contingency Plans (WSCPs), Water Supply Reliability Plans, and Water Supply and Facilities Master Plans to support long-term water resource planning. These plans summarize and evaluate sources of supply, efficient uses, and demand management. They also inform our water management processes to forecast demand over time and enhance the reliability of water supplies. As we map and account for water risks, we also factor water stress into our ongoing supply evaluation and approach.

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

See the Water Supply Management, Reliability, and Resilience section of our 2022 ESG Report for more information on the many ways we manage supply reliability, including: responsible groundwater extraction; preparing for new water sources; collaboration with local authorities; partnership with the Public Policy Institute of California (PPIC); investments in recycled water sources; and water conservation.

Comment

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Changing temperature (air, freshwater, marine water)

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Water quality will decrease due to high temperatures and low rainfall, which could increase algal blooms, cyanotoxins, sediments, and eutrophication, increasing water treatment costs and potentially impacting supply availability. Timing of the risk varies by location of the Company's operations, but may extend from the short-term to long-term time horizons evaluated in the Climate Change Risk Assessment and Adaptation Framework (2016-2099)

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

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

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

In parallel with the broader-focused Climate Change Risk Assessment and Adaptation Framework, in 2021 and 2022 we also conducted a deeper review of the impacts of

climate change and other environmental factors on water supply reliability and water quality for 10 Cal Water treatment plants. This study, the Water Supply Reliability Assessment, included an evaluation of climate-driven risks, development of recommendations to prioritize certain sources and facilities for further review, and identification of potential mitigation measures. Subsequent work in this multi-phase process is expected to focus on higher-risk facilities and to provide evaluations to further inform risk mitigation measures and adaptive planning.

Comment

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Sea level rise

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Sea level rise can result in permanent inundation of several asset types, especially pressurized mains. Timing of the risk varies by location of the Company's operations, but may extend from the short-term to long-term time horizons evaluated in the Climate Change Risk Assessment and Adaptation Framework (2016-2099)

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation
We continually invest in our infrastructure to promote service reliability. In addition to routine maintenance, we upgrade our systems to improve resilience against climate-related risks. Sea level rise, floods, wildfires, and other threats may disrupt access to electricity and impact our ability to deliver water. Therefore, we invest in emergency generators, power transfer switches, fire hydrants, and new water lines to support water flow during events and control water pressures across distribution zones. Our Water Supply and Facilities Master Plans support improvements for operational reliability. They guide long-term infrastructure investments and forecast future needs for each California district over 30-year timelines.

Comment

Identifier
Risk 6

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Sea level rise

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Rising groundwater due to sea level rise may affect wells and treatment facilities through flooding or causing saltwater intrusion in wells, affecting operations, water quality (leading to higher treatment costs), or preventing access to facilities. Timing of the risk varies by location of the Company's operations, but may extend from the short-term to long-term time horizons evaluated in the Climate Change Risk Assessment and Adaptation Framework (2016-2099)

Time horizon
Short-term

Likelihood

More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation
We continually invest in our infrastructure to promote service reliability. In addition to routine maintenance, we upgrade our systems to improve resilience against climate-related risks. Sea level rise, floods, wildfires, and other threats may disrupt access to electricity and impact our ability to deliver water. Therefore, we invest in emergency generators, power transfer switches, fire hydrants, and new water lines to support water flow during events and control water pressures across distribution zones. Our Water Supply and Facilities Master Plans support improvements for operational reliability. They guide long-term infrastructure investments and forecast future needs for each California district over 30-year timelines.

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

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

Comment

Identifier
Risk 7

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Other, please specify (Decreased revenues due to reduced demand for products and services OR increased direct costs due to water shortages and/or challenges to operations caused by increased demand)

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Outdoor demands will increase due to increased evapotranspiration (ET) and longer, more frequent, and more severe droughts, leading to potential shortages and/or challenges to operations, including increased costs to secure sufficient water supply (medium to long-term time horizons; Likely; medium consequence/impact).

Transition risks include changes in the market and consumer demands, such as differences in generational behaviors, shifts in population locations due to the pandemic and different weather patterns, and variations in water needs and customer groups. For example, in the event that some outside factor such as a wildfire, flood, changed climate pattern, actual or threatened public health emergency, or change in the local economy reduces or eliminates our customer base in a service area, or negatively affects the ability of a customer to pay, we could face unrecoverable costs.(unknown likelihood; unknown magnitude of impact)

If rainfall patterns change, our customers may change their patterns of water use including the amount of outdoor irrigation and the type of landscape they install. Government agencies may also mandate changes to customer irrigation or landscape patterns in response to changes in weather and climate. Decreases in customer demand could, in turn, decrease revenues (unknown likelihood; unknown magnitude of impact).

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation
In California, we develop Water Supply and Demand Assessments, Urban Water Management Plans (UWMPs), Water Shortage Contingency Plans (WSCPs), Water Supply Reliability Plans, and Water Supply and Facilities Master Plans to support long-term water resource planning. These plans summarize and evaluate sources of supply, efficient uses, and demand management. They also inform our water management processes to forecast demand over time and enhance the reliability of water supplies. As we map and account for water risks, we also factor water stress into our ongoing supply evaluation and approach.

Additionally, we recently made improvements in our long-term demand modeling for more effective management of water resources, including the addition of evapotranspiration, and updating climate projection inputs.

To help increase water supply reliability in the face of more frequent droughts, we maintain plans designed to combat water shortages and offer programs that are intended to engage and encourage customers to conserve water. Led by our Drought Steering Committee, our Drought Response Program further guides our conservation efforts to specifically address drought in California. To support our efforts to maintain safe, clean, and reliable water for our residential and business customers, Cal Water follows a set of drought severity stages to determine the level of water conservation needed and assess potential water-use restrictions. Policies focus on increasing rebates, restricting outdoor landscape irrigation, providing guidelines for commercial businesses, implementing penalties for excessive water use, and installing flow-restricting devices. We promote proactive communication with our customers to explain any changes in drought conditions and water conservation needs.

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

Comment

Identifier
Risk 8

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Other, please specify (Various)

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Future legislation or regulation regarding climate change may restrict our operations or impose new costs on our business:
Our operations depend on power provided by other public utilities and, in emergencies, power generated by our portable and fixed generators. If future legislation or regulation limits emissions from the power generation process, our cost of power may increase.
We maintain a fleet of vehicles to provide service to our customers, including a number of heavy-duty diesel vehicles that were retrofitted to meet California emission standards. If future legislation further affects the cost to operate the fleet or the fleet acquisition cost in order to meet certain emission standards, it would increase our cost of service and our rate base.
Cap and trade regulations were implemented in 2012 with the goal of reducing emissions to 1990 levels by the year 2020. These regulations have not affected water utilities at this time. In the future, if we are required to comply with these regulations, any increase in operating costs associated with meeting these standards will be included in our cost of service paid by our customers as requested in our GRC filings. While recovery of these costs is not guaranteed, we would expect recovery in the regulatory process.

Time horizon
Unknown

Likelihood
Unknown

Magnitude of impact
Unknown

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

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

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

See our 2022 ESG Report for more information on the ways we seek to enhance our fleet's sustainability, including: replacing older vehicles with more fuel-efficient ones; developing a fleet electrification strategy; route optimization and travel reductions; and commuter benefits.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Use of more efficient production and distribution processes

Primary potential financial impact
Reduced direct costs

Company-specific description
Reducing energy demand and emissions within our operations is a key part of our strategy for mitigating our contribution to climate change. There are three areas where we see climate-related opportunities to implement our mitigation strategy and use more efficient production and distribution processes: operational efficiency, renewable energy and fleet sustainability.

Time horizon
Short-term

Likelihood
Unknown

Magnitude of impact
Unknown

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Operational Efficiency: To help enhance energy efficiency in office buildings, we seek to optimize HVAC systems, upgrade to LED lighting, and replace copiers and printers with more efficient models at the end of their useful life. In 2022 we completed LED lighting retrofits that are estimated to result in savings of more than $19,000 per year.

We regularly conduct performance assessments of pumping equipment to evaluate opportunities for increasing our use of higher-efficiency pumps and motors and replacing inefficient assets. In 2022, we performed 995 efficiency tests on 785 pumps and completed 61 water pump or motor replacement or rebuild projects.

We utilize demand response systems to reduce our energy use during peak demand times. This is intended to reduce strain on the electrical grid, while also providing associated financial benefits.

To help conserve water and reduce the energy demands required to process and distribute water in our system, we proactively monitor, maintain, and replace pipelines and infrastructure. We also encourage our customers to reduce their water consumption. In 2022, we replaced 25 miles of water pipeline through our main replacement program. We also helped our customers save ~180 million gallons of water annually from water-saving efficiency measures.

Renewable Energy: We continue to invest in renewable energy sources as a way to reduce reliance on fossil fuels and support our transition to a low-carbon economy. Our on-site renewable energy portfolio includes solar panels at our Chico District Customer Center, an inline hydro turbine system in our Rancho Dominguez District, and a

wind turbine and inline hydro turbine system in our Waikoloa District in Hawaii. In 2022, the Waikoloa hydroturbine produced approximately 418,000 kilowatt-hours of energy and generated an income of over $100,000 for Hawaii Water. Where feasible, we enroll in programs with our electric utility providers that give us the opportunity to purchase more of our energy from renewable sources. In some California service areas, we also purchase electricity from Community Choice Aggregators who sell power with higher renewable energy percentages than other providers.

Fleet sustainability: We seek to enhance our fleet's sustainability through various means, including replacing older vehicles with more fuel-efficient ones; developing a fleet electrification strategy; route optimization and travel reductions; and providing commuter benefits.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resilience

Primary climate-related opportunity driver

Primary potential financial impact
Reduced direct costs

Company-specific description
Several years ago, we embarked on a multi-year journey to identify and assess climate-related risks throughout our operations in California, which represents the majority of our business. The most recent phase of our climate risk studies, the Climate Change Mitigation and Adaptation Framework, analyzes climate-related vulnerabilities in our facilities, operations, and water supply portfolio at the district level. The results show how risks may change over time based on different emissions scenarios and provide a framework for future mitigation and adaptation planning.

As determined through the Climate Change Risk Assessment and Adaptation Framework, climate change increases the risks associated with rising temperatures, drought, and extreme weather events that may affect the reliability of our systems and the availability of our water supply. These risks, which may lead to increased costs and capital expenditures, also pose an opportunity for our company to proactively adapt to climate-related impacts, enhance business resiliency and service reliability, and reduce increased or unforeseen cost impacts to the Company. To realize this opportunity, we rely primarily on our water supply management efforts, conservation programming, and strategic investments in operational and infrastructure resiliency.

Time horizon
Short-term

Likelihood
Unknown

Magnitude of impact
Unknown

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Managing changes in water availability and demand, particularly those driven by climatic events, plays a significant role in our ability to secure a sustainable supply of water for our customers. In California, we develop a series of plans on a regular basis to evaluate sources of supply, efficient uses, and demand management. As we map and account for water risks, we also factor water stress into our ongoing supply evaluation and approach. See the Water Supply Management, Reliability, and Resilience section of our 2022 ESG Report for more information on the many ways we manage supply reliability, including: responsible groundwater extraction; preparing for new water sources; collaboration with local authorities; partnership with the Public Policy Institute of California (PPIC); investments in recycled water sources; and water conservation.

To help increase water supply reliability in the face of more frequent droughts, we maintain plans designed to combat water shortages and offer customer programs that are intended to engage and encourage customers to conserve water. Even when not in times of drought, we continue to work to increase awareness of the benefits of conservation across our subsidiaries and implement programming in California to help meet regulatory water-use reduction targets set by state agencies.

We continually invest in our infrastructure to promote service reliability. In addition to routine maintenance, we upgrade our systems to improve resilience against climate-related risks. We invest in emergency generators, power transfer switches, fire hydrants, and new water lines to support water flow during events and control water pressures across distribution zones. Additionally, our Water Supply and Facilities Master Plans support improvements for operational reliability. Additionally, in 2022, we developed and refined contingency plans for operating our water treatment plants impacted by climate change-driven events. We also invested $327.8 million in capital expenditures across Group, including funding for water pipeline projects to improve water distribution system resiliency and projects to strengthen our ability to maintain service in the event of wildfire and public safety power shutoffs. These and all of the other capital investments we make each year help to enhance system efficiency and resiliency, and protect against climate-related risks, such as floods, storms, and wildfires.

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

Primary potential financial impact
Increased access to capital

Company-specific description
Our foundational 2020 ESG materiality assessment identified climate change as a cross-cutting topic that poses a material risk as well as opportunity to the company. Many stakeholders that provided input to the assessment highlighted Cal Water's opportunity to lead its industry and peers on climate change strategy and the many topics related to or influenced by it. By being a leader amongst peers and demonstrating the company's progress on climate change mitigation and adaptation, we may be better able to meet the expectations of investors interested in corporate issuers' disclosure and rigor of climate change strategies.

CDP's capital market signatories are interested in evaluating environmental impacts related to their investments and/or loans. 746 investors with over US$136 trillion in assets and 340+ large purchasers with over US$6.4 trillion in procurement spend are requesting thousands of companies to disclose their environmental data through CDP (source: https://www.cdp.net/en/companies-discloser). Additionally, according to the findings of the Task Force on Climate-related Financial Disclosures (TCFD) 2022 Status Report, there is continuing growth in investor demand for companies to report TCFD-aligned information. As of the release of the 2022 Status Report, over 3,900 organizations had pledged their support for the TCFD. TCFD supporters span 101 countries and jurisdictions, with a combined market capitalization of $26 trillion (https://www.fsb-tcfd.org/press/tcfd-report-finds-steady-increase-in-climate-related-financial-disclosures-since-2017/).

Time horizon
Short-term

Likelihood
Unknown

Magnitude of impact
Unknown

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Although "doing the right thing" has always been in our DNA, in 2020 we took steps to establish a formal ESG program to help meet the expectations of our customers, regulators, stockholders, and other partners. We conducted a materiality assessment to determine the highest priority ESG topics to our stakeholders. We also published our first formal ESG Report in 2020. In 2021 we took further steps to advance our ESG program by establishing ESG objectives, adopting new ESG-related policies, formalizing our ESG governance structure, and developing what we believe to be a comprehensive climate change strategy. Building upon the climate change study we completed in 2016 and the Climate Change Water Resources Monitoring and Adaptation Plan completed in 2020, we also completed Phase 2 of our climate change study in 2022. The outcome of this second phase of work, our Climate Change Risk Assessment and Adaptation Framework, identified physical climate-related risks and opportunities that could impact our business. Following guidance from the TCFD and IPCC, the assessment considered Representative Concentration Pathways (RCPs) 4.5 and 8.5 to address risks and changes over three distinct time horizons. The Study also developed an adaptation framework to identify a structure for addressing key risks. We intend to continue to expand the scope of our climate risk assessments, account for evolving climate science, integrate projects into our rate cases to act on our findings, and prepare for the range of climate futures that we may encounter.

Our annual ESG reports include disclosures guided by the TCFD recommendations; we have incorporated the findings of our climate risk assessments and details regarding our climate change mitigation and adaptation strategies, risk management, governance, and metrics and targets.

Moving forward, we are committed to continuing our efforts to set goals, make progress, and communicate transparently on our ESG program and climate change efforts. We have committed to setting absolute, science-based Scope 1 and Scope 2 emissions reductions targets by the end of the third quarter of 2024. This builds upon our prior commitment to set intensity targets for energy- or GHG-intensity of water produced and/or delivered to customers by 2025, as well as a number of other objectives related to addressing climate-related risks as described in our 2022 ESG Report.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

No, our strategy has been influenced by climate-related risks and opportunities, but we do not plan to develop a climate transition plan within two years

Publicly available climate transition plan

<Not Applicable>

Mechanism by which feedback is collected from shareholders on your climate transition plan

<Not Applicable>

Description of feedback mechanism

<Not Applicable>

Frequency of feedback collection

<Not Applicable>

Attach any relevant documents which detail your climate transition plan (optional)

<Not Applicable>

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

As part of our climate transition efforts to date, in 2022 we partnered with an independent consultant to prepare a more comprehensive GHG emissions inventory that re-estimates our 2021 emissions and estimates our 2022 emissions. This GHG Protocol-aligned inventory uses the globally recognized GHG Protocol as the basis of our emissions activity data collection and calculation methodologies for the first time and represents considerable progress on further improvements to the breadth and integrity of our energy and emissions data. This gives us actionable data we are using to inform implementation of our climate strategy and to be methodical and thoughtful in establishing a baseline for emissions reduction target-setting, including our commitment to develop a GHG intensity target by 2025 and to set absolute, science-based GHG emissions reduction targets for Scope 1 and Scope 2 emissions in 2024. In the coming years, we plan to build upon this foundation and to continue to work to expand and improve our emissions data collection, management, and calculation methodologies across our value chain. This should inform evidence-based GHG emissions reduction strategies and the potential development of a climate transition plan.

Please note, although we committed to setting emissions reduction targets, our ability to make investments to reduce emissions is limited because they must be supported by our regulators, the state public utilities commissions. In our experience, we have found that our regulators have been sensitive to increased costs to ratepayers and the focus of climate change-related rulemaking has been for water utilities to incorporate climate change adaptation and resiliency projects, rather than on climate change mitigation or decarbonization. We have previously been limited in our ability to invest heavily in decarbonization due to this dynamic, however, we intend to continue to focus on what we can control and to advocate for meaningful progress from our regulators.

Our response may change in the future as we and our industry peers continue to assess climate transition pathways. We have chosen to respond "no" for this year's questionnaire until we are prepared to share a more defined plan for emissions reductions that align with a 1.5°C world. We understand the importance of low-carbon transition plans, which is why climate change is part of our ongoing strategic discussions at the Board and executive level.

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Physical climate scenarios: RCP 4.5	Business division	<Not Applicable>	Following guidance from the TCFD and IPCC from its Fifth Assessment Report in 2014, our Climate Change Risk Assessment and Adaptation Framework ("the Study," completed in 2022 for the Cal Water subsidiary) considered RCPs 4.5 and 8.5 to address risks and changes over three distinct time horizons to capture a range of potential future climates over the remainder of this century. RCP 4.5 is an intermediate scenario that assumes an estimated global temperature rise between 2˚C and 3˚C from pre-industrial levels by 2100, with anthropogenic global greenhouse gas emissions peaking in 2040. RCP 8.5 is a high-emissions scenario that assumes temperature increases of at least 4˚C from pre-industrial levels by 2100, with anthropogenic global greenhouse gas emissions continuing to rise over the next century. RCP 8.5 was selected as an upper bound because global greenhouse gas concentrations have continued to follow this trajectory between 2005 and 2020. The State of California guidance recommends that for critical infrastructure along the shoreline, sea level rise projections associated with RCP 8.5 should be selected. Additionally, Phase 1 of the California Public Utilities Commission Order Instituting Rulemaking (OIR) R.18-04-019 to Consider Strategies and Guidance for Climate Change Adaptation (2020) requires energy utilities to use RCP 8.5 for planning, proposed investment, and operational purposes. Phase 2 of the CPUC proceeding encompassing water utilities may require the same greenhouse gas concentration trajectories. While RCP 2.6 is the lower bound of the RCP scenarios adopted by the IPCC, RCP 4.5 was selected as a more realistic potential lower bound since achieving RCP 2.6 requires significant actions at a global scale. Both RCP 4.5 and RCP 8.5 were also identified in the California Fourth Climate Assessment and are consistent with planning models being used by relevant state agencies. Climate risks were assessed across RCPs and time horizons through the lens of three key elements of vulnerability from the framework in the 2020 California Adaptation Planning Guide: exposure, sensitivity, and adaptive capacity. Based on vulnerabilities to water supply and demand and the company's operations and assets, the Study team developed risk statements that describe the potential damage or disruption to Cal Water's system and ranked each risk statement based on the scenario's likelihood and consequences.
Physical climate scenarios: RCP 8.5	Business division	<Not Applicable>	Same as above

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

The Climate Change Risk Assessment and Adaptation Framework and accompanying scenario analysis sought to answer the following focal questions:
- What are the most significant climate-driven physical risks to Cal Water's supply reliability, operations, and assets across all districts as well as for individual districts, considering a range of potential future climates over the remainder of this century?
- What changes to the supply of and demand for Cal Water resources might we anticipate?
- How might Cal Water proactively incorporate the outcomes of this study into its planning and decision-making processes?
- What are recommended next steps toward the development of adaptation responses?

Results of the climate-related scenario analysis with respect to the focal questions

For information on the results of the scenario analysis with respect to the first two focal questions, please refer to question C2.3a for detailed discussion of the risks identified through the Climate Change Risk Assessment and Adaptation Framework (the "Study"). For example, some of the most likely and consequential climate-related risks identified for Cal Water include water scarcity risks to supply reliability. These risks were identified as part of the Study via a supply vulnerability assessment, which was intended to identify water sources that are particularly vulnerable on a hydrologic level to a range of impacts from climate change. The Study assessed, among other factors, projected changes in average drought durations under RCP 4.5 and RCP 8.5 and across the early, mid, and late-century time horizons. We found potential for significantly decreased supply availability in many Cal Water service areas. For example, for RCP 8.5: in the early-century, almost every Cal Water district is projected to see decrease in time between significant drought conditions, in particular the districts that are also projected to see an increase in the average drought duration in the same early-century time horizon; by mid-century, all districts are projected to see more frequent drought periods; and by late-century, the average time between drought periods is projected to trend back towards historical average, which can be attributed to the increasing duration of drought over time, where reprieves between shorter drought periods are eliminated and only extended period droughts occur.

With respect to the third and fourth focal questions, the Study developed an adaptation framework to identify Cal Water's order of operations for working to address key risks. Overall, given the wide range of possible climate futures under RCP 4.5 and 8.5 and across time horizons, we generally intend to plan for the worst-case climate scenario. The primary steps of the adaptation framework include: prioritizing top risks; determining the need for new adaptation measures and identifying adaptation options; evaluating the applicability of climate adaptation options to various climate scenarios and seeking to prepare for the worst-case scenario, where possible; evaluating timing and effectiveness of adaptation options using adaptation pathways and stress tests, respectively; coordinating recommended actions with other planned capital or maintenance work at targeted facilities; developing project implementation plans in the short-, mid-, and long-term timeframes; and reassessing risks to Cal Water and Cal Water's risk tolerance to any newly identified or non-priority risks. For more information on the ways we have begun to proactively incorporate the outcomes of this study and other climate-related risks and opportunity assessments into our planning and decision-making processes, please refer to question C3.3.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Our recycled water and conservation programming are two examples of product/service-related business strategies that have been influenced by the climate-related risks and opportunities detailed in questions C2.3a and C2.4a. In order to enhance our strategies to address various climate-related risks and opportunities—specifically those relating to wildfire (Risk 1), water scarcity (Risk 3), changing temperature (Risk 4), changing customer behavior (Risk 7), resource efficiency (Opp 1) and resiliency (Opp 2)—in 2021, we set a target to increase the use of recycled water in our operations by no less than 5% of total water supply to customers by 2035. In 2022, recycled water accounted for approximately 3% of our total water supplied to customers. To reach 5%, ongoing projects include: growing our wastewater treatment infrastructure for high-quality water reuse and exploring additional opportunities to purchase reclaimed water from wholesalers to increase recycled water service to customers; collaborating with the SF Peninsula Regional Pure Water Project; continuing to evaluate additional recycled water opportunities in the Bay Area, King City, and other areas we serve that would increase availability of recycled water for customers; and an agreement to support a project that is intended to extend West Basin Municipal Water District's recycled water system. We have also increased our efforts to engage with customers on conservation programming. For example, in 2022, we: - Increased our media campaigns for conservation, continued our ongoing customer leaks campaign, and performed targeted outreach to engage high-use customers, low-income customers, and other key stakeholders - Increased the dollar amounts for rebates to Cal Water customers for EPA WaterSense-labeled products and our lawn-to-garden turf replacement rebate program. - Continued the development of customized water-use targets for individual customers and/or households to increase water efficiency and help meet regulatory water-use reduction targets. - Assessed water systems in Washington, Hawaii, and New Mexico to identify service areas with higher water rights or water supply risks that may serve as priority locations for targeted conservation programming and developed conservation branding and/or pilot-scale conservation programs for use in high-priority areas in each state.
Supply chain and/or value chain	Yes	Our focus on water supply management, reliability, and resilience is an example of a business strategy relating to our supply chain (water sourcing/supply) and value chain (downstream demand for our water and wastewater services) that has been influenced by the climate-related risks and opportunities detailed in questions C2.3a and C2.4a. In order to enhance our strategies to address risks and opportunities relating to wildfire (Risk 1), water scarcity (Risk 3), changing temperature (Risk 4), changing customer behavior (Risk 7), resiliency (Opp 2), and access to capital (Opp 3), we develop various plans that summarize and evaluate sources of supply, efficient uses, and demand management. They also inform our water management processes to forecast demand over time and enhance the reliability of water supplies. As we map and account for water risks, we also factor water stress into our ongoing supply evaluation and approach. We engage regulatory agencies and address legislative requirements with a view to promote water supply reliability. Set in 2014, California's Sustainable Groundwater Management Act (SGMA) required most water basins to establish a local groundwater sustainability agency (GSA) by 2017, develop a Groundwater Sustainability Plan (GSP) by 2022, and demonstrate progress to protect groundwater resources by 2027. When full SGMA implementation is achieved by 2040, we expect to source nearly all our California groundwater from sustainably managed basins. In 2022, we made progress on the following projects to enhance our water supply management: - Using scenario planning and an adaptive management planning strategy, we completed two Water Supply Reliability Studies that cover six districts. We have also initiated three new studies that cover 11 additional districts - In partnership with the West Basin Municipal Water District (West Basin) and the Palos Verdes Estates Golf Course (PVEGC), we finalized an agreement to support a project that is intended to extend West Basin's recycled water system and provide about 220 acre-feet of recycled water per year to the PVEGC. - To expand our wastewater treatment operations and increase recycled water sources, we began and/or completed acquisitions of three wastewater utilities in Hawaii, including Kukui'ula South Shore Community Services, HOH Utilities, LLC, and Keauhou Community Services, Inc.
Investment in R&D	Yes	Our collaboration with NGOs, state agencies, and industry associations is an example of an R&D-related business strategy that has been influenced by the climate-related risks and opportunities detailed in questions C2.3a and C2.4a. We have advanced our partnerships and collaborations in recent years in order to enhance our strategies to address various climate-related risks and opportunities—specifically those relating to wildfire (Risk 1), flooding (Risk 2) water scarcity (Risk 3), sea level rise (Risks 5 and 6), resiliency (Opp 2), and access to capital (Opp 3). Examples include: - We provide funding and review and supply data for Partnership with the Public Policy Institute of California research projects that evaluate groundwater management, climate-related impacts on wastewater and recycled water, and drought resilience. - We are members of the Alliance for Water Efficiency, and one of our officers serves on the Board of Directors for the California Water Efficiency Partnership. Additionally, we collaborate with the American Water Works Association on conservation and are an Environmental Protection Agency (EPA) WaterSense Partner. - We set an objective in 2021 to establish formal partnerships with the State-specific Office of Emergency Services, Water/Wastewater Agency Response Network (WARN), and other essential utilities by 2024 to improve coordination for large-scale emergency events and/or emerging threats, such as those posed by climate change-related weather events. As of year-end 2022, we are members of and/or have signed agreements in place in California, New Mexico, and Washington. - To understand whether water conservation corresponds to greater affordability for our customers (besides the more obvious benefit to helping alleviate water supply constraints), we completed a study in 2021 across five districts in California, which represented different geographies and demographics. We believe the results demonstrated that lower per capita water demand reduced operating costs over time, which helps demonstrate the benefits of our conservation programming as a strategy to address climate-related water scarcity risks while also addressing other high-priority areas for our customers, such as affordability. See the full study at https://www.calwater.com/docs/conservation/Economic-Value-of-Water-Efficiency-Lower-Water-Bills.pdf
Operations	Yes	Our focuses on operational energy and emissions, service reliability/resilience, water system efficiency, water quality, and emergency preparedness and response are examples of business strategies that have been influenced by the climate-related risks and opportunities detailed in C2.3a and C2.4a. As part of our climate change mitigation strategy, we focus on operational energy efficiency, renewable energy, and fleet sustainability. In 2021, we initiated development of an Energy Management System to help identify energy optimization strategies and define energy-related policies. In 2022, we completed a study to inform a roadmap for fleet electrification. We continually invest in our infrastructure to promote operational reliability and resilience. In 2022, we developed contingency plans for operating water treatment plants impacted by climate change-driven events. We also invested $327.8 million in capital expenditures, including projects to enhance system efficiency and resiliency, and protect against climate-related risks, such as floods, storms, and wildfires. We work to maintain efficiency in our water system, which is intended to reduce water losses and energy demands to help address climate-related water scarcity. In 2022, we replaced 25 miles of water pipeline. Also, in select districts, we implemented pilot projects to evaluate technologies that proactively detect unsurfaced leaks and determine the most effective options to address them. We proactively conduct additional water quality testing, maintain transparency about our performance, and support research on emerging contaminants, including those that may be linked to climate impacts. We strive to reduce the impact of climate-related emergencies through diligent maintenance, education, and communication. Based on the results of our Wildfire Risk Assessment completed in 2020, we launched a multi-year capital project program to harden infrastructure exposed to wildfire risks, strengthen water availability for firefighting, and provide backup power. In 2022, we also launched regional Operations Rapid Response Teams to expand our capabilities to respond during crises and hosted 20 Emergency Operations Center training engagements across our states. See our 2022 ESG Report for more details on recent strategies to address climate-related risks and opportunities in the areas listed above.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation	Our efforts to address climate-related risks and opportunities—as discussed in detail in questions C2.3a, C2.4a, and C3—in many cases influence planning discussions and decision-making for capital expenditures and allocation, such as for capital projects intended to address physical climate risks (e.g., flood, wildfire, worsening water quality, and more). Various climate-related risks have the potential to impact water treatment costs, water production costs, energy costs, and operational costs. See question C2.3a for descriptions of each of these risks and their potential cost impacts. Increased or unforeseen costs, particularly for water production, could, in turn, affect the Company's revenue. In pursuit of the State of California's water conservation goals, the CPUC decoupled California Water Service's (Cal Water's) revenue requirement from customer consumption levels in 2008 by authorizing a Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) for each district. The WRAM and MCBA were designed to ensure that Cal Water recovers revenues authorized by the CPUC regardless of customer consumption. This removed the historical disincentive against promoting lower water usage among customers. Through an annual advice letter filing, Cal Water can seek to recover any under-collected metered revenue amounts authorized, or refunds over-collected metered revenues, via surcharges and surcredits. However, the CPUC issued a decision effective August 27, 2020 requiring that Class A companies submitting GRC filings after the effective date be (i) precluded from proposing the use of a full decoupling WRAM in their next GRCs and (ii) allowed the use of Monterey-Style Water Revenue Adjustment Mechanisms (MWRAM). In addition, the CPUC's decision allowed for Incremental Cost Balancing Accounts (ICBAs), which are authorized by state statute, to replace the MCBA. The MWRAM tracks the difference between the revenue received for actual metered sales through the tiered volumetric rate and the revenue that would have been received with the same actual metered sales if a uniform rate had been in effect. The ICBA tracks differences between the authorized per-unit prices of water production costs and actual per-unit prices of water production costs. Cal Water complied with this decision in its 2021 GRC Filing and expects these replacement mechanisms to be in effect for 2023. Since actual water production costs vary year to year and may be impacted by various climate-related risks as described in question C2.3a, revenues recovered by Group through the WRAM and ICBAs in California may in turn be affected.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	No, and we do not plan to in the next two years	<Not Applicable>

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

No target

C4.1c

(C4.1c) Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.

	Primary reason	Five-year forecast	Please explain
Row 1	We are planning to introduce a target in the next two years	We are continuing our efforts to reduce the emissions intensity of water delivery through investments in water infrastructure, as well as other climate and energy related initiatives which are detailed in this report. However, the uncertainty around how customer water use patterns may shift as California and the American West emerges from drought conditions makes it challenging to project absolute emission trends in the near term.	We have publicly committed to 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 and to set a GHG intensity target by 2025. In 2022 we worked with a third party to update our Scope 1, Scope 2, and partial Scope 3 greenhouse gas (GHG) emissions inventory, starting with 2021 data, in order to develop a baseline inventory. The inventory aligns with the Greenhouse Gas Protocol and represents considerable progress in our journey to further improve the breadth and integrity of our energy and emissions data. This updated inventory allows us to use actionable data to inform implementation of our climate strategy, and to be methodical and thoughtful in establishing a baseline for emissions reduction target-setting efforts.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set

Target coverage
Country/area/region

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Low-carbon vehicles	Other, please specify (% of passenger vehicles purchased in California that are zero-carbon vehicles)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2021

Figure or percentage in base year
2.22

Target year
2035

Figure or percentage in target year
100

Figure or percentage in reporting year
0

% of target achieved relative to base year [auto-calculated]
-2.2704029453876

Target status in reporting year
Underway

Is this target part of an emissions target?
No

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions
Purchase 100% zero-emission passenger vehicles in California by 2035. This is only for the state of California. This is for new purchases of passenger vehicles (light-duty passenger cars and trucks under 8500 pounds) only.

Plan for achieving target, and progress made to the end of the reporting year
We are developing a fleet electrification strategy, currently focused on California, to phase out the purchase of fossil-fuel passenger vehicles. This is in alignment with California Governor's Executive Order N-79-20, which mandates that zero-emissions vehicles must represent 100% of new passenger vehicles sales by 2035. To support the electrification of our fleet, our San Jose and Bayshore District facilities also provide electric vehicle (EV) charging stations, and we continue to evaluate and build additional EV charging stations in California.

List the actions which contributed most to achieving this target
<Not Applicable>

Target reference number
Oth 2

Year target was set
2021

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Resource consumption or efficiency	Other, please specify (Percentage of total water supply to customers from recycled water)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2021

Figure or percentage in base year
2.2

Target year
2035

Figure or percentage in target year

5

Figure or percentage in reporting year
2.6

% of target achieved relative to base year [auto-calculated]
14.2857142857143

Target status in reporting year
Underway

Is this target part of an emissions target?
No

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions
By 2035, increase the use of recycled water in our operations by no less than 5% of total water supply to customers.

Plan for achieving target, and progress made to the end of the reporting year
In 2022, recycled water accounted for 2.6% of our total water supply. To reach 5%, we continue to invest in wastewater treatment infrastructure for high-quality water reuse and explore additional opportunities to purchase reclaimed water from wholesalers.

List the actions which contributed most to achieving this target
<Not Applicable>

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	
To be implemented*	1	
Implementation commenced*	1	
Implemented*	9	5000.08
Not to be implemented		

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
4.1

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
19422

Investment required (unit currency – as specified in C0.4)
102388

Payback period
4-10 years

Estimated lifetime of the initiative
Please select

Comment
We completed LED lighting retrofits for our headquarter offices and water quality laboratory in 2022; work for other offices is pending.

Initiative category & Initiative type

Energy efficiency in production processes	Machine/equipment replacement

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s) or Scope 3 category(ies) where emissions savings occur
Please select

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)
4958314

Payback period
Please select

Estimated lifetime of the initiative
Please select

Comment
In 2022, we performed 995 efficiency tests on 785 pumps and invested $4,958,314 to complete 61 water pump or motor replacement or rebuild projects to increase efficiency in our water distribution systems.

Initiative category & Initiative type

Low-carbon energy consumption	Low-carbon electricity mix

Estimated annual CO2e savings (metric tonnes CO2e)
4869

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Ongoing

Comment
From enrollment in electric utility green tariffs.

Initiative category & Initiative type

Low-carbon energy generation	Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
6.5

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
45938

Investment required (unit currency – as specified in C0.4)
471104

Payback period
4-10 years

Estimated lifetime of the initiative
21-30 years

Comment
From Cal Water's owned on-site solar system in Chico, California, for which Cal Water retains the renewable energy credits. Savings are calculated by multiplying energy produced by the system by the monthly average bundled total rate published by the utility (host facility rate code)

Initiative category & Initiative type

Transportation	Employee commuting

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s) or Scope 3 category(ies) where emissions savings occur
Please select

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period
Please select

Estimated lifetime of the initiative
Please select

Comment
In California, our commuter benefits program encourages employees to reduce their personal vehicle emissions by utilizing public transportation and ridesharing.

Initiative category & Initiative type

Transportation	Other, please specify (Route optimization and reduced travel)

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s) or Scope 3 category(ies) where emissions savings occur
Please select

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period
Please select

Estimated lifetime of the initiative
Please select

Comment
Our online customer service platform automates our processes to schedule maintenance and customer service calls and optimizes routes to job sites, which reduces travel distances and, therefore, fuel consumption. Additionally, increased use of video conferencing allows us to limit employee business travel, minimizing emissions and the costs associated with operating vehicles.

Initiative category & Initiative type

Other, please specify	Other, please specify (Demand response system)

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s) or Scope 3 category(ies) where emissions savings occur
Please select

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period
Please select

Estimated lifetime of the initiative
Please select

Comment
Throughout our supply and distribution systems, we utilize demand response systems to reduce our energy use during peak demand times when the carbon intensity of the electricity is greater, reducing the carbon intensity of the grid while improving resilience.

Initiative category & Initiative type

Company policy or behavioral change	Customer engagement

Estimated annual CO2e savings (metric tonnes CO2e)
120.48

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)
6100000

Payback period
Please select

Estimated lifetime of the initiative
Please select

Comment
We offer programs that are intended to engage and encourage customers to conserve water. Saving water helps reduce the energy demands, and therefore emissions, required to process and distribute water in our system. Programs designed to encourage customer conservation include rebates for a list of water efficient systems and items, customer conservation kits offering water efficient items, education resources for customers to learn about conservation, customized incentive programs for commercial customers, and our free Smart Landscape Tune-Up program which provides efficient solutions for irrigation systems for low-income customers. In 2022, we invested more than $6.1 million in water conservation rebates and programs for customers. Our conservation programming helped customers save approximately 680,500 cubic meters of water annually from water-saving efficiency measures implemented during 2022 across our 24 California districts.

Annual emissions savings are determined by applying our 2022 emission intensity of delivered water in California to our total annual customer water savings from efficiency measures (680,500 m3). Water savings data only includes California. We do not currently track customer water savings from efficiency measures in other states.

Initiative category & Initiative type

Other, please specify	Other, please specify (Water system efficiency)

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s) or Scope 3 category(ies) where emissions savings occur
Please select

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)
327800000

Payback period
Please select

Estimated lifetime of the initiative
Please select

Comment
By maintaining the efficiency and integrity of our water system, our goal is to reduce water loss and decrease energy demand, therefore reducing emissions. Initiatives to target water losses include meter calibration and testing, meter replacements, leak repairs, upgrades of pipeline infrastructure, and improved data reporting and visualization.

Investment value provided is the total investments in water system infrastructure in 2022.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	The main drivers to date for Group's emissions reduction activities are cost reductions (e.g., improved energy efficiency can lead to lower energy costs) and fulfilling our overall ESG objectives and climate change strategy.
Internal incentives/recognition programs	The main drivers to date for Group's emissions reduction activities are cost reductions (e.g., improved energy efficiency can lead to lower energy costs) and fulfilling our overall ESG objectives and climate change strategy. We have, in some cases, corporate strategic objectives (each with one or more officer-level owner) focused on executing these emissions reduction activities, such as our public commitments to develop an enterprise-wide, renewable power purchasing strategy to increase renewable electricity use and decrease Scope 2 greenhouse gas emissions; invest no less than $5 million in emissions-reducing energy solutions, such as renewables and low-carbon energy sources in the next 10 years; and develop a company-wide electric vehicle strategy, including a plan to purchase 100% zero-emission passenger vehicles in California by 2035. As we set greenhouse gas reduction targets in the next two years and develop decarbonization pathways to achieve those targets, we plan to further develop and systematize the mechanisms that will guide the investments necessary to achieve those goals.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?
No

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?
Yes

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
15682

Comment

Scope 2 (location-based)

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
51213

Comment

Scope 2 (market-based)

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
45867

Comment

Scope 3 category 1: Purchased goods and services

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
239531

Comment
We reviewed all fifteen Scope 3 categories of the GHG Protocol when assessing the categories to focus on for our 2021 and 2022 emissions inventory. We chose the three Scope 3 categories we believe to be the most significant, most relevant to our business, and/or most impactful for addressing our overall emissions footprint based on the nature of our business: Categories 1 (Purchased Goods and Services), 2 (Capital Goods), and 5 (Waste Generated in Operations). We may have additional, relevant Scope 3 emissions sources; however, these have not been fully evaluated or calculated. We plan to continue to build out this part of the inventory and assess the remainder of potentially relevant Scope 3 emissions categories future emissions inventories.

Scope 3 category 2: Capital goods

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
584718

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 5: Waste generated in operations

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
35768

Comment

Scope 3 category 6: Business travel

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 7: Employee commuting

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

IPCC Guidelines for National Greenhouse Gas Inventories, 2006
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard
US EPA Emissions & Generation Resource Integrated Database (eGRID)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
14099

Start date
January 1 2022

End date
December 31 2022

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
15682

Start date
January 1 2021

End date
December 31 2021

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
51738

Scope 2, market-based (if applicable)
36019

Start date
January 1 2022

End date
December 31 2022

Comment

Past year 1

Scope 2, location-based
51213

Scope 2, market-based (if applicable)
45867

Start date
January 1 2021

End date
December 31 2021

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source of excluded emissions
Refrigerants

Scope(s) or Scope 3 category(ies)
Scope 1

Relevance of Scope 1 emissions from this source
Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source
<Not Applicable>

Relevance of market-based Scope 2 emissions from this source
<Not Applicable>

Relevance of Scope 3 emissions from this source
<Not Applicable>

Date of completion of acquisition or merger
<Not Applicable>

Estimated percentage of total Scope 1+2 emissions this excluded source represents

Estimated percentage of total Scope 3 emissions this excluded source represents
<Not Applicable>

Explain why this source is excluded
Data unavailability - data is only tracked at one site.

Explain how you estimated the percentage of emissions this excluded source represents
The usage of this source is low, and the emissions are likely immaterial.

Source of excluded emissions
Fire extinguishers

Scope(s) or Scope 3 category(ies)
Scope 1

Relevance of Scope 1 emissions from this source
Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source
<Not Applicable>

Relevance of market-based Scope 2 emissions from this source
<Not Applicable>

Relevance of Scope 3 emissions from this source
<Not Applicable>

Date of completion of acquisition or merger
<Not Applicable>

Estimated percentage of total Scope 1+2 emissions this excluded source represents

Estimated percentage of total Scope 3 emissions this excluded source represents
<Not Applicable>

Explain why this source is excluded
Data unavailability - Data is not currently tracked or reported.

Explain how you estimated the percentage of emissions this excluded source represents
The usage of this source is low, and the emissions are likely immaterial.

Source of excluded emissions
Solid waste

Scope(s) or Scope 3 category(ies)
Scope 3: Waste generated in operations

Relevance of Scope 1 emissions from this source
<Not Applicable>

Relevance of location-based Scope 2 emissions from this source
<Not Applicable>

Relevance of market-based Scope 2 emissions from this source
<Not Applicable>

Relevance of Scope 3 emissions from this source
Emissions are relevant but not yet calculated

Date of completion of acquisition or merger
<Not Applicable>

Estimated percentage of total Scope 1+2 emissions this excluded source represents
<Not Applicable>

Estimated percentage of total Scope 3 emissions this excluded source represents

Explain why this source is excluded
Data unavailability - Data was not available at the time of the inventory.

Explain how you estimated the percentage of emissions this excluded source represents

---

Source of excluded emissions
Hazardous waste

Scope(s) or Scope 3 category(ies)
Scope 3: Waste generated in operations

Relevance of Scope 1 emissions from this source
<Not Applicable>

Relevance of location-based Scope 2 emissions from this source
<Not Applicable>

Relevance of market-based Scope 2 emissions from this source
<Not Applicable>

Relevance of Scope 3 emissions from this source
Emissions are relevant but not yet calculated

Date of completion of acquisition or merger
<Not Applicable>

Estimated percentage of total Scope 1+2 emissions this excluded source represents
<Not Applicable>

Estimated percentage of total Scope 3 emissions this excluded source represents

Explain why this source is excluded
Opportunity for decarbonizing these emissions is limited due to disposal/treatment of hazardous waste being regulated.

Explain how you estimated the percentage of emissions this excluded source represents

---

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
195643

Emissions calculation methodology
Hybrid method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
12

Please explain
To calculate purchased goods and services we used the hybrid method.

For purchased water, we used purchased water volume data by wholesaler. Emissions were calculated by applying electricity intensity factors (electricity usage/volume of water) to the volumes of water and applying the corresponding market-based electricity emission factors. The electricity intensity factors came from multiple sources. Where possible, we used wholesaler-specific electricity intensity factors from their 2020 Urban Water Management Plans. When that was not available, we applied average electricity intensity factors from public reports such as the Hawaii Water Energy Nexus Report and EPRI's Electricity Use and Management in the Municipal Water Supply and Wastewater Industries.

For all other purchased goods and services beyond purchased water, we used the spend-based method. We used the emission factors from the US EPA's Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities v1.1 and adjusted for inflation. The spend was broken down by SIC code and matched with a similar commodity in the emission factor dataset. SIC codes already accounted for in Scope 1 and Scope 2 (such as fuel purchases) and other Scope 3 categories were removed to prevent double counting.

Capital goods

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
569204

Emissions calculation methodology
Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
To calculate capital goods, we used the spend-based method. We used the emission factors from the US EPA's Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities v1.1 and adjusted for inflation. The spend was broken down by SIC code and matched with a similar commodity in the emission factor dataset. SIC codes already accounted for in Scope 1 and Scope 2 (such as fuel purchases) and other Scope 3 categories were removed to prevent double counting.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Upstream transportation and distribution

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Waste generated in operations

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
31176

Emissions calculation methodology
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Emissions estimates for Waste Generated in Operations include only the emissions associated with the disposal, hauling, and treatment of waste streams from Group's owned wastewater treatment plants and from wastewater generated by our customers and treated by third parties. Further sources of waste exist but were not calculated due to data unavailability. We continue to work to expand and improve our data collection and management for future GHG emissions disclosures.

The waste accounted for from owned wastewater treatment plants includes sludge and effluent. Emission factors from Table 4.1 and Table 6.3 from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories were used.

For wastewater generated by our customers and treated by third parties, electricity intensity factors from the California Public Utilities Commission's Water-Energy Calculator v1.05 were applied to water sales volumes. Then corresponding market-based electricity emission factors were applied.

Business travel

Evaluation status
Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Employee commuting

Evaluation status
Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Upstream leased assets

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Downstream transportation and distribution

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Processing of sold products

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Use of sold products

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

End of life treatment of sold products

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Downstream leased assets

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Franchises

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not have any franchises, so this category is not relevant to our organization

Investments

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (upstream)

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date
January 1 2021

End date
December 31 2021

Scope 3: Purchased goods and services (metric tons CO2e)
239531

Scope 3: Capital goods (metric tons CO2e)
584718

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)
35768

Scope 3: Business travel (metric tons CO2e)

Scope 3: Employee commuting (metric tons CO2e)

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment
Emissions estimates for Waste Generated in Operations include only the emissions associated with the disposal, hauling, and treatment of waste streams from Group's owned wastewater treatment plants and from wastewater generated by our customers and treated by third parties. Further sources of waste exist but were not calculated due to data unavailability.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?
Yes

C6.7a

(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.

	CO2 emissions from biogenic carbon (metric tons CO2)	Comment
Row 1	5164	Biogenic emissions refer to emissions from biological degradation of organic material, specifically organic matter and sewage in wastewater from wastewater treatment operations owned or controlled by Group. According to the International Panel on Climate Change: 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 6: Wastewater, these carbon dioxide emissions from organic matter and sewage in wastewater are considered wholly biogenic and are represented outside of Group's Scope 1, 2 and 3 GHG emissions inventory.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000059211

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
50118

Metric denominator
unit total revenue

Metric denominator: Unit total
846431000

Scope 2 figure used
Market-based

% change from previous year
23.91

Direction of change
Decreased

Reason(s) for change
Change in renewable energy consumption
Other emissions reduction activities
Change in output
Change in revenue

Please explain
We increased renewable energy procurement, including a green tariff deal. As a result, our renewable energy consumption increased from 0.1% in 2021 to 9.3% in 2022. We implemented energy efficiency projects that contributed to a decrease in energy usage required from sourcing water from 2021 to 2022. Our total volume of delivered water decreased from 2021 to 2022 which also lowers energy usage. This decrease resulted, in part, from our investments in our water delivery infrastructure and educational programs to reduce customer water use. Additionally, the emissions factors for purchased electricity in our service areas changed as a result of changing energy mix, with notable reductions in HI and parts of CA. These factors result in lower Scope 1+2 emissions (numerator). Our operating revenue (denominator) also increased 7% year over year.

Intensity figure
0.1616158463

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
50118

Metric denominator
Other, please specify (Acre-foot of produced water)

Metric denominator: Unit total
310105.73

Scope 2 figure used
Market-based

% change from previous year
12

Direction of change
Decreased

Reason(s) for change
Change in renewable energy consumption
Other emissions reduction activities

Please explain
This intensity metric shows our Scope 1+2 emissions per acre-foot of produced water. The denominator includes the total volume of water produced by Group, including purchased water, groundwater, surface water, and recycled water.

Our 2022 ESG Analyst Download report provides a different, custom water intensity metric that we recommend referring to for tracking progress. Instead of the numerator being Total Scope 1+2 emissions as shown here, the numerator includes all emissions specifically associated with water production-related activities. The numerator includes certain Scope 1, market-based Scope 2, and Scope 3 emissions from activities that contribute to the production, treatment, and delivery of water to customers. It excludes emissions associated with the Scope 3 Categories 1 (Purchased Goods and Services) and 2 (Capital Goods), as well as emissions associated with office sites, fleet fuels, and other non-water production-related activities. Link to 2022 ESG Analyst Download:
https://www.calwatergroup.com/_assets/_f7cd6216ffe7f8be7229907cd4e5db14/calwatergroup/db/2331/21639/pdf/esg-analyst-2022.pdf

For the intensity metric shown here, our reduction in Scope 1+2 emissions (-21%) outpaced our reduction in produced water (-7%), resulting in a lower intensity year over year. We increased renewable energy procurement, including a green tariff deal. As a result, our renewable energy consumption increased from 0.1% in 2021 to 9.3% in 2022. We implemented energy efficiency projects that contributed to a decrease in energy usage required from sourcing water from 2021 to 2022. Additionally, the emissions factors for purchased electricity in our service areas changed as a result of changing energy mix, with notable reductions in HI and parts of CA.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	6223	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	1951	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	5925	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
United States of America	14099

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

Please select

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
United States of America	51738	36019

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

Please select

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Yes

C7.7a

(C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.

Subsidiary name

California Water Service Company

Primary activity

Water supply networks

Select the unique identifier(s) you are able to provide for this subsidiary

No unique identifier

ISIN code – bond

<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
5111

Scope 2, location-based emissions (metric tons CO2e)
32101

Scope 2, market-based emissions (metric tons CO2e)
13755

Comment
Emissions from the subsidiary CWS Utility Services are rolled into the reported emissions of California Water Service Company.

Subsidiary name
Hawaii Water Service Company, Inc.

Primary activity
Water supply networks

Select the unique identifier(s) you are able to provide for this subsidiary
No unique identifier

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
7491

Scope 2, location-based emissions (metric tons CO2e)
15509

Scope 2, market-based emissions (metric tons CO2e)
19661

Comment
Emissions from the subsidiary HWS Utility Services LLC are rolled into the reported emissions of Hawaii Water Service Company, Inc.

Subsidiary name
New Mexico Water Service Company

Primary activity
Water supply networks

Select the unique identifier(s) you are able to provide for this subsidiary
No unique identifier

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
326

Scope 2, location-based emissions (metric tons CO2e)
1129

Scope 2, market-based emissions (metric tons CO2e)
1487

Comment

Subsidiary name
Washington Water Service Company

Primary activity
Water supply networks

Select the unique identifier(s) you are able to provide for this subsidiary
No unique identifier

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
1171

Scope 2, location-based emissions (metric tons CO2e)
2999

Scope 2, market-based emissions (metric tons CO2e)
1116

Comment

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	4869	Decreased	7.9	We reduced 4869 MTCO2e due to an increase in our renewable energy consumption from green tariffs. This was determined using the 2022 electricity emission factor from our electricity provider. Our total Scope 1+2 emissions in the previous year were 61,549 MTCO2e, therefore we arrived at 7.9% through (4869/ 61549)*100= 7.9%
Other emissions reduction activities		<Not Applicable>		
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified	6562	Decreased	10.7	While we are unable to break down changes in emissions further by reason at this time, the remaining decrease is driven by three primary reasons: other emissions reduction activities, reduced output, and smaller emission factors from our electricity mix. We implemented energy efficiency projects that we believe contributed to a decrease in energy usage from 2021 to 2022. Also, our delivered water (and therefore the energy and emissions associated with the sourcing, processing, and delivery of that water) decreased from 2021 to 2022. This may have resulted from, among other things, our water efficiency investments and customer conservation programming. Additionally, some emissions factors improved due to the changing energy mix in our service areas. Scope 1+2 emissions reduced by 11431 MTCO2e from 2021 to 2022, with 6562 MTCO2e being reduced for reasons unidentified at this time. Our total Scope 1+2 emissions in the previous year were 61,549 MTCO2e. Therefore, we arrived at 10.7% through (6562/ 61549)*100= 10.7%
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 10% but less than or equal to 15%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	25270	25270
Consumption of purchased or acquired electricity	<Not Applicable>	18445	157020	175465
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	143	<Not Applicable>	143
Total energy consumption	<Not Applicable>	18588	182290	200878

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value
Please select

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Other biomass

Heating value
Please select

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Other renewable fuels (e.g. renewable hydrogen)

Heating value
Please select

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Coal

Heating value
Please select

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Oil

Heating value
HHV

Total fuel MWh consumed by the organization
23901

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Gas

Heating value
HHV

Total fuel MWh consumed by the organization
1369

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value
Please select

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Total fuel

Heating value
HHV

Total fuel MWh consumed by the organization
25270

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	143	143	143	143
Heat				
Steam				
Cooling				

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Country/area of low-carbon energy consumption
United States of America

Sourcing method
Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier
Electricity

Low-carbon technology type
Renewable energy mix, please specify

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)
18445

Tracking instrument used
Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute
United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?
No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
<Not Applicable>

Comment
Selected 100% renewable electricity rate from an electricity supplier.

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area
United States of America

Consumption of purchased electricity (MWh)
175465

Consumption of self-generated electricity (MWh)
143

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
175608

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Other, please specify (Percentage of energy consumption supplied from renewable energy sources)

Metric value
9.3

Metric numerator
Renewable energy consumption (GJ)

Metric denominator (intensity metric only)
Total energy consumption (GJ)

% change from previous year

Direction of change
<Not Applicable>

Please explain
In 2022, we updated our calculation methodology for this metric and restated 2021 data to align with the updated calculation methodology. In 2021, Group's percentage of energy consumption supplied from renewable energy sources was 0.1%. In 2022, it was 9.3%, representing a 9,200% increase year-on-year. In alignment with the SASB Water Utilities and Services Industry Standard, the renewable energy metric is calculated by dividing our renewable energy consumption by our total energy consumption and reflects renewable energy calculation methodologies in accordance with the market-based Scope 2 methodology from the GHG Protocol. The numerator only includes renewable energy from electric utility green tariffs and Cal Water's owned on-site solar system in Chico, California, for which Cal Water retains the renewable energy credits, or renewable attributes. Other renewable energy generation or purchases, such as the energy from the hydroturbines in California and Hawaii, the wind turbine in Hawaii, and electricity purchased from Community Choice Aggregators with higher percentages of renewable power, are not considered renewable consumption by Group because renewable energy credits are either not generated or not retained by Group. To learn more about our efforts to increase the use of renewables in our energy portfolio, please see the Energy and Emissions section of our 2022 ESG Report, which can be found at https://www.calwatergroup.com/esg/reports-documents.

Description
Other, please specify (Total annual customer water savings from efficiency measures)

Metric value
680500

Metric numerator
Water savings (m3)

Metric denominator (intensity metric only)

% change from previous year
276.38

Direction of change
Increased

Please explain
One of the most significant ways we work to mitigate climate change is by helping our customers conserve water, since saving water also saves the energy and emissions required to treat and deliver the water. And water conservation is not just good for the planet, it also contributes to resilience to more regular and extreme droughts due to climate change. In 2022, we invested more than $6.1 million in water conservation rebates and programs for customers. Our conservation programming helped customers save approximately 180 million gallons of water annually from water-saving efficiency measures implemented during 2022 across our 24 California districts.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	No third-party verification or assurance
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No third-party verification or assurance

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?
No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers/clients

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Other, please specify (Directly work with electricity suppliers to enroll in programs that give us the opportunity to purchase more of our energy from renewable sources.)

% of suppliers by number

% total procurement spend (direct and indirect)

% of supplier-related Scope 3 emissions as reported in C6.5
0

Rationale for the coverage of your engagement
We review our options to enroll in programs with our power suppliers that give us the opportunity to purchase more of our energy from renewable sources and work directly with suppliers when a feasible program is identified. In some California service areas, we also purchase electricity from Community Choice Aggregators who sell power with higher renewable energy percentages than other providers. We also work with power providers to utilize demand response systems to reduce our energy use during peak demand times. This is intended to reduce strain on the electrical grid, while also providing associated financial benefits.

Impact of engagement, including measures of success
Aligned with our ambition to increase renewable electricity use, in 2022 we began work on an evidence-based renewable power purchasing strategy to help inform ongoing engagement with our power providers regarding renewable purchasing options. We increased the percentage of our total energy consumption supplied from renewable energy sources to 9.3% in 2022 from 0.1% in 2021 due to an increase in our renewable energy consumption from green tariffs with Southern California Edison. This led to an emissions reduction of 4869 MTCO2e from 2021 to 2022. We plan to continue to track this key performance indicator and disclose it annually in our ESG Analyst Download. The 2022 ESG Analyst Download can be found at
https://www.calwatergroup.com/_assets/_f7cd6216ffe7f8be7229907cd4e5db14/calwatergroup/db/2331/21639/pdf/esg-analyst-2022.pdf

Examples of successful demand response program engagement include:
- Our Bakersfield peak demand reduction program shuts down wells during emergency electric power shortage events and offers rebates to participating customers.
- In Hawaii, our participation in the “Rider-M” program generates a discount on energy bills by pausing operation of wells during certain times of the day.
- In September 2022, during Energy Emergency Alerts, we made adjustments to our operations and used backup generators to alleviate power demands on the state-wide California power grid, doing our part to prevent rotating power outages to customers.

Comment

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Other, please specify (Supplier Code of Conduct and supplier risk management program)

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% of supplier-related Scope 3 emissions as reported in C6.5
100

Rationale for the coverage of your engagement
In addition to applicable regulations, we require our suppliers to comply with our Supplier Code of Conduct, which describes our commitments and expectations regarding anti-corruption, anti-bribery, fair dealing, conflicts of interest, protection of confidential information, workplace conduct and safety, environmental management, human rights and labor practices, supplier diversity, and compliance.

Aided by a software solution and service designed to efficiently manage our supplier data, our supplier risk management program—which currently focuses on critical and high-risk suppliers in California—includes supplier risk segmentation, further supplier qualification, and ongoing monitoring. By segmenting suppliers into critical and high-risk categories, we can more easily define our focus areas for enhanced supplier engagement and risk management.

Impact of engagement, including measures of success
Beyond the requirement for all suppliers to acknowledge our Supplier Code of Conduct, to further qualify suppliers within our supplier risk management program, we evaluate their regulatory, financial, health and safety, environmental, and cybersecurity performance. Our self-certification process includes an annual questionnaire and upholds our right to audit suppliers. We flag issues in our supplier risk management system, and the vendors are required to provide an explanation and a corrective action plan. In alignment with best practices, it is our policy to establish ongoing communication with our key suppliers, collect information about their performance, and address any issues in a timely manner. If we determine that any vendors do not meet our standards, we may also engage our internal subject matter experts to address the concerns, where needed. We may issue stop work orders, terminate contracts, and/or add a supplier to our no-bid list if critical issues are repeated or remain unresolved.

Additionally, we have initiated development of guidelines for procuring environmentally preferred products and services. These standards aim to reduce waste, conserve energy, minimize material consumption, and maximize recycled content.

Comment

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Other, please specify (Measurement of Scope 3 GHG emissions in the Purchased Goods and Services and Capital Goods categories)

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% of supplier-related Scope 3 emissions as reported in C6.5
100

Rationale for the coverage of your engagement
Group transparently reports on our ESG initiatives through our annual ESG report and ESG analyst download and is focused on continued improvement in our data collection and measurement efforts.

As part of our reporting efforts to date, we have disclosed our estimated Scope 1 and 2 emissions since 2019. In 2021, we also began disclosing estimated Scope 3 emissions. These disclosures, which were featured in our past Corporate Citizenship and ESG reports, included a more limited set of emissions calculations, estimated with reference to a combination of select concepts from the GHG Protocol Corporate Accounting and Reporting Standard, Revised Edition (GHG Protocol) and the Environmental Protection Agency (EPA).

The Group more recently partnered with an independent consultant to prepare a more comprehensive GHG emissions inventory that re-estimates our 2021 emissions and estimates our 2022 emissions. This inventory consists of an assessment of possible emissions sources across the Group’s value chain, and therefore includes a broader

set of emissions sources applicable to our business than was estimated in previous emissions calculations. Additionally, this new inventory uses the globally recognized GHG Protocol and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3 Standard) as the basis of the Group's emissions activity data collection and calculation methodologies for the first time. Regarding Scope 3 value chain emissions, we reviewed all fifteen Scope 3 categories of the Scope 3 Standard when assessing those categories to focus on for our 2021 and 2022 emissions inventory. We chose the three categories we believe to be the most impactful to addressing our overall emissions footprint based on the nature of our business: categories 1 (Purchased Goods and Services), 2 (Capital Goods), and 5 (Waste Generated in Operations).

Impact of engagement, including measures of success

When we began our inaugural GHG Protocol-aligned GHG inventory for 2021 and 2022 emissions, we initially believed that purchased water would be one of our most significant contributors to Scope 3 emissions. This would have posed a challenge to Group's ability to engage with these suppliers on emissions reductions, because approximately 50% of the water we supply to our customers must be purchased from government agencies over which we have no control, and there is often no other available source of water. However, only after completing our 2021 and 2022 emissions inventory did we have the necessary data to understand that, of the three Scope 3 categories that we assessed, the category with the most significant contribution to our Scope 3 emissions is actually Capital Goods, followed by Purchased Goods and Services, of which purchased water is only a part. Leveraging these insights, we have begun to assess the impact of our supply chain in the Capital Goods and Purchased Goods and Services categories. We are now better able to understand opportunities to expand on our existing supplier risk management program and to engage more closely with suppliers on climate issues.

An initial finding is that indirect emissions from infrastructure investment activities contribute substantially to our Scope 3 emissions in the Capital Goods and Purchased Goods and Services categories. However, as a regulated investor-owned water utility that delivers value to its customers and stockholders by investing in water and wastewater system infrastructure, it is unclear at this time how we can significantly reduce these emissions. This is particularly challenging given the fact that our foundational ESG materiality assessment identified drinking water quality and customer safety as our highest priority ESG topic, and our infrastructure investment program is critical to the health and safety of our customers, as well as an important basis for stockholder returns.

By continuing to analyze the results of our inventory and working to mature and expand our Scope 3 emissions assessments in the near-term, including assessing the remainder of potentially relevant Scope 3 emissions categories, we expect to identify other areas where we may have greater control over or ability to reduce our Scope 3 emissions without risking our ability to address other high-priority ESG focus areas.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Education/information sharing	Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

100

Please explain the rationale for selecting this group of customers and scope of engagement

One of the most significant ways we can work to mitigate climate change is by helping our customers conserve water, which, as a result, also saves the energy required to treat and deliver the water. And water conservation is not just good for the planet, it also helps us weather increasingly severe droughts. We maintain plans designed to combat water shortages and offer programs that are intended to engage and encourage customers to conserve water. We provide water conservation resources for all customers on each of our subsidiary websites, we have an annual campaign to educate customers on the link between water conservation and climate change, and we maintain an ongoing educational and incentive program on water conservation, including opportunities to partner with us by installing water efficiency devices and getting rebates.

In 2022, specifically, we:
- Increased our media campaigns for conservation, continued our ongoing customer leaks campaign, and performed targeted outreach to engage high-use customers, low-income customers, and other key stakeholders.
- Held a month-long campaign to educate customers on the connections between climate change and water issues in conjunction with global climate movements, including Climate Week and Imagine a Day Without Water. Through social channels, emails, earned and paid media, and a water treatment plant tour, we emphasized the impacts of climate change, explained how water conservation reduces energy consumption and our carbon footprint, shared conservation tips, and encouraged customers to take action.
- Increased the dollar amounts for rebates to Cal Water customers for EPA WaterSense-labeled products and our lawn-to-garden turf replacement rebate program.
- Continued the development of customized water-use targets for individual customers and/or households to increase water efficiency and help meet regulatory water-use reduction targets.
- Assessed water systems in Washington, Hawaii, and New Mexico to identify service areas with higher water rights or water supply risks that may serve as priority locations for targeted conservation programming and developed conservation branding and/or pilot-scale conservation programs for use in high-priority areas in each state.

Impact of engagement, including measures of success

Conservation programs implemented since 2011 are expected to result in a lifetime cumulative savings of more than 20 billion gallons. In the last 10 years, we have invested more than $65 million in conservation programs, including programs that help customers identify and fix most outdoor irrigation leaks for free; offer rebates to remove lawns, and replace spray irrigation with drip irrigation; and provide free residential conservation kits with high-efficiency devices. Our programs have been so successful that between 2000 and 2020, our customers reduced their water use by 30%. In 2022, specifically, we invested more than $6.1 million in water conservation rebates and programs for customers. During this period, Cal Water provided 7,487 conservation kits to customers, provided rebates for 9,009 high-efficiency sprinkler nozzles, 904 smart irrigation controllers, and 1,586 indoor high-efficiency devices such as clothes washers, urinals, and toilets. We also increased the dollar amounts for rebates to Cal Water customers for EPA WaterSense-labeled products and our lawn-to-garden turf replacement rebate program, providing rebates for the conversion of 648,982 square feet of California-friendly landscaping and the conversion of 483,898 square feet of spray irrigation to drip irrigation. Our Smart Landscape Tune-Up Program completed 847 site evaluations resulting in the installation of 23,044 high-efficiency sprinklers and 765 smart irrigation controllers.
Our conservation programming helped customers save approximately 180 million gallons of water annually from water-saving efficiency measures implemented during 2022 across our 24 California districts. Additionally, Cal Water customers throughout the state reduced their water use from a 2020 baseline for 8 months in a row from May through December 2022. In December 2022, company-wide water savings reached 16.5% compared to December 2020, surpassing the state's conservation target of 15%.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

No, and we do not plan to introduce climate-related requirements within the next two years

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers
Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate
Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

No, and we do not plan to have one in the next two years

Attach commitment or position statement(s)

<Not Applicable>

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

Regarding our overall climate change strategy, we believe that managing the impacts of climate-related risks requires climate mitigation and adaptation throughout our business, including sourcing, treatment and distribution, and community engagement. Group transparently reports on our ESG initiatives, including those relating to our climate change strategy, through our annual ESG report and ESG analyst download, which are available to all of our stakeholders via our website. Through our partnerships and regulatory engagement, we support policies that align with our values and our commitment to advance the interests of our customers, communities, employees, and stockholders. Our political involvement is intended to be policy-driven, non-partisan, and transparent, to benefit our customers, communities, employees, and stockholders. We advocate for affordability, water quality, sustainability, and equality for our customers, as well as seek to safeguard our position as the leading provider of water service in our communities. On our web site, we outline several of the core areas on which we focus, including conservation and sustainability. As we prepare for the impacts of climate change, we support initiatives that seek to strengthen resilience against drought. We also encourage structures that promote water conservation and favor drought-tolerant landscaping.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

To encourage water conservation, we supported passage of California State Senate Bill 1469 Water corporations: rates (SB 1469), which allows water suppliers to implement a regulatory tool known as decoupling. This practice is designed to remove the link between water suppliers' financial performance and the amount of water they sell, so they can expand water conservation efforts while maintaining the resources necessary to increase safety and reliability of their water systems. In 2022, the California Legislature passed, and Governor Newsom signed SB 1469 to enact decoupling for water providers regulated by the CPUC, but it has not yet been implemented.

Category of policy, law, or regulation that may impact the climate

Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate

Other, please specify (Decoupling water rates)

Policy, law, or regulation geographic coverage

Regional

Country/area/region the policy, law, or regulation applies to

United States of America

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

By engaging transparently, responsibly, and ethically with policymakers, we are able to promote our positions and influence legislation in support of our customers, employees, and stockholders. Every year, Cal Water actively reviews bills introduced at the California Legislature and supports those that align with our core values and principles and opposes those that run counter to our mission. Our primary engagement methods with regulators and legislators include: filings and reports; policy research; lobbying; meetings; and trade associations. Our advocacy efforts and focus areas can be found in public records, and we are required to file quarterly lobbying disclosure reports in accordance with California Government Code Section 86116. It is our policy in California to only use contract lobbyists, and none of our employees are registered lobbyists. Our lobbying focuses mainly on programs that address water-related issues. On our web site, we outline several of the core areas on which we focus, including conservation and sustainability. As climate change brings more frequent and harsher droughts, water conservation will continue to be a critically important tool for water suppliers and customers alike. Water conservation not only helps us adapt to climate change, but it also helps mitigate the effects of climate change by reducing the energy used by the water sector.

In 2022, Cal Water took a position on SB 1469 according to our policy priorities because we believe a proven way to encourage water conservation is through decoupling. Without decoupling, water suppliers are detached from California's water conservation goals and have a perverse incentive to sell as much water as possible because their revenue is tied to their sales. Pursuant to the enactment of SB 1469, Cal Water plans to seek approval to incorporate decoupling in our next rate case proceeding with the CPUC.

For more information on our advocacy priorities and policy principles, including specifically our policy principle to “encourage water conservation by implementing decoupling” pursuant to the enactment of SB 1469, please refer to our website at https://calwaterdifference.com/policy-principles/encourage-water-conservation-by-decoupling/. Additionally, our sponsorship/support letter for SB 1469, sent to Senator Ben Hueso in April 2022, can be found at https://calwaterdifference.com/wp-content/uploads/2022/04/SB-1469-Sponsor.pdf.

Details of exceptions (if applicable) and your organization’s proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization’s engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?
No, we have not evaluated

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?
<Not Applicable>

Specify the policy, law, or regulation on which your organization is engaging with policy makers
To encourage water conservation, we supported California State Assembly Bill 2142 Income taxes: exclusion: turf replacement water conservation program (AB 2142), which will reinstate the personal income tax exemption of turf replacement rebates from gross income in California, supporting an important water conservation tool.

Category of policy, law, or regulation that may impact the climate
Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate
Other, please specify (Turf Replacement Water Conservation Program)

Policy, law, or regulation geographic coverage
Regional

Country/area/region the policy, law, or regulation applies to
United States of America

Your organization’s position on the policy, law, or regulation
Support with no exceptions

Description of engagement with policy makers
By engaging transparently, responsibly, and ethically with policymakers, we are able to promote our positions and influence legislation in support of our customers, employees, and stockholders. Every year, Cal Water actively reviews bills introduced at the California Legislature and supports those that align with our core values and principles and opposes those that run counter to our mission. Our primary engagement methods with regulators and legislators include: filings and reports; policy research; lobbying; meetings; and trade associations. Our advocacy efforts and focus areas can be found in public records, and we are required to file quarterly lobbying disclosure reports in accordance with California Government Code Section 86116. It is our policy in California to only use contract lobbyists, and none of our employees are registered lobbyists. Our lobbying focuses mainly on programs that address water-related issues. On our web site, we outline several of the core areas on which we focus, including conservation and sustainability. Water conservation not only helps us adapt to climate change, but it also helps mitigate the effects of climate change by reducing the energy used by the water sector.

In 2022, Cal Water took a position on AB 2142 according to our policy priorities because we believe taxing water conservation rebates – such as those provided when a customer replaces turf with drought-tolerant landscaping – is regressive and creates a disincentive for households to participate in these critical programs. This is an especially significant burden on low-income households that may have no other way to complete these water-saving changes without rebates provided by their water supplier.

For more information on our advocacy priorities and policy principles, please refer to our website at https://calwaterdifference.com/policy-principles. Additionally, our support letter for AB 2142, sent to California State Assembly Member Jesse Gabriel in March 2022, can be found at https://calwaterdifference.com/wp-content/uploads/2022/03/AB-2142-Cal-Water-Support-2022-03-03.pdf.

Details of exceptions (if applicable) and your organization’s proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization’s engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?
No, we have not evaluated

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?
<Not Applicable>

Specify the policy, law, or regulation on which your organization is engaging with policy makers
To support water conservation, Cal Water recommends the state 1) adopt an industry-wide approach to tiered rates for all water providers to motivate customers to better understand their water usage and reduce water use, and 2) encourage all water suppliers to implement Advanced Metering Infrastructure (AMI). Cal Water also plans to pursue CPUC approval of a utility-wide rollout of AMI.

Category of policy, law, or regulation that may impact the climate
Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate
Other, please specify (Expanding water rate tiers and providing real-time water usage and price data for conservation)

Policy, law, or regulation geographic coverage
Regional

Country/area/region the policy, law, or regulation applies to
United States of America

Your organization’s position on the policy, law, or regulation
Support with no exceptions

Description of engagement with policy makers
It is widely understood that climate change is bringing more frequent and prolonged droughts, yet California’s water policies have not kept pace with this new normal. The breadth and complexity of the state’s water policy challenges, combined with the intense politics of divergent interests, too often results in delay or inaction. At California Water Service, we believe water conservation not only helps us adapt to climate change, but it also helps mitigate the effects of climate change by reducing the energy used by the water sector. To support conservation, we communicate with policy makers on what we believe are sensible approaches that warrant thoughtful consideration

and timely action, including:

Cal Water recommends the state adopt an industry-wide approach to tiered rates for all water providers to motivate customers to better understand their water usage and reduce water use. While a common practice in energy conservation, tiered water rates are not a standard practice among all water providers. Tiered rate structures, similar to those used for energy, can establish baselines that reflect climate and size of households to recognize the needs of large families and hotter climates, but discourage excessive usage by increasing the price as usage increases. Cal Water has used tiered water rates for more than a decade and customers have used less water and saved money on their bills.

Cal Water recommends the state encourage all water suppliers to implement AMI. Cal Water also plans to pursue CPUC approval of a utility-wide rollout of AMI. Providing customers with real-time water usage information empowers them not only to conserve water but also to save money. However, without AMI, customer consumption and billing information is always at least 30-days behind. If California wants to get serious about the drought and water conservation, we believe we need to bring water meters into the 21st century so that customers have the tools to make usage decisions in real time.

Our primary engagement methods with regulators and legislators include: filings and reports; policy research; lobbying; meetings; and trade associations. For more information on our policy principles, specifically to incentivize customers to conserve by expanding rate tiers and to provide real-time usage and price data, please see our website at https://calwaterdifference.com/policy-principles.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?
No, we have not evaluated

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?
<Not Applicable>

Specify the policy, law, or regulation on which your organization is engaging with policy makers
To encourage the development and deployment of new technologies that can help advance sustainability, we supported California State Senate Bill 1197 Water Innovation & Drought Resiliency Act of 2022 (SB 1197), which will create the Initiative to Advance Water Innovation & Drought Resiliency at the Governor's Office of Planning & Research.

Category of policy, law, or regulation that may impact the climate
Climate change adaptation

Focus area of policy, law, or regulation that may impact the climate
Other, please specify (Water Innovation & Drought Resiliency)

Policy, law, or regulation geographic coverage
Regional

Country/area/region the policy, law, or regulation applies to
United States of America

Your organization's position on the policy, law, or regulation
Support with no exceptions

Description of engagement with policy makers
By engaging transparently, responsibly, and ethically with policymakers, we are able to promote our positions and influence legislation in support of our customers, employees, and stockholders. Every year, Cal Water actively reviews bills introduced at the California Legislature and supports those that align with our core values and principles and opposes those that run counter to our mission. Our primary engagement methods with regulators and legislators include: filings and reports; policy research; lobbying; meetings; and trade associations. Our advocacy efforts and focus areas can be found in public records, and we are required to file quarterly lobbying disclosure reports in accordance with California Government Code Section 86116. It is our policy in California to only use contract lobbyists, and none of our employees are registered lobbyists. Our lobbying focuses mainly on programs that address water-related issues. On our web site, we outline several of the core areas on which we focus, including conservation and sustainability.

In 2022, Cal Water took a position on SB 1197 according to our policy priorities because we believe California's economic strength depends on a safe and resilient water supply, and to improve California's drought resilience in the face of climate change and other challenges—including aging infrastructure, groundwater contamination, subsidence, affordability, and ecological challenges—the state must be able to quickly identify and capitalize on innovative approaches and new technologies. As part of its mission, the Initiative to Advance Water Innovation & Drought Resiliency would engage state agencies to work with stakeholders across the water sector to identify regulations that stifle innovation. Senate Bill 1197 would also create a Water Innovation and Drought Resiliency Fund to establish the state as a partner in the development and deployment of new technologies that can help advance sustainability and ensure all Californians have access to safe, clean, and affordable drinking water.

For more information on our advocacy priorities and policy principles, please refer to our website at https://calwaterdifference.com/policy-principles. Additionally, our support letter for SB 1197, sent to the Chair of the California State Senate Natural Resources and Water Committee, Henry Stern, in March 2022, can be found at https://calwaterdifference.com/wp-content/uploads/2022/10/SB-1197-Cal-Water-Support-2022-03-17.pdf.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?
No, we have not evaluated

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?
<Not Applicable>

Specify the policy, law, or regulation on which your organization is engaging with policy makers
To support climate resiliency in the water sector, Cal Water believes every water provider should complete and regularly update Climate Risk Assessment Plans that take full stock of the impacts of climate change to their water systems and develop advanced solutions to address and mitigate those risks.

Category of policy, law, or regulation that may impact the climate
Climate change adaptation

Focus area of policy, law, or regulation that may impact the climate
Other, please specify (Require Water Providers to Assess Risk and Plan for Climate Change Disruptions in Their System)

Policy, law, or regulation geographic coverage

Regional

Country/area/region the policy, law, or regulation applies to
United States of America

Your organization's position on the policy, law, or regulation
Support with no exceptions

Description of engagement with policy makers
Climate change is a fact, yet too few water providers are doing a wholesale assessment of their infrastructure and supplies to evaluate the risk. Climate change doesn't only affect future water supplies; there are a number of potential physical and transition risks posed by climate change that all water providers should assess. These may include: risks to infrastructure due to wildfires, floods, and subsidence; financial risk due to changing energy prices or potential costs to transition to lower emissions technology; and risks associated with changes to customer consumption patterns. Cal Water communicates with policy makers on its belief that every water provider should complete and regularly update Climate Risk Assessment Plans that take full stock of the impacts of climate change to their water systems and develop advanced solutions to address and mitigate those risks.

Our primary engagement methods with regulators and legislators include: filings and reports; policy research; lobbying; meetings; and trade associations. For more information on our policy principles, specifically to incentivize customers to conserve by expanding rate tiers and to provide real-time usage and price data, please see our website at https://calwaterdifference.com/policy-principles.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?
No, we have not evaluated

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?
<Not Applicable>

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association
Other, please specify (National Association of Water Companies (NAWC))

Is your organization's position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position
Environmental Stewardship is one of five priorities of NAWC member companies, as described on their website at https://nawc.org/issues/environmental-stewardship/: "NAWC members are committed to protecting the environment and to using our most precious resource – water – as wisely as possible. Improving environmental stewardship is one of the most often-cited reasons municipalities give for deciding to work with a water company. For water companies, sustainability is essential. The fact is, water companies are helping to lead the way on water conservation with green, energy-saving initiatives that make a difference for the communities they serve."

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

For more info, please see the full Environmental Sustainability policy at https://www.calwatergroup.com/esg/reports-documents/environmental-sustainability-policy; the Protecting Our Planet section of our 2022 ESG Report at https://www.calwatergroup.com/esg/reports-documents

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

Describe the aim of your organization's funding
<Not Applicable>

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?
No, we have not evaluated

Trade association
Other, please specify (American Water Works Association (AWWA))

Is your organization's position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position
The AWWA Policy Statement on Climate Change (https://www.awwa.org/Policy-Advocacy/AWWA-Policy-Statements/Climate-Change) includes language as follows: "AWWA recognizes that global climate change and inherent variability are having impacts on the hydrologic cycle, source water, and water demands that differ from statistical trends based on historical records, thus impacting the anticipated quantity, quality, and reliability of water supplies. Two principal goals for water utilities in addressing impacts due to climate change and inherent variability are: to assess risk and uncertainty; and to develop and take actions that improve resiliency and sustainability in utility management, facilities and water sources... To help manage global greenhouse gas emissions that are contributing to global climate change, AWWA supports and encourages efforts by water utilities to examine their energy usage and carbon footprint and reduce energy consumption and greenhouse gas emissions by developing management plans for energy efficiency. AWWA supports water efficiency as a means to achieve energy efficiency and prolong the usefulness of existing supplies. AWWA supports the development of more refined climate models and tools that address the impacts of climate change and inherent variability on water quality, quantity, and demand at scales relevant to water utilities..."
Aligned with this priority, Group's Environmental Sustainability policy states: "When it comes to sustainability, we are focused on two things: minimizing the impact our business has on climate change and minimizing climate change's impact on our business. We do this by responsibly managing water resources and our energy consumption." Additionally, our 2022 ESG Report states: "As our communities experience the consequences of climate change, we strive to identify, mitigate, and adapt to critical climate-related impacts—and implement governance structures to oversee our short- and long-term sustainability strategies."
For more info, please see the full Environmental Sustainability policy at https://www.calwatergroup.com/esg/reports-documents/environmental-sustainability-policy; the Protecting Our Planet section of our 2022 ESG Report at https://www.calwatergroup.com/esg/reports-documents; and the various additional resources provided therein, including multiple publications on our positions related to climate change and the executive summary of our Climate Change Risk Assessment and Adaptation Framework.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

Describe the aim of your organization's funding
<Not Applicable>

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?
No, we have not evaluated

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization or individual
Political party or political candidate

State the organization or individual to which you provided funding
Various. Corporate funds may be used for approved contributions to state or local candidate or political committees where permitted by applicable laws and regulations. Our PACs enable employees to support federal, state, and local political candidates and organizations. They are funded by eligible employees and employees' voluntary contributions. We report our political engagement in accordance with federal, state, and local laws and regulations (see below).

Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4)

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate
As stated in Group's Political Engagement Policy (https://www.calwatergroup.com/esg/reports-documents/political-engagement-policy), one of the ways we improve the quality of life in the communities we serve is by actively participating in the public policy process. By engaging transparently, responsibly, and ethically with policymakers, we are able to support the continued health of our business and the communities where we live and work.

Leading our efforts, our Government & Community Affairs team is responsible for managing our political donations in accordance with local, state, and federal laws and regulations. The team also oversees two employee-funded Political Action Committees (PACs). For both PACs, our VP, Government & Community Affairs serves as the Executive Director, our VP, Customer Service & Chief Citizenship Officer is the Chair, and our CEO is the Vice Chair. The purpose of our federal PAC is to organize contributions to support qualified candidates who are running for federal office and may impact Group, our subsidiaries, employees, stockholders, or customers. Our state and local PACs perform the same function related to state and local offices in California.

As we prepare for the impacts of climate change, we support initiatives that seek to strengthen resilience against drought. We also encourage structures that promote water conservation and favor drought-tolerant landscaping. For more information on our advocacy priorities and policy principles, please refer to our website at https://calwaterdifference.com/policy-principles.

As part of our commitment to transparency, we report our political engagement in accordance with federal, state, and local laws and regulations:
The California Water Service Group Political Action Committee files regular reports with the Federal Election Commission: https://www.fec.gov/data/committee/C00357608/
The California Water Service State and Local Political Action Committee files regular reports with California's Fair Political Practices Commission: https://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1399768&session=2021
California Water Service also submits regular reports on its political engagement (https://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1009581&session=2021) and lobbying activities (https://cal-access.sos.ca.gov/Lobbying/Employers/Detail.aspx?id=1147092&session=2021)

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?
No, we have not evaluated

Type of organization or individual
Non-Governmental Organization (NGO) or charitable organization

State the organization or individual to which you provided funding
Various.

Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4)

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate
We donated a total of approximately $1.58 million to local organizations through our philanthropic activities in 2022. Of that total, 2% of donations went to organizations focused on environmental sustainability. For example, we provide funding and review and supply data for Partnership with the Public Policy Institute of California (PPIC) projects that evaluate groundwater management, climate-related impacts on wastewater and recycled water, and drought resilience.

We also support research and advocacy work through our membership in various industry organizations and trade associations, including the AWWA, CWA, Water Research Foundation, and NAWC, to prepare for emerging regulations and offer input on policies that may impact California Water Service Group.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?
No, we have not evaluated

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary sustainability report

Status
Complete

Attach the document
esg-report-2022 (1).pdf
esg-analyst-2022 (1).pdf

Page/Section reference
Protecting Our Planet (pages 8-38)

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Other metrics

Comment
Attachments include 1) Group's 2022 ESG Report, and 2) Group's 2022 ESG Analyst Download.

Publication
In voluntary communications

Status
Complete

Attach the document
Cal_Water_Climate_Risk_Assessment_Executive_Summary_2022-04.pdf

Page/Section reference
All pages are relevant

Content elements
Strategy
Risks & opportunities

Comment
The attachment includes the Executive Summary of our Climate Change Risk Assessment and Adaptation Framework

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Publication
In mainstream reports

Status
Complete

Attach the document
tm2224926-7_D3.1_nonfiling_(CleanNoBannerDraft)_2023-04-11_11.08.04.pdf

Page/Section reference
Please refer to pages 10-11; 34-36; 57-58

Content elements
Governance
Risks & opportunities

Comment
The attachment includes our 2023 Proxy Statement

Publication
In mainstream reports

Status
Complete

Attach the document
tm2224926-2_D1.1_nonfiling_(CleanNoBanner)_2023-03-07_10.03.00.pdf

Page/Section reference
See pages 20-32

Content elements
Risks & opportunities

Comment
The attachment includes our 2022 10-K

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	We are not a signatory/member of any collaborative framework, initiative and/or commitment related to environmental issues	<Not Applicable>

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Please select	<Not Applicable>	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Please select	<Not Applicable>	<Not Applicable>

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment
Please select

Value chain stage(s) covered
<Not Applicable>

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
<Not Applicable>

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment
Please select

Value chain stage(s) covered
<Not Applicable>

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
<Not Applicable>

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?
Please select

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Please select	<Not Applicable>

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Please select	Please select

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Vice President, Customer Service and Chief Citizenship Officer	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms