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## California Water Service Group: Environmental Sustainability Policy

### Our Commitment

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

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

### Our Approach

When it comes to 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.

To understand and identify the impacts of climate change on our water sources, we completed a study in 2016 that assessed vulnerabilities in our local surface water, groundwater, and purchased water supplies. In 2020, we began updating and expanding this work, collaborating with a third party to develop a comprehensive Water Resources Monitoring and Adaptation Plan. This plan will help us:

- Adapt to the changing environment so we can continue to meet our customers' needs
- Identify and prioritize climate-related risks to our facilities, operations, and water supply portfolio;
- Understand climate-related impacts to our demand forecasts;
- Develop mitigation and adaptation strategies that reduce the impact of climate change on our business; and

In addition to building resilience into our business strategy, we're also taking several steps to further reduce our carbon footprint, including improving energy efficiency, decreasing the use of fossil fuels, and helping our customers conserve water.

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## Our Governance

Achieving our environmental ambitions starts with having the right people on the job. That's why we established a robust structure of passionate experts from every facet of our organization to ensure that we deliver on our planet-related promises. This governance structure consists of our:

- Board of Directors Nominating/Corporate Governance Committee, which holds responsibility for environmental, social, and governance (ESG) priorities.
- Board of Directors, which monitors the risks from climate change and the potential effects on our business.
- CEO, who connects efforts across the company and leads the planning and execution of our environmental strategy.
- Vice President, Customer Service and Chief Citizenship Officer, who oversees our ESG efforts, including water resource sustainability, conservation, customer service, and community affairs.
- Vice President, Engineering and Chief Water Quality and Environmental Compliance Officer, who oversees our environmental management and regularly updates the Board of Directors.
- Strategic Operations Committee, composed of a group of our CEO and other C-suite officers, which oversees several strategic priorities, including our Enterprise Risk Management program, water quality performance, and efforts to minimize negative impacts from our waste, discharges, and emissions.
- Director of Water Resource Sustainability, who leads our Conservation Department, which coordinates our approach to managing our water supply, ensuring operational reliability, and mitigating climate change risks.
- Director of Water Quality, who leads our Water Quality Department, which maintains a rigorous monitoring and testing program to ensure quality.
- Director of Environmental Affairs, who leads our Environmental Affairs Department, which manages waste reduction, performs audits, and conducts environmental training.

## Our Priorities

### ***Water supply management, reliability, and resilience***

- Providing and protecting a reliable supply of safe, high-quality water is essential to meeting the needs of customers and firefighters. To achieve this, we balance our sources—which include groundwater, surface water, purchased water, or alternative water sources such as recycled water—and anticipate and adapt to any changes in

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supply. Through our water reliability plans and studies, we identify existing and future supplies, project demand over time, and address any gaps between supply and demand. Additionally, we work to provide water at rates that are affordable for all of our customers, so we continually balance the diversity and resilience of our portfolio, the quality of our delivered water, and the investment in our infrastructure with the costs and their potential impact on rates.

#### ***Water system efficiency and conservation***

- Reducing the water we use throughout our operations is a top priority for us. We diligently replace, repair, and upgrade water and wastewater infrastructure and assets, improving the efficiency of our distribution network. We implement 30-year Water Supply and Facilities Master Plans for each California district, which assess existing infrastructure and identify potential needs, improving our long-term operational reliability. In addition to infrastructure investments, we operate programs to control water loss, such as our Water Loss Auditing and Control Program, which seeks to identify and address water system leaks early.

#### ***End-use conservation and efficiency***

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

#### ***Energy and emissions***

- Another important part of reducing our carbon footprint is responsibly managing our energy consumption. We achieve this by reducing the fuel consumption of our vehicle fleet and maximizing the energy efficiency of our facilities and distribution network. Our fleet goals include increasing the use of zero emissions or green vehicles and improving overall fleet fuel efficiency. And we continually evaluate our processes and programs for monitoring and improving performance. We began reporting our Scope 1 and 2 emissions in 2014. As a regulated water utility, we are limited in the investments we can make to reduce our carbon emissions, because our regulator determines which, if any, of this type of investment we can make; however, we are developing measurable and

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time-bound goals to manage our climate-related risks and opportunities and expect to formally announce these in 2021.

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