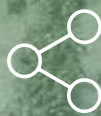


# CAERUS



Environmental, Social, Governance  
REPORT 2022







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## LETTER FROM OUR CEO, David Keyte



I am pleased to present Caerus' 2021 Environmental, Social, Governance (ESG) report as part of our commitment to transparency and to provide an update on our sustainability progress.

This report describes the various ways in which Caerus, through our operating philosophy, mitigates and addresses risks of oil and gas operations while providing shareholders with significant upside potential. We are committed to being dedicated stewards of the environment and care deeply about the health and safety of our employees, contractors and those who live and work within the communities in which we operate.

We believe that natural gas will play an important role in the future of energy, both in reducing global levels of greenhouse gas and in global energy security. The Russia-Ukraine war and the resulting European energy crisis has made it abundantly clear how vital U.S.-produced natural gas and Liquefied natural gas (LNG) are to global security. Further, natural gas is a synergistic partner for renewables, providing baseline power to even out renewables' intermittency.

While our industry plays a critical role in providing the energy America and the world needs, we understand that our reputation, individually and as an industry, depends on our ability to operate in manner that minimizes environmental impacts. And at this time of increasing focus on climate change and increased scrutiny of our industry, we are particularly proud to be able to point to Colorado's strict regulations and the high standards by which we operate. While the regulations provide a baseline, Caerus is continually innovating to go above and beyond the requirements and is recognized as an industry leader in critical areas of environmental stewardship.

Every day, we strive to minimize our operations' environmental footprint on air, water, and surface because it is the right thing to do, both for our business and for the environment. We are proud to be an industry leader in air quality compliance and continue to move the needle through voluntary program enhancements such as aerial flyovers. We are also working to set

emissions reduction targets, in particular with regards to methane and CO<sub>2</sub>e, as well as short- and long-term intensity targets for our midstream and upstream operations.

Caerus is continually working to make our operations as efficient and sustainable as possible. Recognizing the critical importance of water resources, the Caerus team is exploring opportunities to connect newly acquired assets to our existing water systems to further minimize freshwater usage by adding storage and water sources.

All success achieved is made possible by our employees – Caerus' most valuable resource – who live our Values as we strive to safely and responsibly produce the world's cleanest molecules of natural gas. Our management team continuously works towards creating a fulfilling employee experience, which starts by hiring the right talent with diverse perspectives and is enforced by fostering opportunities for growth and personal development in the workplace.

Our definition of community is not just our employees, their families, and the communities in which we operate, but also the residents of our state and country and the larger global community. As part of our wider ESG strategy, we are committed to making a positive impact on society, and we play a vital role in the communities in which we operate. Caerus remains focused on improving the quality of life through funding and volunteering for multiple causes across Denver and the Piceance and Uinta Basins, and – on a larger scale – advocating for the universal benefits of natural gas in reducing both emissions and energy poverty.

Thank you for your support of our ESG work as we continue to grow and refine our sustainability strategy. We look forward to the journey ahead.

A handwritten signature in black ink, appearing to read 'David H. Keyte'.

**David H. Keyte**  
Chairman and Chief Executive Officer





# Vision, Mission, and Values

## Our Vision

To be the Rocky Mountain region's most efficient producer of sustainable, affordable natural gas providing clean energy for the world and jobs for rural America.



## Our Mission

To deliver the highest return to our investors of any owner and operator of natural gas assets. We will achieve this vision by:

- » Operating safely and sustainably
- » Engaging, developing, and rewarding our employees
- » Proactively managing business risks
- » Applying rigorous analysis to our business decisions
- » Diligently optimizing our profitability

## Our Values

### Safety

- » Safety and environmental stewardship are ingrained in everything we do
- » We take responsibility for our own and each other's work health and safety

### Ownership

- » We plan for success and deliver on our commitments
- » We take responsibility for our actions
- » We expect and reward excellence
- » We own our individual and collective success

### Integrity

- » We demonstrate the highest ethical standards
- » We communicate openly, honestly, and respectfully
- » We initiate crucial conversations
- » We build trust in our relationships

### Community

- » We treat everyone with respect
- » We invest in our communities
- » We care about the wellbeing of our employees and their families
- » We help our communities thrive

### Boldness

- » We proactively identify and address risks
- » We confront realities
- » We look for creative solutions
- » We aggressively execute on decisions.

### Entrepreneurial Spirit

- » We question consensus
- » We embrace possibilities
- » We learn from our mistakes
- » We innovate
- » We stretch ourselves to achieve more

### Leadership

- » We lead in our industry, our communities, and in our respective disciplines
- » We support each other's professional growth
- » We value teamwork above individual achievement









# Who We Are

**Caerus is engaged in the acquisition, development, and production of clean-burning, affordable natural gas.**

**O**ur current operations are focused on western Colorado and eastern Utah, where we operate over 7,400 producing wells and hold a substantial undeveloped acreage position with over 12,500 future drilling locations. Our assets include hundreds of miles of infrastructure that allow us to minimize our environmental impact throughout the production cycle. Caerus employs approximately 300 employees across our three offices in Denver, Parachute, Colorado and Vernal, Utah.

We own approximately 680,000 net acres of leasehold, minerals, and royalties within the Piceance, and Uinta Basins and about 98,000 acres of surface. Caerus has 1P Reserves (SEC) of approximately 2.5 Tcfe of natural gas and daily production of approximately 535 MMcfed.

**Upstream Assets:** Caerus subsidiaries Caerus Piceance LLC (Piceance Basin), Caerus Uinta LLC (Uinta Basin), and Caerus Cross Timbers LLC (Piceance Basin) actively operate upstream assets consisting of 650,000 net mineral acres composed primarily of private, federal, tribal, and state leasehold.

**Midstream Assets:** Caerus owns significant gas gathering and water infrastructure providing critical gathering, compression, treating, water delivery, and water disposal services to Caerus and third-party producers. Our water recycling system is capable of recycling up to 100% of the produced water from our operations. Our midstream assets are operated by Caerus subsidiaries Caerus Energy Services LLP (Piceance Basin) and Caerus Natural Buttes Midstream LLC (Uinta Basin).

**Minerals:** Through our subsidiary Grand Valley Mineral Company LLC, we also own approximately 36,000 net acres of minerals in both the Piceance and Uinta Basins in and around the core development area of Caerus and active third-party operators.

## Sustainable Value Creation

With a current production of 535 MMcfe a day, Caerus is the fourth largest natural gas producer in the Rockies and the number one natural gas producer in Utah. Our vision is to be the Rocky Mountain region's most efficient producer of sustainable, affordable natural gas, providing clean energy for the world and jobs for rural America. We are committed to reducing our environmental footprint and operating in a responsible and environmentally sensitive manner while generating competitive returns long-term.

To execute on our commitment, we have established robust environmental, social and governance (ESG) practices, policies, and procedures, which are imbedded in our value chain – from environmental stewardship to human capital management.







# Our Approach to Sustainability

## About this Report

This report describes our ongoing efforts to manage our environmental footprint and enhance the well-being of our employees, contractors, and the communities in which we operate.

To guide the development of this report, we relied on external reporting frameworks, including the Sustainability Accounting Standards Board (SASB) and elements from the Task Force on Climate-related Financial Disclosures (TCFD). We look forward to expanding on our TCFD disclosure as our approach evolves.

We constantly strive to enhance our initiatives across all ESG dimensions, while focusing on transparent reporting and accountability. We periodically review our internal policies, programs and procedures to identify opportunities for advancement in the areas of environmental sustainability, social responsibility, employee wellbeing, and governance.

## Governance of Sustainability/ESG

Caerus' ESG strategy is to proactively and efficiently manage the risks and opportunities that arise from the operation of our business. Our commitment to sustainability is built on a strong foundation of transparent disclosure and best-in-class governance. Our Board of Managers and executive leadership team provide guidance and oversight to ESG strategies, supported by our ESG Steering Committee – a cross functional committee tasked with setting general strategy related to the ESG program. Our ESG Policy supports the effective implementation of our program, procedures and overall ESG efforts.

We track relevant KPIs and set targets that inform our ESG efforts. Our annual incentive plan bases a portion of employee and executive compensation on achievement of ESG metrics.

## 2021 Report Highlights

- » Emissions reduction strategies
- » Water usage
- » Wildlife mitigation program/  
sustainable grazing practices
- » Reduction in surface impacts
- » Community Engagement



At Caerus, ESG performance is a journey with an everchanging destination; each step we make encourages us to go a bit farther. We are constantly learning and evolving as we adapt to changing priorities, technologies, and possibilities. Each year, we strive to improve our overall ESG performance, whether in methane reduction, decreased surface impacts, improved Diversity, Equity, and Inclusion (DEI) awareness, or greater community engagement. Each target achieved pushes us to strive harder to not just meet but exceed expectations. Improving our ESG performance on a daily basis is embraced by the Board, executives, and employees and drives engagement throughout the company: it is part of our culture and our ethos.

# Environmental Stewardship

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Caerus' focus is on providing energy to power the world into the future while at the same time protecting our fragile environment for future generations. Every day, we strive to minimize the environmental footprint of our operations. Our efforts are guided by robust environmental management standards and procedures. We know that for natural gas to continue to provide the clean energy the world needs, every stage of production and distribution needs to be managed to minimize environmental impacts to air, water, and surface. Accordingly, we continuously strive to innovate and improve our practices to produce the world's cleanest molecules of natural gas.



# GHG and Air Quality

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## Approach to Air Quality Management

Caerus understands the importance of reducing emissions and is committed to working with the industry and communities to minimize our impacts to the environment. Air quality compliance is central to our license to operate. As such, we continue to evolve our approach to managing emissions across our operations.

Caerus' Environmental Health and Safety (EHS) team works with regulators, industry peers, communities, and other stakeholders to minimize our impacts and to continually reduce company-wide air emissions. The team regularly engages with regulators to ensure that we are aligned with air quality regulations, participates in industry trade groups to share information and best practices, and searches out and evaluates emerging technologies that improve emissions performance.

Our internal Air Quality team calculates and tracks operational air emissions in compliance with relevant state and federal regulations. In some cases, this involves direct measurement of emissions of volatile organic compounds (VOCs) at newer facilities and ongoing periodic measurement of criteria pollutants for certain types of equipment. The team is also responsible for annual air compliance reporting, and continually strives to generate the most accurate data possible through the use of cutting-edge technologies.

## Policies and Documentation

Caerus has developed a robust set of policies and documentation around air quality management. The policies cover numerous facets of the air emissions management program, including leak detection and repair (LDAR), continuous VOC monitoring, storage tank vapor control system (VCS) design, annual reporting, and best management procedures around common operational practices.

## Training and Compliance

A robust training program is a critical component of our air quality compliance and engagement strategy. We develop customized training, targeted to the



operating basin and applicable regulatory agency, and the Air Quality team provides regulatory update training sessions as requested or required.

All employees undergo annual environmental awareness training, which includes a refresher on current regulations and required inspection, testing and maintenance frequencies. The air compliance team continues to educate all levels of staff and management on the rapidly changing regulatory requirements and the importance of understanding and reducing emission sources throughout the Piceance and Uinta Basins.

Caerus is proud to be an industry leader in air quality compliance. We have designed our air quality program to meet or exceed state and federal regulations in Colorado and Utah, not just because we have to but because it is the right thing to do, both for our business and for the environment.

## Air Quality Programs

In 2016, we updated our company-wide Air Compliance program to comply with U.S. Environmental Protection Agency (EPA) New Source Performance Standards requirements, enacting a leak detection and repair (LDAR) program for new or modified upstream facilities and compressor stations. Our Air Compliance program is updated annually to address new regulated sources mandated by Regulation 7 in Colorado.

We are continuously looking to exceed standard air quality compliance through program enhancements.





### **CASE STUDY 1**

In 2021, Caerus instituted the Liquid Level Control (LLC) Replacement/Retrofit Project, which replaced 605 Norriseal controls with LLCs. This project is estimated to have avoided up to 53 MMscf of gas released to atmosphere on an annualized basis. The project was so successful that Caerus has commenced a second phase and will replace another 850 pneumatic controls in 2022.

### **CASE STUDY 2**

Leveraging some key lessons learned, Caerus is currently exploring new technologies for reducing emissions from well unloading events. Caerus will pursue a pilot project to capture emissions from well unloading using Zevac units in 2022. Caerus will also be conducting a site-specific trial on a Caerus location where the team will attempt to depressurize unloading events by routing emissions through a dedicated separator. Additionally, we are exploring new ways to optimize wells to reduce the need for well unloading.



*We are proud members of the ONE Future Coalition, comprised of some of the largest natural gas production, gathering and boosting, processing, transmission and storage and distribution companies in the U.S.*

## GHG Emissions Reduction Efforts

As part of our overall emissions reduction efforts, we have a specific focus on reducing methane emissions. To further this goal, Caerus is a member of two environmental organizations committed to reducing methane emissions:

The **ONE Future Coalition** is a group of more than 45 Natural Gas companies working together to voluntarily reduce methane emissions across the Natural Gas value chain to 1% (or less) by 2025. Our coalition is comprised of some of the largest natural gas production, gathering and boosting, processing, transmission and storage and distribution companies in the U.S. and represents more than 15% of the U.S. natural gas value chain. A ONE Future member since 2020, Caerus reports yearly methane emission reduction results as part of the production sector in the annual report, as well as holding a seat on the ONE Future Board of Directors.

The **Environmental Partnership** is comprised of companies in the U.S. oil and natural gas industry committed to continuously improving the industry's environmental performance. The program fosters collaboration in order to responsibly develop our nation's essential natural gas and oil resources. Participants learn about best practices and technologies and then apply those learnings to their assets. As part of this program, Caerus submits an annual report in April of each year documenting tangible steps taken to reduce emissions from pneumatics, associated gas flaring, and highlighting our LDAR program initiatives.

## Climate Risk Management/TCFD Reporting

Natural gas has an important role to play in a low carbon energy future and despite predictions to the contrary, demand for our product continues to grow.



The substitution of natural gas for coal in electricity generation and oil in transportation is vital to the reduction of global greenhouse gas emissions. Additionally, natural gas can play a critical role in replacing energy from solid fuels in developing countries, saving untold lives in the process.

We also believe that U.S. natural gas has a critical role to play in both America's and Europe's energy security. Energy produced in the U.S. is developed in the most environmentally friendly and socially responsible regime in the world; U.S. LNG can and should supply our European allies, replacing oil and gas produced by countries lacking the U.S.'s regulatory safeguards.

Caerus has assessed the risks to its business associated with a changing climate and where feasible has taken steps to address those risks. The risks to Caerus can be grouped into three major categories: operational, financial, and reputational.

**Operational Risk:** We operate in high desert areas, and while wildfires are and have been a constant in the areas where we operate, changes to weather patterns and prolonged drought have increased the frequency and intensity of those events.

**Financial Risk:** As a producer of natural gas, Caerus is cognizant of the increasing pressure and scrutiny on energy producers to reduce emissions from their operations, both upstream and midstream. Negative public sentiment around the fossil fuel industry has evidenced itself in reduced access to capital from conventional financing sources. We have also seen increased scrutiny of our ESG practices by financial institutions and the incorporation of ESG performance into some financing decisions. While the ESG reporting structure posited by the SEC does not directly impact us as a private company, the metrics ultimately adopted will drive reporting expectations.

**Reputational Risk:** We have seen both political and social pressure brought to bear on the industry and faced increased scrutiny and regulation around our business practices. Through it all, our goal has been to produce our product in an environmentally and socially responsible manner using current and emerging technologies to reduce fugitive emissions.

## Risk Management

Caerus assesses climate-related risks to the business, integrates them into our broader company risk management strategy and takes steps to manage these risks where possible.

**Operational Risk:** Through our Incident Response Program, we have proactively taken steps to prepare for the risks posed by wildfires and the subsequent mudslides that can occur. Critical infrastructure has been evaluated and strategic vegetation removal or treatment has taken place to reduce wildfire fuel sources. Specifically, overgrown vegetation or woody material has been removed from our facility perimeters and herbicide has been applied to all of our facilities to prevent vegetation from growing on our working surfaces. Caerus has partnered with the Natural Resources Conservation Service (NRCS) and other agencies to reseed areas impacted by wildfire to help reduce the potential for mudslides or erosion of burned areas.

In regard to prolonged drought events, we understand the importance of fresh water not just to our opera-

tions but to the communities in which we operate. We have an active water recycling program that dramatically reduces our dependence on freshwater. Through our sophisticated water recycling system, Caerus has the ability to recycle up to 100% of the fresh and produced water from its operations. By conserving water in our operations, we have been able to make water available to the Colorado Water Trust and to the U.S. Fish and Wildlife Service to maintain instream flows in the 15 Mile Reach of the Colorado River; this same water, upon its release by Caerus, provides hydroelectric power for homes in the Grand Valley of Colorado.

**Financial Risk:** We operate in an increasingly strict regulatory environment, which has necessitated, and will continue to necessitate, additional costs of compliance — both in human capital and in operational/mechanical changes. These additional costs have been incorporated into our budget and financial projections for 2022 and future years.

**Reputational Risk:** We understand that it is important to reduce the carbon footprint of our all of our operations. We are using the latest technologies to reduce our Scope 1 emissions from our upstream and midstream operations. To reduce Scope 2 emissions, we are switching our vehicle fleet to hybrids, using solar panels to power our equipment where feasible, and constructing a 12 MW DC solar facility to both power our operations and supply renewable energy into the grid.

## Emissions reduction targets

Caerus' emissions reductions targets have evolved as Caerus has acquired new assets and brought them into Caerus' air compliance program. Caerus' reported methane and CO<sub>2</sub>e emissions for calendar year 2021 reflect Caerus' purchase of a large asset in the Uinta Basin in 2020 and additional assets in the Piceance Basin in 2021. Having assessed the emissions profiles of those assets and incorporated them into the 2021 emissions metrics, Caerus feels it has a solid, defensible baseline for its methane and CO<sub>2</sub>e emissions going forward. For 2022, Caerus' air compliance and operations teams are actively implementing projects designed to facilitate meeting our short-term Scope 1 emission objectives of





year over year methane reductions. These projects include, but are not limited to, replacement of certain pneumatic controllers with non-emitting controllers, in-situ VOC monitoring on new pads in the Piceance Basin, replacement of pneumatic pumps with solar pumps, curtailment of well unloading, conversion of all Piceance Basin compressor stations to instrument air controls, and design and implementation of non-emitting pneumatics at all new or modified facilities. Caerus' long term emission reduction targets remain the same as in previous years: the complete conversion of all locations to non-emitting pneumatics by 2030 and the achievement of methane intensity of 0.05 across all segments of production and gathering by 2030.

### Metrics & KPIs

To promote the active engagement of our teams, in 2021, Caerus incorporated EHS goals into our Annual Incentive Program. The program currently includes an LDAR "repair upon discovery and inspection" target. We are looking to expand this program as we evolve our environmental stewardship efforts.

The metrics used to assess climate-related risks and opportunities in line with the company's strategy and risk management process can be found in the Data Table, starting on page 52.









# Water Management

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**Caerus is committed to reducing its water usage through a robust recycling program.**

In the regions where Caerus operates, freshwater is a critical resource in increasingly short supply. In addition to municipal and industrial use, fresh water is critical to the local agricultural communities and to recreational interests. We understand the importance of fresh water to the communities where we operate and are committed to minimizing our impact on this valuable shared water resource. Caerus' sophisticated water recycling program has been in place for years.

## Oversight

Caerus' Land Team manages Caerus' vast freshwater assets and Caerus' Water Team tracks all water used in Caerus' operations. We report our freshwater usage, whether for agriculture or for operations as required to the appropriate regulatory agency. Under oversight from the Colorado Oil and Gas Conservation Commission (COGCC) we partner with other oil and gas companies on water sharing agreements, allowing us to reduce reliance on fresh water, recycle additional produced water, and reduce the amount of water that goes to injection. Our injection wells are operated under applicable state and federal standards.

Through our internal water recycling processes and water-share agreements, we calculate the amount of recycled versus freshwater use, year over year. Moreover, we constantly look at ways to reduce our reliance on fresh water in our oil and gas operations.

## Policies and Documentation

We comply with all state and federal reporting requirements for produced and fresh water use and for produced water injection. Our water management efforts are built on a robust background of knowledge, experience, and programs, driven by the consideration for the environment and people surrounding Caerus' operations.

Our conservation efforts around water resources commence with baseline water sampling prior to the drilling of a well. In Utah, we adhere to the Greater Natural Buttes (GNB) Environmental Impact Statement

(EIS) and required sampling under the associated Quality Assurance Project Plan (QAPP). In Colorado, we follow the baseline water sampling protocols developed by the COGCC and voluntarily perform groundwater and surface water sampling under our Wildlife Mitigation Plan with Colorado Parks and Wildlife.

We report to the State Engineers Office annually on freshwater usage, whether for operations or agriculture. We work to coordinate the timing of drilling and completions activities to allow for maximum recycling of produced water and reduced reliance on fresh water sources.

We submit annual reports, with recycling quantities, to the COGCC for Centralized Exploration and Production (E&P) Waste Management Facilities, along with annual injected volumes to Under Ground Injection Control (UIC) Wells.

## Programs

Caerus has a multi-faceted water management program. Our water rights are decreed for industrial and agricultural use or a combination of the two.

### Agricultural Water Rights

» We use approved measurement devices to capture the volumes of our agricultural diversions and, in coordination with our agricultural lessees, provide annual reporting to the State Engineer.

### Industrial Water Rights and Water Recycling and Injection

» Our water management program is multi-faceted, focusing on three core elements:

- » Balancing water for drilling, completion operations, flowback and production throughout all phases of operation;
- » Monitoring the water within the water transportation and recycling system, which leads to predictability and allows Caerus to control when and where water is needed; and



### CASE STUDY

As a result of its water conservation efforts, in 2021, Caerus, in partnership with the Colorado Water Trust and the US Fish and Wildlife Service, provided 4300 acre feet of water from Ruedi Reservoir to maintain instream flows in the 15 Mile Reach of the Colorado River, near Grand Junction, Colorado. The instream flows were used to support four species of endangered fish, including the Colorado pikeminnow, humpback chub, bonytail, and razorback sucker, as well as supporting agricultural water deliveries and the regional recreational economy. Additionally, the water was used to generate hydroelectric energy in the Grand Valley Power Plant.



- » Maintaining the integrity of the pipelines and infrastructure needed for the water recycling program.

Caerus has entered into water-share agreements with other operators in the Piceance Basin to maximize the use of produced water, reduce the use of freshwater, and reduce the amount of water sent to injection. Additionally, we are developing a 5-year infrastructure plan that will provide additional pipeline infrastructure to support our ongoing operations, further enhancing our ability to recycle produced water and deliver fresh or produced water for completions as needed. We also continue to explore the possibility of using reverse osmosis technology to treat and discharge produced water back into the fresh water system for agricultural use.

We use technology such as GIS and drone mapping to support our water management efforts. Long range planning ensures we have proper infrastructure to manage water movement for all phases of operations.

### Training and Compliance

Caerus maintains compliance with all applicable regulations on federal, tribal, state, and local lands, and we report our industrial and agricultural water use to the applicable agencies as required.

Our employees attend and participate in water forums in both Utah and Colorado. Caerus has presented to other operators on its water recycling system, our programs to manage water within the system, and the measures we have taken to reduce freshwater use. Our Water Management Team undergoes base level training at all water treatment facilities, and our broader team also conducts Underground Injection Control (UIC) training as well as Flowline/Pipeline Regulation Training.



### Metrics & KPIs

Caerus' sophisticated water recycling program has been in place for years. As a whole, Caerus recycled 22% of its produced water, totaling 240 million gallons of water. While this number is down as a whole from last year, in certain core areas of operations, roughly 82% of the water was recycled.









# Spill Prevention and Asset Management

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**Caerus employees work, live, and play in the areas in which we operate. We have a vested interest in minimizing and mitigating spills on our land and in our water.**

**C**aerus has implemented robust spill prevention and asset management programs with the goal of preventing and minimizing the impact of accidental releases from our operations. Maintaining mechanical infrastructure integrity is critical to sustainable production. Reducing equipment failures reduces spill potential and long-term remediation costs.

## Oversight

Caerus has a dedicated integrity management team supported by our management. The team is a part of the Operations team and works closely with field operators in all districts to manage equipment and inspect assets. The tasks of the integrity management team include, but are not limited to testing of pipelines, inspection of tanks and vessels, inspection scheduling, regulatory analysis, change management/associated safety review, pipeline risk assessment, and assisting in the management of pipeline data collection.

Aside from a dedicated integrity management team, operators and employees throughout the field are trained to monitor real-time data, identify signs of potential integrity issues such as ground appearance, and to report anything else out of the ordinary. Field personnel who are trained in detection and rapid response are a critical component of the integrity management program. All reports are directed to the Operations Control Center (OCC), which is staffed 24/7/365, so that Caerus can respond promptly to any potential integrity issue.

## Policies and Documentation

Caerus has developed a robust set of policies and programs to support the prevention and mitigation of spills in our operations. The policies range from the overarching Caerus Incident Response Plan (IRP) and Well Control Action Plan (WCAP) to the field or site-specific Spill Prevention Control and Countermeasure (SPCC) plans, Facility Response Plans (FRP), Oil

Spill Contingency Plans (OSCP), and Waste Management Plans. We also leverage additional policies such as the EHS Incident Response Standard Operating Procedure (SOP) supported by a 24-hour on-call team.

## Programs

### Spill Prevention

To reduce the likelihood of spills, Caerus pads and facilities are covered under a SPCC Plan, which addresses required secondary containment calculations for all oil storage, general location containment, and response procedures for each location. All produced water or condensate tanks have appropriately sized secondary containment designed to capture any release of product. Almost all locations have been built with tertiary containment to prevent any pollutant sources from leaving a Caerus location.

We maintain a robust monitoring program to ensure early leak detection. Throughout the year, we leverage a range of measures to detect potential leaks such as trending of SCADA data, Geographic Information System (GIS) and Drone mapping, ultrasonic testing, smart pigging, and cathodic protection. Every location undergoes an Annual EHS inspection, including the required SPCC components. Caerus employs specialized technology to monitor higher risk pipelines. This technology constantly analyzes pressure and/or flow and has alarm set points that will flag if concerns are identified. Caerus representatives are notified if an alarm set point is triggered. We also use Audio, Visual, and Olfactory (AVO) inspections, Leak Detection and Repair (LDAR) inspections, and aerial flights help identify gas releases. We track and report through various channels such as the Asset Compliance Tracking System (ACTS) and Pronto Forms for incident investigation, EHS inspection reports, and pressure test logs.

Caerus continues to assess new technologies to aid in promoting asset integrity and reducing the potential for failure and ultimately, reducing releases of any kind.







### Asset Management

Beyond monitoring and putting measures in place for rapid and efficient response to a spill event, Caerus' primary goal is to prevent incidents before they occur. As such, proper maintenance of the integrity of our equipment is a priority. We use a variety of techniques to assess our pipelines for structural integrity, including smart pigging and pressure testing. And in recent years, we have undertaken several projects to strengthen our infrastructure.

In 2021, we started a tank repair and replacement program, in which we identified tanks with integrity issues and either lined them with a fiberglass coating to extend their life or completely replaced them. We regularly replace or install tank anodes as needed and replace carbon steel pipelines with stainless steel lines as appropriate. Where tank anodes are present, readings are measured to ensure efficacy. We are installing new secondary containment with a spray-in liner, and in Colorado, we are replacing historic, partially buried tanks that do not have containment with above ground tanks inside lined containment.

We have employed internal and external data tracking systems to optimize our integrity management program, allowing us to track inspections, testing, and other relevant data points to help Caerus determine risk and set targets around maintenance, replacement, and prevention programs.

### Spill Response

In the event of a spill, we respond quickly and aggressively to stop any further release and mitigate the spill's effects. All incidents are routed through the OCC/IOC which has the capability to remotely Emergency Shut Down (ESD) a facility, shut-in wells, and or close valves as needed. Caerus' multi-faceted response team is trained to respond appropriately to all release incidents.

### Training and Compliance

We treat all spills as preventable and train our employees to prevent them. Our team conducts an annual review of spills, highlighting lessons learned and prevention updates, as well as reviews of each spill when it occurs. As regulatory changes are introduced, staff are trained on new protocols. All staff goes

through the Annual Environmental Awareness Training. Field personnel must undergo additional training such as Hazardous Waste Operations and Emergency Response (Hazwoper). We compile individual training plans that are customized to specific roles and responsibilities. These trainings include:

- » Annual SPCC training for oil handlers
- » Facility Response Plan (FRP) Training – Annual training with drill
- » Annual Incident Response Plan (IRP) and Well Control Action Plan (WCAP) training and drills
- » Flowline Pressure Testing and Abandonment Requirements
- » Spill Response Requirements – 600 and 900 COGCC series
- » IOC/OCC Employees – Incident Command (IC) Training
- » Subject Matter Expert Training:
  - Resource Conservation and Recovery Act (RCRA),
  - Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA),
  - Technologically Enhanced Naturally Occurring Radioactive Material (TENORM)

### Metrics and KPIs

Caerus maintains compliance with all applicable regulations on federal, tribal, state, and local lands. When spills occur, response procedures are followed, and remediation begins immediately. Impacts are remediated to closure standards in all cases. End of life procedures are followed for well, pipeline and location abandonment to ensure that any historic impacts are appropriately remediated.

In 2021, as part of its Annual Incentive Plan (AIP), Caerus committed to metrics around release response time. Caerus responded to 98% of incidents within 24 hours. In 2% of cases, Caerus identified that alarms were not installed or were not functioning properly and immediately addressed the deficiency. In all cases, remediation of impacts was promptly addressed, and timely notifications were made to the agencies as required.









# Biodiversity

**Caerus is committed to being a responsible steward for the species and habitats in which we operate. This commitment is a cornerstone of our operating philosophy.**

**U**nderstanding the lifecycles and habitats of threatened, endangered, and sensitive plants and wildlife is critical to our ability to safeguard the unique ecosystems in our asset areas. Further, we operate on federal, state, and tribal lands where compliance with biological resources regulations, including the National Environmental Policy Act, is fundamental. The Mitigation Hierarchy informs our approach when selecting locations for development: we seek first to Avoid, then to Minimize, and lastly to Mitigate impacts.

## Oversight

Caerus' Operations, Land, Regulatory, and EHS Teams work together to identify the biological resources that exist in each asset area. The teams work collaboratively to find ways to avoid, minimize and/or mitigate impacts. Resource surveys are conducted for each development project and reported to the applicable agency as required.

## Programs

### Site Assessment

As part of our standard operating procedure, Caerus assesses all operating sites for biodiversity risks before operations begin. During the project planning phase, we utilize the Caerus Wildlife Resources Matrix to identify and document potential impacts of drilling operations and associated construction of roads, pads, and pipelines. We conduct a desktop analysis on every project, reviewing all available resource data within each area of development, including but not limited to:

- » Water resources including critical aquatic layers
- » Threatened, Endangered and Sensitive (TES) plant habitat layers
- » Greater Sage Grouse habitat and lek sites
- » Big game habitat and critical migration corridors
- » Known raptor nest locations

## Policies and Documentation

Our site-specific environmental management plans align with the most stringent local regulatory requirements. These plans include:


- » Greater Natural Buttes – Environmental Impacts Statement (EIS)
- » Ute Indian Tribe's Sclerocactus Management Plan
- » Dudley Bluffs bladderpod and twinpod – Programmatic Biological Assessment (PBA)
- » Expanded Liberty Unit (ELU)/Big Jimmy Unit (BJU) Environmental Assessment (EA) North Parachute Ranch (NPR) Wildlife Mitigation Plan (WMP)
  - Expanded Liberty Unit (ELU) – Compensatory Mitigation Plan (See details below)
  - Caerus Grazing Management Guidance (See details below)
  - Caerus Integrated Vegetation Management Guidance – Reclamation and Noxious Weed Control
- » Wildlife Incident Response SOP
- » Colorado Master Reclamation Plan
- » Colorado Stormwater Management Plan
- » Weed Management Plan



Threatened, Endangered & Sensitive species with the areas of Caerus' operations:

	ANIMAL	PLANT
Endangered	<ul style="list-style-type: none"> <li>» Colorado pikeminnow <i>Ptychocheilus Lucius</i></li> <li>» Bonytail chub <i>Gila elegans</i></li> <li>» Razorback sucker <i>Xyrauchen texanus</i></li> </ul>	<ul style="list-style-type: none"> <li>» None with in the areas of our operations currently</li> </ul>
Threatened	<ul style="list-style-type: none"> <li>» Humpback chub <i>Gila cypha</i></li> </ul>	<ul style="list-style-type: none"> <li>» <i>Sclerocactus wetlandicus</i> – Uinta Basin Hookless cactus</li> <li>» <i>Physaria congesta</i> and <i>Physaria obcordate</i> (Dudley Bluffs bladderpod and twinpod)</li> <li>» <i>Sclerocactus glaucus</i> – Colorado Hookless Cactus</li> <li>» <i>Phacelia submutica</i> - DeBeque Phacelia</li> <li>» <i>Penstemon debilis</i> - Parachute Penstemon</li> <li>» <i>Spiranthes diluvialis</i> - Ute Ladies'-Tresses</li> </ul>





**F**ollowing our review of potential impacts, we determine which areas should be avoided, assess the availability of existing locations or pipeline corridors to minimize new surface disturbance, and ultimately determine the best location for the project development. Once a location is selected, Natural Resources Surveys are conducted to identify site specific natural resources.

Additionally, we use multi-well pads and centralized production facilities to minimize surface disturbance and we have implemented a state-of-the art wildlife mitigation program in partnership with Colorado Parks and Wildlife.

### **Biodiversity protection during development and production**

Once a site is in development, we use a variety of tools to support our biodiversity protection measures, including:

- » Geographic Information System (GIS) Mapping
- » Drone Mapping
- » Asset Compliance Tracking System (ACTS)
- » Pronto Forms – Pesticide Application Reports (PAR)
- » Seed Report Form – ProntoForms, Asset Compliance Tracking System (ACTS)

Caerus also closely tracks and identifies Threatened, Endangered & Sensitive (TES) species within our core operating areas. Based on our assessments, three endangered species, seven threatened species, and four sensitive species occupy habitats within our core operating area, covering Colorado and Utah.

### **Efforts to Mitigate Impacts on TES Species with the areas of our operations:**

#### **Noxious and Invasive Weed Control**

Caerus monitors, controls, and reduces the spread of noxious and invasive weed species within Caerus' disturbances as prescribed in the Colorado Noxious Weed Act and the rules pertaining to the administration and enforcement of the Colorado Noxious Weed Act. In 2021, we treated nearly 4,000 acres.

#### **Responsible Grazing Practices**

Caerus owns approximately 98,000 surface acres. Caerus manages its surface under a regenerative grazing program, using holistic practices to manage

for ecologic and soil health benefiting both wildlife and livestock. Caerus requires its grazing lessees to comply with Caerus' grazing management practices and works collaboratively with them to design appropriate grazing plans and determine sustainable stocking rates.

As part of our Grazing Monitoring Program, Caerus uses grazing utilization cages to measure the forage consumed by livestock during a growing season. The grazing utilization cages prohibit livestock and wildlife from consuming the forage in the cages during the grazing season. The forage in the cages is then measured and compared to samples of grazed forage in the immediate area, giving Caerus a percentage of forage consumed. This tool helps us determine a sustainable stocking rate and anticipate drought and ecological changes.

In 2021, we increased the number of grazing utilization cages we monitor from 32 to 77. To further our efforts in this area, we are working to increase this program to over 100 grazing cages in 2022. The use of grazing cages supports accurate management decisions in accordance with sound ecological practices.

Line intercepts combined with photo points provide another important tool for year over year evaluation of ecological composition. By understanding what plants are dominant on the landscape, we can better determine a stocking rate and livestock type that will benefit the range.

Caerus also uses the Line Point Intercepts to determine trends in the ecology. For example, we can determine if there is active "woody shrub encroachment" or if we are successful at removing "bare ground" from the landscape. Another variable we monitor closely is the forbs to grass ratio. This helps us determine what important plants are available for wildlife. We added three Line Point Intercepts for 2021 and will add six more in 2022.

By actively practicing regenerative grazing practices and closely monitoring our success we are able to improve the quality of our rangelands. We have successfully increased the carrying capacity of the wildlife, both big and small, on our lands. Keeping a holistic mindset when developing grazing plans puts value on all creatures. Through these practices Caerus achieves productive rangelands, healthy riparian zones, and increased carbon sequestration.

## Other Rangeland Management Initiatives Undertaken in 2021

- » Implemented no-till farming practices to build soil and minimize erosion.
- » Inventoried riparian areas and completed repairs to remediate dilapidated springs or watering areas.
- » Installed Beaver Dam Analogs improving wetlands and increasing carbon sequestration within the North Parachute Ranch.
- » Installed wildlife friendly fence on Caerus property.
- » Overhauled the irrigation system on the North Parachute Ranch with new measuring devices to improve water distribution and use, and installed diversion structures to help distribute and measure irrigation water more efficiently.

### Greater Natural Buttes Fish Initiatives

In Utah, our fields are intersected by the Green and White Rivers. We work to protect sensitive fish species in those rivers from any impacts from our operations. We monitor the rivers for flood risk and shut-in wells and pipelines when indicated. Our procedures are set up to avoid creating ruts or low spots in flood plains to avoid trapping young fish, which use those areas to avoid predators until the water recedes. Other important work to protect both fish and water resources and the environment include our pipeline leak detection system, use of lined berms, and our spill management program. We utilize regular sampling under the Quality Assurance Project Plan to ensure our operations have no impact on the rivers or other water resources.

### Sage Grouse Mitigation Brush Management

The Greater Sage Grouse is a significant species of concern in Caerus' Piceance Basin operating area and we employ multiple mitigation strategies to protect this sensitive species. We work very closely with Colorado Parks and Wildlife (CPW) and the BLM (Bureau of Land Management) to ensure that we are avoiding, minimizing, and mitigating direct and indirect impacts in Greater Sage Grouse habitat. We utilize the CPW recommended seed mix when reclaiming disturbances. In 2021, we worked with CPW and BLM to develop a Compensatory Mitigation project where we mowed 218 acres of overgrown brush to increase Sage Grouse Habitat, as well as added two steps to the Grazing Monitoring Program: 1) Line Point Transects performed pre-mowing and post mowing and 2) photo points taken pre-mowing and post mowing.

## Reclamation Efforts

Reclamation of locations upon cessation of drilling and completions and upon final abandonment of locations

is an important component of Caerus' environmental commitment. Caerus maintains a robust reclamation program, commencing with salvaging of topsoil upon initial construction for future use in reclamation. Upon conclusion of drilling and completion activities, 70% of the surface of the well pad is returned to its natural topography and seeded with native grasses, forbs and shrubs to reestablish successful vegetation. Upon final plugging and abandonment of the wells, the entire pad is returned to its pre-disturbance state.

**In 2021, we conducted a number of important reclamation activities, including:**

### 2021 PICEANCE RECLAMATION

**8** final reclamations      **19.5** total acres

**14** interim reclamations      **80** total acres

### 2021 GNB RECLAMATION

**1** interim reclamation      **3.5** total acres

**14** final reclamations      **28.3** total acres

**7** reclamation seedings      **20.3** total acres



### CASE STUDY

During the Pine Gulch Fire – the largest wildfire in Colorado state history at the time – Caerus worked closely with the Incident Command operations and other operators in the area to minimize and mitigate the fire. To assist with restoration post fire, Caerus staff worked with the BLM and NRCS in 2021 to conduct an aerial seeding effort to restore vegetation within the burn area. Fire followed by reseeding has encouraged the establishment of healthier rangeland with better habitat for game and cattle and the reseeding efforts have accelerated that change.



### Training and Compliance

Biodiversity training is provided to employees and contractors to raise awareness of sensitive and endangered species around our operations. All Caerus staff is required to complete Annual Environmental Awareness Training, which includes a Threatened and Endangered Species (TES) overview. In addition, training on cactus identification is required every three years for the Greater Natural Buttes Environmental Impact Statement (EIS).

Additionally, subject matter experts complete role-specific training; for instance, weed management contractors are required to complete annual training and courses to retain the specific application license qualifications, while reclamation contractors attended a 2021 Soil Health and Geosynthetics Seminar.

### Metrics and KPIs

In 2021, Caerus complied with all tribal, federal, and state requirements for TES species with no findings of non-compliance.

Going forward, Caerus will continue to work to reduce or mitigate long term environmental impacts from our operations and to support biodiversity in the areas in which we operate. In particular, we plan to accelerate our reclamation of abandoned locations by aggressively managing them to achieve state and federal requirements for closure.

### CASE STUDY 2

Caerus works with landowners during final reclamation planning to ensure that the final land use aligns with the landowner's desires. In one specific instance, the landowner wanted to create a pollinator paradise with select plant species. Caerus developed a final reclamation plan for the landowner including plant species that would promote pollinator utilization. Caerus implemented the plan and will continue to monitor the success of the vegetation until the location meets the state's requirements for successful reclamation.

# Social Issues

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We care deeply about the health, safety, and welfare of our employees and of the communities in which we live and work. We are a vital part of the communities in which we operate, contributing resources, time, and money to improve the quality of life in those communities. We strive to provide an inclusive and stimulating working environment that provides our employees with opportunities for growth and personal development.







# Human Capital Management

**At Caerus, we believe hiring and retaining the right talent is core to our success. Through our human capital management efforts, we look to support our team members in achieving the Company's strategic goals and provide opportunities for growth throughout the organization.**

## Approach to Human Capital Management

We work to foster an inclusive work environment where differences in experiences and background are a source of strength for our company as well as the communities in which we operate.

Our in-house HR department is responsible for management and oversight of the human capital efforts at Caerus. The HR team ensures stakeholder alignment on human capital topics and reports metrics to the General Counsel who then reports them to the Board. In addition, timely human capital issues, such as COVID-19, are discussed at Board-level as they arise.

Moving our HR department in-house in 2020 has allowed us to better engage with and understand our employees' needs and concerns. To ensure credibility and reliability, we prioritized training on the new HR system. In addition, we created processes to streamline HR processes from the onset.

We believe communication is key to successful collaboration. As such we have established various channels of communication and ways to provide feedback for our employees. At this stage, our HR system (HRIS) is well-developed to support employees across our operations. We look forward to continuing our human capital journey by growing our program.

## Employee Engagement

At Caerus, we are committed to fostering an environment where employees know their voices are heard. We strive to continuously improve our human capital management strategy. Specifically, we work to communicate effectively with our employees, focusing on proactive employee engagement.

To foster employee engagement, we focus on three main areas: communication, transparency, and technology. In furtherance of communication and transparency, we periodically gather a focus group for

each department to assess where improvements can be made. Based on the results, we periodically review progress and make adjustment where needed. To encourage transparency and efficiency we set up a central portal to access relevant HR information and offerings.

### CASE STUDY

After onboarding a new team, we learned that certain technology and equipment were not accessible in certain areas. We responded by moving equipment where needed and adding additional technology as a resource. More broadly, we leverage those insights to assess where they could be replicated across the Company. As a result, we saw increased employee satisfaction and ability to more effectively complete tasks.

At Caerus, we strongly believe in a data-driven approach to assess employee engagement and overall effectiveness of our HR strategy. To periodically gauge employee sentiment, we leverage our Employee Feedback Surveys. We conduct both "Exit Surveys" and "Stay Surveys" to better understand concerns across departments. Data from these surveys is analyzed for positive and negative trends through our sophisticated HRIS program. Management utilizes these results to develop improvement strategies and implement action plans. This hands-on approach is supplemented with a "60-day Stay Survey". The survey gives us valuable insights in understanding the effectiveness of our onboarding program. If needed it allows us to make adjustments and to provide additional resources going forward.

In response to the changing nature of work environments stemming from the pandemic, we now provide employee benefits such as hybrid work options, additional employee assistance programs (EAP), telehealth, and financial and budgeting assistance.

**We have a comprehensive traditional benefits and compensation package including:**



- » Health care plans (including one no cost option for employees and families)
- » Vision and Dental
- » PPL plan which includes maternity and paternity leave (60%) pay
- » Standard leaves for funeral
- » Fitness reimbursement
- » Wellness program



- » Life insurance
- » Voluntary life insurance
- » Short-term and Long-term disability
- » Vacation plan
- » Sick time



- » Employee referral programs
- » HSA
- » 401K
- » Flexible spending account
- » Achievement bonuses

*At Caerus, we are focused on promoting inclusivity in our hiring process. When we are ready to hire for a new position in the Uinta Basin, we first post the position with the Ute Tribal Employment Office to ensure that tribal members have an opportunity to apply. This also enables us to promote the position in populations that we may not typically reach, furthering our ability to foster an inclusive environment.*

**CASE STUDY**

In 2021, Caerus developed and launched a training program that gives field personnel an opportunity to develop a new skill independent of the roles and responsibilities of their primary job. For example, a water operator could learn the role of a lease operator, a position which requires a different skill set. Spreading expertise provides value and flexibility to Caerus as our people are able to operate cross functionally, while giving experience and promotional opportunity to our employees.

The program is grounded in three learning methods to ensure total understanding of the new skill. An online learning system contains standard operating procedures, quizzes, and verifications of learning. Participants are also paired with a subject matter expert, who acts as a mentor and leads onsite, hands-on learning. The final method is a demonstration of skill; participants develop and present a summary of the skill they learned to Caerus senior leaders, at which point they graduate and earn a distinction with their employee title.





## Talent Acquisition

At Caerus, we recognize the importance of hiring and retaining the right talent throughout the organization. We believe that our people are our greatest asset and when you join our company you join a community.

We are proud to have achieved great progress on our hiring initiatives. In particular, we made our talent acquisition process more equitable. We thoughtfully refreshed our job descriptions to reflect the correct target, skill sets, and qualifications needed to hire the right people. We regularly assess our pay equity when looking at new hires and adjust where needed.

Additionally, we conduct periodic pay analyses on current positions to ensure pay equity and act quickly to address anomalies. Every hire, promotion, or raise is reviewed by the HR team and approved by the CEO to promote equity and transparency.

## Diversity, Equity and Inclusion (DEI)

Since our operations are located in small, tight-knit communities, we recognize the importance of bringing together employees with diverse backgrounds and perspectives. We comply with all state and federal, and tribal regulations, including the Colorado Equal Pay Act and the Ute Tribal Employment Rights Ordinance (UTERO). As we grow as a company, we are working to build awareness on what DEI means for Caerus and the way we operate. To drive this, we conduct surveys, in-person meetings and include the larger community in our DEI efforts. We are also establishing an awareness campaign, including guest speakers at "lunch-and-learn" sessions, to further hone in on what DEI means for Caerus.

Caerus is dedicated to including diverse representation across all levels of our business. As of 2021, 31% of management and 19% of all other employees at Caerus were female. We are proud that two of the four members of our executive leadership team, our Chief Operating Officer and our General Counsel, and the heads of our Land, Accounting, Human Resources, Stakeholder Relations, and EHS departments are women. We continue to empower and support the further development of women at Caerus through, among other initiatives, participation in the Women's Energy Network.

## Professional Development

We believe continuous professional development of our employees is essential for both the success of our business as well as each individual employee's

career path. As such, we invest in our people from the beginning of their career at Caerus. We foster an entrepreneurial spirit that allows employees to grow both horizontally and vertically.

## Employee Training

We offer career development programs and training that benefit both our company and our individual employees for holistic career development. We emphasize a horizontal approach within departments, allowing employees to grow their skills within their role. To seamlessly integrate new employees, we have established an enhanced onboarding process. We leverage our Learning Management System (LMS) to provide a range of training programs and analytics – from Leadership and Supervisory courses to our EHS training.

Our employees participated in in-depth training in 2021, with 25 employees participating in our Professional Leadership Training for 2021 and 2022. We continue to find new ways to advance our training and professional development programs to support our employees for career success.

## Performance Reviews and Recognition

At Caerus, we leverage periodic performance reviews to inform our talent management efforts. Employees receive performance reviews based on general company metrics as well as performance metrics specific to their role. Goal setting that reflects both the annual company goals as well as individual career growth goals are core to employee development and assessing goal achievement over time.

Understanding our employees' performance gives us key insight into areas of opportunity for Caerus.

After the review cycle is complete, employee merits and bonuses are developed using these reviews. The performance review process allows us to understand how our employees are meeting company expectations and identify any additional opportunities.

We believe it is important for employees to be recognized and incentivized, by colleagues and leadership alike, for going above and beyond in their roles. We are currently developing an employee recognition program which will reward our high achieving employees. We will continue to look for ways to recognize our employees for their dedication to the Company's success.










# Community Engagement and Corporate Citizenship

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**Caerus' core Values are focused on people - including employees, contractors, and those with whom we interact in the communities where we live and work.**

When we think about community, we think not only about our employees and their families and the communities in which we operate, but also the residents of our state and country and the larger global community. To that end, we strive every day to conduct our operations in a way that respects and protects our environment and the communities of which we are a member.

At home, Caerus is committed to creating an inclusive environment where all employees feel respected, valued and connected to the business. Caerus complies with all state, tribal and federal regulations, including the Colorado Equal Pay Act and the Ute Tribe's Tribal Employment Rights Ordinance (UTERO). An inclusive workplace enables us to embrace the diverse backgrounds and perspectives of our employees and attract the best talent.



In the local communities in which we operate, we look for and strive to meet unmet needs, in particular needs related to children, families, and education. In Denver, we donate to Heart & Hand, which provides afterschool enrichment to children from impoverished neighborhoods, the National Western Scholarship Trust, providing scholarships to students studying agriculture, and the Food Bank of the Rockies, which provides food and necessities to people in need. We also donated to the survivors of the Marshall fire, providing interim funds to help them rebuild their lives. In the Piceance Basin, we provide funding and volunteers to the West Slope Special Olympics, County Fairs to support our youth, Camp 40 and Kids Aid Back Pack Program, among others. In Uinta Basin, we give to Trees for Charity, a resource for families struggling at Christmas, Shop with A Cop and the Junior Livestock Shows benefiting Uintah and Duchesne Counties, among others. We also support tribal events such as the annual Ute Tribal Pow Wow and the Ute tribe's efforts around Missing and Murdered Indigenous Women.

On a broader basis, Caerus is a significant contributor to the economies of the states and communities in which we operate and where our employees live and work. In 2021 Caerus paid approximately \$39 million dollars of production related taxes in Colorado and \$11 million dollars to the State of Utah. These are taxes levied by the state on companies producing natural resources. The majority of this tax revenue goes to benefit the counties in which Caerus operates, funding schools, hospitals, libraries, and essential services.

The company is also a member and active participant in the Colorado Chamber of Commerce, the Grand Junction Chamber of Commerce, Club 20, and the Vernal Chamber of Commerce. Caerus believes industry collaboration is key to ensuring policymakers and the public are informed with facts about the benefits of domestically sourced natural gas. Caerus actively participates in several national, regional and state trade associations representing the oil and gas industry. These associations allow us to join others in the industry in sharing information and advancing a common agenda on legislative and regulatory matters. Their purposes include education about the oil and gas industry and issues that affect it, industry best practices and standards, and enhancement of the public image of the industry. Caerus believes that engaging with state and local regulators is critical to responsibly producing natural gas. We are active in rulemakings, bringing industry knowledge and subject matter expertise to inform and educate the regulators.

On the national and global scale, Caerus is a tireless advocate for the benefits of natural gas in reducing carbon and particulate emissions. Natural gas is a readily available fuel source to replace coal in energy generation, oil in transportation, and solid fuels for heating and cooking. We believe that natural gas has an important role to play in a clean energy future and in reducing energy poverty.

# Health and Safety

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**Caerus is committed to the health, safety and wellbeing of our employees, contractors, and communities.**

## Approach to Health and Safety

Our most valuable resource is our people. As such, robust Health and Safety (H&S) procedures and training are at the core of how we operate our business. This investment ensures that Caerus fosters a culture of compliance, meets state and federal regulatory obligations, and retains a strong and competent work force that can identify and mitigate risk. Caerus continually works to cultivate a safety-first culture at every level of our organization.

Safety and environmental stewardship are ingrained in everything we do. Our commitment to Health and Safety starts at the top with a strong commitment from our Leadership Team. In 2021, Caerus established a Safety Committee with multi-disciplinary participation from both the Piceance and Uinta Basin staff. The Safety Committee meets monthly to review and discuss incidents, safety observations and relevant topics that can supplement or complement the Monthly Safety Topics. Safety topics include required training, new process roll-out, incident review, hazard alerts, safety observations, EHS metrics review, new regulations, key messaging for contractors, etc. Our field office EHS professionals partner closely with our operations teams to ensure the safety of day-to-day operations: evaluate and respond to safety observations, report and address safety concerns, and develop and review company standard operating procedures. Additionally, our EHS teams assist with field inspections and conduct incident and tap root investigations.

Each month, Caerus' leadership presents Safety and Environmental metrics to the Caerus Board. These metrics include both leading and lagging indicators.

## Policies and Documentation

Caerus has developed a comprehensive suite of Health and Safety policies, practices, and processes. At the core of these is Caerus' Health and Safety Manual. The Manual covers our H&S programs and procedures such as the Confined Space Program, Driving Safety Program, Elevated Work Surfaces and Fall Protection Program. In addition, it includes Fire Prevention & Protection, First Aid and Bloodborne Pathogens, Hydrogen Sulfide (H<sub>2</sub>S) Program, Hazard Communication Program, Hearing Conservation, Hot Work, Lock Out Tag Out, Naturally Occurring Radioactive Materials (NORM), Personal Protective Equipment (PPE) Program, Respiratory Protection Program, Walking-Working Surface Program, Ground Disturbance Program, Incident Response Plan, Well Control Action Plan, and Hazwoper – Spill Response Program.

## Training and Compliance

An essential component of proactively managing Health and Safety at Caerus is periodic, comprehensive training. Our training extends to both employees and contractors with the goal of giving them the skills to continually focus on their safety and the safety of their colleagues, and to be in compliance with all state and federal regulations. Caerus' safety training encompasses a range of training methods, from computer-based modules to in-person and virtual training. The training program includes scheduled Occupational Safety & Health Administration (OSHA) training as well as hands-on competency training for job specific tasks. In addition, monthly safety meeting awareness level training, and weekly safety messages are some of the tools used to ensure that our staff is trained appropriately throughout the year.

Caerus has developed personalized training programs tailored to different job categories. Training requirements are defined by the job level and type. Personalized training plans are stored in the UKG Pro Learning Platform, which tracks which courses





***Caerus implemented a Safety Committee in 2021. The Committee is made up of volunteers from departments throughout the Company. The committee members are engaged and highly motivated to promote a safety culture at all levels. In 2022, the Safety Committee grew with new membership, and they have continued to carry the Committee vision forward.***

are assigned to each person, completion dates, and course certification expiration dates. This information is reviewed monthly by EHS staff to ensure all employees and contractors are in compliance with their assigned training plans. Individuals are also encouraged to review their personalized plans so that they can schedule required training accordingly or request any additional courses they feel would be helpful to their job. Virtual safety meetings provided through the UKG Pro Learning Platform are recorded and stored on UKG Pro Learning, which can be reviewed later by anyone wishing to review the information, or who was unable to attend.

In addition to the regulatory requirements for training, Caerus also offers additional training opportunities to employees to meet specific training needs. For instance, in 2021, we purchased a Vehicle Recovery kit for each employee who drives a fleet vehicle. Prior to issuing a Vehicle Recovery kit to the employee, the employee was required to complete training on how to use the Vehicle Recovery kit properly in the event their vehicle gets stuck. We also identified the need to offer Arc Flash, Forklift and Manlift, Rigging and Lifting, and Ground Disturbance – Competent Person training for those employees who may have a future need or who are interested in expanding their skillset. As our operations grow and change, we continue to look for opportunities to expand and adapt our training offerings.

## Health and Safety Programs

Throughout the COVID-19 pandemic, Caerus successfully leveraged technology to bolster safety culture and facilitate the completion of safety training. The Safety Team recorded and distributed important safety messages companywide through recording platforms, and our bi-monthly safety meetings were held virtually to limit employee contact, accommodate schedules, and reach all employees. Recordings were made available after the training so that those who were unable to attend could review the material.

In 2021, Caerus unified and standardized training across all of its operating basins by building out a learning management system using the UKG Pro Learning Platform. Using the modules within UKG allowed Caerus employee profiles to be directly linked to training resources, while individual training plans (ITP) were developed with managers for each employee. The UKG Pro Learning Platform is our

central resource for systematically tracking training plans across the Company. In addition, the system allows users to see what trainings are required for the year, including those taken and those outstanding.

Utilizing the vast amount of information and expertise available, we are periodically creating and uploading new training to UKG. Our system allows the flexibility to assign specific training to individual employees as needed. We supplement our offerings with training from outside vendors, such as Safety Inc., to meet additional training needs and offer virtual training to reach employees unable to attend in person.

## Metrics & KPIs

In 2021, EHS metrics were included in the Annual Incentive Program. As part of the EHS metric, we set a training target for each employee to complete 90% of required and recommended training. Caerus employees met and exceeded that target, completing 96% of assigned training.

For 2022, the weighting of EHS metrics in the Annual Incentive Program was increased from 10% to 20%, and the training target was increased to 95%.

Workforce Health & Safety	Corporate	
TRIR	2020	2021
TRIR (employees)	0.39	<b>0.321</b>
TRIR (contractors)	2.32	<b>2.32</b>
LTIR	2020	2021
LTIR (employees)	0.39	<b>0</b>
LTIR (contractors)	1.6	<b>1.86</b>
Fatality rate	0	<b>0</b>
Total hours of health, safety, and emergency response training (Hours)	3,284	<b>6,085</b>
Hours of health, safety, and emergency response training per employee (Hours/Employee)	11.56	<b>21.28</b>



### **CASE STUDY**

In 2020, the Piceance Basin experienced what at that time was the largest wildfire in Colorado history, the Pine Gulch wildfire. In response to the fire, Caerus worked with local and federal emergency response teams on various firefighting mitigation tactics to ensure a rapid response to a continually escalating situation. We initiated the Caerus Incident Response plan, which remained active for two months. Daily meetings occurred to discuss events that occurred in the past 24 hours and a plan was put in place for the next 24 hours. Notifications were sent out to impacted employees and contractors as required. Look back sessions identified opportunities for improvement and allowed the Caerus team to build out its wildfire response going forward. In 2021, while the wildfire season was fortunately less severe, the Caerus Incident Command team was able to apply the lessons learned from the Pine Gulch fire to other wildfire events.





# Incident Management and Emergency Training and Preparedness

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## Approach to Incident Management and Emergency Training and Preparedness

Caerus is committed to robust incident management and emergency training and preparedness. We strive to proactively avert incidents and in the event of an emergency, we have comprehensive procedures in place to protect our employees, contractors, local communities, the environment, and our business assets. Emergency training and preparedness promotes early detection, preventing or decreasing the severity of an emergency.

## Oversight/Teams Involved

Caerus' Environmental Health and Safety (EHS) team works with regulators, local communities, and other stakeholders on an ongoing basis to minimize impacts from our operations and we respond to all EHS incidents in an organized and systematic manner. The team regularly engages with regulators to ensure that we are aligned with all applicable regulations, and we participate in industry trade groups to share information and best practices.

Our EHS team responds to all incidents and reports specific information related to each incident as required by federal, tribal, state and county regulators. Applicable metrics are tracked and reported internally and externally as dictated by regulation and Caerus' internal reporting requirements.

## Policies and Documentation

In an effort to maintain our strong commitment to health, safety and wellbeing, Caerus implements technologies, robust training, and clear safety guidelines to ensure all workers have the resources to work safely and protect the environment, their coworkers, our local communities, and our business assets.

Caerus has implemented comprehensive policies, practices and procedures for incident management and preparedness including an Incident Response Plan, a Well Control Action Plan, Emergency Notifica-

tion Charts for each asset, an EHS Incident Response Standard Operating Procedure, a Spill Prevention Control and Countermeasure (SPCC) Plan, and a Facility Response Plan (FRP). For each new project, Caerus completes a Risk Assessment, conducts a Pre-Startup Safety Review (PSSR), and a Pre-Job Safety Assessment.

## Incident Management Programs

Caerus' Operational Command Center (OCC) is staffed 24 hours a day to receive and respond to incident reports in a timely manner. The OCC operator initiates incident management procedures based on the type of the incident. The operator has the ability to remotely activate certain equipment on location. In addition, the operator can activate an Emergency Shut Down (ESD) of any major facility in the field. To ensure a strong, consistent connection across our operations, we have added communication towers throughout the field for added cell service and Wi-Fi capability.

The EHS team employs a 24 hour, 7 days per week, on-call incident response rotation resulting in a complete incident investigation for every incident reported. Incident details are captured in an electronic ProntoForm that is sent and stored within the EHS Asset Compliance Tracking System (ACTS). The ACTS database documents, tracks and manages work orders and corrective actions for each incident.

Collaborating with the communities in which we operate is core to our comprehensive incident management and emergency response approach. As such Caerus collaborates with Local Emergency Response Managers, Fire Departments and Care Flight to ensure that first responders understand the potential hazards, the physical layout of facilities, access routes, and operational steps that must be considered in the event of an emergency. Caerus partners with Local Emergency on Incident Command System training. Key contacts and professional relationships are developed proactively to ensure clear and consistent communication in the event of an incident.

## Leveraging Technology

In 2021, Caerus took advantage of technological advances in gas monitoring. Caerus now leverages the Blackline Gas Monitor, which features real-time gas readings and location identification as well as other emergency notifications. These capabilities enable our control centers to better support our employees in the event of an incident.

Caerus is also able to use the monitor to communicate evacuation orders to all users, including areas where satellite communication is employed.

## Training and Compliance

Training is a critical component of our workplace safety initiatives and is a key metric in Caerus' annual goals. We conduct annual training and emergency drills to practice emergency response procedures.

Caerus has partnered with outside safety training providers to customize annual Hazwoper training that goes beyond the regulatory requirements. This training incorporates the specific Safety Data Sheets for each of Caerus' products, an in-depth review of the Caerus Incident Response Plan, and Well Control Action Plan, and other critical response procedures specific to the Company.

Individual Training Plans are created for each employee annually. This ensures individual employees receive both the required and recommended training. We periodically review our training offerings to ensure that the information provided directly applies to each employee's work and the emergency situations they may experience at some point during their career at Caerus.



## Metrics & KPIs

In 2021, Caerus included key EHS performance metrics as 10% of Caerus' Annual Incentive Plan (AIP) goal. One of the key performance metrics tracked towards the AIP goal related to reporting and response of releases of produced water and or condensate. Caerus staff reported and responded as required on 98% of all incidents.

While we are evolving our approach, our focus is to promote honest and transparent incident notification. The goal is for employees and contractors to feel safe reporting all incidents without fear of retribution. This approach allows for early notification and/or detection and for timely and appropriate response.



# Management of Third Parties and Contractors

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**We strive to foster positive, productive working relationships with our vendors and suppliers who offer quality services and materials.**

## **Approach to Managing Third Parties and Contractors**

Caerus evaluates the health, safety, training, and compliance standards of our contractors before engaging them to provide services on our locations, and we continue to evaluate them during their work with us. When necessary, we provide them with training guidance and other tools to enable them to meet our standards for safe and compliant operations.

## **Oversight/Teams Involved**

Caerus' Legal Team is responsible for reviewing and negotiating all vendor contracts or agreements. Each vendor is required to go through a thorough review process when setting up a Master Service Agreement (MSA) with Caerus. Caerus' EHS and Operations Teams ensure that vendors are in compliance with the MSA and Caerus' Contractor Expectations Manual. The EHS Department performs frequent quality assurance checks to ensure that vendors are in compliance with required insurance and permits, as detailed in the sections below.

## **Policies and Documentation**

Insurance and other critical EHS programs are evaluated prior to a new contractor working for Caerus. Once selected, contractors are subject to ongoing safety, code of conduct, and environmental compliance monitoring. Contractors are required to consent to Caerus' Contractor Expectations Manual. The Manual outlines clear expectations prospective vendors are required to follow throughout their partnership with Caerus. In addition, Caerus leverages an EHS Commitment Form and Quarterly Hours Reporting Form to promote compliance. The EHS Commitment form is a Contractor-employee orientation that each contractor employee working on Caerus locations is asked to review, sign and return. Upon return, the contractor employee receives a hard hat sticker to indicate who has signed and returned a form.

We abide by strict ethical standards in our own operations, and we insist on equivalent standards from our suppliers. Caerus conducts a rigorous internal review before contractors are added to the Approved Vendor List. Contractors are required to comply with all federal, state, and local government laws and regulations and owner job-site rules for Environmental, Health, Safety, and Fire Protection. All vendors must acknowledge these expectations and others within the required Contractor Expectations and EHS Commitment Acknowledgement documents.

Contractors are asked to submit their Caerus-specific hours and Caerus-specific incidents quarterly, to calculate the Contractor Total Recordable Incident Rate (TRIR). Periodic assessments are conducted as needed. A quarterly progress report is submitted to management as a communication of the contractor's TRIR progress. The Quarterly Hours form also tracks the number of proactive measures that are completed on the respective locations, such as Behavior Based Safety Cards, Hazard ID cards, and Tailgate Safety Meetings.

Caerus has a robust contracts management and on-boarding process. Upon completion of the MSA process, contractors are sent EHS documents to review, acknowledge, and return to Caerus to acknowledge their awareness and acceptance of Caerus EHS Expectations. The documents received at completion of the onboarding process include: the Caerus Contractor Expectations Manual, EHS Acknowledgement, Contractor Hours Reporting Form, and a Data Sheet with additional contact information. These documents are also readily available on Caerus' website.

We are continuously working to enhance our approach to contractor management. For 2022, Caerus is deploying a new system to track and manage MSA requirements more systematically, which has improved the timely communications between the contractor and our internal departments. Caerus sends out a weekly 'Ready for Hire' report with vendor status identifying companies that have met all requirements to be hired.



### **CASE STUDY**

In 2021, Caerus conducted a Hazwoper audit on contractors that would likely be called in to help respond to a spill. A desktop review was completed with the specific contractors who submitted written Hazwoper programs including training records. Caerus prepared a training guide based on regulatory requirements for the contractors to help educate them on applicable regulations and how to meet the requirements based on their services. As a follow up to that audit, Caerus helped coordinate third party training for those vendors who were lacking the required Hazwoper training certifications.



## Third Parties and Contractor Programs

We have designed our contractor programs to foster compliance through proper guidance and communication. Caerus promotes direct, open, and honest communication with vendors through an internal Contractor Management Program that establishes strong and trusting relationships. We utilize the EHS Access Database of all contractors to manage our vendor relationships. It contains key information such as contact information, insurance status, tribal permit status, and EHS Statistics. This database allows Caerus to send out communications to the contractors for Hazard Alerts, reminders of upcoming deadlines, and Contractor Expectations Meetings.

## Training and Compliance

Vendors are given the Contractor Expectations Manual upon onboarding. When the Manual is updated, all active vendors receive a revised copy. Caerus holds two Contractor Expectations meetings per year, during which key messages, new regulations or expectations, and lessons learned are shared and exchanged. While these meetings are EHS driven, our Operations Team participates in the meetings, to share outlooks, goals, and observations.

Through dedicated staff, we are able to effectively and timely communicate with every vendor. In addition, our staff provides guidance throughout the working relationship. We also leverage audits to ensure continuous compliance with our vendor guidelines. Audits are conducted via desktop review, field observations and verifications, or a more in-depth audit of all the contractors' programs and safety history.

Caerus promotes honest and transparent incident notification and response for the safety of both employees and contractors. The goal is for contractors to feel safe reporting all incidents without fear of retribution. In the limited instances where non-compliance is detected, Caerus provides support, training, or guidance to regain and maintain compliance with vendor guidelines.

By working with the contractors directly, we are able to tailor our EHS programs to the needs of the specific



work situations. We exchange information and review programs with the contractor to ensure the contractor meets both the job specifications and the regulatory requirements.

## Metrics & KPIs

Caerus works to consistently receive the quarterly reports from every vendor working in our operations. If a contractor is experiencing TRIR and Experience Modification Rate (EMR) incident rates that are higher than the industry average, Caerus will follow-up to review reporting information and knowledge of the reporting process.

## Performance Data

### Contractor OSHA TRIR/Recordable Incident Rate

	2021
Track total number of reportable and recordable OSHA incidents	2.29

# Governance

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At Caerus, we hold an unwavering commitment to operating transparently and in an ethical manner. Responsible governance and ethics practices are key to delivering long-term value to shareholders and other stakeholders, which is why Integrity – one of our seven underpinning Values – is woven throughout key company processes and initiatives.

We have implemented standards of governance that are consistent with regulatory expectations and evolving best practices. Importantly, every level of our organization – from the Board of Managers to our front-line employees – shares a common understanding of what is expected of Caerus: we do what is right, communicate openly, and take responsibility for our actions.







# Corporate Governance

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**Our Board of Managers, comprised of our Chief Executive Officer and representatives from each of Caerus' three investors, provides guidance and oversight to Caerus' business operations. The Board meets quarterly. In addition, the Executive Leadership Team presents operational and financial reviews to the Board monthly.**

**T**he Board has two committees: Audit and Compensation. One representative from each of the investors sits on each committee. Additionally, Caerus engages independent auditors whose reports are reviewed annually by the Board's Audit Committee.

The Board also approves management incentives tied to effective ESG strategies. Ten percent of management's compensation is tied to ESG metrics key to Caerus strategy – air, health and safety, and the environment – to further align management with the Company's commitment to safety and sustainability. The Board reviews and assesses these targets annually. The ESG metrics will increase to 20% in 2022 in line with our focus on ESG.

Our ESG Steering Committee is a cross-functional committee working together to assist the Executive Leadership Team (ELT) in setting general strategy relating to the Caerus ESG Program. The Committee meets at least once a quarter and assists with the development and implementation of annual ESG objectives and targets. It also assesses and supports the annual EHS AIP Metrics to support ESG efforts and ESG Policy evolutions. Moreover, it is involved in the drafting of the annual ESG Report, and communication and educational resources related to our ESG program. ESG Committee members are drawn from the entire organization and are approved by the Caerus ESG Executive Sponsors. The ESG Committee Charter provides guidance and structure for its operation.

## **Compliance, Business Ethics and Professional Conduct**

Integrity is one of the seven core values guiding our company. We expect every employee and contractor to act not only in a legal manner, but with the highest level of business ethics and integrity in line with our corporate values.

Caerus' business strategy is guided by the specific standards of conduct prescribed in our Code of Ethics and Business Conduct, which represents the very core

of our character as a company and helps us to protect the reputation we have earned.

Caerus' Code of Ethics and Business Conduct includes standards to prevent corruption and bribery, to encourage transparency in our operations, and to build trust both within our organization and within the communities where we operate. Employees are asked to reaffirm the Code of Conduct annually. When warranted, violations may result in disciplinary action, including dismissal of any officer or employee.

Employees are encouraged to speak up about potential ethics violations, policy or compliance concerns. Caerus maintains a third party Ethical Advocate hotline that permits confidential, anonymous reporting of any concerns 24 hours a day, 7 days a week via a phone call or online portal. Reports are reviewed and investigated as appropriate, and the results of all such investigations are reported to our General Counsel. Caerus prohibits any form of discipline, reprisal, intimidation or retaliation for reporting violations or suspected violations in good faith.

In 2021, Caerus established an ESG Policy that supports embedding sustainability across our business units, including Finance, Marketing, Operations, EHS, Human Resources, Legal, Government Relations, Regulatory, and IT. To reflect and respond to the evolving sustainability landscape, we commit to periodically review and assess our ESG policy with our stakeholders and to update it accordingly. This policy covers all Caerus business operations, including operations in the Piceance and Uinta Basins, and applies to Caerus' employees, contractors and supply chain. The ELT is responsible for the oversight and implementation of this policy. The ESG Policy is reviewed and revised annually as required by the ESG Committee and the Caerus ELT.

Caerus' executive leadership is responsible for identifying legal, financial, and operational risks to the organization and presenting identified risks at quarterly Board Meetings.





# Political Activities

Recognized as the voice for West Slope operations in Colorado, our leadership and employees participate as parties in rulemakings and provide expert testimony on relevant issues.

As a Company, Caerus does not make any political contributions or provide financial support to candidates. We actively advocate at the local, state, and federal level on issues of importance to Caerus.

We also engage in the public policy process through membership in trade associations. Caerus actively participates in several national, regional and state organizations representing the oil and gas industry, including:

## Associations & Partnerships









# Cyber Security

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**Oil and Gas facilities are considered critical infrastructure and accordingly, we understand the necessity of a robust cyber security program to protect not only our data and systems, but that of our partners’.**

**W**e are committed to maintaining the integrity of our information security to protect our operations and stakeholders.

Our cyber security approach is informed by the National Institute of Standards and Technology (NIST) Cybersecurity Framework. Our goals and priorities are determined by our internal IT team who reports to and is overseen by our Leadership Team. We have developed a robust set of policies to guide our cyber security efforts. In particular, Caerus has established core policies around Acceptable Use of IT Resources, Data Protection, Incident Response, Protection of PPI, and Back up and Retention of Information.

In 2021, Caerus conducted a third party review of its cybersecurity practices and continues to review and update its practices as necessary. We are committed to continued improvement through bi-annual assessments as we continue to align with relevant ISO standards. We have created an IT Security Roadmap that includes key components such as data loss prevention. Our externally managed Security Operations Center (SOC) has 24/7 notification capabilities and will notify our IT Team of any incidents.

Additionally, we have a third-party managed threat response which isolates affected systems, automatically runs a threat mitigation process, and notifies the Caerus IT Team. Among other security features, all employees use multi-factor authentication and a VPN to conduct company business furthering our information protection.

Our risk assessment processes were derived from a proven third-party framework. This framework calls for 24/7 monitoring and a managed threat response to identify ongoing risks as well as a cyber security assessment process that is used to vet third party software vendors' security postures against identified

internal risk.

We continue to build a strong culture around cyber security through training and awareness building. All employees complete cyber security training modules monthly and we conduct periodic campaigns such as phishing campaigns. Potential high-risk users are flagged in our database and undergo additional training. In addition, we proactively share safety tips and practice updates with our employees.

Robust cyber security practices are at the core of Caerus' operations, and we are dedicated to continuous improvement. To fulfill this commitment, we conduct internal and external assessments. Our self-assessments occur continuously throughout the year, particularly when we are implementing new applications or firewall rules. External audits and pin testing are done on a regular basis to ensure our information security remains efficient and effective.

# Data Summary

DESCRIPTION	UNITS	Corporate		Piceance		Unita	
		2020	2021	2020	2021	2020	2021
GHG EMISSIONS							
RELATED SASB SECTION: EM-EP-110a.1							
Gross Scope 1	Metric Tonnes of CO2e	772,523	1,285,998	-	673,055	-	612,943
% Methane							
Upstream		-	75.0%	91.0%	76.0%	96.0%	74.0%
Midstream		-	76.5%	10.0%	77.0%	10.5%	76.0%
% covered under emissions-limiting regulations		20%	32.5%	23.0%	50.0%	16.0%	15.0%
GHG Intensity	Emissions/Production-MMMBoe	-	19.00	-	-	-	-
Upstream	Emissions/Production-MMMBoe	-	17.54 E	0.10	13.29	0.128	27.9
Midstream	Emissions/Production-MMMBoe	-	20.45	0.09	10.88	0.175	23.27
CO2 Emissions	Metric Tonnes	275,165	358,554	-	-	-	-
Upstream	Metric Tonnes	-	34,724	10,796	32,865	1,602	1,859
Midstream	Metric Tonnes	-	323,830	89,957	145,216	172,808	178,614
Methane Emissions	Metric Tonnes	20,724	37,088	-	-	-	-
Upstream	Metric Tonnes	-	28,467	9,822	14,717	6,023	13,750
Midstream	Metric Tonnes	-	8,621	3,659	5,076	1,220	3,545
Methane Intensity¹	Emissions/Production-MMMBoe	-	0.48	-	-	-	-
Upstream	Emissions/Production-MMMBoe	0.41	0.68	0.37	0.49	0.50	1.14
Midstream	Emissions/Production-MMMBoe	0.15	0.28	0.18	0.21	0.11	0.31
RELATED SASB SECTION: EM-EP-110a.2							
Gross Scope 1 emissions from:							
Flared hydrocarbons	Metric Tonnes of CO2e	4,294.70	1,880.67	-	-	-	-
Upstream	Metric Tonnes of CO2e	4,160.20	1,750	548	615	3,612	1,135
Midstream	Metric Tonnes of CO2e	135	131	35	75	100	56
Flared gas as % of gas production	Percent	0%	0%	0%	0%	0%	0%
Other Combustion	Metric Tonnes of CO2e	319,283	1,052,002	-	-	-	-
Upstream	Metric Tonnes of CO2e	14,850	687,927	9,850	336,000	5,000	351,927
Midstream	Metric Tonnes of CO2e	304,433	364,075	93,318	161,333	211,115	202,742
Process emissions	Metric Tonnes of CO2e	1,890	4,121	1,890	4,121	-	-
Other vented emissions	Metric Tonnes of CO2e	308,009	627,201	-	-	-	-
Upstream	Metric Tonnes of CO2e	298,205	616,469	201,325	325,906	96,880	290,563
Midstream	Metric Tonnes of CO2e	9,804	10,732	1,605	7,222	8,199	3,509
Fugitive emissions	Metric Tonnes of CO2e	126,147	252,395	-	-	-	-
Upstream	Metric Tonnes of CO2e	89,585	91,908	44,571	38,413	45,014	53,496
Midstream	Metric Tonnes of CO2e	36,562	160,486	15,733	99,452	20,829	61,034
RELATED SASB SECTION: EM-EP-110a.3							
Discussion of long-term and short-term strategy to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets.		Climate Risk Management/TCFD Reporting					
Long-term strategy		Climate Risk Management/TCFD Reporting					
Short-term strategy		GHG and Air Quality: Climate Risk Management/TCFD Reporting					
GHG emissions monitoring and measurement		GHG and Air Quality					
GHG Emissions reduction strategy		GHG and Air Quality: Climate Risk Management/TCFD Reporting					
Industry Collaboration		GHG and Air Quality: Water Management					
AIR QUALITY							
RELATED SASB SECTION: EM-EP-110a.1							
Air emissions of the following pollutants:							
NOx (excluding N2O)	tons/yr.	-	2,199	-	1111.2	-	1088.2
SOx²	tons/yr.	-	-	-	N/A	-	4.6
Volatile organic compounds (VOCs)	tons/yr.	-	10,666	-	4671.8	-	5993.8
Particulate matter³	tons/yr.	-	-	-	N/A	-	65.7
Hazardous Air Pollutants	tons/vr.	-	1,140	-	499	-	641.4



DESCRIPTION	UNITS	Corporate		Piceance		Unita	
		2020	2021	2020	2021	2020	2021
WATER MANAGEMENT							
RELATED SASB SECTION: EM-EP-140a.1							
Total freshwater withdrawn <sup>4</sup>	Barrels	1,434,846	1,253,807	1,434,846	1,253,807	-	-
Percentage of freshwater withdrawn from regions with High or Extremely High baseline water stress	Percent	0%	0%	0%	0%	0%	0%
Total freshwater consumed	Barrels	1,275,926	1,253,807	1,275,486	1,253,807	440	-
Percentage of freshwater consumed from regions with High or Extremely High baseline water stress	Percent	0%	0%	0%	0%	0%	0%
Freshwater Use / Net of Sales	Barrels	1,275,926	1,253,807	1,275,486	1,253,807	440	-
RELATED SASB SECTION: EM-EP-140a.2							
Volume of produced water generated	Barrels	12,850,365	19,984,329	10,057,945	14,953,187	2,792,420	5,031,142
Volume of flowback generated	Barrels	12,160,432	6,523,282	12,160,432	6,523,282	-	-
Volume of produced and flowback water that is:							
Discharged	Barrels	0	-	-	-	-	-
Injected	Barrels	14,375,193	17,267,449	11,640,739	12,476,126	2,734,454	4,791,323
Recycled	Barrels	10,577,638	5,715,644	10,577,638	5,715,644	-	-
Percentage of produced and flowback water that is:							
Discharged	Percent	0%	N/A	0%	N/A	0%	N/A
Injected	Percent	57%	65%	52%	58%	98%	95%
Recycled	Percent	42%	22%	48%	27%	0%	0%
RELATED SASB SECTION: EM-EP-140a.3							
Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Percent	-	100%	-	100%	-	No Activity
OTHER							
Policies and practices related to management of ground and surface water quality	Water Management						
Water reuse, processing and disposal	Water Management						
Groundwater protection	Water Management						
Well integrity	Water Management						
BIODIVERSITY IMPACTS							
RELATED SASB SECTION: EM-EP-160a.1							
EHS Program	Not included						
EHS program elements	GHG and Air Quality; Spill Prevention and Asset Management; Biodiversity						
RELATED SASB SECTION: EM-EP-160a.2							
Number of reportable spills	Barrels	83	94	46	43	37	51
Number of hydrocarbon spills	Barrels	13	17	3	25	10	16
Number of hydrocarbon spills contained in secondary containment	Barrels	9	15	2	4	7	9
Volume of hydrocarbon spills (BBLs)	Barrels	164	226.5	115	68	49	158.5
Volume of hydrocarbon spills in the Arctic	Barrels	N/A	0	N/A	0	N/A	0
Volume of hydrocarbon spills impacting shorelines with ESI rankings 8-10	Barrels	0	0	0	0	0	0
Volume recovered	Barrels	48	129	0	17.5	48	111.5
Produced water spills	Barrels	69	131	44	58	25	73
Produced water spill volume (BBLs)	Barrels	1,584.5	3,458	954	540	630.5	2,918
Total spill volumes (BBLs)	Barrels	1,748.5	3,583	1,069	370	679.5	3,213
RELATED SASB SECTION: EM-EP-160a.3							
Percentage of proved reserves in or near sites with protected conservation status or endangered species habitat	Percent	Not collected	Not collected	Not collected	Not collected	Not collected	Not collected
Percentage of probable reserves in or near sites with protected conservation status or endangered species habitat	Percent	Not collected	Not collected	Not collected	Not collected	Not collected	Not collected

1. Due to our more robust data collection process, the increase in emissions is due to improved estimates of the number of pneumatic controllers in our assets. In Piceance, with all retrofits considered, we expect emissions to decrease year over year. In Uinta, baseline production is dropping, as expected, with no new wells drill since acquiring the asset. The primary reason for the GNB methane slippage is increased emissions from equipment leaks and the updated methane slip calculation methodology.

2. We do not account for this in the CO Emissions Inventory. Considered negligible for our fields.

3. We do not account for this in the CO Emissions Inventory. Considered negligible for our fields.

4. Freshwater use for Drilling and Completions only.

# Data Summary

DESCRIPTION	UNITS	Corporate	
		2020	2021
SECURITY, HUMAN RIGHTS & RIGHTS OF INDIGENOUS PEOPLES			
RELATED SASB SECTION: EM-EP-210a.1			
Percentage of proved reserves in or near areas of conflict	Percent	0%	0%
Percentage of probable reserves in or near areas of conflict	Percent	0%	0%
RELATED SASB SECTION: EM-EP-210a.2			
Percentage of proved reserves in or near indigenous land	Percent	14%	17%
Percentage of probable reserves in or near indigenous land	Percent	14%	17%
COMMUNITY RELATIONS			
RELATED SASB SECTION: EM-EP-210b.1			
Discussion of process to manage risks and opportunities associated with community rights and interests	Community Engagement and Corporate Citizenship		
RELATED SASB SECTION: EM-EP-210b.2			
Number of non-technical delays	Days	0	0
Duration of non-technical delays	Days	0	0
WORKFORCE HEALTH & SAFETY			
RELATED SASB SECTION: EM-EP-320a.1			
TRIR			
TRIR (employees)	Rate	0.39	0.321
TRIR (contractors)	Rate	2.32	2.32
LTIR			
LTIR (employees)	Rate	0.39	0
LTIR (contractors)	Rate	1.6	1.86
Fatality rate	Rate	0	0
NMFR (near miss frequency rate)	Rate	NA	NA
Total hours of health, safety, and emergency response training	Hours	3,284	6,085
Hours of health, safety, and emergency response training per employee	Hours/Employee	11.56	21.28
RELATED SASB SECTION: EM-EP-320a.2			
Discussions of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	Health and Safety		
Safety Culture and EHS Program	Health and Safety		
Safety training and awareness	Health and Safety		
Contractor safety	Management of Third Parties and Contractors		
Safety compliance and audits	Health and Safety		
OTHER			
Motor vehicle accident rate	Rate	2.51	0.45
ADDITIONAL SAFETY PROGRAMS			
Blackline Gas Monitors	Annual hours used	-	77195.7
	Average Hours/Device/Week	-	6.5
BUSINESS ETHICS & TRANSPARENCY			
RELATED SASB SECTION: EM-EP-510a.1			
Percentage of proved reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Percent	0%	0%
Percentage of probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Percent	0%	0%
RELATED SASB SECTION: EM-EP-510a.2			
Description of the management system for prevention of corruption and bribery throughout the value chain	Corporate Governance		
Code of Business Conduct	Corporate Governance		
Code of Business Conduct training	Corporate Governance		
Compliance and reporting	Corporate Governance		
Risk management	Corporate Governance		
Internal controls and audit	Corporate Governance		



DESCRIPTION		UNITS	Corporate	
			2020	2021
CRITICAL INCIDENT RISK MANAGEMENT				
RELATED SASB SECTION: EM-EP-540a.1				
Process Safety Event rates for Loss of Primary Containment of greater consequence (Tier 1)		Rate	0	0
RELATED SASB SECTION: EM-EP-540a.2				
Description of the management systems used to identify and mitigate catastrophic and tail-end risks				
Process safety	Caerus has established a matrix of values that includes safety to a great extent. Caerus management continues to stress the importance and act on its support for safety and asset integrity within the organization. This has included building an integrity management team with a goal of fully standing up a process safety program. Documentation has been filed and initial training discussions have been distributed at the field level.			
Emergency response and community safety	Caerus has an extensive Emergency Response Plan that all operators and field personnel are trained on. Where applicable, operation-specific Best Management Practices and Standard Operating Procedures are established. The purpose of these plans is to ensure a response is efficient, coordinated, and effective.			
WORKFORCE DIVERSITY				
RELATED SASB SECTION: EM-EP-210b.1				
Discussion of process to manage risks and opportunities associated with community rights and interests		Community Engagement and Corporate Citizenship		
RELATED SASB SECTION: EM-EP-210b.2				
Number of non-technical delays		Days	0	0
Duration of non-technical delays		Days	0	0
WORKFORCE HEALTH & SAFETY				
OTHER				
Percentage gender representation for:				
Management	Percent	21%	31%	
All "other" (i.e. non-management)	Percent	18%	15%	
All employees	Percent	19%	18%	
Percentage racial/ethnic group representation for:			0	
Management	Percent	4%	2%	
All "other" (i.e. non-management)	Percent	13%	12%	
All employees	Percent	10%	10%	
RELATED SASB SECTION: EM-EP-320a.2				
Discussions of management systems used to integrate a culture of safety throughout the exploration and production lifecycle		Health and Safety		
Safety Culture and EHS Program		Health and Safety		
Safety training and awareness		Health and Safety		
Contractor safety		Management of Third Parties and Contractors		
Safety compliance and audits		Health and Safety		
ACTIVITY METRIC				
RELATED SASB SECTION: EM-EP-000.A				
Oil- Gross	BBL	528,338	867,873	
NGLs - Gross	BBL	1,879,083	2,957,778	
Natural Gas - Unshrunk	MCF	167,153,646	235,082,121	
Natural Gas - Shrunk	MCF	-	222,162,501	
RELATED SASB SECTION: EM-EP-000.B				
Number of offshore sites		#	-	-
RELATED SASB SECTION: EM-EP-000.B				
Number of terrestrial sites		#	2,963	2,647



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