



1. A Message from Our Firm

Kimmeridge believes that environmentally and socially responsible investment builds long-term value in its projects and reduces their risk. In delivering that value, Kimmeridge must remain committed to workplace safety, environmental stewardship and social responsibility. Kimmeridge continually evaluates how it measures environmental, social and governance data and seeks ways to communicate this information to its limited partners.

As part of this commitment, Kimmeridge has refined its ESG Policy, which brings a range of its previously implemented ESG approaches and ESG-related policies and activities into an integrated document with 10 best practice targets and details its approach to responsible investing, incorporating social and environmental issues, health and safety considerations, and principles of good governance.

2. Kimmeridge ESG Beliefs

Responsible investment practices are business as usual, as they impact Kimmeridge's financial performance, ability to execute its value creation strategy and reputation with land and mineral owners, communities, employees, contractors, regulators and investors. Responsible investment practices help Kimmeridge attract and retain talent with the diversity of opinion and thought process required to generate powerful ideas and drive successful execution. Responsible investment practices make good business sense, and they have been part of Kimmeridge's culture and embedded across its activities since inception. Within an industry known to have weak ESG practices and subpar public company financial returns, in particular its mid-market, Kimmeridge creates value from best-in-class ESG performance and advocates for higher ESG performance standards among its peers.

3. Kimmeridge Overview

Kimmeridge was founded in 2012 to make direct investments in low-cost unconventional oil and gas assets, responsibly. Kimmeridge has a direct, or owner-operator model, as it is sometimes called, meaning that it manages projects and owns assets with its own personnel. Kimmeridge does not oversee the work of separate management teams in portfolio companies.

Kimmeridge Investment Strategy

Kimmeridge's value creation framework revolves around demonstrating the net present value of the cash flows (NPV) that a well can produce, its replicability and potential for scale.

Kimmeridge's strategy for creating investment value is to (1) leverage proprietary expertise and knowledge to identify low-cost, unconventional oil and gas assets, (2) combine small and irregular acreage into large, contiguous and more valuable acreage, and (3) drill the minimum number of wells required to demonstrate that reserves exist and can be produced at a low cost by capturing replication synergies across the acreage. Kimmeridge then exits to a company that will produce the hydrocarbons, and create reserves, at scale.

To maximize the effectiveness and efficiency of its investment strategy on the ground, Kimmeridge seeks to be the preferred operator that land and mineral owners, communities and regulators turn to first. To be the preferred operator, Kimmeridge must have a reputation as an ethical business partner that offers

a fair price, pays promptly, delivers on its commitments, complies with or exceeds all regulations and works sustainably. These characteristics depend upon consistent best-in-class ESG performance.

Kimmeridge Footprint

Unlike operators that create value mainly by producing and building reserves at scale, Kimmeridge's business model requires drilling fewer wells. Correspondingly, Kimmeridge's total greenhouse gas emissions, and its impacts on water, land and wildlife, are lower in absolute terms than those of operators that focus on producing and creating reserves. Although smaller in scale, Kimmeridge nonetheless must address a suite of ESG risks and opportunities similar to that of the industry at large.

4. Kimmeridge ESG Strategy – Create ESG and Financial Value

Kimmeridge's ESG strategy is to leverage best-in-class ESG performance to enhance its financial performance, while building long-term value in its projects and reducing their risk.

Kimmeridge's ESG strategy creates financial value by increasing a project's NPV, replicability and scalability by:

(a) *Reducing material risk.* Kimmeridge employs best ESG practices to mitigate and avoid material ESG-related risks, such as environmental impacts on climate and air, water, land, wildlife and diversity; social factors including level of regulator, land and mineral owner, and community trust and engagement; employee and contractor health and safety, training and local employment; and incidences of spills, accidents, fires, blowouts and earthquakes.

(b) *Increasing cash flows.* Kimmeridge leverages best-in-class ESG practices to generate measurable increases in cash flows, such as via cost savings from innovative water sourcing practices and working capital reductions and incremental revenue increases from flaring reduction.

(c) *Increasing intangible value.* Kimmeridge uses best-in-class ESG practices to attract and retain talented employees with diversity of opinion and thought process. Kimmeridge values diversity and inclusion, as they are required to spark ideas, innovate and execute with excellence. Kimmeridge considers its people as critical to building its reputation as the preferred operator among land and mineral holders, communities, regulators and investors.

(d) *Demonstrating good governance.* Kimmeridge's managing partners are accountable for its ESG practices and have ingrained them into the firm's culture. As an owner-operator, Kimmeridge is particularly motivated to deliver high ESG performance and is not impeded by an extra layer of portfolio company executives. Kimmeridge senior executives are responsible for managing, measuring and evaluating employee and contractor ESG performance. Kimmeridge works in collaboration with all stakeholders, with whom the firm seeks to create and share value.

Kimmeridge seeks to work with vendors and contractors who share its commitment to responsibility and who themselves desire to work with responsible business partners. Kimmeridge expects its vendors and contractors to possess high ethical standards; provide quality services; comply with all laws, rules and regulations; conduct operations in a sustainable manner, mindful of their impacts on climate and air, water, land, wildlife, biodiversity and local communities; demonstrate commitment to a quality health, safety and environmental program; treat their employees, sub-contractors, customers and other business partners fairly; and focus on a diverse and inclusive workplace.

When taken together, high performance on ESG factors differentiates Kimmeridge relative to competing operators, increases the firm's access to quality deal flow and enhances its projects' acquisition

attractiveness to ESG-conscious investors. These benefits, in turn, help Kimmeridge increase its financial performance by reducing projects' risk profiles, while concurrently increasing their cash flows and potential for replicability and scale, and by increasing their intangible value and favorably impacting their exit multiples.

5. ESG Management Throughout the Investment Process

At Kimmeridge, ESG management is embedded in each step of the investment process, starting with pre-investment due diligence, to ongoing asset management and risk mitigation activities post-investment, to exit. This means having a culture of responsible investing; minimizing impacts on climate and the environment; engaging positively and sharing benefits with local communities, employees, governments and other stakeholders; operating safely and in compliance with or exceeding regulation; attracting, retaining and promoting talent with diversity of perspective and background; providing an inclusive environment free of harassment; complying with all state and federal policies and processes; and having a zero-tolerance policy on harassment and corruption. Kimmeridge is an innovative organization that continuously seeks to improve its processes by incorporating lessons learned and staying abreast of best practices.

6. Commitment to Best Practice

As part of its commitment to ESG, Kimmeridge will also endeavor to meet the following “top ten” best practices:

Environment

1. Reduce greenhouse gas emissions by implementing industry best practices as described by the Climate and Clean Air Coalition (CCAC) Oil and Gas Methane Partnership, with a goal of reducing methane emissions intensity to .20% or lower
2. Commit to “make good” impacts to surrounding water resources
3. Assess anticipated cumulative impact to surrounding water resources
4. Implement water reuse systems that clean and recycle produced water
5. Collaborate with academic, government, regulatory and other cross-sector bodies on research into key upstream oil and gas knowledge gaps, such as in water recycling and processing, with the aspiration to create a new source of water for drinking and agricultural use

Social

6. Engage all stakeholders in order to create shared value, including via
 - multiple forums to encourage two-way dialogue to build community trust and enable fully informed agreement to drilling operations
 - appropriate feedback loops to integrate stakeholder feedback into strategic decision-making and planning, and
 - commitments to minimize disturbance to community, prime agricultural and high heritage value land, and local infrastructure
7. Customize landowner agreements to create shared value by committing to
 - ethical business practices

- fair and reasonable compensation
- informed landowner consent to infrastructure on land, and
- selection, siting and operation of infrastructure to minimize impacts on landowners, climate and air, water, land, wildlife, biodiversity and local communities

8. Engage external HSE auditors and report on company and contractor HSE performance, including incident and fines data in the event of material drilling or production activity

Governance

9. Ensure advisory boards are diverse and include ESG, including climate, competence on ESG risks and opportunities specific to upstream oil and gas. The Kimmeridge Investment Committee will continue to be responsible for best-in-class ESG performance throughout the investment process.

10. Be a voice for good governance within the industry, particularly among its mid-market peers, by advocating for

- greater board and management accountability to shareholders
- executive compensation and separation mechanisms that align with shareholder interests
- independent directors with diverse perspective and fresh thinking, including women, minorities, individuals with other industry experience or non-traditional backgrounds and first-time board candidates
- independent directors who have ESG, including climate, competence

7. Key Data

Kimmeridge will provide an overview of its operations: production, operating wells, wells drilled.

Once Kimmeridge reaches a meaningful level of production, such as 5,000 Boe (barrels of oil equivalent) per day from its investments, the firm anticipates reporting and disclosing information on the following categories for its operated wells:

- Greenhouse gas (GHG) metrics – GHG emissions (GHG, flared gas, vented gas) and GHG emissions intensity rate (GHG, flared gas, vented gas, flared/vented wellhead gas)
- Water management – freshwater use, alternative sources, total water use, water intensity rate
- Spill prevention – reportable spills, reportable spill rate

In addition, Kimmeridge will report on

- Employees – number of employees, gender diversity (total, professionals, managers), retention, number of contractors
- Training and development – reimbursement for professional certification tests
- Safety for employees and contractors – recordable injuries, lost time injuries, fatalities, recordable incident rate.

The key data will be presented as follows:

OPERATIONS

- Total production
- Number of producing wells
- Number of wells drilled

GREENHOUSE GAS (GHG) METRICS

GHG emissions

- Total GHG – metric tons CO₂e
- Flared gas – metric tons CO₂e
- Vented gas – metric tons CO₂e

GHG emissions intensity rate

- Total GHG – metric tons of CO₂e per MBoe produced
- Flared gas – metric tons of CO₂e per MBoe produced
- Vented gas – metric tons of CO₂e per MBoe produced
- Flared/vented wellhead gas – % of wellhead production

WATER MANAGEMENT

- Freshwater use – MMBBLS
- Alternative sources – MMBBLS
- Total water use – MMBBLS
- Water intensity rate – gallons of water used per MMBTU of energy produced

SPILL PREVENTION

- Reportable spills
- Reportable spill rate – BBLS spilled for every MBoe produced

EMPLOYEES

- Total number of employees
- Gender diversity
 - Female as % of total
 - Female as % of professionals
 - Female as % of managers
- Retention – %
- Total number of contractors

TRAINING AND DEVELOPMENT

- Reimbursement for professional certification tests – %

SAFETY

- Recordable injuries (employees and contractors)
- Lost time injuries (employees and contractors)
- Fatalities (employees and contractors)
- Total recordable incident rate per industry standard 200,000-person hours worked (employees and contractors)