PDC Energy’s 2021 ESG Report contains “forward-looking statements” within the meaning of securities laws, including discussion of potential future risks, and the company’s objectives, goals, plans, processes, intentions and expectations in managing such potential future risks and PDC Energy’s business as a whole. Forward-looking statements involve known or unknown risks, either of which may cause the company’s results to differ materially from information expressly or impliedly contained within the forward-looking statements. All statements (other than statements of historical fact) included in the 2021 ESG Report that address objectives, goals, plans, processes, intentions and expectations of the company are forward-looking statements. These statements are subject to assumptions, risks and uncertainties that are beyond the company’s control. Future results, objectives, goals, plans, expectations and forecasts may be impacted by the risks discussed in the Risk Factors section of PDC Energy’s most recent Annual Report on Form 10-K, Form 10-Q or other filings with the SEC. Forward looking statements contained within this report are made as of the date of this report. Although PDC Energy may voluntarily update its prior forward-looking statements at any time, the company disclaims any commitment to do so other than as required by securities laws.
Emerging from a year as challenging as 2020 with such robust strength and resiliency is an incredible achievement and a testament to the team at PDC Energy.

Our operational expertise and financial fortitude allow us to set aggressive sustainability goals, and by innovating and appropriately investing, we can achieve the results required in today’s dynamic energy environment. Our mission to be a cleaner, safer, and socially responsible company begins in the Board room and resonates through every level of PDC.

The oil and natural gas we produce remains critical to families across the country – providing reliable, affordable, and abundant energy to power and better people’s lives. It is our duty to produce these resources safely and responsibly, which is at the core of all our ESG initiatives.

OUR ESG JOURNEY

PDC’s ESG progress represents a thoughtful journey, with a commitment to meaningful, measurable goals and increased transparency and accountability.

This year, we continued our alignment with the Sustainability Accounting Standards Board (SASB) and conducted our first materiality assessment – allowing PDC to gain insight from our key stakeholders, solidifying our priorities and setting our ESG objectives.

We view our ESG goals as ambitious and have already begun to see marked improvement. As we execute on these goals, we have a responsibility to benchmark ourselves against our peers and continue to utilize best practices and technological improvements in our mutual commitment to emissions reduction.

ENVIRONMENT

Environmental protection is at the forefront of our ESG efforts. We play a critical role in reducing greenhouse gas and methane emissions in the ongoing fight against climate change. We own this responsibility, and we will achieve meaningful improvement.

In August of 2021, PDC announced several strong emissions reduction goals, including reducing our greenhouse gas intensity 60% and our methane intensity 50% by 2025.

In addition to these aggressive targets, we have committed to completely eliminating routine flaring by 2025 – a significant acceleration from our previously-outlined 2030 commitment. The urgency of doing our part to combat climate change requires immediate responses as well as sustained, long-term improvements. Recognizing this, in addition to those 2025 goals, we have also set internal longer-term targets to reduce greenhouse gas intensity 74% and methane intensity 70%, by 2030.

Our environmental goals are supported by sizable and strategic operational plans. These include retrofits of pneumatics on older facilities, a robust plug and reclaim program for legacy vertical wells, electrification of our facilities and technological innovation. We are prepared to make the significant financial investments necessary to achieve these goals.

PDC will continue to disclose regular updates on our progress and incorporate ESG into our quantitative metrics for both executive and employee compensation programs. Again, we believe transparency and accountability are key components of any ESG program, particularly as they relate to emissions reduction management.

GOVERNANCE

In keeping with our focus on accountability, in September 2021, PDC formalized its ESG Board oversight by incorporating ESG into our N&G Committee, establishing an Environmental, Social, Governance and Nominating Committee.

In 2021, we expanded the diversity of our board by adding two new diverse members with a unique set of backgrounds. We are also actively recruiting a third member – this time with a focus on additional diversity and environmental expertise. Adding this core competency will help round out the skill sets on our board and provide a well-balanced set of strategic advisors for the company.

SOCIAL

Establishing a workforce with a diverse set of backgrounds and experiences is a key focus area for PDC. Creating a workplace that looks and feels like the broader community is important and we are actively working to attract more diverse candidates.
We maintain collaborative partnerships with the communities where we live and work, including relationship-building and laser-focus on clean and safe operations. Our scholarship program, charitable giving and employee volunteerism are highlights for PDC and we are proud we nearly doubled our charitable giving budget in 2021.

The safety of our employees and our communities is our #1 strategic priority. We are proud to have surpassed three years without a lost time incident in either of our basins, a direct result of our safety culture, ongoing training, and the continued dedication of our employees.

**KEY ACCOMPLISHMENTS**

- **60%** GREENHOUSE GAS REDUCTION TARGET
- **50%** METHANE REDUCTION TARGET
- **26%** REDUCTION IN GREENHOUSE GAS EMISSIONS, OVER 2019
- **32%** REDUCTION IN METHANE EMISSIONS, OVER 2019
- **62%** REDUCTION IN CORPORATE FLARING, OVER 2019 BRINGING TOTAL CORPORATE FLARING TO 0.3%
- **3** YEARS WITHOUT A LOST TIME INCIDENT
- **93** CHARITABLE ORGANIZATIONS RECEIVED FUNDING FROM PDC
- **25** EMPLOYEES ON THE NEWLY-ESTABLISHED, COMPANYWIDE DIVERSITY AND INCLUSION COMMITTEE
- **$1,000,000+** DOLLARS DONATED BY PDC TO LOCAL CHARITIES

**OUR COMMITMENT TO OUR STAKEHOLDERS**

As we navigate this ESG journey, PDC will continue to refine the areas where we are already leaders and make improvements in the areas material to our company and our stakeholders. This report represents a comprehensive look at our company and our efforts to continually improve PDC, our performance and our corporate citizenship.

We welcome two-way dialogue and feedback from all our stakeholders as we continue our thoughtful and proactive ESG journey. Our door is always open.

*From all of us at PDC, and on behalf of our Board of Directors – thank you.*

Bart Brookman
President and Chief Executive Officer

From all of us at PDC, and on behalf of our Board of Directors – thank you.

Bart Brookman
President and Chief Executive Officer
ABOUT

PDC

PDC Energy, Inc. is an independent exploration and production company focused on the responsible development of natural resources in some of the most prolific oil and gas regions in the United States, specifically in the core of the Wattenberg Field in Colorado and the Delaware Basin in West Texas.

Founded over 50 years ago, the longevity of PDC is a testament to our employees and their strategic thinking. For the first 30 years, PDC operated exclusively in the Appalachian Basin. In 1999, PDC greatly expanded our range of operations by entering the Wattenberg Field and Piceance Basin in Colorado. In 2008, PDC moved our corporate headquarters to Denver, Colorado, and in December of 2016, we purchased our properties in Texas’s Delaware Basin.

We apply our multi-disciplinary technical expertise to the development of unconventional oil and gas resources to generate positive results in a responsible manner. PDC Energy is committed and dedicated to serving the interests of all our stakeholders by being a good steward of the resources we operate and delivering attractive returns to our investors.
**CORE VALUES**

**INTEGRITY**
We live by our word. We strive to be fair and honest, maintain high ethical standards and are known for doing what we say we will do. Every employee, including management, undergoes ethics training on an annual basis.

**PERFORMANCE DRIVEN**
We are driven to excel. We demonstrate our commitment to achieving quality results through visible leadership, sound growth, financial discipline, innovation and continuous improvement.

**RESPECT**
We foster respect. We respect each other through our actions. We respect the environment and the health, safety, and well-being of our employees as well as the communities where we live and work.

**STAKEHOLDER FOCUS**
We treat stakeholders fairly. We aim to exceed internal and external stakeholders’ expectations by understanding their needs and priorities to ensure we deliver on our commitments. We collaborate with our fellow employees, investors, partners, service providers and communities in a transparent manner that builds trustworthiness.

**TEAMWORK**
We are one company. We will succeed far beyond our individual contributions through effective teamwork. Each of our contributions and roles is critical to ensure our collective success.

**COMPANY CULTURE**

With over 50 years in business, PDC recognizes that the culture of our company is critical to our success. While we underwent significant changes to our corporate culture in 2020 – including the closure of our legacy office in Bridgeport, West Virginia, strategic alignment of our workforce, and a pandemic that reset values and priorities for so many of us – our annual employee satisfaction survey in October of that year showed that “How happy are you working at PDC?” received a score of 70%, and “I would recommend PDC as a great place to work” received a score of 68%. This annual survey is a great source of pride for PDC and offers our employees an opportunity to have their voices heard. It also allows PDC to identify actionable areas for improvement, including the adoption of a new hybrid remote-work policy which was implemented in 2021. PDC also holds regular employee townhall meetings that include a robust Q&A session and shares business information through frequent newsletters and timely email communications.

**COVID-19**

While PDC is a company focused on long-term planning and preparedness, a pandemic wasn’t on the list of risks we had anticipated. Nevertheless, we were able to quickly stand up a pandemic response protocol that was both safety-focused and leadership-driven.

In early March, PDC convened a Pandemic Response Team comprised of employees from each office location and from multiple disciplines (including experts from Operations, HR, IT, Supply Chain, EHS, Finance and Communications) to put measures and guidelines in place to protect employees and minimize any controllable impacts from the COVID-19 virus, while focusing on business continuity. The team’s leader, a former military officer with significant experience in bioenvironmental issues, was dedicated to monitoring COVID-19-related news and providing updates and recommendations to leadership. Within days, PDC made the call to switch our ‘non-essential’ office-based employees to work from home, in hopes we’d be back a few weeks later.

While a vast majority of our corporate employees were able to pivot quickly (and ultimately safely worked from home until mid-2021), we also have field-based employees and some office-based employees who are considered ‘essential’ and were needed to continue our operations and provide critical resources. The safety of these essential employees was a high priority and our pandemic response team worked diligently to create new safety protocols to mitigate potential infection and transmission. This effort included implementing mandatory daily health screening, state-of-the-art technology to gauge accurate temperatures and a custom phone application to log health information and daily interactions for contact tracing. In order to further lessen transmission risk, we also quarantined those employees who had potential exposure to the COVID-19 virus.

Our decisions related to COVID-19 protocol were based on data from health officials in Colorado and Texas, the Centers for Disease Control and Prevention (CDC) and the World Health Organization (WHO). We developed our own dashboard of information on infections, hospitalizations, and deaths so we could analyze trends and make decisions based on and backed by science. PDC developed a conservative approach to protecting our employees in all of our locations, often exceeding local protocols.

Throughout the pandemic, we maintained close communication with our employees. In addition to regular emails and other communications from our leadership team, we also created an online portal where all relevant information was housed. When asked about pandemic communications in our annual employee satisfaction survey, “Overall, PDC has taken appropriate actions related to the COVID-19 pandemic” received a score of 85%.

While we recognize the significant impact that the pandemic has had on our employees and their families, PDC is proud of the commitment to safety that we witnessed on a companywide level and our ability to quickly pivot and adapt to this unprecedented reality.
PDC’S SUSTAINABILITY JOURNEY

Through the execution of our environmental, social, and governance (ESG) strategy, PDC aims to be a responsible corporate citizen and more transparent about our operations over time, according to our priorities and those of our stakeholders. As the conversation around environmental protection, climate change, social impact, and responsible governance has increased, we understand that our stakeholders are interested in our performance and information on the sustainability of our company. It is important for us to be a part of that conversation and to express our commitment to meeting the expectations of our stakeholders.

PDC’s sustainability journey is one marked by strategic planning, transparency, stakeholder engagement, materiality and – most importantly – rapid progress on our material focus areas.

From 2017-2020, PDC published a Community Partnership Report largely focused on our charitable giving, volunteer efforts and select environmental protection efforts. These reports were a key component of our engagement with elected officials and thought leaders in the communities in which we operate.

In 2020, responding to calls from our key investors to align with a formal reporting framework and increase our transparency around all components of ESG, PDC adopted the SASB framework and began disclosing according to its standards. Our inaugural report, published in September of 2020, included disclosure of a little more than 60% of the qualitative and quantitative SASB standards as PDC became more familiar with formal ESG reporting and started fostering a culture of ESG internally. Late in 2020, we began the process of a materiality assessment.

In 2021, PDC significantly accelerated our ESG efforts – operationally, culturally and in the creation of this second inaugural report, which reflects our 2020 performance. Over the course of the year, PDC achieved the following:

- Conducted a materiality assessment, with the support of an independent 3rd party consultant, using SASB, IPIECA, TCFD and CDP as guidance in determining our issue areas for interviews and conducting the process
- Further aligned with SASB and began preliminary disclosure in accordance with TCFD
- Created an internal working group dedicated to emissions reduction – a key material focus for PDC
- Communicated a goal to eliminate routine flaring by 2030 and then accelerated it by 5 years, announcing a new 2025 goal
- Created and communicated aggressive targets focused on methane and GHG reduction by 2025
- Added two diverse board members to our Board of Directors
- Nearly doubled our charitable giving budget, with increased focus on organizations focused on inclusivity
- Established a cadence of quarterly Board updates on ESG, our material issues and potential risks and opportunities
- Formalized an internal ESG governance structure, which includes executive sponsors from our Senior Management Team and key leaders from across the company
- Formalized ESG oversight at the Board level by incorporating ESG into the N&G Committee, creating an Environmental, Social, Governance and Nominating Committee

Moving forward, PDC will continue our thoughtful but ambitious approach to ESG. Having formalized Board oversight will allow us to successfully identify, assess and benchmark climate risk at all levels of the company. We will also continue our progress in reporting according to TCFD and CDP. Additionally, as we work through our materiality matrix and determine additional focus areas for goals and targets, we will continue to share them with our stakeholders and welcome feedback.

ESG GOVERNANCE & TARGETS

At PDC, we understand ESG-related topics and issues should be managed at all levels of our company. ESG risks and opportunities are regularly discussed at the Senior Management Level and brought to the Board of Directors level through quarterly updates and our enterprise risk management system.

PDC launched an internal, robust cross-departmental ESG Working Group in 2019 to support progress on metrics, gather information to disclose how sustainability issues are managed, and develop strategies for improvement on material issues. In 2020, PDC began organizing another multi-disciplinary team to review our greenhouse gas (GHG) metrics and to evaluate risks and opportunities associated with our role in climate change. As a result of this team’s analysis, PDC adopted the following emission reduction goals announced in 2021.

**Reduce GHG intensity by 60% from 2020 emissions by 2025 and 74% by 2030**

**Reduce Methane emissions intensity by 50%, from 2020 emissions by 2025 and 70% by 2030**

**Eliminate routine flaring in the Delaware by 2025, exceeding the target set by the World Bank’s ‘Zero Routine Flaring by 2030’ initiative and accelerating our time to achieve our prior goal by 5 years**

KEY INTERNAL STAKEHOLDERS

<table>
<thead>
<tr>
<th>Board of Directors – ESG Oversight</th>
<th>Environmental</th>
<th>Social</th>
<th>Governance</th>
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<tbody>
<tr>
<td><strong>Environment</strong></td>
<td>- Emissions</td>
<td>- Human &amp; Social Capital</td>
<td>- Leadership &amp; Governance</td>
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<td>- Water</td>
<td>- Diversity and Inclusion</td>
<td>- Corporate Governance</td>
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<td>- Wildlife &amp; Biodiversity</td>
<td>- Employee Rights,</td>
<td>- Executive Compensation</td>
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<td>- Land Use</td>
<td>Education &amp; Engagement</td>
<td>- Compliance and Reporting</td>
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<td><strong>Safety</strong></td>
<td>- Employee &amp; Community Health</td>
<td>- Community Relations</td>
<td>- Business Ethics</td>
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<td>- Policies &amp; Procedure</td>
<td>- Community Impacts</td>
<td>- Risk Management</td>
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<td>- Training</td>
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<td>- Goal Setting</td>
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**2017-2020**

- Moving forward

**2021**

- Nearly doubled our charitable giving budget, with increased focus on organizations focused on inclusivity
- Established a cadence of quarterly Board updates on ESG, our material issues and potential risks and opportunities
- Formalized an internal ESG governance structure, which includes executive sponsors from our Senior Management Team and key leaders from across the company
- Formalized ESG oversight at the Board level by incorporating ESG into the N&G Committee, creating an Environmental, Social, Governance and Nominating Committee
MATERIALITY ASSESSMENT

To ensure PDC is addressing the priorities of our stakeholders, we conducted our first materiality assessment in late 2020 and early 2021, taking guidance from the process recommended by the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting, published jointly by International Petroleum Industry Environmental Conservation Association (IPIECA), the American Petroleum Institute (API) and the International Association of Oil & Gas Producers (IOGP).

Led by an independent third-party sustainability consultant, our assessment included input from internal stakeholders such as board members, senior management, corporate employees and field employees. On the external side, PDC gathered input from investors, bond holders, land owners, NGOs, charitable organizations and community leaders.

Information was collected via a mix of interviews, surveys, desktop analysis and input from internal subject matter experts. The stakeholders and material areas identified for discussion were determined by key leaders in the company and informed by the Sustainability Accounting Standards Board and the Task Force on Climate-Related Financial Disclosures.

Results and data were collected and analyzed by internal experts and our sustainability consultant, creating a matrix of issues that rose to low, medium or high level of importance for PDC and our stakeholders. The results of this matrix were used to inform the reporting within and, after further internal analysis, will be a key part of our business decision considerations and our ongoing ESG strategy and outlook.

The top material areas identified through the process include safety, emissions reduction, environmental protection and transparency.
Environment, Health & Safety

Responsible Environment, Health & Safety (EHS) performance is paramount to our success, particularly as it relates to our ESG engagement and management of material environmental issues such as emissions reduction. Our first priorities are the safety of our employees and the communities in which we operate and the protection of the environment. This focus on safety and sustainability starts at the very top of our company and filters through every level and department.

EHS is an integral part of PDC’s business planning, development, ongoing operations and decision-making processes and our EHS culture stresses personal accountability for our employees.

PDC has a dedicated EHS Steering Committee, with executive-level representation from Operations and key support functions, that meets quarterly to provide objective oversight of EHS compliance and risk management. Our EHS Steering Committee provides input on management of strategic issues, prioritizes compliance initiatives, evaluates policy changes, and reviews audit results. Additionally, our Board of Directors receives formalized quarterly updates on the various EHS and social initiatives we pursue.

PDC’s EHS department is organized in a matrix structure with teams supporting our Colorado and Texas assets and a team focused on corporate-wide initiatives. The EHS team members are subject matter experts specializing in health and safety, compliance systems, air quality, and environmental science. To facilitate learning and sharing of information, we also have functional groups that share best practices across the assets, facilitate the review of incidents, contribute to the development of policies and procedures, and actively engage in trade associations and local rule making.

Policies & Procedures

Our EHS Policy and EHS Manual serve as overarching guidance for employees. The EHS Policy makes clear PDC’s commitment to EHS performance and expectations of all PDC employees. The EHS Manual contains expectations from PDC to our employees to ensure that environment, health, and safety are a priority in the workplace and in the field. By performing to the Manual’s guidance, we operate responsibly and reduce our risk of incidents. For specific tasks and functions, we continually update policies and standard operating procedures (SOPs), incorporating best practices, to provide our employees with the resources and answers they need to conduct their work safely with minimal impact the environment and the communities in which we operate.

PDC Energy has established an EHS Policy in keeping with our commitment to prioritize health, safety and the environment.

Policy:

It is a top priority at PDC Energy to conduct all business activities in a manner that protects the health and safety of our employees, contractors, consumers and the communities where we operate, and minimizes impacts on the environment. EHS performance is important to the success of our business and we make it the responsibility of every employee.

Consistent with this commitment, PDC Energy:

- Authorizes all employees to exercise Stop Work Authority in response to safety and compliance concerns.
- Expectss employees to fully report safety and environmental hazards and incidents with the assurance that the company will not retaliate against any employee making such reports.
- Maintains effective EHS programs that seek to comply with all federal, state and local laws, regulations and standards.
- Monitors EHS objectives to improve employee health and safety and reduce adverse environmental impacts.
- Works in cooperation with government, communities, industry groups, customers and suppliers engaged in EHS activities.
- Studies EHS incidents with the goal of preventing their recurrence.

Every PDC Energy employee contributes to EHS performance and is expected to do their part in support of PDC’s EHS objectives.
AIR QUALITY & EMISSIONS MANAGEMENT

CLIMATE CHANGE

As the conversation over the risks of climate change has increased, we understand that some of our stakeholders may have questions and concerns. We are committed to reducing the carbon footprint associated with our operations, including the tracking of emissions and creation of emission reduction goals.

Our core values emphasize integrity and respect for the environment and the health, safety and well-being of our employees and the communities where we live and work. To that end, we recognize the importance of producing an affordable, reliable and abundant energy source in a way that minimizes emissions and lessens potential impact on the environment.

For example, PDC:
- Recently announced emissions reductions targets, focused on greenhouse gas (GHG) and methane.
- Has a robust air quality compliance monitoring program that utilizes state-of-the-art optical gas imaging cameras. These cameras use infrared technology to detect gases not visible to the naked eye, allowing our employees to see leaks in real time – enabling faster corrective actions.
- Utilizes pipelines to transport produced oil, gas and water, decreasing emissions from truck traffic.
- Is exploring new technologies around reduced tank facilities. This approach to production facility design is expected to minimize emission sources and the potential for spills.
- Has a program to safely plug wells that have reached the end of their production life but continue to produce emissions, decommission associated facilities and reclaim surface land.

Minimizing our impact is the right thing to do and allows us to grow in a way that’s environmentally responsible, innovative and more efficient.

EMISSIONS MANAGEMENT

PDC’s commitment to environmental stewardship and best-in-class operatorship is exemplified by our actions to reduce greenhouse gas (GHG) emissions.

PDC’s 2020 GHG and methane intensities of 15.2 and 7.4 MT CO2e per MBoe, respectively, represent improvements of 26 percent and 32 percent compared to 2019. The year-over-year improvements were largely attributable to reduced pneumatic emissions through new facility design with instrument air, reduced venting and flaring related to changes in operational best-practices and the reclamation of over 350 legacy vertical wells. Further, the company’s corporate flaring intensity, which is more comprehensive than the World Bank definition of routine flaring as it includes flaring related to safety protocol and disrupt midstream conditions, averaged 0.3 percent of total gross production in 2020. Delaware Basin 2020 flaring intensity of 1.7 percent represents an improvement of approximately 70 percent compared to 2019. The following graphs illustrate PDC’s GHG and methane performance to date.

PDC EMISSION PERFORMANCE

<table>
<thead>
<tr>
<th>Greenhouse Gas Intensity (MT CO2e/MBOE)*</th>
<th>Methane Intensity (MT CO2e/MBOE)*</th>
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</thead>
<tbody>
<tr>
<td>2017: 23.61</td>
<td>2017: 12.84</td>
</tr>
<tr>
<td>2018: 16.46</td>
<td>2018: 7.47</td>
</tr>
<tr>
<td>2019: 20.35</td>
<td>2019: 10.84</td>
</tr>
<tr>
<td>2020: 15.15</td>
<td>2020: 7.38</td>
</tr>
</tbody>
</table>

*Please refer to methodology footnote in Key Metrics
benchmarking exercise to review performance relative to our peers. The resulting plan was reviewed and endorsed by senior management and the Board of Directors. Through this process, PDC adopted the following GHG reduction goals:

1. Reduce GHG intensity by 60% from 2020 emissions by 2025 and 74% by 2030
2. Reduce methane emissions intensity by 50% from 2020 emissions by 2025 and 70% by 2030
3. Achieve zero routine flaring by 2025, accelerating our previously-outlined goal of meeting the World Bank ‘Zero Routine Flaring by 2030’ initiative

We have begun to implement the strategy to reduce our GHG and methane emissions in an efficient and cost-effective manner. PDC is immediately focused on methane reduction projects because of methane’s significant effect on atmospheric warming potential. We will continue to add to and refine our emission reduction technologies and operations throughout our full lifecycle. These aggressive commitments will guide progress for years to come.

**FLARING**

PDC is proud of the continued progress we make toward reducing and eliminating routine flaring. We had a companywide flaring rate of 0.3% - which incorporates our zero flared sales gas percentage in Colorado – and have accelerated our commitment to the World Bank ‘Zero Routine Flaring by 2030’ to accomplish this goal by 2025.

As a standard practice in the Delaware, PDC captures and routes flowback emissions directly to production facilities and pipelines rather than flaring the gas. If this is not possible, flaring is minimized by turning the well to the emission-controlled facility, as soon as the well begins producing natural gas. These efforts decrease emissions and allows more natural gas to ultimately reach the end user.

A key part of our strategy to eliminate flaring is effective, long-term agreements with our midstream partners to ensure sustainable natural gas transmission capacity and lower line pressures. We have also modified our facilities to better handle unpredictable and unique conditions upon startup.

Finally, our Texas operations teams meet regularly to develop strategies and implement initiatives to further reduce flaring due to operating conditions.

**CONTINUOUS IMPROVEMENT**

In an effort to drive down emissions from our field operations, we made significant changes across our operations, including our operating procedures and facility design standards in 2019 and 2020. Many of these changes go above and beyond federal and state requirements. Some examples include:

**Increased remote monitoring and automation:** Installing sensors and controls allows us to remotely detect and address potential upset conditions that may result in venting of natural gas. For example, tank pressure monitors can indicate when vapor collection systems are approaching maximum pressures or remote sensors can signal when pilot lights malfunction on combustion systems. By monitoring these processes, we have the capability to remotely shut down many of our facilities, via automation and controls in our Field Monitoring Room.

**Reduced venting:** We have taken steps to minimize direct venting at various stages of development and production. We have reduced the quantity and duration of venting during initial well flowback by utilizing a closed loop system where all gases are either controlled or sent to sales. Sending a greater proportion of products directly to pipelines allows us to minimize tankage at production facilities, in-turn reducing potential vent points and minimizing footprint. We have also increased vapor recovery units (VRUs) and emissions controls used during maintenance activities that prevent or minimize the direct venting of gas.

**Vapor Recovery Units:** VRUs are installed on new locations to capture low pressure gas from production equipment and route it to pipeline instead of a flare or to the atmosphere. PDC operates 32 storage tank VRUs. These units are used, in series with oxygen destruction systems, to maximize gas capture while meeting the specifications for gas sales.

**Use of air driven components:** All new facilities are designed utilizing an instrument air system which eliminates vented natural gas from pneumatic controllers. Additionally, we are retrofitting certain existing facilities to use instrument air in lieu of natural gas to actuate valves and controllers. Where conversion to air is not feasible, we are evaluating systems that will control pneumatic exhaust gases to minimize emissions.

**Increased electrification:** Conversion to electrical compressors, motors, and heaters, where feasible, can reduce emissions from gas or diesel driven systems in both pre-production and production operations.

**Surge vessels:** In 2017, PDC began utilizing surge vessels in our production operations and they have since become part of our standard design. This equipment is used in place of condensate storage tanks to reduce overall facility emissions. Surge vessels allow us to move product directly from the producing well to the pipeline, reducing the number storage tanks on location, which then reduces emissions associated with transfers to haul trucks, leaks and combustion of collected vapors. Since the product is sent directly to the pipeline, the need for tanks is greatly reduced as are emissions.

Our facilities team, operations personnel, and EHS professionals continuously assess new technologies and solutions to reduce our overall emissions and carbon footprint.
EMISSIONS MANAGEMENT IN OPERATIONS

COMPANYWIDE

PDC continues to implement our extensive leak detection and repair (LDAR) program, which identifies leaks — some smaller than a pinhole — from equipment on location. LDAR is conducted utilizing our 15 optical gas imaging cameras. Through regular utilization of these cameras, we can identify and quickly fix leaks, reducing our overall emissions.

Regular maintenance of emission control equipment and other onsite equipment and devices is also necessary to ensure proper operation and emissions are minimized or eliminated. Emission maintenance includes tasks such as inspection of tank hatches, testing flare destruction performance, evaluating combustion efficiency and other equipment.

During maintenance on over 800 PDC facilities in 2020, PDC personnel took a proactive approach to inspecting equipment and replacing gaskets, valves, and other components not meeting PDC standards. This routine maintenance helps to prevent leaks in the future and ensures overall equipment integrity.

DJ BASIN

Over the past 3 years, PDC has implemented voluntary emission reduction initiatives. During designated Ozone Action Days, the Colorado Department of Public Health and Environment (CDPHE) requests that all Coloradans in the Denver Metropolitan/North Front Range ozone nonattainment area do their part to reduce ozone contributing activities. In our operating area on Ozone Action Days, PDC takes voluntary steps to reduce ozone-causing emissions by deferring maintenance and repair activity, delaying tank unloading, limiting vehicle idle time, among other measures. Additionally, employees on their personal time participate in the program and report out on their Ozone reducing activities.

PDC controls emissions during oil and gas well completions by constructing necessary facilities and infrastructure ahead of completing the associated wells. We also continue to improve drilling efficiency, reducing the number of days it takes to drill a well. This is important, as fewer days of drilling leads to less emissions per well drilled.

DELAWARE BASIN

PDC has a dedicated, cross-functional team in the Delaware that addresses emissions from operations. This team is working to further integrate innovative technologies and best management practices into our operations. Due to this work, we expect significant reductions in leaks observed in leak detection and repair inspections in 2021 and beyond.

DECOMMISSIONING LEGACY WELLS & FACILITIES, REDUCING EMISSIONS

PDC continues to decommission older, less-productive wells and associated facilities, shifting our production volumes to our newer and more efficient facilities. We have accelerated our ‘plug and reclaim’ program, decommissioning over 350 such wells in 2020 and planning an approximately 9% increase in 2021. We expect this activity to reduce our overall emissions by about 2% per year.

AMBIENT AIR QUALITY STUDY

Proactively and in response to concern from citizens in the communities we operate in, PDC funded a health effects study with CTEH, a private consulting firm. Led by the former state toxicologist for the State of Colorado, this study conducted real-time air monitoring at two PDC facilities formerly operated by SRC Energy, as well as in the surrounding communities. All stages of oil and gas development and early-phase production were assessed. In addition to extensive air monitoring on site for each operational phase, CTEH conducted over 1,800 real-time measurements targeting chemicals of concern within nearby publicly accessible community areas. Even using highly sensitive instruments with detection limits of 1 part per billion (ppb), 99.7% of measurements detected no chemicals of concern in the community. The chemical of greatest concern, benzene, was never detected in the community.

CTEH used the results of the direct measurements to assess potential health risks to hypothetical maximally exposed individuals, including those in the most sensitive sub-groups. The study concluded that adverse health effects would not be expected to occur to a maximally exposed individual, including sensitive individuals, living as close as 300 feet from the monitored facilities for the duration of each operational phase.

Additionally, to further our understanding of potential emissions, PDC began conducting continuous ambient air quality monitoring at our Ridge State facility in mid-2020. Since commencement, PDC has not had any measured pollutants exceed the action level threshold which is set by PDC and approved by the CDPHE, based on health guidance values.

2021 PREVIEW

- Starting on May 1, 2021 all new Colorado locations will employ ambient air quality monitoring during pre-production activities (including drilling and completions) and continuing through the first 6 months of production to protect public health, safety, welfare, the environment and wildlife resources in accordance with Colorado Department of Public Health and Environment’s (CDPHE) Regulation 7 Part D VI.C.
- PDC plans to switch from a Tier II dual fuel to a Tier IV dual fuel engine fleet to significantly reduce our NOx emissions, an ozone precursor.
- We are working to ensure there is electricity available for future drilling, which would significantly reduce or eliminate the need to utilize diesel or natural gas on site to drill wells.
INNOVATION & EFFICIENCY

EHS staff members work with all departments within the company to improve our operations by continually exploring and evaluating new technologies. If a technology or solution seems viable, we will test it through a pilot initiative and encourage front line employee feedback to assess whether there is benefit to the entire company.

4-Gas Monitors for Increased Safety

In 2019, the Delaware asset launched a pilot utilizing personal 4-gas monitor technology equipped with satellite connectivity. This pilot project addressed the need to stay in communication with lone workers outside cell phone reception, monitor gas exposure alarms in real-time, and assist with the deployment of operations staff in the event of an emergency. This technology also streamlined data collection, organization, and visual representation of trends that allow us to analyze data more quickly and improve safety performance.

Leak Reduction Through Tank Gasket Materials

The Delaware asset commissioned a pilot study of different tank gasket materials, assessing rates of deterioration and identifying materials that were more durable with the unique gas compositions throughout the field. The gasket study and other actions undertaken in 2020, including an asset-wide engineering and design review, have led to a significant reduction in leaks from tanks and other production systems, as identified by the Leak Detection & Repair program.

24/7/365 Remote Field Monitoring

The 2020 pandemic required innovation in how we manage and communicate with our field employees. We expanded the use of our Field Monitoring Room in the DJ Basin and extended those capabilities to the Delaware asset. Staffed around the clock, 365 days a year, the Field Monitoring Room has the capability to track employee high gas exposures and equipment overpressure events, identify and address potential upset conditions at field locations, remotely secure facilities and deploy quick response teams to address potentially dangerous or non-compliant operational conditions.

DATA & REPORTING

In partnership with Intelex, a provider of Environmental, Health, Safety and Quality (EHSQ) management software, PDC received a 2020 Top Project of the Year Award in the Environment + Energy Leader awards program. This award is given to companies that implement exceptional projects that improve energy and environmental management. Using Intelex ACTS (Asset and Compliance Tracking System), PDC implemented comprehensive systems to comply with stringent air emission and environmental regulations. PDC uses this technology to gather and store data, track compliance, automate regulatory reporting and send timely performance data to our Field Monitoring Room.

DATA HIGHLIGHTS

- 451,990
  ELECTRONIC FIELD EQUIPMENT INSPECTION FORMS SUBMITTED IN 2020, ALMOST 20% MORE THAN 2019

- 25
  NEW INTEGRATIONS THAT LINK ACTS WITH OTHER PDC DATA SYSTEMS, GIVING ACTS GREATER CONNECTIVITY TO OTHER PDC BUSINESS INFORMATION SYSTEMS TO AVOID DUPLICATE DATA COLLECTION

DJ BASIN EHS SYSTEMS

To ensure the compliant operation of our facilities, PDC’s DJ Basin production and compliance teams conduct and record hundreds of inspections, tests and maintenance activities in the field every day. Documenting these measures—critical for compliance demonstration and regulatory reporting—is accomplished by feeding collected ProntoForms® field data into our EHS database application called ACTS Field (Asset Compliance and Tracking System). Maintaining complete and accurate data is a collaborative effort between Operations, EHS, and IT, which together manage millions of data points flowing between multiple systems.

These regulatory needed processes are developed and managed by the EHS Systems team, comprised of four full-time and two part-time specialists that help build, deploy, and maintain system integrity. They do this all while partnering with Operations and IT to continually improve processes and troubleshoot any issues that may arise. The EHS Systems group helps PDC comply with our obligations related to greenhouse gas reporting, Colorado Regulation 7, bradenhead pressure (sustained casing pressure) mitigation, flowline decommissioning, as well as many other requirements.

Looking forward to 2021, we are implementing ACTS Field in the Delaware Basin to collect, store and report critical air compliance data and expanding functionality to support reporting for the Colorado Emissions Inventory.
PARTNERSHIPS

PDC readily joins together with our peers to seek ways to improve emissions from oil and natural gas development and is a member of several working groups focused on achieving solutions. PDC employees from several departments within our company engage in regular meetings and share their expertise and company best practices.

API Environmental Partnership

Since 2018, PDC has participated in the American Petroleum Institute’s The Environmental Partnership, which includes over 80 U.S. oil and natural gas operators committed to continuously improving the industry’s environmental performance. As part of this partnership, PDC participated in a December 2020 aerial study of DJ Basin emissions with nine other operators observing 473 unique facilities and an October/November 2020 aerial study of Delaware Basin emissions with 24 other operators observing 690 unique facilities. The studies provided operators with more information about potential emissions sources and cost-effective mitigation.

Permian Road Safety Coalition

PDC is a member of the Permian Road Safety Coalition and we participate in road improvement projects in each county. The team meets regularly with Texas Department of Transportation officials and county officials to help improve road conditions and overall safety of the road systems throughout our areas of operations.

Texas Methane and Flaring Coalition

PDC is a member of Texas Methane and Flaring Coalition, which includes seven trade associations and over 40 Texas operators, and is charged with better assessing the issues of methane emissions and flaring in order to develop industry-led solutions. The Coalition works to collectively identify and promote operational and environmental recommended practices and released a statement in 2021 supporting the end of routine flaring by 2030.

WATER MANAGEMENT

PDC recognizes the importance of protecting the water resources of the communities where we operate and source our water, as well as responsibly managing fluids in our operations. We continue to monitor the availability of water recycling and best practices for sourcing, consumption, transportation, and disposal of produced water and wastewater. We prioritize the use of pipelines for transporting freshwater and produced water to reduce our truck traffic and related impacts.

DELAWARE BASIN

In our Delaware asset, we work to maximize the beneficial re-use of produced water, benefiting both the environment and the natural reservoirs. We also source freshwater locally, utilizing the water resources we own and purchasing water from local landowners.

To reduce the amount of freshwater used in our operations, we are actively increasing our usage of produced water used for hydraulic fracturing, with a minimum goal of 30% by total volume when available. For workover rigs performing maintenance on a well, we are striving to exclusively use produced water. As an example of our commitment to responsibly sourced water, we contracted with a third party provider to recycle more than 1.2MM bbls of water for our Elkhead pad, which amounted to 43% of total volume. Our overall usage of produced water for Delaware completions in 2020 was nearly 1.9MM bbls or 35% of total volume.

In 2019 and 2020, over 99% of all produced water and freshwater used for development and operations (aside from what we need for cementing due to water quality needs) is delivered by pipeline, reducing our truck trips and related impacts.

FRESHWATER IN THE DELAWARE BASIN

The Texas Railroad Commission Groundwater Protection Determination process identifies freshwater used in drilling operations by quality standards associated with possible freshwater zones (generally less than 1,000 mg/L TDS) and usable-quality water (typically 3,000 mg/L TDS or less). Total Dissolved Solids (TDS) is a measure of the combined total of organic and inorganic substances contained in a liquid. This includes anything dissolved in the water other than the pure H2O molecules. These solids are primarily dissolved minerals (salts), that can be a general indicator of water quality. In the Delaware Basin, PDC defines freshwater as water sourced from underground aquifers containing less than 3,000 mg/L TDS. Our more inclusive freshwater definition differs from that used for other freshwater use disclosures and international standards, which typically range from less than 1,000 mg/L TDS or less than 2,000 mg/L TDS. PDC freshwater volumes are not directly comparable, due to our 3,000 mg/L TDS threshold. We are reporting according to our definition because it is a more relevant standard for the Permian Basin and more accurately reflects our water consumption.
In the DJ Basin, our focus is on mitigating impacts to the communities in which we operate and reducing our footprint. In 2020, we transported over 99.5% of our freshwater by pipeline. When we are able to access the necessary infrastructure, we use pipelines to transport produced water off our locations. Both efforts help us reduce our truck traffic and related impacts, as well as reduce the size of our production facility sites.

To reduce our freshwater use, we have focused on reducing the amount of freshwater it takes to drill a well. When the use of EPA-regulated disposal wells is required, PDC utilizes disposal wells in Weld County to reduce transportation impacts.

**GROUNDWATER PROTECTION & MATERIAL DISCLOSURE**

PDC is committed to the protection and preservation of groundwater resources. We follow stringent federal and state regulations for baseline groundwater testing and wellbore integrity assurance programs before, during, and after well development operations. By following these regulations, our company maintains high water quality standards within our oil and gas production basins. To ensure accuracy and consistency, water quality is analyzed by third-party experts and regulated by the Colorado Oil and Gas Conservation Commission and the Texas Railroad Commission.

PDC reports 100% of chemicals used in hydraulic fracturing to FracFocus, a national disclosure registry for oil and gas exploration founded by the Groundwater Protection Council and the Interstate Oil & Gas Compact Commission. For a typical PDC well, the fracturing fluid is 99.9% water and sand, and the rest is a blend of common additives.

For every new location in Colorado, PDC is required to conduct baseline water testing prior to drilling and after completion activities to ensure any potential groundwater impacts are detected. In 2020, no impacts to groundwater were found related to PDC oil and gas developments.

**MATERIAL MANAGEMENT**

PDC understands hazardous material management is an environmental priority and uses industry-leading standards to ensure responsible management of the products and byproducts generated by our operations. PDC employs a Spill Prevention, Control, and Countermeasure (SPCC) program in its assets to protect the environment from unanticipated releases. In addition, we perform daily Audio, Visual, and Olfactory (AVO) inspections to identify spills as they occur. All locations in both the DJ and Delaware basins have secondary containment in place, and secondary containment is designed to meet or exceed SPCC standards. The plans associated with the SPCC program provide our employees and contractors with detailed actions to manage and limit the impact of a potential spill.

PDC strives to achieve zero incidents. When incidents do occur, PDC cleans up and properly disposes of any impacted material, conducts sampling of remaining soils to ensure impact has been properly remediated and that all samples meet regulatory thresholds within operating areas.

Reportable spills are determined by regulatory thresholds, or PDC determined thresholds if a regulatory threshold does not exist. The reportable thresholds for hydrocarbon spills vary among the basins in which we operate and PDC reports according to state regulatory requirements.

**GROUNDWATER PROTECTION RULEMAKING**

In 2020, PDC took an active role in developing the most comprehensive wellbore integrity regulations in the country. For months, PDC worked with the Environmental Defense Fund (EDF) to develop draft rules based on recommendations from a report by the State Oil and Gas Regulatory Exchange (SOGRE). PDC worked to represent our peers in Colorado and bring ideas to subject matter expert groups. The collaboration resulted in PDC and EDF together presenting draft rules to the Colorado Oil & Gas Conservation Commission that build upon already robust rules to ensure all stakeholders’ interests are reflected. Environmental groups celebrated the rules, which require companies to conduct regular ‘health checks’ of all their wells, to regularly monitor their pressure levels and to report that information to the state. There are also new requirements for well planning, drilling, completions, operations, and closure to dramatically reduce the risk of leaks and accidental releases. Altogether, the new rules are widely considered the strongest groundwater protections anywhere in the nation.

“We are proud to have played a role in developing rules that protect important groundwater resources and reflect the voices of stakeholders across the Colorado. This kind of collaboration is a model for industry and ENGO’s working together toward a common goal.”

– Brian Cocchiere, Senior Asset Engineer, PDC Energy
WORKFORCE HEALTH & SAFETY

SAFETY CULTURE

PDC is committed to a workplace that prioritizes the health and safety of all employees, contractors, and community members. Health and safety are integral to the work we do and who we are and is a core strategic value for PDC.

The motto, “Respect in Every Action,” unites our company values and strategic priorities related to the environment, health, and safety. PDC employees (in every department, at every level) use this as a foundation for our conversations and actions at work. This foundation includes respect for communities, respect for the energy we produce, respect for our teammates and respect for the environment.

TRAINING & ONBOARDING

PDC has a robust training program that equips each employee to individually apply our safety policies, requirements, and procedures in their day-to-day work. Employees complete all required training and demonstrate an ability to consistently implement the health and safety practices from those trainings when performing their job duties. Our training is hands-on, knowledge-based, and is complemented by monthly safety meetings and discussions and published communications on other relevant topics as they arise.

Before being hired, all potential employees are subject to a pre-employment check and screening. When hired, all new employees are required to complete New Hire EHS Orientation. A team of trainers or mentors walk through SOPs and complete skills verification for our employees. After initial trainings, employees will complete annual and specific refresher trainings to further hone their safety awareness and practices, and to account for any changes in working conditions.

In addition to offering classroom and virtual training platforms, PDC tracks required training for every employee using TRAILS, a digital learning platform launched in 2019 that empowers employees to utilize resources that will support their career development and skill-building. Our employees also have access to other safety resources and copies of our SOPs through our company intranet and digital Field Manual.

Speaking to the success and effectiveness of our rigorous training, strong safety culture, practices that meet or exceed requirements, and our ‘Stop Work’ policy, we are proud to have achieved two years without a single lost time injury in our DJ Basin and Delaware Basin operations in 2020.

INCIDENT REPORTING & INVESTIGATION

Incident investigation is a high priority for PDC. We review every incident that occurs using TapRooT™ Root Cause Analysis and other types of analysis to determine root cause(s) and corrective actions with the goal of preventing recurrence. Each asset convenes Incident Review Committees made up of operational and EHS subject matter experts to review each incident and draw upon their experience and knowledge to drive the development of appropriate corrective actions. In the DJ Basin, that team works in collaboration with our SOP committee. In addition, all high-potential incidents, regardless of their outcomes, are thoroughly investigated and followed up by an executive-level review of the investigation findings and resulting corrective actions. Lessons learned are shared to improve performance and prevent similar incidents.

FOCUS ON SITE & VEHICLE SAFETY

PDC locations are equipped with site safety plans to ensure the unique aspects of the location and operations are taken into account. Most new sites in Colorado are equipped with intelligent video cameras, which facilitate remote monitoring and enhance safety and security. We have developed a system to provide safety alerts that are sent out to our entire workforce and for COVID-19, we have created our own app for employee health and wellness checks.

Motor vehicle safety is critically important to us. We have installed back up sensors and back up cameras in our vehicles. Contractors are expected to adhere to PDC’s Contractor Expectations and can be removed from job sites for any, including vehicle, violations. Due to our rigorous safety standards, we are proud to have achieved 1,000,000 miles without a preventable vehicle accident in our DJ Basin asset in June 2020 and 500,000 miles without a preventable vehicle accident in our Delaware Basin asset in September 2020.

EMERGENCY RESPONSE

PDC works collaboratively with first responders in both of our assets. We hold emergency response and tabletop drills, often with local first responders who serve the communities in which we operate. This ongoing relationship has been essential in allowing first responders to understand our operations and equipment and helping our own employees understand the best way to coordinate with first responders in the event of an emergency.

PDC also participates in the Weld County Local Emergency Planning Committee and the Colorado Preparedness and Response Network, a nonprofit collaborative group of oil and gas operators, first responders, and emergency service providers to improve oil and gas emergency preparedness and mitigation in the DJ Basin.
CONTRACTORS & SUPPLY CHAIN

To be a supplier or contractor that sets foot on a PDC location, one must first complete a stringent onboarding process that starts with safety. We utilize the ISN® database to manage our contractors and suppliers and vet safety practices and records. Potential vendors must register through the platform and fully answer a series of safety compliance questions. Additionally, contractors are expected to upload relevant documents and provide us with a detailed summary of safety training programs, related metrics, and OSHA logs. To PDC, price is not the only deciding factor in goods or services. Our safety scorecard that, in part, determines which contractors meet our health and safety requirements is important in choosing our suppliers and contractors. After potential contractors pass a safety onboarding, PDC then negotiates a working relationship with that contractor.

PDC's Environmental, Health, and Safety Contractor Expectations Manual outlines expectations of vendors. Vendors must prove that they have read, understand, and will adhere to our manual when on PDC’s sites. Our contractor manual is updated annually and requires acknowledgment from each contracting company every year. PDC reviews contractors’ written safety programs, training documentation, and safety key-point-indicators such as Total Recordable Incident Rate (TRIR), Days Away, Restricted or Transferred (DART), and Experience Modification Rating (EMR), to determine if a contractor’s safety program and performance aligns with PDC’s values. If a contractor is not up to PDC standards, PDC will meet with the contracting company to assess safety risk. Any contractor deviations from PDC’s safety performance policies requires sign off by multiple parties across different departments. At the end of each year, EHS personnel identify low-scoring contractors, and will personally meet with them to understand the circumstances and whether to continue PDC’s working relationship with that vendor. Vehicle safety also falls under EHS considerations and violations may result in the termination of that vendor’s contract with PDC.

SAFETY RECORD

PDC’s continual commitment to safety has resulted in improving safety records, even as our operations have grown. PDC is proud to maintain a Fatality Rate of zero. We have not had any employee work-related fatalities since the Occupational Safety and Health Administration (OSHA) initiated recordkeeping requirements and publication of health and safety information (1972).

![Employee Total Recordable Incident Rate (TRIR)*](chart)

*Total Recordable Incident Rate (TRIR) is a metric that tracks an organization’s past safety performance by calculating the number of recordable incidents per 100 full-time workers during a one year period.

LAND STEWARDSHIP & BIODIVERSITY

PDC makes every effort to implement sound land management practices to minimize disturbance from our operations. Our company works to avoid critical and high priority habitat areas to preserve biodiversity and environmental resources. Currently, we do not operate in areas identified as critical habitat or in areas with high levels of biodiversity*.

In some cases, operations are near a boundary designation of native aquatic species. For those operations, notifications to Colorado Parks and Wildlife and best practices for stormwater management were acceptable preventative measures. There are certain sites PDC has decommissioned that fall within designated high priority habitats. In these areas, any necessary activities are delayed until after seasonal restrictions are lifted.

During the lifecycle of assets, PDC considers ambient conditions that may impact human health and the environment. PDC applies pollution prevention principles and techniques where potential impacts are found. This includes thorough analysis of local habitats, resource conditions, and any potential receptors when making project siting decisions, working collaboratively with local agencies to ensure minimal impacts on wildlife and biodiversity, designing facilities and operational practices to avoid or minimize impacts on environmental resources, and working with regulators and landowners to ensure the proper decommissioning and restoration of closed locations to pre-development conditions or better. Our principles and techniques focus on sound water and soil conservation and management.

PDC strives for progress in mitigating the land impacts associated with our operations. For example, in 2020 in the Delaware Basin we reduced the average pad size from ~13 acres of disturbance per pad to ~9.5 acres per pad.

LAND STEWARDSHIP IN KEY PHASES

During an asset acquisition, PDC performs due diligence on prospective purchase sites for potential risks to environmental resources. These impacts include field level observations and inspections for general insight and data on the environmental condition of each site (e.g., evidence of spills, stormwater runoff concerns, reclamation issues). PDC also evaluates risk factors like the proximity to sensitive receptors to current or future production facilities. Potential concerns or violations uncovered during the due diligence process would warrant (1) further evaluation either prior to or after an asset acquisition is closed, and (2) implementation of corrective actions for any pre-existing issues.

As part of project siting decisions, PDC undergoes detailed evaluations of the local land area to minimize potential impacts to surrounding wildlife and environmental resources. This includes conducting alternative location analyses, wherein we evaluate an average of 2-7 sites before making a final selection. Through these analyses, we work to (1) identify sites that are located the farthest distance from building units, wildlife, conservation easement areas, and floodplains, (2) adapt siting plans to be conducive to the continued health of their surrounding environments, and (3) implement best-in-class technology to minimize the impacts of site utilization, such as drilling technologies that allow for longer lateral reach to minimize pad sizes and relevant potential land disturbance. PDC works closely with our local landowners in our siting processes, notifying and consulting all home and business owners located within 2,000 feet of a proposed site to ensure our facilities and site designs are compatible with their respective land uses. In addition, PDC develops site safety plans for each of our sites to identify surface concerns related to potential emergencies, assess, and understand the radius of exposure to nearby people, property, and livestock, and mitigate any potential losses or land impacts in the event of an emergency.

PDC designs its facilities to avoid potential impacts to air quality, water quality, and other environmental resources. PDC utilizes secondary containment to adequately control spills and minimize impacts to the surrounding environment. PDC follows a Spill Prevention, Control, and Countermeasure plan to adequately design secondary containment. All sites and facilities are evaluated and designed to minimize potential light or sound impacts on nearby habitats and communities through the utilization of sound walls, berms, and landscaping.

When closing a location, PDC works with regulatory agencies and landowners to return the area to its pre-development condition, if not better than before PDC accessed the location. Wells are plugged and surface equipment is removed, following all regulations, rules and standards. Subsurface equipment is appropriately decommissioned according to regulatory guidelines. Testing and review of environmental resources, including soil sampling, occur in every location during the decommissioning process. If elevated levels of any regulated compound are identified, remediation occurs immediately and PDC will work to return the affected soil to regulatory or pre-development approved levels. In the Delaware Basin, PDC’s robust plugging and abandonment program goes above and beyond those of our peers as well as state regulatory requirements, and no equipment is abandoned in place. In the DJ Basin, PDC plugged and reclaimed over 350 wells in 2020, helping to significantly reduce emissions and the potential environmental impacts of older wells in the state. During all site reclamation activities, PDC works closely with our nearby landowners to consider their needs and impacts to property values, and throughout 2020 we received no complaints when performing plugging and reclamation activities in locations near homes or business.
SOCIAL IMPACT

CARING FOR OUR PEOPLE DURING COVID-19

PDC emphasizes a culture of volunteerism, which includes investing time and charitable dollars to better serve the communities where we live and operate.

PDC is a trailblazer in seeking impactful community partnerships with stakeholders and community leaders. We prioritize building relationships with elected leadership throughout our operating areas to ensure we are addressing concerns and seeking input. Furthermore, we support long-term partnerships with schools, hospitals, vital local nonprofit organizations, and first responders. Through these partnerships, we are able to place resources where they are needed most.

Reflecting our core values, PDC encourages employees to act with integrity and in a highly ethical manner—for themselves as well as on behalf of the company—and to be leading members of our communities. Our employees are highly engaged in volunteer opportunities and we offer a full day of paid time for volunteering.

While the COVID-19 pandemic presented unprecedented challenges for both our business and communities, PDC held steadfast to our community engagement, volunteering, and philanthropic efforts throughout 2020. We were able to successfully pivot our programs and initiatives to a virtual environment while still giving back to and supporting our communities during an especially critical time. No cuts were made to our charitable budget in 2020, and we worked diligently to lend our working and financial support while keeping our employees and communities safe. We focused our efforts on alleviating the challenges our communities faced in light of the pandemic – in particular, hunger and housing concerns – as well as revamping and even expanding our programs and initiatives to broaden our impact.

KEY COMMUNITY EFFORTS

<table>
<thead>
<tr>
<th>ORGANIZATIONS RECEIVED DONATIONS FROM PDC</th>
<th>ORGANIZATIONS RECEIVED EMPLOYEE DONATIONS WITH PDC MATCHING FUNDS</th>
<th>HOURS OF VOLUNTEER TIME BY EMPLOYEES DURING ENERGIZING OUR COMMUNITY DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>93</td>
<td>27</td>
<td>1,111</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VIRTUAL VOLUNTEER BASECAMP</th>
<th>~400 HOURS OF VOLUNTEER TIME BY EMPLOYEES USING OUR VIRTUAL VOLUNTEER BASECAMP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$100,000 PROVIDED IN SCHOLARSHIPS TO STUDENTS ACROSS FIVE UNIVERSITIES</td>
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<table>
<thead>
<tr>
<th>MEALS DONATED IN OUR VIRTUAL ACTIVITY SERIES</th>
<th>BIKES DONATED TO PLATTE VALLEY AND GILCREST SECOND GRADERS THROUGH WISH FOR WHEELS</th>
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</thead>
<tbody>
<tr>
<td>108,000</td>
<td>&gt;100</td>
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</table>

<table>
<thead>
<tr>
<th>KEY COMMUNITY EFFORTS</th>
<th>$1,024,200 GIVEN IN CHARITABLE DONATIONS</th>
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</thead>
<tbody>
<tr>
<td>100</td>
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</tr>
</tbody>
</table>

PDC employees, Weld County Commissioners and School Board officials. Photo by Noel Miramontes
EMPLOYEE ENGAGEMENT

ENERGIZING OUR COMMUNITY DAY

Since 2012, PDC has hosted an annual organized effort for our employees and their families to participate in a full day of volunteering called Energizing our Community (EOC) Day. Being good neighbors, serving as responsible stewards of the land, and participating in local hands-on projects are ways in which we develop strong connections among our employees and our communities. Because each community has different needs, and our employees are passionate about many different organizations, EOC Day provides our employees the opportunity to contribute to the communities and organizations of their choosing by nominating qualified nonprofits and creating teams to achieve their volunteer projects.

In light of the COVID-19 pandemic, we were able to successfully adapt this year’s EOC Day to a virtual environment where projects could be conducted from the safety of our homes. Instead of a one-day event, we held a month-long virtual volunteer event, giving our employees the flexibility to volunteer their hours in increments and support a variety of projects and organizations. In recognition of our employees’ dedication and commitment to their communities, PDC donated to local food banks for every eight hours of volunteer work completed during Virtual EOC in 2020.

1,111 HOURS
DONATED TO LOCAL FOOD BANKS

24 Colorado Organizations
4 Texas Organizations
3 West Virginia Organizations

FEATURED EOC DAY PROJECTS

COLORADO

Our leadership team dedicated their time and creativity to assemble activity kits for the Denver Ronald McDonald House.

One PDC employee wrote 40 thank you notes to doctors, nurses, and staff at Colorado hospitals.

After a tree fell on his neighbor’s house during a windstorm, an employee worked with his fellow neighbors to assist her safe exit from the home.

A PDC employee and his daughter collected trash around the neighborhood.

For the last three years, PDC has been a proud partner of Special Olympics Colorado – an organization whose mission is to provide year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities. Due to COVID-19, Special Olympics had to cancel a number of in-person events and fundraising activities but were able to shift to virtual events. This year, PDC was a proud sponsor of Special Olympics Colorado’s Better Together Virtual Walk.

TEXAS

PDC donated 20 laptops to the students and teachers of Scharbauer Elementary School in Midland, Texas.
VOLUNTEER BASECAMP

Due to the success of Virtual EOC Days, we will continue to offer virtual opportunities throughout the year. The Volunteer Basecamp app will serve as the one-stop shop for virtual opportunities.

Using the Basecamp, PDC employees volunteered and logged ~400 hours in addition to those conducted during Virtual EOC Days.

VIRTUAL ACTIVITY SERIES

As part of our commitment to the health and engagement of our employees throughout the COVID-19 pandemic, PDC created two new virtual activity events in 2020, encouraging our employees to be active in their wellbeing while lending our financial support to local food banks and rescue missions.

RUN OUT HUNGER VIRTUAL 5 MILER

In October 2020, PDC held our very first virtual five-mile run benefiting local food banks. Over the course of one week, PDC employees were given the opportunity to complete five miles on foot or 20 miles by bike. For each employee who participated, PDC donated to a local food bank.

2020 TURKEY TROT TWENTY

Annual Turkey Trots have long been a tradition among our families and friends, yet many of these events were canceled in 2020 due to COVID-19. In light of this, PDC created a Virtual Turkey Trot for our employees and their families. Similar to our Run Out Hunger event, employees were provided the opportunity to run, walk, or bike 20 miles over the course of 20 days. For each employee who registered, PDC donated to local rescue missions and food pantries.

EMPLOYEE MATCHING PROGRAM

As our employees give, so does the company. In past years, every employee has been eligible for up to $1,000 in matching PDC donations when they contribute financially to qualified nonprofit organizations. To enhance our impact even further, PDC doubled our employee match in 2020, matching up to $2,000 per employee.

2020 EMPLOYEE MATCHING

<table>
<thead>
<tr>
<th>ORGANIZATIONS RECEIVED EMPLOYEE DONATIONS WITH PDC MATCHING FUNDS</th>
<th>DONATED BY PDC IN MATCHES</th>
</tr>
</thead>
</table>
| American Red Cross | Weld Food Bank | Boys and Girls Club of Weld County | Dumb Friends League | ~$14,000 |}

TOP ORGANIZATIONS:

American Red Cross | Weld Food Bank | Boys and Girls Club of Weld County | Dumb Friends League

2020 VIRTUAL ACTIVITY SERIES

PDC EMPLOYEES PARTICIPATED

FAMILY MEMBERS AND DOGS

IN TOTAL DONATIONS TO OUR FOOD BANK PARTNERS DURING 2020 VIRTUAL ACTIVITY SERIES

$27,000

PDC DONATED TO 4 LOCAL FOOD BANKS:

Food Bank of the Rockies | Metro Caring | Weld Food Bank | West Texas Food Bank
EMPLOYEE SPOTLIGHT

JANEL ANDERSEN
SENIOR GEOPHYSICIST
DENVER, CO

Janel Andersen, Senior Geophysicist, volunteering during Energizing Our Community Day.

How did you begin your career with PDC and what does your work entail today?
I joined PDC in 2017, when the company expanded into the Delaware Basin. Today, I am responsible for both our DJ and Delaware assets. I do a variety of projects, including analyzing geology for planning and drilling, designing and evaluating special studies for development optimization, as well as staying on top of managing seismicity in Texas.

Why are you proud to work at PDC?
I am proud that PDC takes our environment, health and safety commitments seriously. We are always looking for better ways to do our business. Many companies provide lip service to this, but PDC really takes it all to heart.

What’s your favorite part of your job OR working at PDC?
I love what I do. I’ve been a geophysicist for over two decades and still love coming to work every day. PDC makes that especially easy because of the people here. My colleagues are great people who all pull together. Everyone cares and is supportive of each other and our communities.

What’s your favorite community or volunteer project you’ve done with PDC?
I’ve volunteered multiple years at The Action Center in Lakewood, CO. They provide assistance for anyone in need including food, clothing, and any other essentials for people in need. It is a great organization that I would never have found out about if it hadn’t been for PDC. My family tries to support them both during Energizing Our Community Days as well as on our own time.

Tell us about your family life and hobbies.
I’m married and have one child in high school. We love Colorado, especially the outdoors! My personal hobbies are mostly fiber related. I knit, weave, spin, and even attempt a bit of crochet. Colorado, especially the Front Range, has an active and vibrant fiber community.

NONPROFIT PARTNERS

PDC is a committed community partner and we understand we have a shared responsibility to support our nonprofit partners. In addition to supporting local food banks throughout our operating areas, PDC seeks input from community leaders and stakeholders to identify impactful partnerships. In 2020, PDC gave more than $1,024,200 in charitable donations and employees volunteered over 1,500 hours.

LONG TERM PARTNERSHIPS

UNITED WAY

PDC recognizes Early Childhood Education (ECE) is vital to Denver, Weld County and the future of our community. In addition, COVID-19 has further emphasized our communities’ need for reliable childcare. In 2020, PDC partnered with Mile High United Way and United Way of Weld County to provide vital funding for their United for Families initiative.

PDC’s support will provide Mile High United Way with funding over the course of two years for their United for Families initiative. This work focuses on identifying high-need areas and resources to ensure all children in our communities have access to high-quality early childhood education.

“Our community is stronger when we are united and, in this critical time, we are grateful for companies like PDC Energy who step up to ensure that our most vulnerable neighbors have access to early childhood education so they can go to work and feel confident that their children are not only safe, but learning, growing, and creating the foundation for a very bright future.”

- Christine Benero, President and CEO of Mile High United Way

COLORADO GIVING BY THE NUMBERS

As a Colorado-based company, our commitment to providing resources to Colorado communities has remained strong.

- 13% of total charitable giving went to diversity and inclusion organizations
- $75,000 went toward PDC’s college scholarship programs in Colorado
- $910,585 in total cash contributions paid to Colorado-based charitable organizations
THE CITY OF DENVER’S HOUSING AND HOMELESS SERVICES INITIATIVE

As a Denver-headquartered company, PDC is committed to supporting our community in both prosperous and difficult times. Over three years, PDC is providing funding to the City of Denver’s Housing and Homeless Services Initiative. Our funding has allowed the city to provide 24/7 shelter access during the COVID-19 stay-at-home order.

The Housing and Homeless Services Initiative allows PDC to invest in solutions to homelessness in Denver and provide opportunities for employees to volunteer with various organizations and shelters throughout the region. Funding from PDC and other partners will supplement the city’s funding toward bridge housing vouchers, expanded day shelter access, critical shelter improvements and enhanced onsite programs and services to better connect residents with permanent housing.

TOWN OF KERSEY

Supporting Senior Citizens

Last year, we saw an increase in food insecurity, especially among senior citizens. Many of them depend on meals at community and senior centers but COVID-19 made it difficult, if not impossible, for them to get their meals. To help address the issue, the Town of Kersey started to deliver meals to their seniors. PDC donated $11,000 to the Town of Kersey which will cover one year of meals for the Kersey seniors. We hope in the near future, the seniors will be able to enjoy their meals with their friends at the new Kersey Community Center.

Supporting Town Services

“Every year PDC Energy reaches out to the Town of Kersey to see where they can be of assistance. As a small town, our resources are limited yet the needs continue to be present. This year, PDC purchased a new vehicle for the Town’s administrative staff to use. This has been a huge help because often, staff members drove their personal vehicles on town business. PDC also assisted the Kersey Police Department with a contribution towards a radio upgrade that has been needed for some time. We are truly a fortunate community and appreciate PDC Energy who has decided to help keep Kersey a great place to live.”

- Christian Morgan, Town Manager, Town of Kersey

“Supporting Town Services with their friends at the new Kersey Community Center.

KEY PROJECTS & PARTNERS

Energy Outreach Colorado

Energy Outreach Colorado is a statewide nonprofit organization that helps limited-income Coloradans afford home energy. The organization has been a leading expert on issues affecting low-income energy consumers for more than 30 years, and is dedicated to the efficient delivery of cost-effective energy assistance, emergency furnace repair, energy conservation, and energy education for low-income households to maintain their well-being and encourage self-sufficiency. Through strong public and private partnerships, Energy Outreach Colorado is able to successfully leverage funding and resources that are directed to improving the energy affordability for households across the state that include seniors, veterans, and persons with disabilities. PDC has long been a proud supporter of Energy Outreach Colorado, and this year we pivoted our financial support to provide critical energy assistance for our Colorado communities during the COVID-19 pandemic, which presented critical challenges and hardships for vulnerable Coloradans.

With our support of $20,000, Energy Outreach Colorado was able to provide 71 high-risk Weld County households with critical support through their Energy Bill Payment Assistance Program.

Metro Caring

Metro Caring is Colorado’s leading frontline anti-hunger organization, working with communities to meet people’s immediate need for nutritious food while building a movement to address the root causes of hunger. We donated $9,000 to Metro Caring during PDC’s virtual activity series, helping to provide food security for our communities during an especially trying year.

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- Mayor of Denver, Michael B. Hancock

“Metro Caring’s work would not be possible without partners like PDC Energy. They’ve demonstrated their investment in the community both through corporate contributions and creative engagement of their employees. Their support this past year has allowed us to continue meeting people’s immediate need for nutritious food while building a movement to address the root causes of hunger. At a time when Metro Caring is seeing a 300% increase in the need for food in our community, PDC Energy’s partnership could not have come at a more critical time.”

- Jennifer Gremmert, Executive Director, Energy Outreach Colorado

“Metro Caring’s work would not be possible without partners like PDC Energy. They’ve demonstrated their investment in the community both through corporate contributions and creative engagement of their employees. Their support this past year has allowed us to continue meeting people’s immediate need for nutritious food while building a movement to address the root causes of hunger. At a time when Metro Caring is seeing a 300% increase in the need for food in our community, PDC Energy’s partnership could not have come at a more critical time.”

- Jennifer Gremmert, Executive Director, Energy Outreach Colorado
Boys and Girls Clubs of Weld County has been serving youth ages 6 through 18 since 1964 with the mission to “inspire and enable all young people, especially those who need us most, to reach their full potential as productive, responsible & caring citizens.” PDC has been a long-time partner of the Boys and Girls Club of Weld County and many of our employees have volunteered at the Clubs on Energizing Our Community Day. In 2020, PDC donated over $25,000 to the Clubs at their annual calf auction.

West Texas Food Bank Since entering the Permian Basin, PDC has supported the West Texas Food Bank. In addition to donating to their food services programs, PDC donated $10,000 to help fund their Innovative Gardens, which houses a classroom, two geodesic domes, and various water and vegetation features.

The Center on Colfax PDC was a sponsor of the 2020 Denver Pride Parade benefiting The Center on Colfax. Due to COVID-19, they had to pivot to a virtual parade. We participated in the virtual parade with 135,000 views by people in the U.S., Canada, Mexico, Brazil, Germany, and the United Kingdom.

Wish for Wheels gives new bikes and helmets to second graders in Title I schools throughout the United States. In partnership with Wish for Wheels, PDC donated over 100 bikes to the second graders at Platte Valley and Gilcrest Elementary School in Colorado.

“The sparkle in the students’ eyes and the sheer joy is palpable when “bike day” comes. For many of our kids, this is their first bike which becomes quickly obvious as they hop on and courageously take their first ride. Although every bike is the same, students still choose their bike very carefully because this is a big deal. This giveaway is so special and an incredible event to witness.”

– Tad McDonald, Principal, Gilcrest Elementary

Bicycles built by PDC employees through Wish for Wheels (bottom)

“Economic Literacy Colorado empowers Colorado students to achieve a lifetime of economic understanding and financial security. ELC provides highly accredited economic and personal financial education to students through professional development and classroom resources delivered to teachers, schools and school districts. In 2020, PDC donated $10,000 to support professional development courses for Colorado teachers directly benefiting Colorado students and additional programs, such as a program focused on the stock market experience.

Weld Food Bank is a nonprofit organization which alleviates hunger and poverty by providing food and services to people in need. The organization works to educate the public about the nature of hunger and society and strives to provide services with compassion and respect for the dignity of the people seeking food assistance. In 2020, PDC sponsored a Weld Food Bank mobile food truck, located just down the street from our Evans office in Colorado. Our employees volunteered their time to hand out produce, dairy, meat, bakery, and dry goods to those in need.

Dumb Friends League is an independent, community-based animal shelter in Colorado that rescues animals and offers pet adoption, veterinary services and more. In 2020, PDC sponsored the Virtual Furry Scurry, marking the third year supporting this event.
VALUING EDUCATION

PDC values providing access to education and supporting the next generation of energy innovators. This year, students needed support more than ever due to layoffs and family financial hardship brought on by the COVID-19 pandemic. PDC is proud to have continued our scholarship program for the third year in a row. In 2020, PDC provided scholarships to the following institutions:

- **Aims Community College**: for first generation college students enrolled in the two-year Associate degree in oil and gas technologies.
- **MINES**: for students interested in the oil and gas industry.
- **Western Colorado University**: for first generation students or students identifying as women enrolled in the Energy Management Program.
- **The University of Texas Permian Basin**: to fund the Mariachi Ensemble and Strolling Strings.
- **University of Northern Colorado**: for first generation students majoring in business or geology.

PDC strives to use educational giving as an opportunity to promote diversity within the energy industry. Our newest award, PDC Women in Energy Scholarship, is granted to women aspiring to pursue energy-related careers. In 2020, PDC was pleased to have given this scholarship to three outstanding women attending Western Colorado University, one being the first in her family to attend college:

**“The PDC Women in Energy Management scholarship has helped me to thrive in the energy management program and at Western. This scholarship has not only helped me fund my education for a future job in the energy industry, but it has also inspired me to encourage more women to join this field.”**
- Abby Gridley, 2020 PDC Women in Energy Scholarship Recipient

**“The PDC Women in Energy Scholarship ignited the students’ initial curiosity about energy matters into a passionate commitment to study energy-related business curriculum and strive towards a long-term goal of careers in the energy industry.”**
- Jessica Laramie, Director of Energy Management, Western Colorado University

**“We are thankful for PDC Energy and their generous gift towards the PDC Energy Education Scholarship.”**
- Marisol Chriesman, Director of Corporate and Foundation Relations, UT Permian Basin

COMMITMENT TO COMMUNITY

PDC recognizes the value of building relationships with the landowners, elected officials, and civic leaders in the communities where we operate. We strive to be a beneficial community stakeholder and work to earn trust every day.

LAND DONATIONS

To further our commitment to supporting and expanding educational access in our communities, **PDC was pleased to donate 12.55 acres of land to Greeley-Evans School District 6 for their future use.** Officials with Greeley-Evans School District 6 initially reached out to PDC about purchasing the acreage, but PDC instead offered to donate the sizable plot of land to the school. The land was previously used for oil and natural gas development by SRC Energy, which merged into PDC in early 2020.

**“The PDC Women in Energy Scholarship has helped me find a new path of interest while helping me pay for college.”**
- Savanna Meyer, 2020 PDC Women in Energy Scholarship Recipient

**“This donation is significant and will provide additional options for Greeley-Evans School District 6 as we continue to grow. We are incredibly thankful for the generosity of PDC energy and appreciative of their partnership with the community where they operate.”**
- Superintendent Deirdre Pilch
PARTNERSHIPS WITH FIRST RESPONDERS

PDC partners with several fire departments and protection districts to ensure they can continue to provide essential services to our communities. In 2020, PDC provided donation funds to these first responders for needed equipment and training.

$56,000

PDC DONATED A TOTAL OF $56,000 TO 9 LOCAL FIRE DEPARTMENTS IN COLORADO

- Greeley Fire Department
- Platteville-Gilcrest Fire Protection District
- LaSalle Fire Department
- Eaton Fire Protection District
- Ault Pierce Fire Department
- Galeton Fire Protection District
- Briggsdale Fire Protection District
- Windsor Severance Fire Rescue
- Front Range Fire Rescue

$20,000

PDC DONATED A TOTAL OF $20,000 TO FOUR LOCAL FIRE DEPARTMENTS IN TEXAS

- Pecos Police Department
- Reeves County Sheriff’s Office
- Pecos Volunteer Fire Department
- Texas Division of Emergency Management

COMMUNITY DUE DILIGENCE & STAKEHOLDER RELATIONS

At PDC, our commitment to communities is central to our operations and governance. Before PDC enters any community, we perform due diligence to ensure that communities’ rights, interests, and well-being are considered, respected, and upheld. As part of our due diligence, we perform an internal alternative location analysis. With the assistance of land professionals, engineers and geologists, we look at site aspects such as floodplains, access roads, wildlife stipulations, municipal and county boundaries, agricultural needs, building units, socioeconomic characteristics of populations, and existing and non-existent development areas. With those in mind, we strive to choose the location with the largest setback or distance from those aspects to lessen the impact to the community.

Before PDC begins any operation, community members are consulted, and notifications are given to the community every step in the process, including when an operation begins. In Colorado, we engage with all stakeholders within 1,000 feet of a location and will extend that to 2,000 feet in 2021. Our operations in Texas are much more rural, though we maintain close relationships with local officials. PDC believes community engagement is a best management practice that goes above and beyond what is required by regulations.

For residents near our operations, we host community meetings and conduct individual outreach to better understand where potential impacts may occur. Depending on the rules of the municipality or county in which we operate, we follow regulations for notifying communities of our activities. PDC does our part to ensure this process is accessible to community members and stakeholders. The feedback we receive from citizens, permitting authorities, state and local agencies, and local stakeholders is considered and incorporated into project plans and permits when applicable and feasible. At the state and local level, the permitting authority can apply best management practices and conditions of approval that mitigate impacts related to the specific location and project.

COMPLAINTS

When PDC is presented with a complaint, we work directly with the individual. Changes are made accordingly to directly address the concerns. Where applicable, this may involve noise reduction, dust suppression, or re-directing lights. Signage on our location includes a phone number that connects the concerned citizen with operations staff, who will then conduct a follow-up that involves logging the date the complaint occurred, what the concern is, and how it was promptly addressed.
POLICY ENGAGEMENT

PDC regularly monitors and engages on policies that may impact the oil and gas industry in our operating areas. Through our government relations team, contract lobbyists, and trade associations we identify potential policy risks and opportunities to analyze internally. We participate in legislative and regulatory committees for our state and federal trade organizations.

In addition, PDC has relationships with regulators, elected officials, and staff at all levels of government to ensure we are available to answer questions, provide feedback, and address issues they raise. PDC regularly engages with like-minded operators in a small group setting to discuss risk, opportunities, and pathways for engagement on policy issues. We engage with the larger business community through chambers of commerce and business organizations.

PDC is known as an accessible and transparent company and we offer our employees and their expertise in working groups, trade association engagement and in one-on-one meetings with elected officials and thought leaders.

PDC’s Stakeholder Relations team includes government affairs, local affairs, communications and regulatory staff. They analyze policy and seek input from regulatory engineers and surface land teams to assess necessary engagement. When an issue is found to be potentially impactful, it is discussed with PDC’s senior management. On a regular basis, PDC’s regulatory staff sends updates on potential impacts to subject matter experts within PDC for input. When applicable, policy risks are presented in quarterly risk updates to the Board. The Chief Executive Officer and staff that represent PDC in trade organization meetings are provided with regular political updates to ensure consistency among external-facing employees.

If a policy merits engagement, we analyze whether we share the same position as our trade organizations – Colorado Oil and Gas Association, Texas Oil and Gas Association and American Exploration and Production Council. If we do, we will support the organization in their engagement, potentially with engagement from our subject matter experts. If the trade organization’s position does not align with our values or our position on a particular topic, we assess whether we need to engage as an individual party, with like-minded peers, or not engage on the issue. On issues with significant impact to PDC, we may heavily engage through the trade organizations and individually. Engagement can include participating in trade workgroups and committees, state and local agency workgroups and committees, testifying in public hearings and providing data and input on draft rules.

ECONOMIC IMPACT

PDC Energy is proud to support the economies of our operating communities and the families of our land mineral owners. PDC’s operations provide revenue to local communities to fund critical programs and infrastructure projects and create jobs that bolster local economies.

In addition, PDC has relationships with regulators, elected officials, and staff at all levels of government to ensure we are available to answer questions, provide feedback, and address issues they raise. PDC regularly engages with like-minded operators in a small group setting to discuss risk, opportunities, and pathways for engagement on policy issues. We engage with the larger business community through chambers of commerce and business organizations.

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KEY ECONOMIC IMPACT FIGURES

- $117M in ad valorem taxes paid in Weld County, Colorado
- $284M paid to royalty owners in Colorado
- $4M in ad valorem taxes paid in Reeves County, Texas
- $51M paid to royalty owners in Texas
- $7M in severance and environmental fees in Texas
INVESTING IN OUR EMPLOYEES

PDC values our employees and their contribution to the work we do. They are our strongest asset and our success is directly related to the quality of our team.

LISTENING & TAKING ACTION
CREATING A DIVERSE AND INCLUSIVE CULTURE

At PDC, our corporate values of respect, teamwork and stakeholder focus have strengthened our commitment to speaking out about injustice and prioritizing a diverse and inclusive culture.

In 2020, PDC assembled a cross-functional diversity and inclusion (D&I) team that includes employee representatives from all levels of our organization. This team is comprised of ~25 employees who self-identified as interested in participating, with representation from each of our operating areas. During the team formation process, each member was asked to respond to a short questionnaire to identify their key diversity focus areas. What resulted was a highly diverse team from many different backgrounds, religious beliefs, professional experiences, and gender identity – all focused on PDC’s goal of becoming a more diverse and welcoming environment.

The team’s focus in 2020 was to build relationships within the team and to form a foundation for the team’s successes. This foundation was dubbed ‘AIM’ – Awareness, Implementation, and Maintain. For the first year, the team’s focus was on awareness. This included engaging our employees, as well as specific diversity-focused learning opportunities for our leaders.

Additionally, in 2020 our Senior Management Team engaged our employees in companywide conversations around racial injustice and the need to strengthen our communities and support people of color within PDC and across the country. To this end, in addition to the newly-formed D&I Team, PDC has committed to the following initiatives and efforts:

- Focusing on awareness within our teams and are working toward achieving this through engagement of experts in the field who lead, teach and model the behaviors that help embody a diverse and inclusive team.
- Increased focus on attracting and retaining more people of color within the oil and gas industry. We push this initiative forward by diversifying recruitment efforts and partnering with peers and diversity-focused organization along with our communities.
- Continued partnership with and provision of financial support to diversity-focused organizations and social justice initiatives, increasing our financial contributions and support moving forward.

BUILDING A DIVERSE WORKFORCE

HIRING

At PDC, we know there is work to do to build a team that reflects the broader communities where we live and work. We are committed to creating policies and practices that ensure equitable outcomes for all and building a culture that is welcoming and accessible for our employees. While PDC has been committed to hiring from within our local communities, in 2020 we also extended our first visas to non-US citizens due to specific skillset needs in accounting and information technology. This effort represented a shift for PDC, balancing our local hiring practices with diversifying our workforce.

SUPPORTING A DIVERSE PIPELINE

The ability to hire diverse candidates starts with supporting emerging talent. Through PDC’s internships and scholarship programs, we have the ability to focus on groups that are not found in traditional oil and gas recruiting pipelines.

In 2020, we launched the PDC Women in Energy Scholarship with Western Colorado University Energy Management Program to grant three women financial assistance through the PDC Women in Energy Scholarship.

In partnership with Regis Jesuit High School’s scholarship program for low-income students, PDC offered several students part-time paid internships. The students received credit for the time while gaining onsite experience and training. PDC employees provided Regis Jesuit faculty updates on the students’ progress.

2021 PREVIEW

In 2021, PDC’s entire Senior Management Team underwent a highly personalized Unconscious Bias training, led by an expert in the field – Stacey A. Gordon. Subsequently, the entire PDC employee base – including PDC’s board members – were invited to attend a D&I speaker series event on unconscious bias and access and inclusivity in the workforce, also presented by Stacey A. Gordon. All leaders within PDC will be required to complete unconscious bias training, facilitated by our human resources leadership development team. PDC employees also had the opportunity to attend a session led by another diversity and inclusion expert - Tony Jack - on inclusivity in the workplace. This programming is part of an ongoing speaker series, focused on fostering continued dialogue around diversity and inclusion at PDC Energy.

“The PDC Women in Energy Scholarship ignited the students’ initial curiosity about energy matters into a passionate commitment to study energy-related business curriculum and strive towards a long-term goal of careers in the energy industry. The competitive Scholarship program proved essential to the Program’s ability to create opportunities for historically underrepresented persons in this field of study”

- Jessica Laramie, Director of Energy Management, Western Colorado University
TALENT ONBOARDING & DEVELOPMENT

At PDC we demonstrate our commitment to achieving quality results through visible leadership, innovation, and continuous improvement. PDC’s talent onboarding and development programs aim to provide our employees with the right tools, training, and resources to be safe and successful.

TRAINING

PDC is focused on the training and development of our future leaders while preserving our team-based culture. In addition to the robust field employee training, all employees have the opportunity for ongoing training.

- Upon hiring, all PDC field employees receive safety training followed by regular meetings and refreshers to reinforce safety knowledge. To that end, PDC holds (1) daily, weekly, and monthly safety meetings and (2) annual and bi-annual recertification training, which includes CPR and first aid.
- In addition to the training that contractors and short-service employees receive through their own companies, they learn about PDC's onsite safety expectations before beginning work on PDC sites.
- All employees have access to PDC's robust learning management system, TRAILS, which provides an extensive on-demand digital library of modern content designed to strengthen their skills and advance their careers. The platform offers over 1,000 online and multi-media courses which are continually refreshed and updated. Offerings also include content for personal development and are accessible from anywhere giving employees the opportunity to pursue continuous improvement at home as well. Topics range from wellness to ongoing education and professional development.

LEADERSHIP

PDC offers on- and off-site leadership development trainings, including our LEADS and PALS programs. While the virtual nature of 2020 eliminated our ability to hold these programs, we are committed to restoring similar development opportunities. One of PDC's strategic priorities is to maintain a best-in-class organization, and these programs equip us to build critical expertise and develop future leaders.

Advanced Leadership Series (PALS)
PALS participants are nominated by company vice presidents and are diverse in discipline, geography, and gender, and represent all three of our major job categories, including Exploration and Production (E&P), Field Operations, and Support Services.

The PALS program is offered to cohorts that participate over eight to ten months. Numerous competencies are addressed throughout the program such as leadership brand, team building, change management, performance coaching, courageous conversations, and collaboration. Over the course of the program, participants request 360-degree feedback reports, create individual development plans, receive individual and team consultations, and more.

Leadership Enrichment and Development Series (LEADS)
LEADS was formed in response to employees’ requests for more leadership and development opportunities for supervisors and managers. Participants are nominated by company vice presidents to expand the skills and enhance the strengths of supervisors and managers across PDC disciplines and locations.
COMPETITIVE BENEFITS & COMPENSATION

PDC aims to offer competitive and best-in-class compensation and benefits to attract, retain and support top talent. As noted, PDC conducts an annual review of salaries to confirm our wages are fair and competitive, as well as to adjust for market conditions. In addition, PDC participates in benchmarking with other energy companies to ensure our total compensation packages are on par or exceeding our peers.

In addition to base salary PDC offers:
- Stock awards for eligible positions
- Bonus compensation
- Profit sharing for eligible employees

When compared to our peers PDC:
- Leads on our robust 401K matching program, offering a 10% match
- Offers medical, dental and vision insurance with minimal employee premium putting PDC within the top tiers of industry peers
- Leads in the variety of tax-advantaged plans specifically our employer HSA contribution
- Is in the top-tier for paid time off (PTO) offering

In addition to compensation, PDC employees are eligible for the following robust benefit offerings:
- No waiting period for benefits to begin
- Flexible Spending Accounts (FSA) and Health Spending Accounts (HSA)
- Paid parental leave, up to 12 weeks
- Commuter benefits with the choice of fully paid parking or public transportation
- Infertility Program including IVF coverage (rolled out in 2019)
- Voluntary life, short-term and long-term disability coverage
- 10 company-paid holidays annually

HEALTH & WELL-BEING

At PDC we recognize that health and wellness require a more holistic approach that extends beyond health insurance. This is an extension of living our core value to respect the well-being of our employees. The pandemic has highlighted the importance of mental health care and wellness initiatives and PDC is proud to offer the following services to our employees.

- A robust wellness program that allows employees to be reimbursed for a wide variety of items in their personal wellness pursuits, like home fitness equipment, acupuncture and a wide range of fitness classes.
- In 2020, PDC rolled out a more robust employee assistance program with resources for employees including counseling, support groups, and webinars. Topics include mental health, legal assistance, and financial well-being. Employees can request counseling sessions through the platform and receive concierge-level service to find resources like dependent care or legal assistance.

CHANGE OF CONTROL BENEFITS

PDC values our employees and as such have plans in place in the event of a merger or acquisition. Subject to eligible and certain other limitations, if PDC is acquired by another company and an employee is not retained, the employee will be provided certain cash benefits and vesting of equity. In addition, the employee will receive additional subsidized COBRA insurance coverage.
PDC’s Board of Directors believes that strong governance practices and diversity of thought and experiences on the Board is critical to the company’s long-term success. PDC’s current Board consists of seven highly qualified professionals with diversity of expertise, skills, professional background, gender and ethnicity. The Board oversees the company’s strategic direction and assessment of major risks, including ongoing review of our ESG strategy and all related sustainability issues.

PDC consistently seeks board refreshment opportunities to ensure that the PDC Board of Directors maintains a high level of diversity in thought and experience. The selection process for PDC Board members includes appointment by the Nominating and Governance committee (N&G committee), which evaluates incumbent board members and non-incumbent directors according to various factors, including diversity of gender, ethnicity, experience and knowledge, skills, expertise (industry-specific and general), education, tenure, independence, reputation, integrity, and professional stature. Appointments by the N&G committee may be made at any time during the year, assuming vacancy, and shareholders annually vote upon and elect directors to the Board, which is de-classified.

With changes to our Board composition in 2020 and 2021, PDC reduced the average tenure of directors serving on the Board from ten to four years. In January 2020, Lynn A. Peterson and Paul J. Korus joined the Board as part of a merger with SRC Energy. Peterson has held positions as CEO and chairperson at multiple public oil and gas companies, culminating in over 35 years of industry experience. Korus previously served in director and financial executive officer roles at several energy companies, bringing nearly 40 years of industry experience.

In the first half of 2021, Diana L. Sands, an Asian female, and Carlos A. Sabater, a Hispanic of Cuban descent, also joined the board. Sands was appointed in February 2021 following her retirement from The Boeing Company, where she most recently served as Executive Officer and Senior Vice President of the Office of Internal Governance and Administration, bringing over 30 years of experience in complex and dynamic business environments. Sabater was elected to the Board in May 2021, bringing nearly 40 years of experience from his career at Deloitte Touche Tohmatsu Limited where he served in various leadership and operational roles, including CEO for both the U.S. and global audit practices. Rounding out the company’s Board refreshment efforts, at the company’s annual shareholder meeting in May 2021, legacy directors Jeff Swoveland, Tony Crisafio, Randy Nickerson and Christina Ibrahim stepped off the Board. Additionally, in August 2021, PDC announced its commitment to continue its board refreshment initiatives through the recruitment of an additional diverse board member.

Over the years, PDC has continued to demonstrate its commitment to governance best practices and accountability to shareholders. In 2020, PDC amended its company charter to de-stagger the Board and begin annual elections for Board members. Six of PDC’s current seven directors are independent and a majority have significant public company leadership and oil and gas industry experience. PDC’s governance structure protects shareholder interests with provisions including the absence of super-voting shares, a strong resignation policy that requires more “for” votes than “withhold” votes in elections for uncontested Board nominees, the right of shareholders to call special meetings if they have 10 percent of the combined voting power of the company, and no poison pill or shareholder rights plan.

### BOARD COMMITTEES

- **The Audit Committee** of the Board is currently comprised of 4 directors who meet the independence requirements of the NASDAQ listing standards and applicable Securities and Exchange Act rules. The Committee is charged with overseeing an independent audit of our financial statements and internal controls over financial reporting by external auditors.

- **The Nominating and Governance Committee** is currently comprised of 4 directors who meet the independence requirements of the NASDAQ listing standards. The Committee, among other things, ensures best governance practices are achieved and assists the Board with identifying and recruiting individuals qualified to become Board members.

- **The Compensation Committee** is currently comprised of 4 directors who meet the independence requirements of the NASDAQ listing standards. The Committee, among other things, oversees the development of best practice compensation strategy for our senior management.

### A summary of the current Board and committee membership is as follows:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Board of Directors</th>
<th>Audit Committee</th>
<th>Compensation Committee</th>
<th>Nominating and Governance Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barton R. Brookman</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Mark E. Ellis</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Paul J. Korus</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>David C. Parke</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Lynn A. Peterson</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Carlos A. Sabater*</td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
</tr>
<tr>
<td>Diana L. Sands*</td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
</tr>
</tbody>
</table>

- **Meetings Held in 2020**:
  - Audit Committee: 10
  - Compensation Committee: 5
  - Nominating and Governance Committee: 7

**2021 PREVIEW**

In September 2021, PDC incorporated ESG into its N&G Committee, establishing an Environmental, Social, Governance and Nominating Committee, formalizing the Board’s accountability over the company’s ESG program.
COMPENSATION

Fairness is a key component to PDC’s total rewards strategy. Our company evaluates compensation program determinations in accordance with the principles of internal equity, external equity, employee equity, and pay equity.

INTERNAL EQUITY
PDC evaluates how different positions within the organization are related to each other through categorization within three job categories—Support Services Professional, Exploration and Production Professional, and Field Operations Professional. PDC relatively ranks all jobs based on organizational structure and job analysis.

EXTERNAL EQUITY
PDC supplies and utilizes data in multiple compensation and benefits surveys annually. Based on independent industry and geographical data, PDC pays fairly and competitively with respect to the market value of a job.

EMPLOYEE EQUITY
PDC maintains fairness in compensation among employees in the same position or level. This does not mean all employees are paid the same, but they are paid fairly in relation to other staff in the same role. Differences in pay may be based on experience, competitive hiring circumstances, critical skills, and largely individual performance.

PAY EQUITY
PDC commits to eliminating discrimination based on gender, race, or other discriminating factors when determining compensation. PDC’s HR department completes a comprehensive pay equity study and presents to PDC’s Board of Directors and senior management.

In 2021, we maintained a 75%/25% quantitative/qualitative split for our short-term bonus program and adopted new qualitative goals to support various initiatives such as obtaining higher than 80% Sustainability Accounting Standards Board reporting compliance, supporting the Board in identifying diverse Board member candidates, developing GHG emission targets and implementing air quality management enhancements, and implementing initiatives designed to enhance the employee experience. Quantitative metrics continue to include an EHS focus (Total Recordable Incident Rate (TRIR), Preventable Vehicle Accident Rate and spills) and metrics aimed at achieving financial discipline (free cash flow, return of capital and expense monitoring). The Board and Senior Management Team receive quarterly updates on the metrics to evaluate strategic performance.

RESPONSE TO COVID-19
PDC implemented a host of COVID-19 protocols to maintain operational excellence despite the challenges posed by the global pandemic. The Compensation Committee responded to the drop in commodity prices brought on by the pandemic in Q2 2020 by temporarily reducing the salaries of 40% of company employees. Base salaries for named executive officers, as well as retainers for non-employee directors, were temporarily reduced by 15%, and we temporarily eliminated the chairperson’s additional chair retainer, resulting in a 50% annual reduction to such retainer. PDC made additional significant changes to our short-term bonus metrics to reflect overall changes in operational plans due to the COVID-19 pandemic, resulting in a reduction in the quantitative bonus payout opportunity from 100% to 50% for target performance and 200% to 100% for above target performance.

EVOLVING COMPENSATION PROGRAM
PDC’s Board of Directors and Senior Management Team have implemented several key changes to the compensation program to more closely align with matters of significance identified by our key stakeholders. Over the last few years, we pivoted from a more discretionary short-term incentive program to a formulaic approach, establishing a strict weighting payout structure for our Senior Management Team based on 75% quantitative metrics and 25% qualitative performance goals in 2020. In 2020, we incorporated EHS and additional financial discipline targets into our quantitative metrics, achieving a near 100% payout on our quantitative metrics. We achieved all our qualitative goals in 2020, including the publication of our inaugural Sustainability Report, the implementation of effective COVID-19 protocols, the development and implementation of an ESG strategy and execution plan, and various other accomplishments. In 2020, we also added an absolute stock price modifier to our long-term incentive program to better align with absolute stockholder performance over a three-year period. We believe we have been very responsive in incorporating shareholder feedback we have received.

2021 PREVIEW
In August 2021, we announced our plans to include additional quantitative ESG performance metrics in our 2022 short-term bonus program.
CODES & POLICIES

CODE OF BUSINESS CONDUCT AND ETHICS

PDC has a Code of Business Conduct and Ethics that applies to all directors, officers, employees, agents, consultants, and representatives of the company that is annually reviewed and formally acknowledged by the Board. The Board also annually reviews all company policies to ensure appropriate policies are in place and conform with best practices and a strong governance ethic. The Code of Business Conduct and Ethics includes anti-corruption policies including prohibiting payments to government personnel.

PDC shows a strong commitment to upholding the ethical standards prescribed by our Code of Business Conduct and Ethics. PDC provides annual mandatory harassment training for employees that includes the Code of Conduct and Business Ethics and bias training. We encourage reporting of unethical behavior and maintain a whistleblower hotline to support enforcement of the Code. The hotline enables anonymous reporting, protecting the confidentiality of complainants. Hotline complaints are reviewed by PDC’s Legal department, our independent auditors, and the Audit Committee.

PDC’s Insider Trading Policy prohibits directors, executive officers and key personnel from trading company shares without the approval of our General Counsel. Our policy on Conflicts of Interest prohibits directors, officers and employees from engaging in business with customers, suppliers or competitors, unless on behalf of PDC.

EQUAL OPPORTUNITY EMPLOYMENT

PDC believes that the support of all employees is necessary to achieve equal opportunity for all applicants and employees. PDC is committed to providing equal opportunity to every employee and every applicant for employment regardless of race, color, sex, religion, national origin, sexual orientation, age, non-job-related physical or mental handicap or any other unlawful basis. In addition, PDC is committed to complying with state laws prohibiting other kinds of employment discrimination.

PDC Energy ensures an atmosphere free from all forms of discrimination - including harassment - as well as to meet PDC’s responsibilities under the law. Recruitment, selection, placement, training, compensation, promotion, demotion, transfer, reassignment, corrective action and separation decisions are based solely on the qualifications and performance of each individual.

Equal Opportunity Employment

Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

PDC supports a culture of diversity and inclusion, further evidenced in 2020, by formal assembly of a cross-functional diversity and inclusion project team focusing on D&I trainings, speakers and initiatives to attract, develop and retain diverse talent within the organization.

EMPLOYEE ASSESSMENTS

PDC conducts an annual anonymous employee assessment to acquire input regarding changes to company policy and overall company morale. Past assessments have included topics such as Diversity and Inclusion strategy, Social Justice actions, charitable giving and employee match programs, paternity leave, and a 9/80 work schedule.

RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT PROGRAM

PDC’s Enterprise Risk Management (ERM) Program and ERM Team help us identify and manage risks across the organization, ensuring that business decisions are made with consistent consideration of key risks. The Audit Committee oversees the risk management process, and reviews risks in areas that are fundamental to the integrity and reliability of PDC’s financial statements. The Compensation Committee reviews compensation plans to ensure that incentives are appropriately aligned with PDC’s strategic goals and risk management strategy. The Board of Directors is responsible for general oversight of companywide risks, including overseeing risks related to the company’s key strategic goals, and continuously facilitates communication between Directors and the Senior Management Team (including mid-level management to vice president-level employees) concerning strategic opportunities and the mitigation of risk. The ERM Team discussions ensure all key risks have been fully vetted, assessed and accounted for as an organization.

Each year, the ERM Team facilitates a companywide Enterprise Risk Assessment to identify, document and categorize potential risks. Risk scorecards are then created to summarize key risks and approaches to their mitigation. The team uses a risk rating mechanism to describe the likelihood that assessed risks will impact the company, the magnitude of potential effects on the company, and whether the company has control over the risks. Each risk is scored on two components, likelihood and impact, with pre- and post-mitigation techniques and ultimately plotted onto a corporate risk matrix. Likelihood is broken down into four quantitatively bound categories: rare, possible, probable and frequent. Impact is also broken down into four categories: minimal, major, critical and catastrophic, and is then considered within the four categories of perspectives of potential PDC risks: EHS, Legal/Regulatory, Financial/Strategic and Reputation, with ESG components running through. Each risk scorecard rates the risk on both likelihood and impact pre- and post-mitigation.

The ERM Team instructs subject matter experts to complete quarterly risk change-cards that update risk categories from the Enterprise Risk Assessment according to present conditions and present findings to management, at which point they discuss the status and future of each risk assessed. Ad hoc current event and strategic updates facilitate discussion among the Senior Management Team to foresee and hedge against new or developing risks. Annual risk appetite surveys are sent to the Board of Directors and members of the Senior Management Team to define the company’s appetite for risk and guide decisions governing the types of risk that the company is willing to take on in pursuance of its strategic objectives. We believe we have an effective risk management strategy in place to mitigate key risks facing the organization.
CHANGES TO RISK MANAGEMENT PROCESS

The ERM Program is constantly evolving to improve the ability of the ERM Team to effectively identify, monitor and communicate risks to serve the strategic interests of PDC. Recently, changes have been made to condense risk management and assessment data into a single packet that makes information more accessible to ERM Team members. Additional changes include increasing emphasis of new risks relating to PDC and risks with drastic score changes during quarterly ERM Team discussions.

ASSESSING CLIMATE-RELATED RISK

We understand disclosure around our climate-related risks and opportunities helps our stakeholders assess the sustainability of our company. As a result, PDC has begun aligning with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. To start, we have analyzed our sensitivity to several World Energy Outlook (WEO) pricing scenarios that account for a price on carbon. In 2021, we plan to identify our climate-related risks, opportunities, and metrics and incorporating appropriate findings into our enterprise risk management process.

Based on analysis of three 2020 WEO outlook scenarios, Stated Policies Scenario, Sustainable Development Scenario, and Delayed Recovery Scenario, PDC is confident that our current assets are able to yield economically suitable results in all scenarios, as break-even pricing for new well development will remain below the forecast pricing in the various WEO outlooks. Sensitivity around the various scenarios suggests that increases in both CAPEX and LOE that might be required to manage escalating carbon costs for operations is within tolerable ranges to still deliver competitive economic results.

CRISIS MANAGEMENT

PDC’s Crisis Management Team is responsible for comprehensive crisis planning. Its duties include the facilitation of operational crisis drills and crisis communications. PDC uses tabletop cybersecurity crisis simulations to maximize its preparation against internet crimes. These are random simulations to best prepare for real life crises and cybersecurity breaches.

COMPENSATION

PDC’s executive compensation programs are designed to incentivize appropriate risk management. To encourage executives to take on prudent levels of risk, their compensation is based on a mixture of equity awards with three-year vesting schedules and annual cash incentives that are formulaically determined based on a mixture of quantitative and qualitative performance metrics. These metrics range from environmental, health and safety considerations to financial performance. PDC’s compensation programs are subject to an annual risk assessment by the Compensation Committee. The Compensation Committee works to ensure that compensation reflects contributions to company performance, but includes risk-mitigating features such as a balance of short- and long-term incentive programs, compensation clawback provisions, a strict Insider Trading Policy and discretion to decrease the qualitative portion of executive compensation.
<table>
<thead>
<tr>
<th>Metric/Disclosure</th>
<th>Guidance</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross global Scope 1 emissions</td>
<td>SASB</td>
<td>1,145,687.34 MT CO2e</td>
</tr>
<tr>
<td>Percentage of methane in cross global Scope 1 emissions</td>
<td>SASB</td>
<td>48.71%</td>
</tr>
<tr>
<td>Methane emissions</td>
<td>AXPC</td>
<td>558,110.00 MT CO2e</td>
</tr>
<tr>
<td>Percentage of cross global Scope 1 emissions under emissions-limiting regulations</td>
<td>SASB</td>
<td>100.00%</td>
</tr>
<tr>
<td>Greenhouse Gas (GHG) Intensity</td>
<td>AXPC</td>
<td>15.15 MT CO2e/MBOE</td>
</tr>
<tr>
<td>Methane Intensity</td>
<td>AXPC</td>
<td>7.38 MT CO2e/MBOE</td>
</tr>
<tr>
<td>Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions</td>
<td>SASB</td>
<td>(1) 71,929.30 (2) 477,349.69 (3) 0.00 (4) 637,104.90 (5) 99,539.45</td>
</tr>
<tr>
<td>Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves</td>
<td>SASB</td>
<td>5.5 KgCO2/BOE</td>
</tr>
<tr>
<td>Flaring intensity</td>
<td>AXPC</td>
<td>.0025 mcf/mcf</td>
</tr>
<tr>
<td>Gross annual volume flared gas</td>
<td>AXPC</td>
<td>657,599 mcf</td>
</tr>
<tr>
<td>LDAR identified leaks ~ OOOOa</td>
<td></td>
<td>2,640</td>
</tr>
<tr>
<td>LDAR leak repairs ~ OOOOa1</td>
<td></td>
<td>2,367</td>
</tr>
<tr>
<td>Total freshwater withdrawn companywide; percentage in regions with High or Extremely High Baseline Water Stress</td>
<td>SASB</td>
<td>3,441.93 thousand cubic meters &lt; 1000 ppm TDS; 594.5 thousand cubic meters &lt; 1000 ppm TDS; 100%</td>
</tr>
<tr>
<td>Total freshwater consumed companywide; percentage in regions with High or Extremely High Baseline Water Stress</td>
<td>SASB</td>
<td>3,441.93 thousand cubic meters &lt; 1000 ppm TDS; 594.5 thousand cubic meters &lt; 3000 ppm TDS; 100%</td>
</tr>
<tr>
<td>Total freshwater withdrawn by basin; percentage in regions with High or Extremely High Baseline Water Stress</td>
<td>SASB</td>
<td>D.J. 3,438 thousand cubic meters &lt; 1000 ppm TDS; 100% Delaware: 3.93 thousand cubic meters &lt; 1000 ppm TDS (594.5 k m³ &lt; 3000 ppm TDS); 100%</td>
</tr>
<tr>
<td>Freshwater intensity (bbl/boe)</td>
<td>AXPC</td>
<td>.29 x (1000 ppm TDS), 04 &lt; (3000 ppm TDS) (bbl/boe)</td>
</tr>
<tr>
<td>Water recycle rate</td>
<td>AXPC</td>
<td>6.98%</td>
</tr>
<tr>
<td>Number of spills</td>
<td></td>
<td>29 hydrocarbon spills.</td>
</tr>
<tr>
<td>Aggregate volume of hydrocarbon spills2, (1) volume in Arctic, (2) volume impacting shorelines with ESI rankings 8-10</td>
<td>SASB</td>
<td>95.67 bbl; (1) 0 bbls (2) 0 bbls</td>
</tr>
<tr>
<td>Number of spills &gt; 100 barrels</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Number of spills &gt; 1 barrel</td>
<td></td>
<td>29</td>
</tr>
<tr>
<td>Volume from spills &gt; 100 barrels</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Volume of spills &gt; 1 barrel3</td>
<td></td>
<td>95.67 bbl</td>
</tr>
<tr>
<td>Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used</td>
<td>SASB</td>
<td>100%</td>
</tr>
<tr>
<td>Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline</td>
<td>SASB</td>
<td>D.J.: 0%</td>
</tr>
<tr>
<td>Spill intensity (produced liquid spilled [bbls]/total produced liquid [1,000 bbls])</td>
<td>AXPC</td>
<td>0.0013</td>
</tr>
</tbody>
</table>

1PDC reports to OOOOa from August 2, 2019 to August 1, 2020. Some leaks that were repaired were identified in the prior year’s report.
2Volume does not include any volumes from historical spills.
3Does not include any volumes from historical spills.
Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat

SASB (1) Less than 1% in Colorado (2) 0%

Percentage of (1) proved and (2) probable reserves in or near areas of conflict

SASB (1) 0% (2) 0%

Percentage of (1) proved and (2) probable reserves in or near indigenous land

SASB (1) 0% (2) 0%

Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index

SASB (1) 0% (2) 0%

Number and duration of non-technical delays

SASB 0

Amount invested in renewable energy, revenue generated by renewable energy sales.

SASB 0

Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas (Mbbl/day, MMscf/day)

SASB (1) 30,996,488 bbls (2) 267,734,465 (3) 0 (4) 0

Number of offshore sites

SASB 0

Number of terrestrial sites

SASB DJ: 1,159 Delaware: 51 Total: 1,559

Total Recordable Incident Rate (TRIR)

SASB and AXPC Full-time employees: .47 Contractors: 1.04 Combined: .82

Fatality Rate

SASB Full-time employees: 0 Contractors: 0

Average hours of health, safety and emergency response training

SASB All employees: 15 Full-time field employees: 29 Field-based contract employees: .05 Field-based Short-service employees: 8

Preventable Vehicle Accident Rate (PVAR)

Peers Employees: 2.17

Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)

SASB 0.7

PDC reports greenhouse gas emissions to EPA in accordance with 40 CFR Part 98, Subpart W, “Petroleum and Natural Gas Systems, Onshore Oil and Gas Production.” EPA specifies emissions sources to be included with Subpart W reporting and provides emissions modeling guidance. The emissions sources EPA requires to be reported are not inclusive of all sources from oil and natural gas systems. Submitting companies have some discretion about their modeling methods—PDC endeavors to make conservative assumptions wherever applicable so emissions estimates are comprehensive.

In addition to greenhouse gas emissions as reported to EPA, PDC includes within Scope 1 data estimated emissions from company operated vehicles. Emissions are converted to CO2e using AR5 Global Warming Potential Values. All data include emissions from SRC Energy. 2017 and 2018 data were calculated and submitted by SRC Energy, prior acquisition by PDC Energy in January 2020. Data from 2019 and 2020 were calculated and submitted by PDC utilizing PDC’s modeling methods. 2020 data is based on reports submitted April 20, 2021.

GHG emissions data submitted to EPA are subject to the agency’s verification process. EPA follows up with submitting facilities when it identifies potential discrepancies in facility data. The review process can occasionally result in resubmittals. Should this process result in a material change to PDC Energy’s reported data, we will restate figures here as soon as practicable. Such changes may take place without notice.

EMPLOYEE METRICS

<table>
<thead>
<tr>
<th>Gender</th>
<th>Senior Management Team &amp; Vice Presidents</th>
<th>Management Positions</th>
<th>Individual Contributors</th>
<th>All Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>27%</td>
<td>32%</td>
<td>25%</td>
<td>28%</td>
</tr>
<tr>
<td>Male</td>
<td>73%</td>
<td>68%</td>
<td>75%</td>
<td>72%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Senior Management Team &amp; Vice Presidents</th>
<th>Management Positions</th>
<th>Individual Contributors</th>
<th>All Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-24</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>25-34</td>
<td>0%</td>
<td>22%</td>
<td>35%</td>
<td>29%</td>
</tr>
<tr>
<td>35-44</td>
<td>27%</td>
<td>50%</td>
<td>38%</td>
<td>43%</td>
</tr>
<tr>
<td>45-54</td>
<td>18%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>55-68</td>
<td>55%</td>
<td>12%</td>
<td>7%</td>
<td>10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Minority Representation</th>
<th>Senior Management Team &amp; Vice Presidents</th>
<th>Management Positions</th>
<th>Individual Contributors</th>
<th>All Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority</td>
<td>9%</td>
<td>13%</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Non-minority</td>
<td>91%</td>
<td>87%</td>
<td>73%</td>
<td>78%</td>
</tr>
<tr>
<td>Topic</td>
<td>Accounting Metric</td>
<td>Response Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-EP-110a.2: Amount of gross global Scope 1 emissions: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions</td>
<td>Key Metrics &amp; Disclosures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-EP-110a.3: Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, reduction targets, and an analysis of performance against those targets</td>
<td>Air Quality &amp; Emissions Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water Management</strong></td>
<td>EM-EP-140a.1: (1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress</td>
<td>Key Metrics &amp; Disclosures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-EP-140a.2: Volume of produced water and flowback generated, percentage (1) discharged, (2) injected, (3) recycled, hydrocarbon content in discharged water</td>
<td>Key Metrics &amp; Disclosures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-EP-140a.3: Percentage of hydraulically fractured wells for which there is public disclosure of fracturing fluid chemicals used</td>
<td>Key Metrics &amp; Disclosures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-EP-140a.4: Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline</td>
<td>Key Metrics &amp; Disclosures</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Biodiversity Impacts</strong></td>
<td>EM-EP-160a.1: Description of environmental management policies and practices for active sites</td>
<td>Land Stewardship &amp; Biodiversity; Environment Health and Safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-EP-160a.2: Number of aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered</td>
<td>Key Metrics &amp; Disclosures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-EP-160a.3: Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat</td>
<td>Key Metrics &amp; Disclosures</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Security, Human Rights &amp; Rights of Indigenous Peoples</strong></td>
<td>EM-EP-210a.1: Percentage of (1) proved and (2) probable reserves in or near areas of conflict</td>
<td>Key Metrics &amp; Disclosures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-EP-210a.2: Percentage of (1) proved and (2) probable reserves in or near indigenous land</td>
<td>Key Metrics &amp; Disclosures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM-EP-210a.3: Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict</td>
<td>Community Due Diligence &amp; Stakeholder Relations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Community Relations**
- EM-EP-210b.1: Discussion of process to manage risks and opportunities associated with community rights and interests
- EM-EP-210b.2: Number and duration of non-technical delays

**Workforce Health & Safety**
- EM-EP-320a.1: (1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFIR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees
- EM-EP-320a.2: Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle

**Reserves Valuation & Capital Expenditures**
- EM-EP-420a.1: Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions
- EM-EP-420a.2: Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves
- EM-EP-420a.3: Amount invested in renewable energy, revenue generated by renewable energy sales

**Business Ethics & Transparency**
- EM-EP-510a.1: Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index
- EM-EP-510a.2: Description of the management system for prevention of corruption and bribery throughout the value chain

**Management of the Legal & Regulatory Environment**
- EM-EP-530a.1: Discussion of corporate positions related to government relations and/or policy proposal that address environmental or social factors affecting the industry

**Critical Incident Management**
- EM-EP-540a.1: Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)
- EM-EP-540a.2: Description of management systems used to identify and mitigate catastrophic and tail-end risks

**Activity Metrics**
- EM-EP-000.A: Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas (Mbbl/day, MMscf/day)
- EM-EP-000.B: Number of offshore sites
- EM-EP-000.C: Number of terrestrial sites
- EM-EP-000.D: Number of terrestrial sites

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*PDC cleans up and properly disposes of any impacted material from produced product spills. PDC conducts sampling of remaining soils to ensure impact has been properly remediated. PDC remediates the impacted site until all samples meet regulatory thresholds in the areas in which PDC operates.*
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### GLOSSARY

#### TERMS

- **AXPC** – American Exploration and Production Council
- **CDP** – Carbon Disclosure Project, but known simply as CDP since late 2012
- **IPIECA** – International Petroleum Industry Environmental Conservation Association, but currently known simply as IPIECA
- **SASB** – Sustainability Accounting Standards Board
- **TCFD** – Task Force on Climate-Related Financial Disclosures

#### UNITS OF MEASUREMENT

- **Bbl** – One barrel of crude oil or NGL or 42 gallons of liquid volume
- **Boe** – One barrel of crude oil equivalent
- **MBoe** – One thousand barrels of crude oil equivalent
- **MBbls** – One thousand barrels of crude oil
- **Mcf** – One thousand cubic feet of natural gas volume