

ESG Report

December 2021



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About This Report

Crescent Energy was formed through the merger of Independence Energy and Contango Oil and Gas Company in December 2021. As we build the company, we are working towards being a leader in environmental, social, and governance (“ESG”) performance and have published this report to provide an initial baseline by which we and our stakeholders can measure our activities and ambitions. We have also used this report as an opportunity to communicate our immediate priorities for the newly formed company.

Data and information in this report cover calendar year 2020 and includes data provided by Crescent Energy’s legacy companies, Independence Energy and Contango Oil and Gas Company. Non-operated and other minority interests are not included in the report, unless otherwise stated. Performance data for operated upstream assets are reported at 100%, regardless of equity or working interest. Our report references the Value Reporting Foundation’s SASB Standard for Oil & Gas – Exploration & Production as a primary input for reporting on our ESG performance.

Crescent Energy is committed to reporting on our ESG performance annually. In 2022, we intend to update this disclosure and report on the ESG performance of Crescent Energy and its legacy companies in calendar year 2021. This will include updating the Company’s performance baseline with ESG data on operations acquired by Crescent’s legacy companies in 2021. We also expect to provide additional details on the Company’s short- and long-term ESG targets. Recognizing that our priorities may evolve as we progress the ESG strategy, the reported ESG data may change over time.

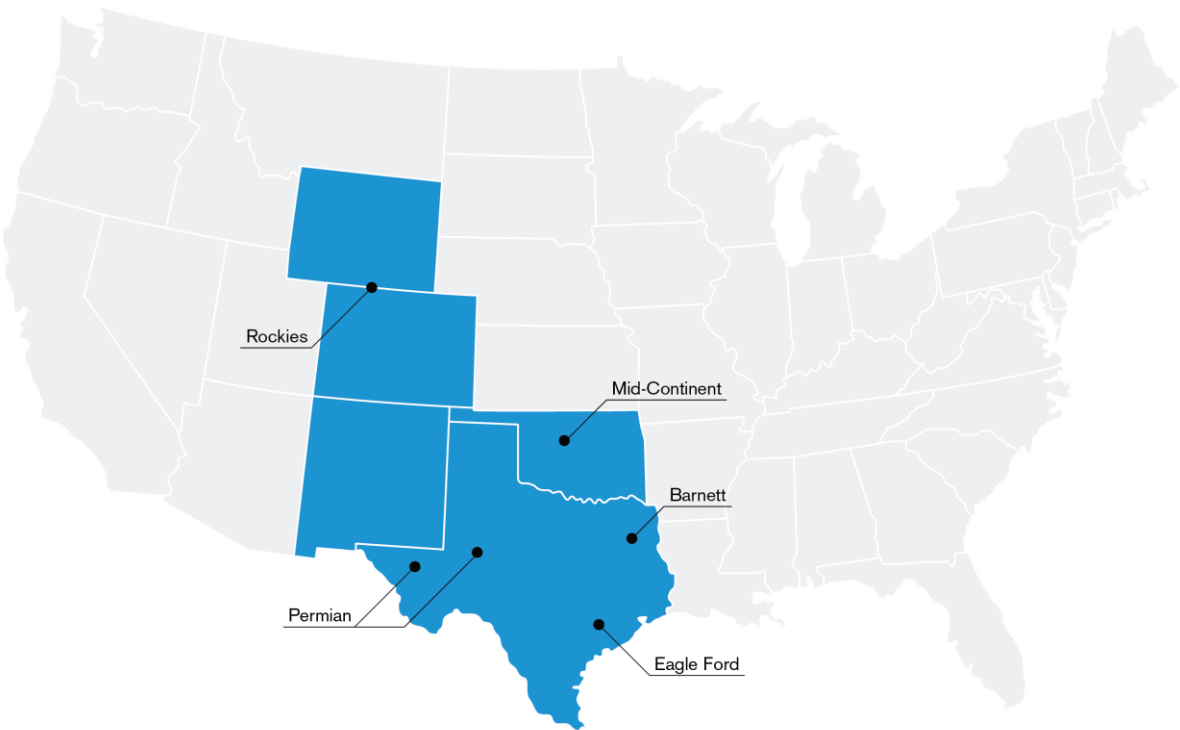
About Crescent Energy

Crescent Energy is a diversified, well-capitalized U.S. independent energy company with a portfolio of assets in key proven basins across the lower 48 states.

Our core leadership team is a group of experienced investment, financial, and industry professionals who continue to execute on the strategy we have employed since 2011. We seek to deliver attractive risk-adjusted investment returns and predictable cash flows across cycles by employing our differentiated approach to investing in the energy industry.

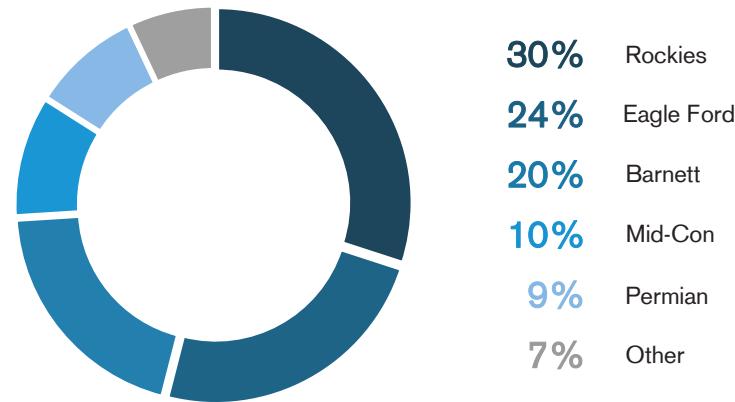
Crescent Energy pursues our strategy through the production, development, and acquisition of oil and natural gas reserves. While our corporate headquarters is in Houston, Texas, our asset base includes oil and natural gas assets in key proven North American oil and gas producing regions, such as the Mid-Continent, Barnett, Rocky Mountains ("Rockies"), Eagle Ford, and Permian. In addition to our working interests, production, and leasehold acreage, we also own mineral and royalty interests and midstream infrastructure that enhance our cash flow margins and overall returns.

Current Operations Across the Lower 48

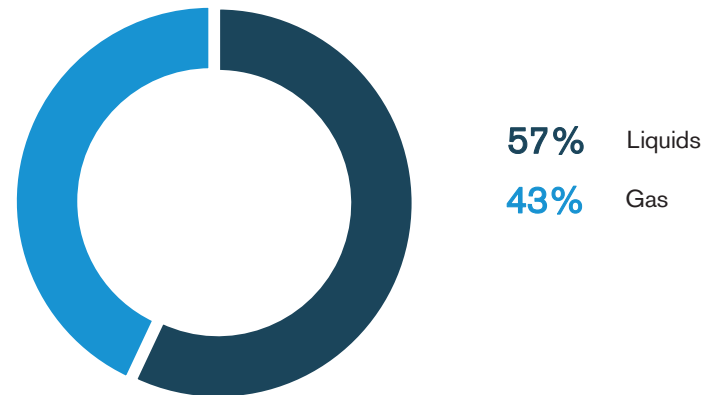


Note: Current operations map based on primary areas of operation and not indicative of the full combined asset base. Represents the daily production for the nine-month period ended September 30, 2021 for Crescent Energy on a pro forma combined basis for the Independence and Contango merger. "Other" includes non-Eagle Ford minerals and other proved, developed, and producing assets.

Q3'21 YTD Production by Basin



Q3'21 YTD Production by Commodity



A Message From the CEO

The release of this report marks an important milestone for Crescent Energy as a newly-formed company. It allows us to set a vision for what we are aiming to achieve, while establishing a common starting point and baseline from our legacy companies, Independence Energy and Contango Oil and Gas. It also reflects our commitment to transparency by outlining the priorities we have for the new company going forward.

As an independent energy company managed by investors, Crescent Energy takes a differentiated approach to the energy industry. Our mission is to invest in energy assets that deliver differentiated and better returns, operations, and stewardship. Our strategy is focused on cash-based investment returns and risk mitigation, rather than resource exploration and production metrics. To set ourselves apart, we know we need to account for the thoughtful management of environmental, social, and governance (“ESG”) issues, and we view exceptional operational performance in managing these issues as core to our strategy. We believe this will deliver long-term value creation in a volatile and changing industry.

We consider ourselves as stewards of others’ assets: our investors’ capital, the environment, and the communities in which we operate. Our success hinges on our ability to align with our stakeholders, including our employees, investors, customers, suppliers, and society at large. As other players exit the industry and transfer assets – and emissions – to other operators who may not share the same commitment to stewardship, we see an opportunity to improve ESG performance – creating a net-benefit for society and the environment, as well as driving returns for our investors.

The unprecedented events of 2020 and the global health emergency, paired with a renewed focus on global threats like climate change, emphasize the importance of companies being responsible corporate citizens. We recognize that the global economy is transitioning away from fossil fuels and toward a low-carbon future. While the world still relies on the conventional energy resources we produce to secure well-being and economic growth globally, we are working to meet the needs of today and operate our business in a responsible manner, informed by our evolving understanding of an economy-wide transition to a net-zero world.

As we outline in this report, we are in the initial phase of a long-term strategy for a newly-formed company, and there is much work to be done for us to make these ambitions a reality. However, I am confident that we have assembled a world-class team to execute on our vision and look forward to communicating our progress against this strategy going forward.

Sincerely,
[David Rockecharlie](#)
CEO, Crescent Energy



Governance and Strategy

Governance

Crescent Energy will be led by an experienced Board of Directors with a deep commitment to financial discipline, ESG excellence, risk management, and long-term value creation.

The Board consists of nine Directors, the majority of whom are independent. The Board is chaired by an independent member, John Goff, and will meet on a quarterly basis to discuss business performance and strategy, including ESG matters.

The Board will be supported in its work by various committees, including a nomination and governance committee, a compensation committee, and a fully independent audit committee.

As the new Board becomes established, it plans to integrate ESG considerations into its regular business. This is expected to include a robust review of ESG issues – such as environmental, health, and safety (“EHS”) and climate-related risks and opportunities – and their potential impact on business performance and strategic priorities.



Crescent Energy ESG Advisory Council

As we launch Crescent Energy, our aim is to build a company where ESG is integrated into governance, strategy, and decision making. In order to continuously improve and to pursue a leadership position in terms of ESG performance, we believe it is important to seek outside expertise and advice. As part of this approach, we are establishing a Crescent Energy ESG Advisory Council ("the Council") to advise management and the board on ESG-related issues. The Council is intended as a forum for candid, internal advice to Crescent Energy.

Responsibilities are planned to include:

- Sharing lessons learned and industry best practices from experience elsewhere;
- Acting as a sounding board for policies, programs, and engagement strategies; and
- Reviewing Crescent Energy's annual ESG report.

Members of the Council will consist of third-party experts and an independent member of the Company's Board of Directors. The Council and its meetings will be chaired by the representative of the Board of Directors of the Company (the "Chairperson"). To date, we have identified three inaugural, independent members and intend to add more members to our Council over time. Members will be asked to meet four times a year and provide constructive and independent input on the Company's ESG-related policies, programs, targets, and system revisions over time.

Crescent Energy ESG Advisory Council Inaugural Members



Karen Simon

Chairperson, Board Representative

Karen Simon is newly retired from J.P. Morgan as a Vice Chairman in the Investment Bank with over 35 years of corporate finance experience with the firm. Her career included senior roles in oil & gas, debt capital markets, and private equity coverage. She is currently Chair of Energean plc, which has won several awards for its work on ESG, most recently "Best ESG Energy Growth Strategy Europe 2021", and a Director on the Board of Aker ASA. She will provide a direct channel to bring the perspective of the Council to the Board, as well as offer extensive experience in capital markets and governance.



John Mingé

John Mingé served as chairman and president of BP America until his retirement in 2019. Prior to leading the company, he spent four years overseeing BP in Alaska; before that, he held executive and engineering positions in the United States, United Kingdom, Vietnam, and Indonesia. He brings decades of operational and EHS expertise, including his recent role as Chair of the National Petroleum Council's Carbon Capture, Use, and Storage Study. John Mingé also acts as an industry advisor to KKR.



Dr. Michael E. Webber

Dr. Michael E. Webber is the Josey Centennial Professor in Energy Resources at The University of Texas at Austin. From September 2018 to August 2021, Webber was based in Paris, France where he served as the Chief Science and Technology Officer at ENGIE. Webber's expertise spans research and education at the convergence of engineering, policy, and commercialization on topics related to innovation, energy, and the environment, including expertise in methane monitoring and innovation.

Management

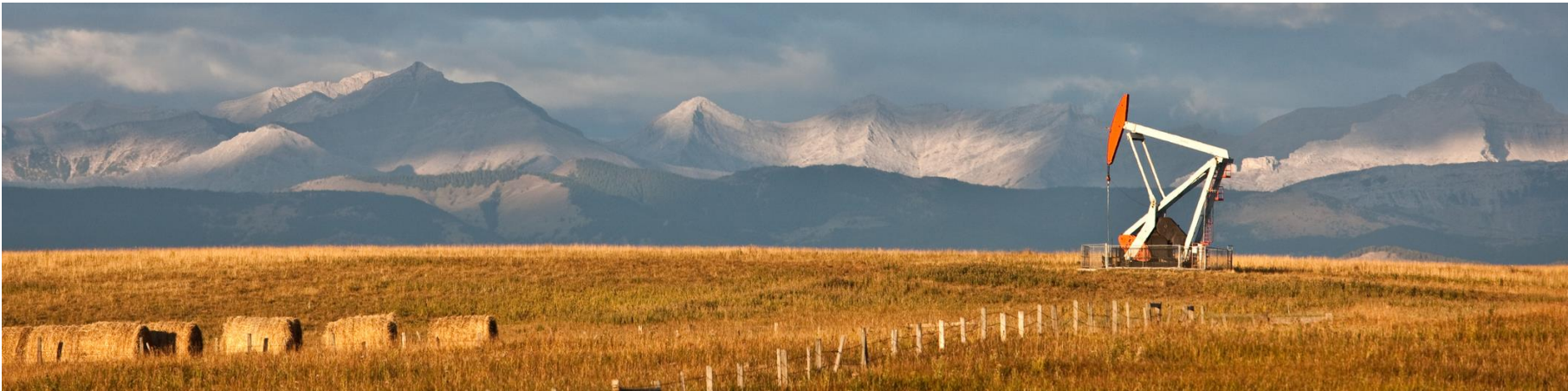
With over 45 years of leadership, innovation, and investment excellence, KKR provides management and executive leadership to Crescent Energy. Our Houston-based leadership team brings decades of experience in investing, capital allocation, asset management, ESG stewardship, risk management, finance, and accounting. We believe our external management relationship with KKR and its differentiated global investment management platform provides Crescent Energy with significant advantages in sourcing, evaluating, underwriting, and managing our investments. Our management team is employed by KKR and provides management services to Crescent Energy through a management services agreement.

KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR’s insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group.

Our overall performance, including our ESG strategy, is the responsibility of senior Crescent Energy management and is reported to the Board on a quarterly basis. Our operations are led by premier industry professionals who are highly motivated experts in operating in specific geographies and in value creation strategies. The Crescent Energy leadership team meets regularly with each operational management team to provide guidance and resources. As responsible stewards, we are working to integrate ESG considerations into our investment processes, management structures, and decision making.

We empower and incentivize operating personnel to create value at the asset level by maximizing cash margins on base production and setting accountability for delivering strong cash-on-cash returns for any re-investment activity while managing and improving upon ESG performance. In addition, our industry-leading insider ownership provides exceptional alignment towards long-term value creation.

We also recognize the success of our strategy will require investment, and we intend to work with our operational management teams to identify and execute on capital projects and operational improvements to help achieve our ESG goals. Understanding our own limitations, we work extensively with third-party advisors and independent experts on ESG issues.



Our Values

EXCELLENCE

- We aspire to be the best at what we do and how we do it
- We are disciplined, solution-oriented, and accountable, and have high expectations for our individual and collective results

INTEGRITY

- We do the right thing and operate with honesty and courage
- We are transparent, ethical, and authentic; we speak up, listen, and treat others with the respect we each expect to receive

STEWARDSHIP

- We work hard to keep earning our stakeholders' trust
- We are trusted and empowered to deliver our financial, operational, environmental, and safety commitments, and responsibly serve our teams, partners, and communities

TEAMWORK

- We know that our success depends on our collective contributions
- We work collaboratively, depend on each other, share information, and seek out other perspectives to solve our challenges and achieve our objectives

Strategy

As an independent energy company managed by investors, we take a differentiated approach to the energy industry. Our mission is to invest in energy assets and deliver differentiated and better returns, operations, and stewardship. Crescent Energy’s strategy will focus on cash-based investing and risk mitigation, rather than resource exploration and production metrics. We believe this will deliver long-term value creation for our investors in a volatile and changing industry. This means we seek to build a portfolio of assets that are long-lived and have a low decline rate, which decreases risk while increasing reinvestment optionality.

Inherent to this strategy is a recognition that the global economy is transitioning away from fossil fuels to a low-carbon future. As we consider the risks and opportunities the energy transition will create for Crescent Energy, we are working to operate our business in a manner informed by our evolving understanding of an economy-wide shift to a world in which net greenhouse gas emissions have been reduced to zero (“net-zero”). For example, we will engage in the acquisition and management of existing fields – where we will invest to extend production within existing reservoirs – rather than the exploration of new ones.

We also recognize that during this transition the world will continue to rely on the conventional energy resources we produce to secure well-being and economic growth globally. We believe that being a responsible operator can produce better outcomes than if we left the industry and sold our assets to others. Instead, during our ownership, Crescent Energy will focus on measurably improving the ESG performance of our operations. Not only will tangible progress in improving ESG outcomes provide a comparative benefit to the environment and the communities where we operate, but it also offers an opportunity to differentiate ourselves from our peers, increase access to capital markets, proactively mitigate risks, and strengthen operational performance.

“Crescent Energy is committed to meeting the energy needs of today in a responsible manner while also contributing to a cleaner tomorrow through our efforts towards a stable energy transition.

David Rockecharlie, CEO of Crescent Energy

To turn these ambitions into action, Crescent Energy partnered with leading sustainability experts to identify five ESG priorities:

- Environment, Health, and Safety
- Climate Change
- Water Management
- Diversity, Equity, and Inclusion
- Community Engagement

These ESG priorities are the result of thoughtful assessment to reflect industry best practices, guidance from global ESG frameworks and standards, stakeholder expectations, and our understanding of where we can have the greatest impact, both to our business and stakeholders.

For each priority topic, Crescent Energy is working to establish quantitative metrics to measure and report on ESG performance. Recognizing the importance of proper benchmarking and transparent reporting, we are leveraging indicators for the oil and gas sector identified by the Value Reporting Foundation’s SASB Standards, as well as priorities identified by expert partners, as a critical input. Given significant acquisitions made by Crescent’s legacy companies in 2021, we plan to set key performance indicators and targets using 2021 as a baseline and continue reporting to stakeholders on our activities in 2022. We are committed to being transparent with our stakeholders, and to engaging with NGOs, external advisors, and third-party experts to keep ourselves accountable and to continuously improve our ESG performance.

These are just the first steps for a newly formed company. We know that there will always be more work to do as we improve and execute our ESG strategy.

Our Mission and Strategy

MISSION

Invest in energy assets and deliver differentiated and better returns, operations, and stewardship.

STRATEGY

Differentiated Model

Employing a differentiated business model that combines an investor mindset and deep operational expertise

Cash Returns

Investing capital with discipline and a focus on cash flow

Stability and Attractive Growth

Acquiring and developing a portfolio of low-risk assets

ESG Focus

Engaging on key ESG principles with a commitment to continuous improvement

Managed Risk

Providing downside protection through strong risk management

Crescent Energy ESG Priorities

Climate Change



Commitment

Work to reduce greenhouse gas emissions

Priority Actions

- Set greenhouse gas emissions ("GHG") reduction targets based on 2021 baseline
- Conduct assessments of equipment and facilities to identify significant sources of methane and other GHG emissions
- Work to eliminate the use of routine flaring where feasible
- Enhance leak detection and repair ("LDAR") for fugitive emissions, including increasing use of aerial surveys and continuous monitoring technology where applicable
- Work to eliminate use of high- and intermediate-bleed pneumatic equipment where feasible

Environment, Health, and Safety



Commitment

Aspire to be a zero-incident workplace

Priority Actions

- Enhance enterprise risk management processes across assets
- Assure consistent EHS practices and procedures based on best practices and regulations across our operations
- Enhance centralized asset assurance organization overseeing EHS performance
- Benchmark our performance to assure our actions are translating into results

Community Engagement



Commitment

Listen and respond to community and stakeholder concerns

Priority Actions

- Review status and efficacy of community engagement program
- Improve process to document, monitor, and elevate (as required) complaints and grievances
- Enhance and deliver corporate- and asset-level community relations policies and practices

Water Management



Commitment

Manage and reduce fresh water use

Priority Actions

- Assess water stress at all operations using [WRI Aqueduct Tool](#)
- Enhance and integrate policies and practices related to water management across the new organization

Diversity, Equity, and Inclusion



Commitment

Develop a diverse and inclusive workforce culture

Priority Actions

- Review and implement best practices to increase representation across workforce
- Review and implement best practices to enhance recruiting and career development of veterans

Environment, Health, and Safety

ESG Priorities

Commitment	Aspire to be a zero-incident workplace
Priorities	Enhance enterprise risk management processes across assets
	Assure consistent EHS practices and procedures based on best practices and regulations across our operations
	Enhance centralized asset assurance organization overseeing EHS performance
	Benchmark our performance to assure our actions are translating into results



At Crescent Energy, we recognize the significant hazards and risks an industrial energy business faces when operating complex machinery, pressured equipment, and hazardous materials. Incidents – such as vehicle accidents, fires, or releases — all have the potential to seriously injure or kill workers, as well as lead to potentially long-lasting impacts on the environment. They also have negative impacts on operational and financial performance, as well as the Company’s reputation.

We aspire to have a zero-incident workplace at Crescent Energy.

Health and Safety

All Crescent Energy operating assets currently have health and safety programs in place. While there is some variability of documentation and organizational size and structure between our legacy companies, each operation has:

- **Dedicated EHS Resources:** EHS managers at our operations are responsible for safety program management, and they lead by example to reinforce safety culture at each location.
- **Safety Procedures:** Workplace safety procedures and programs include confined space entry, emergency response, fall protection, hearing conservation, hot work, hydrogen sulfide, incident reporting and investigation, personal protective equipment, and spill prevention and countermeasures.

- **Stop Work Authority:** Everyone involved in our business has the right to use Stop Work Authority. Stop Work Authority is a policy which encourages employees and contractors to stop work if a safety risk or hazard is identified.
- **Monitoring and Reporting:** Safety performance is tracked on a monthly basis across operations and will be reported to Crescent Energy’s Board quarterly. Incident reporting and corrective actions guide safety program improvements.
- **EHS Audits:** Our operations are subject to compliance and procedure reviews by internal safety professionals, as well as regular inspections by regulators. In addition, EHS managers at each operation periodically review safety program documents for accuracy and relevance to workplace hazards.
- **A Strong Safety Culture:** A zero-incident workplace is only possible with a strong safety culture. We care deeply about providing a safe workplace and expect all employees and contractors to identify potential safety hazards and work together to resolve and mitigate risks throughout all aspects of our business. Employees and contractors “speaking up” is an essential component of a Strong Safety Culture. We aim to support this commitment through regular communications at our operations to reinforce the critical importance of safe execution.

In 2020, we experienced an employee lost time incident rate of 0.23, representing one employee lost time incident. There were also two lost time incidents among contractors. Lost time incidents are injuries which are severe enough to result in a lost workday.

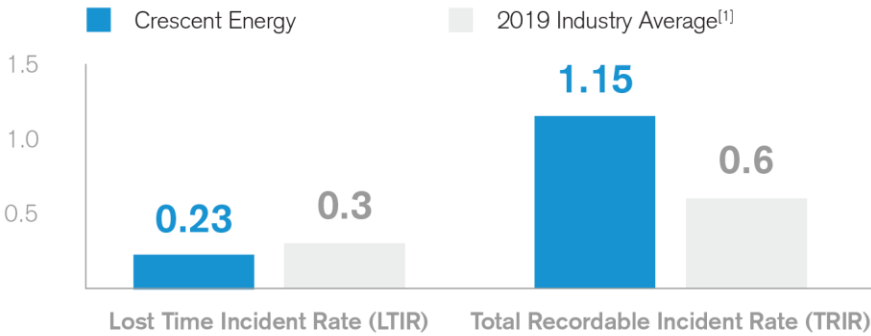
Our employee total recordable incident rate was 1.15 in 2020, representing 5 employee recordable incidents. In addition, there were four recordable incidents at our operations in which contractors were injured on the job. Recordable incidents are reportable to regulators but the injuries are not severe enough that they result in a lost workday.

While our legacy operations have individual EHS programs in place, one of our first actions as a new company will be to assure consistent practices and procedures based on industry best practices and regulations across our operations. As part of this effort, we are working to enhance the risk management process across all our assets and to further develop the corporate asset assurance organization overseeing EHS performance.

As we launch Crescent Energy, we believe there is an opportunity to build a company with a leading safety culture. An important priority of the corporate asset assurance organization is leadership communication emphasizing the need for employees and contractors to ‘speak up’ when they see potentially unsafe activities or the Company not living up to our values. In 2022, we expect to communicate frequently and look for feedback from the workforce to understand our performance in this regard.

As our new organization identifies EHS improvement plans for 2022 we intend to set quantitative improvement targets. We will also continue to measure improvements made against our established performance benchmarks so that we can be confident our actions are translating into results.

2020 Safety Performance (Employees)



[1] Source: U.S. Bureau of Labor Statistics





Environment

As with other industrial processes and operations, environmental incidents such as spills have the potential to impact communities near our operations as well as surrounding flora and fauna, if not properly prevented or managed. As an energy company, we particularly focus on the risks that releases of liquids, such as petroleum and wastewater, can pose, as well as the impact on the climate due to releases of methane and other greenhouse gases. Releases have been historically difficult to eliminate from oil and gas industry operations as their root causes range from human error to equipment malfunction to natural disasters. A critical priority for Crescent Energy is preventing environmental releases through rigorous operational procedures and oversight, spill prevention control and countermeasures compliance, and well-managed tank inspection and equipment maintenance programs.

Should an environmental release occur, we aim to mitigate spill impacts. Each of Crescent Energy’s operations has in place Spill Prevention Control and Countermeasures Plans and Facility Response Plans for well locations and facilities, as required by law. Monitoring includes:

- **Supervisory Control and Data Acquisition Systems (“SCADA”)** at wells at many of our operations. SCADA monitors wells, tanks and facilities, pressures, and production from office or laptop computers. The system has an alarm setting to notify operators and engineers of changes that could indicate a release.
- **Regular field visits by operators** at designated areas, driving routes, and wells and facilities which are inspected on a regular basis or more frequently if a problem is suspected.
- **Third-party contractors** in many cases act as an additional set of eyes for safety and environmental issues. Contractors are regularly in the field and are in contact with the field operators in order to report spills quickly, should one occur.

If significant spills are identified, third-party spill response companies are on call 24 hours a day, 7 days a week to respond and recover as much of the spill as possible and begin remediation to the affected environment. Should a significant spill occur, Crescent Energy operations have processes to determine the root cause of the incident and provide solutions to prevent reoccurrence.

We recognize the importance of preserving biodiversity and natural habitats in areas where we operate. This means our operations are diligent with remediation efforts, and we look for ways to minimize our environmental footprint, striving to leave a site in better condition than when we arrived. This includes efforts to stay in compliance with federal, state, and local regulations and policies on native and protected species of flora and fauna.

Crescent Energy’s legacy companies experienced a number of environmental spills and incidents in 2020, as described in the table. In general, the majority of spills at our legacy companies were linked to corrosion. Given the age of many of our operations, regular inspection and maintenance, as well as increasing spill surveillance, are critical tools by which we can work to prevent and mitigate spills and releases.

2020 Spill Data

Total Spill Intensity (bbl / Mboe)	2.16
Hydrocarbon Spills	
Number	38
Volume (bbl)	579
Volume recovered (bbl)	413 (71%)
Hydrocarbon spill Intensity (bbl / Mboe)	0.015
Produced Water Spills	
Number	50
Volume (bbl)	80,850
Volume recovered (bbl)	16,028 (20%)
Produced water spill intensity (bbl / Mboe)	2.15

Climate Change

ESG Priorities

- Commitment**

Work to reduce greenhouse gas emissions
- Priorities**
 - Set greenhouse gas emissions (“GHG”) reduction targets based on 2021 baseline
 - Conduct assessments of equipment and facilities to identify significant sources of methane and other GHG emissions
 - Work to eliminate the use of routine flaring where feasible
 - Enhance leak detection and repair (“LDAR”) for fugitive emissions, including increasing use of aerial surveys and continuous monitoring technology where applicable
 - Work to eliminate use of high- and intermediate-bleed pneumatic equipment where feasible



At Crescent Energy, we recognize that the climate is changing and that the global economy is transitioning toward a low-carbon future.

Tackling climate change is a generational challenge for society. We recognize that climate change and the energy transition present significant challenges for oil and gas producers. Not only are operations subject to a series of regulatory, political, litigation, and financial risks associated with the production and processing of fossil fuels and the generation of GHG emissions, there are increasing risks to operations resulting from the potential physical impacts of climate change, such as drought, wildfires, damage to infrastructure and resources from flooding, storms, and other physical disruptions.

Crescent Energy’s business strategy recognizes that a long-term shift from traditional fossil fuels towards renewable energy sources is underway. However, when we consider the net impact of our decisions in driving emissions reductions in the economy, we believe it is more responsible to be an active part of the transition than to leave the industry and sell assets – as therefore transfer emissions – to other operators who may not share our commitment to stewardship.

While there remains uncertainty about how the energy transition will unfold, we are actively working with independent experts to better understand the implications and pathways for energy companies. This includes assessing the impact of the International Energy Agency’s (“IEA”) Sustainable Development and Net-Zero Emissions by 2050 Scenarios to understand how aggressive decarbonization scenarios may impact operators like Crescent Energy.

We are working to integrate learnings from IEA scenarios into our strategy so that we may successfully operate the business during an economy-wide transition to a net-zero world.

The scenarios we have reviewed also strongly suggest that, in the short-term, the industry will need to significantly reduce both methane emissions and other direct operational emissions by 2030. If not properly managed, methane poses a specific risk as it is a particularly powerful greenhouse gas. Therefore, an immediate priority for Crescent Energy is working to eliminate routine flaring at our operations wherever feasible. When acquiring an asset that uses routine flaring we plan to eliminate the practice in the years following an acquisition. We have also started eliminating the use of high- and intermediate-bleed pneumatic devices from our operations where feasible, and plan to replace this type of equipment if they are used at an acquisition.

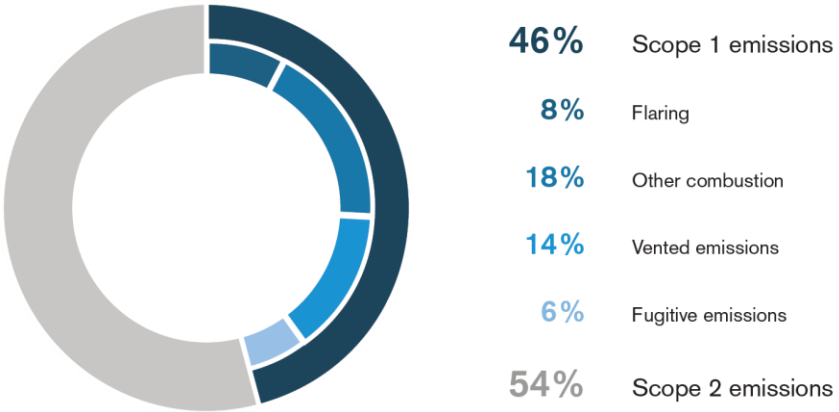
Equally important to our emissions reduction strategy will be enhancing our LDAR program. As currently calculated and reported to the EPA, 6% of our legacy companies' emissions are the results of leaks or fugitive emissions. We believe there is an opportunity to increase LDAR evaluations for fugitive emissions at all operational sites and to pilot and integrate continuous monitoring technology where feasible. For example, one of our operations in the Permian recently piloted the use of airborne light detection and ranging technology ("LiDAR") to remotely detect, locate, and quantify methane leaks. We intend to integrate this technology into our methane monitoring program and roll it out more broadly.

One of our operations has already eliminated routine flaring by reusing excess hydrocarbon gas to run a gas turbine, which provides power to the operation and the local electrical grid. Another has leveraged insights from KKR's network of partners to start replacing certain pneumatic pumps with electric-powered air pumps. The switch will significantly reduce GHG emissions.

In the short-term, we expect these enhanced LDAR activities may increase reported emissions by identifying previously missed intermittent leaks. However, in the long-term, we view better measurement and quantification practices as the tool by which we can efficiently identify leaks and help develop an operational culture focused on GHG emissions reductions. Recognizing that industry and civil society have already made significant progress identifying improved approaches to methane measurement and quantification, we intend to collaborate with and learn from our peers.

We also know it is critically important to have ambitious, quantitative greenhouse gas reduction targets. For example, one of Crescent Energy's legacy companies (Independence Energy) set specific targets to reduce its direct (Scope 1) emissions intensity and to reduce methane emissions intensity from its 2020 baseline and has started to implement projects to achieve this ambition. In considering ambitions for Crescent Energy, we know that our emissions footprint will significantly increase due to a number of acquisitions made in 2021. As a result, one of the first activities we will undertake in 2022 is working to set measurable, time-bound targets for GHG emissions reductions for the new company. In 2020, direct (Scope 1) and indirect (Scope 2) GHG emissions totaled 985,285 mt CO₂e at Crescent Energy's legacy companies.

2020 Greenhouse Gas Emissions^[1] (%)



[1] Breakdown of emissions by source does not include assets where emissions were below U.S. EPA reporting thresholds and estimated using basin-specific factors.

We recognize these commitments are just the beginning and that we have much work to do to live up to our ambitions. As we continue to improve our operational performance, we anticipate identifying additional opportunities for improvement and intend to set increasingly ambitious quantitative goals over time.

Actions We Are Taking

SCOPE 1 EMISSIONS

Flaring

- Working to eliminate routine flaring at our operations where feasible

Other combustion

- Executing on opportunities for electrification

Vented emissions

- Working to eliminate high- and intermediate-bleed pneumatic devices where feasible
- Identifying operational changes to separate gas from liquids prior to tank storage
- Exploring opportunities for carbon capture, use, and storage

Fugitive emissions

- Increasing LDAR frequency
- Executing on continuous monitoring technologies
- Piloting aerial LiDAR

SCOPE 2 EMISSIONS

- Evaluating opportunities to switch to renewable energy at certain operations

Water Management

ESG Priorities

- Commitment**
Manage and reduce freshwater use
- Priorities**
Assess water stress at all operations using [WRI Aqueduct Tool](#)

Enhance and integrate policies and practices related to water management across the new organization



Water is vital to Crescent Energy’s operations. When conducting drilling and completions operations, we use significant volumes of fresh water to support hydraulic-fracturing operations. We also use significant volumes of water — both fresh and recycled — to enhance oil recovery at certain assets. During regular operations, we may produce large volumes of wastewater as a by-product that must be managed and disposed of safely and securely. Recognizing these potential impacts, we are committed to the responsible use of water as a shared resource, and we focus on limiting our water use and impacts whenever possible.

Our operations aim to minimize the risk of impacting shared water resources by using drilling, cementing, and completion procedures and wellbore designs, as prescribed by state or federal regulatory agencies. These activities decrease the likelihood of undesirable events, even when operating within zones where groundwater contamination is not likely. When disposing wastewater, we use commercially operated disposal wells that are licensed, permitted, and monitored by state agencies.

We are particularly aware of the impact our operational water use can have in areas where there is less volume available for other water users. To focus our efforts, we have assessed which of our operations are located in water-stressed regions using the [World Resources Institute Aqueduct Tool](#). In 2020, three operations representing 48% of our production were located in areas of high or extremely-high water stress.

While we withdraw significant amounts of water in water-stressed regions (100,472 bbls), the vast majority of these volumes stay within the water cycle and are made available to downstream water users through wastewater treatment systems; only 10,121 bbls of water were consumed in processes and no longer available for downstream users. In total, at our operations in water-stressed areas, we consumed 0.0001 barrels of fresh water per BOE produced. This is significantly less than the 0.0003 barrels of fresh water per BOE produced we consume across all operations. Our goal is to maintain these very low levels of fresh water consumption in water stressed areas, while continuing to be responsible users of water resources in other regions.

We believe strong stewardship of our license to operate depends on responsible water use. While we recognize that increased drilling generally requires increases in fresh water consumption, we will work to minimize these impacts to the maximum extent feasible. For example, we are working with our operating teams to determine where we can recycle water. We are also identifying pads where we can increase barrier protection near freshwater preserves. As we work to integrate policies and practices across the new organization, one of our 2022 activities will be to consolidate and share best practices and procedures for water management across our operations.

2020 Water Use (bbls)

Fresh water withdrawn	
Total	109,903
Water-stressed regions	100,472
Fresh water consumed ^[1]	
Total	10,121
Water-stressed regions	690

[1] Water consumption is water that is no longer available for use by downstream water uses. It is defined as water that evaporates during withdrawal, usage, and discharge; water that is directly or indirectly incorporated into the entity’s product or service; or water that does not otherwise return to the same catchment area from which it was withdrawn, such as water returned to another catchment area or the sea.

2020 Produced Water Management (bbls)

Produced water generation	104,699,177
Produced water discharged	1%
Produced water injected	49%
Produced water recycled	50%



Diversity, Equity, and Inclusion

ESG Priorities

- Commitment**
Develop a diverse and inclusive workforce culture
- Priorities**
Review and implement best practices to increase representation across workforce

Review and implement best practices to enhance recruiting and career development of veterans



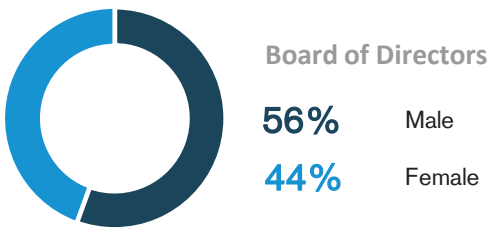
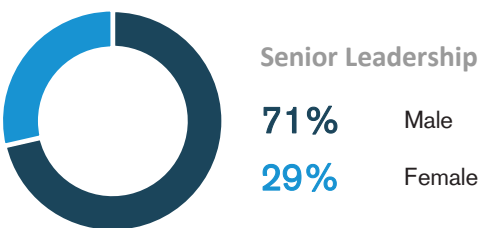
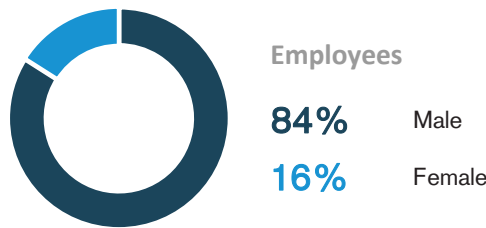
As a KKR-managed company, we are committed to diversity at the Board level. Of our nine-person Board, four (44%) of our Directors are women. In our workforce, 16% of our employees are women, while 29% of our senior leadership team is women. While we recognize that the energy sector as a whole lacks gender diversity — women make up approximately 20% of the employees worldwide in this industry — we are committed to improving this measure.

As we work to improve DEI at Crescent Energy, we see an opportunity to leverage KKR's network and experience working with companies in which it invests on diversity and inclusion topics. For example, we will leverage KKR's internal Diversity & Inclusion Handbook and KKR's Vets@Work Program at our operations, where applicable. The Handbook includes objectives and priorities, best practices, case studies, resources, and a comprehensive self-assessment. We intend to use the handbook as a systematic guide to creating a best-in-class diversity and inclusion strategy at Crescent Energy. KKR's Vets@Work program offers a series of tools and resources for companies to promote veteran-focused career development and retention practices.

44% of our Board of Directors are women.

We believe a workforce with diverse backgrounds, perspectives, skills, and experiences strengthens our business. As we establish Crescent Energy, our aim is to create a business which emphasizes promoting and supporting diversity, equity, and inclusion (“DEI”) at our company and throughout our industry.

Diversity Statistics



Community Engagement

ESG Priorities

Commitment	Listen and respond to community and stakeholder concerns
Priorities	<div>Review status and efficacy of community engagement program</div> <div>Improve process to document, monitor, and elevate (as required) complaints and grievances</div> <div>Enhance and deliver corporate- and asset-level community relations policies and practices</div>



Consistent with our core values and commitment to strong stewardship, we believe that our operations can only be successful in the long-term with the ongoing support of the landowners and local communities in the areas we operate.



While we know that many stakeholders experience economic benefits from the presence of oil and gas in the form of royalties, economic activity, and local jobs, we also understand that our presence in communities can come with grievances, such as noise, congestion, traffic, dust, damaged roads, and environmental impacts. This is why we believe it is important to develop mechanisms to communicate with stakeholders and listen and respond to their concerns so that we can maintain local support.

All of our operations have some form of landowner engagement program in place, and we welcome community engagement and interaction throughout the lifecycle of our operations. Our employees are often members of the local community and act as critical ambassadors. At operations that are located closer to surrounding communities this may include formal engagement activities. For example, one of our operations located near a residential neighborhood has a comprehensive engagement program. This includes conducting an annual liaison meeting with local governments and emergency services. The operation also adjusts its activities in response to community concerns where feasible. For example, it engages with the local community in advance of installing emergency flares so that they can reduce the amount of potential nuisance to the community. During the construction phase, the operational management team also takes care to map out best routes and times for truck traffic, to minimize disturbance with the local community. At operations that are more remote, engagement is generally informal and often includes one-on-one dialogue with local landowners.

In addition, our operations have in place formal mechanisms by which local communities and other stakeholders can report emergencies and concerns regarding our activities. This includes dedicated telephone and email hotlines which are routinely advertised in the areas where we operate. In 2020, the majority of issues reported to Crescent Energy’s legacy companies were temporary operational impacts relating to dust and noise, as well as inquiries related to royalty payments.

As we build out Crescent Energy, we intend to review the status and efficacy of the community engagement programs of all of our operations, including how operational management teams communicate with stakeholders regarding ongoing impacts and activities. Additionally, we aim to improve the documentation, monitoring, and elevation of community complaints and grievances. As part of these efforts, we currently plan to enhance and deliver corporate- and asset-level community relations expectations, policies, and practices for the new company. We will continue to disclose the details of our community engagement activities in our annual ESG report. While we support a wide variety of local charitable causes, including Boys & Girls Clubs, local schools and museums, clinics, fire and police departments, local sports teams, and educational scholarships, going forward, we see an opportunity to strengthen our community engagement activities.

Looking Forward

As described in this report, Crescent Energy is in the initial phase of a long-term strategy. We know that there is a lot of work to do to make these ambitions a reality.

One of our key priorities for the beginning of 2022 is to develop the corporate organization and processes for the new company. This will include enhancing the asset assurance organization that will set expectations and oversee ESG performance across the newly-merged company.

We are focused on benchmarking the ESG performance of the assets that were acquired by Crescent Energy's legacy companies in 2021. In doing so, we plan to set measurable, time-bound targets for ESG performance across our key priority areas for the new company.

We look forward to reporting back to our stakeholders on the ESG performance of Crescent Energy in 2021 and the targets we have set for our activities in 2022.



Performance Data Tables

Topic	Indicator	SASB Code	Units	2020
Activity Metrics	Gross production of oil	EM-EP-000.A	Thousand barrels per day (Mbbbl/day)	43 ^[1]
			barrels (bbls)	15,718,171 ^[1]
	Gross production of natural gas	EM-EP-000.A	Million standard cubic feet per day (MMscf/day)	360 ^[1]
			thousand standard cubic feet (Mcf)	131,557,778 ^[1]
	Gross Barrels of Oil Equivalent produced	EM-EP-000.A	BOE	37,644,467 ^[1]
	Number of offshore operations	EM-EP-000.A	#	1
	Number of terrestrial operations	EM-EP-000.A	#	15
Workforce Health and Safety	Hours worked: Employees	EM-EP-320a.1	#	872,790
	Hours worked: Contractors	EM-EP-320a.1	#	not available
	Loss-time incidents: Employees	EM-EP-320a.1	#	1
	Loss-time incidents: Contractors	EM-EP-320a.1	#	2
	Recordable incidents: Employees	EM-EP-320a.1	#	5
	Recordable incidents: Contractors	EM-EP-320a.1	#	4
	Loss time incident (LTI) rate: Total	EM-EP-320a.1	(Loss time incidents / hours worked) * 200,000	not available
	Loss time incident (LTI) rate: Employees	EM-EP-320a.1	(Loss time incidents / hours worked) * 200,000	0.23

[1] Includes gross production at assets directly operated by Crescent Energy's legacy companies in 2020.

Topic	Indicator	SASB Code	Units	2020
Workforce Health and Safety	Loss time incident (LTI) rate: Contractors	EM-EP-320a.1	(Loss time incidents / hours worked) * 200,000	not available
	Total recordable incident rate (TRIR)	EM-EP-320a.1	(Recordable incidents / hours worked) * 200,000	not available
	TRIR: Employees	EM-EP-320a.1	(Recordable incidents / hours worked) * 200,000	1.15
	TRIR: Contractors	EM-EP-320a.1	(Recordable incidents / hours worked) * 200,000	not available
	Total fatality rate	EM-EP-320a.1	(Fatalities / hours worked) * 200,000	0
	Fatality rate: Employees	EM-EP-320a.1	(Fatalities / hours worked) * 200,000	0
	Fatality rate: Contractors	EM-EP-320a.1	(Fatalities / hours worked) * 200,000	0
	Fatalities: Employees	EM-EP-320a.1	#	0
	Fatalities: Contractors	EM-EP-320a.1	#	0
	Number of Tier 1 Process Safety Events	EM-EP-540a.1	#	0
Business Ethics and Transparency	Diverse members of Board of Directors	Not applicable	#	4
	Total members of Board of Directors	Not applicable	#	9
	Percentage of proved or probably reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	EM-EP-510a.1	%	0

Topic	Indicator	SASB Code	Units	2020
GHG Emissions	Gross Scope 1 emissions	EM-EP-110a.1	Metric tons CO ₂ e	452,016 ^[1]
	Gross Scope 1 emissions intensity	Not applicable	Kg CO ₂ e / boe	11.38
	Percentage Scope 1 emissions covered under emissions-limiting regulations	EM-EP-110a.1	%	7%
	Amount of gross global Scope 1 emissions from flared hydrocarbons	EM-EP-110a.2	Metric tons CO ₂ e	61,083 ^[2]
	Amount of gross global Scope 1 emissions from other combustion	EM-EP-110a.2	Metric tons CO ₂ e	150,168 ^[2]
	Amount of gross global Scope 1 emissions from process emissions	EM-EP-110a.2	Metric tons CO ₂ e	73 ^[2]
	Amount of gross global Scope 1 emissions from other vented emissions	EM-EP-110a.2	Metric tons CO ₂ e	118,087 ^[2]
	Amount of gross global Scope 1 emissions from fugitive emissions	EM-EP-110a.2	Metric tons CO ₂ e	57,871 ^[2]
	Percentage methane in Scope 1 emissions	Not applicable	%	44% ^[2]
	Gross global methane emissions	Not applicable	Metric tons CH ₄	6,436 ^[2]
Water Management	Total freshwater withdrawn	EM-EP-140a.1	barrels	109,903
	Total freshwater withdrawn: Water-stressed areas	EM-EP-140a.1	barrels	100,472
	Total freshwater withdrawn: Water-stressed areas	EM-EP-140a.1	%	91%
	Gross global Scope 2 emissions	Not applicable	Metric tons CO ₂ e	533,269 ^[3]
	Gross total Scope 1 and Scope 2 emissions	Not applicable	Metric tons CO ₂ e	985,285
	Gross total Scope 1 and Scope 2 emissions intensity	Not applicable	Kg CO ₂ e / boe	25.54

[1] Includes emissions reported in line with U.S. EPA GHG reporting program. Where assets did not fall under the EPA's reporting threshold, emissions were estimated based on basin-specific factors.

[2] Breakdown of emissions by source does not include assets where emissions were below U.S. EPA reporting thresholds and estimated using basin-specific factors.

[3] Crescent Energy's operations include a CO₂ flood in Wyoming which consumes significant quantities of grid electricity.

[4] Includes produced water that is re-injected into the producing formation to increase and maintain reservoir pressure and support production.

Topic	Indicator	SASB Code	Units	2020
Water Management	Total freshwater consumed	EM-EP-140a.1	barrels	10,121
	Total freshwater consumed: water-stressed areas	EM-EP-140a.1	barrels	690
	Total freshwater consumed: water-stressed areas	EM-EP-140a.1	%	7%
	Volume of produced water and flowback generated	EM-EP-140a.2	barrels	104,699,177
	Produced water and flowback discharged	EM-EP-140a.2	%	1%
	Produced water and flowback injected	EM-EP-140a.2	%	49%
	Produced water and flowback recycled	EM-EP-140a.2	%	50% ^[4]
Biodiversity Impacts	Total spill intensity	Not applicable	barrels / m BOE	2.16
	Number of hydrocarbon spills	EM-EP-160a.2	#	38
	Volume of hydrocarbon spills	EM-EP-160a.2	barrels	579
	Volume of hydrocarbon spills recovered	EM-EP-160a.2	barrels	413
	Hydrocarbon spill intensity	Not applicable	barrels / m BOE	0.015
	Number of produced water spills	Not applicable	#	50
	Volume of produced water spills	Not applicable	barrels	80,850
	Volume of water spills recovered	Not applicable	barrels	16,028
	Produced water spill intensity	Not applicable	barrels / m BOE	2.16
Workforce	Total Employees (including Senior Leaders)	Not applicable	#	652
	Female Employees	Not applicable	#	99
	Male Employees	Not applicable	#	539
	Female Senior Leaders	Not applicable	#	4
	Male Senior Leaders	Not applicable	#	10



Cautionary Statement Regarding Forward-Looking Information

This presentation relates to Crescent Energy Company (the “Company”), including information about its operations and certain environmental, social and governance (“ESG”) metrics prior to and following its recent consummation of the business combination (the “Transaction”) between Independence Energy LLC (“Independence”) and Contango Oil & Gas (“Contango”), and contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, included in this communication that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including without limitation those relating to the Transaction, are forward-looking statements and are based on current expectations. Words such as “estimate,” “project,” “predict,” “believe,” “expect,” “anticipate,” “potential,” “possible,” “create,” “intend,” “should,” “could,” “may,” “foresee,” “plan,” “will,” “guidance,” “look,” “outlook,” “view,” “efforts,” “goal,” “future,” “assume,” “forecast,” “build,” “focus,” “work,” “commitment,” “approach,” “continue” or the negative of such terms or other variations thereof and words and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements and express our expectations about future events. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements include, but are not limited to, statements regarding plans and initiatives related to the Company’s ESG priorities, goals related to environment, health and safety, descriptions of the Company and its operations, anticipated future performance, anticipated future actions related to ESG, future commodity prices, future earnings, business strategy and market position, effects of the Transaction, projections and future operating results. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this communication. These include risks related to plans and actions related to the Company’s ESG initiatives, effects of climate change and energy transition, risks related to the Company’s operating results and businesses generally, the impact of reduced demand for the Company’s products and products made from them due to governmental and societal actions taken in response to the COVID-19 pandemic, the uncertainties, costs and risks involved in the Company’s operations, including as a result of employee misconduct, natural disasters, pandemics, epidemics (including the COVID-19 pandemic and any escalation or worsening thereof) or other public health conditions and other important factors that could cause actual results to differ materially from those projected.

All such factors are difficult to predict and may be beyond the Company’s control, including those detailed in that certain final prospectus on Form 424B3 (the “Final Prospectus”) filed with the U.S. Securities and Exchange Commission (the “SEC”) relating to the Transaction that is available on the SEC’s website at <http://www.sec.gov>. All forward-looking statements are based on a number of assumptions, risks and uncertainties that the Company believes to be reasonable but that may not prove to be accurate.

Many of such risks, uncertainties and assumptions are beyond the Company’s ability to control or predict. Because of these risks, uncertainties and assumptions, readers are cautioned not to, and should not, place undue reliance on these forward-looking statements. The Company does not give any assurance (1) that they will achieve their expectations, or (2) to any regulatory action, administrative proceedings, government investigations, litigation, warning letters, consent decree, cost reductions, business strategies, earnings or revenue trends or future financial results.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to correct, revise or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. All subsequent written and oral forward-looking statements concerning the Company, Independence, Contango, the Transaction or other matters and attributable thereto or to any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above.