Shaping our Future

CALLON
PETROLEUM

2021
Sustainability Report

TABLE OF CONTENTS

Foreword

3 Our Values

4 CEO Letter

6 About Callon

7 ESG Journey

8 ESG Commitments

9 ESG Reporting Approach

SUSTAINABLE OPERATIONS

10 Overview

11 Performance Highlights and Commitments

12 Operations Management System

13 Environmental Management System

15 Climate Change Risks

20 Reducing Emissions

26 Water Management

28 Biodiversity and Land Stewardship

SUSTAINABLE TEAMS

30 Overview

31 Performance Highlights and Commitments

32 Safety Performance

34 Our Culture

35 The Callon Team

38 Sustainable Communities

RESPONSIBLE GOVERNANCE

42 Overview

43 Performance Highlights and Commitments

44 Board of Directors

47 Enhanced Risk Oversight

48 Executive Compensation

49 Shareholder Engagement

50 Ethics and Transparency

51 Public Advocacy

Disclosure Frameworks

52 Performance Metrics

57 TCFD Index

58 SASB Index

59 AXPC Index

61 UN SDG Index

Forward-looking Statement

62 Forward-looking Statement

OUR VALUES

Respect

We value the ideas and contributions of all team members and show consideration and appreciation for one another. We recognize and embrace each other's differences and work towards our common goals.

Excellence

Our business requires focused innovation and evaluation of new opportunities for resource extraction. We balance the application of new technologies and testing of new concepts with prudent risk management and thorough data analysis.

Drive

Keenly focused on leading, we relentlessly challenge the status quo to meet and exceed our expectations for top-tier performance in all aspects of our business.

Integrity

We always strive to do the right thing and pride ourselves on being a preferred partner. We are consistently open, honest, ethical, and genuine. We do what we say and are accountable for our actions.

Responsibility

The safety of our employees, contractors, and communities is of utmost importance—this is not negotiable. We recognize that we earn the right to operate every day by developing our assets responsibly and with respect for the environment. We focus on safety and protection of the environment in every operation, and all Callon representatives are authorized to "stop work" if these are at risk.

CEO LETTER

At Callon, our focus on sustainability starts with the products we produce to power the world, enhance personal prosperity, and protect the health and welfare of people everywhere. We play a vital role in an energy value chain that is responsible for enabling us to heat and cool our homes and businesses, power our hospitals and schools, feed our families, travel, and manufacture goods that are necessary for daily life. We are proud to help meet the world's energy needs in ways that are innovative, safe, and environmentally and socially responsible.

The Energy Transition

As economies continue to grow and living standards improve, one of the world's greatest and most urgent societal challenges will be meeting the growing demand for energy while mitigating emissions and addressing climate change. We fully acknowledge this challenge and the energy transition that is underway. However, as most forecasts suggest, we firmly believe that hydrocarbons will be part of the global energy mix for decades to come. Reducing greenhouse gas (GHG) emissions, as well as advancing technology, implementing more effective energy policies, and enhancing infrastructure investments, will be necessary moving forward.

As companies, individuals, and governments look for the most effective approaches to solving the complex challenges we face, you can count on us to do our part. We will continue to grow, advance, and help meet the world's evolving energy needs, while maintaining our steadfast commitment to environmental stewardship, an engaged and empowered workforce, strong community partnerships, and ethical governance practices. We believe that our focus on building a portfolio that is resilient to both lower commodity prices and higher carbon prices, coupled with our talented and diverse team, entrepreneurial culture, and long-standing dedication to financial discipline and operational excellence, positions us well for long-term, sustainable success.

Our Sustainable Journey

At Callon, we have been focused on building a successful and sustainable business for over 70 years, and we continually evolve our priorities to meet the needs of our stakeholders. Since doubling our asset base through a corporate merger in late 2019, we have engaged in a concerted effort to reduce our environmental footprint. Our efforts are marked by a dedication to meaningful, quantifiable goals, coupled with an actionable plan to achieve them, and enhanced transparency and accountability.

Following a full operational readiness and baseline review, in early 2021, we formalized our commitments by announcing specific medium-term emission reduction goals. As you will read throughout the pages of this report, during the calendar year, wecompleted the second series of field electrification projects inthe Eagle Ford and Delaware basins and improved our carbon footprint through flare reduction initiatives. By year-end, we had achieved a reduction in our GHG emissions of approximately 30% since 2019, and our work continues. As a result of these successes, in early 2022, we announced the adoption of more aggressive emission reduction goals including a 50% reduction in GHG emissions by 2024. These goals are supported by specific work plans and a $20 million capital program to help ensure these important commitments are met.

Targeting goal achievements 1+ years ahead of peer group

0%

ACCELERATED GOAL

End routine flaring by the end of 2022

<1%

ACCELERATED GOAL

Reduce all flaring to less than 1% by 2024

50% CO_2

ACCELERATED GOAL

50% reduction in GHG intensity by 2024

<0.2% CH_4

NEW GOAL

Reduce methane emissions to less than 0.2% by 2024

In addition to our emission reduction efforts, we have continued to advance and evolve other aspects of our sustainability initiatives over the past few years. For example, we have enhanced our focus on biodiversity and implemented measures to decrease spill occurrences. We have also made significant investments in employee development programs and expanded our engagement practices as they relate to employees, recruitment, and community support. From a governance perspective, we have implemented an industry-leading executive compensation program to align with financial and environmental, social, and governance (ESG) priorities, enhanced the Board's focus by renaming and expanding the scope of the Nominating & ESG Committee, and strengthened our risk management program.

Looking Ahead

Although our Company has grown exponentially our 70+ year history, our core values have remained constant and will continue to be at the heart of everything we do. They will guide us into the future and help us navigate the opportunities and challenges ahead. The world's focus on innovation, digital transformation, and ESG-related initiatives will continue to grow in the coming years and will play a critical role in our industry. We are not only adapting to these wider trends but embracing the opportunities they present to help shape our long-term plans and goals.

We are steadfast in our commitment to create long-term value for our shareholders, play a meaningful role in the energy transition, and meet the evolving needs of all our stakeholders, while responsibly providing affordable and reliable energy that the world demands. We believe those things make us both a preferred partner and a good investment. Thank you for taking the time to learn more about Callon's ESG progress, initiatives, and plans. As always, we welcome your feedback and are grateful for your continued support and trust.

Sincerely,

Joseph Gatto Jr.
PRESIDENT AND CHIEF EXECUTIVE OFFICER (CEO)

ABOUT CALLON

95.6 MBoe/d

Full-year 2021 net production

484.6 MMBoe

Year-end 2021 proved reserves

~$275MM

Full-year 2021 adjusted free cash flow[1]

~$300MM

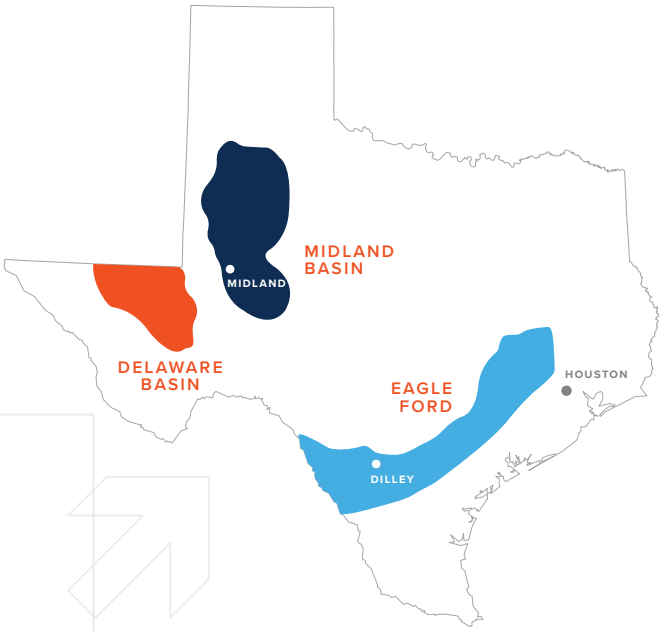
Year-over-year absolute debt reduction

141%

Year-over-year operating margin growth

64%

Total oil production



Headquartered in Houston, Texas, Callon Petroleum (NYSE: CPE) is an independent oil and natural gas company focused on the acquisition, exploration, and development of high-quality assets in the leading oil plays of the Permian Basin in West Texas and the Eagle Ford Shale in South Texas. With a 70+ year operating history, our mission is to build trust, create value, and drive sustainable growth for our investors, our employees, and the communities in which we operate.

Through the acquisition of Primexx in 2021, we further expanded our core acreage in the Delaware Basin by 35,000 net acres and increased our production by approximately 20%. Entering 2022, we now hold over 135,000 net acres in the Permian Basin and 53,000 net acres in the Eagle Ford.

The oil and gas industry has weathered many volatile surprises over its long history. We believe the companies that are most nimble and have a long-term, sustainable business model are the ones that will succeed in any environment. We are fortunate that we have the flexibility to respond to a dynamic market, and we will continue to develop our assets in a way that positions us well in the long term.

The path forward for Callon will continue to be defined by our ability to address the challenges presented in a dynamic environment. Our depth of inventory, life-of-field development perspective, and high cash margins will continue to be differentiating factors as the unconventional oil and gas business matures. Still, we must continue to be efficient, thoughtful, and focused on making the most of every dollar in ways that are innovative, safe, and environmentally responsible.

OUR ESG JOURNEY

Our focus on integrating sustainable business practices and achieving long-term results drives our business decisions. Sustainability is an essential foundation of our strategy, underpinned by the belief that creating value for all our stakeholders is key to our success as a Company. Our approach to sustainability is built on the solid foundation of our values. It is on this foundation that we have committed to operating responsibly and protecting our workforce, the communities we serve, and the environment.

At Callon, we have been focused on sustainable business practices for many years. In 2019, we began highlighting our long-standing commitment to responsible and sustainable operations. In 2020, we completed an operational readiness and baseline review for sustainable development that helped inform our strategy, and we enhanced our transparency and accountability through the publication of our inaugural sustainability report.

In 2021, we announced thoughtful emission reduction goals to be completed by 2025, along with an action plan to achieve those goals. We implemented changes to our board governance to enhance focus on ESG and revamped the executive compensation program to better align with our stakeholder priorities. We also increased our transparency by providing voluntary disclosures regarding our active approach to assessing and managing climate risks in alignment with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

As a result of our success towards our 2021 emission reduction targets, in early 2022, we announced the adoption of more aggressive emission reduction goals and supported them with a $20 million capital program to help us meet them. We also continue to enhance disclosures and transparency by aligning our reporting with additional frameworks – including those developed by the Sustainability Accounting Standards Board (SASB), the American Exploration and Production Council (AXPC), and the United Nations Sustainable Development Goals (UN SDGs) – that we believe are beneficial to our stakeholders. We also adopted a Human Rights Policy and a separate Contractor Code of Conduct to further outline our position and expectations for our employees, contractors, and vendors.

2022

Issued 2021 Sustainability Report

- Alignment with
  - SASB
  - TCFD
  - UN SDGs
  - AXPC ESG Metrics Framework
- Announced updated and accelerated 2024 emission reduction targets
- Adopted Human Rights Policy
- Adopted Contractor Code of Conduct
- Formalized Management Committee on Sustainability
- Welcomed our third female Board director

2021

Issued 2020 Sustainability Report

- Alignment with SASB
- Alignment with TCFD
- Announced 2025 emission reduction targets
- Renamed and expanded the scope of the Board's Nominating & ESG Committee
- Revamped executive compensation program to align with financial and ESG priorities

2020

Issued Inaugural 2019 Sustainability Report

- Alignment with SASB
- Conducted baseline review for emissions reduction activities

2019

Launched Sustainability Website

- Highlighted our sustainability practices and our commitment to environmentally responsible operations
- Highlighted our ESG initiatives

OUR ESG COMMITMENTS

In early 2021, we announced the adoption of meaningful medium-term emission reduction goals to reduce flaring and GHG emissions in our operations. After making substantial progress on our action plans throughout the year, we were proud to announce accelerated, and new, emission reduction goals in early 2022, which are incorporated into our executive compensation program for 2022, as described on page 48. To advance our goals, we are investing nearly $20 million to help expand field electrification and implement other system upgrades. This capital allocation is part of a broader multi-year emission reduction program aimed at decreasing our overall carbon footprint.

Callon is investing nearly $20 million in 2022 to meet its new and accelerated goals

New and accelerated emission reduction goals announced in 2022

CO_2

50% reduction

ACCELERATED GOAL

50% reduction in GHG intensity by 2024, targeting the high end of previous guidance and accelerating the achievement timeline by one year

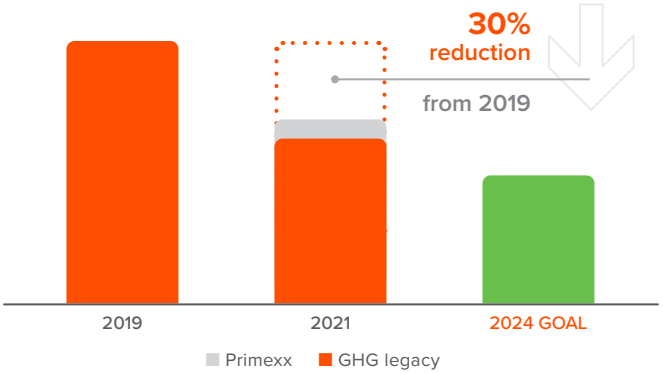
CH_4

<0.2% reduction

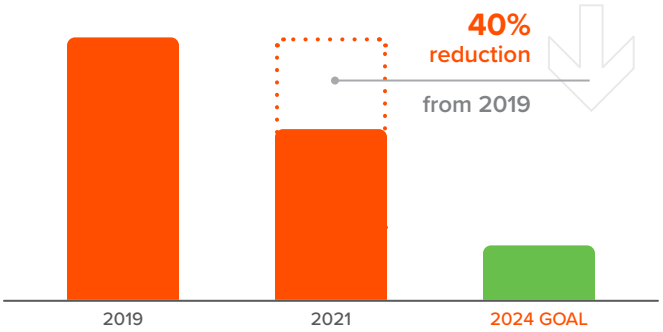
NEW GOAL

Reduce methane emissions to less than 0.2% by 2024

Scope 1 GHG Intensity[2]



Methane Emissions[3]



ACCELERATED FLARING REDUCTION GOALS

Eliminate routine flaring by the end of 2022, an acceleration of three years compared to the previous goal

Reduce all flaring to less than 1% by 2024, targeting an even smaller percentage of flared gas and accelerating the achievement timeline by one year

ALIGNING COMPENSATION WITH SUSTAINABILITY

Updated sustainability-linked goals are tied to 2022 executive compensation program

New environmental goals tied to executive compensation program

OUR ESG REPORTING APPROACH

In this report, we disclose information about our ESG policies and programs that we believe is of value to our stakeholders. Unless otherwise noted, the information and data in this report cover the Company's operated assets for the calendar year that ended on December 31, 2021. This report includes results for 2019, 2020, and 2021, which are the only years for which pro forma results are available following the December 2019 closing of our acquisition of Carrizo Oil & Gas, Inc. Reported financial highlights were drawn from the Callon Petroleum Company Form 10-K for the fiscal year ended December 31, 2021, filed on February 24, 2022.

As it relates to GHG emissions, per Environmental Protection Agency (EPA) regulations, we report full-year Scope 1 emissions for all assets owned as of December 31 for each respective reporting year. For acquired assets, we disclose full-year emissions for the year of acquisition but do not disclose emissions for years prior to our ownership. Emissions for sold assets are not included for the year in which the asset is sold. For all other metrics, we report performance for the periods in which assets were under our operational control.

As part of our efforts to continuously improve our ESG transparency, reporting, and performance, we welcome feedback on this report. Please send comments and questions about this report to:

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Sustainability and Communications
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or

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Suite 2000
Houston, Texas 77042
Attn: Sustainability and Communications

Report Content

This report is informed by the SASB Standards for Oil and Gas – Exploration & Production, TCFD, the AXPC's ESG Metrics Framework, and the UN SDGs.

Callon determined the contents for this report in discussions with key internal and external stakeholders, including investors, senior management, and our internal subject matter experts. The report was also informed by an internal review of industry and peer ESG reporting practices.

This report reflects the most accurate information available at the time of publishing. Metrics have been calculated using the best available information at the time of preparation and are subject to change if updated data or other information becomes available. In this report, Callon is at times referred to in the first person as "we," "our," or "the Company."

Data Validation

A quantitative review of the data included within the Performance Metrics table was performed internally by individuals separate from those who compiled the data. This review included both discussions with data owners to obtain a high-level understanding of the systems and tools used to record and consolidate the data, as well as verification that the data adequately substantiates the information disclosed in this report. In addition, the Callon Board of Directors reviewed this report.

OVERVIEW

Sustainable Operations

At Callon, respecting the environment as we develop our natural resources is both a core value and a business imperative. To meet the growing demand for affordable and responsible energy, we are committed to developing our assets while mitigating emissions to help address climate change. Our Operations Management System (OMS) outlines expectations and accountability for conducting our operations safely, responsibly, and in an environmentally sound manner. We incorporate new technology, implement best practices, and consistently improve techniques to reduce or avoid our impact to the air, water, and land.

The world will continue to rely on oil and natural gas to produce many valuable commodities that improve our way of life. At Callon, we are focused on finding ways to produce energy more responsibly, and we understand that the challenges and opportunities presented by climate-related risks are a growing area of interest for our stakeholders and an important aspect of risk management for our industry. That is why we closely monitor potential business impacts of climate-related risks and factor them into our strategic planning process.

Our commitment to environmental stewardship has helped us evolve our sustainability practices over the years, resulting in remarkable operational performance improvements. And while we have achieved so much in a relatively short time, we know we must continue to push the envelope to create a more sustainable Company, especially as it relates to the ever-changing dynamics of climate risk.

ENVIRONMENTAL PERFORMANCE HIGHLIGHTS & COMMITMENTS

2021 Highlights

Callon has established aggressive goals focused on reducing our emissions intensity. We are proud of our 2021 environmental performance, which includes:

11% CO_2

Reduction in GHG emissions intensity for legacy Callon assets[4]

2% CO_2

Reduction in overall GHG emissions intensity

49%

Reduction in flare rate

24%

Reduction in total fluid spill rate

Commitments

Based on our progress last year, in early 2022, we accelerated and expanded upon our prior environmental goals. These new targets reflect our commitment to achieving meaningful reductions for both carbon and methane emissions. To help us achieve these goals, we are investing $20 million this year in proven operational enhancements and have incorporated the goals into our annual and long-term executive compensation program as described on page 48.

0%

ACCELERATED GOAL

Eliminate routine flaring by the end of 2022, an acceleration of three years compared to the previous goal

50% CO_2

ACCELERATED GOAL

50% reduction in GHG intensity by 2024, targeting the high end of our previous guidance and accelerating the achievement timeline by one year

<1%

ACCELERATED GOAL

Reduce all flaring to less than 1% by 2024, targeting an even smaller percentage of flared gas and accelerating the achievement timeline by one year

<0.2% CH_4

NEW GOAL

Reduce methane emissions to less than 0.2% by 2024

OPERATIONS MANAGEMENT SYSTEM (OMS)

Our OMS outlines expectations and accountability for conducting our operations safely, responsibly, and in an environmentally sound manner for the benefit of our employees, those involved with our operations, customers, and the public. The OMS framework is implemented with 11 essential elements designed to identify, measure, and mitigate risks in our operations. Our Environmental Management System (EMS) is embedded within select elements of our OMS.

ENVIRONMENTAL MANAGEMENT SYSTEM

Our EMS, which is embedded within our OMS, is a multidimensional approach to safeguard the environment and consists of nine elements that work together to set expectations and goals, monitor and evaluate performance, and drive continuous improvement. Our values reinforce the responsibility of each Callon employee and contractor to take ownership of environmental performance.

Environmental Management Programs

Our ongoing environmental programs and requirements are described in our Environmental, Health, and Safety Manual. These programs have not only reduced our operational impacts, but also improved efficiency, lowered costs, and reduced risk. In this way, environmental stewardship does more than allow us to maintain our license to operate, it helps drive the sustainability of our business.

Safety and Environmental Policy

We ensure that our workforce is aware of our environmental programs, protocols, and performance expectations in compliance with all applicable environmental laws and regulations. Employees and contractors are held accountable for adhering to the operating principles in our Safety and Environmental Policy.

Board of Directors Oversight

The expectation that Callon will operate an environmentally conscious business starts with oversight of our performance by our Board of Directors. To ensure that our management team focuses on continuous improvement, the Board included environmental performance as quantitative and qualitative factors in Callon's 2021 executive compensation program and expanded on these metrics in the 2022 executive compensation program.

Management's Environmental Responsibilities

Callon establishes priorities and allocates resources to meet our environmental commitments, including our performance goals. Job assignments are in place for employees to implement environmental programs and plans. Management periodically reviews and assesses the progress of our goals and objectives and assigns corrective actions to stimulate continual improvement. In 2022, we established the Management Committee on Sustainability to formalize responsibility for setting strategy and overseeing performance for sustainability matters.

Targets and Objectives

In 2021, we demonstrated our commitment to protecting the environment and building a sustainable business by establishing GHG reduction targets by 2025, using 2019 as the baseline. After making substantial progress on our goals in 2021, we announced accelerated, and new, goals in early 2022 that include eliminating routine flaring by the end of 2022, an acceleration of three years versus our previous goal; a 50% reduction in GHG intensity by 2024, targeting the high end of previous guidance and accelerating the achievement timeline by one year; reducing all flaring to less than 1% by 2024; and reducing methane emissions to less than 0.2% by 2024. Our compensation is linked to the achievement of short- and medium-term emission reduction goals.

Monitoring and Data Management Systems

We use a combination of internal and third-party systems to collect and aggregate environmental data so it can easily be reviewed, monitored, and used to improve our performance and meet our objectives and goals. In addition, we use this data for regulatory reporting purposes.

Environmental Inspections

Routine inspections and maintenance are performed by trained personnel to verify that engineering controls are in place and functioning properly to prevent unnecessary releases to the environment. We use optical gas imaging (OGI) cameras to scan production facilities for leaks as part of our leak detection and repair (LDAR) program, and we conduct voluntary surveys beyond regulatory requirements. Regulatory required inspections are periodically conducted on production facilities to verify that environmental controls are in place and functioning as intended.

Environmental Training and Awareness

Annual compliance training is conducted for our operations personnel regarding spill prevention and response. Awareness training is also provided to operations personnel regarding emissions leaks and repairs. Workers who are new to the industry receive additional training during onboarding.

Contractor Management

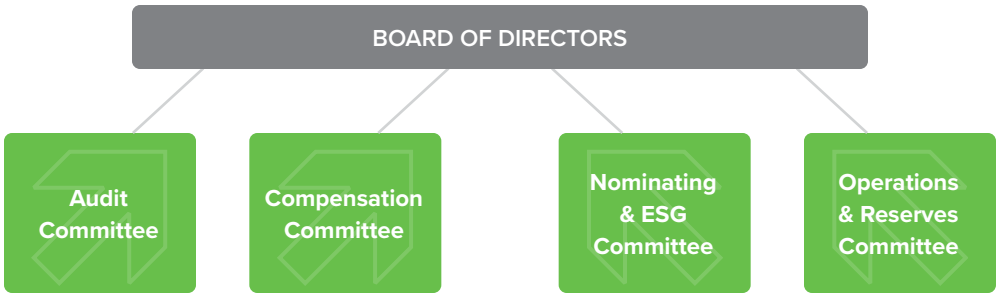
We believe that all contractors are external champions of Callon values. We communicate our environmental and behavioral expectations to all contractors and vendors who work at our locations.

Climate Change Risks

TCFD DISCLOSURE FRAMEWORK

At Callon, we share our stakeholders' concerns about the risks of climate change. We also recognize the potential impacts on our industry, including the evolving preferences of consumers and investors, as well as increasing regulatory obligations. As concerned citizens and responsible operators, we are committed to diligently minimizing and mitigating our environmental impact while responsibly providing affordable, reliable oil and gas resources that serve to raise standards of living and quality of life for people in the U.S. and around the world.

To address the increasing interest of shareholders and other stakeholders in how climate-related risks and opportunities can potentially impact Callon's operational and financial performance, we provide voluntary disclosures regarding our active approach to assessing and managing climate risks in alignment with the TCFD recommendations. TCFD provides a framework of recommended disclosures, including four reporting elements: governance, strategy, risk management, and metrics and targets. The framework helps us evaluate and communicate how we believe our Company could be impacted by an energy transition using different scenarios and assumptions over various time horizons.



Governance

We employ an integrated approach to managing climate-related risks and opportunities. This approach allows us to evaluate and implement business strategies that are reviewed against climate impacts across short-, medium-, and long-term time horizons.

Board of Directors

The highest level of oversight of business risk management rests with our Board of Directors. The Board recognizes that ESG risks are interconnected with other business risks and opportunities, and they regularly review salient ESG-related issues alongside other operational, financial, and strategic matters. At each regular Board meeting, time is reserved for reviewing enterprise risks and specific progress on Callon's environmental programs and targets.

Board Committees

Each of our Board committees has a role in our climate-related risk strategies. The Nominating & ESG Committee has responsibility for overseeing and guiding our policies and performance relating to ESG matters, including assessment and monitoring of stakeholder concerns and emerging issues such as climate-related risks and opportunities. The Operations & Reserves Committee oversees operational performance relative to established environmental goals, and the Audit Committee oversees risk-related disclosures in compliance with regulatory requirements. The Compensation Committee is responsible for aligning executive compensation with strategic priorities, including environmental performance. See **page 48** for information about the incorporation of GHG emissions reduction goals into our incentive compensation program.

Executive Management

Our CEO, Chief Operating Officer (COO), Chief Financial Officer (CFO), and General Counsel, together, the Executive Leadership Team (ELT), are responsible for executing the Company's business strategy and implementing the Board's recommendations regarding climate-related risk management efforts. The ELT regularly reviews emerging risks, which are assessed based on their potential impact and probability of occurrence. Identified risks are integrated into Callon's risk assessment framework, and initiatives and processes are recommended to mitigate, control, and manage those risks. The ELT delegates responsibilities to relevant working groups or teams. Through our Management Committee on Sustainability ("Sustainability Committee"), the ELT participates in regular briefings on climate-related issues and trends from our subject matter experts who participate in industry associations and policy discussions.

To understand the potential long-term impacts of climate-related risks and opportunities on our business, the ELT initiated the scenario analysis described below to assess the resilience of our business strategy in various future energy scenarios. The ELT also assessed our GHG emissions and, with input from the Board, established meaningful GHG emissions reduction goals to mitigate climate-related risks. As members of the ELT, Callon's COO is responsible for operational execution in support of those goals, and our Senior Vice President and General Counsel is responsible for overseeing our sustainability efforts, including climate-related assessments and disclosures. The ELT and Board are fully committed to responsibly adapting Callon's operations for the future.

Strategy

We provide affordable energy to our customers and create value for our shareholders through a strategy of scaled development coupled with a life-of-field view that prioritizes both near-term returns and long-term inventory value optimization. Our diversified, multi-year inventory in the leading oil plays of the Permian Basin and Eagle Ford provides us the flexibility to adapt our development plans to respond to commodity price cycles and deliver returns to shareholders. In addition, our strong cash operating margins support durable cash flow generation through periods of commodity price volatility.

As we execute the development of our substantial resource base, we are mindful of the climate-related risks we face as the world seeks to balance progress towards a lower-carbon future with the energy needed to support economic growth and human prosperity. We believe integrating climate-related risks and opportunities into our strategic planning over various time horizons enables better decision-making and responsible deployment of capital and talent.

Time Horizons

Elements of risks manifest themselves over different time horizons. We consider the following horizons when assessing and planning for risks and opportunities:

0 – 2-year Time Horizon

Callon has built a workflow for formulating and reforecasting a budget and operating plan that is focused on the generation of free cash flow while advancing our emission reduction initiatives. This workflow is calibrated to achieve our objectives including a rate of cash reinvestment that maintains production levels and reduces debt. We use a variety of internal and external applications to identify key development variables, which feed into our models. Under this time horizon, we consider all forms of risk, and our management team reviews the models to ensure proper risk mitigation strategies are in place. In addition to risk modeling, Callon continues to implement environmental programs and initiatives aimed at reducing GHG emissions within the short-term horizon. Our commitments to minimize flaring, reduce field fuel combustion, and retrofit facility components drive our sustainability objectives while mitigating our transitional risks.

2 – 5-year Time Horizon

Callon's Strategic Planning Team conceptualizes our medium-term development program and customizes development for various scenarios resulting from changes in market conditions, life-of-field intention, and other physical and/or transitionary climate-related risks. We use proactive operational awareness and innovative field planning technologies to mitigate risks. As a result, our medium-term planning process is built to absorb physical and transitional risks, while also running all outcomes through a three-statement financial model that optimizes operating metrics, cash flow, and the balance sheet.

5 – 10+-year Time Horizon

Our short-term and medium-term planning approach permeates through and influences our long-term horizon planning outcomes. This planning horizon is overseen by Callon's Corporate Development Group, and the model has been used to quantify a variety of potential field development outcomes, along with various pricing implications outlined in the 2021 World Energy Outlook scenarios. Our management team and specialists review the modeled inputs to calibrate assumptions, and outputs are run through a three-statement financial model, which allows for continuous optimization. The same model iterations reveal targeted business development metrics, which help frame accretive inventory growth opportunities. This ongoing work allows us to assess our long-term development plans for emerging risks including those related to climate change.

The risks we face include, among others, enhanced regulation of GHG emissions and other environmental impacts of our business; changing consumer energy preferences, potentially impacted by the adoption of carbon pricing policies, which affect commodity prices; and changing investor strategies that may impact our access to capital. We seek to lessen our exposure to these risks with a variety of strategies, including our commitment to reduce our environmental impact (see **page 8** for information about our environmental goals), maintaining our low-cost scaled operating model, and reducing absolute debt levels. As described below, we monitor and manage these risks and strategies through the enterprise risk management (ERM) process overseen by the Board and management team.

Risk Management

At Callon, we utilize an ERM framework that involves the assessment and ranking of risks within an evolving risk universe whereby broader categories and underlying specific risks are identified, assessed, and reviewed in consideration of the likelihood of the risk to occur, and the potential impact of the risk. Management performs periodic updates to our risk assessment, and the Board of Directors discusses risks topics every quarter to ascertain independent director views and inputs on the nature of initiatives and processes underway to mitigate, control, transfer, or capitalize on identified risks. The Board periodically reviews the current actions being taken by management to address these risks and provides insight on emerging risks that should be added to the evaluated risk universe. Regarding climate-related risks, Callon has implemented a defined set of GHG emissions reduction goals and has aligned incentive compensation metrics to reflect those goals.

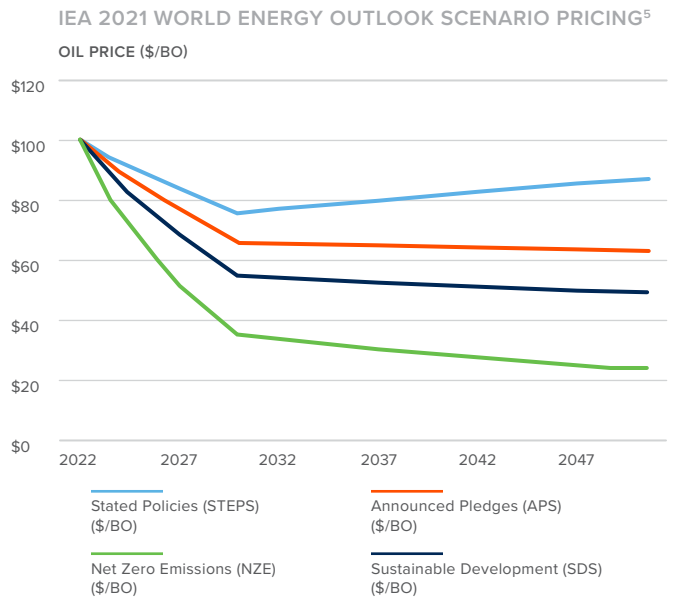
Scenario Analysis

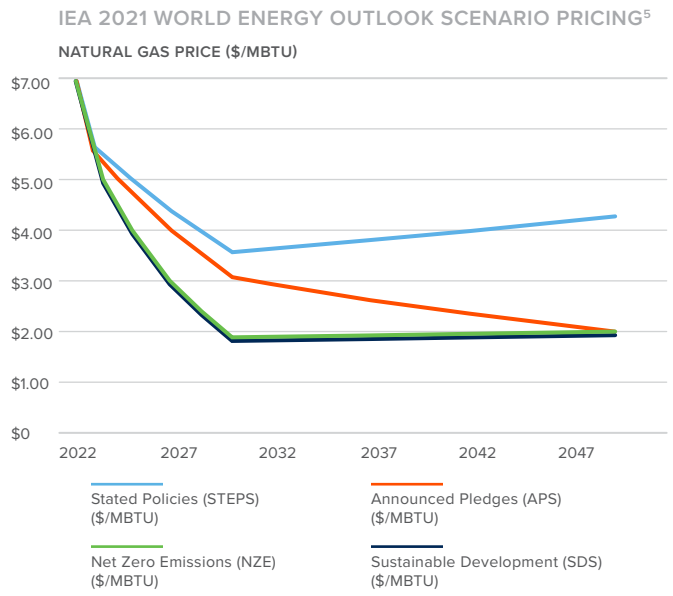
As a prudent business practice in an evolving energy landscape, we periodically evaluate the resiliency of our business under future global energy scenarios developed by the International Energy Agency (IEA). In its World Energy Outlook, the IEA utilizes a scenario approach to examine future energy trends. The normative and exploratory scenarios frame views on potential future oil and gas demand, as well as technology, policy, and societal requirements tied to energy transition pathways. For each scenario, we evaluate the range of potential impacts on our business and identify strategic risks and opportunities.

The four main scenarios of the IEA's 2021 World Energy Outlook include:

Stated Policies Scenario (STEPS):

STEPS reflects the impact of specific policy initiatives that have already been announced by governments, including the Nationally Determined Contributions (NDC) submitted by the Paris Agreement signatories. It also accounts for the continued evolution of known





technologies. The consumption of both oil and natural gas remains an integral component of this scenario, with both 2030 and 2050 levels exceeding current levels.

Announced Pledges Scenario (APS)

APS assumes that all climate commitments made by governments around the world, including NDCs and longer-term net-zero targets, will be met in full and on time. This scenario highlights the "ambition gap" that exists between current climate pledges and the goals agreed to in Paris in 2015 to limit global warming to well below 2°C compared to pre-industrial levels. Under this scenario, CO_2 emissions would rise to 30 gigatons in 2030 and subsequently fall to 22 gigatons in 2050, thereby slowing down the modeled increase in temperature rise to 2.1°C by 2100. The rise and fall of CO_2 emissions is representative of the increasing consumption of oil and gas through 2030, followed by a reduction to pre-2020 levels by 2050.

Sustainable Development Scenario (SDS)

SDS outlines a pathway aligned with the Paris Agreement to limit the rise in global temperatures to well below 2°C, while pursuing efforts to limit it to 1.5°C. It maps out a way to meet sustainable energy goals in full. Within this scenario, advanced economies achieve net-zero emissions by 2050, and developing economies follow suit by 2070. The key assumptions that drive emissions reductions beyond STEPS and APS are enhanced clean energy policies, accelerated investments in low-emission technologies and energy sources, and a slight decline in fossil fuel consumption. Projected fossil fuel replacement technologies in this scenario include wind, solar, batteries, and fuel cells.

Net-Zero Emissions (NZE)

The most ambitious of the IEA scenarios is a modeling framework that examines what additional measures would be required beyond SDS over the next 10 years for the global energy sector to achieve a pathway to net-zero CO_2 emissions by 2050, with the aim of preventing global temperatures from exceeding 1.5°C above pre-industrial levels. While this scenario presents a narrow but achievable pathway to net-zero emissions, the commitments to such an outcome remain less detailed as companies resolve strategies around long-term business implications. Within the NZE scenario, oil and gas inventories are expectedly less resilient, whereby only the lowest cost development opportunities remain economically viable within an energy portfolio of greater diversification. This scenario projects that oil and gas consumption would decrease moderately from current levels by 2030, after which time consumption of both products would decrease significantly further by 2050.

Resiliency Assessment

Callon's assets are well positioned within the world's most economically attractive oil and gas basins. Our well cost structure is resilient and built upon demonstrated execution success, supply chain relationships, and efficient field development strategies that are robustly formulated under varying market conditions. To continuously improve our cost structure and GHG footprint, we responsibly drive operational efficiencies while actively reducing our emissions. Callon combines its competitive cost structure with emerging data analytics techniques to ensure that plans-of-development are executed in a manner that manages both short-term and long-term business objectives.

IMPACTS RELATIVE TO CALLON BASELINE[6]

	STEPS	APS	SDS	NZE
IEA Scenario Pricing				
Oil Price	Favorable	Favorable	Neutral	Neutral
Gas Price	Favorable	Neutral	Neutral	Neutral
Scenario Analysis Results				
Inventory	Favorable	Favorable	Neutral	Unfavorable
Net Asset Value	Favorable	Favorable	Neutral	Unfavorable

Favorable to Baseline | Neutral to Baseline | Unfavorable to Baseline

Based on our 2022 analysis, Callon's inventory and net asset value is resilient in both the STEPS and APS scenarios. If the world adopted the NZE scenario, our tail inventory and net asset value could be pressured by transition policies.

Callon projects to remain cost competitive and resilient across dynamic market conditions, while continuously reducing our GHG emissions. Because Callon's internal breakeven costs are confidential, the data provided on the Callon Portfolio Resiliency chart is based on analysis by Enverus. Per Enverus' analysis, Callon's average half-cycle breakeven prices — the prices needed to recover capital expenditures (excluding sunk capital), operating costs, royalties, taxes, and earn an acceptable return on investment — in the Delaware, Midland, and Eagle Ford plays are in line with or below the peer average breakeven prices as shown in the bottom chart. This analysis suggests that Callon can be expected to generate high returns and continue to operate profitably even in the case of declining oil prices in the carbon-constrained SDS scenario.

Our operational and strategic development plans are regularly reviewed with the Board and will be regularly tested against current and/or projected market conditions. Callon's Board and management team regularly evaluate policy developments and create a variety of field development scenarios that thoughtfully balance capital efficiency with inventory preservation. In addition, we assess inventory expansion opportunities against projected market scenarios.

Metrics and Goals

See **page 21** for Callon's emissions reduction targets and related strategies.

CALLON PORTFOLIO RESILIENCY

Reducing Emissions

Callon is committed to decarbonization, and that commitment starts with our operations. As we work to help meet the world's demand for reliable, affordable energy, we will do our part as a responsible operator by proactively reducing our own emissions. By implementing best practices, monitoring and mitigating leaks, conducting regular maintenance on our facilities, and investing in new equipment and technologies, we continue to grow and maintain stakeholder trust that we will do our part to mitigate climate change.

GHG Reduction Action Plan and Targets

Tied to executive compensation

ESTABLISH TARGETS & OBJECTIVES

PHASE 1 COMPLETE

- GHG emissions targets adopted in first quarter 2021
- 40–50% reduction in GHG emissions intensity vs. pro forma 2019 results
- Reduction of flared gas to less than 2% of gas produced
- Elimination of all routine field gas flaring

TECHNICAL EVALUATION

PHASE 2 COMPLETE

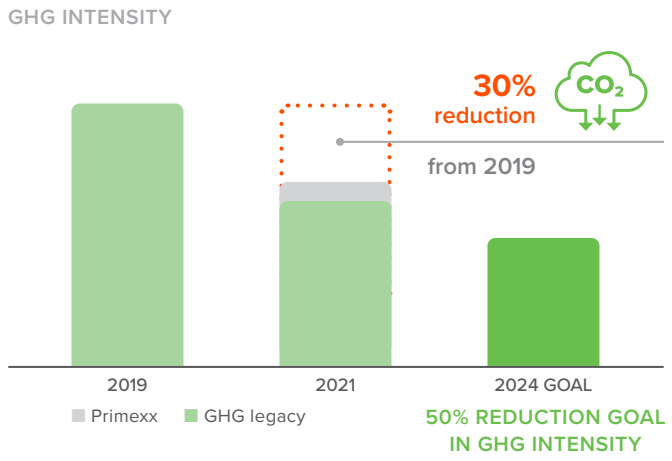
- Root-cause analysis
- Feasibility studies
- Pilot programs
- Operational readiness
- Technology requirements and limitations

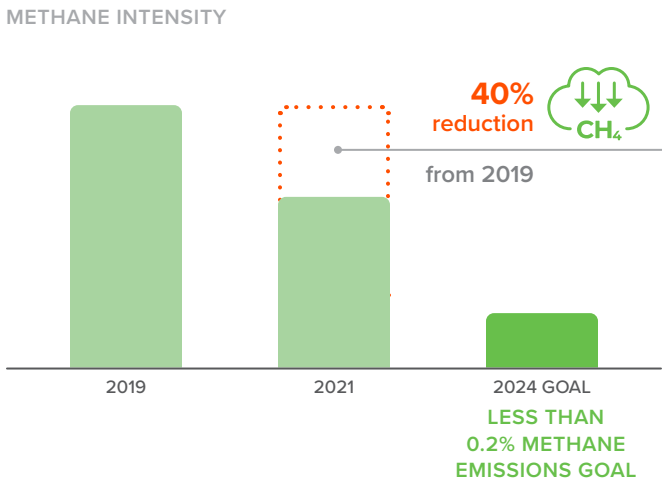
FULL PROGRAM

PHASE 3 IN PROGRESS

- Establish scope and timing for implementation of new equipment
- Prioritize implementation to maximize emission reductions
- Increase capital investments in proven operational enhancements

NEW GOALS ISSUED





Emissions Drivers and Opportunities

Callon is committed to reducing emissions and our impact on climate change. Our current emissions exceed our desired state and is a reflection of a multitude of operational complexities, as described below. Backed by full field assessments and specific workplans and allocated capital, we are firmly committed to achieving our goal of a 50% reduction in GHG emissions intensity by 2024.

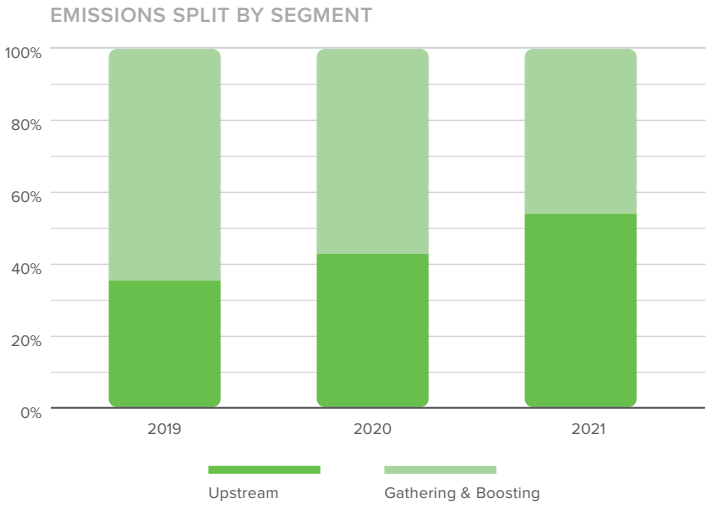
Impact of Acquisitions

As we have built the current-day Callon portfolio over the past decade, Callon has demonstrated an "acquire and improve" environmental track record – helping to improve the overall environmental performance of our industry. When we purchase and assume operational control of an asset, we upgrade facilities, improve monitoring and maintenance schedules, and adopt best practices to lower emissions in line with our goals.

Consistent with this track record, we have an opportunity to improve the emissions footprint of the Southern Delaware Basin assets we acquired in the fourth quarter of 2021. In line with EPA regulations, our 2021 emissions results include a full year of emissions from these assets, which raised our emissions intensity to 19.3 metric tons/MBoe from 17.6. Even with the onboarding of these higher emissions intensity assets, we remain firmly committed to our goal of achieving a 50% reduction in GHG intensity by 2024, and investments and activities to improve the emissions performance of these assets are well under way.

Gathering & Boosting Segment

A second factor that significantly impacts our GHG emissions is that – unlike many of our peers – Callon reports emissions in the gathering and boosting segment. Under EPA regulations, we report emissions from this segment due to our centralized facility design for some assets and our direct ownership of certain equipment. We are committed to transparent disclosure of these gathering and boosting emissions, although they create unfavorable comparisons to peers, and are focused on reducing emissions within this segment as in other parts of our operations.



Impact of Flaring

In addition, relative to peers, Callon's overall emissions have been disproportionately impacted by gas flaring, including flaring caused by or exacerbated by force majeure conditions, third-party operational issues, and contractual commitments inherited in acquisitions. We have multiple initiatives underway to reduce flaring in our operations as described in more detail on page 23.

Reporting Metrics and Scope

The primary metric we use to evaluate our progress is GHG intensity which provides a comparable year-over-year measure of performance normalized for changes in activity levels. A report of air emissions from our operations can be found on page 53. Last year, we added Scope 2 (indirect) emissions to our list of disclosures, which reflect emissions from purchased energy sources including purchased electricity to power our field operations and all our offices.

To determine our overall GHG inventory, we aggregate relevant data sources for gross global Scope 1 emissions throughout our operations, including combustion equipment, storage tanks, flaring, dehydration, pneumatic devices, fugitive emissions, drilling, and completions activity. Callon reports gross operated GHG emissions in accordance with the EPA Mandatory Reporting of Greenhouse Gases Rule for our production and gathering segments. As such, emissions tied to dispositions during the year were excluded per EPA reporting guidelines. Our annual reported emissions are publicly available on the EPA's website. Results reflect our commitment and efforts to reduce emissions through continuous improvement and capital investments in facilities and technology.

Performance

Reducing emissions is a top priority across all our business functions. Our 2021 emissions reduction initiatives, especially our efforts to reduce flaring, significantly contributed to the 11% decrease in emissions intensity across our legacy asset base, which helped offset additional emissions that accompanied our acquisition of assets in the Delaware Basin. The result was a net decrease in our overall GHG emissions intensity year-over-year. As a result of our progress in meeting our environmental targets in 2021, we announced more ambitious targets in early 2022, as outlined on page 8. These goals are backed by specific workplans as described in this report, along with a $20 million investment to help us meet them.

2021 PERFORMANCE HIGHLIGHTS

49% Reduction in flare rate

24% Reduction in total fluid spill rate

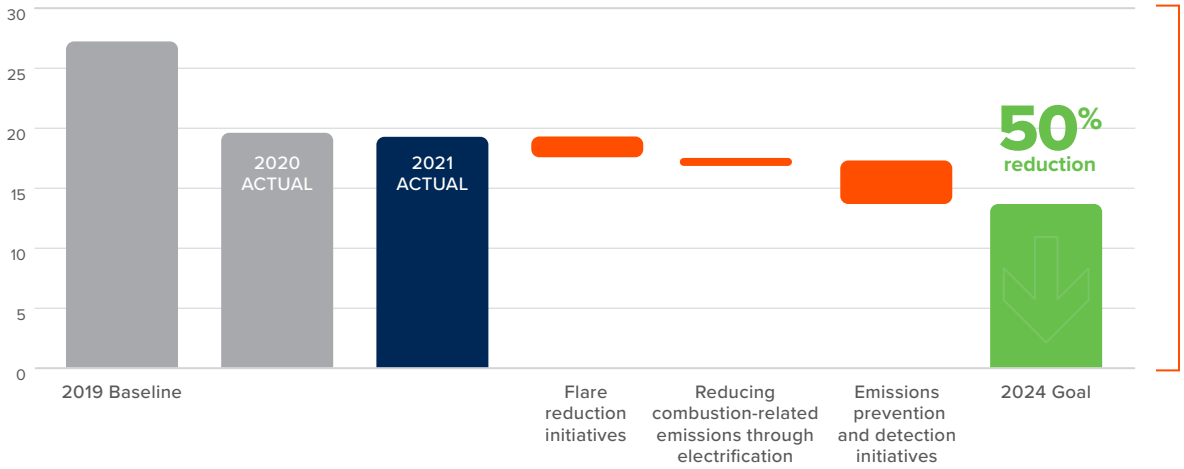
11% Reduction in legacy Callon GHG emissions intensity

I love being part of a team that tackles challenges head-on with the Company's full support. Leadership enables us to contribute our own ideas that support Callon's long-term GHG reduction goals. We are able to apply our technical expertise and operational resources towards emission reduction initiatives in a targeted, data-driven manner.

— Jake Harrington, Superintendent, Midland, TX

Strategies and Focus Areas

Over the past few years, we have made significant progress reducing our emissions compared to our 2019 baseline, and we continue to focus on developing and implementing initiatives to reduce our emissions further across our asset base, including recent acquisitions. We implement long-term and short-term strategies, as well as best practices, to address emissions from various sources within



Pathway to Achieving Our Goals

GHG EMISSIONS INTENSITY

(metric tons CO_2e/MBoe)

our operations. Our efforts are focused around three main areas: reducing flaring, decreasing combustion-related emissions through electrification, and preventing and detecting emissions. As shown in the chart on the preceding page, these strategic focus areas will be instrumental in helping us achieve our goal of reducing our emissions intensity by 50% by 2024.

Reducing Flaring

The flaring of natural gas is a controlled process for eliminating emissions of otherwise vented hydrocarbons. In some cases, flaring is necessary to ensure safe operations within the oil and gas production process. We actively monitor and seek to reduce gas flaring by mitigating flaring risks within our operations and routing our production to pipelines for sale. When flaring is necessary to control the safe operation of our facilities, we are diligent in mitigating it and ensuring proper permitting and reporting.

In 2021, we reduced our gas flared as a percentage of gas produced by 49% compared to 2020. Our accelerated and new flare reduction targets include the elimination of all routine flaring by the end of 2022, an acceleration of three years compared to the previous target, and the reduction of all flaring to less than 1% by 2024. Our 2021 and ongoing flare reduction initiatives include:

Secondary Gas Gathering — Our flared gas volumes can be significantly impacted by operational disruptions at third-party natural gas processing and transportation facilities, including force majeure events and maintenance. To reduce the risk of future flaring due to these upsets, we continue to evaluate and secure additional secondary gas gathering options to provide flow assurance flexibility and mitigate third-party flaring risks. In 2021, we constructed and commissioned two back-up, interruptible gas sales points that provide an alternate outlet during high line pressure events from a primary gas purchaser and implemented operational procedures combining strategic shut-ins with the use of back-up sales paths.

Operational Shut-ins — In 2021, our production operations team, in conjunction with our asset development team, completed an asset-wide mapping analysis of our higher gas-to-oil ratio wells and developed a multi-staged shut-in evaluation process to address potential third-party flaring.

No Routine Flaring — Per our long-established practice, we do not allow routine flaring on new well completions. Concerted efforts are underway throughout our production operations to meet our goal to end any remaining routine flaring by year-end 2022.

Equipment and Operational Improvements — In 2021, we continued to improve our field compressor reliability and natural gas treatment to reduce flaring, and we continued to evaluate additional ways to improve reliability. This year, in Eagle Ford, we are installing two dual-drive compressors that will run on either electricity or natural gas, increasing their reliability and runtime. With improved compressor reliability, we sell more gas and decrease flaring. In our recently acquired assets in the Delaware Basin, we are optimizing and improving our treatment of natural gas to better meet pipeline operator/purchaser specifications regarding hydrogen sulfide, which will also increase gas sales and reduce the need to flare gas that does not meet specifications.

Third-party Midstream Gatherers — Reducing flaring remains one of our top priorities. Most of our flaring in 2021 stemmed from the activities of our third-party midstream gatherers; we continue to secure secondary takeaway where possible and to work with our midstream partners to implement operational and commercial solutions. However, as activity across the entire oil and gas industry continues to increase, we do expect an increase in third-party gathering system flaring. Our efforts to work with our midstream partners to find solutions will continue, but we remain reliant on their performance to meet our targets. We expect this issue to impact the entire oil and gas industry in the months and years ahead.

Decreasing Combustion-related Emissions

A significant source of emissions across our operations is associated with the combustion of fuel to run equipment that is critical to our operations. By improving the efficiency of our combustion practices, we can reduce our associated GHG emissions. Our 2021 and ongoing combustion-related emissions reduction initiatives include:

Electrical Power Stations — As of December 31, 2021, we have invested more than $13 million to connect our facilities to electric power substations, which reduces our use of internal combustion engines and the associated GHG emissions and operating costs. Last year, we completed the second series of field electrification projects in Eagle Ford and the Delaware Basin, resulting in the removal of diesel generators. This year, we are pilot testing electric compressors in the Eagle Ford and striving to install only electric compressors in the Delaware Basin. Our near-term goal is to electrify as many of our assets as feasibly possible, which will allow us to continue installing instrument air and no-bleed pneumatic systems and will significantly reduce our methane emissions.

Renewable Energy — When possible, we employ renewable energy sources rather than traditional diesel generators to further reduce our carbon footprint. Across our operational areas, we have installed solar panels to power remote terminal units, measurement equipment, and supervisory control and data acquisition (SCADA) communication systems.

Production Enhancement Measures — We continue to evaluate the conversion of natural gas lift combustion engines to rod pump and electric submersible pumps to ensure the most efficient and

lowest-emitting method of artificial lift for each well. Other production improvements include replacing direct drive pumps with variable frequency drive (VFD) pumps, which reduces Scope 2 indirect emissions and electrical energy costs and increases efficiency.

Low-emitting Well Pad Equipment — We work closely with our contractors to deploy low-emitting equipment on the well pad when available. For our 2021 completion program, we pilot tested a dual-fuel capable frac fleet, enabling substitution of diesel fuel with clean-burning natural gas and field gas. We also pilot tested an electric frac fleet that utilized gas turbines to generate the energy source needed for completion operations. At the end of 2021, 65% of our frac pads were utilizing diesel substitution fleets, saving an estimated 1.74 million gallons of diesel fuel and associated emissions. For our drilling program, we pilot tested dual-fuel rigs, which helped decrease GHG emissions from diesel engines in our operations by over 20% per rig.

Preventing and Detecting Emissions

Effectively detecting and preventing emissions is a key component of our overall emissions reduction strategy. We continuously review new detection technologies and prevention methods that help us advance our emissions reduction goals. When we have a detailed understanding of where our emissions come from, we can quickly address and mitigate emissions at their primary source. Our 2021 and ongoing emissions prevention and detection initiatives include:

Facility Design — We design and build our facilities to a high standard of performance to reduce vented emissions with equipment that captures the largest amount of natural gas, including vapor recovery towers (VRT), vapor recovery units (VRU), combustors, and low-pressure flares. We also invest in upgrading facilities we acquire including the assets acquired in the Southern Delaware Basin in 2021, to meet Callon's standards and reduce emissions.

Instrument Air and No-bleed Systems — In 2021, we completed field testing of no-bleed and air-actuated pneumatic devices where third-party electrical power is available. Pneumatic devices traditionally use pressurized natural gas to actuate facility equipment, which intermittently or slowly emits the working gas, resulting in the release of methane emissions. Instrument air systems replace the natural gas with compressed atmospheric air, eliminating those emissions and providing additional safety benefits. Following our successful field test, we began replacing gas-driven pneumatic devices with instrument air and no-bleed pneumatic devices at specific facilities throughout our operations. In 2022, we are retro-fitting a significant portion of our existing pneumatic devices with zero emission air-actuated or no-bleed pneumatic devices. Because these devices require some form of existing electrical power, we will continue expanding our field electrification program. While our goal is full field electrification, there may be a few sites where grid power is not possible, and we are evaluating other potential options to power no-bleed and air-actuated devices at those sites.

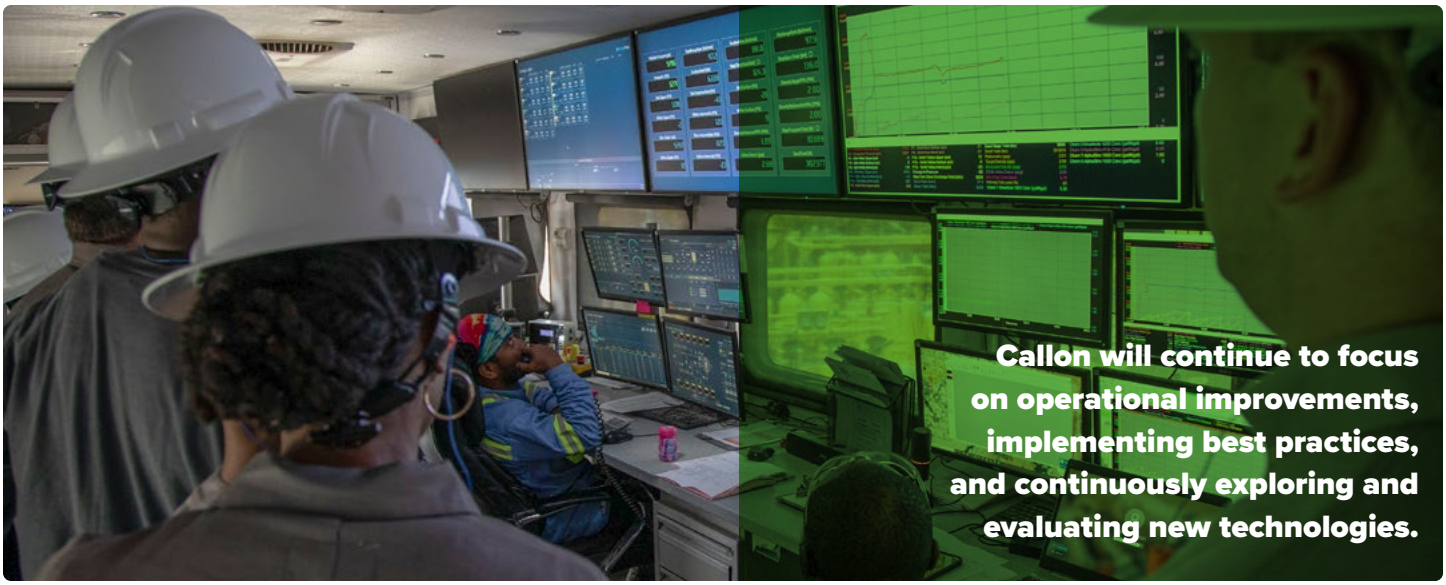
Leak Detection and Repair — We use OGI cameras to identify and repair fugitive emissions leaks from equipment and associated piping and fittings as part of our LDAR program. Deficiencies found during these leak inspections are repaired and re-inspected to verify that the repair was effective. Based on findings associated with our LDAR program, we continue to refine best practices in facility design, identify equipment improvements, and improve our preventative maintenance program, with the aim of further reducing our emissions.

Well Completions — Well completion refers to the process that initiates the flow of petroleum or natural gas from a newly drilled well prior to production. We seek to minimize the release of natural gas by using "reduced emissions completions," sometimes referred to as "green completions," on 100% of our wells. Following a brief stabilization period, water, oil, and natural gas produced during initial flowback operations are routed via pipeline to Callon's pre-installed permanent facilities, where they are processed before being sent to sales. By processing these hydrocarbons through our permanent facilities equipped with emissions control equipment, we minimize natural gas venting that can occur with extended use of temporary flowback and testing equipment.

Continuous Improvement

We are committed to continuous improvement in everything we do. By improving efficiencies, we can lower costs and reduce our environmental impacts. Our results and successes help inform potential adoption of new or accelerated goals. As part of this effort, we conduct ongoing evaluations of new emissions detection and quantification technologies. We also collaborate with various industry and association partners to share best practices and reduction strategies. We believe it is crucial for the entire industry to work together to reduce flaring and emissions.

Through our focused efforts, we hope to advance our goals and continue challenging ourselves with more ambitious targets that reflect our commitment to lowering our carbon footprint, while producing a product that will be needed for years to come.



SPOTLIGHT ↗ **GHG Emissions Strategy: Technical Evaluation to Full Program Implementation**

In 2021, after Callon established our original targets and objectives, our operational team launched the technical evaluation phase of our three-phase GHG Reduction Action Plan described on page 8. We performed several pilot tests and feasibility studies to support future emissions reduction investments.

PHASE 2

COMPLETE

TECHNICAL EVALUATION

- We successfully pilot tested both dual-fuel and electric frac fleets.
- We completed the second series of field electrification projects in Eagle Ford and the Delaware Basin, resulting in the removal of diesel generators which reduced our emissions and allowed us to pilot test no-bleed and air-actuated pneumatic devices that reduce methane emissions.
- We evaluated and secured additional secondary gas gathering options to provide flow assurance flexibility and mitigate third-party flaring risk.

Based on our Phase 2 activities, we were able to prioritize our projects and focus our efforts on initiatives that supported our overall emissions reduction strategy and our desire to announce more aggressive reduction targets. To achieve our new emission reduction goals, we will be investing nearly $20 million into emission reduction projects in 2022 as we enter phase three of our GHG Reduction Action Plan – Full Program Implementation.

Our emissions reduction initiatives for 2022 include:

PHASE 3

IN PROGRESS

FULL PROGRAM IMPLEMENTATION

- Expanding field electrification across most of our remaining Eagle Ford assets to eliminate diesel generators.
- Converting the majority of our natural gas-driven pneumatics to no-bleed or instrument air pneumatics.
- Upgrading electrical systems and natural gas treatment facilities.
- Initiating replacement of natural gas-driven compression with electric compression engines.

Water Management

We believe that water is a precious resource. It is vital to the health, social, and economic well-being of the communities where we live and work, and it is also an essential resource for our industry and our Company. We seek to minimize our impact on local water supplies by focusing on proper sourcing, recycling, reuse, and safe disposal of water throughout our operations. We also look for ways to reduce our water use through engineering design improvements and by prioritizing water recycling where feasible.

Performance

In 2020, the global pandemic required us to reduce our operational activity and shift focus to other basins where we could realize short cycle returns to protect our business. In 2021, as the economy improved, we increased our activity levels across our portfolio of assets. Consequently, our total water use increased. Our quantitative water-related disclosures can be found on page 54. We continue to look for innovative ways to minimize our impact on local water sources.

Management and Oversight

Our water management practices are guided by our EMS (see **pages 13-14**). Along with other environmental, health, and safety risks, we consider water availability and disposal in our development process and in our daily planning. We also monitor local, regional, and federal laws and regulations and stakeholder concerns related to water availability and use. Our local water management activities are managed by our business unit leaders and subject matter experts who have a deep understanding of local water opportunities and challenges. To enhance our water management performance, we continuously evaluate best practices and new technologies.

$10MM+

Investment in water recycling facilities in the Delaware Basin

90%+

Water consumed in Delaware Basin East operations supplied from recycled or non-fresh water sources

Responsible Water Use

We strive to preserve local fresh water supplies by using alternative sources such as recycled produced water and non-fresh water for our operational activities where feasible, particularly in areas where community water supplies are at greatest risk. In areas where we can use recycled water for our operations, such as the Delaware Basin East, over 90% of the water we consume is supplied from recycled or non-fresh water sources. In recent years, we have invested over $10 million in water recycling facilities in the Delaware Basin, where fresh water supplies are scarce. We continue to evaluate additional upgrades to handle larger developments.

We make a concerted effort to manage the water that is produced along with oil and natural gas in our operations. We recycle water whenever feasible through our own or third-party facilities, and plan for the safe transport and disposal of water to mitigate spills, protect underground resources, and ensure the safety of our local communities. When recycling is not feasible, we dispose of our water in safe, well-constructed saltwater disposal (SWD) wells that are regulated by national and state agencies, such as the Texas Railroad Commission. Injection rates, pressure, and mechanical integrity are all regulated by these agencies to minimize impact on the surrounding area.

Protecting Ground Water

At Callon, we utilize hydraulic fracturing on all our wells to produce hydrocarbons from depths that can exceed two miles beneath the surface. During drilling operations to reach these depths, we encounter multiple shallow zones, some of which contain freshwater sources. Our well designs and operational procedures are developed to ensure that we do not impact these resources.

Fresh water protection is regulated by the State of Texas, and Callon meets or exceeds all State of Texas and federal guidelines.

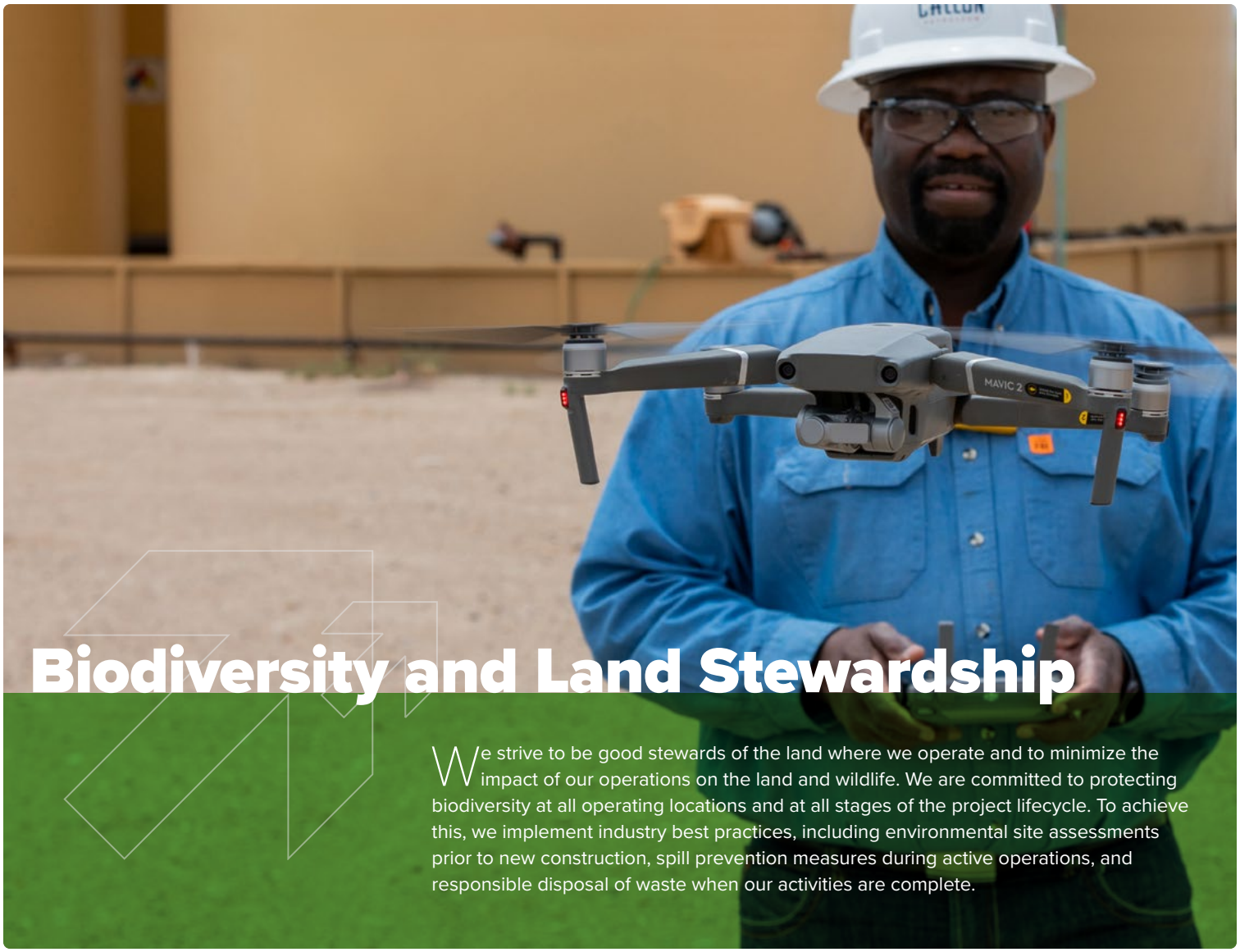
Our wells are designed according to industry standards, with layers of casing and cement to protect underground sources of fresh water. Casing and cementing are critical parts of the well construction process that not only protect groundwater, but also help ensure efficient production of oil and natural gas from the well. Before hydraulic fracturing begins, the cased and cemented well is pressure tested per industry standards to ensure well integrity and safety. We also utilize available 3-D seismic data to interpret and evaluate geologic hazards, such as faults, and we use those interpretations to drive our development strategy and philosophy for acreage position.

Hydraulic fracturing requires different types of sand, proppant, and chemicals, and we take steps to protect groundwater supplies during hydraulic fracturing operations. As a responsible neighbor to our peers, we notify nearby operators of our drilling and completion schedules to reduce the risk of impacting offset operator activity. By proactively notifying our neighbors of our pending completion activity, we can work together to minimize any potential or unintended impacts to groundwater supplies. While this notice is required in some areas, we operate under a good neighbor policy, so we provide notice regardless of local requirements.

Our hydraulic fracturing fluids do not contain diesel or volatile organic compounds (VOCs) such as benzene, toluene, ethylbenzene, or xylenes (BTEX). We support public disclosure of the chemical composition of fracturing fluids by working with our vendors to submit information to FracFocus. We seek to provide this information in a transparent manner so that all our stakeholders can take comfort in the practices, procedures, and technology necessary to find and develop oil and natural gas. For comprehensive information of our fluid usage on a per-well basis, please visit the website www.fracfocus.org.

Managing Seismicity Risks

In 2021, increased seismic activity was observed in the Permian Basin. Callon, along with our peers, worked with the Texas Railroad Commission to determine mitigation actions and alternative disposal options. Our operations were minimally impacted by the regulatory restrictions, as we proactively redirected all our produced water in the affected regions from deep injection wells to our available recycling pits or shallower disposal zones with lower risk for seismic activity. To support our future production growth while minimizing potential seismicity, we worked with land owners to secure additional shallow disposal rights that will accommodate future produced water volumes.



Biodiversity and Land Stewardship

We strive to be good stewards of the land where we operate and to minimize the impact of our operations on the land and wildlife. We are committed to protecting biodiversity at all operating locations and at all stages of the project lifecycle. To achieve this, we implement industry best practices, including environmental site assessments prior to new construction, spill prevention measures during active operations, and responsible disposal of waste when our activities are complete.

Biodiversity Management

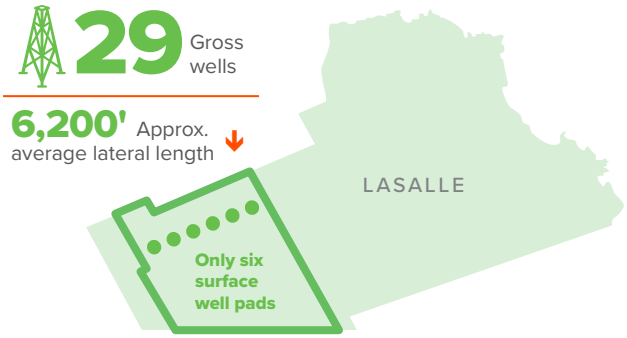
Our biodiversity practices are guided by our EMS (see **pages 13-14**). Biodiversity management is integrated into our process for selecting locations for our well pads, access roads, and pipeline corridors. We start by conducting a pre-construction environmental assessment that incorporates geographic information systems (GIS) analyses, computer-based reviews, and on-site inspections to identify sensitive environmental and cultural areas. Based on the results, we implement site-specific plans to avoid or minimize negative impacts. In addition, we take measures to ensure that all facilities are actively maintained to prevent migratory birds and other wildlife from accessing temporary pits, stacks,

BIODIVERSITY MANAGEMENT PROCESS

1 Pre-construction Environmental Assessment
- GIS analyses
- Computer-based reviews
- Onsite inspections

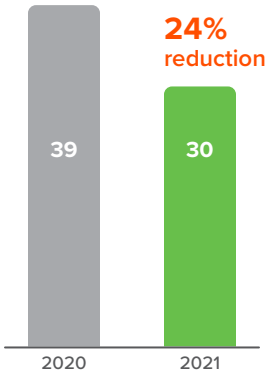
2 Management Plan Implementation
- Site specific
- Avoids/minimizes impact
- Facility maintenance

3 Post-operating Reclamation Plan
- Plug and abandonment
- Material/equipment removal
- Native soil/grass blends



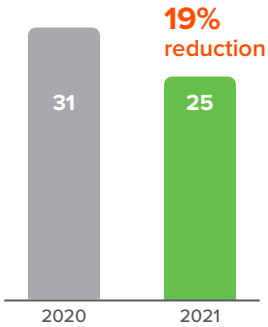
During 2021, we placed on production 29 gross wells on only six well pads in the Eagle Ford as part of our Irvin West project – the largest horizontal well development project in Company history. With an average lateral length of approximately 6,200 feet, the project has demonstrated solid productivity and a reduced surface impact.

Callon utilizes aerial surveillance and drone units to identify active and potential produced fluid releases in our field operations facilities.



Total Fluid Spill Rate

Barrels of total fluid spilled/ million barrels produced



Hydrocarbon Spills to the Environment

Number of hydrocarbon spills to the environment

heaters, and all other equipment that could pose a hazard. Finally, Callon's reclamation strategy is based on current industry standards and best practices, requirements set by regulating agencies, and our agreements with landowners. Starting with the end in mind, our Surface Land Team strives to address future reclamation concerns and requests with landowners prior to the start of operations.

Currently, we do not have acreage or reserves in areas containing critical habitats of threatened or endangered species as described by the U.S. Fish & Wildlife Service.

Minimizing Surface Impacts

When possible, we develop our assets through multi-well, multi-pad drilling and completion operations, which avoids disturbing the same parcel of land more than once. By implementing lateral drilling, multiple wells can originate from the same well pad, which reduces our overall surface presence, as well as the number of access roads and pipelines needed to service dozens of wells, further lowering our footprint. As an example, during 2021, we placed on production 29 gross wells on only six well pads in the Eagle Ford as part of our Irvin West Project, the largest horizontal well development project in Callon's history. With an average lateral length of approximately 6,200 feet, the project has demonstrated solid productivity and a reduced surface impact.

Spill Prevention

We implement numerous measures across our operations to prevent unnecessary releases to the environment. Spill prevention, along with management and response plans, are prepared and maintained for each operating area. These plans describe preventative measures as well as control and countermeasures in the event a spill occurs. Routine inspections and maintenance are performed by trained personnel to verify that engineering controls are in place and functioning properly. In addition, annual training is required for our operations personnel to review the requirements of the plan and personnel responsibilities.

We have a system to track, record, and determine the cause of any oil, produced water, or other spill or release over one barrel. This allows us to actively identify trends and improve our processes to prevent future releases. We continue to implement additional spill mitigation measures, including night-time monitoring, actuated wellhead valves to shut in wells based on overpressure, and flow alarms for higher-risk facilities and pipelines. We also proactively utilize new technology, including aerial surveillance and drone units to identify active and potential produced fluid releases in our field operations facilities.

Our commitment and proactive actions related to spill prevention resulted in a significant improvement in our performance in 2021. We reduced our total fluid spill rate by 24% compared to 2020.

OVERVIEW

Sustainable Teams

Our values of responsibility, integrity, drive, respect, and excellence are the foundation upon which our Company was built, and upon which we will sustain our success into the future. They are also the guiding principles for our social responsibility efforts, which enable us to foster trust with our employees, contractors, shareholders, and the communities where we live and work.

The challenges we face as an industry continue to become more difficult and technologically complex. Our industry needs innovative thinkers and doers who come together every day to solve problems. At Callon, there is a sense of excitement, innovation, and passion that sets us apart and drives us forward. To build a sustainable business with lasting impacts on society, we need a strong team with a diverse set of skills and experience.

PERFORMANCE HIGHLIGHTS & COMMITMENTS

43%
increase in the number of professional women

Expanded annual safety, health, and emergency response training hours
52%
by 52% for short-service employees

100%
Pay 100% of healthcare premiums for our employees and their families

63%
63% of new hires identified as female, racially or ethnically diverse, or both

83%
Introduced formal Employee Development Program with 83% participation rate

Adopted Contractor Code of Conduct

Developed Peer Leadership Cohorts Initiative

We believe that our most valuable asset is, and always has been, our people. We foster an entrepreneurial workplace where people are encouraged and empowered to share their ideas and perspectives and to develop and implement plans to bring those ideas to fruition. At Callon, everyone has an opportunity to make a real and lasting impact on our Company and help drive our success.

Each year, we utilize employee feedback to help direct our resources towards initiatives that will positively impact the Callon employee experience. We want our work culture, employee development opportunities, and training programs to reflect the needs and desires of our people. We embrace a culture of diversity and inclusion, where individuals feel respected, heard, and empowered to bring their best and most authentic selves to work.

Our Board of Directors holds us accountable for actions and results that are consistent with our values. And Callon's leadership team establishes the tone from the top with clear priorities and well-defined policies. Our front-line managers set an example daily through ethical and safety-oriented business practices.

SAFETY PERFORMANCE

Protecting our employees, contractors, and communities is a core value at Callon and we are committed to making sure everyone goes home safe at the end of every day. In fact, our governance structure supports our commitment to making safety our top priority. We identify and mitigate safety risks and integrate a culture of safety by operating according to our OMS standards, processes, and procedures (see **page 12**). Our Safety and Environmental Policy is referenced in our OMS and shared with all employees and contractors. This policy also includes our CEO's signed commitment affirming their authorization and responsibility to stop work on any activity or situation believed to be a danger or risk, without the threat or fear of job reprisal. To reinforce accountability for safety results, our Board includes safety performance as a factor in our annual bonus program.

Performance and Focus Areas

We believe that all members of our workforce, including employees and contractors, are leaders on the job site, and we hold them to the highest standards of personal conduct and safety performance. By investigating safety incidents and near misses, taking corrective actions, and sharing lessons learned, we reinforce that safety is a priority across our operations.

We believe that all members of our workforce, including employees and contractors, are leaders on the job site, and we hold them to the highest standards of personal conduct and safety performance.

In 2021, the ramp up of oil and gas activity resulted in an increase in new and inexperienced workers throughout the entire industry. This resulted in more workplace injuries industry wide and contributed to an increase in our 2021 Total Recordable Incident Rate (TRIR) by 14% compared to 2020. We responded to this industry challenge by engaging the leadership of our contractors and their workers. We developed and implemented a "critical task list" for our onsite leaders, which mandates that the person in charge must be present for specific critical tasks that have a higher risk of workplace injuries. As a result of our efforts, we did not have any high severity injuries in 2021.

We know that safety is integral to our success. As part of our effort to continuously improve our safety performance, we are focused on engaging leadership, managing contractors and safety risks, and safety training.

You can go to any producer in the country and see any sort of safety slogan on the wall. Those are great reminders, but they carry no weight without actions to back them up. One of our strengths at Callon is the expectation that we place on both Callon employees and contractors to be safety leaders. We pride ourselves in having an army of safety leaders in the field who look out for themselves and each other. Two principles that drive our focus on safety are personal responsibility and common sense.

— Chris Gafford, Callon Safety Manager, Midland, TX

Engaged Leadership

We believe that active and engaged leaders play the essential role of establishing our safety culture. They do so by reinforcing our values, setting expectations, providing the necessary resources, and being accountable, and we emphasize this by making leadership the first element of our OMS. Our field employees, contractors, and leaders enhance our safety culture by actively participating in our behavior-based safety observation program to address unsafe acts and conditions, as well as reinforcing our safe work practices and requirements.

We also ensure that our site supervisors have the necessary training and skills to manage their workplace effectively. In 2021, in addition to the "critical task list" discussed on the previous page, we expanded our safety management team and our broader EHS team by 50%, and we employed an onsite safety consultant for completions to help reduce injuries and reinforce our safety culture.

Risk Management

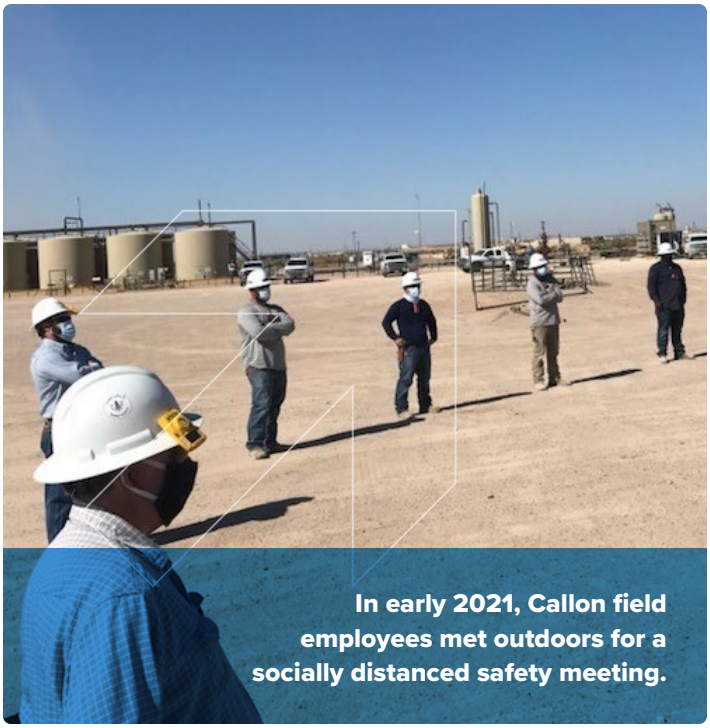
Our OMS Risk Assessment and Management element provides guidance on preventing workplace injuries, accidents, and fatalities. It includes pre-job planning to identify hazards related to work activities before work is initiated and to communicate controls to mitigate risks. Pre-job planning includes pre-job safety meetings, job safety analysis, safe work permits, and pre-startup safety reviews. Periodic risk assessments are performed and specific levels of management address risks according to their risk ranking.

Contractor Management

Contractors make up a significant portion of our field workforce, and we believe they are an extension of our Company. Our OMS Third-party Services element requires that all contractors acknowledge and adhere to Callon's core values, Safety and Environmental Policy, and EHS Manual. Safety performance and programs are a priority factor when we select and assess contractors. Before working on Callon locations, contractors receive an in-person orientation to understand our expectations and requirements. To ensure they meet our expectations and requirements, we monitor and assess their performance, provide feedback, and work with their company to improve processes. In 2021, we increased the frequency of our contractor safety audits and implemented contractor Safety Leadership Engagements, which provide formal engagement opportunities with contractor leadership to discuss past and future safety performance.

Training

Training is necessary to achieve our requirements and expectations for safe and efficient operations. In 2021, short-service employees received an average of 41 hours of health, safety, and emergency response training, a 52% increase compared to 2020. Full-time field employees received an average of 8 hours of health, safety, and emergency response training in 2021, a 14% increase compared to 2020. As a responsible employer, Callon will continue to put the safety of our workforce and communities first.



In early 2021, Callon field employees met outdoors for a socially distanced safety meeting.

Our Supply Chain

Suppliers and Contractors Play a Fundamental Role in Our Success

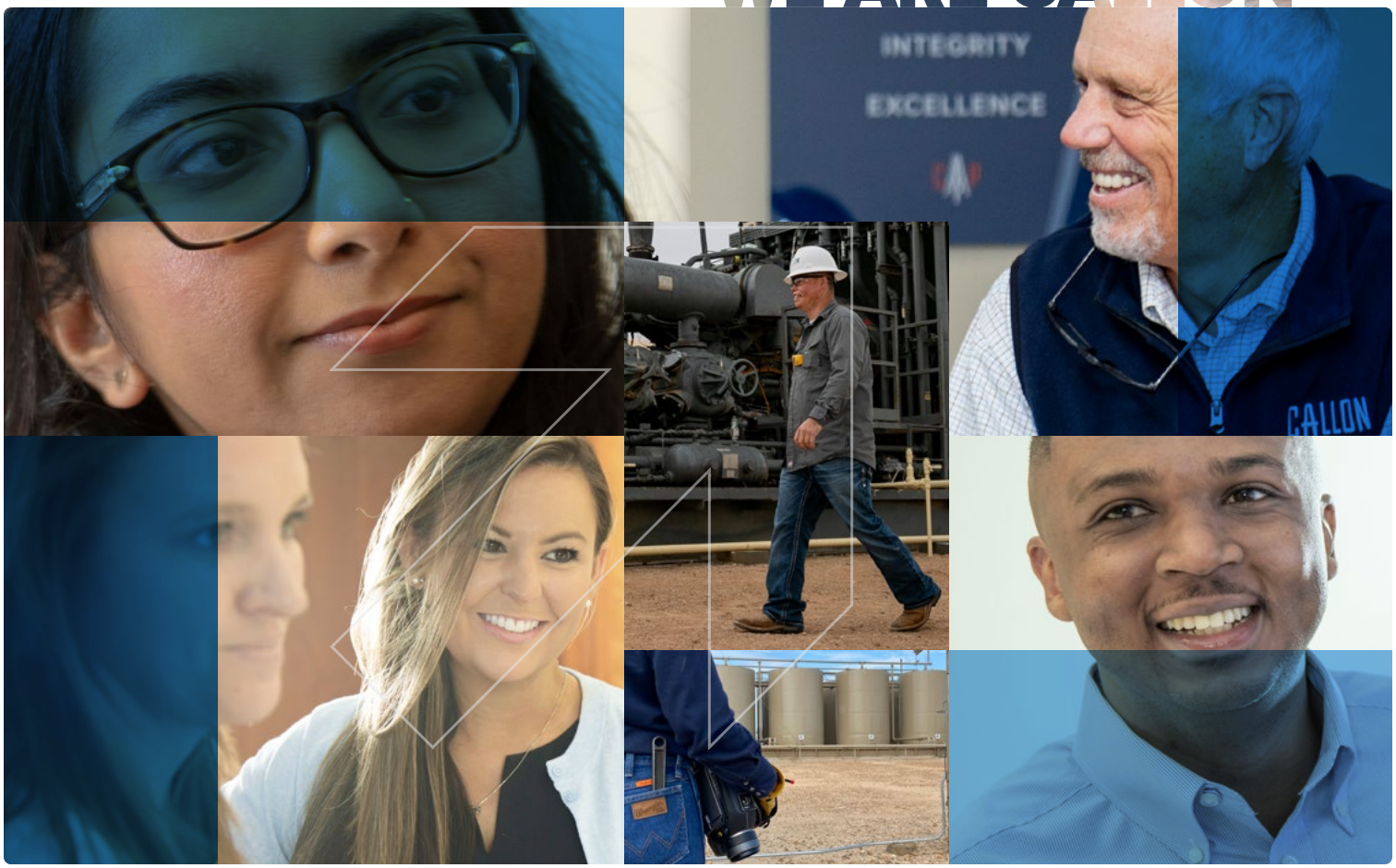
Our goal is to utilize suppliers and partners who share our commitment to sustainable development and operate in an ethical and socially responsible manner. We hold our suppliers to a high standard and regularly evaluate them to confirm compliance with Company policies, performance expectations, and regulatory requirements. In 2022, we developed a Contractor Code of Conduct to provide additional clarity to our contractors, suppliers, vendors, and partners regarding our expectations in conducting business together.

OUR CULTURE

We believe that Callon is a unique place to work. The energy and passion our employees bring every day creates a dynamic environment that fosters excitement, innovation, and an entrepreneurial culture where every person is encouraged to be curious and creative, take on new responsibilities, ask questions, and provide feedback. We respect and promote a sense of ownership and individual initiative and allow employees to not only present new ideas, but to implement them with a long-term vision and a collaborative mindset. We also know that success would not be possible without effective teamwork, which helps us achieve our goals together. That is why we live our unifying principle: WE ARE CALLON.

We are driven to produce results, but we know that details matter and our integrity drives our actions. We strive to listen, understand, and be understood. Our executive leadership team is accessible to every team member and supervisors are trained to nurture ideas and inspire excellence. By doing so, we acknowledge that everyone's work is meaningful and valuable. We seek diverse opinions that challenge our thinking and help us solve complex problems. Our employees come to work enthusiastic and committed to achieving our common goals and meeting our stakeholders' expectations.

WE ARE CALLON



At Callon, we are driven by a shared mission and passion for success. I love working at a Company that allows me to tap into my entrepreneurial mindset. I am not only encouraged to develop and propose new initiatives, but to implement them and own them. I have autonomy to pursue my ideas and the support from my leadership and colleagues to push them forward. It's incredibly rewarding.

— Kim Pinyopusarerk, Callon Sustainability and Communications Manager

THE CALLON TEAM

At Callon, our team comes first. By supporting and empowering our employees, providing best-in-class benefits and support, promoting diversity and inclusion at all levels, and investing in employee development, we are creating a sustainable work environment that allows everyone to bring their best every day.

Employee Engagement and Empowerment

There is an entrepreneurial spirit at Callon that sets us apart. We empower our employees, engage them in decision-making at every level, and recognize their contributions to our success. We reinforce our culture of connection through quarterly town halls, regular access to senior leadership, team building events, and frequent communications about Company strategy, execution, and workplace matters. Our employees commonly cite teamwork, integrity, and drive for excellence as valued Callon attributes.

Benefits and Support

Our employees are the reason Callon is successful, and we support them with a competitive benefits package. One of the ways we invest in the health and wellbeing of our team members and their families is by paying 100% of the premiums for our health care plan, which includes telemedicine and an Employee Assistance Program (EAP). We also sponsor several other health programs for the benefit of employee wellness:

- **Wellness Program** — The Callon Wellness Program encourages and rewards employees for completing an annual physical. We believe receiving an annual physical can help our employees establish a relationship with their doctor, detect diseases in their earliest and least expensive stages, and be their healthiest, most productive selves. To encourage participation in 2022, we are partnering with regional healthcare providers to bring mobile health units onsite for employee convenience.
- **Maternity Management Program** — The Maternity Management Program teaches employees how to reduce the risk of complications, prepare for a successful, full-term pregnancy, and have a healthy baby. This program provides access to experienced OB/GYN nurses who help employees understand personal health risks prior to becoming pregnant and then support them with prenatal education and follow-up calls.
- **Diabetic Management Program** — The Diabetic Management Program provides employees with a registered nurse health coach to help them work through diabetes signs and symptoms, medications, diet compliance, doctor appointments, and monitoring to reduce the risk of hospital admissions.

To help employees save for retirement, we sponsor a 401(k) plan that includes a 1:1 Company match of employee contributions up to 6% and the potential for profit-sharing contributions. In 2021, we provided personal finance training and increased participation in our 401(k) program.

We take a holistic approach to employee wellbeing by supporting them throughout all phases of their life.

SPOTLIGHT **Peer Leadership Cohorts Initiative**

In early 2022, we began an initiative aimed specifically at developing supervisors at Callon. Our goal was to create a forum for two-way communication between supervisors across the Company on topics surrounding people and culture. We wanted our leaders to expand their peer networks that would support their personal growth as leaders and deepen cross-functional connections. By developing these intra-Company networks, we expect the forum will help create a shared sense of common ownership, improve communication, further develop leadership skills, and foster a collaborative team dynamic.

Developing leaders through interactive dialogue.

The Peer Leadership Cohorts Initiative was officially launched in January 2022. We divided our 70+ leaders into groups that now meet monthly to have an interactive dialogue about different topics such as Company culture, leadership development, goal setting, and more. As part of the initiative, our executive management team rotates throughout the different leadership groups each month and the cohorts present ideas to them quarterly. We believe the forum will create more transparency, provide alignment, and supplement and promote the idea of giving people ownership of their space, and we look forward to the diverse and innovative ideas that will undoubtedly arise from this important dialogue and engagement amongst our leaders.

We also provide family-friendly workplace practices, a competitive vacation policy, family leave, an educational assistance program, and a variety of insurance plans and other benefits. Furthermore, we do not require mandatory arbitration from our employees.

Diversity and Inclusion

At Callon, we know that building a sustainable business with lasting impact requires a strong team with a diverse set of skills and experiences. To thrive, we need innovative thinkers and doers who come together to share ideas and perspectives to develop the best outcomes. Our goal is to assemble and inspire a team of passionate professionals in an environment where they can achieve their career goals. We are firmly committed to fostering an inclusive, respectful environment and providing equal opportunity to all qualified persons in our hiring, development, and compensation practices. At year-end 2021, 36% of our permanent, full-time employees identified as a racial or ethnic minority and 21% identified as female.

What I like about working for Callon is that it provides an environment for me to make a positive impact. I feel like I'm making a difference with what I do and I appreciate it.

— Eric Anim-Ansah, Callon Senior Facilities Engineer, Midland, TX

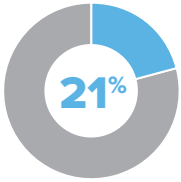
Women of Callon

In early 2022, Callon launched the Women of Callon, an initiative dedicated to supporting our female employees in their professional journey. This initiative covers three areas we believe can help elevate our employees:

- **Personal and professional development: Supporting each other to achieve personal goals through peer discussions, shared content, and guest speakers.**
- **Networking: Working with each other to expand personal networks in the industry and communities.**
- **Social: Building strong internal and cross-functional relationships with each other.**

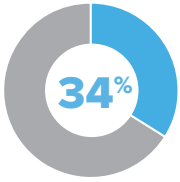
In May 2022, women from our offices across Texas came together and listened to the three trail-blazing women who sit on Callon's Board of Directors. These women shared their experiences building their admirable careers in historically male-dominated industries and imparted sage advice about what it takes to build healthy, sustainable careers.

We used the opportunity of an improved economy to expand and diversify our workforce; 63% of new hires in 2021 identified as female, racially or ethnically diverse, or both. Moving forward, we will continue to prioritize and focus on employing a team with a variety of backgrounds, perspectives, experiences, and abilities; giving all employees equal access to opportunities; and fostering an environment where everyone feels heard, seen, connected, and understood.



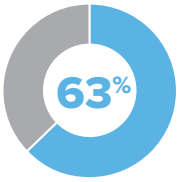
Women in workforce

+17% increase from 2020



Women in above field workforce

+10% increase from 2020



New hires identified as female, racially or ethnically diverse, or both

+9% increase from 2020

What I love about Callon the most is definitely the people. No matter what your title is or where you worked in the past, when you are here, you are Callon. Everyone treats you with respect and doors are always open for questions or concerns. Through all the programs offered here, it is clear that Callon values developing each employee as an integral part of the team.

— Damian Katz, Callon Senior Landman, Houston, TX

Training and Development

At Callon, we foster an entrepreneurial workplace where employees have autonomy to take ownership of their work and grow professionally. We want Callon to be a place where our employees can grow and learn as the Company evolves and expands. As part of an aligned team working in a fast-paced environment, our employees gain outstanding experience by connecting their work to our strategic decisions.

We continue to enhance opportunities for personal development and career growth. Over the past 18 months, over 35% of our employees benefited from a new role, developmental assignment, or promotion. We also offered virtual in-house training programs across the workforce on topics ranging from project management to leadership development to presentation skills. Our development approach has boosted both team and individual capabilities to manage our assets safely, responsibly, and effectively.

SPOTLIGHT ↗ **Employee Development Program**

In 2021, we launched a new Employee Development Program, which provides employees the opportunity to advance their skill sets, voice their aspirations, and improve their career trajectory at Callon. Through the new program, employees work with their supervisors to develop a career plan based on their individual goals and then develop a clear, detailed path to achieving it. To date, we have achieved an 83% participation rate in the new program.

I can honestly say, without reservation, that this is one of the best jobs I've ever had. It's a very warm place to be. Everyone is inviting and collaborative and there are a lot of opportunities for growth and development. I appreciate that, even after 40 years in the business.

— George Smith, Callon Production Superintendent for Eagle Ford, Dilley, TX

Our employees gain outstanding experience by connecting their work to our strategic decisions.

SUSTAINABLE COMMUNITIES

To develop the resources that help meet the world's demand for reliable, affordable energy requires the support and engagement of our local communities. We work closely with our neighbors and local officials to develop needed resources with minimal impact to people and the environment, and part of Callon's mission is to support strong, sustainable communities where we operate. We share our employees' commitment to being a good neighbor and a meaningful contributor in the places where we live and work. We support a variety of activities and organizations that enhance quality of life, and our relationships are built on trust, cooperation, and integrity.

Responsible Operations

We recognize that we earn the right to operate every day and consider the safety of our communities to be non-negotiable. When our work requires development projects near populated areas, we make every effort to mitigate the impact of our activities. Callon works closely with city officials and neighboring landowners to proactively address noise, traffic, GHG emissions, liquid spill prevention, and other risks to our communities. As a good community partner, when our operations are within a proximate distance to developed areas, Callon has proactively installed sound barriers to minimize operational disturbances to our neighbors. By going the extra mile, we demonstrate our willingness to work with our community and sustain our reputation in the areas where we operate.

To prevent and mitigate safety, health, and environmental incidents, we voluntarily post our emergency call number in a visible place on each wellsite, facility, and lease entry, and a Callon team member responds to each call received in a timely manner. We assess the situation and respond appropriately—even if we determine that Callon is not responsible for the issue.

Philanthropy and Volunteerism

We believe that supporting the development of strong communities helps advance the sustainability of our business. Volunteering and investing in these communities are about supporting the people that live and work near our operations. By investing in them, we provide a direct economic uplift to the people that live there. Through the creation of educational and development opportunities, we help provide a pipeline of future leaders,

SPOTLIGHT ↗ **Respecting Human Rights**

We have great respect for the protection and advancement of universally recognized human rights, and we are committed to fostering an organizational culture which respects those rights. To document and formalize these core beliefs, in 2022, the Callon Board of Directors adopted a Human Rights Policy that applies to all our employees, contractors, vendors, suppliers, and service providers across our operations regardless of geographic location. This policy is based on the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, including the Universal Declaration of Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

We acknowledge that governments have the primary duty to protect against human rights abuses by establishing and upholding appropriate laws and policies. We also believe that we have a responsibility to operate our business in a manner that respects the rights that are fundamental to all human beings regardless of race, color, religion, gender, sexual orientation, gender identity, national origin, age, disability, marital status, veteran status, genetic information, or any other characteristic protected by law. Additionally, as part of our broad effort to ensure that respect for human rights is integrated into our business, we seek to ensure that our activities are conducted in accordance with all laws and regulations which govern our businesses. For more information on our Human Rights Policy, please visit our website.

On July 7, 2021, the Midland Fire Department hosted the grand opening ceremony of its new Fire Station 11. This station was built on the land donated by Callon and designed to accommodate fire department personnel with office, living, work, and vehicle storage areas, as well as eight bedrooms for fire fighters.

not just for us or our industry, but for the benefit of the individuals and their communities. We believe that having healthy, safe, and prosperous communities is fundamental to building a sustainable business. Most importantly, giving back to the communities that support our daily operations is the right thing to do.

We focus our corporate philanthropic efforts on three areas we believe have the most meaningful impact and are consistent with our values.

- **Education and literacy** — We support upward mobility by bridging the technology divide and supporting under-resourced youth in the community. We also support the workforce of the future by increasing education and development opportunities to strengthen these communities.
- **Community support** — We support the basic health and safety needs of all citizens in our local communities by providing annual contributions to local first responders, food banks, and other service organizations that help improve their quality of life.
- **Environmental protection and restoration** — We invest in the community to help protect the planet and wildlife and to provide greenspace for our communities to gather in and enjoy.

Education

Education is a pillar of giving for Callon, as we believe investing in education for our communities helps children and their families succeed, supports upward mobility, and creates a pipeline of future leaders. We are especially proud of our new collaborative partnership with Comp-U-Dopt that has allowed us to invest in the next

SPOTLIGHT ↗ CALLON MATCHING GIFT PROGRAM

Callon's philanthropy program includes a Matching Gift Program for our employees who contribute to registered non-profit organizations. It is important to us to support our employees in their personal philanthropic endeavors. As our employees donate, so do we. Our Matching Gift Program matches approved employee contributions made to qualifying organizations up to $1,000 annually.

We are proud to support our employees' personal interests and the charities that are most meaningful to them. As the CFO of Callon, I am delighted to sign those matching checks.

— Kevin Haggard, Callon CFO

Pecos, TX Summer STEAM Camp sponsored by Callon.

generation by bringing much-needed computer equipment and Science, Technology, Engineering, and Math (STEM)-focused technology programs to youth living in remote, under-resourced areas. By facilitating growth in technical and digital literacy skills, we are helping children gain the tools and resources they need to compete in an increasingly technological world. In 2020, we provided equipment and funding to support 150 families in the Permian Basin in West Texas and 50 families in the Eagle Ford Shale in South Texas that helped enable remote education and much-needed stability in these families' lives. In 2021, we brought the organization's Science, Technology, Engineering, Arts, and Math (STEAM) program to South Texas and expanded the program to the Permian region in early 2022.

We are very grateful for the generosity and support of the Callon team. Through the programs Callon supports, we are helping students explore and engage with technology to help them grow and develop their skills, confidence, and curiosity to better prepare them for the future. Thank you for all you do to help us bridge the technology divide.

— Mariel Sanchez, Program Director, Comp-U-Dopt

Community Development

We know the importance of supporting the basic health and safety needs of all people in our local communities, so we provide annual contributions to food banks, first responders, and other community-based service organizations in addition to our employees volunteering their time and resources. In 2021, our employees came together and donated nearly 112,000 meals to food banks across Texas. We are also proud to be a founding member of the Children's Assessment Center's Lighting the Path Giving Society, whose work and community outreach programs help thousands of children and families heal from abuse.

I want to thank Callon for being an inaugural member of the Lighting the Path Giving Society at the Children's Assessment Center. The Lighting the Path Giving Society provides direct funding to our children and families when they need it the most. It gives them a light so they can continue their healing process.

— Rob Sanchez, Director of Development, Children's Assessment Center

Callon has been a long-time partner of first responders throughout the Permian Basin and Eagle Ford regions. In the past, we donated acreage and funded a new volunteer fire department location outside of Midland, Texas. More recently, we provided personal protective equipment (PPE) and monetary donations to regional fire departments to close their funding gap for equipment purchases, vehicle repairs, and upgrades.

Over 40 Callon employees came together to plant 65 much needed trees at a local school in Houston, TX.

Callon Eagle Ford employees came together to raise money for Robb Elementary in Uvalde, TX.

Environment

As part of our community support, we help protect the planet and wildlife and provide green spaces for our community members through programs such as Trees for Houston, Keep Midland Beautiful, Texas Recycle Day, and the Hermann Park Foundation. For example, in 2021, we partnered with Trees for Houston to complete a beautification project at a local elementary school as part of the SPARK School Parks Program. Through the program, Trees for Houston works with schools and neighborhoods to develop safe community parks on public school grounds that are then available for public use after the school day has ended and on weekends. We also supported the organization's tree giveaway program by volunteering to pot almost 750 trees that were donated to the surrounding community.

For everyone at Callon, thank you so much for helping us plant at Kennedy Elementary School. We really appreciate it. Thank you so much for your partnership with Trees for Houston. There is no way we would get to plant 50,000 trees this year without your support.

— Barry Ward, Executive Director, Trees for Houston

Callon Cares Committees

We believe corporate stewardship is both a financial obligation and a social duty. Callon has established Callon Cares Committees comprised of local employees in our field locations to guide regional philanthropic efforts through volunteerism, donations, and leadership.

Our Permian Callon Cares Committee has brought employees and families together for bowling and a school supply drive for Communities in School. They have also supported Habitat for Humanity and the West Texas Food Bank with donations and volunteers and made financial contributions to the Midland Education Foundation and other organizations.

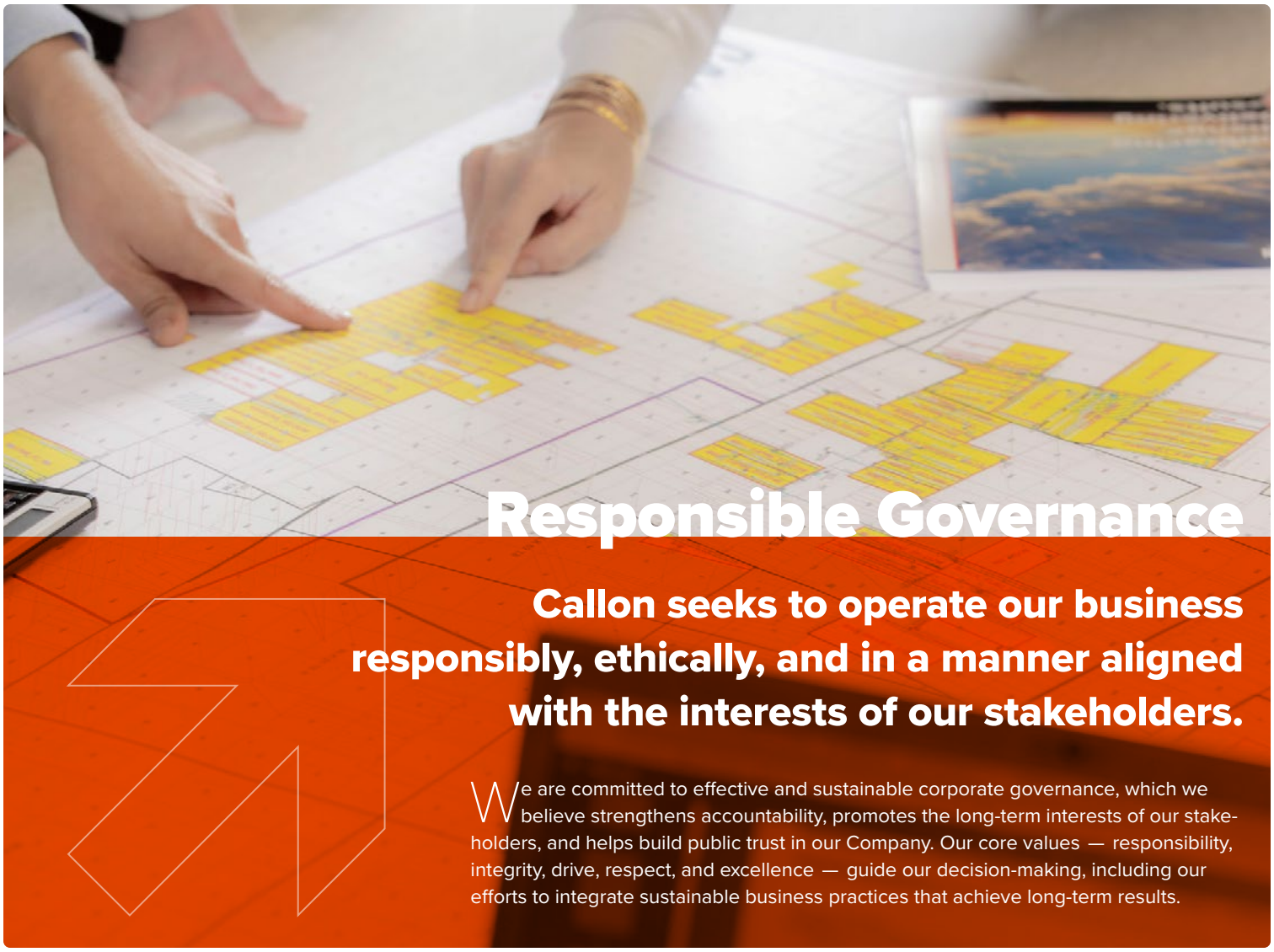
Our Eagle Ford employees have been longstanding, active members of local emergency planning committees (LEPCs) in several counties, enabling them to build relationships with first responders and maintain readiness for emergencies. Through their extensive community connections, the Eagle Ford Callon Cares Committee can address a variety of local needs, such as providing Christmas gifts for at-risk children and supporting the surrounding community after a tragedy. After the tragic shooting in nearby Uvalde, Texas, in early 2022, our Eagle Ford employees organized a local blood drive and raised funds in support of Robb Elementary School.

Supporting Strong, Sustainable Communities

In 2021, Callon supported many different organizations including:

- COMPUDOPT
- KMB
- yes prep public schools
- houston foodbank
- Communities In Schools
- girl scouts of san jacinto
- Kids Meals
- SEARCH
- west texas food bank
- Wintergarden Women's Shelter, Inc.
- Trees for Houston
- Texas Recycles Day Nov. 15
- Chinquapin Prep
- The Children's Assessment Center
- Meals on Wheels America

OVERVIEW



Responsible Governance

Callon seeks to operate our business responsibly, ethically, and in a manner aligned with the interests of our stakeholders.

We are committed to effective and sustainable corporate governance, which we believe strengthens accountability, promotes the long-term interests of our stakeholders, and helps build public trust in our Company. Our core values — responsibility, integrity, drive, respect, and excellence — guide our decision-making, including our efforts to integrate sustainable business practices that achieve long-term results.

The Callon Board of Directors is responsible for providing oversight and direction to the management of our business for the benefit of our stakeholders. To assist the Board in fulfilling its responsibilities, our Corporate Governance Guidelines describe foundational corporate governance policies and practices related to its composition, role, structure, and interaction with external constituencies. Our Code of Business Conduct and Ethics and charters for the four standing Board committees provide additional foundations for our governance guidance. We regularly assess our corporate governance principles and practices to ensure they are effective and help us perform to the high ethical standards we set for ourselves. We review our Corporate Governance Guidelines, Code, and other governance documents annually, or more often if business needs warrant it.

With our mission to build trust, Callon recognizes the role our ESG performance plays in fostering our sustainability. In early 2022, we formalized the Sustainability Committee to support the Company's ongoing commitment to various sustainability matters. Our ELT, along with the Director of EHS and the sustainability team, actively participate in this committee to help inform and drive strategy, performance, communication, and continuous improvement of various sustainability matters. As part of its corporate governance responsibilities, our Board oversees and regularly addresses our progress in safeguarding our team and communities, minimizing our environmental impacts, and developing and diversifying our workforce.

PERFORMANCE HIGHLIGHTS & COMMITMENTS

3 Females / **1** Ethnically diverse

BOARD

Our Board of Directors is comprised of people with diverse skill sets and includes three females and one ethnically diverse director

2018 — 2022

5/10 We take a responsible approach to paced refreshment of the Board – five of ten directors have joined in the past five years

All Board committees are composed entirely of independent directors

Redesigned executive compensation programs to align with stakeholder priorities

The Board and its committees conduct annual self-evaluations

9/10

Nine of ten directors are independent

BOARD OF DIRECTORS

Overview

The Board is responsible for determining the ultimate direction of our business strategy, overseeing our governance policies and culture, and promoting the long-term interests of the Company. The Board possesses and exercises oversight authority over our business but, subject to our governing documents and applicable law, delegates day-to-day management to our CEO and senior management. For more information about our Board and our governance practices, please refer to our 2022 Proxy Statement.

Board Composition

At Callon, we believe that a Board with a variety of skills and perspectives enhances constructive discussion and decision-making among the directors, allowing the Board to perform its strategic and oversight roles satisfactorily for our stakeholders. We are committed to building a diverse Board of individuals with different backgrounds, professional experiences, education, gender, race or ethnicity, age, and other individual qualifications and attributes, and we have adopted a Board Diversity Policy within our Corporate Governance Guidelines. In addition, the Nominating & ESG Committee requires that search firms engaged by Callon seek to present a robust selection of women and racially or ethnically diverse candidates in all prospective director candidate pools. Currently, Callon's Board includes three female directors and one ethnically diverse director.

Board Committees

AUDIT
Oversees material risk exposures in the areas of financial reporting, internal controls, compliance, hedging, and cybersecurity.

NOMINATING & ESG
Focuses on issues relating to corporate governance, ESG matters, and Board committee composition. It also assists the Board in fulfilling its oversight responsibilities with respect to succession planning for our directors and executive officers.

COMPENSATION
Establishes our compensation programs, oversees their alignment with our business strategies, and reviews our compensation policies to ensure they do not encourage unnecessary or excessive risk-taking by management.

OPERATIONS & RESERVES
Oversees production operations, the Company's long-term resource development strategy, and the integrity of our reserves estimation reporting process.

Board of Directors

L. Richard Flury
Chairman of the Board,
Former Chief Executive,
BP Power & Renewables (Retired)

Joseph C. Gatto, Jr.
President, Chief Executive Officer and Director

Frances Aldrich Sevilla-Sacasa
Former Chief Executive Officer,
Banco Itau International (Retired)

Matthew R. Bob
President of Eagle Oil and Gas

Mary Shafer-Malicki
Former Chief Executive Officer,
BP Angola (Retired)

Anthony J. Nocchiero
Former Chief Financial Officer,
CF Industries, Inc. (Retired)

Barbara J. Faulkenberry
Former Vice Commander,
U.S. Air Force (Retired)

Michael L. Finch
Former Chief Financial Officer,
Stone Energy Corporation (Retired)

James M. Trimble
Former Interim Chief Executive Officer and President, Stone Energy Corporation (Retired)

Steven A. Webster
Managing Partner at AEC Partners and Co-Founder of Carrizo Oil & Gas, Inc.

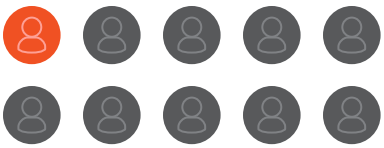
Diverse Board Skills

	Frances Aldrich Sevilla-Sacasa	Matthew R. Bob	Barbara J. Faulken-berry	Michael L. Finch	L. Richard Flury	Joseph C. Gatto, Jr.	Anthony J. Nocchiero	Mary Shafer-Malicki	James M. Trimble	Steven A. Webster
Age[1]	66	64	62	66	74	51	70	61	73	70
Tenure[1]	3	8	4	7	18	4	11	1	8	3
Gender	Female	Male	Female	Male	Male	Male	Male	Female	Male	Male
Racial/Ethnic Diversity	■									
CEO/President Experience	■	■			■	■		■	■	■
Sr. Executive Leadership	■	■	■	■	■	■	■	■	■	■
Outside Public Boards (Current)	■		■						■	■
Outside Public Boards (Prior)				■	■		■	■	■	■
E&P Industry Experience		■		■	■	■	■	■	■	■
Energy (Other than E&P) Industry Experience		■		■	■	■	■	■		■
Financial Expert	■			■			■			
Financial Literacy	■	■	■	■	■	■	■	■	■	■
Financial Oversight/Accounting	■		■	■	■	■	■		■	■
Petroleum and Other Engineering							■	■	■	
Geologist or Geophysicist		■			■					
Government/Public Policy/ Regulatory			■					■		
HES Experience/ Environmental								■	■	
Strategic Advising	■	■	■		■	■	■	■	■	■
Investment Banking	■					■				
Supply Chain			■							
Technology/IT/Cybersecurity			■				■		■	

[1] As of March 15, 2022.

Leadership Structure

Separate roles for the CEO and for the Board Chair.



Board comprised of 10 directors – of whom nine are independent.

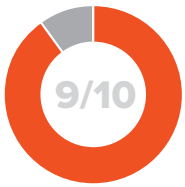
L. Richard Flury
Chair of the Board

Joseph Gatto Jr.
Chief Executive Officer

The role of our Chair is to oversee and ensure Board effectiveness. As Chair, Mr. Flury has the following responsibilities:

- Establishes Board meeting agendas and ensures critical issues are included.
- Chairs meetings of the Board and the Annual Meeting of Shareholders.
- Attends all Committee meetings as a non-voting member.
- Regularly consults with and advises the CEO on strategy and execution.
- Ensures that the flow of information provided to the Board is timely, complete, and accurate.
- Communicates with all directors on key issues and concerns outside the Board meetings.
- Assists the Board and executive officers in assuring compliance with and implementation of our governance principles.

INDEPENDENCE



Nine directors are independent

TENURE

50% of directors with <5 years tenure

DIVERSITY

One ethnically diverse and three female directors

Board Refreshment

Callon's Board of Directors is committed to thoughtful and responsible refreshment of the composition of the Board and has adopted a retirement policy effective as of the annual meeting prior to a director's 75th birthday. During 2021, in recognition of the three board members who are scheduled to retire over the three-year period starting in May 2022, the Board initiated a search to identify potential additions to the Board, with the goal of maintaining and enhancing the Board's expertise in support of our strategy and long-term sustainable value creation.

With the support of a third-party search firm, the Board considered a wide range of candidates representing diverse personal and professional backgrounds. Following a thorough review and interview process, the Board appointed Mary Shafer-Malicki to the Board effective January 1, 2022.

Mary's breadth of experience as an energy executive and corporate director will provide invaluable perspectives and complement the existing strengths of the Callon Board. Mary solidifies our energy industry skill sets for the coming years. Importantly, this appointment is another example of our continuous process of thoughtful Board refreshment and leading corporate governance practices that will ensure diversity of thought in the pursuit of sustainable value for all stakeholders.

— Richard Flury, Chairman of the Board

January 2022, upon the appointment of Mary Shafer-Malicki to the board

Board Evaluations

Each year, the Callon Board conducts an annual self-evaluation. During 2021, the Board engaged a third-party facilitator to conduct a fulsome board evaluation in support of its continuous improvement and succession planning objectives. Each director and certain members of senior management completed a written questionnaire and participated in a personal interview with the third-party advisor regarding the performance and effectiveness of the Board, its committees, and individual directors. At the conclusion of the process, the advisors delivered a comprehensive report to the Chair and subsequently presented their findings to the full Board of Directors. In addition, the Chair and the lead advisor met individually with each member of the Board to provide personal feedback and solicit reactions to the full report. The Board will use the results of the 2021 evaluation process to continue improving Board effectiveness and for long-term succession planning initiatives.

Director Independence

Independent directors offer different perspectives to our Board that contribute to developing a sustainable corporate strategy. Callon maintains an independent Board of Directors in accordance with New York Stock Exchange (NYSE) standards, U.S. Securities and Exchange Commission (SEC) rules and regulations, and our Corporate Governance Guidelines. We have a policy that requires the majority of the Board to be independent, and nine of ten Board members meet the qualifications for independence; our CEO is our only non-independent director. At Callon, the roles of Chairman and CEO are separate, and our Chairman is fully independent.

ENHANCED RISK OVERSIGHT

Overview

As an independent oil and gas company, we face a number of risks. The Board, as a whole and through its committees, generally oversees risk management and our long-term strategic direction, ensuring that risks undertaken by Callon are consistent with the Board's risk tolerance.

Enterprise Risk Management

As companies compete in a highly complex business and legal environment, prudent risk management is essential for sustainable operations and for creating durable shareholder returns. Callon has enhanced our risk oversight and risk management by integrating formal ERM processes involving our Board and management with our strategic planning and business execution processes.

The Callon management team has daily responsibility for assessing and managing material operational and financial risks to the Company, and our Board provides oversight of risk management and Callon's long-term strategic direction. This Board leadership structure, coupled with a high degree of interaction among our directors and senior leaders, facilitates the Board's oversight function and ensures information flow and communication throughout the year. Our executive officers report on and discuss enterprise risk at all regular Board meetings and are available to address any questions or concerns raised by the Board related to risk management and any other matters. Other members of our management team periodically attend Board meetings or are otherwise available to confer with the Board to the extent their expertise is required to address risk management matters.

Our management team, led by our CFO and finance organization, facilitate our ERM process with input from our ELT and other subject matter experts. These individuals continually strive to identify and mitigate the Company's evolving enterprise risk profile. Recent priorities include assessing risks resulting from the dynamic commodity price environment and the impacts on our industry, as well as a growing focus on how climate-related risks impact our strategy. These ongoing, linked processes ensure we assess, identify, rank, and mitigate the most material risks to Callon. The Board and management regularly reassess the effectiveness of these processes.

For a comprehensive discussion of material risks Callon has identified, please refer to our Form 10-K for the fiscal year ended December 31, 2021.

Enterprise risk management is a process that is governed by the Board and led by executive management, and focuses on both current and emerging risks, allowing Callon to protect stakeholder interests by integrating targeted mitigation efforts into our corporate planning process.

Cybersecurity

Our management team and our Board are focused on managing the Company's cybersecurity risks. The Board receives quarterly briefings on cyber matters, including evolving threats and mitigation efforts, the security of our information technology (IT) systems and data, and third-party reports on the IT control environment. We establish, update, and measure our cybersecurity policies and procedures to be consistent with frameworks like the National Institute of Standards and Technology (NIST) and the Center for Internet Security (CIS). We stay abreast of the current threat

Callon makes significant investments across our IT landscape to protect our systems and information.

landscape and prioritize our efforts based on reports from the Cybersecurity & Infrastructure Security Agency (CISA) and expert sources tailored for the energy industry.

We make significant investments across our IT landscape to protect our systems and information. Our efforts focus on lifecycle improvements, protecting our field operations, end user devices, our network, servers, databases, and applications.

In addition to mitigating our cyber risks, we take precautions to protect the Company in the event we are exposed to a cyber intrusion. Our cybersecurity policy includes a cyber event reporting escalation procedure that requires certain events to be reported to IT leadership, the Law department, and/or the ELT so that appropriate actions and disclosures may be assessed. We have also invested in IT-related recovery solutions to safeguard the Company's assets in the event of a cyber intrusion. In 2021, the Company had no material financial or data losses from a cybersecurity incident.

On a periodic basis, including in 2021, we engage third-party auditors to conduct penetration tests and evaluate our programs relative to the NIST framework. The resulting recommendations have been incorporated into our cyber practices, which have helped us guard against ever-evolving threats and intrusion methods. Our cyber practices are also managed in conjunction with our annual Sarbanes-Oxley Act and financial third-party audits.

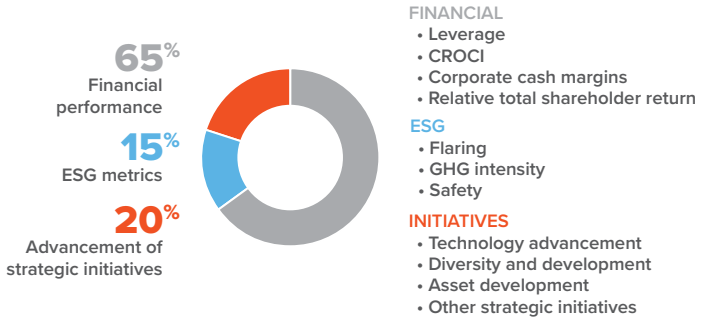
EXECUTIVE COMPENSATION

Callon's executive compensation program is designed to reward the management team for delivering results consistent with our long-term strategic objectives and in alignment with our shareholders' interests. The Compensation Committee, which is made up entirely of independent directors, strives to evolve Callon's compensation to reflect shifts in shareholder priorities.

During 2021, the Compensation Committee undertook a holistic redesign of Callon's executive pay programs to strengthen alignment with the Company's strategy. Within the refreshed program, the Committee sought to align with key investor priorities for sustainability in the energy industry, including strong balance sheets, free cash flow generation, returns, and ESG performance. It adopted a compensation structure that would balance near-term incentives linked to each of these investor priorities with long-term incentives to drive sustainable shareholder value creation. Objectives of the refreshed framework include:

- An annual bonus framework that prioritizes financial performance and ESG initiatives and eliminates traditional operational metrics.
- A long-term incentive (LTI) program that maintains a 60% weighting on performance-based LTI and manages equity dilution by adopting cash performance units tied to free cash flow and return on capital employed (ROCE) performance.
- Incentives that are directly aligned with shareholder outcomes by granting restricted stock units (RSUs) and incorporating relative total shareholder return in the annual bonus program.
- Incorporating ESG performance through 15% quantitative weighting in the annual bonus program plus qualitative ESG components.

2022 ANNUAL INCENTIVE FRAMEWORK[9]



In 2022, the Committee has maintained continuity in the overall program design while enhancing alignment with the Company's ESG goals. In addition to safety performance and flaring intensity, the Committee will hold management accountable for progress towards our medium-term GHG goals by including the elimination of routine flaring and the achievement of an interim GHG intensity goal in the 15% weighting for ESG for 2022. The Committee also introduced an ESG component to the long-term incentive program by adding a GHG intensity performance factor tied to the achievement of our 2024 "base" and "stretch" goals.

>90% Over 90% of votes cast were in favor of our executive compensation program for each of the past five years.

Shareholder priorities The Compensation Committee, which is made up entirely of independent directors, strives to evolve Callon's compensation to reflect shifts in shareholder priorities.

We believe our compensation program incorporates many sound practices, such as a substantial focus on performance-based pay, strong alignment with shareholder returns, peer group benchmarking of executive compensation, and robust stock ownership guidelines for named executive officers (NEOs) and directors. Callon also has a peer-leading clawback policy that establishes conditions under which the Committee may recoup previously paid compensation in the event of error, misconduct, or certain other circumstances.

The Compensation Committee reviews shareholder votes and feedback to ensure our executive compensation programs align with their interests. Additional details about Callon's executive compensation program are available in our 2022 Proxy Statement.

Compensation Program Governance Practices

- **Substantial focus on performance-based pay**
- **Strong alignment with shareholder priorities through significant weighting on incentive compensation**
- **Review of peer group benchmarks when establishing compensation**
- **Robust stock ownership guidelines for our NEOs and directors**
- **Clawback policy applies in the event of error, fraud, or misconduct**
- **Double-trigger change in control severance for both cash severance and equity vesting**
- **NO hedging or pledging of our stock**
- **NO employment agreements**
- **NO excessive benefits or perquisites**
- **NO single trigger change in control benefits**

SHAREHOLDER ENGAGEMENT

At Callon, we believe delivering value to our stakeholders requires alignment. Our governance structure and ongoing engagements with shareholders, employees, and communities where we operate helps position us to achieve our corporate goals.

We take shareholder feedback into consideration when planning our ESG activities. Callon's Investor Relations team facilitates engagement with shareholders, and feedback from these engagements are collected and shared with leadership. During 2021, feedback from our various shareholders covered corporate strategy, risk management, executive compensation, and ESG initiatives. In addition to shareholder engagement, we also proactively engage with ESG rating agencies to better align our ESG disclosures. The material included in this report is a result of these discussions and what we believe are the most significant priorities for all our stakeholders. We hope to continue expanding our sustainability disclosures as our business evolves.

ETHICS AND TRANSPARENCY

Callon has built a strong foundation over our 70-plus year history as a trusted partner in business and in our communities. Our core value of integrity drives us to do the right thing by being open, honest, ethical, and genuine. We do what we say and are accountable for our actions.

Callon's integrity, reputation, and success depend on the individual actions of our employees, directors, and others acting on our behalf. Our Code of Business Conduct and Ethics, as well as our Contractor Code of Conduct and related policies, set out our expectation that team members, including employees, contractors, and vendors, maintain high ethical standards and comply with all applicable legal requirements when conducting Callon's business. The Code covers topics ranging from conflicts of interest and equal employment opportunity to anti-harassment, anti-corruption, and compliance with applicable laws. The Code also explicitly prohibits directors, officers, and employees from engaging in insider trading or hedging transactions in Callon stock.

We conduct annual Code training, and all employees are required to commit to the Code of Business Conduct and Ethics annually, acknowledging their understanding of and compliance with its key policies. We encourage Callon team members to bring any issues or concerns to their supervisor, any member of the human resources or legal teams, or a member of the leadership team. In addition, we have a toll-free ethics hotline and website available for anonymous, confidential reporting at 1-844-471-7637 and online at callon.ethicspoint.com.

Callon does not permit any form of retribution or retaliation against any person who makes a good-faith report of known or suspected violations of the Code or suspected illegal or unethical conduct.

Callon maintains a toll-free ethics hotline available for anonymous, confidential reporting by phone or online:

1-844-471-7637

callon.ethicspoint.com

PUBLIC ADVOCACY

Public interest in the sustainability of the energy industry and its place in the energy transition has increased exponentially over the past few years. Public policy discussions surrounding our industry are evolving rapidly. We believe important discussions and decisions about regulatory and legislative issues need thoughtful, informed deliberation among government agencies, industry, and stakeholders, and we believe it is important to build relationships and have constructive conversations that will help us continue to be a responsible operator while achieving our goals and addressing stakeholder concerns.

While Callon is non-partisan, we are active participants in industry associations, trade groups, and advocacy organizations. We engage with these associations and advocacy groups to help make our views on these matters known. Members of our ELT serve as board members on the American Exploration and Production Council, Independent Petroleum Association of America, and the Permian Basin Petroleum Association. We also support employees who are active participants in industry associations. They represent our values within their peer group and help contribute to industry best practices on various initiatives and committees. We also encourage our employees to be informed on industry matters and regularly share information to help them be informed energy citizens in their discussions with families and friends.

To support the Houston economic development and sustainability plans, we also support the Greater Houston Partnership as a senior advisory partner and sit on three development committees.

Political Engagement

Consistent with our Code of Business Conduct and Ethics, Callon does not make corporate contributions to individual candidates or political committees supporting specific candidates in federal, state, or local elections. We do not sponsor a political action committee, and we encourage employees to vote and support the candidates and parties of their choice. For more information on our political activity and contributions policy, please refer to our Code.

We are committed to improving the industry's environmental performance by participating in meaningful partnerships. We believe in the value of working together to achieve solutions as we continue to help meet the growing demand for energy in a safe and environmentally responsible manner.

— Joseph Gatto Jr., President and CEO

SPOTLIGHT ↗ **Supporting Industry Partnerships and Organizations to Improve Environmental Performance**

We are proud to support industry partnerships and initiatives that promote environmental transparency and innovation. Callon actively participates in environmental and regulatory peer groups, agency cooperative efforts, subject matter committees, and environmental non-profit organizations to exchange technical knowledge, innovative ideas, and emissions reduction strategies. These relationships also provide opportunities to engage key stakeholders, develop an understanding of sound science, and further progressive, responsible, and efficient oil and natural gas production.

PERFORMANCE METRICS

In this section, we disclose quantitative information about our ESG performance that we believe is of value to our stakeholders. Callon strives to provide the most accurate information possible when data is available from a verified source. All 2019 data reflect pro forma Callon results. All 2019 air quality data reflect updated gas analysis and BTU values which are consistent with 2020 GHG methodologies. Due to corporate mergers and acquisitions, certain historical data is not available or could not be calculated for disclosure within this table. Please refer to Our ESG Approach for information about the quantitative review performed for the data presented below.

Unless otherwise noted, the information and data in the Performance Metrics tables cover the Company's operated assets for the calendar years that ended on December 31, 2019, 2020, and 2021. As it relates to GHG emissions, per EPA regulations, we report full year Scope 1 emissions for all assets owned as of December 31 for each respective reporting year. For acquired assets, we disclose full-year emissions for the year of acquisition but do not disclose emissions for years prior to our ownership. Emissions for sold assets are not included for the year in which the asset is sold. For all other metrics, we report performance for the periods in which assets were under our operational control.

		UNIT OF MEASURE	2019	2020	2021
Operational Metrics					
Gross Daily Production	Oil production, total gross	MBbl/day	105	94	100
	Natural gas production, total gross	MMcf/day	246	265	292
Net Daily Production	Oil production, total net	MBbl/day	32	64	61
	Natural gas and NGL production, total net	MMcf/day	57	224	206
Daily Synthetic Production	Oil production	MBbl/day	0	0	0
	Gas production	MMcf/day	0	0	0
Reserves	Proved reserves	MMBoe	540	476	485
	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Percentage (%)	0%	0%	0%
	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Percentage (%)	0%	0%	0%
	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Percentage (%)	0%	0%	0%
Number of offshore sites		Number	0	0	0
Number of terrestrial sites		Number	0	0	0

		UNIT OF MEASURE	2019	2020	2021
Environmental Metrics					
Greenhouse Gas Emissions	Gross scope 1 GHG emissions	Metric tons CO_2-e(t)	1,450,165	995,625	1,047,039
	Gross scope 2 GHG emissions	Metric tons CO_2-e(t)	118,929	73,860	86,559
	Gross scope 1 GHG intensity rate	Metric tons CO_2-e(t)/ production (MBOE)	27.3	19.7	19.3
	Gross scope 1 methane emissions as a percentage of GHG emissions	Percentage (%)	28%	29%	30%
	Gross scope 1 methane emissions as a percentage of total gas production	Percentage (%)	1.0%	0.63%	0.61%
	Percentage of scope 1 GHG emissions covered under emissions-limiting regulations	Percentage (%)	100%	100%	100%
	Gross scope 1 GHG emissions from flared hydrocarbons	Metric tons CO_2-e	544,678	298,711	233,903
	Flare percentage, as a percentage of gas produced (inclusive of all third-party flaring)[10]	Percentage (%)	7.3%	4.1%	2.1%
	Gross scope 1 GHG emissions from other combustion	Metric tons CO_2-e	523,029	429,557	496,619
	Gross scope 1 GHG emissions from process emissions	Metric tons CO_2-e	0	0	0
	Gross scope 1 GHG emissions from other vented emissions	Metric tons CO_2-e	372,216	256,359	308,289
	Gross scope 1 GHG emissions from fugitive emissions	Metric tons CO_2-e	10,242	10,998	8,228
Air Quality	Nitrogen oxide (NO) emissions	Metric tons (t)	15,098	12,955	9,367
	Sulfur dioxide (SO_2) emissions	Metric tons (t)	1,485	1,015	930
	Volatile organic compounds (VOCs) emissions	Metric tons (t)	265,714	242,410	253,328
	Particulate matter (PM_{10}) emissions	Metric tons (t)	257	330	105

		UNIT OF MEASURE	2019	2020	2021
Water Management	Total fresh water withdrawn	Thousand cubic meters (m^3)	5,010	3,230	3,541
	Percentage of total fresh water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	34%	35%	38%
	Total fresh water consumed	Thousand cubic meters (m^3)	4,183	2,014	2,976
	Percentage of fresh water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	36%	46%	51%
	Total volume of Recycled Produced Water consumed	Thousand cubic meters (m^3)	1,484	773	683
	Total volume of Non-fresh Water consumed	Thousand cubic meters (m^3)	3,024	1,272	2,099
	Total volume of water consumed	Thousand cubic meters (m^3)	8.691	4,059	5,074
	Total volume of Recycled Produced Water	Thousand cubic meters (m^3)	1,484	953	812
	Volume of produced water and flowback generated	Thousand cubic meters (m^3)	15,854	15,313	15,118
	Percentage of produced water and flowback discharged	Percentage (%)	0%	0%	0%
	Percentage of produced water and flowback injected	Percentage (%)	91%	94%	95%
	Percentage of produced water and flowback recycled	Percentage (%)	9%	6%	5%
	Hydrocarbon content in discharged water	Metric tons (t)	0	0	0
	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Percentage (%)	100%	100%	100%
	Percentage of produced water on pipe	Percentage (%)	>90%	>90%	>90%

		UNIT OF MEASURE	2019	2020	2021
Biodiversity Impacts	Aggregate volume of hydrocarbon spills to the environment	Barrels (bbls)	715	135	192
	Number of hydrocarbon spills to the environment	Number	35	31	25
	Aggregate volume of hydrocarbon spills in the Arctic	Barrels (bbls)	0	0	0
	Aggregate volume of hydrocarbon spills impacting shorelines with ESI rankings 8-10	Barrels (bbls)	0	0	0
	Aggregate volume of hydrocarbon recovered from the environment	Barrels (bbls)	567	29	121
	Total fluid spill rate	Barrels of total fluid spilled/million barrels produced	115	39	30
	Percentage of proved reserves in or near sites with protected conservation status or endangered species habitat	Percentage (%)	0%	0%	0%
	Percentage of probable reserves in or near sites with protected conservation status or endangered species habitat	Percentage (%)	0%	0%	0%
	Volume of hazardous waste generated and disposed	Cubic yards (cy)	–	10	0
Reserves Valuation & Capital Expenditures	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Metric tons CO_2-e(t)	61,238,606	53,966,975	54,955,979
	Invested amount vs. revenue generated by renewable energy sales	Reporting currency ($USD)	273,750	303,600	153,865
Critical Incident Risk Management	Process safety event (PSE) rates for loss of primary containment (LOPC) of greater consequence (Tier 1)	Rate	–	0.34	0.19

		UNIT OF MEASURE	2019	2020	2021
Social Responsibility Metrics					
Total recordable incident rate (TRIR)		Number of work-related injuries and illnesses per 200,000 workhours	0.60	0.54	0.62
Fatality rate		Rate	0	0	0
Near miss frequency rate (NMFR)		Rate	0.65	0.88	0.50
Number and duration of non-technical delays		Number, Days	0	0	0
Average hours of health, safety, and emergency response training for full-time field employees		Hours (h)	18	7	8
Average hours of health, safety, and emergency response training for short-service employees		Hours (h)	37	27	41
Workforce[11]	**Total permanent, full-time employees**	Number	–	303	322
	Percent of workforce represented by union	Percentage (%)	–	0%	0%
	Employee turnover – voluntary	Percentage (%)	–	4%	7%
	Employee by age group				
	Under age 30	Percentage (%)	–	6%	8%
	Age 30-50	Percentage (%)	–	73%	71%
	Over age 50	Percentage (%)	–	21%	21%
	Women of Callon				
	All employees	Percentage (%)	–	18%	21%
	Executives and senior officers	Percentage (%)	–	18%	11%
	First and mid-level managers	Percentage (%)	–	12%	18%
	Professionals	Percentage (%)	–	24%	29%
	Racial or Ethnically Diverse People of Callon				
	All employees	Percentage (%)	–	36%	36%
	Executives and senior officers	Percentage (%)	–	0%	0%
	First- and mid-level managers	Percentage (%)	–	19%	22%
	Professionals	Percentage (%)	–	32%	31%

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX

The TCFD seeks to develop recommendations for voluntary climate-related financial disclosures as a tool for investors and other stakeholders to assess risks associated with climate change.

Below are the core themes covered in this year's Sustainability Report and their referenced location. More details can be found in the Climate Change Risk section that starts on page 15.

CORE THEME	TOPIC	REFERENCE LOCATION
Governance	Describe the board's oversight of climate-related risks and opportunities.	Page 16
	Describe management's role in assessing and managing climate-related risks and opportunities.	Page 16
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Page 16–17
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Page 16–17
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 18
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	Page 17
	Describe the organization's processes for managing climate-related risks.	Page 17
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Page 17
Metrics & Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 5, 8, 11, 21
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	Page 53
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Page 5, 8, 11, 21

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

SASB standards enable businesses around the world to identify, manage, and communicate financially-material sustainability information to their investors. SASB provides a complete set of 77 globally applicable industry-specific standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry. The following table references the specific Oil & Gas-Exploration and Production industry standard.

	INDICATOR NUMBER	DISCLOSURE LOCATION
Greenhouse Gas Emissions	EM-EP-110a.1	Page 53
	EM-EP-110a.2	Page 53
	EM-EP-110a.3	Page 20–24
Air Quality	EM-EP-120a.1	Page 53
Water Management	EM-EP-140a.1	Page 54
	EM-EP-140a.2	Page 54
	EM-EP-140a.3	Page 54
	EM-EP-140a.4	Page 26–27
Biodiversity Impacts	EM-EP-160a.1	Page 28–29
	EM-EP-160a.2	Page 55
	EM-EP-160a.3	Page 55
Workforce Health & Safety	EM-EP-320a.1	Page 56
	EM-EP-320a.2	Page 32–33
Reserves Valuation & Capital Expenditures	EM-EP-420a.1	Page 17–19
	EM-EP-420a.2	Page 55
	EM-EP-420a.3	Page 55
	EM-EP-420a.4	Page 15–19 and 10-K
Business Ethics & Transparency	EM-EP-510a.1	Page 52
	EM-EP-510a.2	Code of Business Conduct and Ethics
Security, Human Rights & Rights of Indigenous Peoples	EM-EP-210a.1	Page 52
	EM-EP-210a.2	Page 52
	EM-EP-210a.3	Page 38
Community Relations	EM-EP-210b.1	Page 38
	EM-EP-210b.2	Page 58
Management of the Legal & Regulatory Environment	EM-EP-530a.1	10-K/10-Q Risks Section
Critical Incident Risk Management	EM-EP-540a.1	Page 55
	EM-EP-540a.2	Page 12, 47
Activity Metrics	EM-EP-000.A	Page 52
	EM-EP-000.B	Page 52
	EM-EP-000.C	Page 52

AMERICAN EXPLORATION AND PRODUCTION COUNCIL (AXPC)

AXPC is a national trade association representing the largest independent oil and natural gas exploration and production companies in the U.S., and of which Callon is a council member. To promote transparency and consistency in ESG reporting among U.S. upstream exploration and production companies, AXPC launched its voluntary ESG Metrics Framework in February 2021. AXPC's framework includes five key metrics groups – GHG emissions, flaring, spills, water use, and safety.

TOPIC	METRIC	2021
Greenhouse Gas Emissions	Scope 1 GHG Emissions (Metric tons CO_2e)	1,047,039
	Scope 1 GHG Intensity Scope 1 GHG Emissions (Metric tons CO_2e)/Gross Annual Production as Reported Under Subpart W (MBoe)	19.3
	Percent of Scope 1 GHG Emissions Attributed to Boosting and Gathering Segment	46%
	Scope 2 GHG Emissions (Metrics tons CO_2e)	86,559
	Scopes 1 & 2 Combined GHG Intensity (Scope 1 GHG Emissions (Metric tons CO_2e) + Scope 2 GHG Emissions (Metric tons CO_2e))/Gross Annual Production as Reported Under Subpart W (MBoe)	20.9
	Scope 1 Methane Emissions (Metric tons CH_4)	12,618
	Scope 1 Methane Intensity Scope 1 Methane Emissions (Metric tons CH_4)/Gross Annual Production – As Reported Under Subpart W (MBoe)	0.23
	Percent of Scope 1 Methane Emissions Attributed to Boosting and Gathering Segment	37%
Flaring	Gross Annual Volume of Flared Gas (Mcf)	1,749,913
	Percentage of gas flared per Mcf of gas produced Gross Annual Volume of Flared Gas (Mcf)/Gross Annual Gas Production (Mcf)	2.1%
	Volume of gas flared per barrel of oil equivalent produced Gross Annual Volume of Flared Gas (Mcf)/Gross Annual Production (Boe)	0.039
Spills	Spill Intensity Produced Liquids Spilled (Bbl)/Total Produced Liquids (MBbl)	0.03
Water Use	Fresh Water Intensity Fresh Water Consumed (Bbl)/Gross Annual Production (Boe)	0.414
	Water Recycle Rate Recycled Water (Bbl)/Total Water Consumed (Bbl)	16%
	Does your company use WRI Aqueduct, GEMI, Water Risk Filter, Water Risk Monetizer, or other comparable tool or methodology to determine the water stressed areas in your portfolio?	Yes
Safety	Employee TRIR # of Employee OSHA Recordable Cases x 200,000 / Annual Employee Workhours	0.31
	Contractor TRIR # of Contractor OSHA Recordable Cases x 200,000 / Annual Contractor Workhours	0.7
	Combined TRIR # of Combined OSHA Recordable Cases x 200,000 / Annual Combined Workhours	Page 56

TOPIC	METRIC	2021
Supporting Data	Gross Annual Oil Production (Bbl)	31,159,581
	Gross Annual Gas Production (Mcf)	84,192,093
	Gross Annual Production (Boe)	45,191,597
	Gross Annual Production (MBoe)	45,192
	Gross Annual Production – As Reported Under Subpart W (MBoe)	54,164
	Total Produced Liquids (MBbl)	126,246
	Produced Liquids Spilled (Bbl)	Page 55
	Fresh Water Consumed (Bbl)	Page 54
	Recycled Water (Bbl)	Page 54
	Total Water Consumed (Bbl)	Page 54
	Employee OSHA Recordable Cases	1
	Contractor OSHA Recordable Cases	9
	Combined OSHA Recordable Cases	10
	Annual Employee Workhours	646,887
	Annual Contractor Workhours	2,580,153
	Methodology	Actual
	Annual Combined Workhours	3,227,040

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

The UN SDGs were adopted by the UN in 2015 as the world's shared plan to end extreme poverty, reduce inequality, and protect the planet. The SDGs are a collection of 17 interlinked goals.

As outlined below, we have identified 11 SDGs for which we believe we have the most impact and have identified where discussion of those topics can be found in this report.

SDG GOAL NUMBER	GOAL DESCRIPTION	DISCUSSION LOCATION
SDG Goal 1	No Poverty	Page 35
SDG Goal 2	Zero Hunger	Page 38
SDG Goal 3	Good Health and Well-Being	Page 35
SDG Goal 4	Quality Education	Page 36, 38–39
SDG Goal 5	Gender Equality	Page 36
SDG Goal 6	Clean Water and Sanitation	Pages 25–26
SDG Goal 8	Decent Work and Economic Growth	Pages 30–40
SDG Goal 11	Sustainable Cities and Communities	Pages 39–40
SDG Goal 12	Responsible Consumption and Production	Entire report
SDG Goal 15	Life on Land	Page 27–28
SDG Goal 16	Peace, Justice, and Strong Institutions	Pages 34–37, Human Rights Policy, Code of Business Ethics and Conduct

FORWARD-LOOKING STATEMENT

This report, as well as related statements on our website, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include all statements regarding projections, future estimates, plans, expectations, and other forward-looking statements, including information about sustainability, environmental, health and safety goals, plans, policies, programs, and initiatives, anticipated returns and financial position, and the implementation of the Company's business plans and strategy, as well as statements including the words "believe," "expect," "may," "will," "forecast," "outlook," "plans" and words of similar meaning. These statements reflect the Company's current views with respect to future events and financial performance based on management's experience and perception of historical trends, current conditions, anticipated future developments, and other factors believed to be appropriate. No assurances can be given, however, as of this date, that these events will occur or that these projections will be achieved, and actual results could differ materially from those projected as a result of certain factors. Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by applicable law. Some of the factors which could affect our future results and could cause results to differ materially from those expressed in our forward-looking statements include the volatility of oil, natural gas, and natural gas liquids (NGLs) prices or a prolonged period of low oil, natural gas, or NGLs prices and the effects of actions by, or disputes among or between significant oil and natural gas producing countries; general economic conditions, including the availability of credit and access to existing lines of credit; changes in the supply of and demand for oil and natural gas, including as a result of the COVID-19 pandemic and various governmental actions taken to mitigate its impact or actions by, or disputes among, members of OPEC and other oil and natural gas producing countries with respect to production levels or other matters related to the price of oil; our ability to drill and complete wells; operational, regulatory and environment risks; the cost and availability of equipment and labor; our ability to finance our development activities at expected costs or at expected times or at all; our inability to realize the benefits of recent transactions; currently unknown risks and liabilities relating to the newly acquired assets and operations; adverse actions by third parties involved with the transactions; risks that are not yet known or material to us; and other risks more fully discussed in our filings with the Securities and Exchange Commission (the SEC), including our most recent Annual Reports on Form 10-K and subsequent Quarterly Reports on Form 10-Q, available at www.callon.com or the SEC's website at www.sec.gov.

REPORT FOOTNOTES

1 Adjusted free cash flow is defined as adjusted EBITDA less operational capital, cash capitalized interest, net cash interest expense and capitalized cash G&A (which excludes capitalized expense related to share-based awards).

2 Scope 1 GHG emissions intensity calculated as metric tons CO_2e/thousand equivalent barrels produced. "GHG Legacy" refers to 2021 Callon standalone, excludes assets acquired in the Delaware Basin from Primexx Resource Development, LLC and BPP Acquisition, LLC (the "Primexx Acquisition").

3 Calculated as methane emissions as a percentage of gas produced.

4 Legacy Callon assets refer to 2021 Callon standalone.

5 Graphs reflect IEA scenario pricing for each of the four main scenarios. Because the IEA scenarios commence in 2030, the graphs (and Callon's resiliency assessments) reflect an evenly distributed price transition from 2022 until 2030. For 2022, prices reflect actual pricing for 1H 2022 and strip pricing for 2H 2022.

6 The table reflects average impacts of the four IEA scenarios relative to Callon's baseline over the next 10 years.

7 World Energy Outlook 2021, International Energy Agency, October 2021.

8 Permian Basin Play Fundamentals, Enverus, May 2022, and Eagle Ford Play Fundamentals, Enverus, May 2022.

9 As of 2022 Annual Meeting.

10 Flare percent is based on owned and operated production and operated flaring volume basis. It is calculated as gross annual volume of flared gas in Mcf over gross annual gas production in Mcf for assets under operational control, as defined by the AXPC ESG Metrics Framework.

11 Workforce statistics reflect year-end EEO-1 data as reported to and defined by the U.S. Equal Employment Opportunity Commission. 2019 data not available due to Carrizo-Callon merger.