

# RESILIENT

2020 SUSTAINABILITY REPORT

PIONEER  
NATURAL RESOURCES



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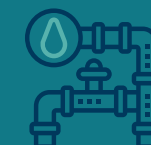
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# Letter from the CEO



Scott D. Sheffield, President and Chief Executive Officer

**“We continue to drill the highest-return wells in the Permian Basin, preserve our strong balance sheet and return free cash flow to our investors.”**

**Due to the COVID-19 pandemic, 2020 has been a unique and challenging year for Pioneer and the entire oil and gas industry. The health and safety of our employees and contractors has always been Pioneer’s top priority. COVID-19 created unprecedented challenges in this regard, and we quickly and effectively responded. Our Health, Safety and Environmental (HSE) team, together with our Corporate Facilities team and others throughout the organization, have done an incredible job supporting the safety and well-being of our employees, contractors and their families. While addressing these unprecedented circumstances, Pioneer sharpened its focus on effectively managing environmental, social and governance (ESG) issues.**

From an operations perspective, reduced demand for our products due to COVID-19, coupled with the Saudi Arabia and Russia price war, has generated significant economic tests for the company. While Pioneer faced numerous difficult decisions in 2019 and 2020, including organizational restructurings and reductions to our workforce, I am proud to say the company has responded well to these challenges. We continue to drill the highest-return wells in the Permian Basin, preserve our strong balance sheet and return free cash flow to our investors. The efficiencies we have gained during this market downturn have made us a more resilient and productive company.

This Sustainability Report addresses our work during the 2019 calendar year, as well as important commitments we have made in 2020. My letter focuses primarily on critical environmental matters. The following letter from Board Chairman Ken Thompson addresses several social- and governance-related priorities our Board of Directors (BOD) has put in place for the company going forward.

During the drafting of this year’s report, we announced the acquisition of Parsley Energy (Parsley). Like Pioneer, Parsley shares a commitment to ESG matters and demonstrates impressive environmental performance. Parsley is a Permian pure-play company, and a large portion of its operating footprint is contiguous to Pioneer’s, which is expected to allow the combined company to realize both operational and environmental synergies. Minimizing air emissions is a shared priority for Pioneer and Parsley – and Pioneer is committed to continue being a leader among U.S. oil and gas producers after the companies are combined.

This year, we have established long-term targets for our greenhouse gas (GHG) emissions, methane emissions and flaring. These targets are based on the combined company’s current operating footprint. In conjunction with establishing these targets, we have completed a multi-year effort to report an inventory of scope 1 and 2 GHG emissions from our operations that goes beyond the U.S. Environmental Protection Agency (EPA) GHG Reporting Program requirements.

As I have stated publicly on many occasions, flaring of associated natural gas is a “black eye” for the industry in the Permian Basin. We are committed to ending “routine” flaring in the Permian by 2030 in conjunction with the World Bank’s recommendation. We aspire to reach this goal by 2025. As part of this commitment, Pioneer will only bring an oil well onto production when it is connected to a midstream partner’s sales pipeline for the associated natural gas. Pioneer continues to be a leader in this area with a flaring intensity rate of less than one percent. Beginning with a 2019 baseline, Pioneer is establishing aggressive targets for reductions in our GHG emissions, methane emissions and flaring intensities for the next 10 years, taking into account the addition of Parsley’s assets.

Pioneer supports the federal regulation of methane from our operations, as long as those regulations encourage innovation and operational flexibility in meeting emissions thresholds. Our leak detection and repair (LDAR) program, including our use of full-field

aerial detection surveys, exceeds state and federal regulatory requirements. We continue to partner with regulatory agencies, academia and non-governmental organizations to develop technologies and operational best practices to limit emissions.

Minimizing the use of freshwater in our operations is another priority for Pioneer. Throughout the past five years, we have developed the most advanced water infrastructure system in the Permian Basin. Our subsidiary company, Pioneer Water Management (PWM), manages a 120-mile main pipeline and dozens of associated water storage facilities to support our drilling and completion operations. This system allows us to minimize use of freshwater by allowing us to efficiently move recycled and reclaimed water where it is needed. Currently, we utilize approximately 120,000 barrels of water per day (BWPD) of treated effluent water from the city of Odessa. As outlined in our 2019 Sustainability Report, Pioneer is investing \$134 million in a public-private partnership with the city of Midland. We are building a new secondary water treatment facility for Midland, in exchange for a contract to acquire treated effluent water through 2045. The new facility and related upgrades, which are designed to accommodate a projected future volume increase of up to 357,000 barrels of treated municipal wastewater per day, will be completed early next year.

These are only a few of the environmental highlights we are proud to report. We are committed to the principles of the Task Force for Climate Related Disclosures (TCFD), and you will notice we reference the standards and requirements of the Sustainable Accounting Standards Board (SASB) when making our disclosures, in addition to the Global Reporting Initiative (GRI) and the International Petroleum Industry Environmental Conservation Association (IPIECA), and the United Nations Sustainable Development Goals (SDG). We believe including these additional sustainable development indices enhances our Sustainability Report substantially. We are committed to robust disclosure and continuous improvement on ESG matters.

Thank you for your interest in Pioneer and our sustainable practices.

Sincerely,

**Scott D. Sheffield**  
*President and Chief Executive Officer*

# Letter from the Chairman



J. Kenneth Thompson, Chairman of the Board of Directors

“Beginning in 2021, we plan to increase the weighting of Pioneer executive leadership’s HSE and ESG performance indicators within their annual bonus program from 10 percent to 20 percent.”

**As Scott mentioned in his letter, 2020 has proved to be a challenging year for the oil and gas industry. Nevertheless, Pioneer continues to excel – drilling the best wells in the Permian Basin, maintaining a strong balance sheet and returning capital to our investors – and we have done so in alignment with stakeholder expectations on ESG matters. Our combination with Parsley will allow us to continue to deliver best-in-class operational and ESG performance for decades to come. While Scott focused on the tremendous progress Pioneer continues to make on environmental issues, I will address Pioneer developments in both social and governance matters.**

During 2020, the country has been engulfed in social unrest unlike anything we have seen for decades. At Pioneer, we remain absolutely committed to RESPECT values – which we outline in more detail on page 4 of this report – both within our company and within the communities where we live and work. We condemn racism, hate speech and other similar behaviors. In 2020, Pioneer supported two organizations specifically working to combat racial injustice, the Dallas Chapter of the NAACP and Facing History and Ourselves.

We also recognize the significant sacrifices of the police, other first responders and their families, and we continue to actively support law enforcement in our operating areas. While criminal activity cannot be excused, we support and encourage the respectful and peaceful exchange of ideas, opinions and new ways of thinking as the foundation for real, lasting change.

Pioneer remains committed to diversity and inclusion – especially in light of the recent reductions to our workforce. Ensuring growth opportunities and career potential for women, people of diverse racial and ethnic backgrounds, and members of the lesbian, gay, bisexual, transgender and queer (LGBTQ) community is a priority at Pioneer. Teams made up of people with diverse backgrounds benefit from a variety of different perspectives and have proven to yield superior business results. Most importantly, we want every employee to feel supported and confident in being their authentic selves while working for our company. I am particularly proud of the work of OnePioneer, a single organization that was created in 2019 through the merger of Pioneer’s various employee resource groups. OnePioneer is led and self-governed by a diverse representation of our employees who advance diversity and inclusion initiatives across the entire company.

This year, Pioneer adopted a formal Human Rights Policy and Commitment, acknowledging standards developed by the United Nations (UN) and the International Labour Organization (ILO). While Pioneer currently operates only onshore and within the United States and the state of Texas, the values articulated by the UN and ILO – promoting social progress, generating better living standards, respecting indigenous peoples and championing human rights for all individuals – are consistent with Pioneer RESPECT values and the manner in which we have operated since the company’s inception.

In terms of corporate governance, the company made two important decisions over the last 18 months to improve oversight of ESG. The first was to update the charters that define the scope of work of our five Board committees – the HSE Committee, the Nominating and Corporate Governance Committee, the Compensation and Leadership Development Committee, the Audit Committee, and our new Sustainability Reporting Committee. We made changes to each respective committee charter to clarify the Board’s role in overseeing management of climate change risk and other ESG matters.

The second change made by the Board this year was to adjust our executive compensation formula. Beginning in 2021, we will increase the weighting of Pioneer executive leadership’s HSE and ESG performance indicators within their annual bonus program from 10 percent to 20 percent. The Board feels this important step aligns company decision-making with HSE and ESG priorities.

Pioneer continues to combine best-in-class operational and financial results with excellent HSE and ESG performance. We are committed to continuous improvement in these areas and to our mission of being America’s leading independent energy company. Thank you again for your interest in, and support of, Pioneer.

Sincerely,

**J. Kenneth Thompson**  
*Chairman of the Board of Directors*

# Environmental, Social and Governance (ESG) Commitment

“The energy industry is evolving, and we recognize that our steadfast commitment to sustainability is paramount to the future of the company. We lead our peers in delivering long-term value to stakeholders by continuously assessing and mitigating risks, engaging in new opportunities, and strategically adapting to new scenarios.

**We are committed to taking a leadership role among U.S. oil and gas producers in reducing greenhouse gas emissions intensity, while maintaining competitively low breakeven costs.**

These are some of the many ways we are preparing for the energy transition.”



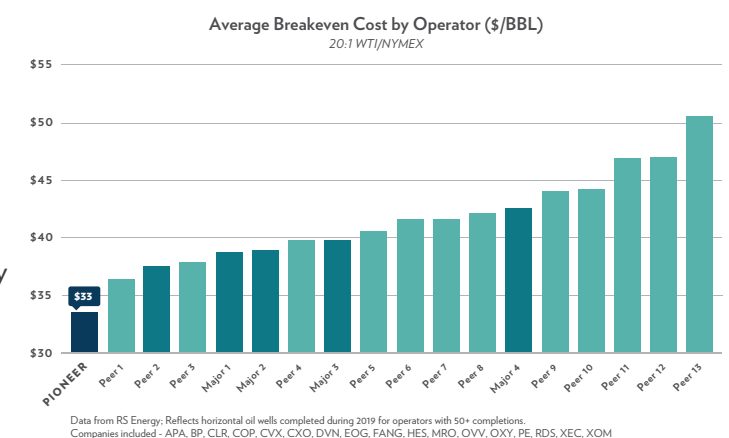
## ***At Pioneer, values aren't lip service on a glossy brochure.***

Environmental stewardship is inherent to our Pioneer culture, present in our RESPECT values and, as we view it, critical to both our company and our industry. We want our stakeholders to know we don't simply talk about stewardship – we actively plan, discuss, strategize and troubleshoot. Quite simply, ESG activities are top-of-mind and ingrained in our daily work.

**Here are five examples (all contained in this report) that demonstrate our commitment to ESG:**

- We are setting important targets to reduce GHG and methane emission intensities and limit flaring – serving as a leading Permian Basin producer.
- RESPECT has always been the foundation of our value system, and we have firmly established that with a policy on Human Rights and a robust Diversity and Inclusion program.
- Our Board is heavily engaged in our ESG leadership position, and we have bolstered ESG governance at Pioneer with the creation of an ESG oversight committee on our Board and an ESG Taskforce comprised of leaders across the company.
- We are committed to following TCFD principles, and we will actively and transparently communicate our climate resiliency to our investors and stakeholders.
- Pioneer is committed to returning capital to our shareholders, while maintaining a sustainable long-term business model. With our industry-leading breakeven cost, asset quality and balance sheet, we are in a unique position to contribute to the global supply of low cost energy. We are focused on producing environmentally responsible oil and gas while generating a competitive total annual return to our shareholders.

To capitalize on significant resource potential, more than 95 percent of Pioneer's current capital expenditures are directed to the Permian Basin. The profitability of the Midland Basin is particularly evident when compared with other onshore U.S. liquid-rich basins. A breakeven cost of approximately \$33/BBL is attributed to Pioneer by Enverus, indicating the company is in a strong position to produce oil and gas economically and help meet long-term global demand for oil.



1) Commodity strip and stock price as of 7/28/2020. Dividends are authorized and determined by the Pioneer Board of Directors. Future reinvestment rate subject to multiple factors, including commodity prices and economic outlook.

2020

# ESG Progress Statement

## Policy Transparency

- Adopted Human Rights Policy and Commitment
- Formalized HSE Policy and Commitment
- Updated Code of Business Conduct: Ethics, Anti-Corruption and Bribery Policies
- Updated BOD Charters to include formal oversight of climate-related risks and opportunities
- HSE and climate-related performance goal incentives increased to 20%



New corporate headquarters awarded **LEED Gold-awarded BD+C New Construction facility.**

## Freshwater Use Reduction

Our **industry-leading water infrastructure** and sourcing agreements with Midland and Odessa support our freshwater reduction ambitions in the Permian Basin.

## Target Setting

Pioneer has set Emissions Targets aligned with the TCFD's criteria for target-setting, for our operated assets, from a 2019 emissions baseline, to:

Reduce our **GHG emissions** intensity by  
**25% by 2030**

Reduce our **methane emissions** intensity by  
**40% by 2030**

Limit our annual **flaring intensity** to  
**less than 1%**  
\*including Parsley Energy assets by year-end 2022

**Zero routine flaring by 2030**

with an aspiration to reach this goal by 2025



Championing our culture of RESPECT and community through diversity and inclusion

**INAUGURAL  
YEAR**



**Sustainability Accounting Standards Board (SASB) Integration**

Providing decision-useful information to our stakeholders



**United Nations Sustainable Development Goals (SDG) Integration**

Demonstrating how Pioneer RESPECT values guide us and are reflected in our business practices

**S&P Global SAM Corporate Sustainability Assessment**

Another opportunity to provide insight into our focus on ESG performance and accountability



**Taskforce for Climate-Related Financial Disclosures (TCFD) Integration**

Pioneer understands the importance of providing climate-related disclosures to investors and other key stakeholders. We believe communicating climate resiliency provides a competitive advantage.

# Our Company

**Pioneer is a large, U.S. independent oil and gas exploration and production company producing oil, natural gas and natural gas liquids, *with all operations and reserves in the Permian Basin in West Texas.***

With approximately 760,000 gross acres (680,000 net acres), Pioneer is the largest acreage holder in the Midland Basin, a Permian sub-basin, which the U.S. Geological Survey (USGS) estimates is the largest contiguous oil field in the United States. Pioneer interests in the northern portion of the play comprise approximately 560,000 gross acres, and its interests in the southern portion of the play, where the company has a joint venture with Sinochem, include approximately 200,000 gross acres.

On October 20, 2020, Pioneer and Parsley Energy, Inc. announced an agreement under which Pioneer will acquire all of the outstanding shares of Parsley in an all-stock transaction valued at approximately \$7.6 billion. Following closing of the acquisition, Pioneer will hold approximately 960,000 net acres in the Permian Basin and will be the premier independent operator in the basin.

## Our Mission

Pioneer's mission is to be America's leading independent energy company, focused on value, safety, the environment, technology and our greatest asset, our people. The company's long-term growth strategy is centered around the following strategic objectives:

- Maintaining a strong balance sheet to ensure financial flexibility
- Returning free cash flow to shareholders
- Utilizing the company's scale and technology advancements to reduce costs and improve efficiency
- Delivering economic production and reserve growth through drilling, completion and production improvement activities
- Training employees and contractors to perform their jobs in a safe manner
- Maintaining industry-leading sustainable development and environmental stewardship efforts



Code of Business Conduct and Ethic

This year, the applicability of the Code of Business Conduct and Ethics (the Code) was formally extended to contractors and suppliers working at (or on behalf of) Pioneer and includes provisions of services, materials, supplies and equipment for our operations. The Code now applies to all Pioneer employees, officers, directors and contractors/suppliers.

This modification aligns Pioneer with best practices on governance, business ethics, anti-corruption and bribery, and extends our commitment to honest and ethical conduct beyond simply complying with all laws and regulations. At Pioneer, we don't simply care that business results are obtained – we care how.



We condemn racism, hate speech, inflammatory comments or actions, and similar behaviors.



We recognize the sacrifices the police and other first-responders make to keep us and our families safe.



We support the peaceful and respectful exchange of ideas and opinions as the foundation for real, lasting change.

Statement on Social Unrest

Pioneer is committed to being a responsible corporate citizen and a force for good. Racial injustice is inexcusable. At Pioneer, we remain committed to our RESPECT values both within the company and extending into the communities where we live and work.

Through these difficult times, we have actively encouraged our employees to participate in our OnePioneer employee resource group and take advantage of available support resources and wellness benefits.

To view our Code of Business Conduct and Ethics and additional information on Pioneer Diversity & Inclusion, equal opportunity employment, our Human Rights Policy, Human Rights Commitment, Equality is Good Business statement and other related information, please review the Diversity, Inclusion, and Social Values section of this report and visit [PXD.com > Culture > Values](https://www.pxd.com/culture/values).

Pioneer RESPECT values apply to our employees, suppliers and contractors.

R	ESPECT We respect one another and the communities in which we operate.
E	THICS AND HONESTY We are ethical and honest and committed to uphold our strong reputation.
S	AFETY AND ENVIRONMENT We believe no job is so important that it cannot be done in a safe and environmentally sound manner.
P	ERSONAL ACCOUNTABILITY We are disciplined and personally accountable for our decisions, actions, attitude and results.
E	NTREPRENEURSHIP We have an entrepreneur's mindset, driving innovation and striving for excellence in all we do.
C	OMMUNICATION We openly and professionally communicate among all levels and between departments and teams.
T	EAMWORK AND INCLUSION We believe in diverse perspectives and teams collaborating toward common objectives with a can-do attitude.

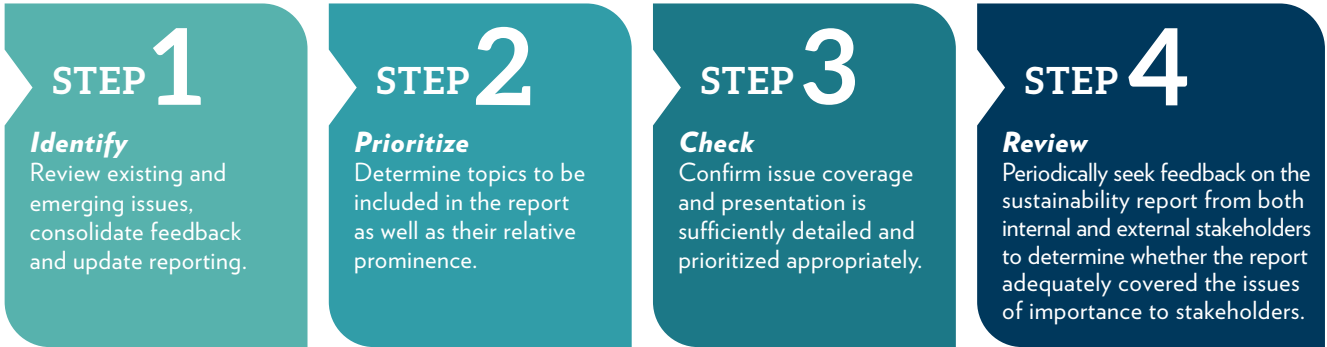
Our Reporting Approach

This Sustainability Report highlights the specific sustainability-related governance and risk management measures we undertake to actively address issues important to both Pioneer and our internal and external stakeholders. Pioneer conducted an internal audit of this report to ensure subject matter experts in each department provided adequate supporting documentation and data to substantiate the information disclosed in this report. As there is no one set of ESG reporting metrics, Pioneer has utilized the recommendations of the following leading standard setting organizations for disclosed information and reporting scope.

Topic	Reference
Framework: Our 2020 Sustainability Report references these reporting standards, terminology, and performance metrics	Global Reporting Initiative (GRI) standards
	International Petroleum Industry Environmental Conservation Association (IPIECA)
	Task Force on Climate-related Financial Disclosures (TCFD)
	Carbon Disclosures Standards Board (CDSB)
	Sustainability Accounting Standards Board (SASB) for oil & gas exploration and production standards
	United Nations Sustainable Development Goals (SDGs)
2020 Sustainability Report Scope	Unless otherwise indicated, this report includes data and information from January 1, 2019, through December 31, 2019
	The report is focused on our direct operations, as outlined in our 2019 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission
	Performance metrics should be considered enterprise-wide, unless noted <ul style="list-style-type: none"><li>Subdivisions "Exploration and production" or "Service functions" delineate certain metrics relative to applicable industry peer companies</li></ul>
	Pioneer aims for our reporting to include: <ul style="list-style-type: none"><li>Relevant and material information</li><li>Disclosures that are faithfully represented, consistent and comparable, clear, understandable, verifiable, and forward-looking</li><li>Current operational assets, as defined in our annual financial filings</li><li>Reporting provisions used consistently from one reporting period to the next</li><li>Information and data provided on an annual basis</li></ul>
	In 2019, all Pioneer operations occurred onshore, in the state of Texas and with the majority in the Permian Basin of West Texas
	We report metrics and information at both the group/enterprise level and the business unit/asset level
	Pioneer has legally maintained subsidiary companies outside of the U.S. <ul style="list-style-type: none"><li>Little to no revenue was generated by them in the last financial year</li><li>No offices or operations were located outside the state of Texas in 2019 or 2020</li></ul>
	Should we possess multiple assets in the future, Pioneer intends to continue reporting at both the enterprise and asset level

To help stakeholders locate disclosures, reference the 2020 Performance Data Table and Sustainability Content Index

Sustainability Reporting Materiality Assessment



Stakeholder Engagement

Pioneer prioritizes a constructive and transparent relationship with internal and external stakeholders to understand their respective views of perceived risks, the likelihood of their occurrence and potential impacts. Pioneer’s Investor Relations team facilitates communication with shareholders and answers questions about our business and ESG matters. Initial shareholder outreach occurs prior to the company’s annual meeting to discuss matters to be voted on at the meeting. Following the annual meeting, additional shareholder outreach occurs to review a wider range of topics of concern. During 2019, feedback from this engagement process covered a variety of topics, including strategy, risk management, executive compensation and ESG priorities. The concerns expressed by the company’s shareholders in these discussions were collected, reviewed and shared with the Board of Directors (the Board). This engagement process led to several actions in this report and those detailed in our 2020 Proxy Statement.

In addition to shareholder engagement, Pioneer annually solicits feedback from ESG rating agencies, shareholder services and non-government organizations on our Sustainability Report. Pioneer also engages with ESG rating agencies, experts and industry organizations to better align our ESG policies and disclosures with their stated priority issues for the upstream oil and gas industry.

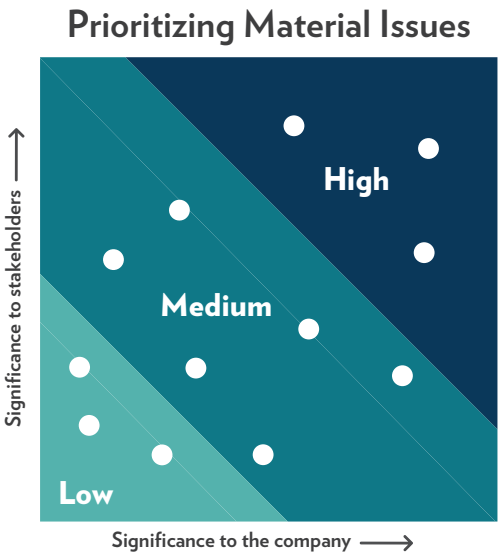
Pioneer periodically conducts a materiality assessment to identify and prioritize sustainability topics we believe are most significant to our stakeholders. The content prioritization of this report is the result of an ongoing process that considers internal perspectives, stakeholder feedback and relevant reporting guidelines.

These data points inform our sustainability strategy and have contributed to improved, broader disclosures in this report.

2020 Sustainability Report Priorities:

- Formalizing governance of climate-related risks and opportunities
- Emission and flaring targets
- Increasing policy transparency
- Risk management
- Diversity and inclusion
- Human rights
- Human capital management

We expect the content of our sustainability reporting to evolve as Pioneer assesses and responds to continued feedback and as changes to our asset base and operating footprint warrant. Our Annual Report and financial filings include material risks as defined by regulatory requirements or that we believe are material to our investors. Detailed analysis of our financial performance can also be found in our Annual Report.



# Governance

**Pioneer governance practices are described in our Corporate Governance Guidelines. The Board is responsible for overseeing the company's assessment of major risks, including those related to sustainable development and the measures taken to manage such risks.**

Pioneer views sustainable development as a multidisciplinary approach to our business, balancing economic growth, environmental stewardship and social responsibility. In addition, the Board takes an active role in the design and implementation of Pioneer's ESG strategy, while working with management to cultivate our HSE culture.

## Board of Directors ESG Oversight

To view detailed responsibilities for each committee go to [PXD.com > Culture > Governance](https://www.pxd.com/culture/governance) or our [2020 Proxy Statement](#).

The Board includes the following five committees with corporate ESG or sustainability oversight:





Board of Directors

### Board HSE Committee:

The committee oversees broad company HSE and sustainability practices, including:

- Management efforts to create a culture of safety and environmental protection
- Review and approval of Pioneer HSE goals
- Periodic performance improvement progress reports

In addition to providing oversight of our HSE practices, the committee members periodically visit Pioneer operational facilities and speak with employees, learning firsthand about Pioneer field operations and what our Board members can do to better support HSE initiatives. Additional committee actions relevant to ESG include:

- Providing oversight for Pioneer HSE management systems, including processes to monitor compliance with applicable legal and regulatory requirements
- Monitoring management efforts to create a culture of continuous improvement in the company's safety and environmental protection practices

- Reviewing/approving the company's HSE goals and monitoring performance toward those goals, including evaluation of compensation awards based on performance
- Reviewing the management of current and emerging HSE and climate change-related issues, including trends in legislation and proposed regulations that would affect the company
- Making regular reports to the Board about the committee's activities and decisions
- Receiving reports from management and providing oversight for the HSE aspects of Pioneer sustainable development programs
- Periodically receiving reports from management on corporate security activities undertaken in support of field safety practices
- Providing policy oversight with respect to risk assessment and risk management arising out of the company's HSE practices, including related operational cybersecurity risks (for example, field automation and communication systems)

### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee oversees risks related to governance structures and processes, including Board and committee composition and succession planning; director independence; and Pioneer charitable contributions, political spending and lobbying activities.

#### Formalized ESG Responsibilities

- The committee assists the Board in identifying, evaluating, and monitoring social, governance, political, human rights and public policy trends, issues, and concerns, along with other sustainability and corporate responsibility matters that could affect the business and reputation of Pioneer, including climate change-related risks and opportunities. Information is reported to the Board for consideration and potential adoption of recommended actions.

#### Charitable contributions, political spending and lobbying activities

- The committee provides oversight of Pioneer charitable contributions, political spending and lobbying activities. Oversight includes receiving reports annually (or more frequently) on Pioneer charitable contributions, political and lobbying spending, and company-related political action committees.

#### Related-Party Transactions Oversight

- The committee, comprised of independent Directors, must approve, ratify or reject related-party transactions.

### Compensation and Leadership Development Committee

The Compensation and Leadership Development Committee has oversight of our human capital management, including:

- Pioneer talent development strategies and activities for executive officers and key executives

- Strategies, initiatives and programs relative to our company culture, talent recruitment, development and retention, employee engagement, and diversity and inclusion
- General health and welfare benefits
- Within executive leadership's annual bonus program, the weighting of HSE and ESG performance indicators has been raised to 20 percent beginning with the 2021 plan year

### Audit Committee

The Audit Committee assists the Board with overseeing financial and accounting reporting processes, policies and practices, controls, and audits, as defined in the committee charter. The committee also oversees risk assessment and management, including the company's cybersecurity risks as they relate to financial risk exposures and the security of data and information technology systems.

### Sustainability Reporting Committee

In 2020, the Board formalized a Sustainability Reporting Committee led by the Chairman of the Board and comprised of the Board's other four committee chairpersons. The Sustainability Reporting Committee oversees the company's preparation of its annual Sustainability Report and other significant disclosures on ESG matters that are not otherwise overseen by the Health, Safety and Environment Committee. The committee meets periodically with the executives and employees responsible for preparing the annual Sustainability Report to provide strategic direction and advice prior to publication.

### Board Diversity

Pioneer is committed to having a Board with diverse experience at policy-making levels and a complementary mix of skills and professional experience. The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending nominees for election at annual shareholder meetings, and filling vacancies or making Board additions that may occur between annual meetings.

In the event the committee chooses to recruit potential nominees to join the Board, the company’s Corporate Governance Guidelines provide that, in addition to considering a candidate’s skills and experience, the committee will consider factors like diversity, differences in viewpoints, background, education, gender, race or ethnicity, age, and other individual qualifications and attributes. The committee will use its best efforts to include qualified candidates in the pool from which the committee selects director candidates and will instruct any third-party firms assisting the search to include candidates with diverse characteristics.

Board demographic information for the past three years is included in the Social Impacts sections of this report and in our 2020 Sustainability Performance Data Table.

Executive ESG Leadership

Management Committee  
Sustainability starts with solid governance and committed leadership. The Pioneer Management Committee includes the Chief Executive Officer, Chief Financial Officer and twelve other executive officers. This core leadership team is responsible for establishing and executing the company’s strategy as overseen by the Board, including assessment of climate-related risks and opportunities. A key function of the Management Committee is annual HSE and ESG goal performance reviews. Consistent with all Pioneer employees, members of the Management Committee have financial incentives, through our annual bonus program, to focus on continuous improvements in the areas of health and safety, air emissions, and climate issues. During annual goal setting, management defines, with input and approval from the Board, measures of success for each goal to objectively evaluate performance.

This proactive, incentive-based approach focuses the organization on key HSE and ESG goals that ultimately position the company to achieve its long-term objectives and targets.

ESG Task Force

Established in 2020, the ESG Task Force comprises a subset of the Management Committee and other officers and key leaders from various disciplines across the company. Pioneer’s ESG Task Force is responsible for shaping our long-term ESG strategy and overseeing Pioneer corporate ESG goals and related reporting. The Task Force ensures project resources are available and provides strategic direction and expert advice, including the review and approval of Sustainability Report content and related publications. ESG Task Force meetings occur monthly, or as needed. The immediate priority of the Task Force was implementing the following goals and aligning Pioneer ESG disclosures with stakeholder expectations of industry-leading practices, including:

- Ensuring accuracy of data collection and reporting of key ESG measures, particularly for GHG emissions (and its constituent parts)
- Establishing long-term quantitative emission intensity targets on GHG, methane and flaring intensity
- Driving strategic and operational activities in the company to position Pioneer to meet its long-term ESG continuous improvement targets
- Aligning Pioneer risk management and decision-making processes with TCFD and SASB principles
- Facilitating additional Board ESG oversight
- Enhancing key Pioneer ESG policies:
  - Adopting a formal Human Rights Policy and Commitment consistent with international guidelines
  - Updating diversity and inclusion policies
  - Updating formal HSE Policy and Commitment
  - Updating formal anti-corruption and ethics policies
- Commissioning and completing an internal audit review of the 2020 Sustainability Report

Executive HSE Committee

Pioneer’s Executive HSE Committee (HSEC) sets the direction and vision for key programs in our operating areas. Executive, technical and field staff participate in the cross-functional committee. The committee convenes monthly to manage HSE issues, regulatory compliance and related opportunities and provides quarterly updates to the Board HSE Committee.

The development and implementation of HSEC initiatives lies with seven subcommittees that work to enhance our HSE programs:

Incident Management	Assesses and recommends improvements to the incident management process, including reporting, investigation, root cause analysis and corrective action development
Contractor HSE	Manages our contractor engagement strategy for HSE culture improvement
Safe Driving	Enhances the effectiveness of our safe-driving program to reduce motor vehicle risk
Proactive HSE	Develops and promotes opportunities in proactive HSE processes
Air Emissions	Identifies and implements air emission-reduction projects
Spills and Waste Management	Identifies and implements spill and waste reduction projects
Management of Change (MOC)	Provides a common platform to carefully evaluate, manage and communicate HSE and project execution risks prior to implementing a change

Enterprise Risk Management

The Board oversees Pioneer’s Enterprise Risk Management (ERM) program, while the Management Committee evaluates, manages and executes day-to-day management activities across the major categories of strategic, operational, financial, HSE and regulatory risks. Key business and other relevant risk subcategories are tracked and monitored in a detailed ERM matrix that aligns risks with departments and/or key contacts. An annual holistic assessment of these risks is supplemented by quarterly, or as needed, updates on selected issues. Risks are rated and plotted within an ERM matrix as high-, medium- and low-risk impacts according to the following criteria:

- Impact: Measures how significant the risk is to the company (primarily financial impact)
- Likelihood: Measures how likely the risk will affect the company in the next 12 months with controls/strategies currently in place
- Velocity: Measures how quickly the risk event may affect the company with current controls/strategies in place

Pioneer’s ERM includes an assessment of climate-related risks and opportunities. As discussed in the Implementation of TCFD section of this report, Pioneer is advancing its strategic planning and ERM processes to further evaluate the impact of climate-related risks on the company. This process includes an assessment of the impact of climate-related regulations and policies.

Emergency and Crisis Management

As part of our Emergency and Crisis Management program, key Pioneer personnel at all levels are trained to address emergencies or crises following our Emergency/Crisis Management Plan. The plan defines the systems, protocols and decision-making tools to evaluate the potential incidents that could impact Pioneer. Our emergency management planning prepares us to carry out functions

necessary to mitigate, respond to and recover from emergencies and disasters. In emergency and crisis situations we employ the Incident Command System, a management system to enable effective and efficient domestic incident management by integrating a combination of facilities, equipment, personnel, procedures and communications operating within a standard organizational structure.

Pioneer business continuity plans document a predetermined set of instructions and procedures that outline how business functions will be sustained during and after a significant disruption. The primary goals are:

- protecting employees
- defining service alternatives for accomplishing critical applications
- minimizing the extent of interruption
- limiting financial losses and hardships
- satisfying federal and state compliance regulations

Pioneer has determined critical business processes and developed actionable continuity plans we will deploy across our operations, business units, subsidiary companies and support services in the

event of a disaster. Tabletop exercises with these groups help to streamline processes, put risk mitigation plans into practice and increase plan effectiveness. We regularly test our business continuity plans and incident response procedures. These efforts have been instrumental in Pioneer’s rapid response to the COVID-19 pandemic.

COVID-19 Response

COVID-19 tested the effectiveness of the company’s Emergency and Crisis Management and Business Continuity programs, and these programs performed extraordinarily well under difficult circumstances. Pioneer quickly recognized the risk COVID-19 posed to our employees and business and activated our Crisis Management team (a comprehensive and cross-functional group of company leaders). Our primary concern was the health and safety of our employees and their families. Out of an abundance of caution, numerous measures were put into place (following U.S. Center for Disease Control, State of Texas and County guidelines) to reduce the risk of exposure in both field and office settings. While essential field personnel continued reporting to work with specific


safety measures in place, we quickly transitioned office employees to a remote working environment with minimal business interruption.

Pioneer continues to respond to the changing COVID-19 situation and has thus far successfully managed the situation and met our operational goals. For example, Pioneer Supply Chain Management executed plans within our COVID-19 Playbook (graphic below), ultimately preventing supply disruptions to ongoing drilling, completions and operations.

Cybersecurity


Information Security is the direct responsibility of our Technology Solutions team and is managed by our Chief Information Officer (CIO). The Board and Management Committee are engaged in information security/cybersecurity strategies and the review process. The CIO provides quarterly updates to the Board on company practices and mitigation strategies. The Audit Committee receives periodic relevant updates as well. Policies, procedures, and communication and training campaigns inform employees of the importance of information security and cybersecurity, potential threats, and appropriate actions. Our cybersecurity policy is available to all employees. Violation of this policy can result in disciplinary consequences.

Additionally, our Technology Solutions infrastructure and information security management system is based on the National Institute of Standards and Technology 800 series framework and is subject to our annual Sarbanes-Oxley and financial third-party audits. Vulnerability analysis performed against these systems includes simulated hacker attacks.




**Crisis Mgmt. Team**

- Formed strategic and ethics-based objectives
- Maintained an accurate assessment of incident potentials
- Assessed risk and fostered management and mitigation plans in alignment with best practices
- Strived to be “the source” of information




**COVID-19 Playbook**

- Outlined proactive and preventive steps to minimize exposure
- Implemented COVID-19 checkpoints with standard screening protocols both in the field and office locations
- Developed response plans for symptomatic and suspected or confirmed positive COVID-19 cases
- Established enhanced cleaning and disinfecting guidance




**Communication**

- Provided informative and up to date guidance throughout an emergent situation
- Built an extranet site to serve as the one-stop-shop for all COVID-19 content
- Ensured vendors and suppliers were informed of our expectations
- Set-up COVID-19 hotline



**Support**

- Provided supplies for respiratory and hand hygiene to employees and contingent workers
- Leveraged technology to reduce risk and enhance efficiency of the COVID-19 screening process
- Tapped external networks to benchmark and validate our approach



**Process**

- Business contingency plans were created to ensure seamless operations
- Used an agile approach to everyday planning and execution; continually improving along the way
- Provided detailed process information on proactive/preventative tool usage, building procedures and office operations

# Health, Safety *and* Environmental Culture

**Our HSE philosophy states:**  
**“No job is so urgent or important that it cannot be done safely and in a manner that is environmentally sound.” Pioneer is dedicated to developing a corporate culture – in the office and in the field – that values safety and environmental stewardship. Internal campaigns such as *Safely8760* and *Stewardship365* highlight our safety and environmental principles.**

Pioneer is committed to sending our workforce home safely every day and has established HSE programs with an emphasis on high-risk areas. Our Health and Safety team utilizes data to correlate actions to incidents, giving us behavioral indicators that help keep Pioneer employees and contractors safe. Through employee engagement activities, training and communication campaigns, we educate, empower and encourage Pioneer employees to focus on environmental stewardship.



There are 8,760 hours in a year. As a company, we ask our employees and contractors to be mindful of safety every hour of every day – whether at work or at home – which is why we named our Pioneer safety initiative *Safely8760*.

**Here are the foundational principles of our *Safely8760* program:**

- Commitment: Build a proactive culture of safety
- Stop Work Authority: Ask questions and “stop the job” if necessary
- Aware and Engaged: Prevent incidents at home and at work
- Communication: Share knowledge and lessons learned
- Continual Improvement: Be better, safer every day

Having a continual focus on safety is key to reducing overall incidents and potential lost-time events. The HSE team is actively working with those who report incidents and near misses, in order to identify opportunities for improvement to our operating practices and enhance data that we can use to correlate actions to incidents, giving us behavioral indicators to keep Pioneer employees and contractors safe.

## HSE Commitment & Policy

Our HSE policy covers all Pioneer operations and aligns with our Health, Safety and Environmental Management System. It also requires contractors, vendors and suppliers to maintain an HSE policy that meets or exceeds our policy.

We are dedicated to protecting the health and safety of everyone who works at Pioneer facilities and minimizing our impact on the environment



Pioneer’s environmental initiative, *Stewardship365* focuses on our responsibility to environmental stewardship each day of the year, whether at work or at home.

**Here are the foundational principles of our *Stewardship365* program:**

- Responsible Operations: Respecting the air, land and water
- Thoughtful Planning: Considering the environment in decision-making
- Ownership: Empowering employees and contractors to do the right thing
- Communication: Effectively sharing knowledge and ideas
- Sustainable Practices: Creating value through efficiency and innovation
- Continual Improvement: Reducing our environmental footprint

We actively promote stewardship through employee engagement activities, training and communication campaigns to educate, empower and encourage Pioneer employees to continue improving their environmental focus each and every day.

by applying high standards, following corporate policies, and conducting business responsibly and ethically. All HSE incidents are reported, no matter how small. We investigate and learn from incidents and develop corrective actions to reduce the likelihood of recurrence. As reflected in our ESG Commitment statement on page v, the key to managing our corporate reputation is a commitment to “do the right thing” and act with integrity.

***View our HSE Commitment and HSE Policy.***

# Climate Change *and* Air Emissions

## Climate Change Position

Climate change is an important priority for Pioneer and our stakeholders. Our strategy is to manage our environmental footprint proactively and limit emissions of methane and other greenhouse gases (GHG), while also limiting use of freshwater in our operations.

We are committed to working with the industry and all stakeholders to address our impacts to the environment while ensuring the sustainable supply of, abundant, affordable, energy. Our approach to climate change is consistent with our RESPECT values.

## Greenhouse Gases and Other Air Emissions

Pioneer designs modern infrastructure and facilities to provide better, more efficient emissions control. Pioneer achieves success in our production and capital efficiency goals, while also improving air emission performance.

Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O) are the primary components of GHG emissions, reported in terms of carbon dioxide equivalent (CO<sub>2</sub>e). In addition to GHG, combustion and venting are sources of other emission constituents; volatile organic compounds (VOCs), nitrogen oxide (NO<sub>x</sub>), sulfur dioxide (SO<sub>x</sub>) air emissions and particulate matter (PM) are also considered in the management of emissions in our upstream oil and gas operations.



Emissions Targets

Pioneer has established four GHG emissions-related targets aligned with the TCFD’s criteria for target setting. We have committed to the following long-term targets for our operated assets, from a full-year 2019 emissions baseline to:

- Reduce our GHG emissions intensity 25% by 2030
- Reduce our methane emissions intensity 40% by 2030
- Limit our annual production flaring intensity to less than 1% of our natural gas produced (while striving to bring Parsley assets to this level by year-end 2022)
- Zero routine flaring by 2030, with an aspiration to reach this goal by 2025

These targets will drive improvement in our management of emissions and climate-related risk exposure, reduction of regulatory and policy risk, responsible sourcing of oil and gas, and innovation in our operations. We are confident in achieving these targets with support from:

- Producing oil and gas into modern and controlled facilities
- Prioritizing vapor recovery in our operations
- Requiring natural gas sales connections prior to well production to prevent flaring
- Working with primary gas processors to minimize flaring due to operational upsets
- Utilizing advanced emissions monitoring technologies to detect leaks
- Actively plugging and reclaiming uneconomic production wells
- Managing operational performance progress towards emissions-related targets

Pioneer will report our performance progress against these targets annually on a calendar-year basis, consistent with our reporting principles. GHG emissions intensity performance will be based on Scope 1 and 2 GHG emissions divided by gross oil and gas production (tonnes CO2e/MBOE). Methane emissions intensity

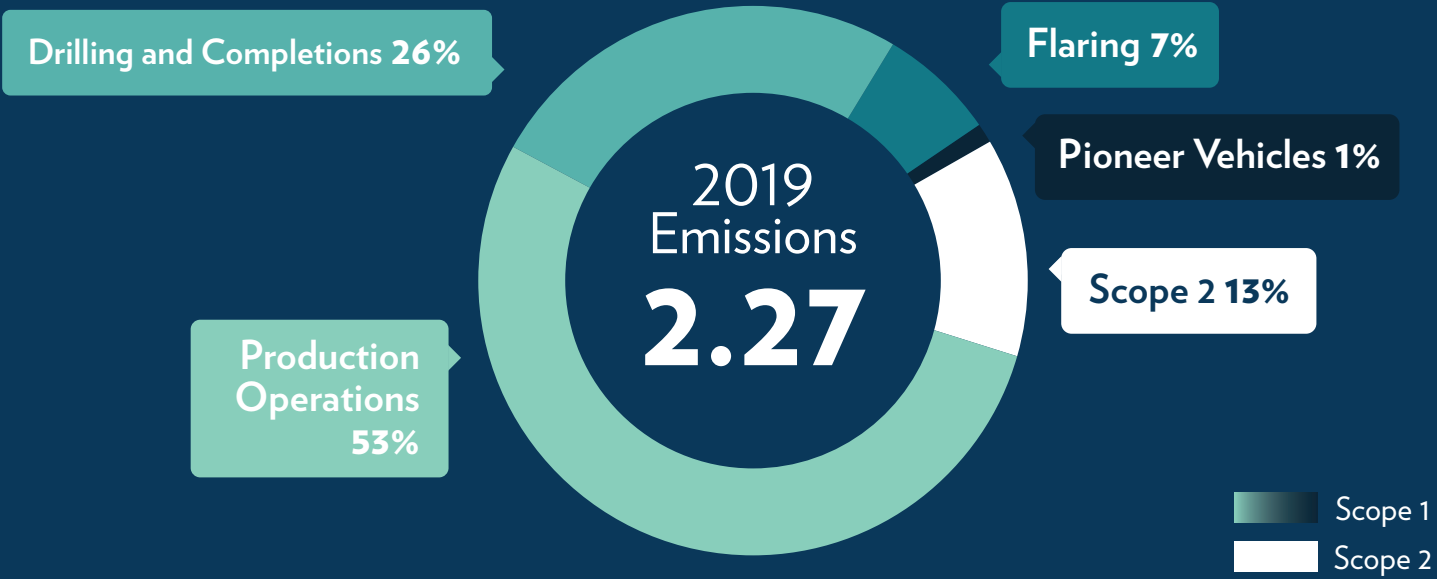
performance will be based on methane emissions in terms of CO2 equivalence divided by gross oil and gas production (tonnes CO2e/MBOE). Flaring intensity performance will be based on natural gas volumes flared during production operations, divided by gross natural gas production (Mscf/Mscf). Zero routine flaring will be assessed per the World Bank Zero Routine Flaring by 2030 Initiative. These targets are based on our operating footprint, and we expect to reassess these targets from time to time as changes to our asset base and operations warrant.

Greenhouse Gas Emissions and Intensities

As a U.S. onshore company, the entirety of Pioneer’s emissions falls within the regulatory jurisdiction of the EPA. Although the EPA GHG Reporting Program is comprehensive for the oil and gas industry, the reporting of certain emissions may not be required. More than 80 percent of our direct (Scope 1) emissions are annually reported to the U.S. EPA GHG Reporting Program. The program prescribes methodologies, engineering calculations and emission factors outlined in the applicable regulations to quantify GHG emissions for each emission source category, including methane. In this year’s report, for the first time, we provide data on non-reportable emissions, including indirect (Scope 2) emissions. The development of our extended inventory was based on both the U.S. EPA GHG Reporting Program requirements, and the IPIECA/American Petroleum Association (API)/International Association of Oil and Gas Producers “Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions.”

As our reporting methodologies have changed, Pioneer will now use 2019 as our emissions baseline year going forward. Lack of standardization in emissions calculation methodologies can lead to variability in emissions inventories reported by oil and gas operators. While we now present an extended inventory that is more representative of our actual emissions of 2.27 million metrics tonnes CO2e, for comparability purposes, we will continue to provide details regarding our emissions as reported to the EPA in our Sustainability Performance Data Table.

Emissions Targets



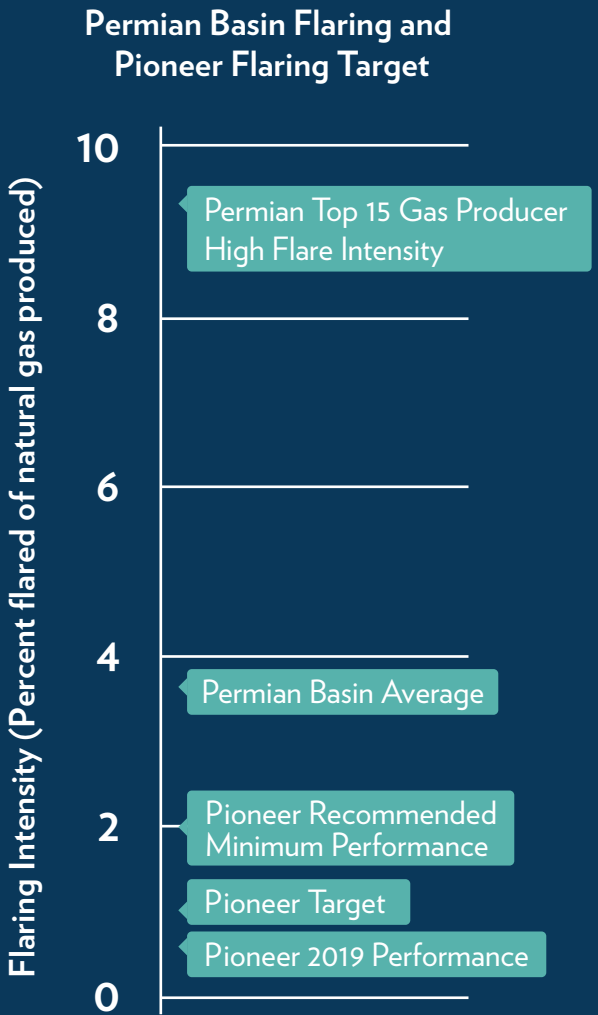
Emissions reported in million metric tonnes CO2e

Reduce our *GHG emissions* intensity by  
**25% by 2030**

Reduce our *methane emissions* intensity by  
**40% by 2030**

Limit our annual *flaring intensity* to  
**less than 1%**  
\*including Parsley Energy assets by year-end 2022

**Zero routine flaring**  
by 2030 with an aspiration to reach this goal by 2025



Climate-Related Policy Risks

We strive to mitigate regulatory and policy risks with these aggressive emission intensity targets, industry-leading flaring commitments and the emission reduction actions described in the following section. We actively assess climate change-related pledges made by U.S. federal and state candidates for office and the increased number of formal climate-related policy proposals from both parties at the state and federal levels. Pioneer Government Relations, Environmental and Sustainable Development, and Legal and Regulatory teams coordinate to educate state and federal regulators and policy makers on our business and the steps we are taking to minimize our climate impact. We also partner with trade associations, think-tanks, academia and other stakeholders to engage in the public-policy dialogue regarding climate change.

Onshore in Texas, Pioneer’s operational footprint – on private lands – reduces the company’s exposure to federal and international political risks. Nevertheless, we remain committed to leading when it comes to climate and environmental stewardship issues. We have supported the federal regulation of methane emissions, and we have encouraged the Texas Railroad Commission (TRRC) to scrutinize natural gas flaring in the Permian Basin.

In this regard, the company continues to support and advocate for reasonable industry-wide regulation of methane emissions and flaring. In comments submitted to the U.S. EPA in 2019, Pioneer opposed methane regulation rule rollbacks as those rules provided producers with operational certainty and predictability. We also worked with industry peers, academic and non-government organizations, and the TRRC to improve practices and regulation in Texas pertaining to the flaring of natural gas. Ideally, regulations would incentivize early action by operators to reduce emissions. These are all

examples of how Pioneer regularly engages with policymakers, industry peers, trade associations, non-governmental organizations (NGO), and other key stakeholders to develop practical solutions to reduce GHG emissions and address climate-related risks.

Natural Gas Benefits for Reducing Global Greenhouse Gas Emissions

While our future growth strategy depends mainly on low-cost oil production in the Permian Basin, Pioneer is also a sizable producer of associated natural gas. In 2019, Pioneer averaged 365 million cubic feet per day in natural gas production, making our company one of the top 40 natural gas producers in the U.S., according to data compiled by the Natural Gas Supply Association. A large portion of our natural gas is transported by pipeline westward to markets in Arizona and California, and a portion is used for generating electrical power. Pioneer natural gas is also shipped to points in Texas and Mexico for electrical power plant, residential or commercial use, and petrochemical manufacturing.

Several studies have concluded that natural gas-fueled power plants emit half as much GHG when compared with coal-fired power plants. The annual Inventory of U.S. GHG Emissions and Sinks, compiled by the U.S. EPA, shows that a reliable supply of natural gas has lowered the national emissions and carbon intensity of the electric power sector.

Pioneer recognizes the benefits of using natural gas to displace coal can be impacted by fugitive methane emissions along the natural gas supply chain. Research studies conducted by the EPA, academia, NGOs, and the oil and gas industry estimate that pre-plant natural gas leakage rates vary widely, from roughly 1.0 percent to 2.6 percent. As an early adopter of emission reduction actions in our operations, Pioneer is well positioned to continue to supply responsibly sourced natural gas through the energy transition.

Emission Reduction Actions

Pioneer goes beyond compliance by developing proactive strategies to achieve our emission targets through management and Board oversight, operational best practices, strategic planning, research and industry partnership, which are summarized in detail in the table on the next page. We have found great success in cross-functional alignment across the organization from our Board and Management Committee to support

teams in the office and field. Collaboration allows us to leverage the varied skillsets of our teams to identify and create innovative practices to mitigate emissions and emission-related risks. This alignment is reinforced through incentive compensation policies established by the Board.

Summary: Emission Reduction Actions Supporting our Targets

Topic	Action	Mitigation	Impact
Emission Mitigation Best Practices	Drilling and Completions	Operational Efficiency	Reduced Combustion
		Improved Process	Reduced Flaring
	Facility Construction & Operations	Prioritizing Vapor Recovery	Reduced Footprint
		Minimizing Flaring	Resource Efficiency
		Operational Excellence	Active Management
		Facilitate Facility Upgrades	Leak Prevention
		Maintenance Programs	Emission Reduction
Minimizing Facility Leaks Through Innovation	Aerial Methane Monitoring	Local Methane Monitoring	Active Management
	Collaborative Research and Partnerships	Site-wide Continuous Methane Monitoring	
		Regional Methane Monitoring	
		Industry Performance Improvement Initiative	Collective Improvement

Emission Mitigation Best Practices

Reducing GHG and other air emissions and increasing salable product capture are key considerations in how Pioneer drills and completes our wells, as well as designs, builds and operates our facilities.

Drilling and Completions

Pioneer controls emissions during oil and gas well completions by constructing necessary infrastructure and permanent production equipment ahead of associated well completions. Wherever possible, Pioneer captures and routes flowback emissions directly to production facilities and pipelines rather than flaring.

Our drilling and completion operations continue to become more efficient (as shown in the example below) which drives significant reductions in air emissions. Pioneer embraces technology advancements as key to improving the competitive advantage of oil and gas to be a more reliable, cost effective and efficient energy source for the world. Pioneer is an industry leader in technology advancements, focusing on improving drilling and completion techniques and operational efficiencies. We invest annually in drilling technology groups and participate in industry consortia. We also perform various digital field equipment enhancements to improve employee safety, reduce capital and operating costs, improve field data capture, and reduce Pioneer’s overall climate footprint.

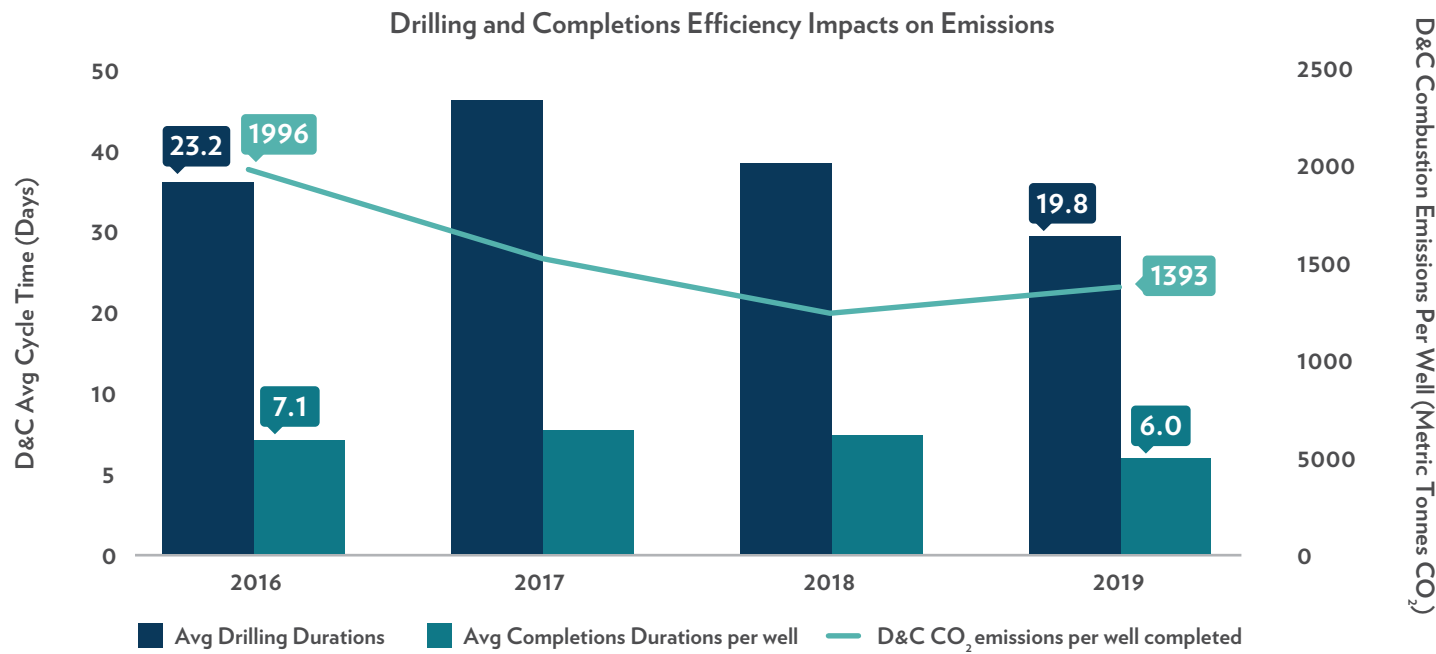
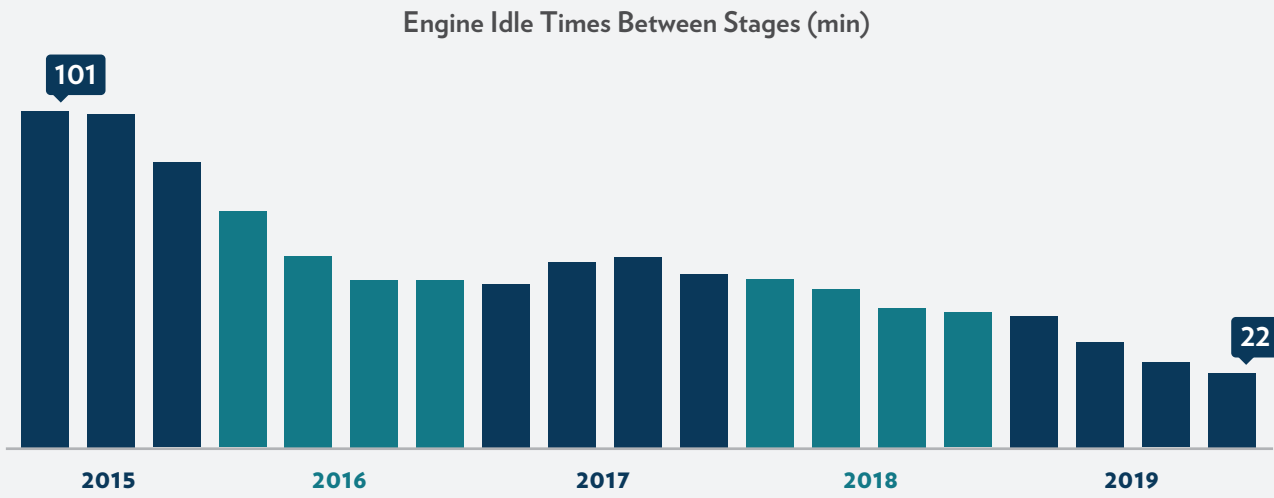
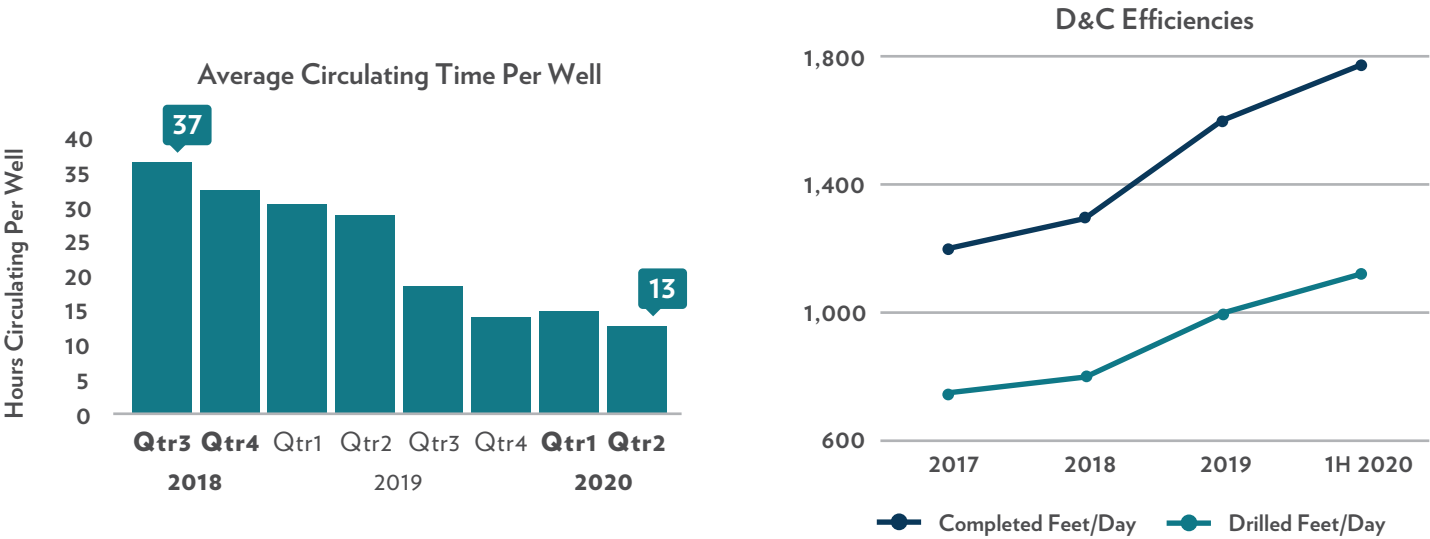
Since 2017, our drilling team continued the trend in reducing the number of days to drill a well from 28 to 20 on average. In some cases, wells have been drilled in significantly less time. One example of an efficiency improvement with impact is identifying and deploying standard equipment packages tailored to maximize operational efficiencies to reduce location carbon footprint. We are maximizing drilling time and lowering static time. Similarly,

our completion operations continue to gain efficiencies and have reduced the number of days to complete a well from 8 days to 6 days. By drilling and completing wells with fewer drilling rigs and pressure pumping fleets, we produce lower emissions per year for the same number of wells drilled.

Pioneer continuous improvement processes have led directly to emission reductions over the past several years. We have increased the efficiency of drilling operations and reduced completions’ pressure pumping engine idle times by 80 percent since 2015, significantly reducing our diesel fuel consumption. Within the past four years, drilling and completion operations diesel fuel consumption per well by has fallen by more than 30 percent, reducing each well’s CO2 footprint by over 600 metric tonnes. Presently, we are on pace to continue this trend of improvement in 2020. Additionally, the duration of circulating time (the phase of completions operations during which the well has the most potential to flare) has been reduced by 62 percent, leading to a dramatic reduction in gas flared during completion operations. Altogether, these improvements demonstrate how cost-efficient operations and sustainable business practices result in real value and reduced emissions.

Facility Construction & Operations

The first step in reducing emissions is constructing and securing pipeline and processing capacity for our oil and natural gas production. We have partnered with third-party gathering, processing and pipeline operators to mitigate impacts from flow constraints by securing firm gathering commitments. Pioneer meets regularly with our gathering and processing partners to review production forecasts, system pressure models and project schedules; sharing in the responsibility to meet production demands and emission reductions.



Pioneer is also a Permian Basin leader in long-term commitments to firm transportation capacity for oil, natural gas and natural gas liquids to markets outside the Permian Basin. Our continued direct support of large-scale pipeline projects has increased storage and flow capacities allowing us to flow our production throughout the U.S., Mexico and to global markets.

#### Prioritizing Vapor Recovery

Pioneer prioritizes vapor recovery unit (VRU) technologies that allow us to capture gas, rather than flare or vent emissions. Our engineering design process considers VRU capacities when it comes to facility design. VRUs are compressor units that remove vapors and gases, including methane and other uncombusted air emissions, from storage vessels, then route the gases into sales pipelines. Since 2012, we have installed VRUs at horizontal well tank batteries as part of the standard facility design and primary emission control in our operations. VRUs are also part of our vertical well facility designs as needed, based on facility production. In 2019, horizontal well tank batteries accounted for 90 percent of our oil and gas production, therefore having the most significant impact on our facility emissions. As a result, in 2019, Pioneer VRU's captured 9.3 billion cubic feet of gas (the equivalent of 5.6 million metric tonnes of CO<sub>2</sub>e emissions). For perspective, Pioneer's total 2019 emissions footprint was 2.27 million metric tonnes. This practice, along with constructing adequate gas take-away infrastructure prior to producing wells and continuing our industry-leading LDAR activities, puts Pioneer in a position to capture and sell a maximum volume of gas while reducing our emissions footprint.

**5.6 million  
tonnes CO<sub>2</sub>e  
captured by Pioneer  
VRUs in 2019**

#### Minimizing Flaring

Pioneer strives to minimize the flaring of gas in all our operations. However, flares are necessary for upset or emergency conditions and in situations where gas capture is not possible. In upset conditions, operations staff work with our engineering team to verify production levels are maintained, to stay below the flare capacities, and to ensure the combustion efficiencies are not compromised. Pioneer senior management is actively engaged in circumstances where the company is flaring gas to assure that the flaring is kept to a minimum and that Pioneer meets its flaring intensity commitments.

Pioneer has committed to this industry-leading threshold through cross-departmental analysis, pilot testing, innovation, thoughtful development of our operations and thorough analysis to understand the root causes of conditions that lead to flaring. Proper data assurance helps determine key drivers and accurate quantification of flared gas volumes. Collaboration and joint use of best practices will allow the industry to drive positive improvements in venting and flaring reductions. Pioneer remains committed to working with other operators, regulators, academic institutions and NGOs to manage emissions in the Permian.

## Leading *by* Example

**During our 2019 fourth quarter earnings call, Pioneer CEO Scott Sheffield introduced the importance of setting a percentage target on flaring.**

Sheffield encouraged producers to act and be part of the solution to what he dubbed the “black eye” of the Permian Basin. When speaking about Permian operator production flaring, Sheffield stated that oil and gas CEOs should set a target to flare two percent or less of their total natural gas production to solve this problem.

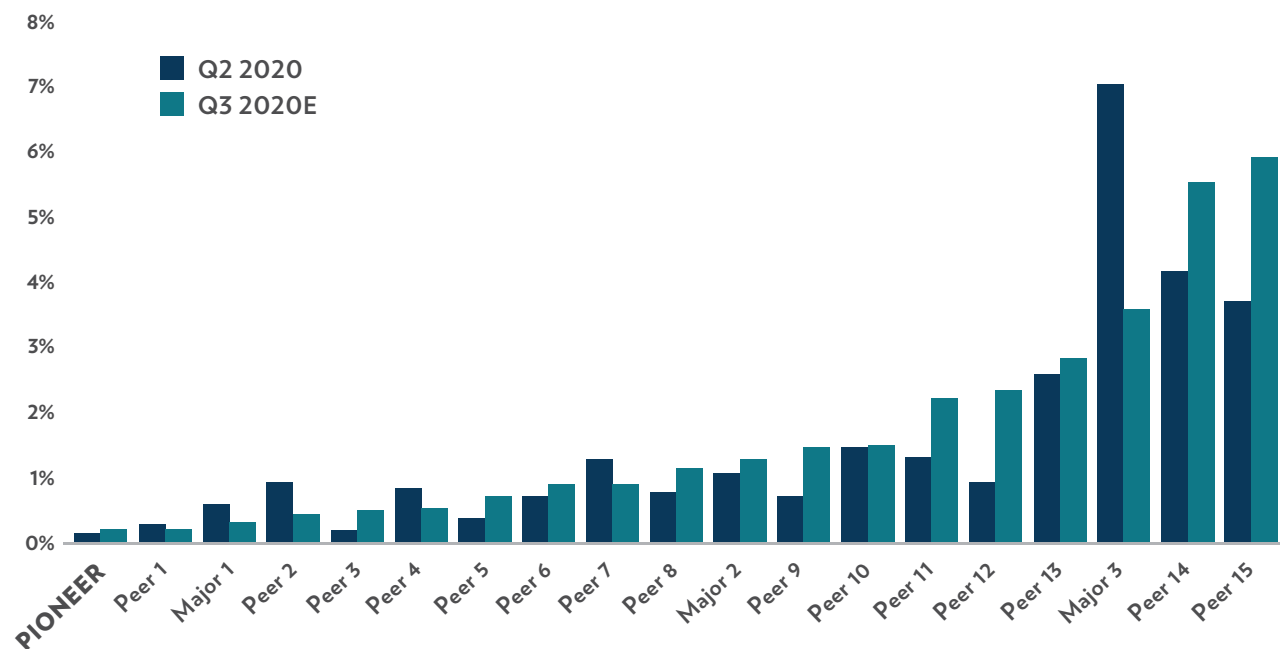
After Sheffield initiated this important dialogue on flaring, Permian producers focused on flaring reduction and committed to better reporting, both in Texas and New Mexico. Producers are sharing best practices and discussing emissions targets.

Pioneer mitigates routine flaring by requiring that wells are connected to gas takeaway infrastructure before they are placed on production.

**Pioneer continues to lead by example in setting our flaring intensity threshold of less than one percent.**



Pioneer has the lowest flaring intensity in the Permian Basin



Source: Rystad Energy research and analysis; Rystad Energy ShaleWellCube, October 2020  
Companies included - APA, BP, COP, CPE, CXO, DVN, EOG, FANG, MRO, OVV, OXY, PDCE, PE, SM, WPX, XEC, XOM

## Top-Tier Performance in the Permian

Pioneer recognizes rapid oil and gas development has resulted in additional flaring of natural gas in the Permian Basin. In 2019, Pioneer was the sixth-largest natural gas producer in the Permian Basin. The average 2019 flaring intensity for Permian producers was 3.7 percent of natural gas produced; Pioneer was able to limit production flaring to 0.73 percent, which is in line with Rystad energy research and analysis reporting on Permian flare percentages. We are also seeing strong performance in 2020, as shown in the figure above.

## Flare Design and Maintenance

We use dual tip flares sized for high-pressure production flow in an emergency and low-pressure facility emission controls to ensure that, in both scenarios, combustion efficiencies are met. The flare design is scaled to meet full production capacities. Our new flare designs also include automatic back-pressure valves to activate the flare (instead of pressure-relief venting) due to third-party pipeline high-pressure issues.

Pioneer remotely monitors flaring through our supervisory control and data acquisition (SCADA) system and utilizes alarms that are directed to a technician for quick response. Alarms are triggered

by deviations in normal operating conditions.

Our remote monitoring and tracking program led to a 102 percent increase in notification alarms, which resulted in a 55 percent reduction in upset-condition emission releases from 2018 to 2019. A daily log is distributed to key Pioneer operations stakeholders informing them of the issues and the selected response procedures. Pioneer monthly inspections and preventative maintenance programs also ensure proper operation of flaring systems.

## Minimizing Facility Leaks Through Innovation

### Methane Leak Detection and Repair

We utilize various techniques such as audio, visual, and olfactory (AVO) inspections, optical gas imaging (OGI) cameras, portable gas detectors, and aerial methane monitoring across Pioneer operations to monitor facilities for fugitive emissions. Our LDAR program complies with EPA New Source Performance Standards OOOOa (OOOOa) and TCEQ Standard Permit requirements for upstream facilities and compressor stations. Pioneer intends to continue this program despite the effort of the EPA to roll back these standards.

## Operational Excellence, Facilitate Facility Upgrades, and Maintenance Programs

Equipment Type	Issue/Opportunity	Solution	Benefit
Tanks		Higher pressure-rated tanks	Improved capability to maintain pressures without a need to flare or vent
Thief Hatch	Higher production volumes	Improve thief hatch performance range	Improved capability to maintain tank pressures and minimize emissions
Pressure Relief Valve		Improve pressure relief valve performance range	Improved capability to maintain tank pressures and minimize emissions
	Gas routing to flare via VRU	In high pressure situations, captured gas is routed to low-pressure flare	Combustion of emissions versus venting
Flare	Flare design	Flare meter monitoring of active flow and volumes sent to low-and high-pressure flares	Active management and improved data assurance
	Data accuracy	Consistent calculation methodology	Enables gas capture volume recordkeeping and reporting
	Remote monitoring	Notification to flare technicians when issues arise, minimizing the response time.	Reduction in frequency and duration of unlit flares
Truck Loading	Potential uncombusted emissions	Capture of truck loading vapor to route to low-pressure flare	Combustion of emissions versus venting
VRU Capture	Data accuracy	Virtual metering	Improved volume recordkeeping and reporting
	System oxygen minimization	New operation processes to minimize oxygen issues	Reduction in direct venting of methane by sending to flare for combustion; Reduction in purchaser shut-ins due to oxygen issues
	Heater treaters routed to VRUs	Pilot program to reduce Reid vapor pressure	Reduction in purchaser oil shut-ins
Compressor Blowdowns	Compressor depressurization	Capture and route gases to sales pipelines	Reduction of uncontrolled air emissions and increased revenue
Engine Catalyst Maintenance	Increases the life and efficiency of catalysts	Installing higher-performing elements and routine maintenance	Higher reduction of carbon monoxide and VOCs, operational efficiencies, and longer runtime and overall lower costs to operate
Instrument Air	Methane reduction from pneumatic devices	Using compressed air instead of natural gas to operate pneumatic devices	Reducing emissions from a common source of methane in our industry
Systems Optimization	Pilot testing an Internet of Things (IoT)	Remotely execute smart proactive decisions to govern equipment performance and control	Reduced maintenance emissions and decreased combustion emissions with improved engine performance
Gas-driven Pneumatic Controllers	Reduce emissions from natural gas-driven pneumatic devices	Replaced or retrofitted all existing high-bleed, gas-driven pneumatic controllers throughout our operations	Eliminating methane and VOC emissions, while providing additional safety benefits

Pioneer employs a team of thermographers who use OGI cameras to conduct surveys at our facilities, such as well sites, tank batteries, compressor stations, pipelines and midstream locations. OGI cameras utilize infrared sensors to locate emissions not identifiable through other inspection methods. Pioneer owns nine OGI cameras. Each Pioneer thermographer receives biennial OGI training to learn proper safety practices, methods to set up and operate the imaging cameras, how to identify what gases can be found with the technology, and the different environmental conditions that affect gas leak detection.

In 2019, we performed more than 10,500 surveys using OGI, AVO and aerial technologies at Pioneer wellheads, tank batteries and compressor stations. Of these surveys, approximately 950 were conducted as part of the OOOOa requirements. These surveys resulted in a little over 1,000 found leaks. Pioneer promptly repaired these leaks within the regulatory timeframe. Facilities are surveyed annually as the baseline frequency. Facilities identified as having a higher potential for emissions (e.g., larger tank batteries) are surveyed semi-annually.

In addition to our regulatory OOOOa LDAR program, the Pioneer voluntary LDAR program utilizes advanced approaches to monitoring methane emissions. While our voluntary LDAR program targets methane detection, it also allows us to minimize emissions of other components of natural gas such as VOCs and H2S. The program evaluates novel technologies to mitigate emissions in our operations.

These technologies supplement the current LDAR program by detecting methane leaks and allowing our thermographers and maintenance employees to efficiently locate and mitigate the emissions.

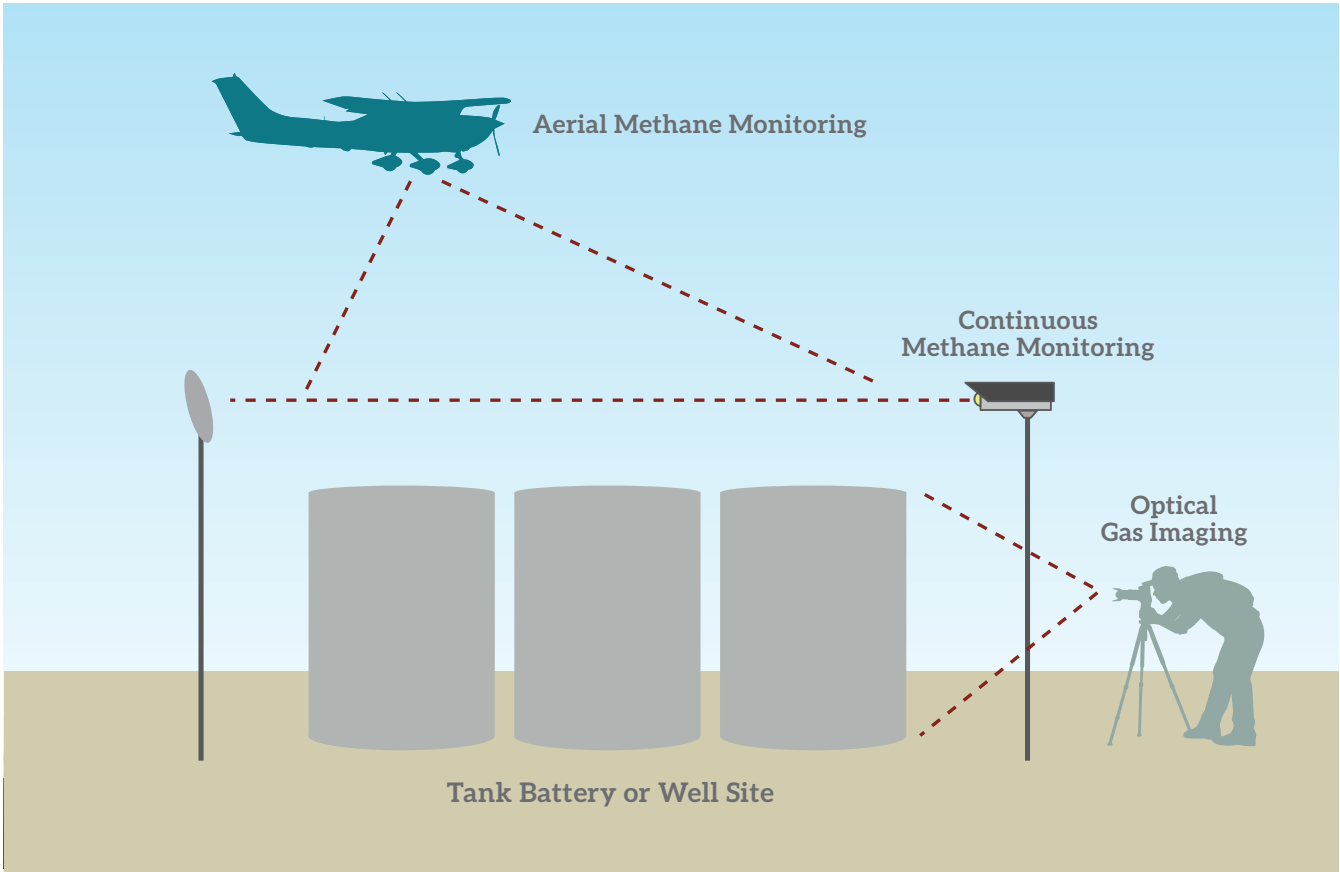
Aerial Methane Monitoring

Starting in 2017, Pioneer began conducting aerial-based surveys to identify fugitive methane emissions on a field-wide basis to find and fix emissions faster. This method equips a fixed-wing aircraft with onboard methane sensors, optical cameras and a global positioning system (GPS). The methane concentration data is overlaid with simultaneously collected optical images to form a single, geo-referenced image of methane leaks. This methodology identifies and quantifies areas of high probability for elevated methane sources and is best used for identifying leaks that require prompt attention. Since 2018, Pioneer has conducted annual full-field methane leak surveys of our entire operational area and assets.

**Aerial Methane Monitoring of 9,574 total sites**

The results for 2019 showed elevated methane at 135 of the surveyed sites. All the identified leaks were promptly repaired. This method has not only proven extremely efficient in directing our voluntary LDAR program but is also reducing employee work and driving hours. The time saved allows our employees to spend less time finding leaks and more time preventing leaks.

In 2020, Pioneer piloted another aerial-based technology with greater sensitivity for detecting methane across 25 percent of our field sites. The technology uses modified light detection and ranging to detect methane. Preliminary results from the pilot are helping Pioneer understand how this new technology can be deployed and how we can efficiently process and operationalize the data. As an integral part of our LDAR program, we continue to evaluate novel technologies and methodologies to guide better operational decisions of our methane and GHG intensity performance and targets.



Collaborative Research and Partnerships

Modern industry technologies and facility designs have dramatically outpaced the original efficiencies and design considerations within EPA emissions datasets and models. As the oil and gas industry improves its engineering, emissions management and emission reduction practices, new, more accurate data is needed to drive our decision-making process. We actively participate in multi-stakeholder national and regional studies, which require collaboration among peer oil and gas operators, regulators, academia, industry trade groups, and environmental organizations. For these studies, Pioneer provides direct access to production sites and equipment and assists in the design of safe-sampling protocols. Pioneer’s participation contributes to the development of methods for safely measuring methane emissions directly at the source and facilitates scientific analysis where little empirical data previously existed.

Continuous methane monitoring

In addition to monitoring our operations aerially over a large area, Pioneer is also piloting technologies in partnership with several continuous emission-monitoring technology companies. In 2020, Pioneer is evaluating continuous monitoring technologies at our large, complex horizontal facilities. Every oil and gas site is different. Pilot trials help identify the proper technologies for every unique location: for example, each location may differ in the number of sensors required, sensor placement, and data communication and integration.

Project Astra

Pioneer is participating in a groundbreaking partnership to design and test a first-of-its-kind network of sensors that will monitor emissions across a region that produces oil and gas, which could potentially streamline the way methane leaks are found.

Led by researchers at The University of Texas at Austin, Project Astra is a collaboration between Environmental Defense Fund, ExxonMobil, Gas Technology Institute (GTI) and Pioneer. It is focused on the Permian Basin – and specifically on the Midland Basin. Project Astra will establish a sensor network that will leverage methane-sensing advances, technologies, data sharing and data analytics to provide near-continuous monitoring. Goals for the sensor network are to allow producers to find and fix significant methane releases more often and more cost-efficiently than current monitoring technologies.

The team at UT Austin will create a simulated atmosphere, which will model concentrations of methane and other natural gas components expected in the atmosphere under normal conditions, as well as when unintended emissions are present. The simulation will help researchers identify the types and locations of methane sensors that will be most effective.

The collaboration brings technical knowledge and expertise together, with the goal of promoting design innovation. Pioneer will participate in the technical design of the various aspects of the study. In addition, we will provide access to production facilities and relevant operational data specific to the study.

“**Participating in Project Astra offers significant opportunities to advance technology in detecting and reducing methane emissions and help our industry address this critical issue.**”

– Mark Berg, Executive Vice President, Corporate Operations

The findings of the project, which will be published in peer-reviewed journals and made publicly available, could help guide how companies, states, and the federal government measure, monitor, and manage methane emissions in the future.

**To learn more about this work, visit <http://dept.ceer.utexas.edu/ceer/astra>.**

**Collaboratory to Advance Methane Science**  
Pioneer is a founding member of the Collaboratory to Advance Methane Science (CAMS). CAMS is a consortium of oil and gas operators funding scientific studies to address methane emissions, from production to end use. The first research project funded through CAMS was awarded to the University of Texas at Austin to study spatial and temporal methane emissions profiles across various oil and gas basins. The Methane Emission Evaluation Tool (MEET) model has been developed and is being reviewed for completeness and accuracy. Efforts are underway to make the model available publicly so that anyone could utilize the model to understand spatial and temporal emissions profiles in any given basin.



**The Environmental Partnership**  
As a founding signatory of this program, Pioneer has reported annually to the API The Environmental Partnership (TEP) since 2018. After two successful years, Pioneer and 88 other participants have demonstrated the oil and gas industry can voluntarily define and implement best practices without additional regulation.

Each TEP participant has agreed to participate in voluntary programs to reduce emissions: conduct an LDAR program; replace, remove or retrofit continuous/high-bleed pneumatic controllers; and monitor emissions from manual liquids-unloading operations. In 2017, Pioneer was able to achieve these goals ahead of the TEP schedule. We have submitted our second annual report to API.

# Water Management

## Water-related Risk Management

The availability of water allows us to complete horizontal wells through hydraulic fracturing, which is critical to Pioneer and the oil and gas industry. Water shortages, including physical water scarcity and demand issues in the arid West Texas region where we operate, have the potential to significantly affect our operations.

In 2012, we recognized the increasing demand for limited Permian Basin groundwater resources presented future water-related risks in our operations. We proactively established Pioneer Water Management LLC (PWM), a subsidiary company tasked with providing substantial water management capabilities, improving our water-sourcing operations, and researching regional water resources and treatment technologies. We have been able to strategically secure exclusive, long-term, non-freshwater sources ahead of our industry peers. Additionally, PWM manages the produced water generated during hydrocarbon production and provides Pioneer a comprehensive, full-cycle water management strategy.



Midland Water Treatment Facility Site Rendering

Comprehensively addressing water-related risks and improving water conservation by:

- Ensuring a reliable, locally available and economical water supply
- Implementing sustainable alternative sources of freshwater
- Optimizing water recycling and reuse in economically viable ways
- Utilizing “reclaimed” water (treated municipal wastewater) resources
- Efficient transportation and storage of water, including reduced roadway traffic

In addition to PWM’s responsibilities, Pioneer field experts in water conservation, groundwater protection, and local and regional geology and hydrogeology study our regional water resources. We have also field-proven various treatment technologies and, if needed, have the technical ability to generate varying levels of water qualities based on operational needs, including highly clarified freshwater from non-fresh sources.

Strategic Flexibility

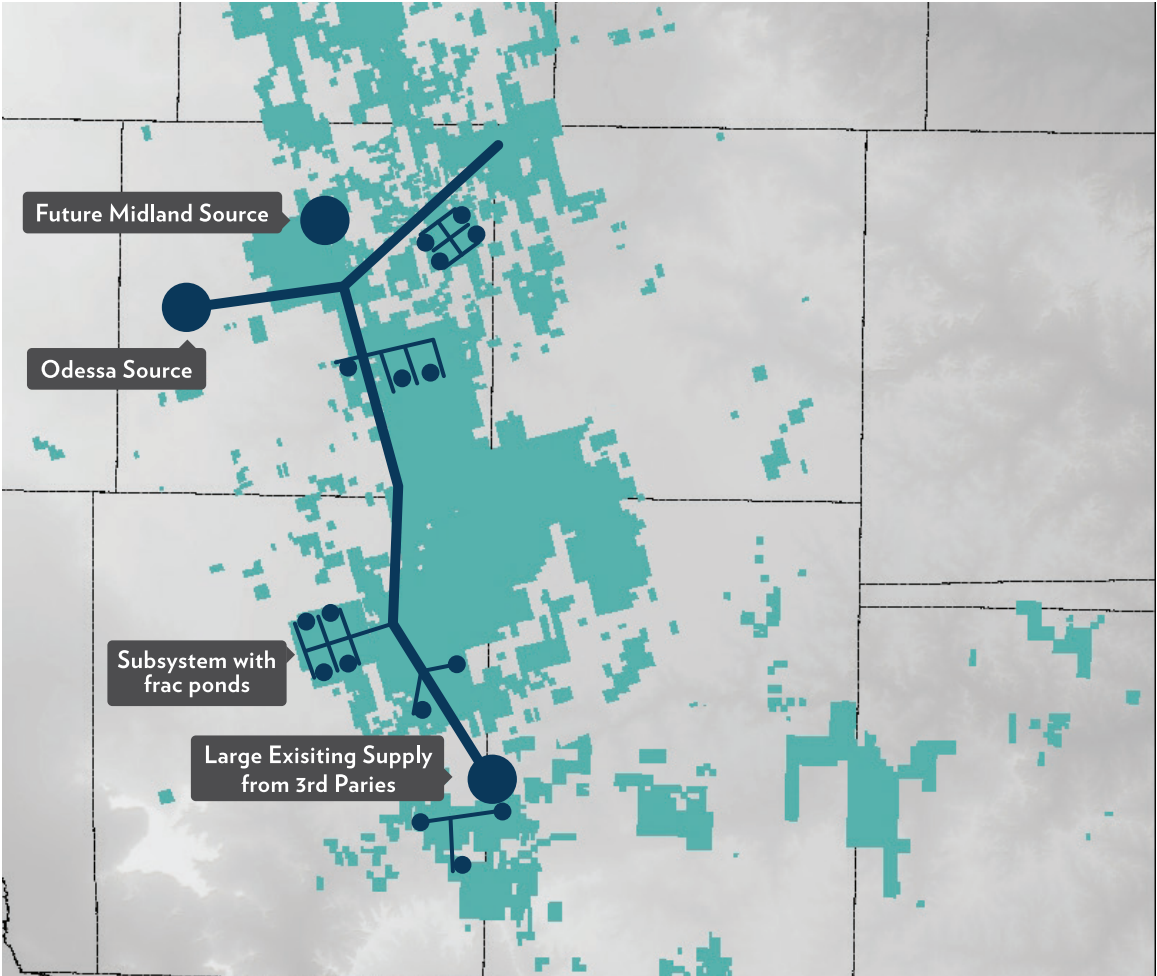
Utilizing brackish groundwater, reclaimed water and recycled produced water has ultimately provided more substantial and sustainable alternatives. Diverse water sourcing provides operational flexibility that has proven to deliver value throughout our operations. Additionally, we have achieved security in our water supply by obtaining long-term rights to strategic sources and developing a robust produced-water recycling program across Pioneer operations.

Commensurate with our acreage position and long-term activity, PWM infrastructure delivers tangible cost reductions and strategic flexibility for Pioneer development plans. Produced-water recycling and reclaimed water are our main areas of focus. The economy of scale and process advancements to recycle produced water in our operations have significantly reduced costs to the point that it is both our most environmentally and

economically sustainable water source. Reclaimed water capitalizes on our mainline distribution infrastructure to transport our treated municipal wastewater to wherever it is needed throughout our operations.

Some operators have achieved commendable recycling percentages and freshwater reductions in local areas. We have also demonstrated reliable performance at a local level and have provided examples in the following sections. However, Pioneer’s differentiating infrastructure scale supports development across our operations, continuous operational demand in high volumes, flexible development plan optimization and the maintenance of stable price points.

Pioneer’s Water Distribution System



Freshwater Use Reductions

We continue to drive continued innovation in non-freshwater use, increase mitigation of water-related risk, accelerate management of climate-related risks in our assets and provide transparency to our stakeholders.

Freshwater Reduction Action Plan

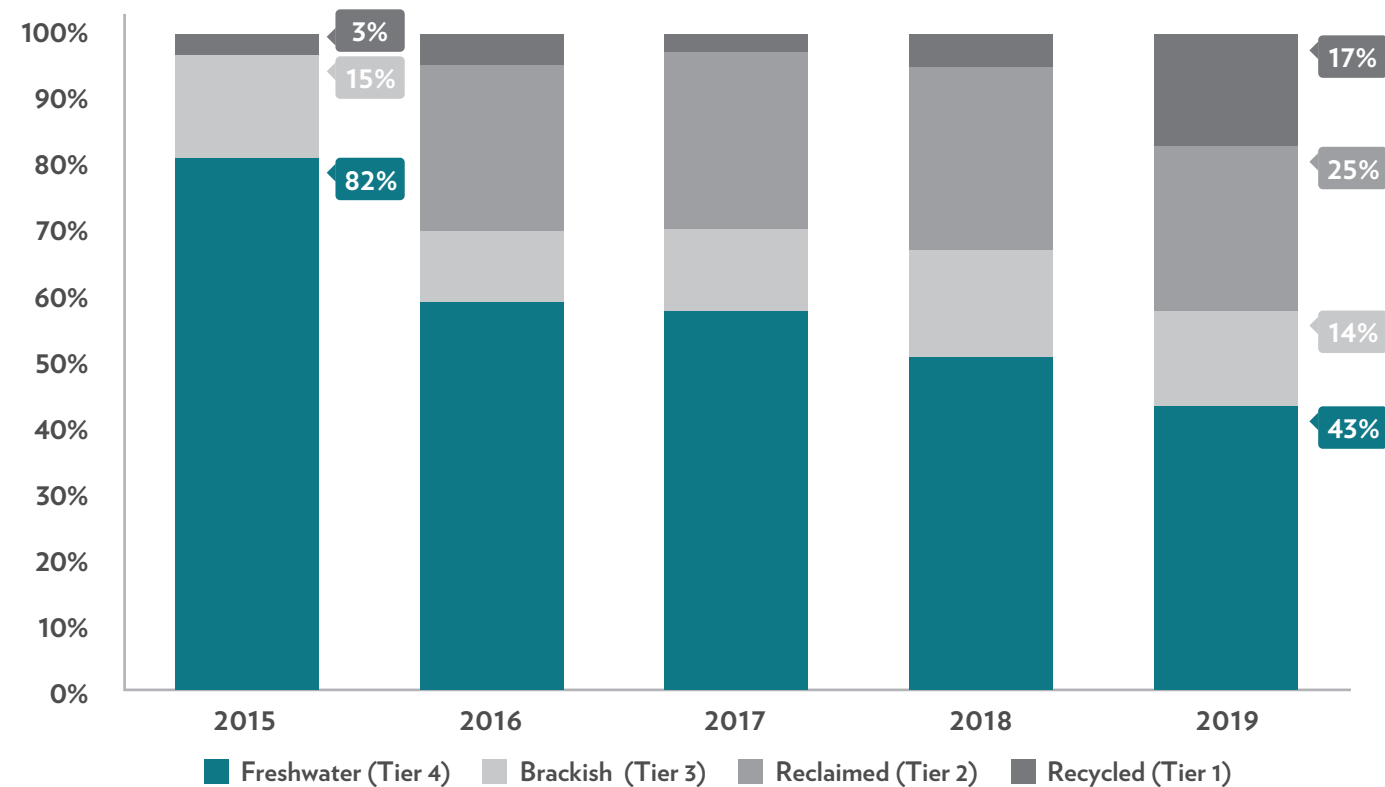
Pioneer understands the importance of freshwater scarcity and minimizes its use. Our freshwater reductions are supported by our action plan to:

- Minimize surface water resources in our operations (Note: Surface water is not part of our Permian water strategy.)
- Continuously monitor our production and consumption of groundwater
- Maximize non-fresh, effluent and recycled water resources in our operations

Pioneer established a water strategy to maximize non-freshwater resources in 2015. In that year, Pioneer consumed 9.1 million cubic meters of freshwater, which accounted for 82 percent of our annual water consumption. We have since reduced the relative percentage of freshwater consumption by 47 percent. We continue to optimize completion designs and understand how these factors drive our water consumption needs.

Specified in the chart on p. 37, and detailed below, are the four water sources we utilize in our operations. Each type of water is prioritized based on a tiering system, with Tier 1 representing the highest sourcing priority after considering our commitments to limited utilization of freshwater, cost and efficiency of operations, and the parameters of the PWM distribution system.

Pioneer Source Portfolio as a % of Total Consumption



Approximately 5 percent of the total freshwater consumption is used in drilling

## Maximizing Water Resources

Pioneer has tested and utilized multiple technologies for recycling water, ranging from desalination to minimal treatment techniques. As hydraulic fracturing technology has improved, the treatment and water quality requirements have changed from requiring freshwater to the now-possible use of 100 percent recycled water. Pioneer has completed wells with 100 percent recycled produced water. In 2019, 100 percent of the water sourced for use in hydraulic fracturing within our Texas Ten area came from non-freshwater resources. The Texas Ten area accounted for approximately 15 percent of Pioneer annual completion activity last year. This area also generated non-freshwater volumes above local needs, which allowed PWM to distribute them to other Pioneer operations.

Through the lessons learned, Pioneer has chosen a process for treatment that is both cost-effective, achieves our production and sustainability goals, and works within the storage and transportation requirements of our mainline distribution system.

## Recycled Water: Tier 1

Recycled water, also referred to as treated produced water, is naturally occurring water extracted through the production process that is then processed for storage and use in hydraulic fracturing. Produced water is generally a mixture of water, naturally occurring dissolved solids, and a small number of products used in the oil and gas production process. Like brackish water, produced water is a very high-salinity water source. Advanced hydraulic fracturing technology and water processing methods have allowed produced water to become a viable alternative water source. As a Tier 1 source, recycled water will continue to grow as water demand increases.

Consumption of recycled water in our operations increased approximately 280 percent, as a percentage of total volume, from 2018 to 2019. Although drilling and completions activity dramatically decreased in 2020, Pioneer is still forecasting growth in recycled water consumption. As recycled water plays a role in both eliminating produced water disposal and supplying water for completions

## Produced Water Recycling

- Produced water is promptly routed to one of our treatment facilities
- Process of treating produced water - prior to open pond storage
  - Removal of oil and other solids from produced water through specially designed water treatment facilities so that oil or sheens will not normally be present
- Treated produced water is sent to storage ponds designed to hold non-freshwaters
- Ponds meet or exceed the requirements outlined by the TRRC for pit design, monitoring, backfill and reporting
  - Double-lined with an automated leak-detection system
  - Remote monitoring for leaks and other pond conditions occurs from a continuously staffed operations hub
  - Operating and maintenance procedures and regular pond inspections help prevent abnormal or upset conditions from developing
  - PWM has a Wildlife Mitigation Plan; more detail is provided within the Biodiversity Conservation section of this report

activities, it will continue to be prioritized as a source in future years. Systematic tracking and forecasting is in place for baseload produced water availability at the local level, as well as various future development scenarios. In 2019, Pioneer recycled nearly 17 percent of our total horizontal well produced water production.

## Recycled and Produced Water Management

The careful handling, storage, use and disposal of produced water presents opportunities for resource efficiency and increased management of operational risks to Pioneer. To manage these risks, Pioneer strives to reduce untreated produced water handling times. Produced water that is not allocated for treatment and recycling is transported to a saltwater disposal facility for underground injection. (Pioneer utilizes our own facilities for the majority of our needed injection disposal.) These facilities are required to follow stringent regulatory requirements for groundwater protection, maintenance and operational controls. Beyond these requirements, Pioneer

utilizes internal experts, comprehensive data sources and an understanding of the subsurface environment to support these operations.

## Reclaimed Municipal Water: Tier 2

Reclaimed water is treated effluent water (municipal wastewater) that is specifically authorized for reuse by the Texas Commission on Environmental Quality (TCEQ). As a Tier 2 source, reclaimed water is both cost-effective and reliable.

## Brackish Water: Tier 3

Brackish water reservoirs that contain water too high in salinity (greater than 3,000 mg/L TDS) for drinking or agricultural use are an important oil and gas water resource in the Permian Basin. As a Tier 3 resource, brackish water reservoirs will continue to contribute to Pioneer's water portfolio and freshwater reductions. We have conducted

# *Innovation Infrastructure:* The Midland Water Project

In June 2018, Pioneer and the city of Midland, Texas, initiated construction on an innovative infrastructure project: the upgrade of the city's wastewater treatment facility with the goal of using the resulting reclaimed water in Pioneer completion operations. Pioneer is making a \$134 million investment in the city's critical infrastructure in return for approximately two billion barrels of non-freshwater within a 28-year contract period (with an option to extend). The plant upgrades were designed to accommodate a projected future volume increase of up to 357,000 barrels of treated municipal wastewater per day.

The Midland project is scheduled for completion by Q1 2021, with first flow of water to be determined by Pioneer activity. The Midland project will expand Pioneer's exclusive water rights for treated municipal wastewater, joining our existing purchases already established by contract with the City of Odessa. Securing a large supply of non-freshwater for our operations is a key component of our strategy to reduce use of freshwater.

These innovative, industry-leading water projects developed by our Pioneer subsidiary PWM mutually benefit both Pioneer and the cities important to our operations by enhancing critical local infrastructure while sustainably providing Pioneer with billions of barrels of non-freshwater for use in our operations. In addition, this reduces demand for freshwater in a drought-prone area, curtails water transport trucking and industrial traffic in a congested region, and compensates the cities for wastewater, providing a newfound revenue stream that otherwise would not exist.



Minimizing Freshwater

The TRRC provides Groundwater Protection Determinations for an oil and gas operator’s surface casing, underground injection and other underground activities. The Groundwater Protection Determination process identifies freshwater used in drilling operations by quality standards associated with possible freshwater zones (generally less than 1,000 mg/L TDS) and usable-quality water (typically 3,000 mg/L TDS or less). As detailed in the table below, Pioneer operationally defines freshwater as water sourced from underground aquifers containing less than 3,000 mg/L TDS.

As a pure-play operator, much of the water available for agricultural and other local consumption, including desalination, is higher than 1,000 mg/L TDS. We have selected this more conservative threshold for freshwater because it is a more relevant standard for the Permian Basin. We intend for this threshold to reduce groundwater withdrawal that competes with local consumption needs and is consistent with the TRRC groundwater protection process. It is important to broaden the definition to include usable-quality water to account for local uses in drought-prone and water-stressed areas, particularly over the long term.

The Importance of Properly Defining Freshwater in the Permian Basin

Water Quality (TDS mg/L)	Pioneer Water Standards	Other Water Standards	
0 - 1,000	Freshwater	Freshwater	Highest-Quality Freshwater
1,000 - 2,000		Brackish	Unmanaged Useable Quality Water Important agriculture and desalinization uses in drought-prone and water-stressed areas, particularly over the long-term
2,000 - 3,000			
3,000 - 10,000	Brackish	Saline	Currently uneconomically usable water for agriculture and desalinization
10,000+	Saline		

**Freshwater Intensity:** Some oil and gas operator asset portfolios include conventional reservoirs that require the recirculation of large volumes of non-freshwater for enhanced oil recovery techniques. A reporting practice that includes water used for enhanced oil recovery can add large volumes of water into the normalization factors, positively skewing their total freshwater intensity as a percentage of total water use. As a pure-play operator in the Permian Basin specifically targeting unconventional reservoirs that do not require these abundant enhanced oil recovery water volumes, Pioneer freshwater use is accurate to relevant drilling and completion operations and is only directly comparable to similar operations. The activities of many other operators with conventional assets will make direct comparisons challenging.

Based on Pioneer’s comprehensive definition of freshwater, as specified below, the World Resources Institute Aqueduct Water Risk Atlas shows that, in 2019, 54 percent of freshwater sourced was within areas of high or extremely high Baseline Water Stress. Water wells within areas of low-to-medium Baseline Water Stress accounted for the remaining 46 percent. Further evaluation, referencing World Resources Institute’s Overall Water Risk weighting for the oil and gas industry, indicates that areas of high or extremely high overall groundwater risk are not present within our operational footprint.

With our approach to respect local water use and a meaningful action plan, our goal is to achieve the most effective freshwater strategy in the U.S. oil and gas industry.

Note on Freshwater Comparability: Our freshwater definition differs from other freshwater use disclosures and international standards, which typically range from less than 1,000 mg/L TDS or less than 2,000 mg/L TDS. Pioneer freshwater volumes/intensities are not directly comparable, due to our 3,000 mg/L TDS threshold.

Additional water use metrics are provided in the figure above and in our Sustainability Performance Data Table.

Groundwater Protection

Pioneer designs, builds and maintains its wells to protect groundwater quality and meet strict regulatory requirements. Pioneer proactively minimizes the possibility of groundwater impact through our highly regulated casing and cement designs, safety and monitoring systems, and thousands of feet of rock between the hydrocarbon and freshwater zones. Texas regulations require all wells be drilled using freshwater prior to reaching the base of protected groundwater and be protected with additional casing and cement barriers. Ensuring the mechanical integrity of wellbore casings is a longstanding regulatory requirement for groundwater protection. Pioneer performs mechanical integrity testing, as prescribed by the TRRC, throughout the well’s production life cycle.

In accordance with industry standards and best practices, we tested the surface casing integrity on all wells drilled in 2019. In addition to the traditional well-integrity testing of a completed wellbore, Pioneer also conducts formation integrity testing – an industry-leading best practice check on well integrity. The process begins after isolating usable groundwater zones from the well operations by 1) setting three layers of protective casing below usable groundwater resources; 2) circulating cement between the steel casings; and 3) injecting cement between the outer casing and the rock formation. The cement is allowed to set before the start of the formation integrity test. The wellbore is pressurized and monitored to verify groundwater isolation and protection. Once confirmed, the drilling operation proceeds to a total depth where we perform a typical mechanical integrity test.

During the well-completion process, Pioneer installs pressure gauges to monitor and test the annular space between the inner and outer well casing. Completions equipment on the surface provides redundant protections against over-pressuring the wellbore during completion operations. In 2019, 100 percent of Pioneer’s completed wells were tested in this manner.

Once our wells move to the production phase, we actively manage well integrity with corrosion countermeasures through a cathodic protection program. Pioneer engineers remotely monitor production well-casing pressures via our SCADA system for their assigned wells. Periodic well-integrity tests are also mandated by TRRC for all Pioneer wells. Issues identified through active operational monitoring or regulatory-mandated tests are resolved through standard procedures and in coordination with the TRRC. Wells may then be included in an active monitoring program, on a case-by-case basis, to verify continued casing integrity. Future wells will continue to be monitored, managed and tested in these ways.

### Chemical Use Reductions

Pioneer has reduced the absolute chemical mass percent in our hydraulic fracturing fluids by 66 percent since 2017, while the number of annual well completions has increased from 234 to 325 through 2019. While we have reduced the amount of chemicals in our operations, we also now rely on fewer individual chemicals. Using fewer chemicals significantly improves logistical management and reduces opportunities for chemical-handling incidents to occur. Innovations in well completions fluid designs also impact our freshwater reduction efforts and have resulted in a 42 percent reduction in the amount of freshwater used relative to total water from 2014 to 2019.

We also have upgraded all drill rig shakers (a drill cuttings liquid removal system) to a higher grade to gain efficiencies in circulation and fluid retention, which means that we recycle more fluid throughout the drilling process, providing notable material and capital savings. Additional metrics are provided in our Sustainability Performance Data Table.

### Induced Seismicity

Abundant research has shown that seismic monitoring and active management of produced water disposal are the best tools for avoiding induced seismicity. The United States Geological Survey (USGS) Earthquake Hazards Program and Texas’ TexNet Seismic Monitoring Program monitor seismicity across Texas. TexNet is comprised of permanent and temporary earthquake-sensing seismometer arrays across the state of Texas, which are used to understand statewide earthquakes and earthquake-related risks better. This resource provides an independent and comprehensive tool to monitor Texas earthquakes. As of this report, no felt events in the USGS or TexNet earthquake catalogs have been located beneath our operations.

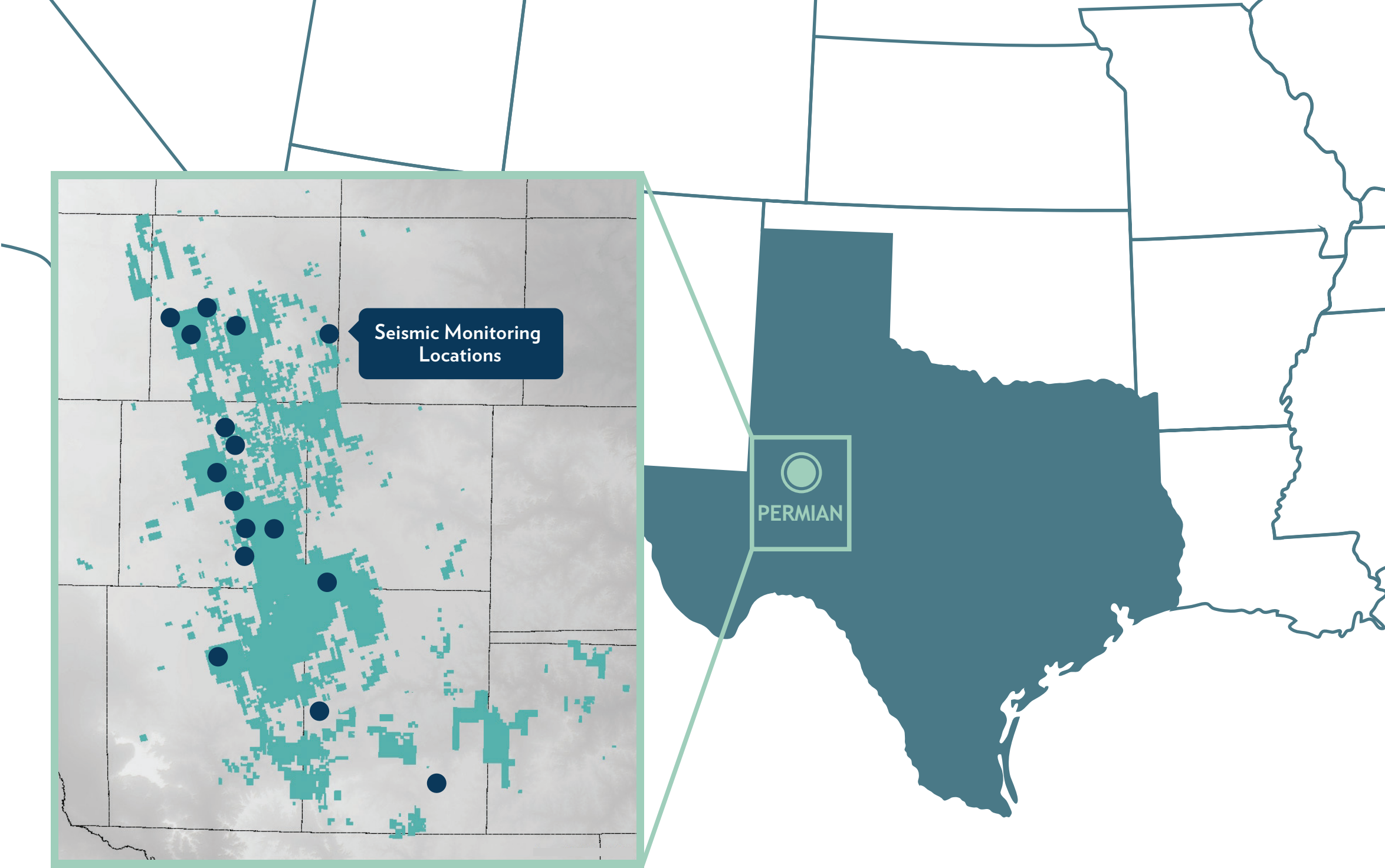
Pioneer takes an active and scientifically driven approach toward monitoring, understanding

and addressing any seismicity issue that may potentially arise. Since 2017, Pioneer has conducted internal monitoring of seismicity through a permanently deployed network of monitoring sensors in the Midland Basin. Our scientists have regularly engaged with state regulators and industry groups to address seismicity concerns. Pioneer also contributes to leading seismological research at the Stanford Center for Induced and

Triggered Seismicity and the University of Texas Center for Induced Seismicity Research. Pioneer plays a leadership role in understanding and managing induced seismicity risks through scientific analysis, operational planning, and in our collaborative approach with regulators and researchers.

Pioneer complies with applicable federal and state regulations on underground injection control.

These requirements include injection rate and pressure monitoring, pressure testing, and mechanical integrity testing. Using the latest science and taking advantage of our extensive subsurface data set to improve our operational knowledge, Pioneer incorporates seismicity risk analysis in the siting of both our production and saltwater disposal well locations.



# LEED Gold Headquarters

During 2020, Pioneer moved to a new corporate headquarters identified as a LEED Gold-awarded BD+C New Construction facility. To receive LEED Gold certification, the development was evaluated in six areas: sustainable sites, water efficiency, energy and atmosphere, indoor environmental quality, regional priority, and innovation in design. The following are some of the sustainable strategies integrated into the new headquarters:

- The campus was designed to amplify the land's natural surroundings, so employees can enjoy the outdoor environment.
- Rainfall and surface-water runoff is filtered on-site to improve storm water quality.
- The original mesquite forests and other native landscapes were retained.
- More than 90 percent of the occupied interior areas have direct views to the outside.
- 98 percent of the waste generated from the building's construction was sorted and recycled.

Pioneer participates in a long-term lease of the building, allowing us to protect our balance sheet while enjoying the many sustainable features and benefits of a LEED Gold-certified building.



# Landscape Stewardship

## Biodiversity Conservation

Pioneer teams engage with federal, state and local government organizations and regulators; partner with researchers, consultants and universities; and source and explore new technologies to apply progressive solutions to protect habitats and species. Promoting conservation methods and strategies mitigates environmental impacts and biodiversity risks in our operations.

For years, we have taken stewardship lessons learned from our former operations in Alaska, Colorado, Canada and offshore, applying them to the Permian Basin. We use our broad experience to provide environmentally responsible solutions.

Although endangered species could potentially affect our ability to operate in certain areas, Pioneer continues to protect threatened and endangered species by:

- Using a four-tiered mitigation hierarchy:
  - 1) Avoid, 2) Minimize,
  - 3) Restore and 4) Offset
- Utilizing candidate conservation agreements with assurances
- Prioritizing sand sourcing from operators outside of known areas of habitat concern
- Working to avoid surface water resources



Mitigation Hierarchy

Avoid

Our approach and overall strategy for biodiversity during the development of drilling locations, well pads and associated tank batteries is avoidance. We begin each project with a desktop analysis of the development location and surrounding area. Wherever possible, we first look to expand or utilize existing pads to limit our footprint through avoidance. The desktop analysis includes georeferenced aerial photography, surface contour maps, 100-year floodplain boundaries, potential U.S. jurisdictional rivers and streams, National Wetland Inventory potential wetlands, and lesser prairie chicken habitat. Additional sensitive habitat areas within our operational footprint will be included, if designated by the U.S. Fish and Wildlife Service.

If initial analyses suggest that potential features of concern are within our area of interest, qualified third-party consulting firms are employed to conduct further studies. These studies include thorough assessments, recommendations and guidance on site development. The pertinent information is used to develop detailed, site-specific construction plans outside of jurisdictional areas, sensitive habitats and high drainage areas,

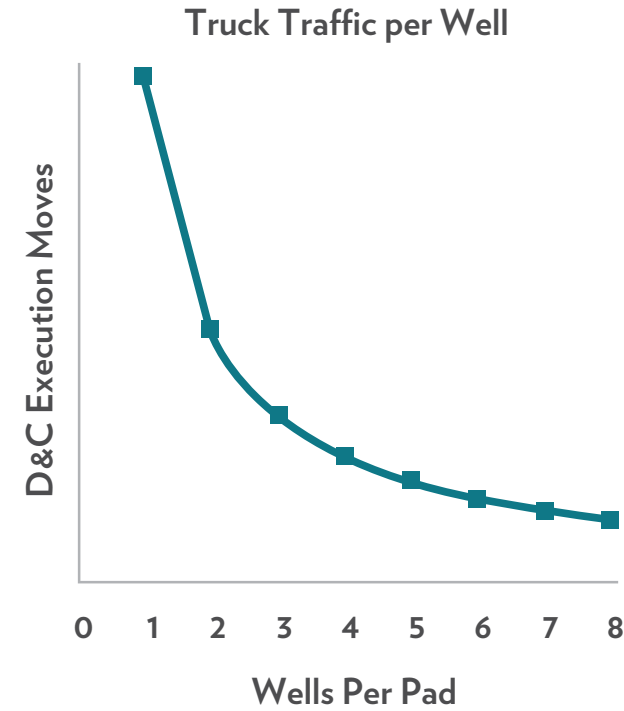
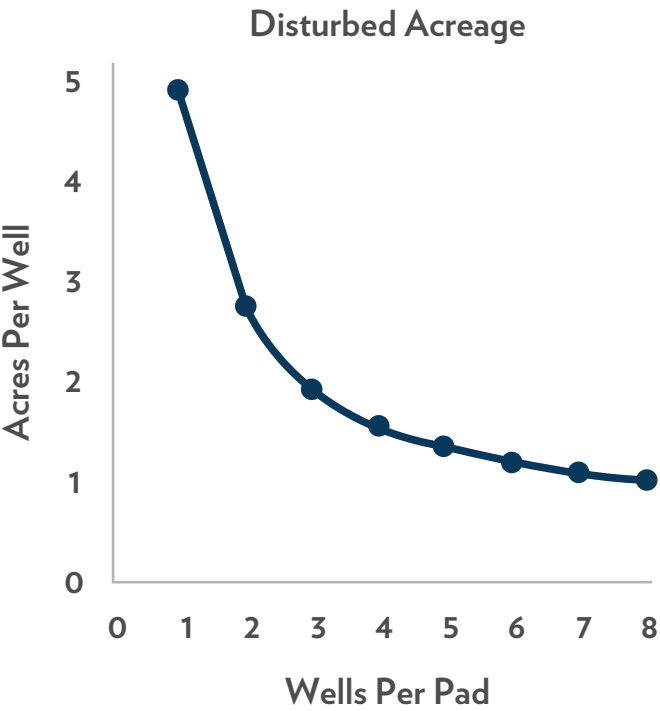
where possible. During construction, features of potential concern that exist in the near vicinity are clearly marked to safeguard them from alteration and harm.

Minimize

If ecological features are unavoidable, we will revise our strategy and work alongside applicable local, state and federal governments to obtain all necessary permits. We take the necessary steps to develop and administer appropriate mitigation measures to minimize or offset any potential impacts associated with our disturbance and activity.

Reducing Our Footprint

As Pioneer operations grow in the Permian Basin, our most sustainable development practices allow us to drill many more wells on the same well pad we formerly drilled three wells. Multi-well pads present opportunities to mitigate risks and impacts, while supporting our overall ESG strategies and goals. Needing only one quarter of an acre per well translates to, in some cases, more than 80 percent reduction in surface impacts. Decreasing the area of impact by pad construction and reducing the need for additional roadways limits surface impact and habitat fragmentation.



We are studying how to achieve an optimal number of wells per pad to accommodate needed well spacing, reduced surface impact and capital efficiency considerations. This approach allows us to maximize the resource potential beneath the surface, while decreasing the magnitude of surface risks and impacts such as these:

Issue	Issue	Positive Impact
Habitat	Disturbed surface acreage	Significant reduction in area impact
	Permitting and compliance risks	Impact avoidance limits need
	Sensitive area impacts	Proactive assessment avoidance
Truck Traffic	Roadway safety	Reduction in truck traffic
	Fuel consumption	Saved capital costs in fuel purchases
	Air emissions	Meaningful reduction in truck emissions
Waste Consolidation	Waste generation control	Site efficiencies reduce waste generated
	Waste handling management	Fewer waste-stream control points
	Increased capital efficiency	Improved waste control expenses
Pipeline Utilization	Air emissions reductions	Minimization of liquid transfer emissions
	Roadway safety	Reduced transport truck traffic
Spills	Fewer rig moves	Fewer chances for spills to occur
	Manufacturing mindset	By maintaining standard equipment, standard practices are more effective

Wildlife Mitigation Planning

PWM uses several measures to protect wildlife, including siting decisions, preconstruction reconnaissance and wildlife impact avoidance measures. In 2018, PWM developed and implemented a Wildlife Mitigation Plan to outline additional mitigation actions to support PWM’s overall mission to ensure continued environmental stewardship. Under the mitigation plan, observations made in the field drive corrective measures, including the training to recognize wildlife issues and respond appropriately. Wildlife observations during inspections are logged to monitor wildlife presence and changes over time. All workers and contractors are trained in or informed of the following:

- Identification of species of interest
- Who to contact when a wildlife issue is observed
- Prohibited actions, including the harassment/ collection of any wildlife
- Limiting or eliminating unnecessary lights

- PWM-established rules on speed limits and designated smoking areas

The Wildlife Mitigation Plan allows our employees to use an adaptive management approach to make informed decisions on wildlife observations.

Restore

Our Drilling and Construction group utilizes native seed mixes to reclaim surface land where possible. In 2019, Pioneer worked with Texas A&M Kingsville to collect ecologically representative native seeds from large areas in which we are the surface landowner. From these areas, they were able to identify four distinct native seed mixes that would be applicable across our operational area. Native seeding offers many ecological benefits to pollinators and West Texas grassland species.

## Lesser Prairie Chicken

## Texas Horned Lizard

## Western Grassland Conservation



**Offset Conservation and Mitigation Actions**  
The states of New Mexico, Colorado, Kansas, Oklahoma and Texas are home to the lesser prairie chicken and its habitat. The Western Association of Fish and Wildlife Agencies, an association of 24 U.S. States and Canadian Provinces, formed a partnership of the five lesser prairie chicken states' respective wildlife management agencies, and, together with the U.S. Fish and Wildlife Service and partners from multiple industries, created a Range-wide Conservation Plan for the lesser prairie chicken. The U.S. Fish and Wildlife Service-endorsed Conservation Plan outlines the grouse species' needs in the five states' habitats. As a result, oil and gas industry members adopted the Conservation Plan and jumpstarted conservation efforts with over \$65 million in initial conservation enrollments. Pioneer was a founding contributor to the

Candidate Conservation Agreement with Assurances (CCAA) for the pre-listing conservation of the lesser prairie chicken. By working under the CCAA, we can assess the siting of projects and select locations that minimize or completely avoid impact. In areas where we cannot avoid habitat impact, the CCAA program allows Pioneer to generate habitat impact offsets while maintaining predictability in our development plans and promoting lesser prairie chicken conservation.

For additional information on WAFWA and lesser prairie chicken conservation, visit [www.WAFWA.org](http://www.WAFWA.org)

### VIDEO: WESTERN ASSOCIATION OF FISH AND WILDLIFE AGENCIES

## Waste Management

Waste reduction is an important goal for any company. Pioneer strives to minimize all wastes, including hazardous waste, by eliminating or reducing identified waste streams. We continually improve reuse and recycling and decrease disposal in landfills. In 2019, Pioneer maintained Very Small Quantity Generators status, the lowest tier of the Resource Conservation and Recovery Act for generators of hazardous waste. This incredible performance will continue to serve as our goal; however, many operational conditions can impact future waste generation.

## Spill Prevention

Pioneer believes all spills are preventable. Pioneer designs, builds, and operates our facilities and equipment with spill prevention in mind. We invest in containment equipment, conduct inspections and remote monitoring, and comply with spill preparedness and response regulations. We require the internal reporting of all environmental incidents, including spills. In the event of a spill, spilled volumes are recovered, where possible, through short-term spill response activities, and properly addressed to meet or exceed regulatory requirements. Our compliance specialists, operations partners and HSE committees are dedicated to studying past incident findings and identifying operational or engineering safeguards that could aid in preventing future incidents.

Additionally, Pioneer monitors performance and developing measures to prevent future incidents. We reduce spills throughout Pioneer's operations by striving to:

- Improve understanding on spill causes
- Establish process for reducing the number and volumes of spills
- Promote actions that reduce the company's environmental footprint
- Instill incident management as a central principle for working at Pioneer.

## We implement these objectives by:

- Actively managing incidents consistently across the company
- Monitoring environmental incident metrics
- Setting reduction guidance
- Communicating solutions and successful practices throughout the company
- Developing guidelines/procedures for proactive prevention
- Providing monthly briefings of high-risk environmental incidents, root cause investigation findings and recommendations to the HSEC.

Since 2018, our hydrocarbon spill performance has remained relatively flat. The number of hydrocarbon spills has decreased nearly two percent, while the associated spill volumes increased by one percent. We continue to improve the positive trend of spill volume recovery, with a six percent increase in spill volumes recovered. These and other metrics are provided in our 2020 Sustainability Performance Data Table.

## Spill Prevention through Technology Innovation

To reduce spills, we have expanded our use of data analytics to identify and preemptively respond to abnormal storage tank level trending. Data received from storage tanks is used for proactive learning on tank conditions and remote operations monitoring. The technology provides early detection on potential spill conditions and projects the estimated time a tank will reach a specified level, considering the rate of fill and historical trend. Using this projection, Pioneer can address tanks that are nearing target levels or dynamically dispatch operations personnel to manage fluid transfers.

# Implementation of TCFD

## Overview

The Task Force on Climate-Related Financial Disclosures (TCFD) provides a framework that allows a company's response to the potential risks and rewards of a transition to a lower-carbon economy to be evaluated on a level playing field. The expectation for climate-related disclosure from investors and others is important, and Pioneer understands a company that communicates its climate resiliency to investors will have a competitive advantage.

Following the TCFD recommendations, Pioneer seeks to improve its disclosures in this report through: 1) identifying climate-related risks and opportunities, 2) committing to integrate these climate-related risk assessments into our enterprise risk management process and evaluating financial impacts of those risks, and 3) sharing our programs and actions that mitigate climate change-related risks and maximize climate change-related opportunities.





Pioneer is committed to improve its climate disclosure and integrate additional financial impact assessments and updated climate-related risk scenarios. Pioneer is advancing its strategic planning and enterprise risk management processes to evaluate the short-, medium- and long-term impact of climate-related risks on the company.

**Governance of Climate-Related Issues**

Pioneer has updated five Board Committee Charters and provided additional disclosure of the Board's commitment to sustainability in our 2020 Proxy Statement to reflect their role in overseeing sustainability and climate-related issues. Additional disclosure on the role of management in assessing and managing climate-related issues are provided in the Governance section [LINK] of this report.

**Climate-Related Strategy**

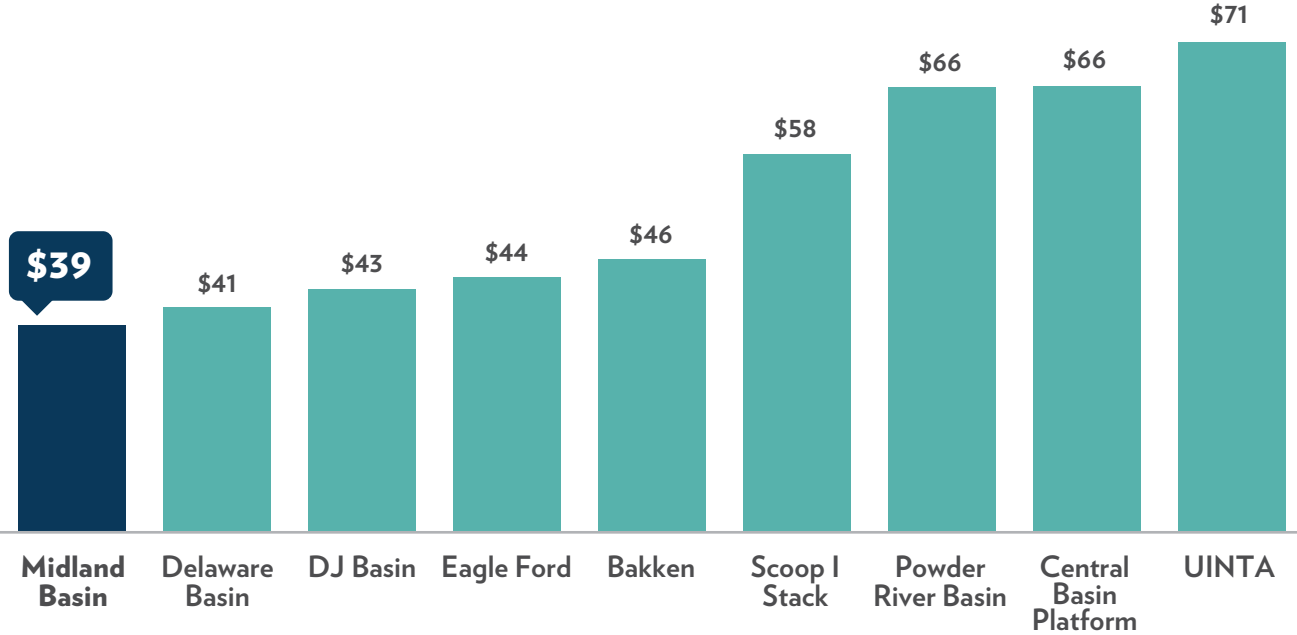
Currently, climate-related impacts on the U.S. onshore oil and gas industry are not clear,

based on uncertain market and policy reactions. This uncertainty has increased with the impact of COVID-19 on the global economy and the demand for oil and gas. Given these uncertainties, the Board and Management Committee consider a wide array of future scenarios that could lead to impacts on our business, including operating costs, capital expenditures, regulatory and environmental developments, and commodity price and demand changes.

When evaluating possible future business scenarios, Pioneer considers several published energy forecasts and analyses by leading official agencies such as, but not limited to:

- The U.S. Energy Information Administration's (EIA) International Energy Outlook
- The Organization of Petroleum Exporting Countries' (OPEC) World Oil Outlook
- The International Energy Agency's (IEA) World Energy Outlook

U.S. Oil Play - Average Breakeven Cost (\$/bbl)  
20:1 WTI/NYMEX



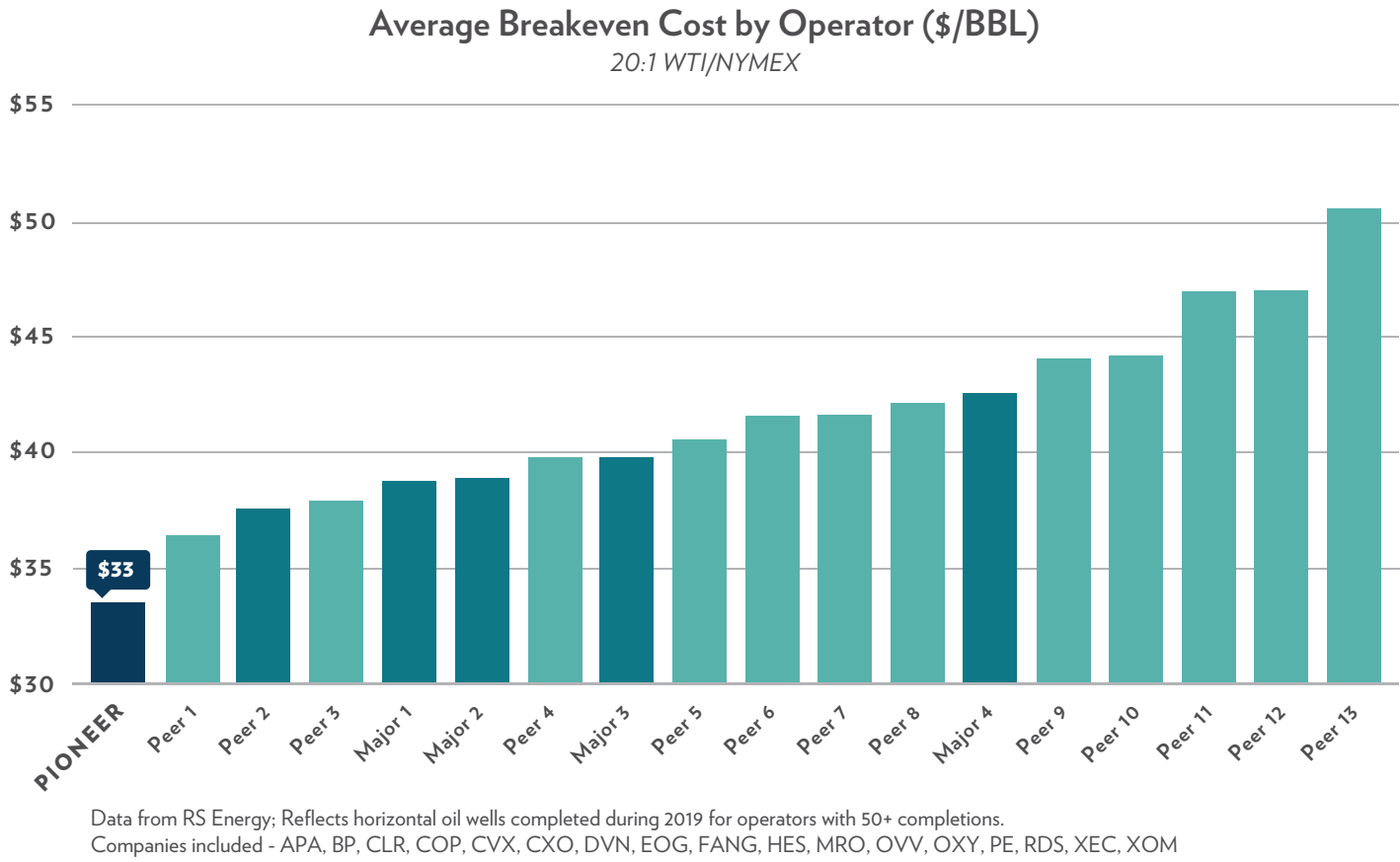
Note: Data from RS Energy; Reflects horizontal wells completed in 2019.

Pioneer also engages private commodity market analysis firms to provide the company with industry and economic projections, which are utilized to test management's assumptions of future business conditions. These tools are used to assess potential impacts on global fossil fuel demand and Pioneer's long-term business prospects, including key aspects of climate-related risks and opportunities (e.g., transitional risks).

Many of our information sources are re-evaluating their commodity price and demand forecasts in the wake of COVID-19. We plan to update our 2018 carbon-constrained scenario analysis in 2021, upon gaining greater clarity of global oil and gas demand reaction beyond the COVID-19 pandemic impacts.

We believe Pioneer is in a particularly strong position to weather the COVID-19 pandemic due to the quality of the company's assets and its strong balance sheet and cost structure. Pioneer is the largest acreage holder under lease in the eastern part of the Permian Basin, also known as the Midland Basin, with approximately 760,000 gross acres (680,000 net acres).

As the figure above illustrates, the Midland Basin is among the best-in-class with an estimated oil price breakeven cost of approximately \$39 per barrel as of mid-2020. Pioneer expects to remain a leading low-cost operator through thoughtful strategy and planning consistent with TCFD principles. The profitability of the Midland Basin is particularly evident when compared with other onshore U.S. liquid-rich basins. A \$33/BBL breakeven cost is attributed to Pioneer by Enverus in the figure on p. 57, indicating the company is in a strong position to produce oil and gas economically and help meet long-term global demand for oil.



### Climate-Related Risks and Opportunities

The TCFD identifies several categories of climate-related risks and opportunities. These include the potential financial impacts of climate change to assist investors and companies as they evaluate longer-term strategies and the most efficient allocation of capital.

#### Transitional and Physical Risks

Transitional risks arise from a global market demand for low-carbon energy, including (i) policy and legal risks from regulation, legislation and litigation, (ii) technology risks from the move toward low-carbon energy production, and (iii) reputational risks from consumer behavior uncertainty, such as stigmatization of the sector. These risks have the potential to shift the supply and demand for fossil fuels, due to changes in consumer preferences. The company evaluates transitional risks on an ongoing basis and assesses










such risks, as illustrated below. Pioneer’s risk management practices and business principles reduce the risk of reputational damage and provide a differentiating long-term value creation prospect for our stakeholders.

As we have operated in the Permian Basin for decades, we have been able to identify and effectively mitigate many physical risks. The company also ensures limited business disruptions by securing key materials and supplies critical to our operations. For example, we mitigated diesel supply disruptions due to a hurricane or other acute event impacting refineries along the gulf coast of Texas by securing a long-term supply agreement to build a strategic reserve located in our area of operations. Pioneer supply agreements to secure local and reliable sand and water supply through long-term arrangements are also considered in its physical risk mitigation. In addition, we mitigate physical risks in the ways detailed in the 2020 TCFD Content Index.

### Climate-Related Transition Risks

	Risk	Potential Impacts
Policy and Legal	<ul style="list-style-type: none"> <li>Regulatory/legislative initiatives <ul style="list-style-type: none"> <li>Stringent regulation of emissions</li> <li>Climate pledges: Carbon taxes or cap-and-trade programs</li> <li>Restrictions to protect endangered species in operational areas</li> </ul> </li> <li>Political risks associated with climate-related pledges such as: <ul style="list-style-type: none"> <li>Ban on hydraulic fracturing or increased permitting requirements</li> <li>Increased permitting requirements on produced water, limits to disposal volumes or requirements to curtail disposal activities</li> </ul> </li> <li>Increased government subsidies for alternative energy sources, or mandates to use specific fuels or technologies</li> </ul>	<ul style="list-style-type: none"> <li>Affecting ability to operate in production areas</li> <li>Increasing costs, such as compliance or consumption costs</li> <li>Decreasing revenue from lower oil and gas demand or increased supply</li> <li>Causing delays or cancellations in the pursuit of exploration, development or production activities</li> <li>Requiring write-offs, impairments of assets or early retirement of existing assets impacting Pioneer’s operational results</li> <li>Incurring additional liabilities for past conduct</li> <li>Impact shareholder or bondholder activity</li> <li>Limiting investments in or financings for fossil fuel-related companies</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Decreased demand for oil and gas from alternative energy adoption</li> <li>Increased oil and gas supply from industry technological advancements</li> </ul>	<ul style="list-style-type: none"> <li>Limiting the availability of goods or services in the supply chain</li> <li>Subjecting operators who mismanage their business to potential lawsuits and lobbying efforts against their operations</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>Shareholder or bondholder shift from fossil fuel energy-related sectors</li> <li>Restricted institutional lender financing to fossil fuel-related sectors</li> <li>Supply chain concerns limiting the availability of goods or services to the fossil fuel energy-related sector</li> <li>Lawsuits and lobbying aimed against fossil fuel companies</li> </ul>	

Climate-Related Physical Risks

Risk	Potential Impacts
<b>Acute</b>   Hurricanes  Severe cold or hot temperatures  Tornados	<ul style="list-style-type: none"><li>• Delayed or canceled drilling or production activities</li><li>• Loss of revenue</li><li>• Increased operating or capital costs</li><li>• Curtailment or cessation of production</li><li>• Increased insurance premiums or reduced availability of insurance on assets</li><li>• Damaged or destroyed field equipment</li><li>• Disrupted supply chain/ability obtain products or services necessary to generate revenue</li><li>• Incurred liabilities associated with remediation in impacted areas of operation</li></ul>
<b>Chronic</b>   Water availability  Sustained temperature changes  Sea level rise  Drought and monsoon  Endangered species and biodiversity  Shifting ecosystems	

Climate-Related Opportunities

Climate-related opportunities arise through a company’s efforts to mitigate and adapt to climate change, including improving resource efficiency, securing lower emissions energy sources, and producing differentiated oil and gas products for emerging markets. Pioneer has identified the climate-related opportunities on p. 60.

Climate-related opportunities include efficiencies resulting in an increase in revenue, reduced operating and capital costs, and reduced insurance premiums.

Responsibly Sourced Oil and Gas

Currently, emerging markets for responsibly extracted oil and gas are developing in the U.S. and Europe. These markets may offer premium pricing for natural gas and oil with verifiable sustainability performance. Although Pioneer has not yet completed a premium pricing agreement, we hope, as a result of our commitment to continuous improvements to the environmental footprint across our operations, to have the opportunity to leverage performance towards premium pricing,

wherever possible. Pioneer advocated to lift the U.S. oil export ban and has entered into transactions to diversify the company’s oil and gas sales to the Gulf Coast of Texas and international export markets. As global market trends shift due to climate-related goals and sustainability-driven agreements, Pioneer has an opportunity to serve foreign markets seeking responsibly sourced oil and gas.

In addition, we maximize climate-related opportunities in the ways detailed in the following table.

Risk Management

Pioneer has relied on its ERM process (as described in Enterprise Risk Management section) to identify, assess, and manage the company’s risk, including climate-related risks. We intend to enhance the consideration of climate-related risks assessment within our ERM process to better align with the TCFD framework. Risk mitigation practices for each of the climate-related risks are detailed throughout this report and are indexed relative to the TCFD and other reporting standards within our Sustainability Content index.

Climate-Related Opportunities

<b>Resource Efficiency</b>	<ul style="list-style-type: none"><li>• Innovation: Increased production facility efficiencies<ul style="list-style-type: none"><li>• Maximizing vapor recovery and minimizing fugitive leaks</li></ul></li><li>• Reducing flaring</li><li>• Upgraded equipment to minimize emissions</li><li>• More efficient and safer modes of transportation</li><li>• Water availability<ul style="list-style-type: none"><li>• Investments in wastewater treatment facilities and securing long term affordable water supply</li></ul></li><li>• Minimizing freshwater consumption</li></ul>
<b>Energy Sourcing</b>	<ul style="list-style-type: none"><li>• Alternative and more affordable energy sources to help reduce Scope 2 Emissions</li><li>• Long-term contracting for affordable operational diesel fuel</li><li>• Potential to move to use of lower emissions technologies in our drilling and completion activities</li><li>• Utilizing supportive policy incentives for innovation R&amp;D</li></ul>
<b>Products and Services</b>	<ul style="list-style-type: none"><li>• Improved product recoveries from production</li><li>• Premium pricing on oil and gas that is responsibly extracted</li></ul>
<b>Markets</b>	<ul style="list-style-type: none"><li>• Access to global markets seeking responsibly extracted oil and gas</li></ul>
<b>Resilience</b>	<ul style="list-style-type: none"><li>• Improved energy distribution within our contiguous acreage</li><li>• Alternative energy sourcing from local and regional providers</li><li>• Long-term, low-cost fuel sourcing</li><li>• Pioneer energy generation or joint venture partnership for operational demand</li></ul>

Metrics & Targets

Pioneer has begun implementing the Sustainability Reporting Standards Boards (SASB) standard for the oil and gas exploration industry to supplement this report’s disclosures and targets. As described in other sections of this report, in 2020 Pioneer established detailed targets for our GHG emissions, methane emissions and flaring. In conjunction with establishing these targets, we have completed an effort to report an extended inventory of scope 1 and 2 GHG

emissions from our operations that goes beyond the U.S. EPA GHG Reporting Program requirements. Pioneer is integrating climate- and sustainability-related performance metrics in our enterprise risk management process and compensation policies. For additional detail of our alignment to the SASB oil and gas exploration industry standard, refer to our SASB Sustainability Content Index [\[LINK\]](#)

# HSE Management System

Our HSE Management System (HSEMS) provides an organized approach for HSE activities while supporting Pioneer’s vision of a workplace that positively impacts our employees and communities.

Our Health and Safety Management System and Environmental Management System, developed in 2014, were originally independent of each other. In 2019, Pioneer integrated them into one system.

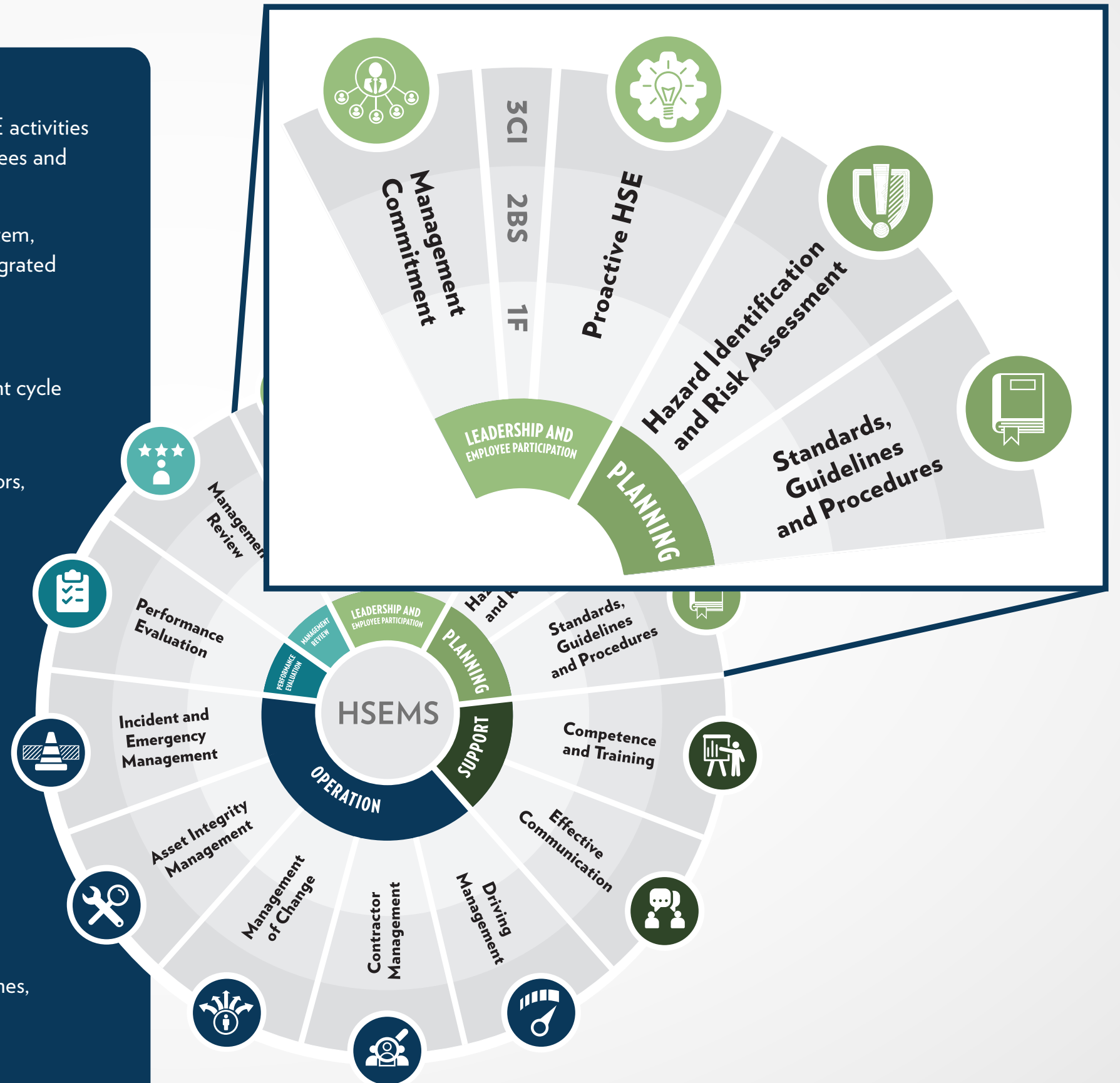
## The most notable improvements with an integrated HSEMS are:

- Improved structure under the Plan-Do-Check-Act (PDCA) continual improvement cycle
- Uniform HSE elements in Hazard Identification and Risk Assessment
- Updated Behavioral Observations Program to include additional proactive indicators, now “Proactive HSE”
- Incorporated emergency management with HSEMS Incident Management
- Performance measurement and internal assessment under one HSEMS supporting function “Performance Evaluation”

The HSEMS consists of 13 elements that set HSE expectations, provide an avenue for employee engagement and drive HSE performance improvement.

The HSEMS aligns with the Plan-Do-Check-Act process-improvement model and matures through the HSEMS Maturity Matrix. The matrix contains three levels of maturity: fundamentals (1F), building skills (2BS) and continual improvement (3CI), starting with fundamentals first, then building up through additional levels.

While we continue to develop all elements of the HSEMS, in 2020 we directed our primary efforts to four foundational elements: Management Commitment; Proactive HSE; Hazard Identification and Risk Assessment; and Standards, Guidelines, and Procedures.





## Management Commitment

Pioneer management leads by sharing the vision, setting expectations and allocating resources. Managers have roles, responsibilities and accountabilities for leading the HSE effort and implementing the HSEMS model.

- Management provides and allocates resources for our employees to perform their work activities.
- Management leads HSE efforts and implements all elements of the HSEMS into our business units.
- Management prioritizes placing controls for HSE risk and provides strong leadership.



## Proactive HSE

We promote a proactive HSE culture with a foundation of employee engagement and participation that ultimately drives the improvement of our HSE programs.

- Our managers, supervisors and employees are trained on the use of proactive tools and measures, including Behavior Observation.
- Our employees are encouraged to actively engage every day with HSE.
- Our business units assess the quality of proactive measures and take necessary actions to make improvements.
- We evaluate our proactive-measure programs and share trends with our employees.
- We integrate our proactive-measure programs with other elements of the HSEMS, such as driving management.
- Management and employees actively participate to enhance our proactive-measure programs.



## Hazard Identification and Risk Assessment

Our business units establish, implement, and maintain hazard identification and risk assessment processes to identify, analyze and evaluate workplace hazards. These processes determine and prioritize risks and allow us to develop appropriate controls. In 2019, we improved how we determine the highest HSE risks by better utilizing our HSE Risk Matrix. We are currently collaborating with our business units to prioritize and mitigate those risks.

- Our managers, supervisors and employees are trained to recognize hazards in their work activities.
- We develop corrective actions to control potential HSE hazards when they are identified.
- Management gathers, analyzes and prioritizes risk information from field personnel through our formal HSE Risk Register process and initiates appropriate controls.
- Management communicates identified hazards, corrective actions taken and lessons learned to our employees.
- Management and employees utilize our comprehensive HSE risk matrix to improve hazard identification and management processes.

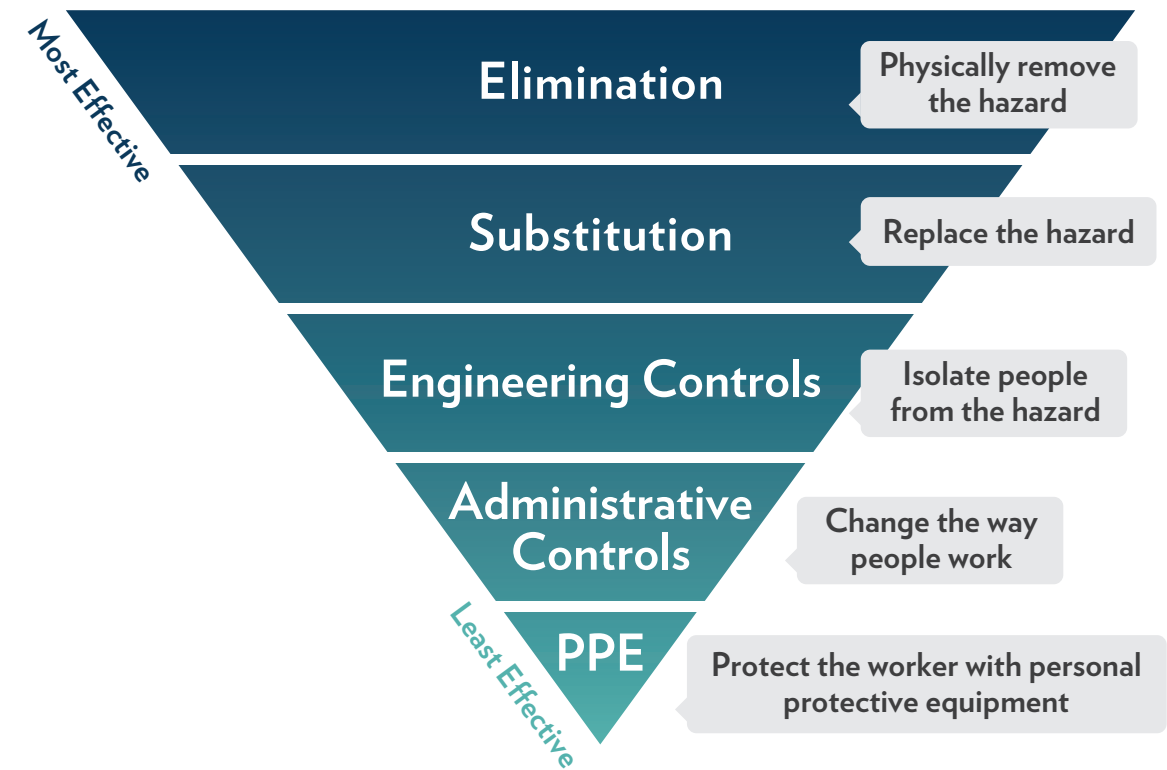


## Standards, Guidelines and Procedures

Standards, guidelines and procedures (SGPs) equip our employees to work safely, consistently and effectively. SGPs assist employees charged with field development and operations responsibility to support decisions on various engineering, design and construction phases. These documents focus on project management, sound HSE practices, code compliance, company preferences and sound business practice. Our SGPs are updated, as needed, to reflect operational conditions.

- Employees are knowledgeable of our HSE policy.
- SGPs have been created and are followed during related work activities
- Training is provided to build knowledge of SGPs.
- SGPs are regularly reviewed for improvement opportunities.

## Hierarchy of Control



## HSE Information Management System

In 2019, Pioneer implemented a new HSE information management system. The project was a collaborative process with departments throughout the company, and the system went live in 2020. The primary benefits of the new system are:

- Improves visibility and accountability for HSE compliance and culture throughout the organization
- Establishes an enterprise-level platform that will enable Pioneer to continue to standardize and improve our HSE risk management processes
- Demonstrates our commitment to HSE and Sustainability through investment in tools that raise the level of employee and management engagement daily
- Enables enhanced sharing of lessons learned and proactive HSE indicators across the company and with our contractors
- Reduces technology costs and risks by moving to industry-leading, cloud-based solutions

## HSE Risk Register

Through our risk register process, we periodically evaluate known risks and identify and review new HSE risks through brainstorming sessions. Facilitated by HSE business partners, Pioneer subject matter experts evaluate and score risks based on these criteria: level of impact, likelihood of occurrence, reputational risk, public access, financial risk, current practices and regulatory guidance. Necessary changes, additions or existing controls are documented, and summary conclusions are presented to the HSEC at the business level. These findings aid the HSEC in goal setting, defining proactive measures and developing risk controls to mitigate serious exposures. If needed, risk controls are defined and put into place to minimize the severity or frequency/exposure of an adverse event and reduce overall risk. We utilize the hierarchy of control model when scoring the effectiveness of our controls in reducing risk.

# Workforce Health *and* Safety

Pioneer is committed to sending our workforce home safe every day. Our dedication to protecting employees' health and safety working in and around company facilities and operating areas is supported by enforcing standards, corporate policies, and responsible and ethical procedures. In 2019, Pioneer enhanced HSE training through a targeted program that assigns employee training by a pre-defined exposure ranking. Our HSE training program covers both compliance and cultural HSE topics, ranging from incident management to confined space to behavior observations. The training curriculum follows OSHA standards and includes both new-hire orientation and ongoing training for our employees. In 2019, more than 14,000 hours were dedicated to HSE training.

Health and Safety performance metrics are provided within the 2020 Sustainability Performance Data Table at the end of this report.

While Pioneer has many Health and Safety programs that we continuously enhance, in 2019/2020 there were four programs in which Pioneer made significant advancements:



## Serious Exposure HSE Event Management



## Motor Vehicle Safety



## Contractor Safety

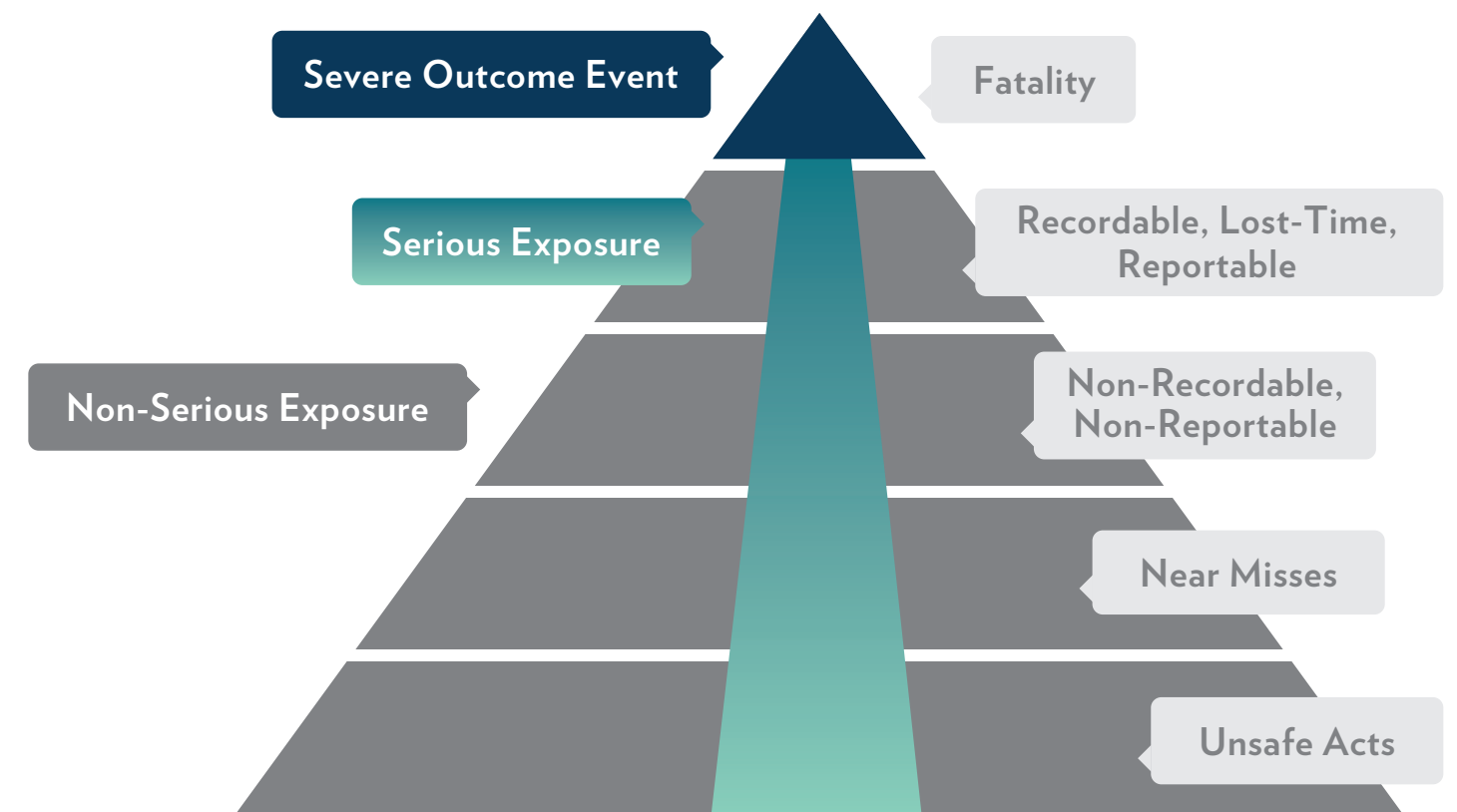


## Site Coordination

## Serious Exposure HSE Event Management

In 2020, Pioneer introduced our Serious Exposure program across all operations. While appropriate management of all HSE events matters, the Serious Exposure method prioritizes the highest-risk events, bringing increased visibility and proactive, consistent solutions to these more urgent situations. Our stance and independent research support the principle that reducing severe incidents requires a different strategy than reducing minor incidents. Our Serious Exposure program is similar to the Serious Injury and Fatality (SIF) programs of other companies; however, Pioneer also includes environmental incidents.

### Serious Exposure Methodology



Motor Vehicle Safety

Pioneer is committed to providing our drivers the best possible tools through education and training, sound practices, and skill building. In 2019 and throughout 2020, Pioneer addressed the critical mental component of driving by implementing the S.A.F.E.R. driver training program. It provides a cognitive approach to training by utilizing classroom techniques, a driving safety assessment and a risk assessment drive.

In 2020, Pioneer implemented the next generation of our In-Vehicle Monitoring System (IVMS). Our system has evolved far beyond the basic ability to locate trucks on a map. Today, we use this technology to improve driver safety, optimize maintenance, monitor vehicle health, automate mileage reporting and record fuel use.

The National Safety Council (NSC) and the Texas Department of Transportation have, for the third year in a row, honored Pioneer with the Texas Employer Traffic Safety Award. As the NSC stated in its award notes, Pioneer is “a leader in the area of traffic safety and an example for Texas employers statewide.” In 2020, we have worked with the NSC Our Driving Concern program to share best practices externally through a series of webinars.

Motor Vehicle Incident Rate

Pioneer expects all motor vehicle incidents to be reported, regardless of severity. Pioneer defines a motor vehicle incident (MVI) as any incident involving a company owned/operated motor vehicle, in gear and under physical control of the driver. Reportable MVIs that count toward the overall rate are incidents where a Pioneer employee or third-party sustains an injury that requires medical treatment beyond first aid

and/or where a company or third-party vehicle cannot be safely driven from the scene. In 2019, Pioneer had an MVI rate of 0.53 incidents per million miles driven.

Contractor Safety

Building contractor partnerships has resulted in a 37 percent year-over-year (2018 to 2019) reduction in contractor health and safety recordable incident rate on Pioneer locations. Pioneer has realized those results through continuous improvement of the five contractor program elements: pre-qualification, selection, on-boarding, evaluation, monitoring and decommissioning. These elements lead to a collaborative approach with contractors throughout their relationship with Pioneer.

Site Coordination

Pioneer developed a site coordination process in 2018 and rolled it out in 2019. The process provides a standardized system for coordinating a safe working environment in situations where two or more workgroups are performing simultaneous operations at Pioneer locations. Increased site coordination is a key component of increasing onsite awareness and reducing risk during complex operations. Site coordination objectives are to: provide an enterprise-wide standard approach for coordinating safe operations at each of our wellsite, production and construction locations, clarify on-location

roles and responsibilities, establish expectations for site coordinators and equip them with standardized tools to execute those expectations.

Health

Industrial Hygiene

Pioneer understands the importance of worker health and established an Industrial Hygiene program with the deliberate goal of eliminating or reducing risks when a hazardous condition arises. The Industrial Hygiene program works in conjunction with the HSE Risk Registry process.

Security Personnel and Programs

Security is a material risk for many oil and gas companies. Pioneer takes a preemptive and robust security approach for those risks that are present within our operations. Pioneer participates in the Energy Security Council, which provides leading-edge security forces training. We are also an active member of the Permian Basin Oil Field Crime Committee. This committee promotes collaboration among 186 members, which include Permian Basin oil and gas company security departments and law enforcement agencies. Additionally, our security professionals maintain strong working relationships with federal and state prosecutors, local officials, and police chiefs and officers. These relationships are invaluable in conducting our business ethically and safely for those who support Pioneer and live in our communities.

Building a Partnership



Be Selective

- Taking a more company centric approach to the pre-vetting process has helped narrow down the contractors we work with to a select few.



Consistency

- Steady workflow allowed PNR to consistently work with the same contractors - increasing understanding of expectations.
- Conducting rig move meetings with all involved contractors ahead of time, created a more consistent process and set expectations.



Engagement

- Freed up administrative burden on field leadership - allowing them to be in the field 70-75% of the time.
- Contractor Partnership program strengthened engagement with highly used contractors.



Standardize

- Drilling process standardization built in safety checkpoints and includes more upfront planning.
- Achieved a reduction in surface strike incidents by standardizing processes related to marking lines.



Lend a Hand

- Worked with contractors to continuously improve their HSE programs.
- Conducted field level coaching session to build competency on location.



Look in the Mirror

- Placed stringent requirements on nighttime work, which is a high-risk activity.
- Decreased fuel spills on location through setting restrictions on poly tanks.

Pioneer retains an internal Security Department to manage all aspects of security for our staff, proprietary information and operations including:

• Risk management	• Data loss prevention
• Physical security	• Internal and third-party audits
• Business practices	• Drug and alcohol policies
• Travel policies	• Site vulnerabilities
• Entertainment policies	• Personnel protection
• Invoicing	• Illegal dumping protection
• Code of conduct investigations	• Theft

# Diversity, Inclusion *and* Social Values

Pioneer is proud to be a force for good in our local communities. Consistent with our **RESPECT** values, we are focused on people, including employees, contractors and those with whom we interact in our communities.





### OnePioneer: Our Inclusive Culture

Our Diversity and Inclusion program cultivates an environment where people feel included, respected and valued, which has never been more relevant than it is today. An inclusive workplace enables us to embrace diverse backgrounds and perspectives to attract, retain and develop the best talent. Through grassroots interest, leadership support, and robust training and development programs, our employees are embracing differences and actively learning how to better leverage different schools of thought to achieve business results. We are excited about the momentum we have gained and are ready to continue learning.

### Equal Opportunity Employment

Our Equal Employment Opportunity Policy provides equal employment opportunity for all qualified employees and applicants without regard to race, color, sexual orientation, gender or gender identity, religion, national origin, disability, veteran status, age, marital status, pregnancy, genetic information, or other legally protected status.

This obligation applies to all employment practices including, but not limited to:

- Recruiting, hiring, promotion, transfer, demotion, layoff, termination and training
- Treatment during employment
- Rates of pay or other forms of compensation and benefits

- Selection for training including apprenticeship and on-the-job training as applicable
- Social and recreational activities or programs

Pioneer does not and will not discriminate against any qualified employee or applicant based on any of the aforementioned factors.

Pioneer included sexual orientation and gender identity in our antiharassment and discrimination labor practices ahead of the 2020 U.S. Supreme Court ruling which upheld those protections within the Civil Rights Act of 1964. We have also signed the Business Coalition for the Equality Act which, if passed, would extend these federal protections to other areas such as fair housing and credit. The Coalition is a group of leading U.S. employers that support the Equality Act, federal legislation that would provide the same basic protections to those who identify as LGBTQ as are provided to other protected groups under federal law.

### Human Rights

In 2020, we formally adopted a companywide Human Rights Policy and Human Rights Commitment that reflects how we have historically chosen to operate domestically and worldwide. Our Human Rights Policy is based on the following United Nations and International Labour Organizations standards promoting social progress, better living standards, respecting indigenous peoples and human rights for all individuals:

- Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights

- International Labour Organization Declaration on Fundamental Principles and Rights at Work
- United Nations Declaration on the Rights of Indigenous Peoples
- International Labour Organization Convention 169

Our Chief Compliance Officer, in conjunction with our Management Committee, is responsible for the management and adherence of these policies and commitments with oversight from our Board. The policy details the manner in which we respect both people and lands, as well as how we source the supplies we use for our business. Pioneer strives to source products from vendors meeting our standards of responsibility. We expect our suppliers to respect their workers and communities and avoid conducting business in ways that harm people.

To view our Human Rights Policy, Human Rights Commitment, Equality is Good Business statement, the Equality Act and related information, go to **PXD.com > Culture > Values.**

### Transparent and Engaged Leadership

At Pioneer, we believe in transparency, and it starts at the top. Our Management Committee members held roundtable discussions to foster open communication among all levels of employees. These promote inclusive conversations while providing leadership the opportunity to discuss current company initiatives and challenges. Employees share views on items ranging from business strategy to current events and community concerns in small group settings over breakfast or lunch.

Candid conversations continued with panel discussions covering topics that impact our employees and communities. This included discussions of climate change as well as race and inequality, providing a safe space for employees to listen and explore diverse views present in our culture.

### Actively Engaged Employees

Giving employees a voice is paramount to creating a thriving and resilient culture. Our annual engagement survey provides a view into our overall organizational health. In 2019, we received 83 percent participation, up from 74 percent in 2018. The results are used to identify issues that our employees would like to see improvement and opportunities.

### OnePioneer Employee Resource Group

Over the past 11 years Pioneer established multiple resource groups for our employees. After experiencing steady growth with these groups, we found that more than 50 percent of participants were members of two or more groups, prompting the leaders of our resource groups to rethink how they come together. The leaders recommended that the groups be combined into one team that would focus on diversity and inclusion programming across the company. It was evident that our members cared for communities different from their own, and we recognized that true change can be accomplished when we band together. As a result, we joined the groups together to create OnePioneer. OnePioneer is led and self-governed by a diverse representation of our employees. They operate as a singular team to advance diversity and inclusion across the entire company.

OnePioneer's mission is to champion our culture of RESPECT and community stewardship by fostering an inclusive and productive environment that visibly supports and actively empowers all employees to thrive through education, recruitment, advocacy, wellness, development, mentorship, networking and philanthropy. More than 30 percent of our employees are members of OnePioneer.

# PIONEER

## BETTER TOGETHER

### OnePioneer Principles

**We listen, show up and speak up** as allies for people and communities that are different from our own.

**We advocate** for an accessible and inclusive workplace that supports employees with permanent and temporary disabilities.

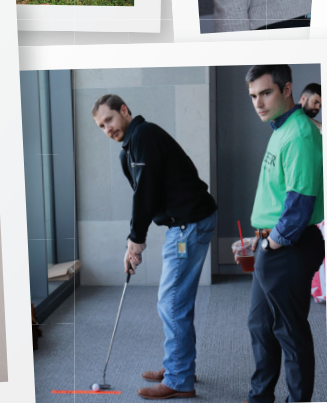
**We embolden our employees** to bring their whole selves to work regardless of sexual orientation, gender identity or gender expression.

**We support** veterans, active service members and their families.

**We appreciate and celebrate** individuals from all cultural backgrounds and foster a culture of inclusion through promoting a constructive understanding of our differences and potential biases.

**We connect** employees through mentorship, networking and shared learning to adapt and succeed at every stage of their careers in a rapidly changing workplace.

**We promote** equality through the development, retention and advancement of women and people of color at Pioneer.



Under the OnePioneer umbrella, we still provide a space for employees to come together with a shared interest or identity. Pioneer proudly supports these network groups:

- Different Abilities Network
- Women's Network
- Early Career Employees
- Military Network
- Multicultural Network
- Parent and Caregivers Network
- PRIDE+ Network
- Appreciating Differences

Pioneer continued our diversity and inclusion training program developed in conjunction with a third-party provider called Appreciating Differences™. The program enabled learners to discover how diversity impacts business and provides participants a private examination of their reactions toward

human difference. It also motivates them to embrace the role of a diversity change agent to promote workplace inclusion, employee engagement and productivity. With 100 percent of leaders and 75 percent of individual contributors trained, we will continue to offer the training as a core tool in our diversity strategy.

**WELL Done**  
YOU ARE OUR GREATEST ASSET

### WELL Done

Having a culture in which employees feel recognized and valued is paramount. Pioneer launched WELL Done, our new employee appreciation program, in 2019. Driven by both peer-to-peer and manager recognition, WELL Done allows Pioneer employees to recognize and reward their colleagues for outstanding work, especially in relation to our RESPECT values. In the first year of the program, more than 3,800 WELL Done Awards were granted.

Engaging our Diverse Community

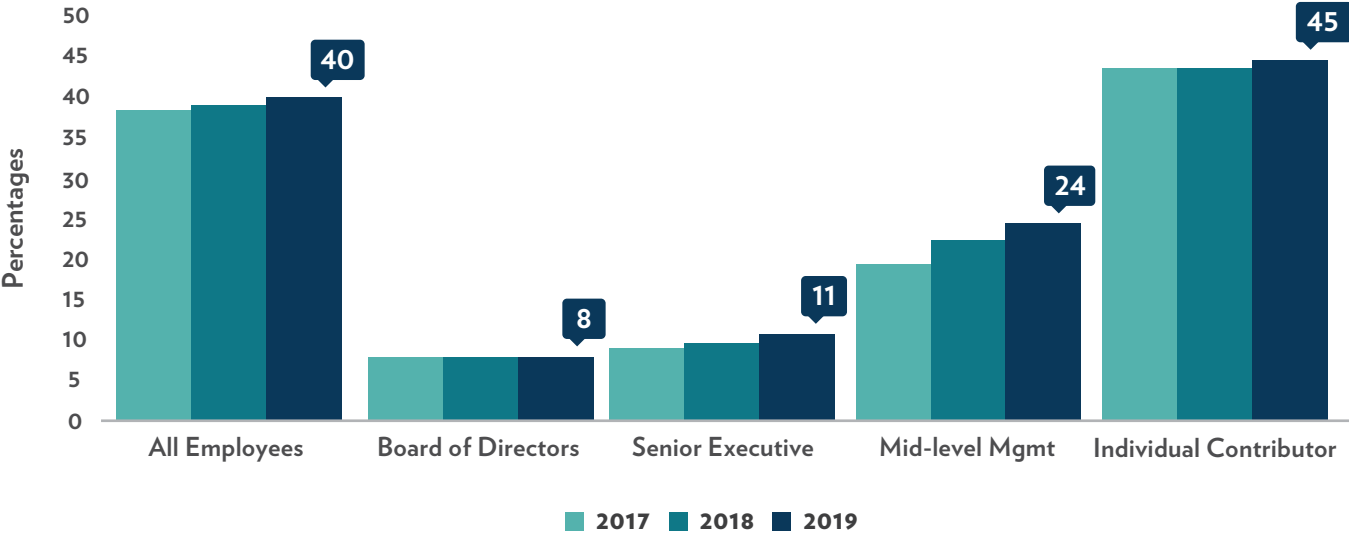
One of the pillars of our Diversity and Inclusion program is to help build the future talent pipeline of underrepresented groups in the STEM fields and to support the advancement of underrepresented groups currently working in our industry. A few highlights of our partnerships with community organizations include:

Organization	Pioneer Commitment	Organizational Goal
Girls Inc.	Hosted 300 girls and chaperones in the Dallas area for the inaugural <i>Power 2 the Girl Conference</i>	Day-long conference goal was to provide girls real tools to use in everyday life while promoting STEM
Pathways to Success Youth Career Expo	Pathways to Success Youth Expo planning and execution	Encourage, engage and educate students about their future career opportunities in the Permian Basin
Permian Basin Workforce Development Board	Corporate Support	Programs that invest in the future through jobs and training
Women in Engineering Program at the University of Texas in Austin	Girl Day at UT Austin corporate support	Allows elementary and middle school students hands-on STEM exploration hosted by volunteer scientists, engineers and STEM enthusiasts
Carry the Load - nonprofit organization	Carry the Load first-stop sponsor, Dallas and Midland areas	Allows elementary and middle school students hands-on STEM exploration hosted by volunteer scientists, engineers and STEM enthusiasts
Women's Energy Network	Corporate Sponsor - North Texas and Permian chapters	Provided unlimited membership benefits for all employees to join and participate

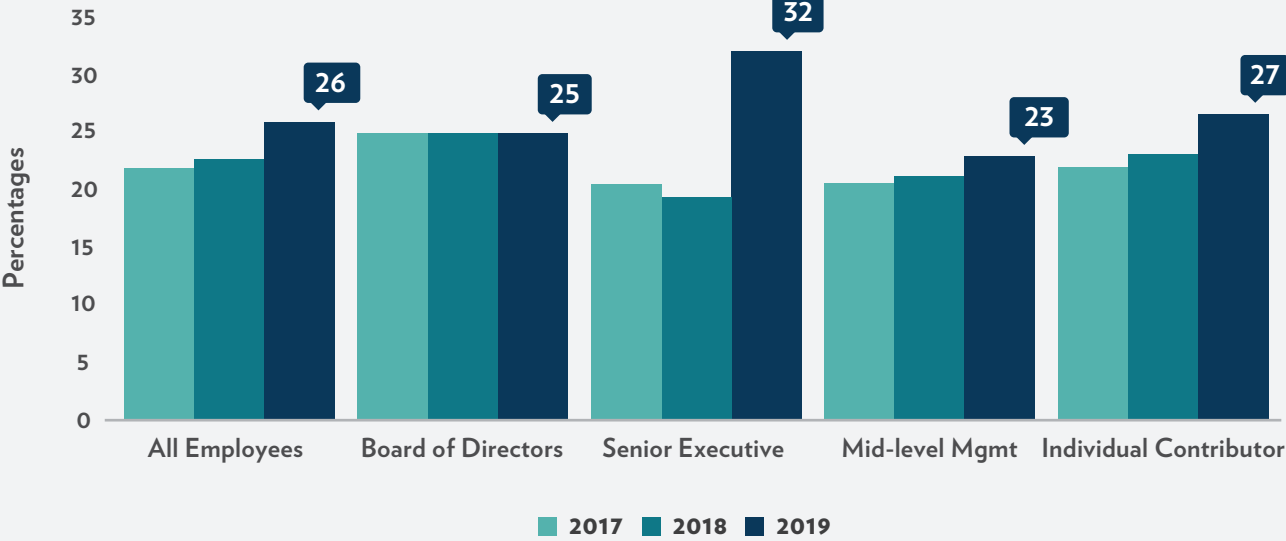
Demographics

Pioneer is committed to transparency around diversity and inclusion. As part of that, we offer full view of our progress to date. In 2019, women held 27 percent of all leadership positions including 32 percent at the senior executive level. The overall proportion of minority employees has remained steady over the past years. We continue to achieve steady growth within both senior executive and mid-level management. Pioneer actively leverages our campus recruiting program to diversify our pipeline of incoming talent. The Pioneer Management Committee regularly reviews the demographics of our employees to ensure that diversity is advanced at all levels of the company.

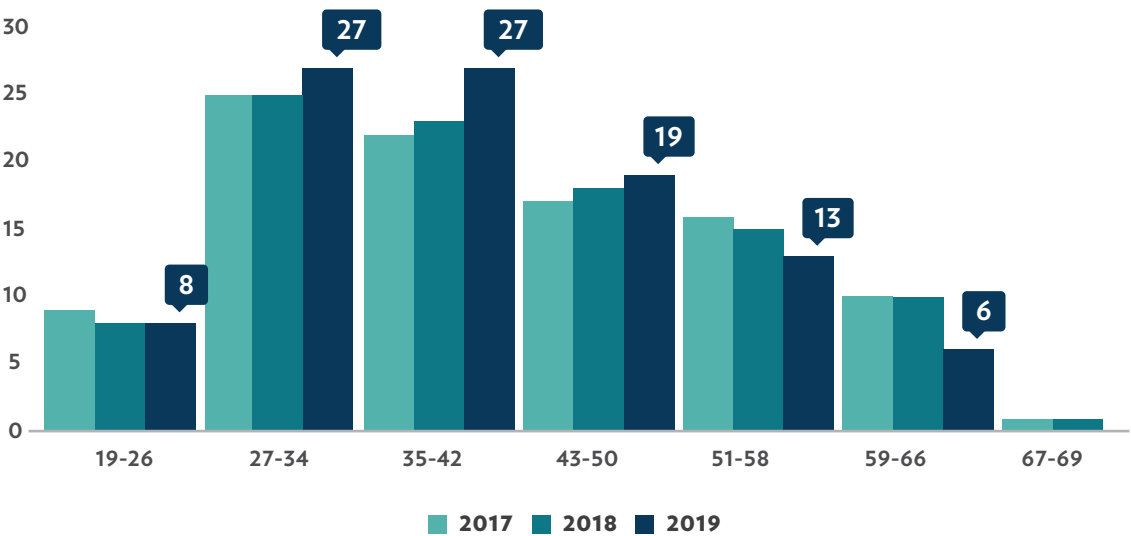
Minority Representation at Pioneer



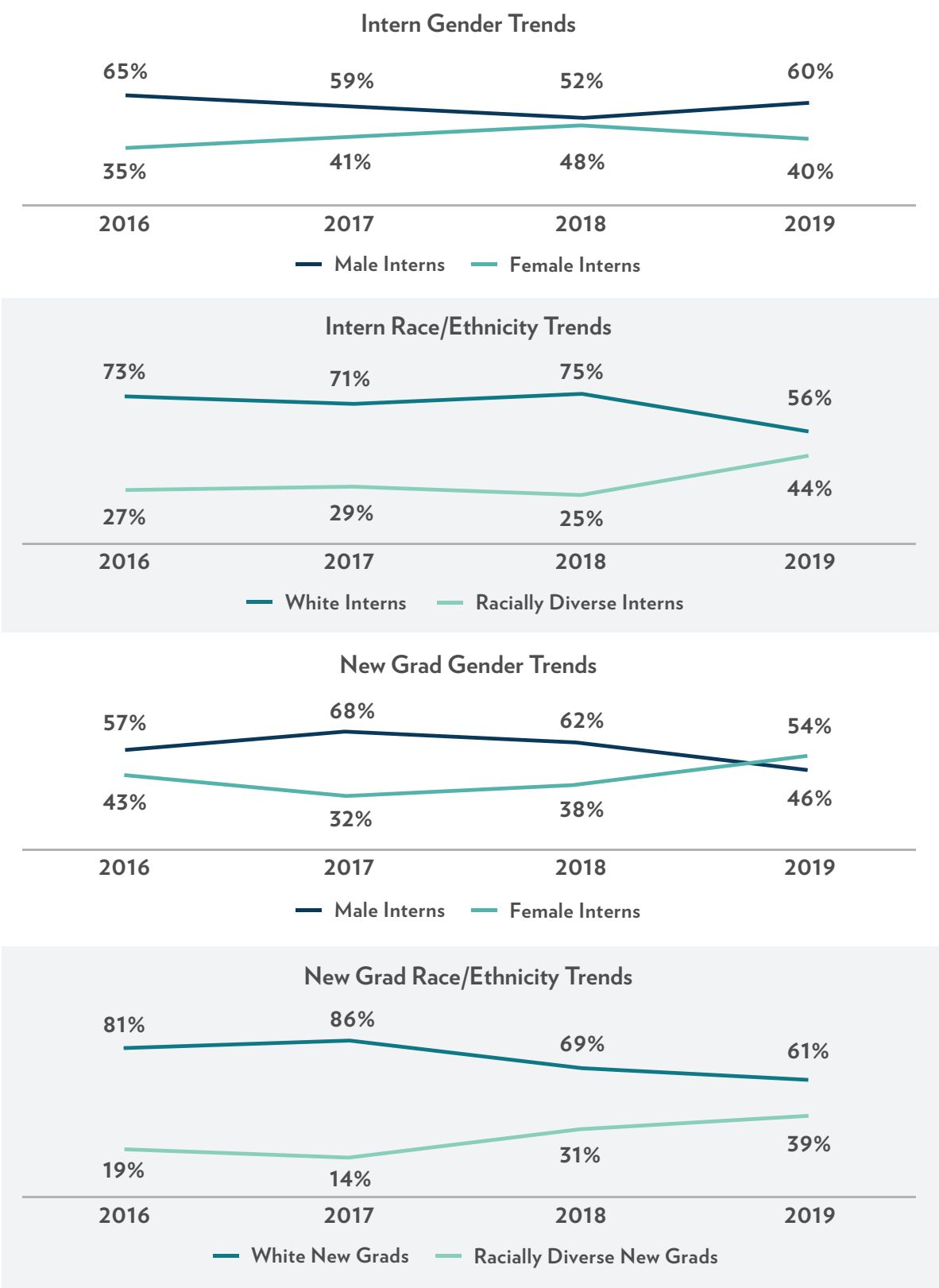
Women at Pioneer



Employee Age Demographics



Campus Recruiting Diversity  
Demographics for new graduates and interns



From best available data sources, however as we continue to improve data collection methods and processes, these numbers may be subject to change.

Investing in our People,  
Our Greatest Asset

Pioneer is committed to being a workplace where individuals bring their authentic selves and are supported in an environment that nurtures all aspects of their lives, leading them to perform their best. Our success is driven by our people.

Compensation and Benefits

Pioneer annually reviews salaries for all employees to ensure a living wage, adjust for market conditions, and attract and retain a highly skilled workforce.

Pay for Performance

Each Pioneer employee can influence their take-home pay through their performance. Our employees participate in:

- Cash incentive plan that takes into consideration individual and company performance
- Traditional bonus plan heavily influenced by individual performance and
- Variable compensation plan denominated in company stock.

Best-in-Class Benefits

We consider our employees to be our greatest asset and encourage them to take full advantage of the great benefits and programs we offer. To ensure we attract and retain top talent, we set ourselves apart from other employers by carefully selecting an outstanding benefits package.

Peer and Industry-Competitive Benefit Offerings:

- Comprehensive medical, dental and vision plans
- Company-provided life insurance, short-term disability and long-term disability
- Paid maternity and paternity leave
- 12 weeks of 100 percent pay for primary caregiver
- 2 weeks of 100 percent pay for secondary caregiver
- Flexible work schedule and compressed workweek
- Generous paid time off program, including paid sick leave
- 401(k) employer match

Careful Restructuring

Like many companies before us, Pioneer has recently faced the difficult task of reducing and restructuring our workforce. In 2019, we realigned our staff to fit our Permian pure-play business model, and in 2020 we were forced to reduce our workforce again to reflect the reduction in the company’s long-term growth rate following the onset of the COVID-19 pandemic and the simultaneous slump in oil prices. While we very much consider this a last resort and work hard to avoid this scenario, we take great care in ensuring our employees are well cared for until they secure their next role. We provide a generous salary allotment, additional funds for insurance coverage and full vesting of Pioneer stock awards, among other provisions.

A Culture of Health and Wellness

Onsite Amenities that set our Company Apart

**Daycare Centers:** Employees in our Las Colinas and Midland Corporate Offices have the convenience of an onsite childcare center that offers early childhood programs for their children ranging from infants to kindergarten prep.

**Health Centers:** Pioneer has three on-site health clinics that provide healthcare for both employees and their families. Medical services provided include preventative screenings, sick visits, routine check-ups, chronic condition management and urgent care needs.

**Employee Cafeterias:** Employees enjoy a range of healthy eating options at five of our office locations equipped with an on-site cafeteria.

**Fitness Centers:** All locations have on-site fitness centers for employee use.

**Virtual Healthcare Access:** When the world was impacted by the COVID-19 pandemic, Pioneer was able to seamlessly provide employees and their families with the same level of healthcare as before. Many of our programs already offered (or quickly adapted to) a telehealth option.

Focus on Mental Health

The pandemic has put a spotlight on the mental health crisis in a new and immediate way. The stress, anxiety, isolation and uncertainty of this time are not only raising awareness but pushing us as individuals and as a society to have the honest conversations we always needed to have about mental health – especially taking action. Pioneer has always been proud to provide our employees and their families with a multi-channel offering of different resources to assist with achieving their optimal mental health and well-being.

Feel 1 Mil

In 2019, Pioneer launched Feel 1 Mil, a total mind and body wellness program. Feel 1 Mil offers several opportunities to nurture mind, body and spirit, allowing employees to prioritize their health and wellness. Employees and their families have access to our online wellness portal to track health and wellness goals. With services such as Teledoc, health bots, and on-site mammography and biometric screenings, employees have around-the-clock choices for preventative, mental and acute medical care.

Promoting Teamwork

Teamwork and collaboration are cornerstones of our success. Along with internal team-building activities, Pioneer is the premier sponsor of two local community initiatives: Corporate Challenge held in Richardson, Texas, and Corporate Cup held in Midland. These community competitions are Olympic style, coed team building tournaments that garner high participation among our employees. Although a primary benefit of this healthy competition is bringing our employees together, the most fulfilling benefit is the philanthropic support for our communities.



Talent Management and Development

Performance Management

At Pioneer, our performance management process occurs quarterly and enables our employees to perform at their best. In accordance with our RESPECT values and culture, our performance management process encourages and reinforces:

- Ongoing feedback and coaching between employees and managers
- Employee growth and development for their current role and future success
- Alignment of individual goals with company goals and team objectives

Competency-Based Developments

Pioneer strives to build a more skilled and engaged workforce with skill-building and competency-based training and development opportunities. Our competency model comprises professional, leadership and technical competencies and complements our Individual Development Planning process. Our competency-based development framework allows us to:

- Clarify what success looks like in current or future job roles and career paths
- Enable data-driven decision-making on learning and development priorities
- Provide guidance and employee development
- Promote candid feedback and career discussions between employees and managers
- Empower employees to drive their own development

Learning Development

Pioneer offers many opportunities and resources to help employees grow their knowledge and skills in accordance with our 70/20/10 learning model (70 percent on-the-job and experience-based, 20 percent collaboration and coaching, 10 percent formal training). We offer employees a variety of self-service options, compliance trainings, technical trainings, consultation services, vendor partnerships and more. Pioneer University, in partnership with Cornerstone, has 800+ offerings. Here are some trainings launched in 2019.

Development	Training/Resource	Impact/Goal
Professional	Online Training Resources	Available to all employees, our online training contains a variety of topics and learning content types, including videos, tools, articles and more.
	Monthly Instructor-led Employee Trainings	Instructors lead these workshops that cover topics such as Work & Well-being, Leading Change, and Influencing People for Better Business Results.
Leadership	Frontline Leader Series	In partnership with Harvard Business Publishing, this blended, cohort-based learning program provides concepts and practical tools to effectively lead others in a highly relevant and applied context.
Technical	PXDrill Training Program	More efficient drilling results in better, lower-cost wells. Pioneer ensures employees and contractors receive training to ensure all are working toward one goal.
	TASK (Training, Assessment, Skills, Knowledge)	This operational training program for Production Operators teaches hands-on experience in the field environment.

Talent Planning

Our Talent Planning approach identifies and targets development for critical talent. We identify critical roles based on several factors, including strategic importance, significant scope and impact, and unique skills. Successor candidates for those critical roles are then identified as those who have the interest, ability and experience to succeed in the critical role within five years. High potentials are identified based on an assessment of four factors of potential and their achievable level. Talent Planning enables Pioneer to proactively approach succession planning and offer targeted development for high potentials and successors, while enabling a cross-functional view of talent to increase visibility and mobility. Below is an example of a targeted development approach we put into place for officer-level successor candidates.

Executive Leadership Development Assessment – A 1.5-day program hosted by Leadership Worth Following, LLC, this development course includes online assessments, an in-depth interview and leadership simulations, as well as detailed feedback and coaching aimed at accelerating development of our future executive leaders.

Investing in Future Talent

Campus Recruiting

A key component of our diversity strategy is recruiting the next generation of Pioneer employees. We carefully select interns and place them on challenging, problem-solving projects that complement our ongoing exploration and development efforts. Each intern is assigned a mentor and team to maximize learning and collaboration.

We broaden the pool of diverse job candidates by reaching out to local student chapters such as National Society of Black Engineers, Association of Women Geoscientists and Society

of Women Engineers at approximately 11 universities. Promoting diversity initiatives on campus to engage female and underrepresented students through various university programs has shown to have a direct impact on the diversity of our new hires.

Our interns visit the oil field and view operations firsthand, such as drilling, completions, facilities development and gas processing, while interacting with engineers, geoscientists, technicians and field personnel. Field trips, which are designed to develop a comprehensive understanding of Pioneer oil and gas operations, also serve as a great way for interns to get to know each other and their fellow Pioneer employees.

Commitment to Education

In 2019, Pioneer provided \$1.5 million in grants to students through our scholarship and employee tuition reimbursement programs. Partnering with organizations such as the Women’s Energy Network allows us to further our reach and encourage the next generation of female representation in STEM fields. Additional activities to support education in the areas in which we operate include:

- Matching employee gifts to institutions of higher education
- Participation in local advisory committees for primary and secondary education
- Mentor partnership with Parker Elementary
- Supporting our Communities

Pioneer and our employees have a long philanthropic history. In 2019, this culminated in the rollout of our first comprehensive strategic corporate giving plan, WELL Spent. Pioneer is committed to enhancing the communities where we live and work, and WELL Spent is an essential part of our corporate outreach. The program helps us serve the needs of our communities, support employee involvement within those regions and build positive stakeholder relationships. Pioneer RESPECT values are focused on people, including employees, contractors and those with whom we interact in our communities.

To support our corporate giving program, Pioneer implemented a new charitable giving platform in 2019. The WELL Spent platform gives employees and philanthropic partners a one-stop shop for all charitable activities. Pioneer believes our corporate

giving should help strengthen the communities where we live and work. Specifically, our contributions should make a meaningful impact in areas that align with our values and goals and are important to our employees.



In 2019, Pioneer and our employees contributed nearly \$5 million to charitable organizations and educational institutions. We promote individual and corporate philanthropy by utilizing a multi-layered approach that includes strategic corporate partnerships, volunteer committees, leadership oversight, employee-driven matching and grants, and university gifts.

Corporate Giving: A Strategic Investment





In 2019, Pioneer corporately supported the following universities,  
for a total contribution of: **\$1,135,000**



### Corporate Partnerships

A pillar of Pioneer giving is our commitment to strategic corporate partnerships that positively impact the communities where we live and work. These partnerships take a variety of forms, from funding of capital campaigns and sponsorship of fundraising events to support of key charitable organizations and their programs.

In 2019, some of our key Dallas community partners included:

- Dallas Area Habitat for Humanity
- Dallas CASA
- Dallas Theater Center
- Juvenile Diabetes Research Foundation International
- The George W. Bush Foundation and Community Home for Adults

Pioneer corporate partnerships in the Permian community included:

- Midland Habitat for Humanity
- United Way of Midland

- CASA of West Texas
- Centennial Park
- Bynum School
- Parker Elementary
- Permian Basin Petroleum Museum
- Bustin' for Badges
- The MS Society

### Donations Committee and Permian Leadership Team

In 2019, our volunteer-based Permian Donations Committee was comprised of employee volunteers from our Midland operations.

Our senior Midland leaders oversee Pioneer involvement and giving in our Permian community by approving donation recommendations and guiding Pioneer philanthropic partnership decisions in the Permian. Members offer a unique perspective by being community residents, employees and company leaders. In 2019, our Permian Donations Committee contributed nearly \$100,000 in total to local Volunteer Fire Departments, Future Farmers of America (FFA) and Livestock Associations across our Permian community.

### University Gifts and Matching

Pioneer needs a skilled, educated and talented work force in order to continue our successful operations. We work to attract top talent by direct involvement with schools, colleges and universities where we recruit. Through our company match option in WELL Spent, Directors and employees may make a personal contribution to a university or college of their choice, and Pioneer will match their gift (up to a \$5,000 individual maximum).

To foster our culture of giving with our younger employees, employees up to 35 years of age receive a three-to-one match for their donation to an educational institution. Pioneer has also established campus relations with university partners through campus engagement events like career fairs and interviews, student internships, and university donations to maintain a talent pipeline of young professionals. In 2019, Pioneer corporately supported the universities above, for a total contribution of \$1,135,000.

GivingTuesday

In 2019, Pioneer hosted our first GivingTuesday corporate event to celebrate the global day of giving and collaboration. Pioneer matched donations of employees to a charitable organization of their choice, up to a \$250 maximum. Employees had a 24-hour period to submit their contributions and match requests through the WELL Spent platform. GivingTuesday was a great success: More than 340 employees participated, representing every Pioneer office location and raising roughly \$117,000 – including the company match – for more than 285 charities.

In November 2019, the Association of Fundraising Professionals Permian Basin Chapter awarded Pioneer the Outstanding Philanthropic Business Award, acknowledging our contributions within the Permian community. The association acknowledged and recognized local companies and organizations for philanthropy, fundraising and volunteering. Those recognized were nominated by community members and chosen by a panel of local nonprofit and philanthropic leaders.

#GIVINGTUESDAY  
IN ONE DAY, WE RAISED OVER  
**\$117,000**  
THANK YOU!

Charities Reached



Employees that Participated



Locations

LCO • MCO • HWY 80 • Midkiff • Big Lake • PWS • PWM

Bettering our Communities

WELL Spent is more than donations – our strategic philanthropic plan includes organizing employee-focused volunteering events with many of our key charitable partners. Pioneer employees actively participate when it comes to bettering our communities.

Organization	Mission	Our Contribution
Texas Trees Foundation	Provide education and other support needed to create more livable communities and teach better land stewardship through a variety of initiatives, programs, projects and partnerships. In 40 years, they have planted 572,000+ trees in Texas.	Nearly 100 Midland and Dallas employee volunteers, with help from the fourth graders at Parker Elementary, planted 75 trees.
Centennial Park: Midland, Texas	A public-private partnership to develop a four-acre park and community space in the heart of downtown Midland. The park will transform downtown Midland into a natural and cultural oasis for recreation, an important quality-of-life factor necessary for attracting and retaining businesses and residents.	We are proudly pledging \$1 million toward the construction of such a valuable amenity for the community of Midland.  Centennial Park is scheduled to be completed in 2021.
Bustin’ for Badges	Bustin’ for Badges clay shoot to support the Midland and Odessa police departments and the Midland and Ector County sheriff departments. Funds are used for equipment, technology and training that would otherwise not be covered in their annual budgets.	Each department received \$100,000 from the event.  Pioneer proudly contributes more than \$50,000 each year as the sponsor, plus volunteer hours from our employees.
Bike MS	Bike MS events in Dallas and Midland for the ninth consecutive year to raise money to stop multiple sclerosis in its tracks.	Dallas and Midland corporate sponsorship support of \$25,000;  Pioneer cyclists and volunteers raised a record \$79,889 in 2019, with a multi-year total of \$303,000.
Petroleum Museum STEM Education Center	Capital campaign to develop a STEM Education Center to: <ul style="list-style-type: none"><li>• Expand class sizes and programs</li><li>• Enhance learning for all ages</li><li>• Continue to increase collaboration with Permian Basin schools</li><li>• Work closely in partnership with the planned IDEA charter school on the adjacent grounds</li></ul>	Pioneer has contributed \$250,000 to the capital campaign, which is slated to begin construction in 2021.

Supply Chain Management

Local Permian Basin Suppliers – Pioneer values its relationship with a diverse set of local Permian Basin contractors and suppliers. In 2019, at least 39 percent of our capital spend is attributed to suppliers based in the area, with more than 75 percent of our spend attributed to suppliers headquartered in Texas or whose goods are manufactured in-state. As a company, we recognize the importance of supporting the local community of suppliers critical to employment in the region.

Supplier Expectations

We strive to work with companies that share our high standards and values. As outlined in our Code of Business Conduct, business integrity, safety and environmental stewardship are our main priorities. Pioneer’s standard master service agreements contractually obligate our contractors and suppliers to comply with our Code of Business Conduct, including our Human Rights Policy and Commitment.

Supply Chain Management utilizes our procure-to-pay process to encourage sustainable practices within our supplier community. We encourage collaboration and continuous improvement from our business partners and work up front with suppliers to set expectations and ensure accountability. Our Supply Chain team is working to better understand our relationships with Historically Underutilized Businesses (minority-, women- and veteran-owned businesses) as a part of our overall ESG and diversity efforts as a company.

Supplier Collaboration to Drive Sustainability

Pioneer Supply Chain Management works with suppliers to find new ways to reduce our environmental impact and risk while creating more sustainable operations. In many cases, we have achieved these goals through automation, improved technology, and focus on the overall economics and engineering of a given project. Our Supply Chain is integrating an ESG component into our standard contract award process.

Supplier Pre-Qualification

Pioneer assesses every supplier through an extensive prequalification process based on the specific work type. This process includes important supplier safety and environmental information as well as HSE documentation. All contractors performing services on a Pioneer location must first sign our Pioneer Master Service Sales Agreement, which binds them to our Code of Business Conduct. Safety and environmental stewardship are integral to our relationship with our contractors, and our Pioneer programs and goals are communicated to our contractors starting with their initial set up as a Pioneer supplier through ongoing Supplier Performance Management conversations.

Supplier Sourcing and Performance Management

Pioneer standard sourcing and contract templates include supplier obligations to participate in contractor safety meetings, provide root cause analysis and perform thorough HSE reporting. Contractually, suppliers may be required to participate in our Supplier Performance Management program. Key performance indicators may be tracked and reviewed. Pioneer and its suppliers conduct collaborative evaluations of holistic performance (including safety and sustainability) on a periodic basis. Pioneer regularly conducts supplier audits to verify compliance with our policies and expectations. Performance improvement plans will be instituted for any suppliers not meeting our expectations.

For additional Supply Chain information, visit [PXD.com](https://www.pxd.com) > *Operations and Innovation* > *Suppliers*.

Social and Economic Value to our Stakeholders

Pioneer contributes to the U.S. economy and our nation’s increased energy security by reducing our dependence on foreign oil and reducing the overall cost of energy. However, we recognize that

the increased development activity leads to challenges that we must address as an industry. These obstacles are particularly poignant in West Texas. As a Permian pure-play operator, Pioneer is exceptionally mindful of how we contribute, directly and indirectly, to the economies of the communities where we operate and where our employees work and live. While we positively and significantly impact the local economy through job creation, taxes and economic development opportunities for our partners, our operations also amplify the strain on education, housing and infrastructure.

In 2019, Pioneer paid more than \$511 million in state and local taxes and royalties. The following map depicts the number of people Pioneer employed in West Texas and North Texas (our headquarters) in 2019, and the state and county taxes Pioneer paid in 2019. Production, or severance, taxes are levied by the state on companies producing natural resources. Ad valorem taxes are levied at a county level, and the producing resources are taxed according to their appraised fair market value.

Supply Chain Management  
Integrating Safety and Sustainability



Cost Control

Our commitment to seeking the best value for Pioneer is at the forefront of everything we do.



Customer Service

Whether internal or external, SCM aims to provide service at the highest level.



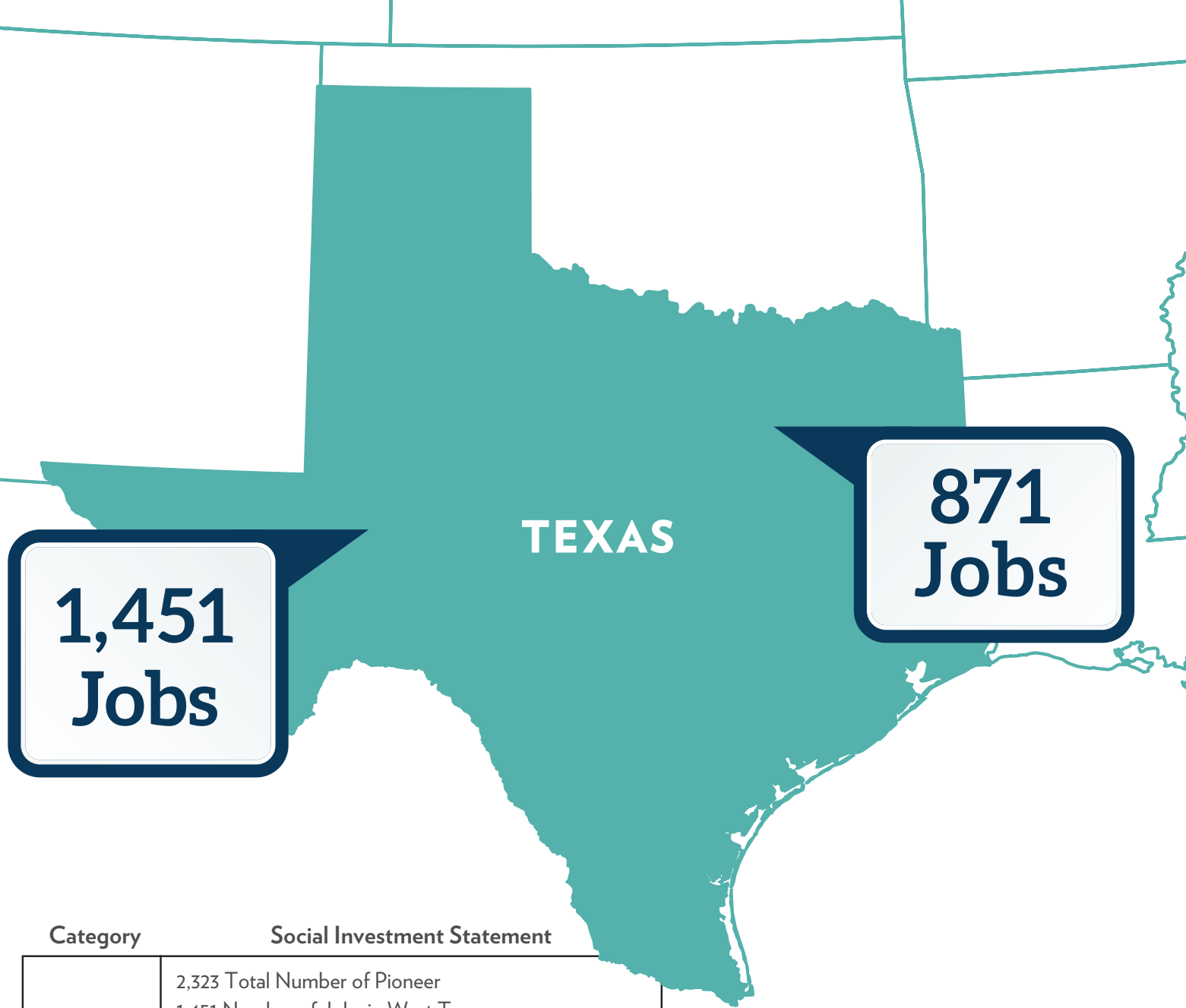
Visibility and Transparency

Consistent and clear data presentation is vital to the SCM process, so we share this data throughout the company and externally.



Strong Alignment

We partner with the Business groups to focus on shared goals and objectives.



Category	Social Investment Statement
Jobs	2,323 Total Number of Pioneer 1,451 Number of Jobs in West Texas 871 Number of Jobs in Dallas \$439 million in Wages and Benefits
Community Investment	\$4.9 Million Social investments 12% of total - Charitable Donations 88% of total - Community Investment
Supply Chain	39% of capital spend at companies based in West Texas 79% of capital spend at companies headquartered in Texas
Taxes	\$512 million - Total State and County Taxes \$93.3 million Ad valorem taxes - State of Texas \$0.9 Million Ad valorem taxes - West Texas \$110 million Sales taxes - State of Texas \$2.6 million Sales taxes - West Texas \$308.3 million - Severance taxes

### Workforce and Social Investments

Pioneer is a significant contributor to the economies of the communities where we operate and where our employees work and live. The following map depicts social investments in our operational area (the Midland Basin) and the state of Texas, as of December 31, 2019.

Production, or severance, taxes are levied by the state on companies producing natural resources. Ad valorem taxes are levied at a county level, and the producing resources are taxed according to their appraised fair market value.



### Permian Strategic Partnership

After announcing our intention to become a Permian pure-play operator in late 2017, Pioneer recognized the rapid level of oil and gas development in the region was creating a critical need to support the local community differently. Working with nine other companies operating in the region, Pioneer led the creation of the Permian Strategic Partnership.

*This unprecedented coalition in the oil and gas industry is dedicated to improving the quality of life for Permian Basin residents in five key areas:*

- 1) excellent schools
- 2) safer roads
- 3) quality health care
- 4) affordable housing
- 5) a trained workforce

The Permian Strategic Partnership, now consisting of 19 member companies, is a catalyst for advancing these five goals by bringing stakeholders together; advocating for local communities with federal, state, and local officials; and contributing people, expertise and resources to help plan for and meet local needs. To support this effort, the Permian Strategic Partnership has committed to providing more than \$100 million as seed money to spur other public- and private-sector investments and support projects to improve the region's quality of life and livelihoods. Pioneer is proud of our role in founding the Permian Strategic Partnership and committed to supporting the impactful initiatives that the coalition implements.

2019 PSP Initiatives

Focus Area	Initiative	PSP-Related Impact
Education	<b>IDEA Schools:</b> PSP partnered with local philanthropy to fund IDEA public charter schools. A total of 14 schools at seven sites in Midland and Odessa will be opened by the 2024-2025 school year.	\$16,500,000
	<b>Teacher housing subsidy (Weidner Homes):</b> By partnering with Weidner Homes, PSP facilitated a 20 percent discount on teacher rent in Midland and Ector Counties.	\$720,000
Workforce	<b>Career Technical Education Academy – Hobbs, New Mexico:</b> PSP, city and school district of Hobbs, and the J.F. Maddox Foundation partnered to fund a state-of-the-art regional CTE school that will help train a future Permian Basin workforce.	\$10,000,000
Multiple	<b>NM grant-writing support:</b> PSP is funding grant writers in Lea and Eddy County that will apply for grant projects within our five focus areas to benefit southeast New Mexico.	\$500,000
Healthcare	<b>Texas Tech Residency Program:</b> PSP is funding an expansion of the Texas Tech University Health Sciences Center Family Medicine Program and Mental Health Fellowship Program. This expansion will increase the number of primary care providers in the Permian Basin by 21 Family Medicine residents and two Mental Health fellows, adding Pecos, Carlsbad and Hobbs as resident locations.	\$5,930,000
Roads	New Mexico Department of Transportation BUILD Grant Support Project. Committed to New Mexico Roads (federal funds). <b>Complete.</b>	\$12,500,000 (federal funds)
	Texas Department of Transportation UTP Advocacy Project. \$600M committed to Texas Roads (45% increase, state funds). <b>Complete.</b>	\$600,000,000 (state funds)
TOTAL PSP Financial Impact Potential		\$646,150,000

All Pioneer lobbying and advocacy expenditures are made in the United States. In 2019, Pioneer made significant financial contributions (more than \$25,000) to the following trade and business associations, which we considered strategic partners:



A comprehensive list of lobbying and advocacy contributions for 2019 can be found on the Advocacy page of PXD.com.

Political Engagement

Pioneer works in conjunction with industry partners to advocate for a secure energy future. We actively participate in the political process, with the goal of informing policymakers and regulators about our business and advocating for policy solutions that mutually benefit our state, local communities, industry, Pioneer and our shareholders.

National and State Trade Associations

Pioneer collaborates with national, state and regional trade associations representing the oil and gas industry to share information and advance a common agenda on legislative and regulatory matters.

Pioneer has adopted a policy on political expenditures, which is set forth in our Code of Business Conduct and Ethics and is applicable to all Pioneer directors and employees. As stated in the policy, no company funds may be used for political contributions in the United States or in any foreign country, unless permitted by law, approved by the Chief Executive Officer or Chief Operating Officer, and then approved by either the General Counsel or Chief Compliance Officer. Pioneer employees fulfill annual training requirements regarding political contribution processes.

The charter of the Nominating and Corporate Governance Committee of the Board provides for the committee’s oversight of all Pioneer political spending and lobbying activities. The committee, which is composed entirely of independent directors, receives an annual report from senior management on Pioneer political activities, including corporate contributions to issue campaigns or referenda; payments to 527 organizations, 501(c)(4) groups, and other tax-exempt organizations; dues paid to trade associations; and political action committee (PAC) contributions.

Corporate Political Contributions

Pioneer may make occasional corporate contributions to political organizations and campaigns whose objectives are consistent with our business objectives in the areas in which we operate. While Pioneer directors and employees are free to participate in the political process individually, they may not represent a personal political contribution as being made on behalf of the company, and no director or employee may seek reimbursement, directly or indirectly, from Pioneer for any political contribution.

Pioneer made the following corporate political contributions in 2019.

Corporate Political Contributions	
Recipient	Amount
We Choose Our Future PAC	\$50,000
Texas Now PAC	\$500,000

Political Action Committees

Some eligible employees contribute to PACs sponsored by Pioneer. The activities of the Pioneer PACs are subject to comprehensive governmental regulation, including detailed disclosure requirements. These disclosures are posted on the website of the Federal Election Commission or the Texas Ethics Commission, where they can be reviewed by members of the public. All distributions made from the PACs are approved by their respective boards, currently comprising senior members of management. All suggested distributions are reviewed to ensure they are consistent with legal limits and are delivered to entities eligible to receive PAC funds. All contributions to PACs are voluntary, and it is Pioneer policy that no one be favored or disadvantaged by reason of the amount of their contribution or their decision not to contribute.

For additional information on political expenditures, *visit **PXD.com** > **Culture** > **Advocacy**.*

Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the proposed transaction between Pioneer Natural Resources Company (“Pioneer”) and Parsley Energy, Inc. (“Parsley”). The proposed transaction will be submitted to Pioneer’s stockholders and Parsley’s stockholders for their consideration. Pioneer and Parsley have filed a joint proxy statement/prospectus (the “Joint Proxy Statement/Prospectus”) with the Securities and Exchange Commission (the “SEC”) in connection with the solicitation of proxies by Pioneer and Parsley in connection with the proposed transaction. Pioneer has filed a registration statement on Form S-4 (the “Form S-4”) with the SEC, in which the Joint Proxy Statement/Prospectus was included. The information in the Form S-4 is not complete and may be changed. Pioneer and Parsley also intend to file other relevant documents with the SEC regarding the proposed transaction. After the Form S-4 is declared effective by the SEC, the definitive Joint Proxy Statement/Prospectus will be mailed to Pioneer’s stockholders and Parsley’s stockholders. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION WITH RESPECT TO THE PROPOSED TRANSACTION, INVESTORS AND STOCKHOLDERS OF PIONEER AND INVESTORS AND STOCKHOLDERS OF PARSELY ARE URGED TO READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED TRANSACTION (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND OTHER RELEVANT MATERIALS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY DO AND WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

The Joint Proxy Statement/Prospectus, any amendments or supplements thereto and other relevant materials, and any other documents filed by Pioneer or Parsley with the SEC, may be obtained once such documents are filed with the SEC free of charge at the SEC’s website at [www.sec.gov](http://www.sec.gov) or free of charge from Pioneer at [www.pxd.com](http://www.pxd.com) or by directing a request to Pioneer’s Investor Relations Department at [ir@pxd.com](mailto:ir@pxd.com) or free of charge from Parsley at [www.parsleyenergy.com](http://www.parsleyenergy.com) or by directing a request to Parsley’s Investor Relations Department at [ir@parsleyenergy.com](mailto:ir@parsleyenergy.com).

No Offer or Solicitation

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act.

Participants in the Solicitation

Pioneer, Parsley and certain of their respective executive officers, directors, other members of management and employees may, under the rules of the SEC, be deemed to be “participants” in the solicitation of proxies in connection with the proposed transaction. Information regarding Pioneer’s directors and executive officers is available in its Proxy Statement on Schedule 14A for its 2020 Annual Meeting of Stockholders, filed with the SEC on April 9, 2020 and in its Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 24, 2020. Information regarding Parsley’s directors and executive officers is available in its Proxy Statement on Schedule 14A for its 2020 Annual Meeting of Stockholders, filed with the SEC on April 6, 2020 and in its Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 21, 2020. These documents may be obtained free of charge from the sources indicated above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is and will be contained in the Form S-4, the Joint Proxy Statement/Prospectus and other relevant materials relating to the proposed transaction to be filed with the SEC. Stockholders and other investors should read the Joint Proxy Statement/Prospectus carefully before making any voting or investment decisions.

Cautionary Statement Regarding Forward-Looking Information

*Except for historical information contained herein, the statements in this Report are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to a number of risks and uncertainties that may cause Pioneer’s actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, volatility of commodity prices, the impact of a widespread outbreak of an illness, such as the COVID-19 pandemic, on global and U.S. economic activity; the ability to obtain environmental and other permits and the timing thereof; other government regulation or action; the assumptions underlying forecasts; and environmental and weather risks, including the possible impacts of climate change. These and other risks are described in Pioneer’s Annual Report on Form 10-K for the year ended December 31, 2019, Quarterly Reports on Form 10-Q filed thereafter and other filings with the United States Securities and Exchange Commission. In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse effect on it.*

*Additionally, the information in this Report contains forward-looking statements related to the recently announced merger transaction between the Company and Parsley. Such forward-looking statements are subject to risks and uncertainties that are difficult to predict and, in many cases, beyond the Company’s control. These risks and uncertainties include, among other things, the risk that the businesses of Pioneer and Parsley will not be integrated successfully; Pioneer or Parsley may be unable to obtain governmental and regulatory approvals required for the proposed transaction, or that required governmental and regulatory approvals may delay the proposed transaction or result in the imposition of conditions that could reduce the anticipated benefits from the proposed transaction or cause the parties to abandon the proposed transaction; a condition to closing of the proposed transaction may not be satisfied; and the potential impact of the announcement or consummation of the proposed transaction on relationships with customers, suppliers, and competitors.*

*Accordingly, no assurances can be given that the actual events and results will not be materially different than the anticipated results described in the forward-looking statements. Pioneer undertakes no duty to publicly update these statements except as required by law.*

Assurance

Pioneer conducted an internal audit of this report to determine subject matter experts in each department provided adequate supporting documentation and data to substantiate the information disclosed in this report. A weekly audit report was provided to key contributors, and a final, comprehensive analysis was presented to the ESG Task Force at the end of the full reporting process. The Corporate Sustainability Report was then, with review and guidance from the Board of Directors, approved for publication by the ESG Task Force and Management Committee.

Forward-looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by the use of words such as “target,” “will,” “plan,” “expect,” “forecast,” “future,” “commit,” “intend,” “potential,” “estimate,” and similar expressions that contemplate future events. The forward-looking statements speak only as of the date made, and we undertake no obligation to update such forward-looking statements. Forward-looking statements and the prospects of Pioneer Natural Resources Company are subject to a number of risks and uncertainties that may cause Pioneer’s actual results in future periods to differ materially from the forward-looking statements. These and other risks are described in Pioneer’s 10-K and 10-Q Reports and other filings with the U.S. Securities and Exchange Commission (SEC). In addition, Pioneer may be subject to currently unforeseen risks that may have a materially adverse impact on it. Thus, we can give no assurance that our expectations will, in fact, occur.



# Sustainability Performance Data

Numbers updated on 12/17/2020

METRIC	SASB ID	2016	2017	2018	2019
PIONEER AT A GLANCE (AT YEAR END)					
Oil Production (gross MBBL/day)					291.80
Natural Gas Production (gross MMscf/day)					703.78
Oil and Natural Gas Production (gross MBOE/day) - Best used for intensity					409.10
Number of offshore sites		0	0	0	0
Number of onshore sites		11,326	10,584	8,148	6,693
Air Emissions - Pioneer Extended Emissions Inventory					
Scope 1 emissions (metric tonnes CO <sub>2</sub> e)	EM-EP-110A.1				2,002,133
Carbon dioxide (metric tonnes CO <sub>2</sub> e)					1,345,508
Methane (metric tonnes CO <sub>2</sub> e)					656,625
Scope 1 methane emissions (percent methane)	EM-EP-110A.1				33
Flared hydrocarbons (metric tonnes CO <sub>2</sub> e)	EM-EP-110A.2				156,856
Other combustion (metric tonnes CO <sub>2</sub> e)	EM-EP-110A.2				1,215,047
Process emissions (metric tonnes CO <sub>2</sub> e)	EM-EP-110A.2				117
Other vented emissions (metric tonnes CO <sub>2</sub> e)	EM-EP-110A.2				551,319
Fugitive emissions (metric tonnes CO <sub>2</sub> e)	EM-EP-110A.2				78,796
Scope 2 emissions (metric tonnes CO <sub>2</sub> e)	EM-EP-110A.1				272,116
Scope 1 and 2 emissions (metric tonnes CO <sub>2</sub> e)					2,274,248
Emissions intensity (CO <sub>2</sub> e tonnes per MBOE)					15.2
Methane intensity (CO <sub>2</sub> e tonnes per MBOE)					4.4
Grid electricity purchased (trillion BTUs)			1.97	2.23	2.22
Non-renewable energy (trillion BTUs)			1.61	1.79	1.75
Renewable energy (trillion BTUs)			0.36	0.44	0.48
Normalized energy use (kWh per USD Revenue)			0.16	0.13	0.13
Non-renewable energy (percent)			81.8	80.3	78.7
Renewable energy (percent)			18.5	19.8	21.5
Air Emissions - As reported to the U.S. EPA					
Scope 1 emissions covered under emissions-limiting regulations (percent)	EM-EP-110A.1				0
Scope 1 emissions - (metric tonnes CO <sub>2</sub> e)		1,118,197	1,242,402	1,471,280	1,599,622
Carbon dioxide (metric tonnes CO <sub>2</sub> e)		683,664	791,309	1,006,208	1,199,779
Methane (metric tonnes CO <sub>2</sub> e)		433,306	449,948	463,888	398,379
Nitrous oxide (metric tonnes CO <sub>2</sub> e)		1,227	1,145	1,184	1,464
Scope 1 emissions - divested assets (metric tons CO <sub>2</sub> e)		948,312	919,417	268,792	0
Vapor Recovery and Flaring					
VRU captured gases (million tonnes CO <sub>2</sub> e)					5.6
Flaring (percent natural gas production)					0.73
Leak Detection and Repair (LDAR) (Survey counts approximated)					
LDAR program surveys (regulatory and voluntary)		41,000	13,000	10,000	10,500
LDAR identified leaks - OOOOa			500	900	1,000
LDAR leak repairs - OOOOa			500	900	1,000

Metric	SASB ID	2016	2017	2018	2019
Pioneer at a Glance (at Year End)					
Water Management (million cubic meters)					
Surface water		0.00	0.00	0.00	0.00
Freshwater withdrawn and consumed	EM-EP-140A.1	10.50	13.10	12.52	12.03
Non-freshwater (consumed and/or withdrawn)	EM-EP-140A.1	7.22	9.56	12.22	15.82
Recycled water - recycled produced water	EM-EP-140A.1	0.83	0.63	1.26	4.77
Reclaimed water - treated municipal water	EM-EP-140A.1	4.47	6.12	6.95	7.04
Brackish water	EM-EP-140A.1	1.92	2.81	4.01	4.02
Freshwater (percent)		59.3	57.8	50.6	43.2
Non-freshwater (percent)		40.7	42.2	49.4	56.8
Freshwater intensity (barrels per BOE EUR)		0.29	0.27	0.22	0.21
Freshwater intensity (barrels per BOE)		0.85	0.83	0.62	0.51
Water intensity (barrels per BOE EUR)		0.49	0.47	0.44	0.49
Water intensity (barrels per BOE)		1.43	1.43	1.23	1.17
Produced water and flowback generated: discharged (Million cubic meters)	EM-EP-140A.2			0	0
Produced water and flowback generated: recycled (Million cubic meters)	EM-EP-140A.2	0.83	0.63	1.26	4.77
Freshwater from regions with High or Extremely High Baseline Water Stress (percent)	EM-EP-140A.1				54
Groundwater Protection					
Hydraulically fractured wells with public disclosure of all fracturing fluid chemicals used (percent)	EM-EP-140A.3	100	100	100	100
Liquid Hydrocarbon Spills					
Number of hydrocarbon spills	EM-EP-160A.2	1,107	1,104	1,193	1,170
Aggregate volume of hydrocarbon spills (barrels)	EM-EP-160A.2	2,346	2,472	3,748	3,792
Aggregate hydrocarbon spill volume recovered (barrels)	EM-EP-160A.2	1,363	1,212	2,181	2,303
Volume of hydrocarbon spills in Arctic (barrels)	EM-EP-160A.2	N/A - NO OPERATIONS IN THE ARCTIC			
Volume of hydrocarbon spills impacting shorelines with ESI rankings 8-10 (barrels)	EM-EP-160A.2	N/A - NO OPERATIONS ALONG SHORELINES OR OFFSHORE			
Spills > 100 Barrels		1	1	5	7
Spills > 1 Barrel		317	366	387	335
Volume from spills > 100 Barrels (barrels)		135	153	1,113	1,507
Volume of Spills > 1 Barrel (barrels)		1,958	2,115	3,326	3,366
Volume Recovered from Spills > 1 Barrel (barrels)	EM-EP-160A.2	1,317	1,171	2,138	2,274
Volume Recovered from Spills > 1 Barrel (percent)		67	55	64	68
Social Issues					
Reserves in or near areas of conflict (percent)	EM-EP-210A.1	N/A - CONFLICT NOT PRESENT IN OR NEAR RESERVES AREA			
Reserves in or near indigenous land (percent)	EM-EP-210A.2	N/A - INDIGENOUS LAND NOT PRESENT IN OR NEAR RESERVES AREA			
Engagement processes and due diligence practices with respect to operation in areas of conflict	EM-EP-210A.3	N/A - AREAS OF CONFLICT NOT PRESENT IN OR NEAR AREAS OF OPERATIONS			
Number of non-technical delays	EM-EP-210B.2	N/A - NOT PRESENT			
Duration of non-technical delays (days)	EM-EP-210B.2	N/A - NOT PRESENT			
Reserves in countries with 20 lowest rankings in the Corruption Perception Index	EM-EP-510A.1	N/A - 20 LOWEST-RANKED COUNTRIES NOT PRESENT IN OPERATIONS			
Facilitation payments (USD)		0	0	0	0

Metric	SASB ID	2016	2017	2018	2019
Pioneer at a Glance (at Year End)					
Safety (rate per 100 workers or 200,000 hours)					
Total Recordable Incident Rate (TRIR)	EM-EP-320A.1	1.12	0.86	0.96	0.62
TRIR Benchmark – BLS U.S. Oil & Gas Industry (API Workers Safety Report 2019)		2.00	1.70	1.60	1.50
TRIR – E&P employees		0.25	0.47	0.28	0.40
TRIR E&P Benchmark – BLS U.S. Oil & Gas E&P (NAICS code 21112/211111)		0.90	1.00	0.80	0.60
TRIR - Service employees (No direct BLS benchmark to PXD services)		2.30	1.36	1.87	1.32
Lost-Time Incident Rate (LTIR)		0.12	0.36	0.32	0.14
LTIR - E&P employees		0	0.13	0.08	0.13
LTIR - Service employees		0.29	0.65	0.64	0.15
Work-related fatalities for employees	EM-EP-320A.1	0	0	0	0
Work-related fatalities for contractors	EM-EP-320A.1	0	2	0	2
Near miss frequency rate (NMFR) for full-time employees (OSHA Rate)	EM-EP-320A.1	7.15	6.29	7.05	5.93
Motor Vehicle Incident Rate (MVIR) (per 1 million miles)		0.29	0.37	0.54	0.58
Training (person hours)					
Health, safety and environmental training		50,762	43,248	34,485	29,559
WorkForce					
Total employees			3,827	3,817	2,323
Local workforce (percent)					98
Voluntary turnover rate (percent of workforce)			10	11	20
Women at Pioneer (percent representation in the workforce)					
All employees			21.9	22.7	26.0
Board of Directors			25.0	25.0	25.0
Senior executive			20.5	19.5	32.1
Mid-Level management			20.7	21.2	23.0
Individual contributor			22.1	23.3	26.7
Minority Representation (percent representation in the workforce)					
All employees			38.4	39.0	40.0
Minority Representation - Board of Directors (percent representation in the workforce)					
Black or African American			8.0	8.0	8.0
White			92.0	92.0	92.0
Minority Representation - Senior Executives (percent representation in the workforce)					
Asian			2.3	2.4	3.6
Hispanic or Latino			6.8	7.3	7.1
White			90.9	90.2	89.3

Footnotes:

API – American Petroleum Institute  
BBL - Barrels  
BLS – Bureau of Labor Statistics  
BOE - Barrel of oil equivalent  
BTU - British thermal unit  
CO2e - Carbon dioxide equivalent  
EUR - Expected Ultimate Recovery

kWH - Kilowatt hour

MBOE - Thousand barrels of oil equivalent  
MBBL - Thousand barrels

MMscf - Million standard cubic feet

OSHA - U.S. Occupational Safety and Health Administration

USD - U.S. Dollar

API Workers Safety Report 2019 Figure 1

(<https://www.api.org/-/media/Files/Publications/API-Workers-Safety-Report-2019.pdf>)

In the 2020 report, the divested assets reporting resulted in shifting up/down depending on the performance of those divested assets and the amount they contributed to the metric.

Metric	SASB ID	2016	2017	2018	2019
Pioneer at a Glance (at Year End)					
Minority Representation - Mid-Level Management (percent representation in the workforce)					
American Indian or Alaskan Native			0.5	0.5	0.2
Asian			1.3	1.6	2.6
Black or African American			2.6	3.0	3.9
Hispanic or Latino			14.9	17.0	17.4
Native Hawaiian or Other Pacific Islander			0.1	0.1	0.0
Two or More Races			0.1	0.3	0.2
White			80.5	77.5	75.8
Minority Representation - Individual Contributor (percent representation in the workforce)					
American Indian or Alaskan Native			0.5	0.3	0.7
Asian			2.2	2.4	3.8
Black or African American			6.5	6.5	4.4
Hispanic or Latino			33.8	33.5	34.5
Native Hawaiian or Other Pacific Islander			0.1	0.1	0.1
Two or More Races			0.5	0.8	1.1
White			56.3	56.4	55.4
Employee Age Demographics (percent of representation in the workforce)					
18 and under			0.0	0.0	0.0
19 - 26			9.0	8.0	8.0
27 - 34			25.0	25.0	27.0
35 - 42			22.0	23.0	27.0
43 - 50			17.0	18.0	19.0
51 - 58			16.0	15.0	13.0
59 - 66			10.0	10.0	6.0
67 - 69			1.0	1.0	0.0
70 and over			0.0	0.0	0.0
Economic Contribution (\$ Million)					
Charitable investments		4.0 (ESTIMATED)	4.2 (ESTIMATED)	5.5	4.9
Political contributions (\$ Thousand)		25.0	140.0	0.0	505.0
PAC contributions (\$ Thousand)		153.0	29.0	145.0	38.3
Ad valorem taxes		55.0	65.0	82.0	93.3
Production/severance taxes		150.0	218.0	303.0	308.3
Sales tax			4.0	7.0	109.8
Shareholder dividends		13.0	14.0	55.0	201.0



# Sustainability Context Index

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) CONTENT INDEX	
INIDICATOR NUMBER	DISCLOSURE LOCATION
<b>Greenhouse Gas Emissions</b>	
EM-EP-110a.1	Sustainability Performance Data Table, Sustainability Report <sup>2</sup> Pages 19-20
EM-EP-110a.2	Sustainability Performance Data Table (Air Emissions)
EM-EP-110a.3	Sustainability Performance Data Table, Sustainability Report Pages v, vii-viii, 20
<b>Water Management</b>	
EM-EP-140a.1	Sustainability Performance Data Table, Sustainability Report Pages 41-42
EM-EP-140a.2	Sustainability Performance Data Table, Sustainability Report Pages 36-38, 41
EM-EP-140a.3	Sustainability Performance Data Table (Groundwater Protection)
<b>Biodiversity Impacts</b>	
EM-EP-160a.1	Sustainability Performance Data Table, Sustainability Report Pages 47-52
EM-EP-160a.2	Sustainability Performance Data Table
<b>Security, Human Rights &amp; Rights of Indigenous Peoples</b>	
EM-EP-210a.1	Sustainability Performance Data Table
EM-EP-210a.2	
EM-EP-210a.3	
	Human Rights Policy <sup>3</sup> and Commitment <sup>4</sup> , Code of Business Conduct and Ethics <sup>5</sup> Sustainability Report Pages iv, vi, 3, 6, 9, 10, 68, 71-72, 87
<b>Community Relations</b>	
EM-EP-210b.1	SEC Form 10-K <sup>6</sup> , Sustainability Report Pages 82-86
EM-EP-210b.2	Sustainability Performance Data Table
<b>Workforce Health &amp; Safety</b>	
EM-EP-320a.1	Sustainability Performance Data Table
EM-EP-320a.2	Sustainability Report Pages 12-16, 61-64, 67-68
<b>Reserves Valuation &amp; Capital Expenditures</b>	
EM-EP-420a.4	Sustainability Report Pages 53-60
<b>Business Ethics &amp; Transparency</b>	
EM-EP-510a.1	Sustainability Performance Data Table
EM-EP-510a.2	Code of Business Conduct and Ethics Pages 37, 41-43, 46
<b>Management of the Legal &amp; Regulatory Environment</b>	
EM-EP-530a.1	Sustainability Report Pages 21, 57-59
<b>Critical Incident Risk Management</b>	
EM-EP-540a.2	SEC Form 10-K, Proxy Statement <sup>7</sup> , Sustainability Report Pages 13-14
<b>Activity Metrics</b>	
EM-EP-000.A	SEC Form 10-K, Sustainability Performance Data Table
EM-EP-000.B	
EM-EP-000.C	

Footnotes:

1 - This report references these standards and/or guidelines, whether partially completed or otherwise

2 - "Sustainability Report" referenced throughout table refers to our 2020 Sustainability Report [Weblink](#)

3 - "Human Rights Policy" dated 6/30/2020 [Weblink](#)

4 - Human Rights Commitment [Weblink](#)

5 - "Code of Business Conduct and Ethics" referenced throughout table refers to our Code of Business Conduct and Ethics dated 07/27/2020 [Weblink](#)

6 - "SEC Form 10-K" referenced throughout table refers to our 2019 United States Securities and Exchange Commission (SEC) Form 10-K [Weblink](#)

7 - "Proxy Statement" referenced throughout table refers to our 2020 Proxy Statement [Weblink](#)

GRI CONTENT INDEX	
INIDICATOR NUMBER AND TITLE	DISCLOSURE LOCATION (SELECT PAGE HIGHLIGHTS PROVIDED)
<b>GRI 101: FOUNDATION</b>	Sustainability Report <sup>2</sup> Pages 5-6
102-11 - Precautionary Principle or approach	
101 - Reporting Principles	
101 - Materiality	
<b>GRI 102: GENERAL DISCLOSURES</b>	
<b>Organizational Profile</b>	
102-1 - Name of the organization	Pioneer Natural Resources Company
102-2 - Activities and services	Pioneer is a large independent oil and gas exploration and production company that explores for, develops and produces oil, NGLs and gas (SEC Form 10-K Page 6 <sup>3</sup> )
102-3 - Location of headquarters	777 Hidden Ridge, Irving, Texas, 75038 (SEC Form 10-K Page 6)
102-4 - Location of operations	All operations the State of Texas, United States (SEC Form 10-K Page 6)
102-5 - Ownership and legal form	The Company is a Delaware corporation, and its common stock has been listed and traded on the NYSE under the ticker symbol “PXD” since its formation in 1997. (SEC Form 10-K Page 6)
102-6 - Markets served	SEC Form 10-K
102-7 - Scale of the organization	
102-8 - Information on employees	Sustainability Report Pages 75-76, Sustainability Performance Data Table SEC Form 10-K Page 6
102-9 - Supply chain	Sustainability Report Pages 14, 21, 87-79 SEC Form 10-K
102-10 - Significant changes to the organization	Sustainability Report Pages i-vi, SEC Form 10-K
102-12 - External initiatives	Sustainability Report Pages ii-iv, 5, 30-32, 41, 45, 51, 33-60, 71-72, 90-91
102-13 - Membership of associations	Sustainability Report Pages 92-93, pxd.com/culture/advocacy
<b>Strategy</b>	
102-14 - Statement from senior decision-maker	Sustainability Report Pages i-iv, 2019 Annual Report Pages 1-4
102-15 - Key impacts, risks, and opportunities	SEC Form 10-K, Proxy Statement <sup>4</sup> , Sustainability Report Pages i-vi, 5-6, 53-60
<b>Ethics and Integrity</b>	
102-16 - Values, principles, standards, and norms	Pioneer Governance Documents (pxd.com/culture/governance) Corporate Governance Guidelines (As amended August 20, 2020) Board of Directors Committee Charters (pxd.com/culture/governance) Code of Business Conduct and Ethics <sup>5</sup> Proxy Statement Sustainability Report Pages 9-10, iii-vi, 3-4, 15-16, 65, 68-69, 71-73, 87-88, 92-93
102-17 - Ethics	Contact the Board of Directors: www.pxd.com/culture/governance Code of Business Conduct and Ethics Pages 4-5, 33 Proxy Statement Page 26
<b>Governance</b>	
102-18 - Governance structure	Proxy Statement, Sustainability Report Pages 7-12
102-19 - Delegating authority	Sustainability Report Pages 7-12
102-20 - Executive-level responsibility for sustainability	Sustainability Report Pages 11-12
102-21 - Consulting stakeholders on economic, environmental and social topics	Proxy Statement Pages 24-26, Sustainability Report Page 6
102-22 - Composition of the highest governance body and its committees	Proxy Statement Pages 11-24, Sustainability Report Pages 7-10, 75-76 Sustainability Performance Data Table

GRI CONTENT INDEX	
INIDICATOR NUMBER AND TITLE	DISCLOSURE LOCATION (SELECT PAGE HIGHLIGHTS PROVIDED)
<b>Governance</b>	
102-23 - Board of Directors - Chair	J. Kenneth Thompson, Proxy Statement Page 16
102-24 - Nominating and governance	Proxy Statement Pages 77-78, Sustainability Report Pages 10-11
102-25 - Conflicts of interest	Pioneer Governance Documents (pxd.com/culture/governance) Corporate Governance Guidelines (As amended August 20, 2020) Board of Directors Committee Charters (pxd.com/culture/governance) Code of Business Conduct and Ethics Pages 13, 23
102-26 - Setting purpose, values, and strategy	Proxy Statement, Sustainability Report Pages i-iv, 7-12
102-28 - Board of directors performance evaluation	Proxy Statement, Sustainability Report Pages iv, 6, 10 (Compensation)
102-29 - Identifying and managing economic, environmental, and social impacts	Proxy Statement, Sustainability Report Pages i, 6, 7-12, 15, 19-20, 53-61
102-30 - Risk management processes	Sustainability Report Pages 13, Proxy Statement
102-31 - Review of sustainability topics	Sustainability Report Pages 13, Proxy Statement
102-32 - Board of directors and sustainability	Sustainability Report Pages 10, Proxy Statement
102-33 - Communicating critical concerns	Contact the Board of Directors: www.pxd.com/culture/governance Code of Business Conduct and Ethics Pages 4-5, 33 Proxy Statement Page 26
102-35 - Remuneration policies	Proxy Statement, Sustainability Report Pages iv, 10
102-36 - Process for determining remuneration	Proxy Statement
102-37 - Stakeholders' involvement in remuneration	Proxy Statement Page 24-25, Sustainability Report Page 6
<b>Stakeholder engagement</b>	Proxy Statement Page 24-25, Sustainability Report Page 6
102-40 - List of stakeholder groups	
102-42 - Identifying and selecting stakeholders	
102-43 - Approach to stakeholder engagement	
102-44 - Key topics and concerns raised	
<b>Reporting practice</b>	
102-45 - Entities included in the consolidated financial statements	SEC Form 10-K
102-46 - Defining report content and topic Boundaries	Sustainability Report Page 5
102-47 - List of material topics	SEC Form 10-K, Sustainability Report Page 6 and throughout report
102-48 - Restatements of information	Sustainability Report Page 19
102-49 - Changes in reporting	Sustainability Report Page ii, vi-viii
102-50 - Reporting period	Sustainability Report Page 5, Unless otherwise indicated, this report includes data and information from January 1, 2019, through December 31, 2019
102-51 - Date of most recent report	December 2, 2020
102-52 - Reporting cycle	Annual
102-53 - Contact point for questions regarding the report	Tadd Owens, Vice President Corporate Communications, 972-969-5760
102-54 - Claims of reporting in accordance with the GRI Standards	Sustainability Report Page ii, 5
102-55 - GRI content index	Self-reference

GRI CONTENT INDEX	
INIDICATOR NUMBER AND TITLE	DISCLOSURE LOCATION (SELECT PAGE HIGHLIGHTS PROVIDED)
<b>GRI 200: ECONOMIC</b>	
<b>Economic Performance</b>	
201-1 - Direct economic value generated and distributed	SEC Form 10-K
201-2 - Financial risks due to climate change	SEC Form 10-K, Sustainability Report Pages 57-60
201-3 - Defined benefit plan obligations and other retirement plan	SEC Form 10-K, Sustainability Report Pages 71, 78, 89
202-1 - Wages	Sustainability Report Page 78
202-2 - Local representation	Sustainability Performance Data Table - Local workforce 98%
203-1 - Infrastructure investments and services supported	SEC Form 10-K, Sustainability Report Pages ii, 31-35, 39, 49, 75
203-2 - Significant indirect economic impacts	Sustainability Performance Data Table, Sustainability Report Pages i-iv, 89
204-1 - Proportion of spending on local suppliers	Sustainability Report Page 89
205-1 - Operations assessed for risks related to corruption	Sustainability Performance Data Table (Social Issues)
205-2 - Anti-corruption communication and training	Code of Business Conduct and Ethics Pages 37, 41-43, 46
<b>GRI 300: ENVIRONMENTAL</b>	
<b>Energy</b>	
302-1 Energy consumption within the organization	Sustainability Performance Data Table (Grid Eletricity Purchased)
302-3 Energy intensity	Sustainability Performance Data Table (Normalized Energy Use)
302-4 Reduction of energy consumption	Sustainability Performance Data Table (Grid Eletricity Purchased)
302-5 Reductions in energy requirements	Sustainability Report Pages 19-20, 22, 24, 28
<b>Water</b>	
303-1 Water withdrawl by source	Sustainability Performance Data Table, Sustainability Report Pages 36-38, 41-42
303-2 Water sources significantly affected by withdrawal of water	
303-3 Water recycled and reused	
<b>Biodiversity</b>	
304-1 Operational sites and biodiversity	Sustainability Performance Data Table, Sustainability Report Pages 21, 47-51
304-2 Activities and biodiversity	
304-3 Habitats protected or restored	
304-4 Species and operations	
<b>Emissions</b>	
305-1 Direct (Scope 1) GHG emissions	Sustainability Performance Data Table, Sustainability Report Pages 19-20
305-2 Energy indirect (Scope 2) GHG emissions	
305-4 GHG emissions intensity	Sustainability Performance Data Table (Air Emissions)
305-5 Reduction of GHG emissions	Sustainability Performance Data Table, Sustainability Report Pages v, vii-viii, 20
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Sustainability Report Page 17
<b>Effluents and Waste</b>	
306-1 Waste generation and significant waste-related impacts	Sustainability Report Page 52
306-2 Management of significant waste-related impacts	
<b>Supplier Environmental Assessment</b>	
308-1 New suppliers that were screened using environmental criteria	Sustainability Report Page 87-88

GRI CONTENT INDEX	
INIDICATOR NUMBER AND TITLE	DISCLOSURE LOCATION (SELECT PAGE HIGHLIGHTS PROVIDED)
<b>GRI 400: SOCIAL</b>	
<b>Employment</b>	
401-1 New employee hires and employee turnover	Sustainability Performance Data Table (Workforce)
401-2 Benefits provided to full-time employees	Sustainability Report Page 78-81
401-3 Parental leave	
<b>Labor/Management Relations</b>	
402-1 Minimum notice periods regarding operational changes	SEC Form 10-K Page 84, Sustainability Report Page 78
<b>Occupational Health and Safety</b>	
403-1 Occupational health and safety management system	Sustainability Report Pages 61-64
403-2 Hazard identification, risk assessment, and incident investigation	Sustainability Report Pages 65-66
403-3 Occupational health services	Sustainability Report Page 68
403-4 Worker participation in health and safety	Sustainability Report Pages 12-14, 67-68
403-5 Worker training on health and safety	Sustainability Performance Data Table (Training), Sustainability Report Page 65
403-6 Promotion of worker health	Sustainability Report Pages 3, 78-79
403-7 Prevention and mitigation of health and safety impacts	Sustainability Report Pages 15-16
403-8 Workers covered by a health and safety management system	HSE Policy <sup>6</sup> , HSE Commitment <sup>7</sup>
403-9 Work-related injuries	Sustainability Performance Data Table (Safety), Sustainability Report Pages 65-68
<b>Training and Education</b>	
404-1 Average hours of training per year per employee	Sustainability Performance Data Table (Training, Workforce)
404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability Report Pages 79-81
404-3 Employees receiving regular performance and career development reviews	
<b>Diversity and Equal Opportunity</b>	
405-1 Diversity of governance bodies and employees	Sustainability Performance Data Table, Sustainability Report Pages 10, 75-76
<b>Human Rights and Non-discrimination</b>	
407-1 Right to freedom of association and collective bargaining	Human Rights Policy <sup>8</sup> Human Rights Commitment <sup>9</sup> Code of Business Conduct and Ethics Page 18 Sustainability Report Pages iv, vi, 3, 6, 9, 10, 68, 71-72, 87
408-1 Striving to prevent child labor	
409-1 Striving to prevent forced or compulsory labor	
410-1 Security personnel and human rights	
411-1 Recognizing the rights of indigenous peoples	
412-1 Striving to protect human rights	
412-2 Employee training on human rights policies or procedures	
<b>Local Communities</b>	
413-1 Local community engagement programs	Sustainability Report Pages 84-86, 89-91
<b>Public Policy</b>	
415-1 Political contributions	Sustainability Report Pages 92-93

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5 - “Code of Business Conduct and Ethics” referenced throughout table refers to our Code of Business Conduct and Ethics dated 07/27/2020 **Weblink**

6 - Health, Safety and Environmental Policy dated 07/29/2020 **Weblink**

7 - Health, Safety and Environmental Commitment **Weblink**

8 - “Human Rights Policy” dated 6/30/2020 **Weblink**

9 - Human Rights Commitment **Weblink**

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) AND CARBON DISCLOSURES STANDARD BOARD (CDSB) SUSTAINABILITY CONTENT INDEX		
TCFD RECOMMENDATION	CDSB FRAMEWORK KEY COMPONENTS	DISCLOSURE LOCATION
<b>Governance</b>		
Describe the board's oversight of climate-related risks and opportunities.	REQ-01	Pioneer Governance Documents (pxd.com/culture/governance) Corporate Governance Guidelines (As amended August 20, 2020) Board of Directors Committee Charters (pxd.com/culture/governance) SEC Form 10-K, Proxy Statement Sustainability Report Pages 7-11, 13
Describe management's role in assessing and managing climate-related risks and opportunities.	REQ-01, REQ-02, REQ-03	SEC Form 10-K, Proxy Statement, Sustainability Report Pages i-viii, 7-13, 19-20, 25-26, 37, 41-42, 45-47 53-55, 57-60
<b>Strategy</b>		
Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.	REQ-03, REQ-06	SEC Form 10-K, Proxy Statement Sustainability Report Pages i-iv, 6-11, 55-60
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	REQ-02, REQ-03, REQ-06	SEC Form 10-K, Proxy Statement, Sustainability Report Pages i-vi, 6, 57-60
<b>Risk Management</b>		
Describe the organisation's processes for identifying, assessing and managing climate-related risks and how they are into the organisation's overall risk management.	REQ-01, REQ-02, REQ-03, REQ-06	SEC Form 10-K, Proxy Statement Sustainability Report Pages i-vi, 59, 9-10, 13-14
<b>Metrics and Targets</b>		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	REQ-02, REQ-04, REQ-05, REQ-06	SEC Form 10-K, Proxy Statement Sustainability Performance Data Table Sustainability Report Pages i-vi, 19-20, 25-26, 29
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	REQ-04, REQ-05	Sustainability Performance Data Table
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	REQ-02	Sustainability Report Pages 19, 53-60

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UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS CONTENT INDEX		
INIDICATOR NUMBER AND TITLE		DISCLOSURE LOCATION
<p>The United Nations Sustainable Development Goals (SDGs) serve as one point of reference for Pioneer to support the global challenges we face. SDG 7 is a goal to ensure access to affordable, reliable, sustainable and modern energy for all, and SDG 8 promotes inclusive and sustainable economic growth, employment, and decent work for all. These two goals closely align with Pioneer’s Mission and ESG Strategy. Many of our business and ESG activities support these goals. We have provided SDG icons throughout the report to highlight some ways that Pioneer is contributing to these important, globally endorsed, goals.</p>		
<b>Goal 3: Ensure healthy lives and promote well-being for all at all ages</b>		
3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents		Sustainability Report Pages 35, 39, 49, 67, 83, 90-99
<b>Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b>		
4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university		Sustainability Report Pages 79-81
<b>Goal 6: Ensure availability and sustainable management of water and sanitation for all</b>		
6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally		Sustainability Report Pages 37-39, 43
6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure		Sustainability Report Pages 37, 41-42, Sustainability Performance Data Table
6.a By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies		Sustainability Report Pages 37-41
<b>Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all</b>		
7.1 By 2030, ensure universal access to affordable, reliable and modern energy services		Sustainability Report Pages i-v, 23-32, 55-57, Sustainability Performance Data Table
<b>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b>		
8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries		SEC Form 10-K, Proxy Statement; Sustainability Report Pages i-vi
8.4 Improve progressively, through 2030, global resource efficiency in consumption and		Sustainability Report Pages 19-20, 25-27, 37, 45-50
8.5 By 2030, achieve full and productive employment and decent work for all women and		Sustainability Report Pages 75-78
8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms		Human Rights Policy and Commitment, Sustainability Report Pages 71-72
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious		Sustainabililty Performance Data Table, Sustainability Report Pages 61-68, 71-72
<b>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b>		
9.5 Enhance scientific research and development		Sustainability Report Pages 21, 25-26, 29-32, 35-36, 43-44
<b>Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable</b>		
11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning		Sustainability Report Pages 33, 35-36, 39, 45-46, 90-91

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS CONTENT INDEX	
INIDICATOR NUMBER AND TITLE	DISCLOSURE LOCATION
Goal 12: Ensure sustainable consumption and production patterns	
12.2 By 2030, achieve the sustainable management and efficient use of natural resources	Sustainability Report Pages 19-20, 23-28, 36-42
12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	HSE Policy and Commitment, Sustainability Report Pages 43 and 52
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Five years of formal sustainability reporting
12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities	Human Rights Policy and Commitment, Sustainability Report Pages 87-88
Goal 13: Take urgent action to combat climate change and its impacts	
13.2 Integrate climate change measures into national policies, strategies and planning	HSE Policy and Commitment, Sustainability Report Pages i-viii, 17-32, 53-60 Sustainability Performance Data Table
Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	
15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	HSE Policy and Commitment, Sustainability Report Pages 41-43, 45-52, 57-59
Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	
16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all	Human Rights Policy and Commitment, HSE Policy and Commitment Sustainability Report Pages iii-iv, vii-viii, 3-4, 11-12, 15-16, 21, 25-26, 41-42, 71-72

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