# 2021 Sustainability Report



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# Overview

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## About This Report



### LOW CARBON INTENSITY FUEL FOR TODAY AND NET ZERO FUEL FOR THE FUTURE

California Resources Corporation (CRC) is pleased to present our 2021 Sustainability Report highlighting our Environmental, Social, and Governance (ESG) performance and the initiatives we support in the areas where we live and work.

CRC is an independent oil and natural gas company committed to energy transition in the sector and has some of the lowest carbon intensity production in the US. We are focused on maximizing the value of our land, mineral and technical resources for decarbonization by developing carbon capture and storage (CCS) and other emissions reducing projects. Our highly qualified workforce specializes in applying advanced technology to efficiently operate critical energy infrastructure across our leading mineral acreage position and diverse portfolio under world-leading safety, labor, human rights, and environmental standards.

We produce energy in a safe and responsible manner to help support and enhance the quality of life of working families and the local communities where we operate. Our homes, farms, businesses, and communities need ample, safe, and reliable energy and CRC is proud to help meet that need today and in the future.

Throughout this report, California Resources Corporation, and its consolidated subsidiaries, may collectively be referred to as "CRC," the "Company," "we," "us," or "our." Our 2021 Sustainability Report highlights the policies, processes, procedures, and performance from which we establish and advance our ESG goals and criteria, as well as how we aim to promote sustainable development in our communities. This report provides an overview of CRC's strategy for safe, sustainable, and technologically advanced energy production, using our integrated infrastructure, to help meet the energy needs of our state. We included information in this report based on internal discussions, external stakeholder feedback, and consultations with third-party experts. CRC intends to regularly report on our ESG policies, procedures, and performance, both on our website and through our annual Sustainability Report.

### Performance Area Assessment

In line with CRC's sustainability strategy, we have conducted a performance area assessment to identify the most relevant and impactful performance areas for CRC and our key stakeholders as shown in the table below:

Environmental	Social	Governance
Emissions Management	Health & Safety	Board of Directors
Environmental Impact	Human Capital Management	Compensation & Incentives
Spill Prevention & Management	Diversity	Ethics
Energy Management	Supply Chain Management	Risk Management
Water Management	Community Involvement	Management of the Legal & Regulatory Environment
Waste Management		
Climate-Related Risks & Opportunities		

These focus areas were guided by the recommended disclosures laid out by the Task Force on Financial Climate-related Disclosures (TCFD), topics recommended by the Sustainable Accounting Standards Board (SASB) framework, standards provided by the Global Reporting Initiative (GRI), as well as the International Petroleum Industry Environment Conservation Association (IPIECA) with respect to our sustainability assessment, performance and reporting. In today's rapidly changing environment, we feel that these frameworks support our goal to engage more efficiently with investors about our ongoing sustainability work and other topics that are financially and socially significant to our business.

As a company dedicated to supplying low carbon intensity energy, CRC is committed to conserving natural resources, protecting the environment and mitigating climate change. As such, it is our priority to ensure that our ESG data is reliable to the extent possible, comparable, and relevant to effectively make decisions regarding our capital allocation, financial, operational and environmental performance and investments in the communities where we operate. In developing this report, we engaged a consultant, Pickering Energy Partners, to support us in developing an assessment that balanced the critical importance of integrating both internal and external stakeholders throughout the process. Guidance was provided to us through all phases of the assessment, including feedback on the list of relevant Environmental, Social, and Governance issues to be assessed, relevant stakeholder groups, and the qualitative and quantitative information needed to develop our Sustainability reporting.

> As a company dedicated to supplying low carbon intensity energy, CRC is committed to conserving natural resources, protecting the environment and mitigating climate change.

## 2021 Report Highlights

2021 proved to be an important year in CRC's sustainability journey, as we advanced our commitment to the energy transition and decarbonization of local economies. Here are a few highlights:

- Announced 2045 Full-Scope Net Zero Goal and updated and expanded ESG goals on methane emissions, freshwater usage, community giving, ethnic and gender diversity in leadership and linked ESG performance to executive pay
- Hired first Chief Sustainability Officer
- Established Project Management Office of Asset Retirement Obligations (ARO)
- Advanced our Carbon Management Business including our Carbon TerraVault (CTV) carbon capture and storage (CCS) projects, and CalCapture CCS+ project



### ENVIRONMENT

- ENVIRONMENTAL GOALS
  - 2045 Full-Scope Net Zero Goal for Scope 1, 2 and 3 emissions reductions
  - Methane Reduction 30% reduction by 2030
  - Freshwater Usage Reduction 30% reduction by 2025
- Full-scope GHG emissions and Other Air Emissions continue to decrease
- Expansion of automated process, pipeline and well monitoring and control systems to minimize potential for releases; continued decrease of spills based on 2018 baseline
- Continued to improve energy use and efficiency metric; Energy Intensity (Total Energy Used / MBOE) continued to decline
- Continued to be a net supplier of both fresh water and electricity
  - Produced more water for California water districts (approximately 5 billion gallons of treated, reclaimed water in 2021) than we consumed for our own operations
  - Recycled or reclaimed nearly 100% of the produced water from steam flood operations at our Kern Front Field
- Presented with Wildlife Habitat Council Award recognizing CRC's excellence in corporate conservation of the Elk Hills Conservation Area



### SOCIAL

- SOCIAL GOALS
  - Ethnic, Racial and Gender Diversity in Leadership -Prioritizes ethnic, racial and gender diversity in CRC leadership positions and on the Board of Directors by 2030
  - Community Giving Prioritizes giving back to our local California communities where we produce low carbon intensity fuel and develop carbon management initiatives
- Safely operated and maintained our wells and facilities that are vital to providing low carbon intensity energy
- Continued to rank among the safest companies in the United States; in 2021, our workforce achieved a better safety performance rating than many non-industrial sectors
- Earned 26 National Safety Achievement Awards in each of our operating areas and companywide in 2021 for our performance
- On average, each of our employees completed 14 hours of training in 2021; 12,085 of those total hours focused on health and safety policies and procedures
- Supported our communities through impactful charitable donations and volunteerism, and community sponsorships in the following focus areas: Public Health, Safety and Environment; STEM/Job Training; and Diversity, Equity and Inclusion
- Achieved "A-" grade (leadership level) for our 2021 CDP climate disclosure submittal, the highest score received by any oil and gas producer in the U.S. and tied with one other U.S.-based company with global operations



### GOVERNANCE

- GOVERNANCE GOAL
  - Executive Pay goal Links 30% of executive annual bonus related to company performance to ESG metrics
- Audit, Sustainability, Compensation, Nominating and Governance committees are made up of independent directors
- Eight out of nine Board members are independent
- Anti-Hedging and Anti-Pledging Policy Added to Insider Trading Policy
- Maintain an Overboarding Policy
- Maintain a Clawback Policy
- Board is not classified; directors are elected on an annual basis
- No stockholder rights plan ("poison pill") in effect
- Annual CEO and management evaluation process

## Letter from the CEO



Mark A. (Mac) McFarland President and Chief Executive Officer California Resources Corporation

At California Resources Corporation (CRC), our values of Character, Responsibility, and Commitment drive everything we do, including our sustainability strategy. We are committed to proactively engaging with state leaders and regulatory agencies, supporting our communities through impactful charitable donations and volunteerism, protecting our environment, and empowering our people to help foster a more inclusive and equitable society.

Since our inception in 2014, CRC has consistently set a high standard for environmental stewardship, safe, responsible operations and community empowerment. In 2021, CRC successfully continued our path to provide a cleaner and more sustainable energy mix to California's diverse communities, while helping mitigate the state's dependence on hydrocarbon imports from foreign countries and other states that do not adhere to California's world-leading safety, labor, human rights and environmental standards.

To further support our commitment to sustainable practices, in 2021 CRC hired its first Chief Sustainability Officer to lead our sustainability efforts and help CRC deliver on our ESG goals. We established the Project Management Office of Asset Retirement Obligations (ARO) to develop a strategy for addressing idle wellbores. Additionally, our Board continued to provide formal oversight of ESG matters through our Sustainability Committee.

Health and safety are our top priorities at CRC and are key considerations for everything we do. CRC consistently ranks among the safest companies in the United States. In 2021, our combined workforce, including both employees and contractors, achieved a better safety performance rating than many nonindustrial sectors including radio and television broadcasting, finance, insurance and real estate. In addition, our statewide Project Labor Agreement with the California State Building and Construction Trades Council - the first in California's oil and natural gas industry - provides us with a highlyskilled, local workforce who builds and maintains our integrated infrastructure with a consistent focus on safety and quality.

2021 proved to be an important year in CRC's sustainability journey, as we advanced our commitment to the energy transition and decarbonization of local economies. In November 2021, we announced our 2045 Full-Scope Net Zero Goal for Scope 1, 2 and 3 emissions reductions, a goal to achieve permanent storage of captured or removed carbon emissions in a volume equal to all of our Scope 1, 2 and 3 emissions by 2045 (2045 Full-Scope Net Zero). Establishing this goal places CRC among a select few industry peers to include Scope 3 emissions in their Net Zero goal. CRC is off to a great start on our Full-Scope Net Zero path as we reduced carbon dioxide equivalent

select o include n their is off to a Full-Scope ve reduced uivalent

 $(CO_2e)$  emissions by 1 million metric tons (MMT) from 2020 to 2021. Additionally, we updated and expanded our Environmental, Social, and Governance (ESG) goals on methane emissions; freshwater usage; community giving; ethnic, racial and gender diversity in leadership; and linked ESG performance to executive pay, which we announced on Earth Day 2022. These enhancements to our goals showcase our intention to not only meet California's high standards for corporate and social sustainability but also exceed them. Importantly, we also aim to produce the world's first carbon neutral barrel of oil.

### Low Carbon Intensity Fuel for Today and Net Zero Fuel for The Future

CRC continues to build our carbon management business, which includes low carbon initiatives such as our Carbon TerraVault (CTV) carbon capture and storage (CCS) projects, and CalCapture CCS+ project.



CTV intends to inject carbon dioxide (CO<sub>2</sub>) captured from industrial sources into deep, underground reservoirs for permanent storage. CTV will be capable of safely injecting and storing more than 1 million metric tons per annum (MMTPA) of CO<sub>2</sub> by 2025 and 5 MMTPA by 2027.

In August 2022, we formed a joint venture with Brookfield Renewable (Brookfield) for the development of a carbon management business in California. The joint venture, through a series of wholly owned subsidiaries, will build, install, operate and maintain CO<sub>2</sub> capture equipment, transportation assets and storage facilities. Brookfield has committed an initial \$500 million to invest in carbon capture and sequestration projects that are jointly approved through the JV.

As we envision a net-zero future, it will also be necessary to leverage low carbon solutions, including more sustainable fuel. We are excited about the potential of our CalCapture CCS+ project. CCS+ is the proven process of safely capturing  $CO_2$ from industrial processes such as power generation or industrial facilities and injecting and permanently storing the  $CO_2$  deep underground for permanent sequestration in oil producing reservoirs. CCS+ also has the potential to produce full-scope "net zero" barrels of oil by offsetting the emissions we generate from our production to generate a carbon neutral to carbon negative barrel of crude.

### Carbon TerraVault (CCS)

Carbon TerraVault (CTV) is a series of carbon capture and storage (CCS) projects that inject carbon dioxide (CO<sub>2</sub>) captured from industrial sources into depleted underground oil and gas reservoirs and permanently store CO<sub>2</sub> deep underground. CRC has applied for permits and the environmental review has begun for multiple permanent CTV CCS projects.

### CalCapture (CCS+)

CalCapture is CRC's initial carbon capture and storage+ (CCS+) project that will capture CO<sub>2</sub> from the Elk Hills Power Plant and inject and permanently store that CO<sub>2</sub> deep underground for permanent sequestration in oil producing reservoirs. This project has the potential to produce California's first full-scope "net zero" barrel of oil made in California by Californians.

The CalCapture CCS+ project intends to capture  $CO_2$  from our 550-megawatt, natural gas-fired Elk Hills power plant in Kern County and inject and permanently store that  $CO_2$  deep underground for permanent sequestration in oil producing reservoirs, resulting in a substantial reduction in

Targeting: Up to 1 billion metric tons (MT) of potential permanent CO<sub>2</sub> storage capacity

**First injection** by 2025<sup>1</sup>

>> 200 million MT permitted by 2025

**5 million MT** per annum injection by 2027<sup>2</sup>

Targeting: 1.4 million metric tons<sup>3</sup> of CO<sub>2</sub> captured and permanently stored every year

>> Up to 50 million barrels of "net zero" oil production potential from existing producing reservoirs averaging 7,000 incremental barrels over the life of the project resulting in the lowest carbon intensity<sup>4</sup> oil made in California by Californians

atmospheric emissions of  $CO_2$ . The CalCapture project is targeting initial injection of 28 MMT of  $CO_2$  and an average of 7,000 incremental barrels of "net zero" oil per day over the life of project. Through CRC's CalCapture CCS+ project, emissions from the Elk Hills power plant will

<sup>1</sup>Dependent on permitting, capture facility type and the structure, financing and ownership of the project which have not yet been negotiated. <sup>2</sup>Internal estimates. <sup>3</sup>Does not include minimal emissions from the capture process. <sup>4</sup>Carbon intensity as measured by Carb CI Ka/MJ. be significantly reduced, further supporting California's climate goals and the Paris Climate Accord. CRC's Elk Hills power plant is an integral part of California's fleet of natural gas power plants, which enables grid stability in support of wind and solar generation.

### Committed to Energy Transition

CRC is actively considering risks associated with climate-driven changes and the accompanying regulatory frameworks related to greenhouse gas (GHG) emissions. Our sustainability strategy and ESG goals demonstrate our long-term dedication to the production of low carbon energy and emission reduction initiatives. Access to reliable energy is essential for the provision of clean water, sanitation, healthcare, transportation, communication services, and indoor lighting and temperature regulation. Put simply - access to reliable and affordable energy is vital to modern life. The success of the energy transition hinges on the knowledge and expertise of companies in our industry. Our strategy is to continue providing affordable and reliable energy from traditional sources, while investing in carbon management solutions to accelerate the transition to a 1.5°C world. Carbon management is a natural extension of our core competencies, which enables us to build scalable, low-carbon, and cost-effective solutions and bring rewarding jobs to our local communities.

### Focused on our People and Local Communities

During 2021, our dedicated employees and contractors continued to safely operate and maintain our wells and facilities that are vital to providing low carbon intensity energy. Our Company provides well-paying career opportunities with competitive benefits, including for those who do not have a college degree. We aim to attract and retain top talent and provide opportunities for leadership and career development. To this end, we continue to expand leadership development opportunities, both internally through our CRC Women's Interest Network (WIN) and in conjunction with our non-profit partners.

Our operations and workforce focus on supporting our communities through charitable and community sponsorships across the state. We support organizations in the following focus areas: Public Health, Safety and Environment; STEM/Job Training; and Diversity, Equity and Inclusion.

Transparent reporting on our performance is central to our sustainability strategy and ESG goals. Linking our goals to executive pay highlights our best-in-class leadership. Currently, our executive compensation goal links 30% of executive annual incentive pay for company performance to ESG metrics. This is among the highest ESG weighting in the industry, underscoring the commitment of CRC and the Board to achieving our ESG goals.

We are proud of our sustainability record and our 2021 performance that reflected continued progress toward our sustainability goals that meet or exceed California's unparalleled standards. Looking ahead, we plan to continue to be among those setting the pace for ESG and energy transition leadership among both oil and gas producers and the industry at large, further adding to our strong sustainability record. CRC is well positioned to be a leader in the energy transition as a low carbon fuel provider for today and net zero fuel provider of the future.

Mark A. (Mac) McFarland

President and Chief Executive Officer California Resources Corporation During 2021, our dedicated employees and contractors continued to safely operate and maintain our wells and facilities that are vital to providing low carbon intensity energy.



## CRC at a Glance

In 2021 CRC produced approximately 100,000 barrels of oil equivalent per day (MBoe/d) and delivered record financial results. At December 31, 2021, we held approximately 1.9 million net mineral acres spanning three major oil and gas basins, the largest non-governmental mineral acreage position in the state. The Company's proved reserves totaled an estimated 480 million barrels of oil equivalent (MMBoe) as of December 31, 2021.

To further emphasize our commitment to Environmental, Social and Governance (ESG) leadership, CRC announced a 2045 Full-Scope Net Zero Goal in November 2021 to achieve permanent storage of captured or removed carbon emissions in a volume equal to all of our Scope 1, 2 and 3 emissions by 2045 (2045 Full-Scope Net Zero). This means that CRC will permanently store carbon in amounts equal to our direct emissions (Scope 1), emissions from energy we use and that is produced by others (Scope 2) and emissions from upstream and downstream processing and use of our products (Scope 3) by 2045. CRC has made strides on our emissions reducing projects through continued investment in our carbon management business and the advancement of our solar initiatives.

CRC's ESG goals focus on providing low carbon intensity fuel today and net zero fuel for the future that will meet or exceed California's unparalleled sustainability standards - not only related to lowering greenhouse gas (GHG) emissions, but also to decreasing methane emissions, CRC has some of THE LOWEST CARBON INTENSITY PRODUCTION in the US

NET MINERAL

ACRES

**100,000** BARRELS OF OIL EQUIVALENT oil per day = 10,000

full SCOPEnet



reducing freshwater consumption, expanding leadership diversity, enhancing community engagement and increasing accountability by strongly linking executive compensation to ESG performance.

CRC is proud to be in an industry that provides high wages for working families and reflects the ethnic and racial diversity of the state that is unmatched by other industries. The Company is committed to its values of Character, Responsibility and Commitment, promotes workplace diversity and community engagement and maintains sector-leading health, safety, environmental and sustainability practices. Our core fields generate strong cash flow while our ESG opportunities support our work to achieve some of the most ambitious decarbonization goals in the United States.

We are among the few exploration and production (E&P) companies to announce a Full-Scope Net Zero Goal, and we already have assets and scalable projects to make a meaningful impact. Additionally, in April 2022, CRC announced updated and expanded ESG goals that build upon the Company's previous 2030 Sustainability Goals and investment in low carbon initiatives, positioning CRC to be a leader in the energy transition.

### As of December 31, 2021





\*Including two fields held for sale in the Ventura Basin as of 12/31/21

Fields:



Liquids: 73%

Employees:





### Carbon Management & Low-Carbon Technologies

At CRC, we recognize climate change needs to be addressed through thoughtful government and private sector policies along with market-based technology solutions, such as carbon capture and storage (CCS) and CCS+, that benefit working families and all parts of our society.

At a high level, CCS technology involves safely capturing carbon from industrial processes and transporting and permanently storing it underground. It is recognized as a key technology in reducing carbon emissions around the world by many national and global organizations.

To demonstrate our commitment to the transition in the energy sector and alignment with the state's ambitious climate goals, we are expanding our ESG leadership through decarbonization with several low carbon initiatives such as our Carbon TerraVault (CTV) CCS projects and our CalCapture CCS+ project at Elk Hills in Kern County.

CTV and CalCapture provide pathways for reaching and maintaining carbon neutrality, and helping California meet its ambitious emissions reduction goals. CTV is a series of CCS projects that will inject carbon dioxide (CO<sub>2</sub>) captured from industrial sources into depleted underground oil and gas

or saline reservoirs where it will be permanently stored. CRC is evaluating up to 1 billion metric tons of potential CO<sub>2</sub> permanent storage capacity across our oil and gas fields that could contribute to the decarbonization of our local communities by providing carbon capture and sequestration services to industries that would be otherwise difficult to decarbonize. To date, we have applied for permits and the environmental review has begun for two initial permanent CCS projects at our Elk Hills Field in Kern County - which we collectively refer to as Carbon TerraVault I, or CTV I. In addition, in May 2022, CRC applied for two permits for an additional 80 million metric tons of permanent CO<sub>2</sub> storage for two new projects - CTV II and III - in the Sacramento basin, which, subject to approval, will bring our total potential permitted storage to 120 million metric tons.

In 2021, we analyzed the Department of Energysupported FEED study results for our CalCapture CCS+ project to capture over 1 million metric tons of  $CO_2$  per year from our 550-megawatt Elk Hills power plant and inject and permanently store that  $CO_2$  deep underground for permanent sequestration in oil producing reservoirs. CalCapture also has the potential to produce net zero barrels to help implement the energy transition broadly and provide low-carbon baseload power while leveraging existing in-state infrastructure. In May 2022, CRC entered into an agreement with NEXT Carbon Solutions (NCS), a subsidiary of Next Decade Corporation, for a second FEED study for CalCapture to further explore the decarbonization of the Elk Hills power plant through the application of NCS' proprietary post-combustion carbon capture processes. The CalCapture CCS+ project is expected to yield approximately 28 million metric tons of injected  $CO_2$  over the life of the project and produce an incremental 7,000 barrels of net zero oil per day.

### **Conventional Opportunities**

Our large portfolio of low-risk and lowdecline conventional opportunities comprised approximately 73% of our proved reserves across the three oil and natural gas basins in which we operated at year-end 2021. With decades of proven, low-decline reserves, we expect to continue to self-fund our low carbon intensity E&P business, sustainably deploy additional shareholder returns and fund our carbon management activities.

The members of our operational management and technical teams have an average of more than 18 years of experience in the oil and natural gas industry, with an average of more than 10 years focused on our oil and natural gas operations through different price cycles. Our teams have a proven track record of safely and responsibly applying modern technologies and operating methods to develop our assets and improve their operating efficiencies.

Our accomplishments in 2021 include:

- Total Scope 1, 2, and 3 GHG emissions of 18.9 million metric tons (MMT)  $CO_2e$  a reduction of 1 MMT from 2020 to 2021
- Net Electricity Supplier
- 2021 Workforce Total Recordable Incident Rate (TRIR) of 0.43 - better than most office-based sectors
- Oil Spill Prevention Rate: 99.9997%

CRC shares and endorses the State of California's commitment to conserve our natural resources, mitigate climate change and protect our environment. We manage our assets in a manner that seeks to safeguard people and protects the environment, and we engage proactively with regulatory agencies, communities and other stakeholders to pursue mutually beneficial outcomes. We benefit the communities where we live and work through capital investments and employee volunteerism, job creation and payment of taxes and royalties, and by actively promoting conservation of water, habitat and energy. Our operations span across a variety of landscapes including coastal, urban and agricultural environments as a result of our advanced production technologies and control systems. Facilities are designed and maintained throughout the state with our neighbors, communities and the environment in mind.

Since our founding in 2014, CRC has consistently set a high standard for environmental stewardship, safe and responsible operations, and community empowerment. CRC serves as a responsible steward of our vast natural resources. This amplifies our positive and long-lasting impact on the economy and the well-being of our stakeholders and communities.

This report details our strategic objectives and initiatives in environmental stewardship, workforce development, community involvement and corporate governance, and summarizes our sustainability strategy, goals and performance.

### Vision, Mission, and Values



### VISION

To be the premier leader in the energy transition, providing locally produced low carbon intensity energy and sustainable carbon management solutions.



### MISSION

To deliver long-term investment value by safely and responsibly developing our portfolio of low carbon intensity energy assets and reducing carbon emissions through our carbon management business to benefit our communities and the environment.



### VALUES

**Character:** Acting with integrity and honor, without exception

**Responsibility:** California's high standards for safety and environmental protection

**Commitment:** Respecting our neighbors and advancing community interests for ample, affordable and reliable energy

## ESG at CRC



### ESG Goals

CRC's 2045 Full-Scope Net Zero Goal and updated methane, water, diversity, community giving and executive pay performance metrics are designed to meet or exceed California's high standards for corporate and social sustainability. Our goals also demonstrate CRC's strong commitment to being a leader in the energy transition while providing safe and reliable energy sources.

2045 FULL SCOPE NET ZERO GOAL

- METHANE EMISSIONS
  REDUCTION GOAL
- FRESHWATER USAGE REDUCTION GOAL

• ETHNIC, RACIAL AND GENDER DIVERSITY IN LEADERSHIP GOAL

- COMMUNITY GIVING GOAL
- EXECUTIVE PAY GOAL

### **Environmental Goals**

Building upon the Company's previous carbon management strategy, in November 2021, CRC adopted a 2045 Full-Scope Net Zero Goal that targets a timeframe five years sooner than most other companies' net-zero goals and aligns CRC with California's 2045 netzero ambitions. In 2022, we adopted specific objectives to advance our 2045 goal. We continue to focus our carbon strategy on actionable projects to provide measurable reductions in lieu of targeting offsets or other carbon trading opportunities that use reductions outside California or from non-related sources like forestry.

In addition to our 2045 Full-Scope Net Zero Goal, CRC continues to advance our 2030 Sustainability Goals on methane reductions, water recycling and renewables integration into our operations. Finally, CRC has adopted 2022 targets for maintaining or decreasing our oil spill prevention rate and reducing our asset retirement obligation costs.

### 2045 FULL-SCOPE NET ZERO

CRC's 2045 Full-Scope Net Zero Goal for Scope 1, 2 and 3 emissions places CRC among a select few industry peers to include Scope 3 emissions in their Net Zero goal. CRC's 2045 goal puts the company on a timeframe five years sooner than nost other companies' Net Zero goals and aligns CRC ith the state of California's 2045 net zero ambitions.

The company's strong operational and financial performance enables it to produce stable, low-carbon fuel and invest meaningful ESG projects such as Carbon TerraVault I that will help California achieve its ambitious emissions reduction goals today and in the future.

#### METHANE REDUCTION

CRC's updated Methane Emissions Reduction Goa commits the company to further reduce methane emissions by 30% from our 2020 baseline by 2030. This goal builds on our previous methane reduction goal to lower methane emissions by 50% from our 2013 baseline by 2030, which we surpassed n 2018, 12 years ahead of schedule. Because we have been able to achieve significant methane reductions to date, our updated goal exceeds California's owr 2030 methane reduction goal

### FRESHWATER USAGE REDUCTION

CRC's Freshwater Usage Reduction Goal aims to reduce freshwater usage in our low carbon intensity fuel production by 30% from our 2022 baseline by 2025 - exceeding California's voluntary 15% water use reduction target.

CRC consistently produces more water for California water districts (approximately 5 billion gallons of treated, reclaimed water in 2021) than we consume for our own operations, which means we are a net water provider.

### Social Goals

Maintaining high standards for safety has been a longstanding value at CRC. In 2021, safety was part of our Annual Incentive Program Scorecard, with a target combined injury and incident rate not to exceed 0.50. The actual performance in 2021 was a combined incident rate of 0.43. Safety will continue to be a focus for CRC, with HSE performance-linked incentives.

Additionally, CRC has an ethnic, racial and gender diversity leadership goal that prioritizes diversity in CRC leadership positions. By 2030, CRC aims to maintain greater than 20% of ethnically and racially diverse professionals in leadership positions, increase gender diverse professionals in leadership positions to 30%, and maintain current board composition with at least 30% ethnically, racially and gender diverse board members.

Finally, CRC has a community giving goal that exceeds many of our sector peers on a donation per dollar of revenue basis. Since 2015, CRC has provided more than \$15 million to local non-profits and organizations. CRC aims to further give back and are proud to continue investing in the local communities where we live and work.

#### ETHNIC, RACIAL AND GENDER DIVERSITY IN LEADERSHIP

Our Ethnic, Racial and Gender Diversity in Leadership Goal prioritizes diversity in CRC leadership positions and on the Board of Directors by 2030:

• Maintain greater than 20% of ethnically and racially diverse professionals in leadership positions

• Increase gender diverse professionals in leadership positions to 30%

• Maintain current board composition with at least 30% ethnically, racially and gender diverse board members

### COMMUNITY GIVING

CRC's Community Giving Goal exceeds many of our sector peers on a donation per revenue basis and further gives back to our local California communities where we produce low carbon intensity fuel and develop carbon management initiatives. Since 2015, CRC has provided more than \$15 million to local non-profits and organizations, and we are proud to continue investing in our communities where we live and work.

### **EXECUTIVE PAY**

CRC's Executive Pay Goal links 30% of executive annual incentive pay related to company performance to ESG metrics, among the highest ESG weighting in the industry, underscoring the commitment of CRC's leadership to achieving our ESG goals.

### ESG Alignment with Compensation

We are proud to note that CRC's ESG goals are directly tied to the performance-based compensation of our employees, including executives and senior managers, further highlighting our standing commitment and dedication to a cleaner and more sustainable future. In fact, in 2022, the Board has further emphasized the importance of achieving ESG goals by tying 30% of our management team's annual incentive for Company performance on ESG related metrics.

### Governance of Sustainability Goals

CRC has several roles established to monitor progress towards our ESG goals. First, in 2021, our Board continued to provide formal oversight of ESG matters through our Sustainability Committee. Next, we hired our first Chief Sustainability Officer to partner with the Sustainability Committee and management across the organization to set and implement our sustainability strategy, oversee sustainability risks and opportunities, and monitor and report on ESG topics to internal and external stakeholders. Finally, we established the Project Management Office of Asset Retirement Obligations (ARO) to assign accountability for acting as a good steward of idle wellbores. Our asset retirement obligations are reported on

### Governance Goal

The Board is responsible for overseeing our sustainability strategy, risk management and goals, including those related to carbon management, environmental stewardship, worker safety and diversity, equity and inclusion in our oil and gas operations, as well as our carbon management business.



our financial statements in accordance with U.S. Generally Accepted Accounting Standards and reflect plugging and abandonment of wells and decommissioning of facilities owned or operated by CRC and our subsidiaries in accordance with our interest and our legal obligations.

### Stakeholder Engagement

As part of our engagement, we considered input from a variety of stakeholders, including stockholders, municipalities, regulatory agencies, joint venture partners, landowners, mineral rights owners, customers, suppliers, vendors, our

### **OUR RESPONSE TO COVID-19**

As we continue to navigate the effects of the COVID-19 pandemic, CRC remains steadfast through our core values of Character, Responsibility and Commitment in prioritizing the health and safety of our workforce, their families and the communities where we live and work.

Our COVID-19 Incident Management Team actively monitors global, national and local developments related to the virus to inform the implementation of all health and safety protocols and precautions at our worksites. Steps we have taken to further protect the health and safety of our workforce, our service providers and our local communities include:

- Coordinating closely with government agencies and applying public health guidance regarding work locations, travel and events
- Enabling employees to work remotely when needed to reduce exposure
- Implementing safety plans for workers at CRC plants, rigs and fields to minimize the risk of illness

As COVID-19 continues to evolve, we are dedicated to protecting public and worker health and safety, while continuing to responsibly provide essential energy.

workforce, advocacy groups, the media, labor, business, agricultural and community non-profit organizations. These stakeholders have been identified by senior management and the Board to ensure we communicate with parties involved both directly and indirectly in our operations, including those interested in energy, employment, land use, resiliency, social equity, climate and environmental issues. By engaging regularly, we are better able to inform stakeholders about our operations, solicit their input and identify how we can work together to reach mutually beneficial outcomes. A strong culture of open communication has been established through years of active outreach supported by tools and processes in which stakeholders can reach out to have a voice. Our stakeholder outreach is not limited to our Board and senior management. CRC launched its Ambassador program in 2019 and currently has more than 150 employees who volunteer to participate actively in community outreach, educate decision-makers about the importance of our jobs and our industry, and provide comments on legislation, rulemaking, and land use hearings. Participation in the Ambassador program is entirely voluntary, and individuals are free to express any opinions respectfully in their outreach and comments. In recognition of the importance of transparent stakeholder engagement, CRC's annual management objectives include individual

goals to maintain a dialogue with stakeholders associated with a manager's areas of responsibility.

Board members and our senior management held conversations with stockholders in 2021 related to our corporate policies, governance, performance and company goals. We consider the feedback received in making decisions and setting goals going forward.

> In recognition of the importance of transparent stakeholder engagement, CRC's annual management objectives include individual goals to maintain a dialogue with stakeholders associated with a manager's areas of responsibility.

# Environment

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## Environmental Commitment

CRC is committed to being a responsible environmental steward by efficiently producing energy and actively promoting the conservation of water, habitat and energy. Through our investments in integrated infrastructure, CRC is a net supplier of both fresh water and electricity, unlike oil and gas producers in many other states and countries. We operate with our neighbors, communities and the environment in mind using a highly qualified workforce, including workers from the California State Building and Construction Trades Council and the United Steelworkers.

CRC's sustainability metrics include annual conservation and environmental stewardship targets, as well as specific sustainability project milestones to advance the Board's health, safety and environmental (HSE) and sustainability principles, and to set compensation for our management team and our workforce. CRC has reported - and third-party verified - GHG emissions since our formation under California's Global Warming Solutions Act (AB 32) and voluntarily reports our emissions data, climate risk assessment, sustainability metrics and other mitigation measures annually to CDP (formerly the Carbon Disclosure Project). In December 2021, CDP recognized CRC with an "A-" grade (leadership level) for our 2021 CDP climate disclosure submittal, the highest score received by any oil and gas producer in the U.S. and tied with one other U.S.-based company with global operations.

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California has the most stringent environmental regulations on the oil and natural gas industry anywhere. Twenty-six state and federal agencies oversee all aspects of CRC's exploration and development of oil and gas properties, production practices, product transportation and sales in California. Foreign governments and other states do not follow California's world-leading standards such as the California Environmental Quality Act, AB 32 GHG Cap-and-Trade program, the state's Oil and Gas Methane Regulation, extensive vapor recovery and emission controls, Petroleum Safety Orders and the comprehensive California Geologic Energy Management Division (CalGEM) regulations of drilling, completion, operation, and well plugging and abandonment. CRC's HSE and sustainability programs often surpass California's stringent regulatory requirements.

## Emissions Management



Other Air Emissions are Decreasing



In our ongoing pursuit to reduce operational emissions, CRC has implemented a 2045 Full-Scope Net Zero Goal for Scope 1, 2 and 3 emissions. This places us among a select few industry peers to include Scope 3 emissions in their net-zero goal. Additionally, our Full-Scope Net Zero by 2045 goal puts us on a timeframe five years sooner than most other companies' net-zero ambitions, aligns with California's 2045 net-zero target and the UNFCC's Paris Agreement, and is ahead of the IEA Net Zero Emissions scenario, 2021 is the first year of reporting progress toward CRC's 2045 Full-Scope Net Zero Goal and we have positive results - a reduction of 1MMT CO<sub>2</sub>e from the 2020 baseline.

Our methane emissions reduction goal was recently updated as we surpassed our initial target 12 years ahead of schedule in 2018 - to lower methane emissions by 50% from our 2013 baseline by 2030. Our updated goal commits us to further reduce methane emissions by 30% from our 2020 baseline by 2030. To stay on pace with our targets we are currently in the process of changing out methane pneumatic devices to use technologies that do not vent methane, such as solar-powered compressed air.

#### See figure 0.1

To improve our emissions mitigation strategy, we regularly review innovative technologies to integrate into our operations. Most recently, we implemented the use of optical gas imaging Forward-Looking InfraRed (FLIR) cameras to enhance traditional methane leak detection via handheld portable monitors. These FLIR cameras allow operators to easily detect leaks from difficultto-monitor locations. We have been continually investing in field-deployed methane detection technology since 2018 with over \$500,000 invested. We are currently evaluating the use of handheld methane detection laser units, fixed methane sensors, and drone/aerial/satellite technology to identify leaks. Including satellites in our technology mix would give us an immediate notification for potential larger leaks whereas participation in aerial flight detection programs would allow us to see smaller leaks to immediately mobilize a crew to administer repairs. As of 2022, we have allocated \$300,000 to remote sensing methane leak technology.

### See figure 0.2

We also continue to evaluate ways to reduce or eliminate criteria pollutants, working with local air districts to reduce criteria emissions - nitrogen oxides (NO<sub>x</sub>), sulfur dioxide (SO<sub>x</sub>), carbon monoxide (CO), and volatile organic



compounds (VOC) - from all combustion units including heaters, engines, turbines and fugitive components. In 2021, CRC partnered with the California Air Resources Board (CARB) and Carbon Mapper on remote surveillance of our operations using airplanes in the San Joaquin Valley to further reduce unintentional fugitive emissions and thus reduce both methane and VOC emissions. In addition, CRC performs its own enhanced monitoring of fugitives by exceeding the minimum required fugitive leak inspection frequency in many of our fields and employing enhanced detection capabilities such as the FLIR cameras. CRC estimates our leak detection and repair (LDAR) survey rate is 25% more frequent than mandated by LDAR rules from the U.S. Environmental Protection Agency (EPA), California and local air districts. CRC has a current fleet of five FLIR cameras dispersed throughout our operations that assist in the screening of our assets. The cameras are strategically deployed throughout our operations to support our LDAR program as a quality assurance/quality control tool and for investigative purposes. We have also installed or expanded vapor recovery at tanks storage in the Buena Vista Hills, Kern Front and Mount Poso fields.

### LDAR survey rate is 25% more frequent than mandated

In addition, CRC performs its own enhanced monitoring of fugitives by exceeding the minimum required fugitive leak inspection frequency in many of our fields and employing enhanced detection capabilities such as the FLIR cameras.

## Environmental Impact



We are dedicated to the continual environmental integrity of our operations. As such, we adhere to robust environmental management practices. For example, we begin facility design assessment and conduct receptor analysis to ensure minimal environmental impacts. In addition, we perform biological pre-activity surveys on any habitat disturbance work as well as routine biological monitoring of habitat conservation areas to ensure avoidance of any threatened and endangered (T&E) species. To support our focus on biodiversity, we also have self-inspection programs on all environmental matters such as leak mitigation, air emission monitoring and flare monitoring. We report any environmental incidents including spills, biological matters, odors or emission deviations. Environmental training programs are provided to employees, contractors and suppliers including topics on wildlife/ habitat protection, air emissions, noise, dust, hazardous materials, and waste management.

### Protected Habitats & Conservation Areas

While CRC has strong programs in place to protect wildlife and habitat, we maintain a relatively small proportion of our reserves in conservation areas, 5% within designated conservation areas as well as reserves located within areas set aside as part of habitat conservation plans.

### **Biodiversity Impact**

CRC works closely with the U.S. Fish and Wildlife Service, the U.S. Bureau of Land Management, the California Department of Fish and Wildlife, universities and non-profit organizations such as the Wildlife Habitat Council (WHC) to promote habitat conservation and biodiversity. We support and research native flora and fauna in our operating locations, minimize disruption of those species and conserve and restore habitat. By implementing improved and enhanced recovery techniques in mature oil and gas fields and applying directional and multi-pad drilling technologies and well workovers, we extend the productivity of existing infrastructure and reduce the surface area needed for oil and gas production. These approaches enable us to complete several wells from a single drilling site, minimizing the footprint of oil and gas development.



### Elk Hills Habitat Conservation Area

We own and maintain the flagship Elk Hills Habitat Conservation Area at Elk Hills Field in Kern County. The conservation area spans more than 8,000 acres which protects threatened and endangered species and preserves Native American cultural resources. The area features a variety of landscapes including lower Sonoran grassland, valley saltbush scrub and valley sink scrub. To preserve this distinct landscape, the land is managed through controlled grazing and monitored through residual matter sampling and small mammal surveys. Elk Hills is home to the San Joaquin kit fox, blunt-nosed leopard lizard, giant kangaroo rat, Tipton kangaroo rat, San Joaquin antelope squirrel, Western burrowing owl and several native plant species which we are committed to protecting.

CRC has a 50-year state permit from the California Department of Fish and Wildlife that, at full field development, preserves an additional 17,500 acres of habitat in perpetuity. The resulting 25,500-acre conservation area will be 160 times larger than Disneyland and occupy more than half the surface area of the Elk Hills Field, putting us in line with California Governor Gavin Newsom's goal of preserving 30% of California lands for habitat. The WHC has certified the Elk Hills Conservation Area for our proactive environmental management. In 2021, CRC was presented a WHC Award during the Council's annual conference, recognizing CRC's excellence in corporate conservation of the Elk Hills Conservation Area.

Spans more than **8,000** Acres

Plus an Additional **17,500** Acres of Habitat

Resulting in 25,500 Acres Conservation

### Biological Monitoring and Environmental Conservation

In 2021, CRC continued working with the California Department of Fish and Wildlife on biological monitoring at our operations, including at the Bolsa Chica Wetlands in Huntington Beach and the San Joaquin Valley. In addition, we support conservancy work at the Coles Levee Preserve, Wind Wolves Conservancy and Bureau of Land Management (BLM) areas. In the San Joaquin Valley, specifically, all conservation lands are fenced off to protect the native habitat, annual bio surveys are conducted to index species and population trends, and we work with the BLM on restoration programs including hydroseeding and reseeding with native shrubs. To track performance on our conservation actions across our various locations, we monitor our land use activities against conservation credits earned through the establishment of the various habitat conservation areas. Conservation credits are derived through establishing formal conservation easements on land acreage.

At the THUMS islands, which CRC operates on behalf of the City of Long Beach and the State of California, CRC has removed non-native species and replanted native species to restore the native habitat. The WHC has certified our coastal habitat conservation programs at the four THUMS oil production islands in the Long Beach Harbor and the Huntington Beach Field. CRC received the Council's Landscaping Project Award for the THUMS islands, which provide both an excellent habitat for native coastal species and an educational opportunity for schools, scouting groups and other community members.

> Coastal Habita Conservancy Program

Long Beach, California

Our environmental awards and certifications underscore CRC's commitment to helping California and our diverse communities achieve and sustain a vibrant and inclusive future for generations to come. As a company dedicated to safely and sustainably supplying local, affordable and reliable energy, we proudly share and endorse the state's commitment to make efficient use of our natural resources and safeguard people and our environment.



Bolsa Chica Wetlands Huntington Beach, California

## Spill Prevention and Management

As a responsible steward of the environment and ecosystems in which we operate, we are resolutely focused on mitigating and preventing spills as a part of our operations. CRC continues to expand our automated process, pipeline and well monitoring and control systems to minimize the potential for releases and to rapidly detect and mitigate spills that occur. Our asset integrity program prioritizes facilities, pipelines and gathering lines for evaluation, inspection and maintenance. It focuses our investments to prevent corrosion, provide secondary containment, train operators on release prevention and response, and audit and inspect operations. We also emphasize the authority of our employees and contractors to shut down facilities, pipelines and wells safely to prevent a potential incident-without the need to first contact a supervisor. Together, we have

enabled our personnel to identify, report and immediately take steps to mitigate incidents, including those caused by third parties.

Oil spill prevention and planning are essential to demonstrating sustained asset integrity and rapid environmental response by limiting losses of crude oil and condensate to a minute fraction of production. CRC devotes significant resources to preventing spills through construction, maintenance and mechanical integrity programs. We were the first oil and natural gas company in California to sign a statewide Project Labor Agreement with the California State Building and Construction Trades Council to ensure that our facilities are built and maintained by a highly qualified California workforce. Our dedicated operations and mechanical integrity teams inspect and maintain our pipelines and facilities, which are also routinely assessed by internal and third-party risk engineers and audited by multiple regulatory agencies.

CRC also has a robust emergency response program, with a Communications Operations Center that is staffed 24 hours per day year-round to report and address medical, safety, security or environmental incidents and dispatch company personnel, environmental contractors, and local emergency responders. We conduct regular table-top and full deployment drills in sensitive ecosystems near our operations in conjunction with federal, state, and local emergency responders to ensure preparedness and alignment should a spill occur. Operators and HSE professionals mobilize to such incidents, and aid local emergency responders in third-party events unrelated to our operations



such as wildfires or vehicle accidents.

Safety and environmental events are tracked consistently in CRC's Knowledge Management System for reporting, investigation and resolution as well as continuous improvement. It is important to note that the small amount of crude oil that is not recovered in liquid form is not released to the environment but is entrained in excavated soil that is removed and properly disposed of to minimize impact to sensitive environments. Our performance on this metric directly affects compensation for our management team and our workforce.

#### ee figure 0.3



## Energy Management

Energy use and efficiency is a key metric for our operations as renewables will help us both reduce the carbon intensity of our production and our Scope 2 emissions to achieve our 2045 Full-Scope Net Zero Goal. Thus, we are dedicated to enhancing the energy efficiency of our operations and increasing the amount of renewable energy we utilize.

We plan to bring up to 45 megawatts (MW) of renewable energy online by installing several behind-the-meter (BTM) solar projects. Our BTM solar projects are used solely to power our business operations and will help reduce our total Scope 2 emissions. In addition, we are actively repurposing our surface holdings space to enable third party partners to develop utility-scale solar projects on our properties that contribute generation capacity to the state's grid. As a result, while we continually lower our carbon intensity through operational improvements and our BTM projects, we are also helping the state meet its net-zero carbon grid target by providing opportunities for front-ofthe-meter (FTM) solar development locations with energy storage systems. Demonstrating this commitment, in 2020-2021 we invested over \$500,000 for FTM and approximately \$1 million on BTM projects. While we continue to ramp up BTM solar to power our own operations, the power we are using from the grid is also becoming increasingly more renewable. We currently purchase electricity from two grids - PG&E (San Joaquin Valley and Sacramento Basins) and Southern California Edison (Los Angeles Basin).

See figure 0.4



## Water Management



We understand the need to conserve and use water in a responsible and structured manner. That is why we view our water management and stewardship process as key to not only our success but our communities as well.

Unlike most oil and gas producers in other parts of the world who are net consumers of water, CRC is a net fresh water supplier to the state. In 2021, CRC delivered approximately 5 billion gallons of treated, reclaimed water for agriculture.

CRC's personnel, who consist of engineers and operations workforce, work diligently to implement conservation and recycling projects that decrease our freshwater use, develop alternative water sources like repurposing treated produced water from oil and gas reservoirs, and help to sustain freshwater resources in the communities where we operate. Recycling and reclaiming produced water add to California's water balance as a new source for agriculture and industry and extend supplies from existing water sources. This produced water helps provide much-needed water to sustain thousands of acres of productive farmland, especially during the droughts that are so common in the state. Through our internal reuse and recycling and our supply of reclaimed produced water for agriculture, we help the state to sustain freshwater resources for cities, towns, farms and ranches, as well as for wildlife in river ecosystems. We are committed through our

Kern Front operations field to maintaining our role as a net water supplier in the southern San Joaquin Valley, which is a water stress area.

CRC's investments in water conservation and recycling directly advance the state's policy under Water Code Section 106.5 that every human being has the right to safe, clean, affordable and accessible water adequate for human consumption, cooking and sanitary purposes. The State Water Resources Control Board (State Water Board) and the Regional Water Quality Control Boards (Regional Boards) have also expressly encouraged the use of recycled water to reduce demand on potable (i.e., drinking water) supplies and other freshwater sources. These agencies have sought to restrict the use of potable water for non-potable uses wherever recycled water is available. CRC has demonstrated our commitment to conserving potable water and to reuse, recycle and reclaim other water supplies, especially in recent drought years.

> Unlike most oil and gas producers in other parts of the world who are net consumers of water, CRC is a net fresh water supplier to the state.

Most of the water managed by CRC, called "produced water," occurs naturally in hydrocarbon reservoirs and is brought to the surface during the production of oil and gas. CRC separates produced water from the produced oil and gas. In 2021, 90% of our produced water was recycled, either directly in our improved or enhanced recovery operations or, after reclamation, by agricultural water districts for use in irrigation and recharge. The remainder was disposed of via injection into deep saline zones as permitted by regulatory agencies to protect water with beneficial uses. California Senate Bill 1281 requires California oil and gas producers to submit detailed reports on sources, uses and disposal of water in their operations, which are publicly accessible through CalGEM's water use reporting website.

We directly reuse or recycle 78% of our produced water in our improved or enhanced recovery operations, typically in a closed loop system by reinjecting it into the same oil and gas reservoirs from which it came. Even though recycled produced water is already our primary water source for our operations, we have continued to evaluate additional water recycling technologies to ensure that our freshwater use does not affect the availability of high-quality water to cities, towns, farms and ranches near our operations. These investments have enabled CRC to expand our role as a net water supplier to agriculture since our formation. In 2021, we supplied 4.88 billion gallons (14,990acre feet) of treated, reclaimed produced water to agricultural water districts, 12% of our produced water. This delivery was almost triple our 2013 volume. This water is essential for Central Vallev farmers since it reduces their groundwater pumping, which reduces both the stress on the aguifer and importantly the energy it takes to lift the water. Our reclaimed water is blended with water that agricultural water districts obtain from other sources. The reclaimed water and blended irrigation water are sampled and analyzed on a monthly and quarterly basis by an independent state-certified laboratory for up to 120 compounds and reported in a publicly accessible format to the Regional Board to ensure the water used for irrigation or recharge meets water quality permit requirements. Moreover, water districts and the state's Food Safety Expert Panel have also conducted crop sampling to validate the safety of reclaimed produced water for irrigation.

In 2021, we recycled or reclaimed nearly 100% of the produced water from steam flood operations at our Kern Front Field. We continue to evaluate projects to replace freshwater with recycled water in our operations wherever feasible and reclaim even more water for beneficial uses.

About 48% of our purchased freshwater is used in power plants to generate electricity at Elk Hills and Long Beach. The remainder of our purchased freshwater is used in oil and gas drilling, steam generation and farming operations on land that we own.

In 2022, our Board of Directors adopted a Freshwater Usage Reduction ESG goal to reduce freshwater usage in our low carbon intensity fuel production by 30% from our 2022 baseline by 2025, thus exceeding California's voluntary 15% water use reduction target. As described in our Proxy Statement, this metric directly affects the annual incentive compensation of our employees.

See figures 0.5, 0.6 and 0.7

2018

2019



2021

2020



Total Freshwater Withdrawn Without Ag Use



27

## Waste Management

As an accountable stakeholder to our communities and the environment, safe and efficient production of our products is key to our success. We remain committed to maintaining robust waste minimization plans to manage and reduce all forms of waste.

Waste minimization includes source reduction practices that reduce or eliminate waste generation at the source and environmentally sound recycling practices where source reduction is not practical. To avoid generation of waste, our source reduction initiatives include enhancing the separation of fluids from tank cleaning, education of best practices including full chemical utilization, return of surplus products, as well as implementing treatment changes. For example, to eliminate spent solid waste material from sulfur treatment vessels, we switched to a chemical treatment process.

Throughout our various locations, we adhere to several waste minimization practices. For example, we substituted halogenated solvents with non-hazardous degreasers, as well as converted from chemical drum to bulk storage to save on space and enhance efficiency as well as dewater solids to reduce volume of non-hazardous waste going offsite. Additionally, we return empty containers to original vendors for reuse and instruct all waste generating operations to fully utilize all chemicals (paint, inhibitors, emulsion breakers, etc.) within their responsibilities so as not to needlessly waste input chemicals. We also seek to reuse and recycle used lubrication oils wherever we feasibly can and as appropriate to do so.

Waste reduction and minimization practices are implemented in our offices. Low-level or nonmercury containing fluorescent lamps have been installed wherever possible, and we regularly ship all fluorescent lamps off-site for recycling when no longer in use. Office paper, cardboard waste, lead acid and nickel-cadmium batteries are transported off-site for recycling.

#### See figure 0.8





## Social

### IN THIS SECTION

Human Capital Management	
Supply Chain Management	
Community Involvement	
Awards and Recognitions	

SAFETY FIRST COMMUTMENT RESPONSIBILITY

Server 12





The dedicated employees in CRC's workforce operate critical and essential infrastructure. Our stakeholders are focused on progressive policies to reduce income inequality, and our operations provide the careers and products that enable upward economic mobility. CRC provides safe and reliable oil, natural gas, natural gas liquids like propane, and electricity needed for stability in the energy supply and to promote our collective public health, safety and welfare. We are committed to helping our state and our diverse communities achieve and sustain a vibrant and inclusive future for generations to come

We take our leadership position seriously by operating at the forefront of issues that positively impact quality of life so the state can reliably meet residents' energy consumption needs. Our goal is to safely and sustainably provide the energy our communities need and support working families in careers tha provide upward economic mobility and stability.

### Health and Safety

At CRC, health, safety, and the environment are top priorities. We work actively to enhance protocols in our operations by setting consistent expectations in job planning and contractor selection, empowering and training our workforce as safety leaders, and supporting them with safe work practices, technology and rigorous maintenance and asset integrity programs. We place a premium on safeguards for workers and communities. CRC's workplace is built on an unwavering commitment to promoting health and safety throughout our operations. Our dedicated drilling and well servicing crews and our experienced operators, who include highly gualified members of the California State Building and Construction Trades Council and United Steelworkers, construct, maintain and operate this infrastructure to safely produce the energy and products that our communities depend on every day. Importantly, CRC empowers all employees, suppliers, and vendors with Stop Work Authority to cease any activity - without repercussions - to prevent a safety or environmental incident.

A key element of our health and safety approach is a commitment to continuous improvement of our HSE performance. With continued improvement in mind, we initiated a 2021 Compliance and Assessment Performance Report to track and trend HSE-related key performance indicators (KPIs). The lessons learned from this analysis are grouped into our Environmental & Safety and Health Assessment Program. The report includes data analysis and lessons learned for each of the two focus areas. Additional KPIs that need to be evaluated will be identified going forward. The report and potential recommendations will be used as part of our comprehensive HSE Self-Assessment Program review process.



To underscore our dedication to a safe work environment, we as a company, abide by four tenets:

### Safe production is our standard.

CRC embraces our responsibility to provide and maintain a safe and healthy work environment for all employees, contractors and the community. CRC will comply with all applicable CAL OSHA workplace safety and health requirements and maintain occupational safety and health standards that equal or exceed the best practices in the industry.

### Our goal is zero injuries.

The optimum safety performance is to operate all of CRC properties injury and incident free. To achieve this goal, every reasonable effort will be made to use the principles of accident and loss prevention in the execution of all activities.

### Everyone is a Safety Leader.

It is every employee's responsibility to identify, mitigate or eliminate recognized hazards which can result in personnel injury, illness, property damage or environmental impact. All personnel are trained to prioritize their own safety and are required to promptly report all unsafe acts or conditions to their supervisor. To this end, all employees have Stop Work Authority. Supervisors are responsible for taking actions to resolve such issues and to ensure all employees are trained in safe-work practices.

### No job is worth an injury.

At no time is production put above the safety of our employees or at the risk of the environment.

The success of our safety culture requires Commitment, Responsibility and Character of all personnel working together to achieve this common goal.

#### See figure 0.9



### SAFE PRODUCTION IS OUR STANDARD



## Human Capital Management



At CRC, it is important to build both an ethical human capital management program and cultivate a healthy culture of diversity and communication. These are the foundation and drivers of our future success. As our employees are our most valuable asset, ensuring focus on fair and equitable treatment is key. It is equally important to us that we endeavor to build a diverse workforce. one that reflects the many communities where we operate and lends us opportunity through a wide range of backgrounds, experience, and knowledge. As such, we place a heavy importance on recruiting new prospects, retaining our current talent, and developing our workforce in the skills and attributes they need to succeed.

### **Recruiting Top Talent**

In order to attract a wide range of top talent, we offer a comprehensive package of benefits to employees and their families with the protection needed today and the opportunity to build financial security for the future. Our offerings include healthcare coverage (medical, dental, vision, and life insurance), accident and disability benefits, sick pay, paid holidays, paid parental leave, up to six-weeks of paid vacation annually and various group discount programs. For financial security, we offer retirement savings plans, flexible spending accounts, health savings accounts and an employee stock purchase plan.

We also have student programs including parttime roles for students while they are actively enrolled in school, and summer internships that recruit from universities in the communities where we operate. We partner with The East Los Angeles Community Union (TELACU), a nonprofit community development corporation that services disadvantaged communities in East Los Angeles through economic development, for internship recruiting. We also have a long-standing vocational summer internship operator program with Los Angeles Trade Technical College (LATTC), the oldest of the nine public two-year colleges in the Los Angeles Community College District.

### Retaining Our Workforce

To ensure we keep a diverse and top performing workforce, we offer a suite of programs and benefits, including health advocates, educational assistance, gym subsidies, and a retail discount program.

CRC has established feedback mechanisms including annual engagement surveys to ensure employee sentiment is collected and heard throughout the year. Our employee experience team review results with our CEO to strategize on opportunities and improvements. Senior leadership also host regular townhalls so employees can engage with them through Q&A sessions.

### Continued Development of Our Employees

CRC puts a strong emphasis on the continued development of our employees. Our employee training opportunities are provided to enhance leadership development and expand career opportunities. CRC's employees also undergo mandatory annual training on CRC policies including business ethics, harassment, IT security and others. Training also reinforces our companywide commitment to operate in accordance with all applicable laws, rules and regulations and to sustain a diverse and empowered workforce comprising our employees and those of our suppliers, vendors and joint ventures. On average, each of our employees completed 14 hours of training in 2021. A total of 12.085 of those hours across the company were spent specifically on health and safety policies and procedures. In addition to training, employees receive regular performance evaluations and career development discussions from their direct managers. All employees receive annual performance reviews.

Our largest development initiatives include the Future Leaders Development Program with UCLA Anderson School; our Intrepid Women's Program, a program of coaching and development circles for women; and ELEVATE, a manager workshop on communication styles and culture changing behaviors to develop our future leaders. In addition to Company led initiatives, there are also several employee resource groups such the Women's Interest Network (WIN), Early Career Network (ECN) and the Veterans' Interest Network (VET).

We recognize our voluntary turnover rate increased in 2021 and would point to a number of extraordinary events during the 2020-2021 timeframe, both inside and outside CRC. To address and reverse this trend we have introduced a number of employee retention initiatives such as increasing leadership communication to share vision and direction of the Company, allocating \$2 million toward our training budget to increase leadership and soft skills, providing funding for new employee resource groups, forming a new Diversity, Equity and Inclusion (DEI) council focused on recruitment and retention, providing long-term incentive retention awards, supplemental profit sharing 401(k) contributions and off-cycle raises to address recent increases in the cost of living.





### Each employee completed **14 hours** of training in 2021

A total of 12,085 hours spent on health & safety

AII employees receive annual performance reviews

## Diversity

As a company, we put immense value on building an open and diverse culture. The breadth of ideas, experience and knowledge not only helps us gain better understanding but grow as a company too. Providing upward economic mobility for employees across the educational spectrum, offering ample career advancement and championing that strength through diversity is how we achieve success. With these principles guiding our diversity strategy, we have implemented a 2030 ethnic, racial and gender diversity leadership goal that prioritizes ethnic, racial and gender diversity in company leadership positions and on the Board of Directors. Our goal is three pronged, to maintain greater than 20% of ethnically and racially diverse professionals in leadership positions, increase gender diverse professionals in leadership positions to 30% and maintain current board composition with at least 30% ethnically, racially and gender diverse board members.

CRC is proud to be part of an industry that provides high wages and benefits for working families, regardless of educational background, and reflects the ethnic diversity of the state that is unmatched by other industries. Our industry also reflects California's diversity with a labor force that is 28% Latino, 10% Asian and 6% Black. CRC is proud to provide careers with median incomes that enable working families to thrive in the Golden State.

See figure 10



Our goal is three pronged, to maintain greater than 20% of ethnically and racially diverse professionals in leadership positions, increase gender diverse professionals in leadership positions to 30% and maintain current board composition with at least 30% ethnically, racially and gender diverse board members.

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## Supply Chain Management

CRC's Supply Chain Department managed approx. \$564 MILLION

Across approx. 190 CATEGORIES CRC works with suppliers to provide goods and services that are critical to our success. Our partnerships with our suppliers allow us to support efficient operations, maintain high HSE standards, and mitigate environmental and social risks.

CRC continuously works to build a more sustainable and transparent supply chain. We expect our suppliers and contractors to share our commitment to health and safety, environmental stewardship, and ethical business conduct, including sound labor and human rights practices. To this end, we build relationships with third parties that are committed to compliance with CRC's policies on these topics. We expect - and our standard contracts require - suppliers, vendors, and contractors to operate ethically and to comply with all contract terms, laws, and CRC's policies. The equipment and materials we purchase are typically manufactured by specialized companies to detailed engineering specifications. Accordingly, we believe there is no risk of slavery or human trafficking in our supply chain. We nonetheless have a variety of mechanisms in place to assess and reduce risks in our supply chain, including compliance with state laws and regulations as well as CRC policies around human rights, labor, and employment. Additionally, we have a statewide Project Labor Agreement (PLA) with the California State Building and Construction Trades Council, which ensures that our construction and maintenance contractors

hire a highly qualified and fairly paid workforce. Our drilling and well servicing is typically performed by dedicated contractor crews whose work on our sites is reviewed or overseen by CRC employees.

To ensure our high standards are upheld, audits are conducted on suppliers we utilize and contractors we employ. We apply a riskbased approach to determine which parties are subject to audit by our internal procurement or audit resources. Due diligence is conducted to establish that potential suppliers and contractors are reputable, provide trainings to their employees, and have measures in place to assess performance. We host periodic meetings with suppliers to discuss materials delivery, contact obligations, pricing, efficiency in operations, improvement opportunities and safety priorities.

In 2021, CRC's Supply Chain Department managed approximately \$564 million in spend across approximately 190 spend categories with thirdparty suppliers and contractors. A high percentage of this spend is contracted with approximately 590 suppliers under approximately 750 Blanket Purchase Agreements (BPA).

These agreements require our suppliers to comply with and perform to our high standards around HSE, CRC's standard commercial terms, drug, alcohol and controlled substance requirements,
business ethics and corporate policies, surveillance technology guidelines, business insurance, following all federal, state and local labor laws and regulations, working fairly with customers, suppliers, competitors, and other commercial counterparties, equal opportunity employment, conducive workplaces and antitrust compliance.

#### Supplier and Contractor Selection Process

Our procurement process for supplier selection and contract award involves collaboration between Supply Chain and various stakeholders within Operations. Approximately one third of our agreements expire every year. Each supplier agreement expiring is evaluated for performance to existing contract technical, commercial and HSE terms. Extension of agreements are possible considering supplier performance during the contract term, safety record, operational performance, continuous improvement, waste management, pricing and efficiency and control of volumes of material or services used in the course of operations. If better options are available in the marketplace for the category of spend, a competitive tender will be conducted. This process will be governed by CRC's Supply Chain Department policy of fairness, competitive bidding, awarding business to suppliers and contractors who best meet the comprehensive criteria mentioned

above, technical performance considerations, and our commercial contract terms. CRC places most spend under template BPAs. All other non-BPA spend is sourced and must be approved per CRCs Approval Authority and Signature process. It is Supply Chain's strategy to formally contract a large percentage of critical and repetitive spend under formal contracts that we refer to as BPAs. This ensures a rigorous due diligence process during the selection process of those suppliers we select to engage in long-term contracts for materials, equipment and labor supply.

#### Risk Register and Risk Management

Supply Chain has developed a risk-based approach by spend category. Twelve categories out of approximately 190 have been identified as highrisk to the enterprise. As such, heightened focus in terms of suppliers' performance, safety, efficiency in the application of materials, alternative back-up plans, etc. are integral to the sourcing strategies of these categories. All categories are continually assessed on a quadrant scale for inherent risk (impact and risk likelihood) and management action and control effectiveness. This risk plan has been reviewed with CRC's Internal Audit group.



## Community Involvement

CRC's core values of Character, Responsibility and Commitment direct how we conduct our business, contribute to our communities, support local economies, protect the environment, and interact daily with our stakeholders. At CRC, we are dedicated to the local communities where we live and work. We engage proactively with our local stakeholders, serve as an active and supportive community partner, create alliances with organizations that seek to advance community interests, and strengthen our community relations to be a neighbor of choice. Reaching beyond CRC's carbon management initiatives, low carbon intensity energy production and the economic and environmental benefits, CRC's operations and employees support our community partners through impactful charitable donations and volunteerism. Our charitable contributions all support one of the following three focus areas:

**Public Health, Safety and Environment** - Health, safety and environmental protection are core to CRC's operating philosophy. CRC supports programs that promote community health, safety and well-being, focusing on health and wellness in underprivileged communities and public safety professionals, and environmental stewardship.

**Orlie's Shoe Drive** | CRC partners with Orlie's Shoe Drive to provide free shoes to school-aged children of disadvantaged families in Kern County communities. The company was founded by one of CRC's employees in 2018. Orlie's Shoe Drive is a non-profit that works with the community to gift new shoes to children in Kern County that are in difficult situations out of their control.

**Golden Empire Gleaners |** The mission of Gleaners is to help alleviate hunger and provide food for those in need in the Kern County community. They accomplish this by collecting and distributing food and agricultural products that might otherwise go to waste. Through the help of referring agencies, they distribute food to needy children, senior citizens, families in crisis, people who are ill, disabled, experiencing homelessness or unemployed, and others determined by the board of directors to be eligible. CRC employees participate in an annual 'Oil and Can Do It' campaign where energy companies throughout Kern County go head-to-head in a friendly food drive competition to help fight hunger.



California Resources truly stands behind the communities they live and work in. Their continual sponsorship and support have provided over three hundred pairs of new tennis shoes to children in need in Kern County. It is an item that is often taken for granted, yet thousands of children in the United States are forced to wear shoes that do not properly fit, are falling apart, or go barefoot altogether. Dozens of medical studies over the years have linked a lack of proper footwear to a decrease in school attendance, health and even self-esteem among peers. Thank you, California Resources, for helping us meet our goal as we strive to never let a single child go without.

> Alex Vigil, Co-Founder and President, Orlie's Shoe

Court Appointed Special Advocates (CASA) of Kern County | CASA of Kern County's goal is to protect and ensure each child's right to a safe, permanent home. These children have come into the Juvenile Dependency court system as the victims of abuse, neglect, and/ or abandonment. Their caretakers have been unable to keep them safe, so social services and the legal systems have entered their lives.

The CASA volunteer is a sworn officer of the court whose job is to provide the juvenile court judge or referee with an independent assessment of the circumstances of the child. The CASA's report is drawn from their evaluation of interviews they conduct with key parties in the child's life. The CASA makes recommendations for the disposition of the case based on the child's total circumstances. In addition, the CASA attends all court hearings pertaining to the child. With the support of the program staff, they represent the interest of the child in the proceedings, which are normally scheduled every six months.

The Golden Empire Gleaners is incredibly grateful for our partnership with CRC. Your support has enabled us to continue to provide food for families/individuals in Kern County that experience food insecurity and to our Senior Sack program serving eighteen locations twice a month. The Gleaners does not receive any government funding and solely relies on partners that share our vision. Thank you, CRC, for your continued support to help us fulfill our mission to alleviate hunger in Kern County.

> Debbie Powers, Executive Director, Golden Empire Gleaners

CASA relies on the generosity of our volunteers, donors and corporate partners to fulfill our life-changing work. Thanks to the support of California Resources Corporation, CASA of Kern County can serve, and support abused, neglected and abandoned children in foster care through the use of highly trained and committed volunteers. CASA is proud to partner with CRC and believes in the same values of character, responsibility and commitment to our community and beyond.

> Amy Travis, Executive Director, CASA of Kern County

STEM/Job Training - The energy sector provides opportunities for burgeoning scientists and technicians to have a fruitful career and a ladder to the middle class. CRC supports programs that enable students to learn and be inspired about science, technology, engineering and mathematics (STEM) and the energy industry, ranging from hands-on learning and after-school opportunities for elementary school students to job training partnerships, internships and scholarships for young adults.

Kern County Hispanic Chamber of Commerce | CRC partners with the Kern Hispanic Chamber for their Energy Academy, which is designed for students from disadvantaged communities who have interest in STEM to gain exposure to the energy industry.

**Future Farmers of America** | CRC supports Future Farmers of America (FFA), a dynamic youth organization that changes lives and prepares members for premier leadership, personal growth and career success through agricultural education.



Being a valuable resource for new and existing small businesses, entrepreneurs and student programs has always been a priority for the Kern County Hispanic Chamber of Commerce (KCHCC). We work closely with our community partner, California Resources Corporation, to provide our annual KCHCC Energy Academy to ensure student participants have access to best curriculum, speakers and presenters to ensure their success along their academy journey. Thank you, CRC, for your continued support in providing extensive resources to our business community and our future leaders from our Energy Academy. You truly play a critical role in transforming young minds into future leaders

Jay Tamsi, President and CEO, Kern County Hispanic Chamber of Commerce

CRC donated a repurposed trailer to the Taft High School FFA Program to help students haul livestock and equipment. Following the ceremony, students provided a tour of the farm and livestock. The Future Farmers of America program is a national organization that prepares their members for leadership, personal growth and career success through agricultural education. Agricultural education prepares students for successful careers and a lifetime of informed choices in the global agriculture, food, fiber and natural resources systems.

Kern County Science Foundation

CRC supports the Kern County Science Foundation, an organization that aims to advance youth interest in STEM in Kern County. CRC is involved with the foundation's annual science fair for Kern students, providing volunteers and science fair judges. California Resources Corporation has been an important partner of the Kern County Science Foundation as we support K-12 Science, Technology, Engineering and Mathematics (STEM) to the kids of Kern County, Research shows that students are more likely to persist in STEM after participating in a hands-on extracurricular STEM activity. This is why KCSF sponsors numerous STEM-related activities throughout the year, including the Kern County Regional Science Fair, Mathematics AP Contest, Physics Olympics and other STEM activities. CRC supports our continued efforts year after year, and we are grateful for their partnership!

> Dr. Andrea L. Medina, President, Kern County Science Foundation



Diversity, Equity and Inclusion (DEI) - CRC supports programs and policies that encourage representation and participation of diverse groups of people, including different genders, races and ethnicities, abilities and disabilities, religions, cultures, ages and sexual orientations and people with diverse backgrounds, experiences, skills and expertise.

Latina Leaders of Kern County | CRC supports Latina Leaders of Kern County, an organization whose mission is to foster leadership, identify and develop opportunities for Latinas, and to influence key issues affecting our community. Latina Leaders is passionate about continuously looking for opportunities that develop and support Latina Leadership. Their philosophy is to be committed, open minded and inclusive.

Garden Pathways | CRC supports Garden Pathways, a community-based nonprofit that mentors children, youth and adults to build productive lives. Diverse mentoring and education



California Resources Corporation continues to ensure that Central Valley Latinas have access to critical programs and opportunities for leadership development. Your support ensured that the women and girls participating in the Latina Leaders of Kern County Youth Leadership program were able to spend a day at the Capitol participating in HOPE's Latina Action Day and that they were prepared to meet their local representatives. Thank you for your continued support of Latina Leaders of Kern County and leadership development in the Central Valley. Together we will continue to 'strengthen our communities, one leader at a time.'

> Norma Rojas-Mora, Past President, Board Member, Latina Leaders of Kern County

#### Being a Responsible Neighbor

Most of our major operations are in rural-based settings, away from major population points. However, for those facilities in less rural settings, we have instituted processes to mitigate potential impacts on local communities. At our Huntington Beach facility, we employ fence line monitoring to mitigate potential odor complaints. Our operations employ methods to reduce potential noise coming from our activities. If any concerns arise, our name and contact information are posted on signs near our facilities. In addition, we monitor our website for inquiries about potential complaints. Any inquiries are followed up and tracked through our tracking system and communicated to the company and service providers via our HSE weekly communication.

Thank you to California Resources Corporation for its longtime support of Garden Pathways' programs that mentor and educate children, youth and adults to build productive lives. CRC's philanthropic generosity has enabled hundreds of at-risk individuals and families to move towards educational advancement, employment, family stability, self-sufficiency, healthy living and improved quality of life. Garden Pathways appreciates CRC's transformational investment in 'building community from the inside out.' We look forward to an ongoing partnership to create a ommunity that is clean, safe, economically thriving and welcoming for all Kern County residents.

> Karen Goh, Executive Director, Garden Pathways

We at Children First couldn't be more grateful for the generous support from California Resources Corporation and their commitment to the community. Because of our partnership, we've been able to pursue our work supporting children and families in East Bakersfield. This includes monthly food distributions, providing mentoring to students at Williams Elementary School, Neighborhood Cleanups, park activities and programming that supports the academic achievement and success of children. We are appreciative of this partnership and look forward to continuing to make an impact in East Bakersfield and bevond!

> Natasha Felkins, Chairwoman, Children First Campaign

programs lead families to educational advancement, employment, family stability, self-sufficiency, healthy living and improved quality of life.

Children First Campaign |Children First believes that all Bakersfield children deserve an opportunity to succeed in life. Children First's goals are to create prosperous communities, ensure that all children live in healthy, safe and nurturing neighborhoods that promote academic achievement and success, and to counter the negative influences of drugs, crime, violence and poverty.

In addition, CRC's senior management continues to serve in multiple civic and charitable organizations that are not directly related to our business. For example, B3K Prosperity is a public-private collaborative effort to develop a roadmap and investment plan for economic growth and inclusion in Kern County. As a company operating exclusively in California, we are actively involved with organizations such as B3K and policy issues.



## Awards and Recognitions

The National Safety Council has recognized the safety performance of our employees each year since our formation. We earned 26 National Safety Achievement Awards in each of our operating areas and companywide in 2021 for our performance.

CRC received an A- from CDP for our 2021 climate disclosure, securing a top score at CDP's Leadership Level. CRC received the highest ranking among all U.S. oil and natural gas companies, tying for first with one other U.S.-based E&P with global operations. Scoring at CDP's Leadership Level for three years in a row further highlights CRC's value as a differentiated and dependable low carbon intensity E&P producer with a 2045 Full-Scope Net Zero Goal and Sustainability Goals that align with California's leading climate ambitions.





## Governance

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## Introduction



We cultivate a corporate culture bound by high ethical standards. The senior management team and Board of Directors are committed to effective and ethical corporate governance, which enhances stakeholder value.

#### Corporate Governance Highlights

- Supermajority voting threshold reduced
- Eight out of nine Board members are independent
- Anti-Hedging and Anti-Pledging Policy Added to Insider Trading Policy
- Maintain an Overboarding Policy
- Maintain a Clawback Policy
- Board is not classified; directors are elected on an annual basis
- Audit, Sustainability, Compensation, and Nominating and Governance committees are made up of independent directors
- No stockholder rights plan ("poison pill") in effect
- Maintain an Annual CEO and management evaluation process
- Executive Pay goal links executive annual incentive pay related to company performance to ESG metrics

## Board of Directors

CRC's Board of Directors exhibits strong independence and a breadth of managerial, operational, financial, and health & safety expertise. The Board is comprised of 9 members, 8 of which are independent within the meaning of NYSE listing standards.

Summary of Director Qualifications and Experience	Andrew Bremner	Douglas Brooks	Tiffany (TJ) Thom Cepak	James Chapman	Mark (Mac) McFarland	Nicole Neeman Brady	Julio Quintana	William Roby	Alejandra (Ale) Veltmann
Board of Directors		źź	<u>^</u>	222	źź	źź	ŝ	ŝŝŝ	
CEO									
Senior Executive									
Oil and Gas Industry									
Financial/Capital Markets									
Mergers & Acquisitions	A LIL	A LILA	A LIN	A LIN	A LIN	A LIN	BUIL	BUILT	A LIN
Engineering/Technology							( <u>)</u>		
Compensation									
Health & Safety									
Environmental/Sustainability	GØ	SØ			SØ	DØ	GØ	BØ	GØ
Risk Management									
Government/Regulatory Affairs									

CRC recognizes the value of having directors from a wide variety of backgrounds who bring diverse opinions, perspectives, skills, experiences, and orientations to our discussions and decisionmaking processes. A diverse board enables a more balanced, wide-ranging discussion in the boardroom, and is also important to the Company's stockholders, management and employees. For these reasons, CRC considers the diversity of, and the optimal enhancement of the current mix of talent and experience on, the Board of Directors. Currently, one-third of the Board are gender diverse and one-third of the Board are members of underrepresented communities as defined under California law. The Board of Directors is made up of four committees: Compensation, Audit, Nominating and Governance, and Sustainability. First, the Compensation Committee is composed entirely of independent directors, responsible for determining compensation for our Chief Executive Officer and other executive officers, overseeing and approving compensation and employee benefit policies, reviewing and discussing with our management the Compensation Discussion and Analysis and related disclosure included in our annual proxy statement, and overseeing the evaluation of the performance of our executives. Second, the Audit Committee approves the appointment and





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services of the independent auditor and reviews the general scope of audit and audit-related services, matters relating to internal controls and other matters related to accounting and financial reporting functions. The Committee also oversees the Company's compliance with ethical standards, and reviews material related-party transactions. Third, the Nominating and Governance Committee advises the Board regarding appropriate corporate governance practices, assists in identifying individuals qualified to become Board members, advises on appropriate composition of the Board, and leads in periodically evaluating the performance of the Board and its committees.

Finally, the Sustainability Committee assists the Board in fulfilling its oversight responsibilities relating to sustainability and climate-related matters pertaining to the Company's business, strategy, operations, performance or reputation. The Committee is responsible for reviewing and discussing the status of ESG goals, risks, and regulations with management. ESG-related issues are reviewed by the Sustainability Committee during quarterly meetings with CRC's senior management team. At these meetings, the senior management team, which includes the CEO, presents to the Sustainability Committee key strategies to address risks and opportunities that affect short-term plans and long-term goals. The Sustainability Committee and the full Board

approve strategies and performance objectives, including those outlined in CRC's ESG goals on methane reduction, freshwater usage reduction, leadership diversity, community giving and executive pay. Performance is reviewed at each quarterly meeting, with metrics reported against objectives on an annual basis that determine incentive compensation for the management team and all employees.

The Board and its Committees regularly review the Company's governance practices that foster a proactive safety culture, ethical business conduct, a robust compliance program, promotion of diversity of thought, and alignment with the evolving demands of our business. On an annual basis the Nominating and Governance committee conducts a robust evaluation process on the performance of the Board. The committee distributes written evaluation surveys to each director, and the chairman of the Board discusses the results of these written surveys with the individual directors. In addition, the Chairman shares the results of the surveys and interviews with the full Board for consideration with respect to director nominees, and Board and committee structure, composition, and effectiveness. In addition to internal reviews, the Board frequently receives company-wide employee feedback that aids in providing insight into the Company's culture, managerial effectiveness, and diversity.

The Board of Directors is made up of four committees: Compensation, Audit, Nominating and Governance, and Sustainability.

> Audit Committee

#### Sustainability Committee

#### Compensation Committee

Nominating and Governance Committee

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## Compensation and Incentives

HSE and ESG have become an integral part of CRC's compensation policies and are included in management's strategic priorities. Our executive compensation program is designed to motivate our executives to take actions that are aligned with our short- and long-term strategic objectives and incorporate compensation best practices. We are proud to note that CRC's ESG goals continue to be directly tied to the performance-based compensation of our employees, including executives and senior managers, further highlighting our standing commitment and dedication to a cleaner and more sustainable future. In fact, in 2022, the Board has further emphasized the importance of achieving ESG goals by tying 30% of our management team's annual incentive bonus related to company performance to ESG related metrics.

**30%** of CRC management team's annual incentive bonus related to company performance is tied to ESG related metrics

## Ethics

#### **Business Ethics**

CRC carries on a tradition of producing oil and gas that stretches back many decades. We have an obligation to carry that tradition into the future in a way that makes us all proud of our company and our operations, focusing on our core values:

- Character: We must make the right decisions in our business dealings every day, even when the right decisions lead us down the more difficult path.
- Responsibility: We must be honest, transparent and fair in our dealings both inside and outside the company. We must treat one another with respect.
- **Commitment:** We all must be committed to the success of our company and upholding our core values every day.

#### Whistleblower Policy

In order to cultivate a culture of open and honest communication we heavily encourage our employees to report any violation in good faith to our anonymous hotline (844-339-6268) or on www.ethicspoint.com. Additionally, we absolutely prohibit retaliation for providing truthful information related to ethical concerns or making good faith reports of possible violations.

#### Bribery & Corruption

Fair and open competition are important to the overall integrity of capital markets and the success of companies. As such we prohibit any direct or indirect commercial bribery. Bribery may also be subject to criminal prosecution. We do not conceal, manipulate, misrepresent facts, abuse privileged information or use other unethical practices when dealing with our commercial counterparties. Additionally, we stand firmly against direct or indirect bribery of government officials or labor unions. In line with our stance, we do not offer or give anything of value to any government or labor union representative in order to influence any official act or induce an official or representative to violate their duty or to commit fraud.

#### Human Rights

CRC is driven to conduct all of our business in a manner that respects the sanctity of human rights. Abiding by and fostering respect for human rights is foundational to the way we conduct business. As a California only operator, we also abide by and align with the state's view of corporate policy and respect for human rights. We do not work with, hire or contract with anyone who violates our policy or that of the State of California. By our status as an equal opportunity employer and our non-discriminatory policies included in our Business Ethics and Corporate Policies handbook, we demonstrate this commitment. We are committed to promoting respect for people and fundamental freedoms and rights without distinction of any kind including national origin, citizenship, age, disability, marital status, sexual orientation, gender identity or expression, or any other legally protected categories.

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## Risk Management



#### **BOARD OF DIRECTORS**

Informed through committee reports and by the President and CEO about known risks to the Company's strategy and business. Regularly reviews information regarding the Company's credit, liquidity and operations, including the risks associated with each.

Compensation Committee Oversees the management of risks relating to the Company's executive compensation plans and arrangements Augustantian digital conduct of the Company's business, including the steps the Company has taken to monitor taken to monitor and mitigate these risks, and reviews material related party transactions		Nomination and Governance Committee Manages risks associated with the independence of the Board of Directions and potential conflicts of interest	Sustainability Committee Responsible for overseeing the management of risks relating to sustainability and health, safety and environment, including climate-related risks
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CRC's executive management team is responsible for the day-to-day management of risks to the company. The Board of Directors has broad oversight responsibility for our risk management programs. The Board is kept informed through committee reports and by the executive management team about known risks to CRC's strategy and business. The Compensation Committee oversees risks related to executive compensation plans and arrangements, the Audit Committee oversees financial risks and risks regarding business conduct, the Nominating and Governance committee manages risks associated with independence of the Board and potential conflicts of interest, and the Sustainability committee is responsible for managing environmental, social, and governance risks, including climate-related risks.

#### Crisis Management

Risk management programs include our Crisis Management and Communication Plan. The Crisis Management and Communications Plan establishes a company-wide standard for response activities to be performed in the event of a business disruption event. It is intended to be used with the company's Business Continuity Management Program Policy and other departmental emergency management and crisis communications policies/plans (e.g., Elk Hills Emergency Management Plan, Oil Spills Communications Plan, etc.). The plan identifies the basic structure and roles and responsibilities of the crisis management team and other impacted parties and documents the general activities to be executed prior to, during and after a business disruption event. Specifically, this plan provides guidance as CRC improves the reach and effectiveness of the enterprise BCM program, prepare for response and recovery actions in the event of a crisis affecting personnel, systems, or facilities, develop emergency response procedures for critical business operations, and maintain effectiveness of all crisis management components.

#### HSE Risk Management

CRC's multi-disciplinary and company-wide HSE Risk Management Program prioritizes safeguarding people and sensitive ecosystems over business or financial impacts. As detailed in CRC's HSE Risk Evaluation and Response Procedure, CRC identifies potential hazards to personnel, environment, property, reputation, or revenue through Process Hazard Reviews (PHRs), inspections, audits, or surveys, and such risks are assessed for potential mitigation opportunities. Through these assessments, risks are prioritized for mitigation using CRC's Risk Matrix, and periodically reassessed. Risks are evaluated covering the short term (0-3 years), medium term (3-10 years) and long-term (10-50 years). Higher-level risks are reported, validated and reviewed annually with the Sustainability and Audit Committees of the Board of Directors to ensure risk management remains a top priority. HSE risk management policies, standards and procedures are in place at all operating locations to identify, prioritize and apply feasible risk mitigation options. CRC's Risk Management Community of Practice leverages the expertise of company engineers and scientists to share opportunities for improvement.

## Management of the Legal and Regulatory Environment

Our operations are governed by extensive regulatory and permit requirements, and we have a demonstrated commitment to regulatory compliance. CRC's team includes government affairs, communications and regulatory staff that are primarily responsible for analyzing policy and proposed regulatory rules at the federal, local and state level. Our teams work with, and seek input from our engineers, surface land teams and other subject matter experts as necessary to assess the legal and regulatory impact on our operations of proposed regulations. When an issue is found to be potentially impactful, it is discussed with CRC's senior management. On a regular basis, CRC's regulatory staff sends updates on potential impacts to subject matter experts within CRC for input. On issues with significant impact to CRC, we engage by participating in trade workgroups and committees, state and local agency workgroups and committees, testifying in public hearings and providing data and input on draft rules. When appropriate, we meet directly with regulators and elected officials to share our company's position, educate them on our projects and collaborate when appropriate.

In 2021, CRC was a member of the following statewide California or national trade associations and advocacy organizations:

#### Western States Petroleum Association (WSPA)

Western States Petroleum Association (WSPA) and its member companies are dedicated to guaranteeing that every American has access to reliable energy options through socially, economically, and environmentally responsible policies and regulations. Representing the more than 150,000 workers who proudly power the western states, WSPA works with government leaders, regulators, the media, and the public to share information and create an inclusive dialogue around our shared energy future. WSPA works to address a wide range of public policy issues bearing on the petroleum industry and on the consumers, businesses and economies that rely on sufficient, dependable, affordable supplies of our products. CRC Ambassadors participated in the following WSPA-hosted advocacy events throughout the year:

1. Supplemental Recirculated Environmental Impact Report (SREIR)

In 2015, Kern County certified a final Environment Impact Report (EIR) and adopted an Ordinance governing the permitting of oil and gas activities within the County. Several parties filed lawsuits challenging the Ordinance and EIR. In early 2020, the Court of Appeal determined that the County should revisit five of the 17 areas addressed in the original EIR. The result is the Supplemental Recirculated Environmental Impact Report (SREIR), an additional study of those areas. In March 2021, the Kern County Board of Supervisors held a hearing to discuss the approval and reinstatement of the Kern County permitting program. CRC Ambassadors participated in the hearing and provided public comments in support of the SREIR and information about their role in the oil and gas industry and the many benefits the Kern County permitting program brings to their families and communities.

#### 2. Governor's Office of Planning and Research (OPR)

Governor Newsom's Office of Planning and Research (OPR) and the Labor and Workforce Development Agency (LWDA) studies future research and planning needs, fosters goaldriven collaboration, and delivers guidance to state partners and local communities, with a focus on land use and community development, climate risk and resilience, and high road economic development. In May, the OPR held a series of workshops to discuss and develop a Just Transition Roadmap for California's regions and industry sectors. CRC Ambassadors shared with the Governor's office what a Just Transition means to them and the importance of developing inclusive policy that will lead California in the best direction. In addition, Ambassadors participated in a video compilation of industry testimonials about the importance of industry jobs and contributions to local communities.

#### 3. California Department of Conservation's Geologic Energy Management Division (CalGEM)

The California Geologic Energy Management Division (CalGEM) prioritizes protecting public health, safety, and the environment in its oversight of the oil, natural gas, and geothermal industries, while working to help California achieve its climate change and clean energy goals. To do that, CalGEM uses science and sound engineering practices to regulate the drilling, operation, and permanent closure of energy resource wells. In late December, CRC Ambassadors participated in a workshop hosted by CalGEM to discuss draft regulations that mandates a 3,200-foot buffer around all oil and gas operations in the state. Ambassadors were able to share with CalGEM regulators the importance of the oil and gas industry and the resources it brings to our communities.

#### California Independent Petroleum Association's (CIPA)

California Independent Petroleum Association (CIPA) represents approximately 500 independent crude oil and natural gas producers, royalty owners, and service and supply companies operating in California. CIPA's mission is to promote greater understanding and awareness of the unique nature of California's independent oil and natural gas producer and the market place in which they operate; highlight the economic contributions made by California independents to local, state and national economies; foster the efficient utilization of California's petroleum resources; promote a balanced approach to resource development and environmental protection and improve business conditions for members of our industry. In April, CRC participated in CIPA's annual Oil Worker Day, an event that provides a platform for industry workers to share with elected officials the opportunities the industry has provided for them and their families. Over 40 oil workers throughout the state participated in the virtual twoday event. A total of 31 legislators held meetings with workers including legislative leadership in both the Senate and Assembly, as well as a rare meeting with two key members of Governor Newsom's legislative team. The event has served as an opportunity for legislators and their staff to meet the real people who proudly and responsibly produce the energy California needs.

CRC contributes to state and local candidates and political organizations that share our interest in promoting a self-sufficient, sustainable society with greater economic and energy equality for California's diverse communities. Such contributions are subject to applicable federal, state and local laws, as well as company policies administered by the Vice President of Government Affairs. In 2021, CRC made \$31,400 in political contributions. Specific information on campaign finance and lobbying activities is available through the California Secretary of State's website at www.sos.ca.gov/campaign-lobbying. CRC does not have a federal or state political action committee.



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## Climate-Related Disclosures



#### Climate Governance

CRC's Board of Directors has broad oversight responsibility for our risk management programs related to climate change. Within the Board, the Sustainability Committee is responsible for managing specific environmental, social, and governance risks and opportunities, including climate-related risks. Climate initiatives in relation to CRC's ESG goals are reviewed with management on a quarterly basis by the Sustainability Committee. During these reviews, the executive team presents climate-related risks and opportunities.

#### **Climate Strategy**

CLIMATE-RELATED RISKS AND OPPORTUNITIES

CRC recognizes the effects of climate change and the need to address the global impact. We have a vital role to continually seek new opportunities and actively contribute to mitigating the impacts of a changing climate. In March 2022, the SEC proposed changes that could require companies to include certain climate-related disclosures in annual reports. As proposed, these disclosures would include information about certain climate-related events and transition activities that impact business in a note in audited financial statements. CRC plans to closely monitor the advancement of the proposed rule and continue to assess these disclosure requirements.

The proposed SEC rule for climate-related disclosures follows the existing disclosure frameworks and standards, such as the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) and the GHG Protocol. The SEC's proposed rule and TCFD divides climate-related risks into two major categories: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change. TCFD further divides physical risks resulting from climate change into event driven (acute) or longer-term shifts (chronic) in climate patterns. In 2021, CRC conducted 21 Process Hazard Analyses (PHAs) to identify and assess physical risks that may result from process equipment and operational changes. A PHA can identify and suggest modifications to enhance the HSE performance of the facility, including measures that reduce GHG or other emissions and increase efficiency. As a result, several process improvements were made that are designed to reduce the potential for or mitigate the consequences of a loss of process containment in the event of unplanned utility power outages, such as power shutoffs. We continually monitor and assess physical risks that have the largest potential to negatively impact our business, as well as incorporate mitigation of these risks into our risk management activities.

Transition risks associated with climate change, as defined by the TCFD, include those policy, legal, market, technology, financial, and reputational risks incurred as a result of the transition to a low-carbon economy. Transitional risks, such as government mandates for zero-emission vehicles or building electrification or a shift in consumer preferences towards a low carbon economy and the resulting commentary, are regularly assessed through CRC's risk management system in the event that this may impact CRC's reputation, operations and business opportunities.

CRC manages climate-related opportunities through the Chief Sustainability Officer, Vice President of HSE and Sustainability, Senior Director of Sustainability, and a multi-disciplinary Sustainability Team from Operations and Engineering, Corporate Development, HSE, and Production Technology. The Sustainability Team evaluates emissions reduction, energy efficiency, water conservation and climate mitigation projects, including opportunities to incorporate renewable energy into our field operations. These evaluations include marketing or beneficial use of CO<sub>2</sub> and methane, as well as allowances and offsets under California's Cap-and-Trade program and credits under California's Low Carbon Fuel Standard or GHG reductions, such as through carbon capture and sequestration and methane capture.

#### INVESTMENT IN RENEWABLE ENERGY

We have been investing in the pilot stages of both front-of-the-meter (FTM) and behind-the-meter (BTM) solar projects over the past few years. For magnitude, we have invested \$500,000 for FTM and \$1MM for BTM in 2020-2021 on these projects. As of 2021, we have not yet generated renewable energy from these yet-to-be-installed projects.

#### Climate Risk Management

Risks and opportunities related to climate change are considered at the asset and company-wide levels, including physical risks and regulatory requirements. Each capital project is reviewed by a multi-disciplinary team to evaluate regulatory requirements and project risks and to identify appropriate engineering and administrative mitigation measures. The associated emissions and the cost of carbon under California's Cap-and-Trade program and measures to increase energy efficiency, and opportunities to reduce emissions or releases, and mitigate physical risks associated with climate are included in this evaluation.

#### **Targets & Metrics**

As discussed in the "ESG Goals" section, CRC has adopted a 2045 Full-Scope Net-Zero goal for Scope 1, 2 and 3 emissions. Additionally, CRC has committed to reduce methane emissions by 30% from our 2020 baseline by 2030. This goal builds on our previous methane reduction goal to lower emissions by 50% from our 2013 baseline by 2030 - a goal we surpassed in 2018. We have also committed to reduce freshwater usage in our low carbon intensity fuel production by 30% from our 2022 baseline by 2025 - exceeding California's voluntary 15% water use reduction target. Finally, our executive pay goal links 30% of executive annual incentive pay related to company performance to ESG metrics.

The 2045 Full-Scope Net Zero Goal, along with updated methane, water, diversity, community giving, and ESG-linked executive compensation goals demonstrate CRC's strong commitment to the energy transition while continuing to provide safe and reliable energy. CRC monitors greenhouse gas emissions, methane emissions, freshwater usage, employee and management diversity, and community spend, as well as a variety of additional material ESG metrics in order to assess climaterelated risks and opportunities in line with our strategy and risk management processes. For more information, please see related metrics in the Performance Data Tables. Solar Project Investments \$500,000 front-of-the-meter (FTM)

\$1 million behind-the-meter (BTM)

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## Closing Remarks

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We are proud of the progress we have made during 2021 and since CRC's inception in 2014. Our environmental stewardship, company culture, values of Character, Responsibility and Commitment and community outreach have led us to deliver solutions that help to meet the needs of members of the communities where we live and work. As we move forward, we remain committed to our sustainability practices, focus on health and safety, environmental stewardship, our ESG goals, community outreach and diversifying our workforce. CRC will move forward and pursue Environmental, Social and Governance attributes that align well with the broader energy transition and the needs of our workforce, community leaders and investors, and we look forward to providing future updates as we make progress on these initiatives.

## About This Report

This report primarily covers the period of January 1, 2021 to December 31, 2021. This report reflects the guidelines of the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI) and the International Petroleum Industry Environment Conservation Association (IPIECA). For 2021, we have provided additional disclosures and metrics based on these guidelines, as well as indexed our disclosures to the SASB, GRI and IPIECA guidelines. In conjunction with the rest of our corporate sustainability disclosures, this report is further informed by aligning with the four core elements of the Task Force on Climate-related Financial Disclosures' (TCFD) framework: Governance, Strategy, Risk Management, and Metrics and Targets. The purpose is to detail the company's Board and managerial oversight of climate-related risks and opportunities, demonstrate our present and long-term resilience to these risks, strategic capitalization of opportunities, and which business objectives contribute to achieving global and state environmental goals. We also highlight current processes and procedures in managing these risks and the metrics and targets we utilize to corporate performance.

The conduct and results of our activities, including the development, implementation or continuation of any program, policy or initiative discussed or forecasted in this report, may differ materially in the future. As with any projections or estimates, actual results or numbers may vary, sometimes significantly. Many of the standards and metrics used in preparing this report continue to evolve and are based on management assumptions at the time of preparation. Such assumptions, however, are subject to change by management due to new information or changes in financial position, liquidity, legal requirements, and business strategy.

### Assurances

This report includes estimates and measured data compiled by the company, as well as data provided by third-party sources. The a high priority at CRC. We have systems in the methodology, bases and assumptions underlying our data collection and estimates, and we believe those are reasonable, representative and have been applied in good faith. We also take the third-party statements we cite as accurate but have not been reviewed by our sustainability team and report assured by any external party, although Scope 1 GHG emissions reports and purchase third-party verification by independent, state-

## Additional Resources

Datapoint	Unit	2021	2020	2019	2018	Footnote
Activity Metrics						
Gross Production	MBOE	43,000	46,000	53,000	55,000	(a)
Gross Production (without divested & non-operated assets)	MBOE	40,000	44,000	49,000	51,000	(a)
Gross Production (without divested & non-operated assets)	Gigajoules (GJ)	245,134,000	266,572,000	300,540,000	312,150,000	(a)
Electricity Sold to Grid	MWh	2,506,000	2,317,000	2,496,000	2,366,000	(a)
Electricity Sold to Grid	GJ	9,023,000	8,341,000	8,985,000	8,518,000	(a)
Total Energy Produced	GJ	254,157,000	274,914,000	309,524,000	320,668,000	(a)
Greenhouse Gas Emissions (without divestitures & nor	n-operated)					
Total Scope 1 Emissions	Metric Tons CO₂e	2,780,000	2,846,000	3,163,000	3,123,000	(a)
Total Scope 2 Emissions	Metric Tons CO <sub>2</sub> e	192,000	211,000	247,000	244,000	(a)
Total Scope 3 Emissions	Metric Tons CO <sub>2</sub> e	15,967,000	17,157,000	19,422,000	20,147,000	(a), (b)
Total Scope 1, 2, & 3 Emissions	Metric Tons CO₂e	18,940,000	20,213,000	22,832,000	23,514,000	(a), (b)
Total Scope 1 & 2 Carbon Intensity	g/MJ	11.7	11.1	11.0	10.5	(a)
Total Scope 3 Carbon Intensity	g/MJ	62.8	62.4	62.7	62.8	(a), (b)
Total Scope 1, 2, & 3 Carbon Intensity	g/MJ	74.5	73.5	73.7	73.3	(a), (b)

		2021	2020	2019	2018	
Well Production and Delivery to Sale Emissions						
Well Production Emissions	Metric Tons CO <sub>2</sub> e	895,000	1,055,000	1,152,000	1,120,000	(a)
Fuel Combustion	Metric Tons CO <sub>2</sub> e	775,000	929,000	971,000	923,000	(a)
Flaring	Metric Tons CO2e	41,000	34,000	41,000	59,000	(a)
Other	Metric Tons CO₂e	79,000	92,000	140,000	139,000	(a)
Emissions for Electricity Produced and Used for Upstream/Gas Processing	Metric Tons CO <sub>2</sub> e	722,000	662,000	769,000	828,000	(a)
Well Production Emissions (Scope 1 + 2)	Metric Tons CO2e	1,809,000	1,927,000	2,169,000	2,192,000	(a)
Well Production Carbon Intensity	Metric Tons / BOE	0.045	0.044	0.044	0.043	(a)
Well Production Carbon Intensity	g/MJ	7.38	7.23	7.21	7.02	(a)
Oil Transportation Emissions	Metric Tons CO₂e	14,000	15,000	17,000	18,000	(a)
Well Production to Delivery Carbon Intensity (oil only)	g/MJ	7.43	7.28	7.27	7.08	(a)
Emissions Details						
Methane	Metric Tons CH <sub>4</sub>	3,200	3,900	4,800	5,200	(a)
Total Electricity Production Emissions	Metric Tons CO2e	1,773,000	1,644,000	1,853,000	1,843,000	(a)
Emissions for Electricity Produced and Sold	Metric Tons CO <sub>2</sub> e	1,052,000	982,000	1,084,000	1,015,000	(a)

		2021	2020	2019	2018	
Divestitures						
Lost Hills Scope 1 & 2	Metric Tons CO <sub>2</sub> e	NR	NR	NR	349,000	
Ventura Scope 1 & 2	Metric Tons CO <sub>2</sub> e	NR	60,000	67,000	63,000	
Ventura and Lost Hills Scope 3	Metric Tons CO <sub>2</sub> e	NR	683,000	1,790,000	2,015,000	
Total Divestitures Scope 1+2+3	Metric Tons CO <sub>2</sub> e	NR	742,000	1,857,000	2,427,000	
Energy Use without Divestitures						
Energy Use Total	GJ	21,440,000	24,805,000	25,898,000	31,763,000	(a), (c), (f)
Renewable Energy Total	GJ	1,021,000	1,215,000	1,248,000	1,148,000	(a), (f)
Renewable Energy Percentage	Rate	4.8%	4.9%	4.8%	3.6%	(a)
Other Air Emissions						
Nitrogen Oxides (NO <sub>x</sub> )	Metric Tons	202	210	262	372	(C)
Sulfur Dioxide (SO <sub>x</sub> )	Metric Tons	21	29	30	24	(C)
Volatile Organic Compounds (VOC)	Metric Tons	367	395	422	443	(C)
Environmental Impact						
Number of Hydrocarbon Spills	#	18	8	23	9	(d)
Volume of Hydrocarbon Spills	Volume in Barrels	118	23	134	192	(d)
Percent of Proved Reserves in or Near Sites with Protected Conservation Status	Percent of both Proved and Probable Reserves	5%	N/A	N/A	N/A	

		2021	2020	2019	2018	
Environmental Fines	\$ Million	0.5	0.1	0.6	0.2	
Remediation Expenses	\$ Million	0.7	1.6	1.0	1.4	
Water						
Freshwater Withdrawal Total	Barrels	39,200,000	39,600,000	44,300,000	45,800,000	(e)
Freshwater Withdrawn without Agriculture Use	Barrels	31,000,000	35,600,000	37,600,000	40,500,000	(e)
Freshwater Purchased	Barrels	36,600,000	37,700,000	42,200,000	45,600,000	(e)
Freshwater Consumed Total	Barrels	39,200,000	39,600,000	44,300,000	45,800,000	(e)
Produced Water Recycled, Reused, or Reclaimed	Barrels	942,000,000	943,900,000	927,700,000	900,400,000	(e)
Produced Water Recycled to Agriculture	Barrels	116,300,000	110,400,000	127,300,000	125,600,000	(e)
Produced Water Injected into Disposal Wells	Barrels	95,500,000	83,400,000	109,700,000	119,100,000	(e)
Fresh Water Intensity	Barrels / MBOE	919	854	843	826	(e)
Water Conservation Metric	Reclaimed Water to Ag / Purchased Freshwater	3.2	2.9	3.0	2.8	(e)
Waste						
Hazardous Waste	Metric Tons	23	4	20	69	
Health & Safety						
Total Recordable Incident Rate (TRIR)	Per 200,000 hours worked	0.43	0.28	0.34	0.50	
TRIR Employees	Per 200,000 hours worked	0.09	0.17	0	0.39	

		2021	2020	2019	2018
TRIR Contractors	Per 200,000 hours worked	0.67	0.37	0.52	0.56
Total Lost Time Incident Rate (LTIR)	Per 200,000 hours worked	0.16	0.16	0.15	0.15
LTIR Employees	Per 200,000 hours worked	0.09	0.15	0	0.13
LTIR Contractors	Per 200,000 hours worked	0.20	0.17	0.22	0.17
Total Fatalities	#	0	0	0	0
Employee Fatalities	#	0	0	0	0
Contractor Fatalities	#	0	0	0	0
Employee Health and Safety Training Hours	Hours	12,085	15,373	15,080	N/A
Average HSE Training Hours	Hours / Employees	12.5	13.9	12.1	N/A
Human Capital Management					
Total Employees	# of Employees	967	1,104	1,251	1,502
Total Turnover	%	21%	15%	24%	7%
Involuntary Turnover	%	14%	11%	8%	2%
Voluntary Turnover	%	7%	4%	16%	5%
Total Training Hours	Hours	13,171	16,571	15,900	31,247
Average Training Hours	Hours / Employees	13.6	15	12.7	20.8

		2021	2020	2019	2018	
Diversity						
Gender Diverse Board Members	%	33%	22%	25%	13%	
Ethnically Diverse Board Members	%	33%	N/A	N/A	N/A	
Gender Diverse Executives	%	21%	24%	18%	18%	
Ethnically Diverse Executives	%	28%	24%	14%	15%	
Gender Diverse Managers	%	18%	20%	24%	18%	
Ethnically Diverse Managers	%	21%	27%	24%	14%	
Gender Diverse Employees	%	19%	20%	20%	20%	
Ethnically Diverse Employees	%	38%	36%	35%	34%	
Donations Total						
Charitable Donations Total	\$ Million	\$0.6	\$1.3	\$4.3	\$3.1	
Political Donations Total	\$ Million	\$0.03	\$1.7	\$1.3	\$3.1	

(a) Operated upstream direct emissions include Scope 1 GHG emissions from oil and gas drilling, production and electricity use at fields operated by CRC and exclude those from the midstream operations of the Elk Hills gas and power plants and Long Beach power plant. Except for 2018, emissions do not include the Lost Hills field that was sold on May 1, 2019, with an effective date of January 1, 2019. For 2021, emissions are excluded for the Ventura Basin assets that were sold in 2021. Emissions are calculated, reported and verified in accordance with California regulations and emissions estimation protocols.

(b) Scope 3 includes Category 1, 7, part of 10, and 11 for 2018-2020 and Category 1-15 for 2021.

(c) Total GHG emissions from upstream and midstream operations include operated upstream direct emissions (see footnote a for exclusions) plus Scope 1 GHG emissions from the midstream operations of the Elk Hills and Long Beach power plants, as well as gas processing at Elk Hills and the Santa Clara Valley Gas Plants in the Ventura Basin subject to the exclusion in footnote (a) for 2021. Emissions are calculated, reported and verified in accordance with California regulations and emissions estimation protocols.

(d) Reportable release definitions vary by location. Any volume of oil released into state waters must be reported in California. Net oil released means the volume of oil and condensate spilled in reportable releases outside of containment and not recovered in liquid form. Includes oil volumes spilled at divested properties.

(e) See page 82 of CRC's 2021 Sustainability Report for water definitions applied by CRC.

(f) Energy use and intensity exclude energy used by the midstream operations of the Elk Hills and Long Beach power plants, as well as gas processing at Elk Hills and Santa Clara Valley Gas Plants.

# SASB Index <mark>> 1</mark>

#### Sustainability Accounting Standards Board (SASB) Index

Disclosure	Code	Data	Location
Greenhouse Gas Emissions			
Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	EM-EP-110a.1	2,780,000 Metric Tons CO₂e	Performance Data Table
Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions	EM-EP-110a.2	Scope 1 From Flaring: 41,000 Metric Tons CO2e Scope 1 From Combustion: 775,000 Metric Tons CO2e Scope 1 From Other Sources: 79,000 Metric Tons CO2e	Performance Data Table
Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-EP-110a.3		Pages 10, 12-14, 19-20, 55
Air Quality			
Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N2O), (2) SO <sub>x</sub> , (3) volatile organic compounds (VOCs), and (4) particulate matter (PM1O)	EM-EP-120a.1	NO <sub>x</sub> : 202 Metric Tons SO <sub>x</sub> : 21 Metric Tons VOCs: 367 Metric Tons	Performance Data Table
Water Management			
(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	EM-EP-140a.1	Fresh Water Withdrawn: 39,200,000 Barrels Fresh Water Consumed: 39,200,000 Barrels	Performance Data Table
Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	EM-EP-140a.2	Percent Discharge: N/A Percent Injected: 78% Percent Recycled: 90%	Page 27
Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	EM-EP-140a.3	N/A	
Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	EM-EP-140a.4	N/A	
Biodiversity Impacts			
Description of environmental management policies and practices for active operations	EM-EP-160a.1		Pages 13, 21-24
Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	EM-EP-160a.2	# of Spills: 18 Volume of Spills: 118 Barrels	Performance Data Table
Percentage of (1) proved and (2) probable reserves OR land owned in or near sites with protected conservation status or endangered species habitat	EM-EP-160a.3	5%	Performance Data Table

Security, Human Rights & Rights of Indigenous Peoples			
Percentage of (1) proved and (2) probable reserves in or near areas of conflict	EM-EP-210a.1	0%	
Percentage of (1) proved and (2) probable reserves in or near Indigenous land	EM-EP-210a.2	0%	
Discussion of engagement processes and due diligence practices with respect to human rights, Indigenous rights, and operation in areas of conflict	EM-EP-210a.1		N/A
Community Relations			
Discussion of process to manage risks and opportunities associated with community rights and interests	EM-EP-210b.1		Pages 33, 38-41
Number and duration of non-technical delays	EM-EP-210b.2	N/A	
Community Relations			
(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	EM-EP-320a.1	<ol> <li>(1) TRIR: 0.43</li> <li>(2) LTIR: 0.16</li> <li>(3) NMFR: N/A</li> <li>(4) Average HSE Training: 12.5</li> </ol>	Performance Data Table
Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	EM-EP-320a.2		Pages 32, 34, 36-38, 42, 47, 56
Reserves Valuation & Capital Expenditures			
Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	EM-EP-420a.1	Greenhouse gas taxes under California's existing cap and trade program are considered in estimates of proved reserves volumes. The average GHG tax for CRC in 2021 was \$18.05/MT. The current program runs through 2030. Under the current program, a cost of \$35/MT would result in a 3% decrease in proved reserves volumes, \$45/MT would also result in a 3% decrease, and \$55/MT would result in an 8% decrease. The impact of these tax increases would largely be on our thermal asset, Kern Front. Should the program be extended indefinitely, comparable price increases would result in 7% (\$35/MT), 8% (\$45/MT) and 13% (\$55/MT) decreases in reserves volume. This impact would be greatest at Kern Front but would also shorten the economic life of our non-thermal fields.	
Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	EM-EP-420a.2	There are 15 million metric tons of estimated GHG Emissions associated with our Proven Reserves as of YE21, of which, Kern Front makes up 63% due to its high $CO_2$ intensity and Elk Hills makes up 26% due to its outsize influence on production/Reserves for the company.	

Amount invested in renewable energy; revenue generated by renewable energy sales	EM-EP-420a.3	We have been investing in the pilot stages of both Front-of-The-Meter (FTM) and Behind-The-Meter (BTM) solar projects over the past few years. For magnitude, it is in the range of \$0.5MM for FTM and \$1MM for BTM spent in 2020-2021 on these projects. We do not have renewable energy sales or savings from these yet-to-be-installed projects.	
Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	EM-EP-420a.4	Greenhouse gas taxes under California's existing cap and trade program are considered in estimates of proved reserves volumes. The average GHG tax for CRC in 2021 was \$18.05/MT. The current program runs through 2030. Under the current program, a cost of \$35/MT would result in a 3% decrease in proved reserves volumes, \$45/MT would also result in a 3% decrease, and \$55/MT would result in an 8% decrease. The impact of these tax increases would largely be on our thermal asset, Kern Front. Should the program be extended indefinitely, comparable price increases would result in 7% (\$35/MT), 8% (\$45/MT) and 13% (\$55/MT) decreases in reserves volume. This impact would be greatest at Kern Front but would also shorten the economic life of our non-thermal fields.	
Business Ethics & Transparency			
Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	EM-EP-510a.1	0%	
Description of the management system for prevention of corruption and bribery throughout the value chain	EM-EP-510a.2		Page 49
Management of the Legal & Regulatory Environment			
Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	EM-EP-530a.1		Pages 51-52
Critical Incident Risk Management			
Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	EM-EP-540a.1	N/A	
Description of management systems used to identify and mitigate catastrophic and tail- end risks	EM-EP-540a.2		Page 50

## GRI Index ≫ 1

#### Global Reporting Initiative (GRI) Index

GRI STANDARD	DISCLOSURE	Individual Code	2021 Data	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	2-1		Page 5
	2-2 Entities included in the organization's sustainability reporting	2-2		N/A
	2-3 Reporting period, frequency and contact point	2-3		Pages 6, 57
	2-4 Restatements of information	2-4		N/A
	2-5 External assurance	2-5		Page 59
	2-6 Activities, value chain and other business relationships	2-6		Page 36
	2-7 Employees	2-7		Pages 33, 35
	2-8 Workers who are not employees	2-8		Page 36
	2-9 Governance structure and composition	2-9		Pages 43-46, 49
	2-10 Nomination and selection of the highest governance body	2-10		Pages 44-47, 50
	2-11 Chair of the highest governance body	2-11		Pages 44-47, 50
	2-12 Role of the highest governance body in overseeing the management of impacts	2-12		Pages 44-47, 50
	2-13 Delegation of responsibility for managing impacts	2-13		Pages 15, 44- 45, 50
	2-14 Role of the highest governance body in sustainability reporting	2-14		Pages 15, 47, 50, 53
	2-15 Conflicts of interest	2-15		Page 50
	2-16 Communication of critical concerns	2-16		Page 49
	2-17 Collective knowledge of the highest governance body	2-17		Page 45

2-18 Evaluation of the performance of the highest governance body	2-18	Pages 46-47
2-19 Remuneration policies	2-19	Page 48
2-20 Process to determine remuneration	2-20	Pages 47-48, 50
2-21 Annual total compensation ratio	2-21	Pages 47-48
2-22 Statement on sustainable development strategy	2-22	Pages 5, 7-9
2-23 Policy commitments	2-23	Pages 13, 18, 26, 36, 41, 49
2-24 Embedding policy commitments	2-24	Pages 46-47, 50, 53-55
2-25 Processes to remediate negative impacts	2-25	Pages 31-32, 49
2-26 Mechanisms for seeking advice and raising concerns	2-26	Pages 31-32, 49
2-27 Compliance with laws and regulations	2-27	Pages 36-37
2-28 Membership associations	2-28	Pages 51-52
2-29 Approach to stakeholder engagement	2-29	Page 16
2-30 Collective bargaining agreements	2-30	N/A
3-1 Process to determine material topics	3-1	Pages 6, 57
3-2 List of material topics	3-2	Pages 6, 57
3-3 Management of material topics	3-3	Pages 6, 57
201-1 Direct economic value generated and distributed	201-1	N/A
201-2 Financial implications and other risks and opportunities due to climate change	201-2	Pages 53-55

201-3 Defined benefit plan obligations and other retirement plans	201-3		Pages 33-34
201-4 Financial assistance received from government	201-4	None	N/A
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	202-1		N/A
202-2 Proportion of senior management hired from the local community	202-2		N//A
203-1 Infrastructure investments and services supported	203-1		Pages 7-13
203-2 Significant indirect economic impacts	203-2		Pages 7-13
204-1 Proportion of spending on local suppliers	204-1		Pages 36-37
205-1 Operations assessed for risks related to corruption	205-1		Page 49
205-2 Communication and training about anti-corruption policies and procedures	205-2		Page 49
205-3 Confirmed incidents of corruption and actions taken	205-3	None	
205-3 Confirmed incidents of corruption and actions taken 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	205-3 206-1	None	Page 49
205-3 Confirmed incidents of corruption and actions taken206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices207-1 Approach to tax	205-3 206-1 207-1	None	Page 49 Page 13
205-3 Confirmed incidents of corruption and actions taken206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices207-1 Approach to tax207-2 Tax governance, control, and risk management	205-3 206-1 207-1 207-2	None	Page 49 Page 13 N/A
205-3 Confirmed incidents of corruption and actions taken206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices207-1 Approach to tax207-2 Tax governance, control, and risk management207-3 Stakeholder engagement and management of concerns related to tax	205-3 206-1 207-1 207-2 207-3	None	Page 49 Page 13 N/A N/A
205-3 Confirmed incidents of corruption and actions taken206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices207-1 Approach to tax207-2 Tax governance, control, and risk management207-3 Stakeholder engagement and management of concerns related to tax207-4 Country-by-country reporting	205-3 206-1 207-1 207-2 207-3 207-4	None	Page 49 Page 13 N/A N/A Pages 10-13
205-3 Confirmed incidents of corruption and actions taken206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices207-1 Approach to tax207-2 Tax governance, control, and risk management207-3 Stakeholder engagement and management of concerns related to tax207-4 Country-by-country reporting301-1 Materials used by weight or volume	205-3 206-1 207-1 207-2 207-3 207-4 301-1	None	Page 49 Page 13 N/A N/A Pages 10-13 Pages 28, 36-37
<ul> <li>205-3 Confirmed incidents of corruption and actions taken</li> <li>206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</li> <li>207-1 Approach to tax</li> <li>207-2 Tax governance, control, and risk management</li> <li>207-3 Stakeholder engagement and management of concerns related to tax</li> <li>207-4 Country-by-country reporting</li> <li>301-1 Materials used by weight or volume</li> <li>301-2 Recycled input materials used</li> </ul>	205-3 206-1 207-1 207-2 207-3 207-4 301-1 301-2	None	Page 49 Page 13 N/A N/A Pages 10-13 Pages 28, 36-37 Pages 28, 36-37

	302-1 Energy consumption within the organization	302-1	Energy Use Total: 21,440,000 GJ	Performance Data Table
	302-2 Energy consumption outside of the organization	302-2		N/A
	302-3 Energy intensity	302-3	Energy Intensity: 502 Total Energy Used (GJ) / MBOE	Page 25
	302-4 Reduction of energy consumption	302-4		Page 25
	302-5 Reductions in energy requirements of products and services	302-5		Page 25, Performance Data Table
	303-1 Interactions with water as a shared resource	303-1		Pages 26-27
	303-2 Management of water discharge-related impacts	303-2		Pages 26-27
	303-3 Water withdrawal	303-3	Fresh Water Withdrawal Total: 39,200,000 Barrels	Performance Data Table
	303-4 Water discharge	303-4	Produced Water Injected into Disposal Wells: 95,500,000 Barrels	Performance Data Table
	303-5 Water consumption	303-5	Fresh Water Consumed Total: 39,200,000 Barrels	Performance Data Table
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	304-1	Percent of proved & probable reserves in or near sites with protected conservation status: 5%	Performance Data Table
	304-2 Significant impacts of activities, products and services on biodiversity	304-2		Pages 21-23
	304-3 Habitats protected or restored	304-3		Pages 21-23
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	304-4		Pages 21-23
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	305-1	Scope 1 Emissions: 2,780,000 Metric Tons CO₂e	Performance Data Table
	305-2 Energy indirect (Scope 2) GHG emissions	305-2	Scope 2 Emissions: 192,000 Metric Tons CO₂e	Performance Data Table
	305-3 Other indirect (Scope 3) GHG emissions	305-3		Page 19, Performance Data Table

	305-4 GHG emissions intensity	305-4	GHG Emissions Intensity: 69.1 Scope 1 + 2 Metric Tons CO₂e / MBOE	Performance Data Table
	305-5 Reduction of GHG emissions	305-5		Page 19, Performance Data Table
	305-6 Emissions of ozone-depleting substances (ODS)	305-6		N/A
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	305-7	NO <sub>x</sub> : 202 Metric Tons	Performance Data Table
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	306-1		Page 28
	306-2 Management of significant waste-related impacts	306-2		Page 28
	306-3 Waste generated	306-3	Hazardous Waste: 23 Metric Tons	Performance Data Table
	306-4 Waste diverted from disposal	306-4		N/A
	306-5 Waste directed to disposal	306-5		N/A
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	308-1		Pages 36-37
	308-2 Negative environmental impacts in the supply chain and actions taken	308-2		Pages 36-37
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	401-1	Total Turnover: 21%	Performance Data Table
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2		N/A
	401-3 Parental leave	401-3		Pages 33-34
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	402-1		N/A
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	403-1		Pages 31-32
	403-2 Hazard identification, risk assessment, and incident investigation	403-2		Pages 31-32, 36-37
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	403-3 Occupational health services	403-3		Pages 31-34
	403-4 Worker participation, consultation, and communication on occupational health and safety	403-4		Pages 31-37
	403-5 Worker training on occupational health and safety	403-5	Average HSE Training Hours: N/A	Performance Data Table
	403-6 Promotion of worker health	403-6		Pages 30-37
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	403-7		Pages 30-37
	403-8 Workers covered by an occupational health and safety management system	403-8		Pages 31-37
	403-9 Work-related injuries	403-9	TRIR: 0.43	Performance Data Table
	403-10 Work-related ill health	403-10	None	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	404-1	Average Training Hours: 13.6 Hours / Employee	Performance Data Table
	404-2 Programs for upgrading employee skills and transition assistance programs	404-2		Pages 33-34
	404-3 Percentage of employees receiving regular performance and career development reviews	404-3		Pages 33-34
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	405-1		Pages 35, 46
	405-2 Ratio of basic salary and remuneration of women to men	405-2		N/A
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	406-1	None	N/A
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	407-1		Pages 36-37

GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	408-1		Pages 36-37
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	409-1		Pages 36-37
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	410-1		N/A
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of Indigenous peoples	411-1	None	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	413-1		Pages 38-41
	413-2 Operations with significant actual and potential negative impacts on local communities	413-2	None	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	414-1		Pages 36-37
	414-2 Negative social impacts in the supply chain and actions taken	414-2		Pages 36-37
GRI 415: Public Policy 2016	415-1 Political contributions	415-1	Political Donations Total: \$0.03 million	Performance Data Table
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	416-1		N/A
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	416-2	None	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	417-1		Pages 36-37
	417-2 Incidents of non-compliance concerning product and service information and labeling	417-2	None	
	417-3 Incidents of non-compliance concerning marketing communications	417-3	None	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1	None	

### International Petroleum Industry Environmental Conservation Association (IPIECA) Index

Modules	lssues	Indicators	ΑΡΙ	Data	Location
Governance	Governance and Management Systems	GOV-1: Governance approach	GOV-1		Pages 44-52
Governance	Governance and Management Systems	GOV-2: Management systems	GOV-2		Pages 44-52
Governance	Business Ethics & Transparency	GOV-3: Preventing corruption	GOV-3		Page 49
Governance	Business Ethics & Transparency	GOV-4: Transparency of payments to host governments	GOV-4		Pages 51-52
Governance	Business Ethics & Transparency	GOV-5: Public advocacy and lobbying	GOV-5		Pages 51-52
Environmental	Climate Strategy and Risk	CCE-1: Climate governance and strategy	CCE-1		Pages 53-55
Environmental	Climate Strategy and Risk	CCE-2: Climate risk and opportunities	CCE-2		Pages 53-55
Environmental	Technology	CCE-3: Lower-carbon technology	CCE-3		Pages 7-8, 12-13, 19-20
Environmental	Emissions	CCE-4: Greenhouse gas (GHG) emissions	CCE-4	Scope 1 Emissions: 2,780,000 Metric Tons CO2e Scope 2 Emissions: 192,000 Metric Tons CO2e	Performance Data Tables
Environmental	Emissions	CCE-5: Methane emissions	CCE-5	3,200 Metric Tons CH <sub>4</sub>	Performance Data Tables
Environmental	Energy Use	CCE-6: Energy use	CCE-6	Energy Use Total: 21,440,000 GJ	Performance Data Tables
Environmental	Flaring	CCE-7: Flared gas	CCE-7	Scope 1 from Flaring: 41,000 Metric Tons CO2e Scope 1 from Combustion: 775,000 Metric Tons CO2e Scope 1 from Other Sources: 79,000 Metric Tons CO2e	Performance Data Tables
Environmental	Water	ENV-1: Freshwater	ENV-1	Fresh Water Withdrawn: 39,200,000 Barrels Fresh Water Consumed: 39,200,000 Barrels	Performance Data Tables
Environmental	Water	ENV-2: Discharges to water	ENV-2	Percent Discharge: N/A Percent Injected: 78% Percent Recycled: 90%	Page 27
Environmental	Biodiversity	ENV-3: biodiversity policy and strategy	ENV-3		Pages 21-23

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	Environmental	Biodiversity	ENV-4: Protected and priority areas for biodiversity conservation	ENV-4	5% of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Performance Data Table
	Environmental	Air Emissions	ENV-5: Emissions to air	ENV-5	NO <sub>x</sub> : 202 Metric Tons SO <sub>x</sub> : 21 Metric Tons VOCs: 367 Metric Tons	Performance Data Table
	Environmental	Air Emissions	ENV-5: Emissions to air	ENV-5		Performance Data Table
	Environmental	Spills	ENV-6: Spills to the environment	ENV-6	# of Spills: 18 Volume of Spills: 118 Barrels	Performance Data Table
	Environmental	Materials Management	ENV-7: Materials management	ENV-7	Hazardous Waste: 23.0 Tons	Performance Data Table
	Environmental	Materials Management	ENV-7: Materials management	ENV-7	N/A	
	Environmental	Decommissioning	ENV-8: Decommissioning	ENV-8		Pages 15-16
	Environmental	Decommissioning	ENV-8: Decommissioning	ENV-8	N/A	
	Social	Workforce Protection	SHS-1: Safety, health and security engagement	SHS-1		Pages 30-32, 36-37
	Social	Workforce Protection	SHS-2: Workforce health	SHS-2		Pages 30-32, 36-37
	Social	Workforce Protection	SHS-3: Occupational injury and illness incidents	SHS-3	TRIR: 0.43 LTIR: 0.16 NMFR: N/A Average HSE Training: N/A	Performance Data Table
	Social	Workforce Protection	SHS-4: Transport safety	SHS-4		Pages 36-37
	Social	Product Health, Safety and Environmental Risk	SHS-5: Product stewardship	SHS-5		Pages 30-37
	Social	Process Safety	SHS-6: Process safety	SHS-6		Pages 30-37, 50
	Social	Security	SHS-7: Security risk management	SHS-7		Pages 30-37, 50
	Social	Human Rights Management	SOC-1: Human rights due diligence	SOC-1		Pages 36, 49

Social	Human Rights Management	SOC-2: Suppliers and human rights	SOC-2		Pages 36-37
Social	Human Rights Management	SOC-3: Security and human rights	SOC-3		Pages 36, 49
Social	Labor Practices	SOC-4: Site-based labor practices and worker accommodation	SOC-4		Pages 33-26
Social	Labor Practices	SOC-5: Workforce diversity and inclusion	SOC-5	<ul> <li>33% Gender Diverse Board Members</li> <li>33% Ethnically Diverse Board Members</li> <li>21% Gender Diverse Executives</li> <li>28% Ethnically Diverse Executives</li> <li>21% Ethnically Diverse Managers</li> <li>18% Gender Diverse Managers</li> <li>19% Gender Diverse Employees</li> <li>38% Ethnically Diverse Employees</li> </ul>	Performance Data Table
Social	Labor Practices	SOC-6: Workforce engagement	SOC-6		Pages 33-26
Social	Labor Practices	SOC-7: Workforce training and development	SOC-7	Average Training Hours: 13.6 Hours / Employee	Performance Data Table
Social	Labor Practices	SOC-8: Workforce non-retaliation and grievance mechanisms	SOC-8		Pages 49, 32
Social	Community Engagement	SOC-9: Local community impacts and engagement	SOC-9		Pages 38-41
Social	Community Engagement	SOC-10: Indigenous peoples	SOC-10		Performance Data Tables, Pages 67, 78
Social	Community Engagement	SOC-11: Land acquisition and involuntary resettlement	SOC-11		N/A
Social	Community Engagement	SOC-12: Community grievance mechanisms	SOC-12		Page 41
Social	Community Engagement	SOC-13: Social investment	SOC-13	Community Donations: \$0.6 million	Performance Data Table
Social	Local Content	SOC-14: Local procurement and supplier development	SOC-14		Pages 36-37
Social	Local Content	SOC-15: Local hiring practices	SOC-15		Pages 33-36

# Definitions

#### Definitions

#### Fresh Water:

Water typically purchased from municipal sources, water districts and water companies that requires little or no treatment for use. Fresh water may be potable or nonpotable.

#### Potable Water:

Water that is suitable for drinking and residential use.

#### Non-Potable Fresh Water:

Fresh water that is not suitable for drinking or residential use without treatment but that may be used for agriculture or other uses.

#### Produced Water:

Water that originates in oil and gas formations and is brought to the surface during the production of oil and gas.

#### Reclaimed Produced Water:

Produced water that has been treated by separation of oil, gas and solids for delivery to agricultural water districts for use in irrigation or recharge.

#### Recycled Water:

Water that is treated to remove solids and impurities and reused.

### Forward-Looking Statements

#### **Forward Looking Statements**

The information included herein contains forward looking statements that involve risks and uncertainties that could materially affect our expected results of operations, liquidity, cash flows and business prospects. For a discussion of these risks and uncertainties, please refer to the "Risk Factors" and "Forward-Looking Statements" described in our Annual Report on Form 10-K for the year ended December 31, 2021. All statements, other than statements of historical facts, included in this report that address activities, events or developments that CRC expects, believes or anticipates will or may occur in the future, are forward-looking statements. Words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "goal," "intend," "likely," "may," "might," "plan," "potential," "project," "seek," "should," "target," "will" or "would" and similar words that reflect the prospective nature of events or outcomes typically identify forward looking statements. In particular, this Sustainability Report contains forward-looking statements pertaining to, but not limited to, information with respect to the following: CRC's strategic plan, priorities, outlook and expected performance; environmental, social and governance (ESG) goals, strategies, priorities and initiatives, including, among others, those related to greenhouse gas (GHG) emissions reduction, diversity, equity and inclusion and safety; our plans to achieve our ESG goals and to monitor and report our progress thereon; ESG engagement, commitments and disclosure; carbon management opportunities and strategy; and other related items.

Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. The actual conduct of our activities, including the development, implementation or continuation of any goals, strategies, priorities and initiatives discussed or forecasted in this report may differ materially in the future. Moreover, many of the assumptions, standards, metrics and measurements used in preparing this report continue to evolve and are based on management assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. These forward-looking statements in this report rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks as referenced above, many of which are outside CRC's control, which could cause results to differ materially from those expected by management. Therefore, the reader should not place undue reliance on these forward-looking statements.

We have included certain voluntary disclosures regarding our Sustainability Goals, Decarbonization Efforts, Sustainability Metrics, Full Scope Net Zero and related matters because we believe these matters are of interest to our investors; however, we do not believe these disclosures are "material" as that concept is defined by or construed in accordance with the securities laws or any other laws of the U.S. or any other jurisdiction, or as that concept is used in the context of financial statements and financial reporting.

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