California Resources Corporation Announces Updated and Expanded ESG Goals

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Goals build upon CRC's commitment to sustainability, 2045 Full-Scope Net Zero Goal, and investment in carbon management projects

SANTA CLARITA, Calif.--(BUSINESS WIRE)-- California Resources Corporation (NYSE: CRC) is pleased to announce it has updated and expanded its Environmental, Social, and Governance (ESG) goals that build upon CRC's long-standing commitment to sustainability, the company's recent 2045 Full-Scope Net Zero Goal, and investment in low carbon initiatives that position CRC to lead the energy transition in California and beyond.

CRC's ESG goals focus on providing low carbon intensity fuel today and net zero fuel for the future that meets or exceeds California's unparalleled sustainability standards – not only related to lowering greenhouse gas (GHG) emissions, but also to further decreasing methane emissions, reducing freshwater consumption, expanding leadership diversity, enhancing community engagement, and increasing accountability through linking executive compensation to ESG performance.

“I am happy to unveil our updated and expanded ESG goals on Earth Day, a day that celebrates our natural resources and focuses on serving as stewards of our environment and our communities,” said Chris Gould, CRC Executive Vice President and Chief Sustainability Officer. “Since our founding, CRC has consistently set a high standard for environmental stewardship, safe, responsible operations, and community empowerment across California. These ESG goals underscore CRC's long-term commitment to helping our diverse communities across our state have a vibrant and sustainable future.”

"CRC's ESG goals demonstrate our commitment to the energy transition, and we are proud that CRC successfully continues on a path to provide safe and reliable low carbon intensity fuel and develop carbon capture and storage (CCS) and other emissions reducing projects," said Mac McFarland, CRC President and Chief Executive Officer. "We agree with the Department of Energy that CCS is ‘necessary’ to enable carbon dioxide (CO_2) removal strategies that the Intergovernmental Panel on Climate Change (IPCC) deems ‘unavoidable’ to reduce global emissions across all sectors of human society and reach net zero carbon. CRC is dedicated to being a significant part of the solution for reaching and maintaining carbon neutrality, and helping California meet its emissions reduction goals."

CRC's ESG Goals:

2045 Full-Scope Net Zero

Announced in November 2021, CRC's 2045 Full-Scope Net Zero Goal matches the state's ambition to be net zero by 2045. CRC's Net Zero Goal is among a select few in the sector that includes Scope 1, 2 and 3 emissions and targets completion five years earlier than most other companies' Net Zero goals.

CRC's strategy to achieve net zero emissions leverages our subsidiary Carbon TerraVault's business plan to repurpose depleted oil and natural gas reservoirs and other geologic formations into safe and permanent geological storage reservoirs for CO_2 through CCS projects. California is regarded as one of the top states in the US to advance CCS decarbonization opportunities which could in the future account for up to 15% of the state's reductions from existing sources, plus further reductions from enabling the unavoidable deployment of Carbon Direct Removal projects and other zero-carbon energy sources such as blue hydrogen and renewable diesel. Carbon TerraVault is leading the way by advancing several of the first commercial-scale EPA Class VI permits.

Through this strategy, Carbon TerraVault can create net zero transportation fuel for Californians by investing in decarbonization infrastructure that monetizes Low Carbon Fuel Standard credits that are already embedded in the cost of gasoline at the pump.

Methane Emissions Reduction | 30% reduction by 2030

CRC's updated Methane Emissions Reduction Goal 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 in 2018, 12 years ahead of schedule. Because we have been able to achieve significant methane reductions to date, our updated methane goal significantly exceeds California's own 2030 methane reduction goal.

CRC's leadership on methane emissions reduction is the major reason why our low carbon intensity fuel is ranked by the Clean Air Task Force as the lowest carbon intensity of the top 100 producers in the US, and by extension in California. Our continued focus on reducing methane emissions will ensure we provide low carbon intensity fuel for Californians throughout the energy transition, while our Net Zero Goal will drive us towards net zero fuel in the future.

Freshwater Usage Reduction | 30% reduction by 2025

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 (5 billion gallons of treated, reclaimed water in 2021) than we consume for our own operations, which means we are net water positive. Given the water challenges California faces, CRC will continue to provide water safely and reliably for the state while we advance our focus on further reducing our consumption.

Ethnic and Gender Diversity in Leadership

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

- Maintain greater than 20% of ethnically diverse professionals in leadership positions
- Increase females in leadership positions to 30%
- Maintain current board composition with at least 30% ethnically and gender diverse board members

In addition, CRC conducts annual assessments to promote gender pay equality. CRC believes a diverse workforce is key to successfully leveraging all talent towards producing low carbon intensity fuel today and net zero fuel in the future.

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 in cumulative contributions to local non-profits and organizations, and we are proud to continue investing in our communities where we live and work. Strong communities underwrite safe local production of fuel that is critical to California's energy security and meeting the state's GHG goals. A 100% California "field-to-fuel" strategy displaces foreign sources of fuel that have higher carbon intensity than local production, do not benefit local communities and do not meet California's world-leading safety, labor, human rights and environmental standards.

Executive Pay | 30% linked to ESG performance

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.

CRC's 2045 Full-Scope Net Zero and updated methane, water, diversity, community giving and executive pay ESG goals are designed to meet or exceed California's high standards for corporate and social sustainability. Our goals demonstrate CRC's continued strong commitment to leading the energy transition while providing safe and reliable energy sources necessary to help ensure better human welfare and a more inclusive and equitable economy and society.

About California Resources Corporation (CRC)

California Resources Corporation (CRC) is an independent oil and natural gas company committed to energy transition in the sector. CRC has some of the lowest carbon intensity production in the US and 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.

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