

California Resources Corporation

Excerpt of Business Ethics and Corporate Policies



Contents

- 1 Statement of Integrity**
- 2 Business Ethics – How we do business
- 3 Who must follow our policies?
- 3 What are your responsibilities?
- 4 Reporting violations
- 5 What happens when a possible violation is reported?
- 5 Waivers
- 6 Business Ethics**
- 6 Working fairly with Customers, Suppliers, Competitors and other Commercial Counterparties
- 7 Gifts, Favors, Hospitality and Entertainment
- 8 Working with the Government, Lobbying and Political Contributions
- 10 What is a conflict?
- 11 When is it not a conflict?
- 13 Following the Law**
- 13 Compliance with Laws, Rules and Regulations
- 13 Insider Trading
- 15 Reserves Estimates
- 15 Antitrust Compliance
- 16 External Public Communications
- 18 Respecting Our Colleagues and Neighbors**
- 18 Equal Opportunity Employment
- 18 Health, Safety and Environmental
- 20 Conducive Workplace
- 22 Protecting Our Assets**
- 22 Confidential Company Information
- 22 Approvals for Corporate Actions
- 22 Travel & Entertainment
- 23 Control of Corporate Assets – Supply Chain, Inventories and GAAP
- 24 Risk Control Related to Marketing
- 24 Records Management
- 25 Definitions**

Statement of Integrity

California Resources Corporation carries on a tradition of producing oil and gas in California 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.

That is why I ask, and require, each person in our company to commit personally to follow our business ethics code and the corporate policies set forth in this manual and elsewhere. We will periodically ask you to confirm your familiarity with our code and policies.

Our code and policies are a guide and statement of the *spirit* of our commitment. They will not cover every decision we face, but they will outline to each of us how we, as a company, have committed to respond to the daily pressures of business. Do not let anything – not “making our numbers,” competitive instinct or a direct order from a company representative – compromise your commitment to integrity. Use good judgment. Comply with the spirit – as well as the letter - of these policies.

When we speak of our company goals, and they will be ambitious, we mean them to be achieved honestly, honorably and with business integrity. No business goal is worth compromising your integrity or our company's core values.

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

Business Ethics – How we do business

Character

- Choose the hard “right” over the easy “wrong.”
- Be honest, transparent and fair in all business activities and relationships.
- Do not try to accomplish indirectly what is prohibited directly.
- Avoid all conflicts of interest between work and personal affairs.

Responsibility

- Always obey the laws, rules and regulations that govern our business conduct regardless of potentially conflicting business considerations.
- Intervene if you see a potentially unsafe act or condition. You have the authority and the responsibility to stop any work or action to prevent an accident or environmental incident.
- Protect our communities, co-workers, assets and the environment.
- Obtain appropriate authority to use our assets for Company business.
- Accurately represent your authority within the Company and your authority to speak for us.

Commitment

- Help create an environment where everyone feels accepted and safe to work.
- Live our Code of Ethics every day.
- Engage proactively with our neighbors, regulators and other stakeholders to serve as an active and supportive community partner.

Who must follow our policies?

- You and our other directors, officers and employees, our Subsidiaries and Company-controlled entities and ventures.
- Our non-employee Representatives.
- Certain contractors, agents, consultants and non-Company-controlled entities and ventures as identified in the policies or in our contracts.

What are your responsibilities?

- Understand and comply with these policies overall and specifically as they and other Company policies relate to your role with the Company.
- Ask any questions about ethics or our policies to your manager or our legal department.
- Promptly raise concerns about potential violations of policy or law to your manager, the Compliance Officer, a member of the Compliance Committee, our legal counsel, human resources, a director or on our 24/7/365 **anonymous hotline**.
- Cooperate with internal investigations.
- If you are a leader within the Company:
 - Create a culture of compliance in which employees understand their responsibilities and feel comfortable raising concerns without fear of retaliation.
 - Identify compliance risks and seek to mitigate them.
 - Monitor to ensure compliance.
 - Respond to perceived non-compliance. Act promptly and notify the appropriate Company partners in the human resources, HSE, legal, insurance, finance or other departments.

Reporting violations

The Company expects and actively promotes ethical behavior.

Each director, officer and other employee must report violations of applicable laws, rules and regulations, this code and policies or any other code, policy or procedure of the Company to his or her manager, the Compliance Officer, a member of the Compliance Committee, our legal counsel, human resources, a director or on our 24/7/365 **anonymous hotline**. Information will always be posted and available on our intranet to tell you how to reach legal counsel, the Compliance Officer or our anonymous hotline. You can report using the following information:

Anonymous Hotline

844.339.6268

California Resources Corporation
27200 Tourney Road, Suite 200
Los Angeles, California 91355

We **absolutely prohibit retaliation** for providing truthful information related to ethical concerns or making good faith reports of possible violations.

What happens when a possible violation is reported?

- All reports are objectively investigated.
- Depending on the concern:
 - A team may be created to look into the concern,
 - The team or investigator will determine the facts by conducting interviews and reviewing documents as applicable,
 - The team or investigator may recommend corrective actions or penalties,
 - The person raising the concern may receive feedback as appropriate,
 - A violation may be reported to Governmental authorities if warranted.
- Directors, officers and employees who (1) violate the policies, (2) request others to violate the policies, (3) fail to promptly report violations, (4) fail to cooperate in investigations, (5) knowingly report false information or (6) retaliate against those who raise concerns - are subject to discipline up to and including termination of employment, reimbursement of compensation previously received or loss of a board seat.
- If you are involved in a violation of policy that you voluntarily report, the Company will consider the fact you reported the violation when determining appropriate disciplinary action.

Waivers

If, for unusual or unique circumstances, you cannot reasonably comply with a policy, inform your manager as soon as possible. Your manager must submit a written memorandum requesting a waiver to the Compliance Officer who will in turn forward it to the appropriate officers or our board of directors. Waivers must be written and include a time limitation on validity. Copies of approved waivers will be maintained by the Compliance Officer. Waivers may not be granted to our executive officers or directors except by our board of directors and must be reported as required by the rules of the NYSE and the SEC. No waivers will be granted from our policies that would permit violation of the laws, rules or regulations governing our operations.

In the event of a policy violation that cannot be immediately corrected, notify appropriate Company managers and take timely action to investigate and, as warranted, develop, document and implement a corrective action plan to appropriately resolve the non-compliance. You do not need to seek a waiver while implementing these actions.

Business Ethics

Working fairly with Customers, Suppliers, Competitors and other Commercial Counterparties

Deal fairly with our Commercial Counterparties. Do not conceal, manipulate, misrepresent facts, abuse privileged information or use other unethical practices when dealing with our Commercial Counterparties.

Direct or indirect commercial bribery is prohibited and may subject to you to criminal prosecution. Do not offer or give, or ask for or receive, anything of value to or from any director, officer or other employee or agent of a Commercial Counterparty or their Relatives in order to (1) gain an improper competitive advantage, (2) give or obtain a kickback or (3) induce the director, officer or other employee to violate his or her duty to his or her employer, or to commit fraud.

To do

- Clearly, completely and fully document the material terms of every agreement.
- Have the legal department review all agreements prior to execution except form contracts handled as required by the supply chain management department and other agreements or form documents exempted by the legal department from time to time.
- If you offer or give, or ask for or receive, anything of value, to or from any Company business contact you must consider whether that action could be improper. Consider whether gifts, hospitality or entertainment could be considered unethical or a bribe. Receiving a discount from a CRC Commercial Counterparty, for which you have direct or indirect oversight responsibility, on any goods or services purchased for personal use could be considered unethical, a bribe or a kickback.

Do not

- Do not pay Commercial Counterparties in cash or cash equivalents.
- Do not create "secret", "side" or unwritten contracts, agreements, arrangements, amendments or modifications.

Gifts, Favors, Hospitality and Entertainment

There are times when corporate hospitality with current or prospective Commercial Counterparties is appropriate. Interaction with Government officials is discussed in "Working with the Government, Lobbying and Political Contributions."

It is acceptable, assuming it does not become excessive, to give or receive a corporate gift, favor, hospitality or entertainment that:

- does not violate applicable laws, rules or regulations;
- is not cash or a cash-equivalent gift such as a gift certificate, voucher or gift card;
- cannot be construed as a bribe or payoff considering all the circumstances;
- is infrequent (in respect of the same recipient);
- does not obligate the recipient in any manner; and
- is reasonable and appropriate for the individuals involved, customary for the business at hand and arises in the usual and ordinary course of business.

See "To do" for gifts, favors, hospitality and entertainment from a vendor or supplier valued at over \$100 per employee, including those received via raffles, door prizes or otherwise in connection with attending an event. The Company matching gift program is addressed in our employee handbook.

To do

- If the gift, favor, hospitality or entertainment you receive from a vendor or supplier is valued at over \$100 per employee, seek approval from your manager in advance or, if not practical, disclose to your manager who will determine necessary action.
- If the gift, favor, hospitality or entertainment you receive from a vendor or supplier is valued at over \$250 per employee:
 - Request a summary of the cost of the gift, favor, hospitality or entertainment.
 - Seek approval from the Compliance Officer in advance or, if not practical, disclose to the Compliance Officer who will determine necessary action.
- Treat any gift, favor, hospitality or entertainment given to your Relative as if it were a gift to you for purposes of this policy.
- Encourage joint ventures and joint interests we do not control to comply with this policy.

Do not

- Never offer, give or accept a gift, favor, hospitality or entertainment directly or indirectly that could be construed as a bribe.
- Do not permit Commercial Counterparties to cause the Company to violate this policy.

Working with the Government, Lobbying and Political Contributions

Direct or indirect bribery of Government officials or labor unions may be a crime. Do not offer or give anything of value to any Government official or labor union representative in order to (1) influence any official act or (2) induce an official or representative to violate his or her duty or to commit fraud. Also, Government agencies often have strict standards that prohibit their employees from soliciting or accepting gratuities such as entertainment, meals, transportation, gifts or other business courtesies. For example, as of January 2017, California law limited the ability of state officials to receive gifts valued at more than \$470 per year; and local municipalities are often more restrictive.

Political contributions, lobbying and other political activities are subject to federal, state and local laws and our policy. Federal law prohibits us from making any direct contribution or expenditure to a candidate or candidate's campaign in any federal election.

Lobbying is a highly regulated activity that is overseen by the government affairs department and may require reporting and disclosure by individuals and the Company. Contact with Government officials intended to influence Government legislation or regulation may constitute lobbying. The Company's executive management will designate those who are authorized to lobby on the Company's behalf. Use of our resources for political activities and contact with Government officials must comply with law and our policy. Do not make political contributions or engage in lobbying or other political activities on our behalf without express authorization from our government affairs department.

We will not directly or indirectly reimburse or compensate you for any personal political contribution.

Working with Foreign Officials or entering into Foreign Contractual Arrangements creates additional legal risk and may only be taken in consultation with the legal department.

To do

- Make appropriate efforts to cause the Company and our affiliates to comply with applicable laws, rules or regulations when (1) they make agreements with, or (2) they or their employees make or receive payments, gifts or entertainment to or from Government officials or labor unions or their representatives.
- If the Company participates in, but does not control, an entity or venture, exercise the rights available to us to cause the entity or venture to act in accordance with our policies and seek to gain additional control rights to help ensure compliance with law.

- Treat gifts (including all things of value (even hiring)), hospitality or entertainment to a Relative of a Government or labor union representative, as a gift to the official or representative.
- Promptly report any request or solicitation for any political contribution to any candidate, political campaign or political party to the government affairs department
- Promptly report any request or solicitation by a Government official or labor union representative (or a Relative of such an official or representative) to the government affairs and legal departments.
- Have any transaction with a Foreign Official approved in advance by the legal department and properly record all such transactions.
- Remember that Foreign Contractual Arrangements include arrangements with Commercial Counterparties from Canada or Mexico.
- Encourage joint ventures and joint interests we do not control to comply with this policy.

Do not

- Do not agree to arrangements that disguise the nature of a transaction. Situations that warrant legal department review to avoid violating this prohibition include the use of undisclosed principals, assignments of contractual obligations or fee payments to third parties, unusual multiple payments, large up-front payments or the use of non-domestic bank accounts.
- Do not provide gifts, hospitality or entertainment to an individual or entity (including a charitable organization) at the request of a Government official or labor union representative (or a Relative of an official or representative) without consulting with the government affairs and legal departments.
- Do not permit Commercial Counterparties to cause the Company to violate this policy.

What is a conflict?

We each have a primary duty to serve the Company and advance shareholder interests at all times to the best of our ability. We each must avoid any financial interest or other situation that actually or potentially conflicts with the Company's interests or could create an appearance of impropriety.

A conflict of interest occurs when your private interest does not appear impartial, interferes with your duty to the Company, or is in competition (or helps others to compete) with the Company's interests.

This situation can arise if you take an action or have an interest that may make it difficult to perform your work objectively and effectively. Conflicts of interest also arise if you or your Relative receives improper personal benefits as a result of your position with the Company. A conflict of interest is deemed to exist whenever, as a result of the nature or responsibilities of your relationship with the Company, you are in a position to further any personal financial interest or the financial interest of your Relative.

No director, officer or other employee, regardless of level, is permitted to engage in any business or conduct or enter into any agreement or arrangement that would give rise to conflicts of interest. Directors, officers and other employees should not permit themselves to be placed in a position that might give rise to the appearance that a conflict of interest has arisen.

While it is not possible to describe all circumstances in which a conflict of interest exists or may exist, the following situations may involve actual or potential conflicts of interest:

- Your (or your Relative's) holding an interest in, or position with, any Commercial Counterparty (except as described below).
- You conduct personal business with an actual or prospective Commercial Counterparty for which you have direct or indirect oversight responsibilities.
- The acceptance of gifts or favors of more than nominal value by you or your Relative from an actual or prospective Commercial Counterparty or any Governmental official or other employee. See our policy on "Gifts, hospitality and entertainment" and "Working with the Government, Lobbying and Political Contributions" for more information.
- The disclosure or use of Confidential Company Information gained by reason of employment with the Company (or, in the case of a director, election or appointment to our board of directors) for profit or advantage by a director, officer, other employee or anyone else.
- Competition with the Company in the acquisition or disposition of rights or property.

When is it not a conflict?

Sometimes non-Company interests are permissible because they are insignificant or do not significantly interfere with the Company's interests. It is not possible to list all situations that do *not* create a conflict, however, the following are examples of a few situations that do not create a conflict:

- An interest held by you or a Relative in a publicly traded company or partnership valued at less than 1% of the outstanding equity securities of the company or 10% of the partnership that does not confer the ability to influence or direct policies or management of the company or partnership.
- An interest held by you or a Relative through an investment in a widely-held mutual fund.
- A Relative works for the Company outside your chain of command and obtained their position without your influence.
- A relationship or action involving or benefiting you or a Relative that is disclosed in accordance with this policy and affirmatively determined by outside legal counsel or our chief executive officer, our General Counsel, our board of directors or a board committee, as appropriate, to be immaterial or otherwise not to be a conflict.

If your situation is not covered above, you must discuss it with the Compliance Officer. How you obtained your interest (e.g., inheritance or gift) is not important.

To do

- Immediately report conflicts or potential conflicts of interest to the Compliance Officer so they can be handled appropriately.
- Disclose to the Compliance Officer any family or romantic relationships, or close friendships, you have with any Commercial Counterparties of CRC for which you have direct or indirect oversight responsibility.
- Inform the Compliance Officer if you are considering serving on the board of any for-profit entity.
- Inform the Compliance Officer if you have a material direct or indirect interest in a transaction in which the Company is a party.
- Encourage joint ventures and joint interests we do not control to comply with this policy.

Do not

- Do not use your position with the Company to get benefits from Commercial Counterparties.
- Do not use a CRC Commercial Counterparty, for which you have direct or indirect oversight responsibility, for any goods or services purchased for personal use unless it is preapproved by the CRC Compliance Officer. Any discount from the CRC Commercial Counterparty must be disclosed as part of such request for pre-approval.
- Do not permit Commercial Counterparties to violate this policy.
- Do not take, or help anyone to take, any existing or reasonably anticipated opportunity or benefit of the Company (directly or indirectly, including for the benefit of a Relative), including:
 - opportunities that are discovered while using Company property, information or your position with the Company,
 - using Company property, information or position with the Company, or
 - competing with the Company.

Following the Law

Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation upon which our ethical standards are built. All directors, officers and other employees must respect and obey the laws, rules and regulations of the United States, the State of California, and the counties, cities, and other states and countries in which we operate. Ask questions and seek advice from supervisors, managers, the legal department or other appropriate personnel if you have any doubt regarding the legality of an action taken, or not taken, on behalf of the Company.

Do not

- Do not permit Commercial Counterparties to cause the Company to violate this policy.

To do

- Encourage joint ventures and joint interests we do not control to comply with this policy.

Insider Trading

Trading securities based on Material nonpublic information is illegal and harms our reputation. The Company's board of directors has determined that certain transactions that remove the risk of ownership of Company securities or the ability to control subsequent transactions in Company securities are inappropriate.

Directors, officers or other employees:

- May not gain from any Material nonpublic information relating to the Company or any publicly-traded Commercial Counterparty.
- Who possess Material nonpublic information may not purchase or sell any securities of the Company or any such Commercial Counterparty. Purchases and sales are broadly defined:
 - Entering into a contract for a purchase or sale is the same as making the actual purchase or sale.
 - Derivatives transactions and stock option exercises should be considered purchases or sales.

- May not disclose any such Material nonpublic information to others, other than in the course of performing their Company responsibilities.
- Must also comply with our policy on use of Confidential Information.
- May not, and immediate family members and other Relatives living in the home of a director, officer or other employee may not:
 - sell the Company's securities short.
 - buy or sell options, hedges, prepaid variable forwards, equity swaps, exchange funds, forward-sale contracts, collars, other derivatives or monetizations on Company securities.
 - hold Company securities in margin accounts or other programs that may buy or sell Company securities without specific direction (other than broad-based mutual funds).
- May not, and immediate family members and other Relatives living in the home of a director or executive officer may not, mortgage or pledge Company securities as collateral for a loan.

Do not

- Permit Commercial Counterparties to use Company information to trade securities in violation of law.

To do

- If you are a director, Section 16 Officer, comply with our policies on reporting your activity in Company securities, which are available from the legal department.
- If you are a director, Section 16 Officer or regularly come into possession of Material nonpublic information (e.g., in your role in the accounting, finance or legal departments) comply with our pre-clearance and blackout policies available from the legal department.

Reserves Estimates

SEC regulations require us to follow certain rules for disclosing our oil and gas reserves.

Comply fully with all applicable rules, regulations, guidelines and definitions mandated by the SEC when preparing our annual estimates of oil and gas proved reserves and, if reported, probable or possible reserves.

Book hydrocarbons as proved reserves only when you have a “high degree of confidence” they will be recovered – meaning that EUR is much more likely to increase or remain constant than decrease as more geoscience, engineering and economic data become available over time.

To do

- Comply with our procedures on booking oil and gas reserves within the limits imposed by this policy.

Antitrust Compliance

Federal and state antitrust laws are designed to promote fair competition for the benefit of consumers. They restrict: formation of cartels and other collusion that restrains competition, mergers and acquisitions that substantially reduce competition and creation of monopolies. Comply fully with all federal and state antitrust laws, rules and regulations. Failure to comply could result in civil and criminal penalties.

To do

- Avoid discussions with our competitors about pricing, terms and conditions, costs, marketing plans and any other proprietary or Confidential Company Information.
- Have all proposed actions *in coordination with* our competitors reviewed by the legal department.
- End any inappropriate conversations with our competitors at once and never agree on any matter that might be perceived to be anticompetitive in nature without first consulting our legal department.
- Obtain advance approval from our legal department before joining a trade association.
- Encourage joint ventures and joint interests we do not control to comply with this policy.

Do not

- Do not engage in bid-rigging, price-fixing, boycotts or other anti-competitive behavior.

- Have all proposed commercial restrictions on our suppliers, customers or competitors reviewed by the legal department.
- Have all proposed significant property or corporate securities acquisitions reviewed by the legal department for antitrust concerns.
- Do not permit Commercial Counterparties to cause the Company to violate this policy.

External Public Communications

We seek to provide full, fair, accurate, timely, understandable and consistent information to our key stakeholders including Government authorities, employees, Market professionals or our securities holders, news media and the general public. We must comply with securities laws rules and regulations, including Regulation FD, in all such communications, including press releases, presentations, speeches, advertisements, interviews, corporate publications, brochures, analyst presentations, website material and filings with the SEC.

You can communicate with Commercial Counterparties that are not Market professionals or our securities holders in the ordinary course of fulfilling your Company responsibilities and to the extent in compliance with our other policies (such as our policy on Confidentiality). However:

- Only the Chief Executive Officer, Chief Financial Officer, Vice President of Investor Relations, Executive Vice President, Public Affairs, Vice President, Communications and other members of our communications department or their designees can speak to the *media* or others who distribute information publicly.
- *Accidents* and other operational incidents may be addressed only by our spokesperson designated under our incident communications procedures and guidelines developed by our HSE department.
- Only the Chief Executive Officer, Chief Financial Officer, General Counsel and the Vice President of Investor Relations or their designees can speak for the Company to *Market professionals or our securities holders*.
- Get prior approval from our communications department for printed and electronic presentations, papers, abstracts, articles and newsletters that could be distributed to the public except:
 - materials used in legal or administrative proceedings or permit applications,
 - emergency reports,
 - SEC filings, and
 - responses to regulatory requests.

- Unless approved by our communications department, do not represent or suggest in any social media activity that you are authorized to speak on behalf the Company, use the Company's logo or imply that the Company has reviewed or approved the content you post. If it will not be obvious from the content or context of your post, you should specifically state, "The views expressed are my own. They have not been reviewed or approved by California Resources Corporation." Remember that all our other policies, including those governing confidentiality, apply to your use of social media.

Respecting Our Colleagues and Neighbors

Equal Opportunity Employment

Equal opportunity in employment is one of our cornerstone commitments. Do not make employment decisions in recruiting, hiring, development, compensation or promotion based upon sex, race, color, religion, national origin, citizenship, age, disability, marital status, sexual orientation, gender identity or expression or any other legally protected categories. Provide reasonable accommodation for employees' disabilities or religious beliefs and practices. All members of management are responsible for communicating, implementing and enforcing our policies regarding equal opportunity in employment.

Do not

- Do not discriminate among employees or potential employees in recruitment, hiring, compensation, promotion, demotion, transfer, training and development, termination, layoff, discipline, work assignment or other job opportunities based on the categories noted above.

Health, Safety and Environmental

Protecting people and the environment is one of our highest priorities. Protecting our assets is a basic responsibility for each of us. Take responsibility for HSE activities related to your work.

- Take reasonable measures to prevent, detect, mitigate and report illegal, fraudulent or violent activity involving our employees or assets.
- Comply fully with all applicable HSE laws, rules and regulations, this policy and other HSE policies applicable to your work.
- Stop any work or action that you perceive to be unsafe, illegal or that, if continued, may adversely affect the environment or the health and safety of any individual.
- Report suspected non-compliance with HSE laws, rules and regulations, this policy and other HSE policies applicable to your work to your immediate supervisor.
- Report suspected, ongoing or threatened criminal activity, unauthorized possession or use of a weapon and other security emergencies to law enforcement and your supervisor.

To do

- Seek to exercise our rights as a participant in any joint ventures, joint interests or assets in which we do not have operational control in a manner that is consistent with the purpose of this policy.
- Notify our HSE department of releases, spills, discharges or emissions of regulated substances that may be subject to reporting, as well as ongoing or future activities that may require a government permit or approval or amendment of an existing permit or approval.
- Report immediately by telephone to risk management and the HSE department any accident resulting in serious bodily injury to third parties or employees, significant physical damage to the property of third-parties or employees, including but not limited to fires, explosions or vehicle accidents, and environmental incidents such as an unintended release of substances to the air, water or land which could result in claims against us. Report all other incidents by email to risk management and the HSE department as soon as practicable.
- Follow all reporting requirements of any governing agency for any incidents.
- Report emergency and security matters to appropriate law enforcement or emergency services personnel as required by applicable laws, rules or regulations and also notify your supervisor and the HSE department.
- Report violent acts or threats by or against our employees or contractors, but not warranting an emergency response, to an appropriate human resources department representative and HSE officer.
- If you are a Company leader:
 - Integrate HSE and community outreach considerations into your business planning and decision-making processes for existing and proposed facilities and operations.
 - Verify compliance with this policy and applicable HSE laws, rules and regulations through self-monitoring programs and regular assessments of business units, assets or facilities, and, in a timely manner, correct any deficiencies noted.
 - Promptly mitigate, or discontinue participation in, any activity that you perceive may pose a significant risk to health, safety or the environment, and report that condition to your supervisor and the HSE department.
 - Promote continuous improvement in HSE performance.
 - Take appropriate responsibility, when remediation is required, for our past operating practices.
 - Report suspected illegal or fraudulent activity to the legal and internal audit departments or through our anonymous hotline.
- Encourage joint ventures and joint interests we do not control to comply with this policy.

Do not

- Do not permit Commercial Counterparties to cause the Company to violate this policy.

Conducive Workplace

As a top priority, we are committed to providing a workplace environment that allows all employees to perform to the best of their ability free from harassment, violence or the effects of substance abuse.

We commit to:

- Seek to provide a safe workplace that is free from discrimination, substance abuse, violence and from unsolicited and unwelcome sexual advances and harassment.
- Seek to provide a workplace in which we respect one another as individuals, show courtesy and foster personal dignity.
- Recognize and respect the right of employees to exercise lawful rights of free association.
- Comply with all applicable federal, state and local employment laws, rules and regulations.

Our employee handbook provides additional important information about keeping our workplace free from harassment, violence or the effects of substance abuse.

To do

- Understand the meaning of, avoid and report:
 - Unwelcome sexual advances.
 - Conditioning of any employment decision on the performance of sexual favors.
 - Abusing another employee verbally, physically or through media.
 - Intimidation or other hostile acts.
 - Creation of a hostile work environment.
 - Any other act that is offensive or interferes with another employee's performance.
- Participate in mandatory training on workplace harassment prevention.
- If you are a leader within the Company, treat any investigations of policy violations confidentially, consistently and promptly and work with the human resources and legal departments, who will manage investigations.

- Encourage joint ventures and joint interests we do not control to comply with this policy.

Do not

- Do not permit Commercial Counterparties to cause the Company to violate this policy.

Protecting Our Assets

Confidential Company Information

Confidential Company Information is a valuable Company asset. Disclosure or use for non-work purposes could have significant consequences. Keep all Confidential Company Information (and similar information of third parties) confidential and protected from disclosure – even after your employment ends. Remember that the format of the Confidential Information dictates what method of protection will work – from locking a document in a drawer to maintaining a strong password. Employees and non-employee Representatives have a right of access to Confidential Company Information *only* as required to do Company work. Employees will be required to sign a confidentiality agreement as a condition of employment.

Approvals for Corporate Actions

Seek the correct approvals before acting on behalf of the Company. Approvals must be written unless immediate danger threatens human life, health, safety, the environment or property. Transactions, charitable contributions or other matters that are related may not be broken into increments for approval. The Company's authorized approval process sets forth the maximum amount that can be approved for certain Company transactions. All other significant uses of Company assets must be approved by an officer with the corporate title of at least Executive Vice President.

Travel & Entertainment

We will reimburse employees for reasonable expenses incurred in the performance of our business based on the business purpose and the location visited. Some expenses are not permitted – See “Gifts, Hospitality and Entertainment” for more information.

We seek to minimize travel and entertainment costs. Alternatives such as telephone conferences, video conferences and online meetings should be considered prior to deciding that travel is necessary.

Promptly submit your expense report using the expense report system available on our intranet. Directors should submit receipts for reimbursement to the Corporate Secretary, an Assistant Corporate Secretary or their executive officer liaison.

Control of Corporate Assets – Supply Chain, Inventories and GAAP

We maintain controls over the use of our assets in order to protect them from loss or misuse. Do not use any Company assets or funds for any unlawful, improper or non-business purpose. Protect Proprietary Company Assets. Report suspected fraud, theft or waste of our assets. The purchasing cycle involves the following four steps:

- 1) Requisition of materials or service
- 2) Contracting
- 3) Receipt of material or service
- 4) Invoice approval

No employee is permitted to be responsible for more than two of the above four steps with respect to a single purchasing event. It is also prohibited for a single employee to be both the authorizer of a contract or agreement and the approver of the related invoice(s). Every purchasing event, with limited exceptions, must be made in accordance with the requirements set forth by the supply chain management department.

Each business unit, plant or location must perform a physical count of all inventory that it is storing or staging prior to use at least once in every three-year period. Each physical count must be reconciled to the accounting records, variances researched and adjustments timely made and reviewed by our accounting department. Each physical count must be witnessed or executed by someone independent from the day-to-day custody of the inventory being measured.

We present our financial results fairly and in conformity with GAAP. We acknowledge responsibility for the design, implementation and maintenance of programs and controls to prevent and detect fraud as necessary to comply with laws, rules, regulations and GAAP; for adopting sound accounting policies; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements and to provide reasonable assurance against the

possibility of misstatements that are material to the consolidated financial statements, whether due to error or fraud.

Risk Control Related to Marketing

All commodities trading done for the Company and our Subsidiaries must be conducted through our marketing subsidiary and other Company Subsidiaries authorized by our marketing department for such purpose. Only Authorized Marketers and Traders may transact in commodities and enter into commodities trading instruments for the Company or our Subsidiaries. All such transactions must be conducted in accordance with the marketing department's requirements.

- Authorized Marketers and Traders must know and follow the laws, rules and regulations applicable to the markets in which they conduct transactions.

Records Management

Maintain our Records accurately so that they fairly reflect our transactions in reasonable detail.

Maintain our Records for the periods required in the Records Retention Schedule or, if longer, a Legal Hold. Take reasonable steps to ensure that our Representatives do the same. Observe normal records destruction periods when destruction is permitted as set forth in our Records Retention Schedule.

Do not, and take reasonable steps to ensure others do not, alter, destroy, mutilate, conceal, or delete information if it relates to any ongoing, threatened, or anticipated litigation, claim, audit, proceeding, or Governmental or Company investigation, even if a Legal Hold has not been formally instituted. Such information may be destroyed or deleted only at the direction of the legal or tax departments.

Employees and Representatives who are aware of any pending, threatened or anticipated litigation, claim, audit, proceeding, or a Governmental or Company investigation, or who have a reasonable basis to believe that an investigation will be or is being conducted by a court, tribunal, or Government department or agency, *are required to* retain all Records and non-Records related to such litigation or investigation even if the Records Retention Schedule otherwise provides for the disposal of such Records and non-Record information.

A violation of this policy may also constitute a violation of civil or criminal law and may give rise to lawsuits and administrative, civil or criminal enforcement or charges, or other legal sanctions against the Company and the individuals involved.

Definitions

Authorized Marketers and Traders – those individuals authorized by our marketing department to engage in commodity transactions on our behalf.

Chief Compliance Officer – our General Counsel.

CFTC – U.S. Commodity Futures Trading Commission.

Code of Ethics – the provisions of this Policy that govern ethical conduct, disclosures in public communications, compliance with laws, rules and regulations, reporting of code violations and accountability for adherence to the code in accordance with SEC Regulation S-K 406 and conflicts, corporate opportunities, confidentiality, fair dealing, protection and use of Company assets and reporting of illegal or unethical behavior in compliance with Section 303A.10 of the NYSE Listed Company Manual, together with such other addenda as are required to be included under such regulations.

Commercial Counterparties – customers, suppliers, service providers, competitors, business associates and others who do, or may do, business with us.

Company – California Resources Corporation or our subsidiaries or a combination of them as the context may require.

Compliance Committee – those Company employees designated from time to time to consider and resolve ethical matters under our policies or otherwise involving our business. Currently the Compliance Committee comprises the General Counsel, Chief Financial Officer and Executive Vice President, Finance.

Compliance Officer – the Chief Compliance Officer or an officer designated by the Chief Compliance Officer.

Confidential Company Information – all information relating to our business, or our directors, officers, other employees, non-employee Representatives or Commercial Counterparties:

- that derives actual or potential value from not being known to business competitors or the general public, or
- that could harm us or our customers if disclosed.

Such information is confidential whether in oral, written, physical, or electronic form, and whether or not such information is specifically identified as Confidential Information.

Credit Transactions – extensions of credit by the Company, including:

- A. creation of trade and non- trade accounts and notes receivable,
- B. establishment of or revisions to credit terms, credit lines or credit limits,
- C. acceptance and delivery of Financial Institution Credits or other forms of security for which the Company is either the beneficiary or the obligor, and
- D. formulation of contract provisions relating to credit terms and related financial conditions.

EUR (Estimated ultimate recovery) – the sum of (i) cumulative hydrocarbon production as of a given date and (ii) the hydrocarbon reserves that are producible and expected to generate revenue in excess of operation costs, as of that date, by application of development projects to known accumulations.

Executive Officer – any of our officers listed as executive officers in our most recent Form 10-K or as otherwise designated by our board of directors as an executive officer from time to time.

FERC – Federal Energy Regulatory Commission.

Foreign Contractual Arrangement – any contract, agreement or arrangement (including any material modifications, amendments or renewals thereof) whether written or not, between us and any third party concerning activities or conduct of us or our Subsidiaries outside the United States.

Foreign Government – the government of any country other than the United States (including any ministry, department, agency, state-owned entity, political subdivision or other instrumentality thereof), or a public international organization.

Foreign Official – any officer or employee of a Foreign Government (including any ministry, department, agency, state-owned entity, political subdivision or other instrumentality thereof), or a public international organization, or any person acting in an official capacity for or on behalf of any such entity, any political party, any officer or employee of any political party, any candidate for public office, or any person acting in an official capacity for or on behalf of a political party or candidate for public office, in each case in any country other than the United States.

GAAP – United States generally accepted accounting principles, consistently applied.

Government – includes federal, state and local governments, departments, agencies, services, commissions and government-owned entities.

HSE – health, safety and environmental.

Legal Hold – a suspension of the deletion or destruction of, or an alternate means of preserving, specified Records or non-Records, instituted at the request of the legal or tax departments as a result of an ongoing, threatened, or anticipated item of litigation, claim, audit, proceeding, or Governmental or Company investigation.

Material nonpublic information – information about us that (1) has not been publicized or otherwise become generally available to investors and potential investors, (2) a reasonable investor is substantially likely to consider important to making a decision to purchase, sell, or vote Company securities or (3) significantly alters the total mix of information available about us. This information may include our operational and financial performance or our guidance as to future performance and important corporate events and plans, mergers, acquisitions, dispositions, investments, strategic plans, debt and other contractual defaults, securities offerings, securities redemptions, securities repurchase plans, stock splits, dividend changes, corporate restructuring, significant litigation and changes in senior management or management compensation.

Market professionals and our securities holders – any person who is a securities broker or dealer or associated person, an investment advisor or institutional investment manager or associated person or an investment company or hedge fund or affiliated person, subject to certain exceptions under federal securities laws.

NYSE – the New York Stock Exchange.

Political Contribution – any:

- contribution or transfer of money or other thing of value,
- expenditure of money or other thing of value, including a donation of property, services or use of facilities,

to any political party, committee or candidate for public office, candidate committee, political action committee, or to any committee, person, business group or trade association for any political purpose or use. Money paid to attend a political fund-raiser or other political event or for a political fundraising item sold by a political party or committee or candidate also is a contribution.

Proprietary Company Assets – includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, databases, records, salary information and any unpublished financial data and reports.

Record – all information created or received and maintained by us or our Subsidiaries, directors, employees, or Representatives for the purpose of reflecting our or our Subsidiaries':

- organization,
- functions,
- decisions,
- policies,
- procedures,
- transactions,
- operations,
- other business activities, or
- compliance with applicable regulatory requirements,

regardless of the format or medium in which such information is recorded and maintained.

Records Retention Schedule – our official list that shows the approved retention period and other attributes of Records by category.

Regulation FD – an SEC regulation adopted to address selective disclosure of information by publicly-traded companies. Regulation FD's purpose is to promote full and fair disclosure by requiring public disclosure of information disclosed to Market professionals or our securities holders.

Relative – a spouse and any of the following family members:

- Parents
- Grandparents
- Children (including adopted and foster children)
- Grandchildren
- Siblings
- Any parent-in-law, and
- Any brother-in-law or sister-in-law.

Representative – any contractor, agent, representative, or other service provider (including any temporary worker whose services are provided by a third-party contractor).

SEC – the United States Securities and Exchange Commission.

Section 16 Officer – our:

- president,

- principal financial officer,
- principal accounting officer (or if none, the controller),
- any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), as determined from time to time by our board of directors,
- any other officer who performs a policy-making function, as determined from time to time by our board of directors,
- any other person who performs similar policy-making functions for us, as determined from time to time by our board of directors,
- officers of our Subsidiaries shall also be deemed our officers if they perform policy-making functions for us, as determined from time to time by our board of directors.

Subsidiary – any legal entity of which we control more than 50% of the voting interests or that we otherwise consolidate under GAAP.