

California Resources Corporation

Business Ethics

CHARACTER
Acting with integrity and honor, without exception

RESPONSIBILITY
Achieving California's high standards for safety and environmental protection

COMMITMENT
Empowering workers and promoting communities where we live and work

Statement of Integrity

California Resources Corporation carries on a tradition of producing oil and gas in California that stretches back many decades. We have accepted 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.

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.

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

Todd Stevens

President and Chief Executive Officer

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**: 844.339.6268.

The following are our selected code and policies. We have adopted them to provide governance over our operations. They are not intended to, and do not, create any legal or other responsibilities or form the basis for a claim of breach of fiduciary duty or other liability. We have internal policies that further refine and help implement the code and policies below.

Business Ethics

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

It is our policy to deal fairly with our Commercial Counterparties. Our directors, officers and other employees may not conceal, manipulate, misrepresent facts, abuse privileged information or use other unethical practices when dealing with our Commercial Counterparties.

Our directors, officers and other employees may not offer or give anything of value to 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.

Gifts, Favors, Hospitality and Entertainment

There are times when corporate hospitality with current or prospective Commercial Counterparties is appropriate.

It is acceptable, assuming it does not become excessive, for our directors, officers and other employees 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 (in most cases, infrequent would mean that it does not occur more than once a month);
- 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.

Working with the Government, Lobbying and Political Contributions

Direct or indirect bribery of Government officials or labor unions may be a crime. Our directors, officers and other employees may 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.

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 our 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. Our directors, officers and other employees may not make political contributions or engage in lobbying or other political activities on our behalf without express authorization from our government affairs department.

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

Conflicts

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.

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 our directors, officers or employees or their Relatives 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 our directors, officers or employees or their Relatives through an investment in a widely-held mutual fund.

- A Relative works for the Company outside the chain of command of our directors, officers or employees that was obtained without their influence.
- A relationship or action involving or benefiting our directors, officers or employees or their Relatives that is reported in accordance with our policies 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.

A situation that is not covered above, must be discussed with our Compliance Officer.

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.

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.

Reserves Estimates

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

Our directors, officers and other employees must 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.

Our directors, officers and other employees must book hydrocarbons as proved reserves only when they 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.

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. Our directors, officers and other employees must comply fully with all federal and state antitrust laws, rules and regulations.

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. It is our policy to 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.

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. Our directors, officers and other employees must keep all Confidential Company Information (and similar information of third parties) confidential and protected from disclosure – even after their employment ends. 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.

Control of Corporate Assets

Our directors, officers and other employees must not use any Company assets or funds for any unlawful, improper or non-business purpose. Our directors, officers and other employees must protect Proprietary Company Assets and report suspected fraud, theft or waste of our assets. We maintain controls over use of our assets in order to protect them from loss, misuse or poor use. No employee or group of employees may have control of a complete segment of the purchasing process for materials, equipment, consumables, licenses, rights and services from (1) requisition through commitment, (2) commitment through invoice approval or (3) approval through receipt. Every purchasing event, other than certain exempt contracts and arrangements, must be made in accordance with the requirements, including those regarding bid waivers, set forth by the supply chain management department.

Records Management

Our directors, officers and other employees must maintain our Records accurately so that they fairly reflect our transactions in reasonable detail.

Our directors, officers and other employees must maintain our Records for the periods required in the Records Retention Schedule or, if longer, a Legal Hold. Our directors, officers and other employees must take reasonable steps to ensure that our Representatives do the same. Our directors, officers and other employees must observe normal records destruction periods when destruction is permitted as set forth in our Records Retention Schedule.

Our directors, officers and other employees may not, and must 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.

Waivers

If, for unusual or unique circumstances, our directors, officers and other employees cannot reasonably comply with a policy, they must inform their manager as soon as possible. The 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. 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, our directors, officers and other employees must 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.

Definitions

Chief Compliance Officer – our General Counsel.

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 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.

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.

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.

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.

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