

California Resources Corporation

Health, Safety & Environmental Sections of Business Ethics and Corporate Policies

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 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.

Todd Stevens

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
9200 Oakdale Ave., 9th Floor
Los Angeles, California 91311

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.

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.

Respecting Our Colleagues and Neighbors

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.