Chevron

Joe M. Naylor
Vice President, Policy, Government and Public Affairs

November 30, 2016

Ms. Linnet F. Deily, Chair
Dr. Wanda M. Austin
Dr. Alice P. Gast
Mr. Enrique Hernandez, Jr.

Public Policy Committee Meeting
December 6, 2016

A meeting of the Public Policy Committee is scheduled for Tuesday, December 6, 2016, from 3:15 to 4:15 p.m. PDT, in room A4330 at Chevron's offices in Chevron Park. Refreshments will be provided.

The topics to be discussed during the meeting are as follows:

- review Chevron's revenue transparency;
- update on Chevron's corporate responsibility and social investment;
- update on Chevron's response to the 2016 shareholder proposal on climate disclosure;
- update and implications of the recent U.S. federal elections and state outcomes.

I am enclosing an agenda and pre-read materials for the meeting, including the PPC Issues Brief, which contains the more significant global public policy issues facing the company and country level summaries for Chevron's top 10 operating areas highlighting the policy and political landscape. You may also access these materials through Chevron's Boardbooks website.

Please contact me if you have any questions about the enclosed materials. I look forward to seeing you next week.

Sincerely,

Enclosures

cc: John S. Watson
Mary A. Francis

Chevron Corporation
Policy, Government and Public Affairs
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[redacted]

CHEVRON CORPORATION
PUBLIC POLICY COMMITTEE

DECEMBER 6, 2016, 3:15 – 4:15 P.M.
ROOM A4330, CHEVRON PARK

AGENDA

Time		Topic (Presenters)	
3:15 p.m.	**1.**	**Minutes** * (Chair) Review and approve the minutes of the July 26, 2016 Committee meeting.	**TAB 1**
3:20 p.m.	**2.**	**Policy Update** (Jennifer Ganten) • Revenue Transparency	**TAB 2**
3:35 p.m.	**3.**	**Corporate Responsibility and Social Investment** (Jennifer Ganten)	**TAB 2**
3:45 p.m.	**4.**	**Climate Disclosure** (Joe Naylor) • Update on response to 2016 shareholder proposal	**TAB 2**
3:55 p.m.	**5.**	**U.S. Elections Update and Implications** (Maria Pica Karp) • U.S. Federal Elections • Significant State Outcomes	**TAB 2**
4:15 p.m.		**Adjourn**	
	6.	**<u>Information Item:</u>** Public Policy Issues Brief	**TAB 3**

* Items needing motion, second, and approval.

Tab 1

Minutes

DRAFT

CHEVRON CORPORATION
PUBLIC POLICY COMMITTEE
JULY 26, 2016

MINUTES

A regular meeting of the Public Policy Committee of the Board of Directors of Chevron Corporation ("Corporation") was held at the office of the Corporation in San Ramon, California, on July 26, 2016, at 3:10 p.m.

Members Present:	Linnet F. Deily, Chairperson Enrique Hernandez, Jr. Jon M. Huntsman, Jr.

Also present were Joseph M. Naylor, Lloyd F. Avram, Maria Pica Karp, Mary A. Francis, and Kari H. Endries.

Ms. Deily called the meeting to order and the Committee proceeded with the agenda. The minutes of the regular meeting of the Committee held on March 29, 2016 were reviewed and, on motion duly seconded, unanimously approved.

Mr. Avram reviewed the scope, governance and philosophy of the Corporation's and the Chevron Employee Political Action Committee's political contributions. He confirmed that the Corporation has strong policies and procedures to administer its compliance program and outlined key components, including training, risk assessments and audits.

Mr. Avram then discussed the corporate political budget and contribution focus areas, engagement strategies, direct lobbying initiatives, indirect lobbying efforts through trade and industry groups, and priorities for political contributions and direct and indirect lobbying for the remainder of the election cycle. He highlighted major issues at the federal and state level that could impact the Corporation and discussed initiatives to mitigate each issue. Questions and discussion ensued.

Ms. Karp presented an update on U.S. legislative, regulatory, policy, and political developments during the presidential cycle. Her report included an update on various advocacy activities of Chevron's Washington, D.C. office and government affairs staff Privileged – First Amendment Among other discussion points was a robust dialogue regarding the international geopolitical landscape as well as the status and implications of the Paris Agreement from the 2015 UN Framework Convention on Climate Change 21st Session of the Conference of Parties. Questions and discussion occurred throughout her presentation.

Mr. Naylor discussed the updated public policy brief that highlights policy issues with the potential to impact Chevron's business in ten countries where it has significant operations. He reviewed environmental issues, domestic and regulatory risks, external pressures, geopolitical risks and revenue transparency issues, with specific focus on Australia, Nigeria, Kazakhstan, Thailand, Brazil, Indonesia, and Turkey. Mr. Naylor responded to comments and questions throughout the presentation.

Mr. Naylor reported on initiatives undertaken regarding the climate change impact assessment stockholder proposal that received 41 percent support at the Annual Meeting of Stockholders. He led a discussion that outlined various response options and detailed the timing for a response to the proposal. Following discussion, the Committee recommended that Chevron issue a report before the next Annual Meeting that demonstrates to its relevant stakeholders that it is responsibly managing its portfolio in light of potential changes resulting from the perceived risks of climate change. Robust discussion preceded the Committee's recommendation.

There being no further business, the meeting was adjourned.

Secretary

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Tab 2

Policy Update, Corporate Responsibility and Social Investment

Global Issues, Social Investment and Public Policy Update

Board of Directors
Public Policy Committee

December 6, 2016

Global Issues, Social Investment and Public Policy Overview

This brief provides our semi-annual update of key global policy issues that can impact Chevron's business. The issues reviewed include: Human Rights; Revenue Transparency; Disclosure and Reporting; Activism; United Nations (UN) Sustainable Development Goals; Stockholder Proposal on Climate Impact Assessment; Social Investment; U.S. Politics and Policy; International Climate Policy Developments; Environmental Policy; Shale and Hydraulic Fracturing Activism; Sanctions; and Political Contributions and Lobbying. To manage this broad portfolio, we apply our corporate Operational Excellence Management System processes, including Issue Management and Advocacy and Stakeholder Engagement.

Human Rights

Chevron's Approach to Human Rights Management

Chevron favors voluntary approaches that promote fit-for-purpose policies and processes such as the UN Guiding Principles on Business and Human Rights (UNGPs). Chevron's strategy is focused on continual improvement of the execution of our Human Rights Policy and supporting processes. This work strengthens alignment between Chevron's performance and the expectations of the UNGPs. In addition, this work results in helping the company meet developing external reporting obligations. Our policy focus aligns with Chevron's potential areas of concern: supply chain, security, community and employees.

Governmental and UN Actions

Chevron has a reporting obligation under the UK Modern Slavery Act and plans to submit its first disclosure in 2Q 2017. The act requires annual disclosure by companies on efforts to ensure that slavery and human trafficking are not taking place in supply chains. While the actual penalties for non-compliance are currently negligible, disclosures are closely monitored by the UK government, a number of our investors and civil society organizations.

Chevron submitted the required Responsible Investment in Myanmar reports to the U.S. Department of State in May and July of 2016. However, the U.S. government's reporting requirements were recently made voluntary and our first voluntary report would be due in July 2017.

UN Human Rights Commission working groups continue to advance competing initiatives to progress global protection of human rights. The Ecuador-led group is promoting a binding treaty with unique obligations for and leverage over multinational enterprises, giving advantage to state-owned entities. This initiative is designed to strengthen the ability for plaintiffs to take companies to international courts on human rights issues. A draft treaty is expected in 2017. Chevron is aligned with the U.S. government and business community in opposing a treaty and in supporting voluntary, UNGP-aligned initiatives that apply to all companies, national or multinational.

Voluntary Reporting Initiatives

Ranking and rating human rights performance and demands for transparency continue. In 2017, Chevron will be ranked against industry peers in the debut of the Corporate Human Rights Benchmark, which was founded by socially responsible investors (SRIs) and human rights organizations. All industry rankings are expected to be low. Chevron will continue to engage with the Benchmark and other organizations to better align benchmarks with relevant publicly available data and metrics that we believe are indicators of performance.

Emerging Activism

The Greenpeace-led campaign resulting in the recent investigation by the Philippines Commission on Human Rights into carbon majors' (the top 40 GHG emitters) alleged responsibility for climate change impacts is likely to continue. Global and civil society organizations, including arms of the UN and Oxfam, are attempting to link human rights claims to climate change, arguing that business impedes on human rights to environment, health and quality of life. They are calling on entities that allegedly caused climate impacts to bear the cost of adaptation, migration and mitigation.

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Extractive Industry Transparency Initiative
Chevron maintains a leadership role in the Extractive Industries Transparency Initiative (EITI). The company has held a seat on the Global EITI Board since its inception in 2003. Chevron currently operates or has a non-operated working interest in 17 of the 51 EITI-implementing countries, including Indonesia, Kazakhstan, Nigeria and the U.S., and has representatives on multi-stakeholder groups in six countries. Australia, Mexico and Thailand have each declared their intention to join EITI. Corporate Policy, Government and Public Affairs has established a revenue transparency coordination group to provide guidance to business unit practitioners for country-level EITI decision-making around reporting requirements and to ensure consistency of messaging and action across the enterprise.

Government Action
There are several legislative initiatives related to revenue reporting that are in various stages of implementation. The Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) instructed the Securities and Exchange Commission (SEC) to create a rule requiring extractive industry companies listed on a U.S. exchange to annually report payments made to all governments. The SEC published its second attempt at a final rule on June 27, 2016. The final rule is similar to the August 2012 rule, which a Federal Court vacated as a result of American Petroleum Institute (API) litigation.

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It is unclear at this time how the new Trump administration will respond to the Dodd-Frank legislation.

In June 2013, the EU revised its Accounting Directive to require large extractive companies registered in the EU to disclose payments made to all governments at a contract or lease level. The UK and Denmark transposed the directive into national law. Chevron North Sea Ltd. submitted its UK report in November 2016 on 2015 data. Reporting in Denmark will begin in 2017 on 2016 data; it is expected that Chevron's partner Maersk will report as the operator.

Outside the EU, Norway has implemented revenue transparency legislation. In June 2015, Canada passed legislation that requires project-level reporting, consistent with the EU definition. Reporting will begin in 2017 on 2016 data. The act will require Chevron to report on Chevron subsidiaries domiciled in Canada, including Thailand, Nigeria and Indonesia.

The overlapping legislative proposals raise the possibility that Chevron may have to report under multiple frameworks, leading to increased compliance costs and potentially confusion by the public due to inconsistent reporting of financial information to meet different government requirements.

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Additionally, the OECD has designed a set of 13 actions with the intention of preventing "Base Erosion and Profit Shifting" (BEPS), in response to the changes in the global financial system, resulting from globalization and the digital economy. Country by Country reporting is one of those actions and will occur under a framework agreed to by OECD countries. Chevron's country-by-country report will be filed with the U.S. government beginning with the 2016 fiscal year. It is anticipated that the IRS will share this information confidentially with other tax jurisdictions, including information on cash taxes paid, revenues, before-tax profits and a list of the company's legal entities.

Disclosures and Reporting
Stakeholder interest and expectations around companies' environmental, social and governance

(ESG) performance and reporting are increasing, including among the investment community. This is particularly true for reporting on climate-related issues.

Chevron's ESG reporting approach is to provide information voluntarily that reflects the company's salient risks and performance and respond to stakeholder needs, Privileged – First Amendment

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Chevron publishes information about the company's ESG performance in a number ways, including the annual *Corporate Responsibility Report Highlights* and on chevron.com. Chevron's reporting is aligned with the indicators from the *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting*, which is jointly produced by IPIECA, API and the International Association of Oil & Gas Producers (IOGP). Additionally, Chevron has established a formal process for identifying and prioritizing ESG issues for reporting, which is governed by Chevron's Global Issues Committee.

For the 2016 reporting cycle, Chevron will focus on a core set of issues in the *2016 Corporate Responsibility Report Highlights*, including serious incident and fatality prevention, addressing climate change, respecting human rights, managing water resources and creating prosperity through direct and social investment. Chevron will also report new indicators related to greenhouse gas management.

Emerging Trends
There is some movement among mainstream investors and investment activists towards the inclusion of expanded ESG reporting in financial filings. Two organizations, the Sustainability Accounting Standards Board (SASB), a non-governmental organization, and the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD), which was stood up under the G-20, are rapidly advancing the development of voluntary, financially-oriented standardized ESG disclosures. The frameworks are connected by leadership, general approach and ideals and appear to be getting attention from large and influential institutional investors.

In addition, in April 2016, the SEC released a concept paper seeking comment on potential revisions to SEC disclosure requirements, including a section on "Disclosure of Information Relating to Public Policy and Sustainability Matters," which explicitly sought feedback on the sufficiency of issuer climate reporting.

API submitted comments to the SEC in support of the traditional definition of materiality as set forth by the U.S. Supreme Court, and urged the SEC to consider any new disclosure requirements, including those related to ESG issues, in the context of that definition. The comments also asked that the SEC fully weigh the incremental costs of any new disclosure requirement and assess potential benefits from the perspective of the reasonable investor, as opposed to that of special interest groups. The letter specifically urged the SEC not to adopt additional prescriptive rules for disclosure of ESG-related information under Regulation S-K. Chevron also submitted a separate letter to the SEC in support of these positions. Chevron instead supports voluntary reporting on ESG issues.

UN Sustainable Development Goals (SDGs)
Nearly one year after they came into effect, the UN Sustainable Development Goals (SDGs) have gained significant traction as a unifying force for the public, private, and civil society sectors.

The UN reports that 50 countries have integrated the SDGs into their development plans, and 50 more are in the process of doing so. U.S. Deputy Secretary of State Tony Blinken issued a "trillion dollar challenge" and encouraged companies to go beyond corporate philanthropy and invest their capital in solving sustainable development challenges.

Companies are using the SDGs in various ways, including: 1) to amplify what they do and show how they are part of a collective, global effort; 2) to identify areas for growth and business opportunities; and 3) to organize their business strategy.

The SDGs may also create some pressure on business as various civil society groups try to use the globally-endorsed SDGs as a way to compel business to change policies and practices. Several organizations, including the World Bank, are looking into how they can use the SDGs to rank countries or companies on sustainable development performance.

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Off-Oil Activism

Driven by anti-fossil fuel NGOs and anti-fracking activists, concerted efforts continue to delay or ban oil and natural gas development at the local, state, and federal levels. The "Keep it in the Ground" movement in the U.S. is working to accelerate a transition to a zero carbon economy, with much of the effort focused at city and state level policies. Grassroots off-oil activism has recently focused on stopping infrastructure development and lease sales in the U.S. A significant "win" for the off-oil movement was realized with the recent Executive Order and direction from the Department of the Interior that halted construction of sections of the Dakota Access Pipeline (DAP) in September. Additionally, a number of follow-on acts led to off-oil activists physically turning off pipelines bringing oil from Canadian oil sands development into the U.S. in an effort to "Stop it Now" and draw attention to a perceived urgency to immediately stop all fossil fuel developments.

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Update on Responding to Stockholder Proposal Regarding Report on Climate Impact Assessment

Chevron is developing a response to the 2016 stockholder proposal on climate impact assessment in recognition of the substantial (41%) vote in favor of the proposal.

Engagement

In the course of developing our response over the last several months, we have engaged a total of 32 institutional stockholders (comprising over 34% of our outstanding common stock) in discussions of this topic and our plan for responding to the proposal. Directors Sugar and Hernandez have been personally involved in ten select engagements.

Key messages used in our engagement discussions included:

- the demand for petroleum and natural gas will remain significant even in a GHG-constrained scenario;
- Chevron's robust and well-tested risk management processes address the numerous risks in our business (with material risks disclosed in our SEC filings);
- GHG issues and carbon pricing risks are considered in Chevron's strategy, business planning, and risk management tools and processes; and
- a description of our work in order to provide greater insight into the potential risks to our portfolio of future potential climate change regulations.

To date, feedback has been positive from the major investors with whom we have engaged. However, the degree to which our investors are engaged on or concerned about this topic varies widely. Several of our institutional investors noted that they are coming under increasing pressure from *their* clients and stakeholders to be proactive on climate change issues. This outside pressure is now driving some and may drive others to support future impact assessment and related proposals.

There is little specificity from major investors as to what they would like to see in a response. Common feedback is that they want to be assured that Chevron has considered the possible risks relating to climate change and that the Board is engaged in this process.

Proposal Received for 2017 Proxy
A stockholder proposal was submitted by Hermes Equity Ownership Services Limited on behalf of its client BT Pension Scheme in October. This proposal is similar in scope to last year's proposal requesting *"that the company publish an annual assessment of long-term portfolio impacts of "plausible" (last year it said "possible") climate change scenarios…"*

The proponent has indicated a willingness to work with us toward a possible withdrawal of the resolution.

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Global Social Investment
Chevron's global social investment (SI) spend has ranged from approximately $200MM in 2010 to a high of $274MM in 2013. Our expected spend for 2016 is $190MM, and $175MM is currently planned for 2017.

SI Approach
The 2016 planned SI in the U.S. was more than $100MM. Areas of significant investment internationally included: Nigeria ($33MM), Eurasia ($22MM), Thailand ($8MM), and Australia ($6MM). In addition, large global and regional programs continued in 2016, such as the University Partnership Program ($20MM) and Fuel Your School($6MM).

For 2017, Chevron's current proposed social investment budget will be approximately 21% lower than the 2016 budget and 25% lower than 2015 actuals. This is in response to the current business climate and our changing business needs.

Chevron's SI Monitoring and Evaluation program commenced in mid-2015 for 2014-funded projects meeting the reporting threshold of $100K and focused on health, education and economic development. Results include:

- Of Chevron global social investment goals, 37% cited "enhancing reputation" as their primary reason for implementing the project, while an additional 28% cited "making Chevron the partner of choice."
- 93% of projects met or exceeded the business unit's SI objectives of improving access to high quality STEM education or developing workforce skills.
- Critical success factors included projects that built local capacity, had strong implementing partners, and benefitted from credible third-party endorsement and high media visibility.

Monitoring and evaluation reporting for 2015-funded projects will be complete in Q1 2017.

SI Focus Areas
Chevron's global SI activity is designed to bring greater focus and recognition for Chevron within the areas of:

- HIV/AIDS, maternal/child health (Africa)
- Economic development (Global)
- Science, technology, engineering and math (STEM) education (U.S.)

For 2017, approximately 61% of the SI budget is allocated across the company's core themes of health, education and economic development. This represents a 9% reduction over 2016 and reflects a lower spend in core areas due to budget reductions while non-theme and unallocated spend remained relatively constant. Non-theme and unallocated spend are driven by large items such as the Egilik Infrastructure program in Kazakhstan, along with the Chevron Humankind program.

Health
In 2016, Chevron allocated more than $20MM to continue its work with partners in the fight against devastating diseases including a special emphasis on

combating HIV/AIDS (prevention of mother-to-child transmission) and sickle cell disease. Chevron partnered with Texas Children's Hospital, The Global Fund and PACT to fight these diseases. In 2017, the planned investments will continue to support partnerships with these organizations and others towards our mutual health-related goals.

Education

Chevron's SI strategy for education continues to involve playing a leadership role in improving STEM education through a holistic approach supporting awareness, curriculum, teacher training and advocacy. In 2016, Chevron allocated more than $80MM to education worldwide. This included $20MM for continuation of the University Partnership Program, $10MM for major corporate education programs (Project Lead the Way, Fab Foundation, and Fuel Your School), and $6MM for the Thailand Partnership Initiative (Enjoy Science). In 2017, Chevron plans to continue its robust global support of education aligned with our business needs and portfolio.

Economic Development

Chevron's economic development focus provides training, promotes jobs and enhances livelihoods in the communities where we operate. Our partnership models strive for forward looking sustainability while reducing the level of Chevron spend. In 2016, Chevron allocated more than $49MM globally with major partnership initiatives including, but not limited to: Niger Delta ($8MM), Appalachia ($3MM), Bangladesh ($3MM), Richmond ($2.5MM), and Kazakhstan ($1MM). In 2017, Chevron plans to continue investment in economic development globally, including appropriate adjustments based on changes to our asset portfolio.

Global Public Policy Overview

Significant activity continues across the U.S. and international political and policy landscape. The unconventional U.S. presidential elections, "keep it in the ground" activism in the U.S., and global attention to climate change have dominated the second half of 2016. Our issue management and stakeholder engagement are at the core of our advocacy efforts.

U.S. National Election Outcomes

The 2016 presidential election was unprecedented. An unsettled electorate propelled a politically inexperienced, populist businessman into the White House. The election was shaped by voter dissatisfaction with the direction of the country at home and abroad, concerns over the economy, and security, and a demand for change in how Washington works. The following section provides an election update, outlines risks and opportunities and discusses Chevron's plan to manage the new political environment in Washington and California.

Presidential and Congressional Outcomes

Trump's unorthodox campaign, which focused heavily on large rallies, earned and social media defeated the more-traditional, better organized and funded campaign of Clinton. The enthusiasm surrounding Trump and what he represents overcame the sophisticated analytics of the Clinton team. Trump prevailed by holding reliably Republican states (those carried by McCain and Romney) and by making in-roads into usually safe Democrat strongholds. In so doing, Trump effectively changed the electoral map.

It is clear from down-ticket results that Trump and generally low turnout *helped* the Republicans hold their majorities in both the House and Senate. With majorities in the House and Senate and control of the presidency, the U.S. will have Republicans in control of the White House and Congress for the first time since the 109th Congress (2005-2006).

With a few races outstanding, the Republicans had a net loss of 6 seats in the House, fewer than expected. In the 115th Congress, House Republicans will have at least 239 seats.[1] This result exceeds the expectations going into the election of a Republican loss of 12-18 seats. **Privileged – First Amendment**

Privileged – First Amendment

[1] As of November 29, 2 House races in LA are scheduled to have a run-off on December 10.

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Privileged – First Amendment It is expected that Congressman Darrell Issa (R-CA-49) will win re-election.

In the Senate, the Republicans were also able to maintain their majority, losing two incumbents in Illinois and New Hampshire. Trump's ability to win in states previously carried by President Obama was no doubt critical to this smaller than expected Republican loss.

Managing the Transition to a New Administration

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California Election Outcomes

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State Election Ballot Initiatives

Several state elections included ballot initiatives to impose bans on hydraulic fracturing, establish local control over oil and gas operations, and impose a carbon tax. In California's Monterey County, a measure passed (56% - 44%) to ban well stimulation treatments and impoundment of wastewater and drilling of new oil and gas wells. Privileged

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U.S. Policy Landscape

In the final months of the Obama Administration, it continues to cement its climate and environmental legacy. This included finalizing agency rulemakings and establishing a framework that could impede the agenda of the incoming Trump Administration. With Republican majorities in both Houses of Congress, President-elect Trump is likely to try to roll back or at least slow the implementation of Obama-era energy regulations. In addition to trying to relieve regulatory burdens on the energy industry to stimulate economic growth, President-elect Trump will likely seek to establish himself as a pro-energy and pro-infrastructure champion. Early in his tenure, Trump will confront the debt ceiling, a Supreme Court vacancy, and a complex foreign policy environment.

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U.S. Federal Climate Policy

President-elect Trump has repeatedly noted that he is skeptical of climate change and pledged to roll back regulations on greenhouse gas (GHG) emissions. Depending on the type of administrative action, the incoming Administration has different avenues and levels of ability to alter existing regulatory frameworks.

For example, the Trump Administration could easily repeal non-binding Executive Orders or agency guidance issued by the Obama Administration (e.g., Council for Environmental Quality Guidance on National Environmental Protection Act (NEPA) permitting and the use of GHG lifecycle analysis). A final regulation, depending on its timing, may not be easy to change. Even if an Administration does not repeal or modify a regulation, it will have discretion on how to implement and enforce the existing rules. Litigation would be expected, in many of these potential scenarios, to try to compel action. Finally, Congress could pass legislation to alter a regulation or reform a statute.

On the international front, President-elect Trump indicated that he would move to withdraw the U.S.'s participation in the Paris Agreement.

Pursuant to the Paris Agreement, a signatory that wishes to withdraw must wait three years from the date on which the Agreement took effect (November 4, 2016) and one year after submitting its notification to withdraw (four years total). This means that President-elect Trump could submit a notification of withdrawal any time after November 4, 2019, and would have to wait another year before the withdrawal was accepted (after November 4, 2020).

The Trump Administration may also consider other potential avenues to exit the Paris Agreement. These could include withdrawing from the underlying 1992 UN Framework on Climate Change treaty; issuing an Executive Order deleting the U.S.'s signature to the Paris Agreement; seeking a Senate ratification vote (which would not pass); or just ignoring any Paris Agreement obligations.

Clean Power Plan: The Obama Administration's plan to reduce GHG emissions by regulating emissions from power plants, the Clean Power Plan (CPP), is pending litigation from 27 states challenging the Environmental Protection Agency's (EPA) authority to regulate emissions from existing power plants. The U.S. Court of Appeals for the District of Columbia heard arguments on the case in late September, and a decision is expected in early to mid-2017. The case is likely to be further appealed to the Supreme Court. The CPP is the cornerstone of the Administration's Climate Action Plan (CAP) and is intended to deliver 44% of emissions reductions pledged by the U.S. as part of the Paris Agreement.

While the rule is being litigated, EPA continues to work with supportive states on implementation. Twenty states are studying and/or moving ahead with GHG reduction programs in line with CPP rules. Industry remains active in the litigation and with EPA on select implementation issues.

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Privileged – First Amendment A Trump Administration will likely refrain from defending the Clean Power Plan in future court challenges and instead try to remove or reshape carbon emission limits on U.S. power plants.

Methane: In June 2016, EPA published final rules to reduce methane and volatile organic compound emissions from the oil and gas sector, impacting all new and modified sources ("new source rule"). The main cost impact to our business will be from additional leak detection and repair requirements, which will likely result in minimal emissions reductions. This new source rule is being challenged in court. If it is upheld, the incoming Trump Administration could be legally obligated under the Clean Air Act to develop a rule for existing source methane emissions. In addition EPA has begun the process to develop regulations for existing facilities. However, it is unlikely that the new Administration will continue to pursue once in office.

The Department of the Interior (DOI) may also develop offshore methane reduction rules; timing is unclear. On November 15, 2016, the DOI's Bureau of Land Management (BLM) published final rules to reduce methane emissions on federally-owned and tribal lands. Chevron and trade associations submitted formal comments.

States also continue to draft and implement state-level methane regulations, specifically California, Colorado, Pennsylvania, Ohio, and Wyoming. California's rules are likely to be the most stringent and include quarterly leak detection and repair, and require control technologies that are not yet commercially available. A vote to adopt California's draft rules is expected in early 2017.

RFS: The Renewable Fuel Standard (RFS) remains unworkable as written. In November 2015, EPA finalized volume standards for 2014-2016 and finalized 2017 volumes in November 2016. In both rulemakings, EPA uses its waiver authority to reduce the mandated volumes of renewable fuel to address E10 blendwall limitations and the lack of advanced biofuel supply. Privileged – First Amendment

Privileged – First Amendment

Numerous parties have filed litigation against the EPA's methodology resulting in sustained program uncertainty. Privileged – First Amendment

Privileged – First Amendment

In 2016, industry-supported RFS reform legislation received bipartisan support, but did not gain traction during an election year. Legislative efforts will continue in order to build support for repeal or significant reform under the new Congress.

Other Potential Federal Climate Regulations

As noted above, while the Trump Administration may not want to issue new regulations to address climate change, it may have to take some regulatory action on climate change in response to mandatory deadlines imposed by statutes or consent decrees arising from litigation. For example, a potentially binding litigation outcome is the 2012 consent decree regarding regulations on GHG emissions from refineries. The Trump Administration would have significant flexibility with respect to content, scope, and pace of potential regulations.

California Climate Policy: California continues to pursue an aggressive and costly climate policy agenda that began with AB 32, the Global Warming Solutions Act. In 2016, the Governor signed SB 32 establishing a state-wide GHG reduction target of at least 40% of 1990 levels by 2030; this 40% target is roughly equivalent to the GHG emissions of the entire transportation sector in the state. Other new legislation enacted in 2016 directs the Air Resources Board (ARB) to prioritize measures to reduce direct emissions from large facilities and mobile sources and establishes additional legislative involvement in the review of the state's climate change policies. ARB continues to view itself as the global climate leader, setting an aggressive post-2020 agenda and providing support to other jurisdictions considering similar policies. ARB is continuing efforts to pursue the 2030 goal by strengthening and extending existing programs under AB 32 via an update of the agency's Scoping Plan.

Under the AB 32 cap and trade program, the state is able to collect billions of dollars annually in revenue stemming from the auction of carbon allowances. Pending litigation, which claims that the collection of the auction revenue is an illegal tax, adds significant uncertainty to the future viability of auction funded projects. Furthermore, legal uncertainty remains regarding ARB's authority to implement a cap and trade program with a declining post-2020 cap under the existing authority of AB 32 or SB 32. Privileged – First Amendment

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International Climate Policy

On November 4, 2016, the Paris Agreement went into effect; at that point 97 parties representing over 69% of GHG emissions endorsed the Agreement. The Agreement contains elements that are binding and non-binding. The requirement for reporting and review of national emissions reductions is a binding aspect of the Agreement, and must be done every five years. Each country's emission targets outlined in their Intended Nationally Determined

Contributions (INDCs, or NDCs once endorsed) are voluntary and non-binding. During the September G-20 summit in China, the United States and China announced their endorsement of the Paris Agreement, which spurred action by other countries like India, Brazil, Mexico, and Canada and the EU.

Between November 7-18, the 2016 Conference of the Parties to the UNFCCC (COP 22) took place in Morocco. COP22 was the first meeting of the signatories to the Paris Agreement. The meeting focused on a number of issues including: 1) financing for developing countries through the Green Climate Fund; 2) developing procedures for how countries will report their emissions reductions and climate adaptation plans; 3) designing a technology framework to facilitate technology transfer among nations; and 4) setting the procedures for conducting the required 5-year global emissions stock takes (binding commitment) and updates of Nationally Determined Contributions (non-binding commitment requiring a country to describe the steps it will take to meet its GHG emissions goals).

As jurisdictions consider policies and implementation actions to achieve their reduction goals, Chevron will work with policymakers to inform specific policy proposals in alignment with our Climate Change Policy Principles (available at: https://www.chevron.com/corporate-responsibility/climate-change/policy-principles).

A number of governments in countries key to Chevron are adopting policies, both market-based and direct regulations, to address climate change and to meet their Paris Agreement goals. The pace of adoption varies, but the direction towards reduced emissions is common. For example, in Australia, the government initiated a baseline and credit scheme for major greenhouse gas emitters, which requires emitters to keep emissions below a government-mandated level (baseline) and buy or trade credits for emissions over the baseline. In Kazakhstan, the government adopted a broad-based Emissions Trading Scheme (ETS), but it has been suspended until 2018. In China, the government is seeking to unify its seven regional emissions trading systems and make further investments in solar power, coal power retrofits, and electric vehicles. In Canada and South Africa, the governments are pursuing a price on carbon; Canada is suggesting CAD$50/ton by 2022, making it the highest in the world based on current global carbon policies.

Environmental Policy

Concurrent with the Climate Action Plan and through the remainder of its term, the Obama Administration will continue to pursue its environmental agenda through regulations that expand existing authority and ratchet down standards. Environmental regulations that will impact Chevron into the Trump Administration are described below.

Waters of the U.S.: In June 2015, EPA issued a final rule to expand its jurisdiction over "Waters of the U.S." Various industries, from agriculture to energy, opposed the rule as regulatory overreach and have filed a series of lawsuits. The Sixth Circuit Court of Appeals has issued a stay against the rule. It is expected that the Sixth Circuit will hold arguments in the spring of 2017 and issue a decision on the merits in the summer or fall of 2017. Litigation may not be finally resolved until 2018 or 2019. **Privile**

Privileged – First Amendment

Ozone: On September 16, 2016, EPA finalized revisions to the 2007 Exceptional Events Rule (EER). The revised EER allows state and local air agencies to exclude air monitoring data during exceptional events so facilities are not held accountable for violations beyond their control. The revised EER covers all national ambient air quality standards (NAAQS), including the new ozone standard of 70 parts per billion (set in October 2015). Examples of exceptional events include wildfires, volcanic activity, and accidental chemical spills. Chevron is concerned that the revised EER does not adequately account for naturally-occurring emissions or non-local emissions that may result in a NAAQS exceedance or violation. Chevron is monitoring the implementation of the revised EER, and tracking expected additional EPA guidance.

Well Control Rule (WCR): On April 29, 2016, as part of the post-Macondo safety improvement initiative, the Department of the Interior's (DOI) Bureau of Safety and Environmental Enforcement (BSEE) finalized new requirements for blowout preventers, drilling margins and other well controls measures for offshore drilling operations. Significant material improvements were made in the final rule. The Greater Gulf of Mexico Business Unit (GGOM BU) continues to closely monitor all activity associated with the final WCR to ensure compliance. Monitoring will continue given that some of the rule's requirements have additional effective dates ranging from December 2016 to May 2023.

Endangered Species Act: The DOI's Fish and Wildlife Service (FWS) continues to work under a 2011 court-ordered settlement agreement to respond to a public petition addressing whether over 1,000 species should be listed as threatened or endangered under the Endangered Species Act (ESA) by 2018.

Privileged – First Amendment

Privileged – First Amendment On July 20, 2016, the FWS delisted the Lesser Prairie Chicken due to a September 2015 U.S. District Court ruling vacating the April 2014 listing decision. While timing is unclear, the FWS is expected to begin a new review of the species under ESA guidelines.

Privileged – First Amendment

Sanctions The U.S. Government will continue to use sanctions as a means of raising costs on state actors and individuals whose actions violate international law. The most significant recent example is Russia due to its role in Ukraine. Concurrently, easing sanctions play a role in efforts to normalize or improve relations with state actors when circumstances warrant. Examples of this approach include Cuba and Myanmar. Privileged – First Amendment

Privileged – First Amendment

Cuba: In an effort normalize relations with Cuba, the Obama Administration announced further measures to ease travel and trade restrictions ahead of President Obama's historic visit in March 2016. Following this visit, a working group was established to address the property claims issue. However, no diplomatic action has been taken to resolve property settlement claims to date. Chevron continues to monitor this issue given a claim related to a Texaco refinery seized by Cuba in 1960.

Iran: On January 16, 2016, the International Atomic Energy Agency (IAEA) verified Iran met its obligations under the terms of the Joint Comprehensive Plan of Action (JCPOA) between Iran and the P5+1 nations (U.S., UK, France, China, Russia and Germany). Under the terms of the JCPOA, the IAEA's verification triggered "Implementation Day" and the lifting of nuclear-related sanctions on Iran. On the same day, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) released a number of documents that provide guidance to U.S. companies and the general public on the implementation of the JCPOA and the nuclear-related sanctions relief. Nothing in the January 16th OFAC guidance fundamentally changes Chevron's analysis that U.S. companies' ability to re-engage with Iran commercially is extremely limited.

Myanmar: On October 7, 2016, President Obama signed an Executive Order terminating the national emergency, revoking the sanctions and waiving executive orders. This means that Chevron no longer has to file mandatory reports under the Burmese Sanctions Regulations and the ability to engage in business and financial transactions are greatly simplified. Nevertheless, Chevron continues to conduct due diligence and compliance screening for company transactions involving Myanmar.

Russia: Sporadic reports of violence continue in eastern Ukraine, and concerns remain that the Minsk

Agreements will not be fully implemented. EU sanctions are currently extended through the end of January 2017. The EU could decide in December 2016 to extend measures for another six months. U.S. and EU measures are closely coordinated and are tied to Minsk implementation. Russia's continued involvement in Syria is likely to generate calls for additional sanctions by both the EU and U.S. A misalignment between the U.S. and EU on sanctions policy would have negative repercussions for U.S. companies. Privileged – First Amendment Privileged – First Amendment To date, sanctions have not had an adverse impact on Chevron's operations.

Political Contributions and Lobbying

Chevron participates in the political process domestically and internationally through corporate contributions and the Chevron Employees Political Action Committee (CEPAC). Privileged – First Amendment

Privileged – First Amendment

Privileged – First Amendment Our annual contributions are minor relative to those expended by wealthy individuals and trade unions during election cycles. Chevron complies with all laws governing political contributions and lobbying. Further, we voluntarily disclose our activities on www.chevron.com.

The political contribution and lobbying activities of corporations continue to draw scrutiny from media and activists in the United States. In addition, disclosure requirements are increasing. For example, earlier this year, the California Fair Political Practices Commission (FPPC) amended its regulations to require itemization of certain payments that were previously captured in an "other" category on the lobbyist employer disclosure report. The new requirements – which are designed to increase disclosure – became effective July 1. Chevron's first report under the new regulations was filed on October 31.

Chevron's corporate contributions through independent expenditure committees (IECs) are an increasingly important vehicle to support pro-industry candidates. Chevron contributed to the Congressional Leadership Fund (CLF) this election cycle and also supported a new IEC committee, the Senate Leadership Fund (SLF). In California, Chevron contributed to several IECs during 2016

Privileged – First Amendment

Privileged – First

Privileged – First Amendment

Governance: The Political Compliance Program governs all political contributions and U.S. lobbying activities. Audits confirm that the program has strong governance policies and procedures in place. Web-based training is deployed every two years. As of the third quarter 2016, approximately 8,700 Chevron employees and contractors completed the web-based training. Instructor-led training is deployed annually to employees who engage in more frequent political contributions and lobbying activities. As of the third quarter 2016, approximately 200 employees received instructor-led training. Each year the Vice President, PGPA provides an assessment of the enterprise-wide risk associated with political contributions and U.S. lobbying activities. In 2016, the risk level and control effectiveness were both rated "high" by the VP PGPA.

Political Contributions: Chevron's corporate contributions are predominantly U.S.-based. They are provided to candidates, IECs, trade association political action committees (PACs) leadership PACs, political parties, and campaigns on ballot measures. Chevron also provides nominal contributions to political party organizations in Canada and Australia Privileged – First Amendment Privileged – First Amendment Budgets can vary widely from year-to-year, driven by the number and type of elections, political dynamics and supplemental funding requests to oppose or support ballot measures.

Lobbying Expenditures: Chevron engages in direct and indirect lobbying activities. The company lobbies directly through employee lobbyists in its federal and state offices as well as contract lobbyists. Chevron also lobbies indirectly through its national, regional and state industry and trade associations. Chevron holds membership in over 85 associations that lobby on our behalf.

Privileged – First Amendment

Privileged – First Amendment

Chevron Employees Political Action Committee: CEPAC operates independently under the governance of a board of directors comprised of Chevron employees. The CEPAC board reviews strategy, budget, and federal and state candidate lists for each two-year election cycle. CEPAC contributed to state candidates in OH, OK, PA, TX, WV, and WY. CEPAC has approximately 715 members and **Privileged – First Amendment**

Privileged – First Amendment

Slides Not Included in Director's Pre-read

Chevron

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Global Issues Update

Board of Directors
Public Policy Committee

Jennifer Ganten
General Manager, PP&CR

Joe Naylor
Vice President, PGPA

San Ramon, CA December 6, 2016

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Revenue transparency initiatives

Chevron revenue transparency strategic objectives: identify and understand business and reputational exposure; manage increasing external pressure for financial reporting; **Privileged – First Amendment**

Privileged – First Amendment

Major reporting frameworks

- Extractive Industries Transparency Initiative (EITI)
- OECD base erosion and profit shifting (BEPS)
- EU Accounting Directive
- Canada: Extractive Sector Transparency Measures Act (ESTMA)
- U.S. Dodd-Frank Sec. 1504

Ongoing activities

Privileged – First Amendment

Disclosure and reporting

Chevron's environmental, social and governance (ESG) reporting objectives: provide information voluntarily that reflects the company's salient ESG risks and performance; **Privileged – First Amendment**

Privileged – First Amendment

Corporate Responsibility (CR) reporting

- Report fully to all IPIECA indicators
- Increased transparency on human rights and water
- Report on new indicators related to greenhouse gas management and water use

Recent disclosure trends

- SEC concept release
- Financial Stability Board Task Force (TCFD) on climate-related financial disclosures
- Sustainability Accounting Standards Board (SASB)

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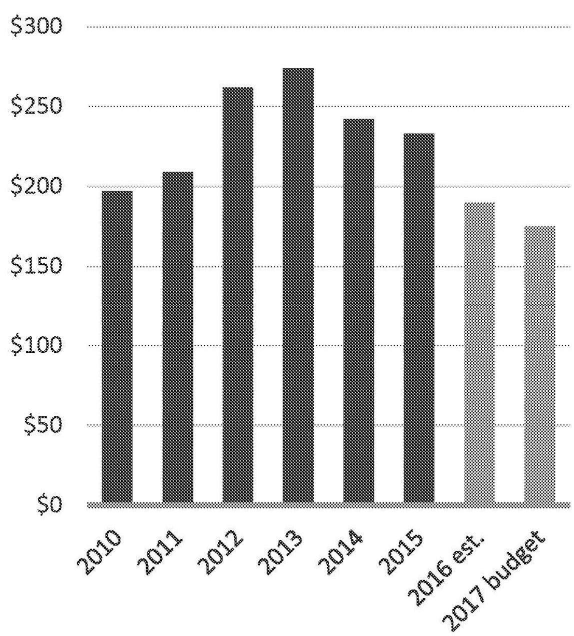
Social investment

Social investment spending

Millions, companywide



In response to our changing business needs, the 2017 social investment budget is $175MM.

- 8% lower than the 2016 est.
- 25% lower than 2015 actuals.

This strategic level of investment will help maintain our corporate responsibility leadership position.

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Social investment: health

In 2016, continued work with global partners in the fight against devastating diseases. Major programs included:

$2.4 million	$1.4 million	$1.3 million
Texas Children's Hospital	Pact	Global Fund

In 2017, continue focus on West Africa and Latin America.

Social investment: education

In 2016, continued work with partners in support of STEM education. Major programs included:

$20 million

University Partnership Program

$10 million

Corporate programs:

- Project Lead the Way
- Fab Foundation
- Fuel Your School

$ 5.7 million

Thailand Partnership Initiative

In 2017, continue our focus on STEM education, University Partnerships, and the Fuel Your School program.

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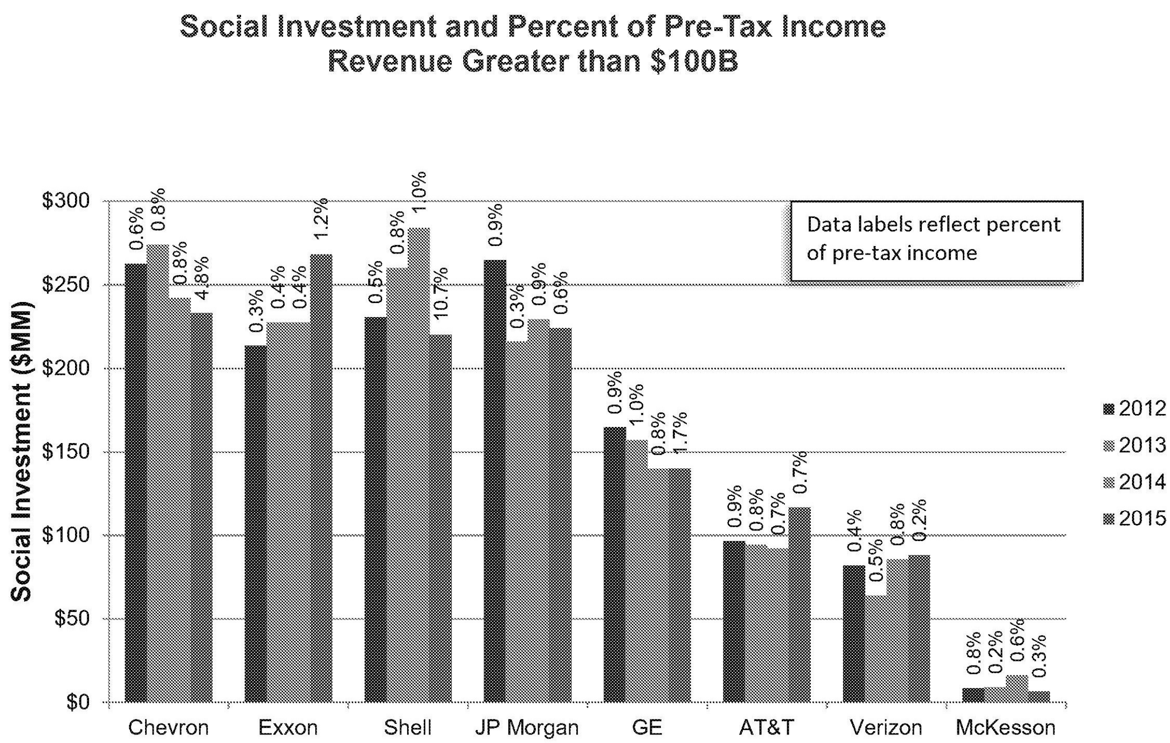
Social investment: economic development

In 2016, helped build partnerships in support of economic development in the communities where we operate.

$8 million	$3 million	$2.5 million
Niger Delta Partnership Initiative	Appalachian Partnership Initiative	Richmond Revitalization Initiative

In 2017, maintain support for economic development worldwide including continued activities in Nigeria, the U.S. and Kazakhstan.

Social investment benchmarking



Data is predominantly derived from industry surveys; companies may report SI differently (e.g. may not include non-discretionary spend)

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Social investment monitoring and evaluation (M&E)

- In 2014, 93% of projects met or exceeded business unit social investment objectives.
- 70% of spend for 2014 fell within our core themes of economic development, education, and health.

Key standardized metrics in aggregate for 2014 reported projects

Metric	Actual totals
Number of project beneficiaries (direct and indirect)	27,172,259
Total number of Chevron volunteers on a project	2,308
Total number of Chevron volunteer hours on a project	6,756
Government institutions or nonprofits with enhanced capacity (direct and indirect)	3,397
Number of positive media mentions	779,654
How many public awards has the project received?	56
How many people have attended public events associated with the project?	3,867,175

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Climate impact assessment proposal

Recent stockholder engagements:

- Met with stockholders representing 35% of outstanding shares
- Directors Ron Sugar and Enrique Hernandez participated in 10 meetings
- Key takeaways:
  - Investors increasingly view climate as a possible financial risk to their portfolio
  - Investors being pressured by their clients to manage the perceived risk
  - Investors want to better understand how Chevron is managing potential climate risks, including governance oversight
  - Investors want comparable and relevant data; driving support for a standardized framework

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U.S. Elections Update

Board of Directors

Public Policy Committee

Maria Pica Karp
Vice President and General Manager
Government Affairs

San Ramon, CA December 6, 2016

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Presidential election outcome

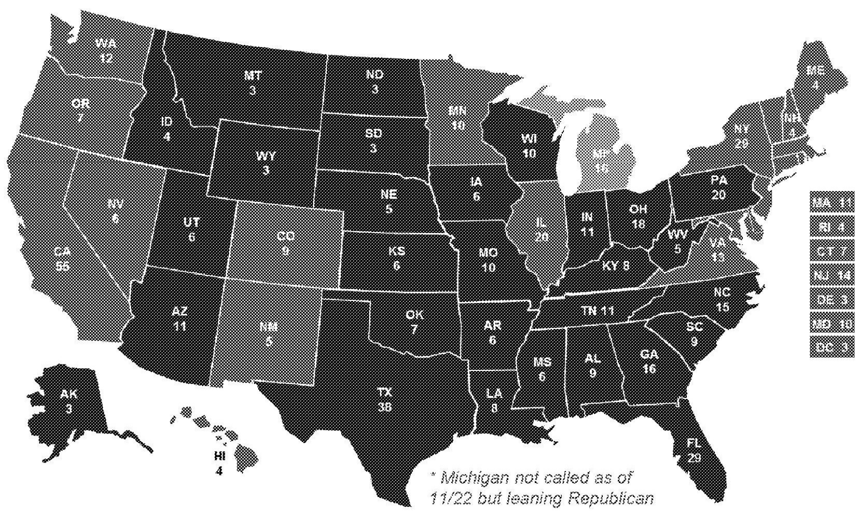
An unsettled electorate votes for change

Outcome

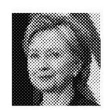
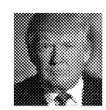
- Counter expectations
- Clear message
- Redrawn electoral map

Insights

- Trends mattered
- Divided electorate
- Political disruption
- Specific mandate
- Significant transition underway
- First 100 days agenda



Source: National Journal, Nov 22, 2016

		
Popular Vote %	48.0	46.7
Electoral College	232	290

Source: RealClear Politics, Nov 22, 2016

Presidential election implications

Pro-energy administration, but risks exist

Federal Regulation

- *Pro-energy development policies*
- *Reshape agencies and energy policy priorities*
- *Regulatory reform a priority*
- *Nominations and appointments indicators*

Legal

- *Secure conservative Supreme Court and other federal court nominees*
- *Litigation challenges at federal, state levels*

Fiscal

- *Tax reform opportunity and risk*
- *Debt ceiling*
- *Budget and appropriations processes*
- *Trade agenda circumscribed*

Access & Infrastructure

- *Restrictions likely to be lifted*
- *Infrastructure development*
- *Activism against industry increases*

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Congressional election outcomes

Republicans retain control of the Congress

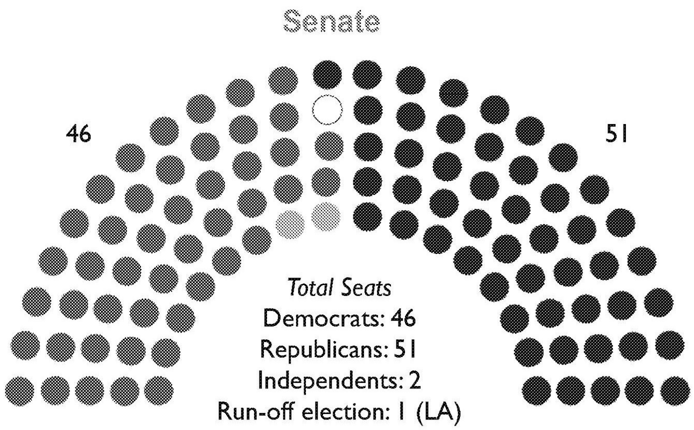
House and Senate outcomes

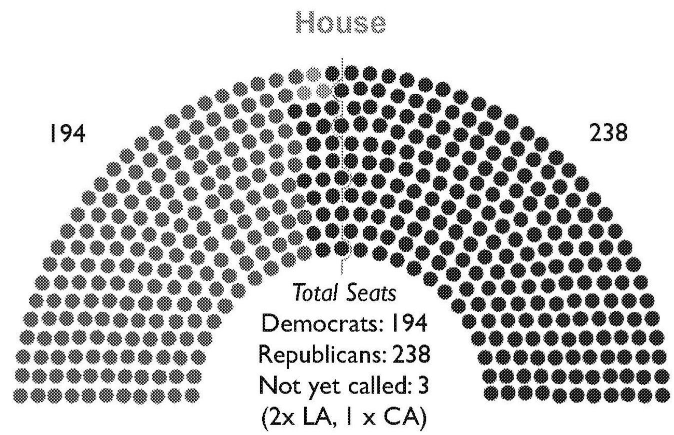
- Down ticket positive
- Need to govern
- Party implications

Strategic political engagement

- Corporate contribution
- CEPAC
- Look to 2018

Control of the 115th Congress (2016-2018)





Source: National Journal, Nov 22, 2016

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Near-term issues

Congressional and White House priorities

Lame Duck and Beyond

- Must do budget
- Leadership selection
- Nominations and appointments
- First 100 Days agenda
- Demonstrate ability to govern
- Unify 'fractured' nation
- Reassure allies

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States and activism

Doubling-down on the states

1. Key election results

- 33 GOP Governors, increase of 2
- Democratic supermajority blocked in CA
- **Privileged – First Amendment**
- NM Democrats increase majority

2. Ballot initiative outcomes

-
- **Privileged – First Amendment**

3. Activist agenda energized

- Refocused and mission-driven
- Funded, organized
- Creative and nimble
- National and local activity

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Managing the domestic environment

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Looking ahead

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Discussion

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Tab 3

Reporting of Major Global Public Policy Issues

Public Policy Issues Brief
Government Affairs

Major Global Issues
Key Country Summaries

Board of Directors
Public Policy Committee

December 6, 2016

KEY COUNTRY SUMMARIES

July 2016 Financial and Operating Statistics

		Net PP&E & Equity Investment (12/31/2015) [1]		3-Year C&E (2016-2018)		Upstream Production OEG (MBD, 2015)		Net Income (2015) [2]	
		$B	**%**	**$B**	**%**	**Net OEG**	**%**	**$B**	**%**
1.	United States	63.3	29.4	24.4	33.8	720	27.5	(2.4)	-
2.	Australia								
3.	Nigeria								
4.	Canada								
5.	Angola								
6.	Kazakhstan								
7.	Thailand								
8.	Indonesia								
9.	United Kingdom								
10.	South Korea								
All Other									
Total									

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1. This chart will be updated once a year in July
2. Investment reflects Book Value (not Fair Value)
3. Net Income includes interest and foreign exchange impacts, as well as operational earnings

The data contained in the chart and following one-pagers has not changed materially since the July 2015 update.

United States

Major Projects/Resource Plays

- Diverse upstream, downstream and chemical assets.
- San Joaquin Valley California (heavy oil resources).
- Gulf of Mexico (shelf and deepwater).
- West Texas/SE New Mexico (shale, tight and conventional resources).
- Appalachian (shale resources).

Environment

The Obama Administration has continued its focus on cementing a climate and environmental legacy, but President-elect Trump is expected to try to change, or at least slow, the Obama regulatory framework. Trump has promised to encourage the development of shale resources, promote coal development, and expand onshore and offshore leasing on federally-controlled lands. Trump has repeatedly noted that he is skeptical of climate change; he pledged to roll back regulations on greenhouse gas (GHG) emissions and may seek to withdraw the United States from the Paris Agreement. Depending on the type of administrative action, an incoming Administration has different avenues and levels of ability to alter an existing regulatory framework.

Domestic Legislative/Regulatory Risk

The last few months of the Obama Administration have focused on finalizing key rulemakings and guidance focused on climate change, the environment, and safety oversight rules. Non-binding administrative actions, like Agency Guidance on permitting, could be repealed by the Trump Administration. Final regulations issued during the last sixty (60) Congressional session days, like the Bureau of Land Management's Venting and Flaring Rule, could be subject to a Congressional Review Act (CRA) vote of disapproval. **Privileged – First Amendment**

Privileged – First Amendment

External Stakeholders/Shareholder Action

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Geopolitical Risk

The new Administration's foreign policy agenda will focus on reassuring allies and will likely be dominated by: (1) the Middle East and the fight against the Islamic State; (2) the rebalance to Asia; and (3) growing tensions with Russia following the failed cease-fire in Syria, Moscow's continued aggression in Ukraine, and Russia's hacking of the Democratic National Committee and the Clinton campaign's emails. The politicization of trade policy and the U.K. vote to leave the EU has dimmed the outlook for near-term approval of the Trans-Pacific Partnership (TPP) and the Transatlantic Trade & Investment Partnership (TTIP).

Revenue Transparency

The U.S. submitted its first Extractive Industries Transparency Initiative (EITI) report in December 2015, and may seek compliant status in 2017 following the release of the second report in December 2016. However, most U.S. companies including Chevron did not report income taxes since this information by law is confidential. Income tax reporting is required for EITI compliance. The Securities and Exchange Commission released the final Dodd-Frank rule on June 27, 2016.

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Canada

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