



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

March 22, 2017

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

Public Policy Committee Meeting
March 28, 2017

A meeting of the Public Policy Committee is scheduled for Tuesday, March 28, 2017, 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:

- Update on environmental performance;
- Update on environmental remediation; and
- Update on environmental reserves and liabilities.

I am enclosing an agenda and pre-read materials for the meeting. The PPC Issues Brief distributed at the December meeting is available for reference in Chevron's Boardbooks website and will be updated prior to the next Committee meeting in July and then again in December.

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

Sincerely,

Enclosures

cc: John S. Watson
Mike K. Wirth
Mary A. Francis

Chevron Corporation
Policy, Government and Public Affairs
6001 Bollinger Canyon Road, San Ramon, CA 94583-2324
[REDACTED]

**CHEVRON CORPORATION
PUBLIC POLICY COMMITTEE**

**MARCH 28, 2017, 3:15 – 4:15 P.M.
ROOM A4330, CHEVRON PARK**

AGENDA

Time	Tab	Topic (Presenters)
3:15 p.m.	1.	Minutes * (Chair) Review and approve the minutes of the January 24, 2017 joint Committee and BN&GC meeting.
3:20 p.m.	2.	Environmental Stewardship Update (Wes Lohec) Discuss management approach and key environmental issues that could affect Chevron's activities and performance, including environmental performance, remediation, and environmental reserves and liabilities.
4:00 p.m.	3.	Public Policy Committee's Performance Self- Evaluation (Chair) Review Section IV, Questions 21 and 25, of the 2016 Board and Board Committee Performance Evaluation Summary and the 2016 Public Policy Committee checklist.
4:15 p.m.		Adjourn

* Items needing motion, second, and approval.

Tab 1

Minutes

**CHEVRON CORPORATION
JOINT MEETING
OF THE
BOARD NOMINATING AND GOVERNANCE COMMITTEE
AND THE
PUBLIC POLICY COMMITTEE
JANUARY 24, 2017**

MINUTES

Members Present: Linnet F. Deily, Chairwoman
 Ronald D. Sugar, Chairman
 Dr. Wanda M. Austin
 Dr. Alice P. Gast
 Enrique Hernandez, Jr.
 Inge G. Thulin

Ms. Deily and Dr. Sugar chaired the meeting. Also in attendance were Joe Naylor, Mary Francis, Chris Knaus, Kari Endries, and Chris Butner.

The Public Policy Committee reviewed and approved the minutes of the Public Policy Committee's December 6, 2016, meeting.

The Board Nominating and Governance Committee and the Public Policy Committee reviewed the stockholder proposals to be voted on at the 2017 Annual Meeting of Stockholders and the draft Board statements in response to the stockholder proposals that will be included in the 2017 Proxy Statement. The Committee members had a full discussion on each stockholder proposal and draft Board response. After fully considering each of the proposals and the draft statements in response, the Committees determined to recommend that the Board adopt the following resolutions at the January Board meeting:

RESOLVED: That the 2017 Annual Meeting of the Stockholders of the Corporation shall be held on Wednesday, May 31, 2017, at 8:00 a.m. CDT, in Midland, Texas; and be it further

RESOLVED: That the close of business on Monday, April 3, 2017, be and is hereby fixed by this Board of Directors as the record date for the determination of the stockholders entitled to vote at the 2017 Annual Meeting of the Stockholders and any adjournment thereof; and be it further

RESOLVED: That CT Hagberg LLC is appointed to serve as the inspector of election for the Annual Meeting, and that the Corporate Secretary and Chief Governance Officer is authorized to appoint an alternate inspector in the event that CT Hagberg LLC cannot serve; and be it further

RESOLVED: That John S. Watson, R. Hewitt Pate, and Mary A. Francis, and each of them, are approved as the persons to represent and to vote the common stock of the Corporation as directed by the stockholders on the proxies to be solicited on behalf of the Board of Directors; and be it further

RESOLVED: That the Board recommends that the stockholders vote against the following stockholder proposals: (1) report on lobbying; (2) report on business with conflict-complicit governments; (3) climate change impact assessment; (4) transition to a low carbon economy; (5) appoint an independent chairman; (6) recommend an independent director with environmental expertise; and (7) give holders of at least 10% of outstanding common stock the right to call a special stockholders' meeting.

The Committees then discussed the draft climate change impact assessment report that was prepared, in part, in response to the climate change impact assessment stockholder proposal received in 2016. The Committee had a thorough discussion of the scope and contents of the report and concluded to endorse the publication of the report subject to further modifications and refinements that management deems advisable.

There being no further business, the meeting was adjourned.

Secretary of the Board Nominating and Governance Committee

Secretary of the Public Policy Committee

Tab 2

Environmental Stewardship Update

ENVIRONMENTAL STEWARDSHIP UPDATE

Continual Improvement

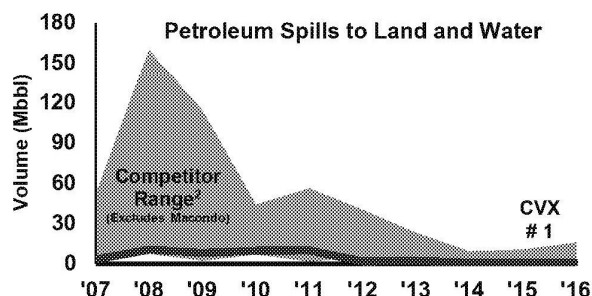
Our current Environmental Stewardship (ES) program continues to deliver strong results. However, we are executing an ES Refresh in response to a changing business environment, and the need for a clear and consistent framework that is designed to efficiently and effectively identify and mitigate ES risks across the life of our assets. Additionally, the ES Refresh will seamlessly link our ES activities with our latest Operational Excellence (OE) process updates.

Performance Measurement and Management

We continue to improve enterprise performance for ES through:

- high quality data, analysis and communications;
- building leader fluency; and,
- consistent, rigorous execution of environmental controls.

Below are highlights of our environmental performance relative to our peers, based on the most recent Global Benchmarking Group (GBG) Survey data.¹



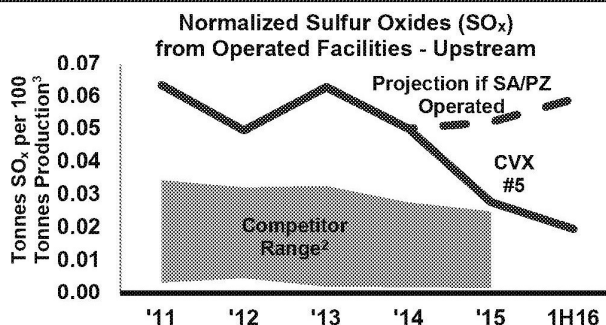
Chevron achieved the lowest spill volume in 2016 among its peer group (0.72 Mbbbl). Our spill volume set a record low and outperformed the 2016 target (2.5 Mbbbl), despite sabotage accounting for 49% of the total volume spilled. Our Process Safety efforts drove a broad organizational focus on spill prevention and delivered this superior level of performance.

¹Air emissions and water data not yet available for 2H16

²BP, ExxonMobil, Shell and Total

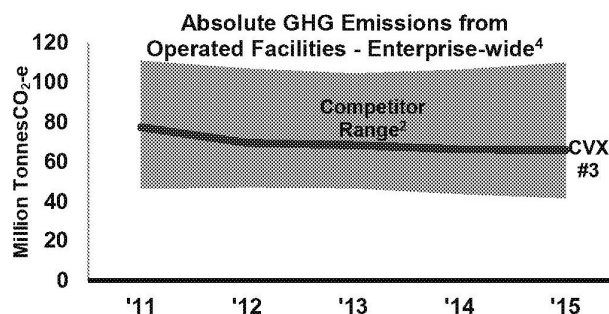
³Production includes both liquids and natural gas

⁴Data not yet available for 2016

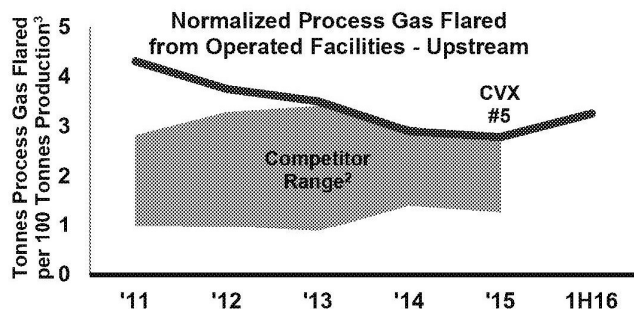


Chevron's Upstream SO_x emissions have historically been significantly higher than our peers, primarily due to sour gas flaring and combustion in Chevron's Saudi Arabia/Partitioned Zone (SA/PZ). However, emissions decreased significantly due to the shut-in of SA/PZ operations starting in May 2015.

It is anticipated that SO_x emissions will increase in the future, when major capital projects ramp up and SA/PZ recommences operation. In the longer term, there is a proposed gas gathering project to reduce SA/PZ sour gas emissions. However, it is currently on hold, pending the restart of SA/PZ operations.



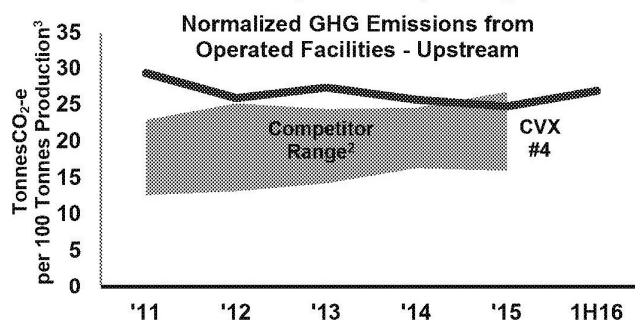
Chevron's absolute GHG emissions from sources within our operated facilities are on par with those of our peers. This largely reflects how our production volumes compare to that of our peer group.



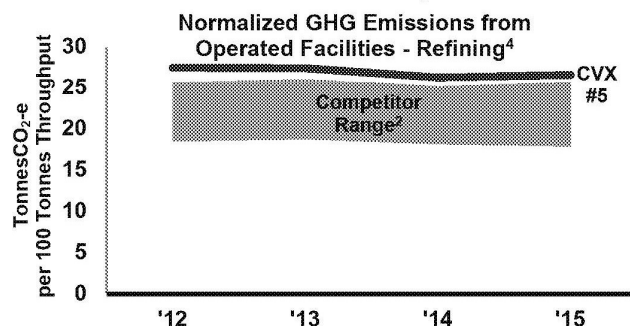
Normalized flaring volumes from our Upstream-operated facilities continue to be higher than most of

ENVIRONMENTAL STEWARDSHIP UPDATE

our peers, primarily as a result of flaring in Nigeria and Angola. Our normalized Upstream greenhouse gas (GHG) emissions also continue to be higher than our peers. This is due to our larger share of heavy oil production and the fact that flaring volumes impact GHG emissions: approximately one-third of Upstream GHG emissions were generated by flaring in 1H16.



Upstream flaring volumes and associated GHG emissions increased in 1H16 due to the startup of major capital projects (MCPs), including Gorgon. This increase in flaring offset reductions achieved by the Nemba Enhanced Secondary Recovery/Flare Reduction Project in Angola and the Escravos Gas Project Phase 3B (EGP 3B) in Nigeria. A portion of this increase in flaring from our new operating assets is expected to continue until operating conditions are stabilized in the next two to three years.

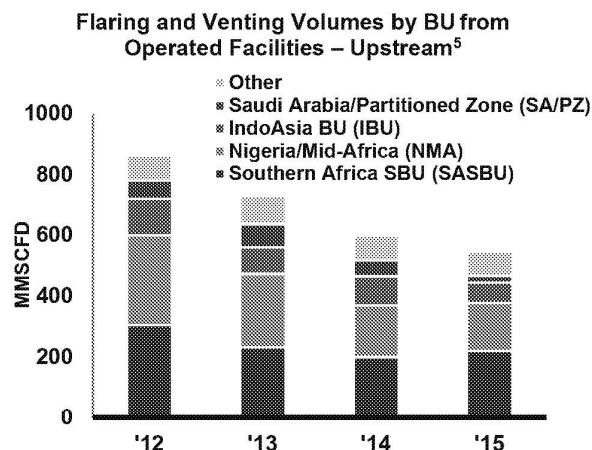


Normalized GHG emissions from our operated refineries are also higher than our peers. This is due in part to the type of equipment, products produced and size of our refineries, but is not the result of flaring. Fuel combustion is the largest source of GHG emissions from refining, making up 75% of refining GHG emissions generated in 1H16.

Achieving Reductions in Flaring and Venting

Given our elevated Upstream flaring profile, we are focused on reduction opportunities. The Upstream Environmental Performance Standard (EPS) for

Flaring and Venting is an important safeguard aimed at eliminating continuous associated gas flaring and venting. Our Upstream operations have achieved a 37% reduction in total flaring and venting since 2012 by implementing this EPS⁵. One of the impediments to a faster pace of flare reductions is lack of funding from our National Oil Company (NOC) partners to implement flaring reduction projects. However, we continue to focus on improving equipment reliability, one key means of reducing flaring.



Approach to Managing Water

Water is a growing economic, environmental and social issue in our drilling, production and refining operations. Our water use and disposal practices continue to be closely scrutinized by regulators and the public.

In 2016, Chevron's Global Issues Committee endorsed adding water to the OE Element 13 Enterprise Topic List (ETL). The ETL is a list of issues that represent potentially significant enterprise risks that Chevron faces from legislative, regulatory and external stakeholder issues, and for which business units are required to coordinate their actions with corporate headquarters. Other related issues on the ETL include climate change and induced seismicity (i.e., the linkage between oil and gas activities and earthquakes, including disposal by injection of produced water, hydraulic fracturing or subsidence⁶).

We are focused on the following, both in our Upstream and Downstream operations:

- Increasing our focus on fresh water conservation in the areas where water is

⁵As reported in Chevron's Upstream 2015 Associated Gas Recovery Plan (AGRP)

⁶The gradual caving in or sinking of an area of land as a result of earth movements
PPC Committee Meeting – March 2017

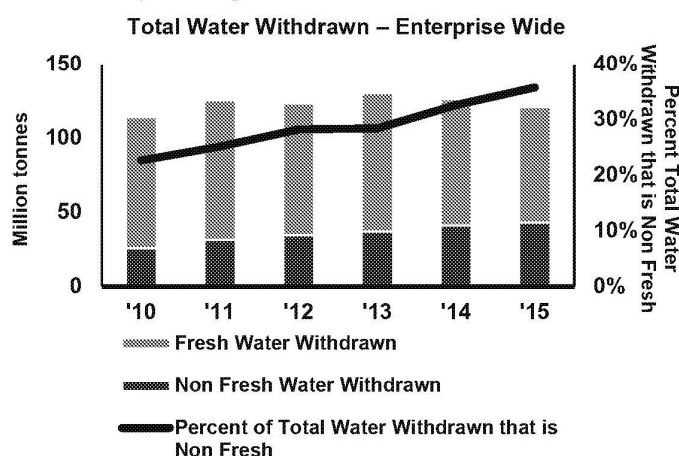
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scarce and there is growing competition for the resource;

- Improving the quality of water data to enable peer benchmarking;
- Reducing fresh water use by leveraging non-fresh sources of water, such as brackish⁷ or reclaimed water;
- Identifying and implementing beneficial reuse opportunities; and,
- Reducing water-related costs and operational risks.

Using Alternate Sources of Water

Chevron measures and reports on total water withdrawn, including both fresh and non-fresh water, as shown in the chart below. We have continued to increase the percentage share of non-fresh water withdrawn, reducing our fresh water use, and ultimately our impact on the environment.



Water Use in Hydraulic Fracturing

In our hydraulic fracturing operations, Chevron has implemented a number of water stewardship efforts.

In the Permian Basin, for example, we use deep aquifers that contain brackish water⁷ not suitable for human consumption or agricultural usage in lieu of fresh water, when possible. More than 90% of the water used in our well completions in the Permian Basin is brackish.

Stewarding our Sites – Approach to Asset Retirement and Site Residual Impacts

Since its establishment in 1998, Chevron's Environmental Management Company (EMC) has focused on environmental remediation and mitigating potential risks associated with site residual impacts at Chevron's current operations and legacy sites. This includes environmental remediation of site impacts to soil and water along with site restoration and end-use planning.

EMC's portfolio covers Upstream and Downstream sites and spans 35 countries. EMC's project work includes decommissioning, dismantling and remediation of the following legacy operations:

- U.S. offshore and onshore wells, facilities and pipelines
- Service stations and terminals
- Refineries
- Chemical plants, marine terminals, and nuclear sites
- Mines

EMC's two largest remediation sites in the U.S. are Questa Mine in New Mexico and Pascagoula Refinery in Mississippi. Significant work is also being undertaken in the Rokan Block in Indonesia to remediate hydrocarbon impacted soil. For additional information on EMC's top 10 sites, please refer to Appendix A.

Some of our major international producing assets are approaching end of life and/or end of contract, and will require support and expertise to retire the assets in a safe and cost effective manner. To support our global operations, EMC developed both the Asset Retirement and Site Residual Impact Standards, and established Community of Practice networks to share knowledge and lessons learned across the enterprise. Membership of these communities continues to expand, and includes active participation by international operating companies. With over 15 years of remediation experience, EMC has compiled and shared the top 10 lessons learned with the business units (see Appendix B).

In 2016, EMC continued to work closely with Chevron operating companies, regulators and other stakeholders to ensure that obligations were met in a safe and compliant manner, while pacing project work

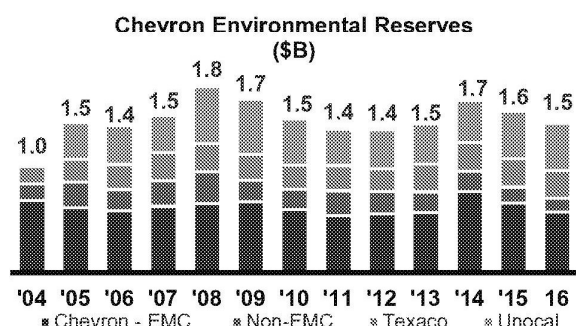
⁷Slightly salty water, such as the mixture of river water and sea water

ENVIRONMENTAL STEWARDSHIP UPDATE

and limiting expenses where possible. Cost optimization and safety improvements are driven by EMC's Lean Sigma program, which recognized \$132MM in accrued financial benefit in 2016. These benefits occurred despite lower spend due to project pacing and deferrals. Also note that EMC invests in technology that reduces the cost of remediation.

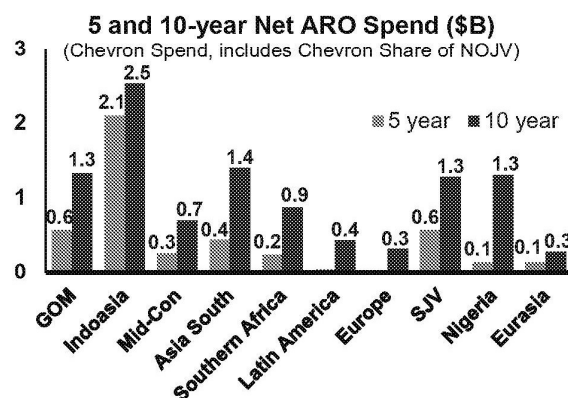
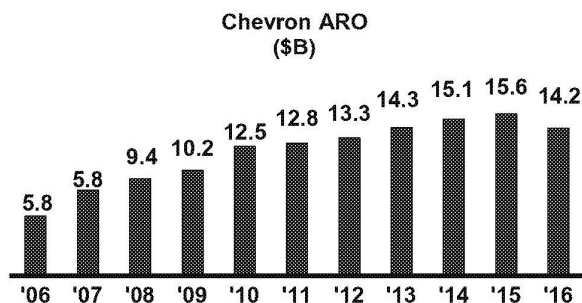
Environmental Reserves

In addition to the management of site residual impacts, EMC manages the reserve process for the majority of Chevron's environmental remediation liabilities. Our total environmental reserves at the end of 2016 were \$1.5B, of which \$1.4B is held on EMC's books.



Asset Retirement Obligations

Chevron's total asset retirement obligation (ARO) at the end of 2016 was \$14.2B, of which \$13.8B was related to Upstream assets. 2016 ARO balances were lower due to Upstream asset divestments. In the near term, ARO balances are not expected to decline due to the number of international assets reaching end of life and/or end of contract and requiring decommissioning and remediation efforts.



While EMC does not manage the asset retirement process, it does support our Upstream operations by providing consulting services to Upstream units outside the U.S. and by stewarding the Upstream Asset Retirement (UAR) Strategic Framework, which was established in 2012.

The Framework leverages EMC's expertise in Asset Retirement (AR) to allow Upstream business units to consistently estimate liabilities, maximize value, and manage asset retirement risk consistent with Chevron's value to protect people and the environment.

EMC also directly manages the Chevron North America Exploration and Production Company AR work, which consists of offshore and onshore well abandonments and facilities decommissioning. The largest estimated decommissioning spend internationally will be in Thailand and Indonesia, and domestically in the Gulf of Mexico and San Joaquin Valley.

Spend for domestic well abandonment and decommissioning is expected to be in the range of \$200MM to \$300MM per year.

ENVIRONMENTAL STEWARDSHIP UPDATE

Conclusion

Through multiple, integrated initiatives (Chevron Way Refresh, OEMS 2.0, OE Simplification, OE Risk Management Refresh, and ES Refresh), we are focused on continually improving our ES performance by:

- Preventing high-consequence incidents and cumulative impacts on the environment;
- Simplifying and clarifying how we identify and manage significant environmental and social risks across the life of the asset; and,
- Leveraging learnings from our peers and our own performance.

Our desired state is to ensure potential cumulative risks are managed and limited liability exists at end of asset life.

APPENDIX A: EMC'S TOP 10 SITES

Introduction

The following section summarizes EMC's top 10 U.S. sites based on anticipated spend from 2017 to 2026. Spend related to remediation at these sites over the next 10 years is expected to total

Redacted – Business Confidential (competitively sensitive internal projections)

Questa, NM

Questa, a former molybdenum mine, is Chevron's largest reclamation project and is located near the Village of Questa, NM.

The regulatory framework includes: remediation requirements under the U.S. EPA Comprehensive Environmental Response Compensation & Liability Act (CERCLA/Superfund) Program; facility reclamation and decommissioning conditions as set out by the State of New Mexico; and, requirements of numerous other state agencies.

Environmental issues to be addressed include permanent stabilization of nine large rockpiles; removal of a pipeline to the tailing facility; and, collection and treatment of groundwater from the mine and tailing facility sites.

In 2016, \$115MM was spent to advance remediation and restoration work, and included:

- Completion of the Surface Based Mine Dewatering System;
- Completion of decommissioning activities for the surface mine and mill facilities;
- Construction of a storm water catchment that will support the operation of the Water Treatment Plant; and,
- 95% completion of a Water Treatment Plant.

In 2017, \$136MM is planned to be spent on various projects including:

- Completion of the Water Treatment Plant;
- Initiation of a stormwater catchment that will provide stormwater control for the Water Treatment Plant watershed;
- Initiation of the demolition activities for the surface mine and mill facilities; and,
- Commencement of the removal of the Tailings Pipeline.

Redacted – Business Confidential (competitively sensitive internal projections)

Pascagoula, MS

The site is a 1,000-acre operating refinery (since 1963) located in Pascagoula, MS.

Planned spend for 2017 includes cleaning/inspecting a transfer sump and some stormwater sewers; remediation of the oily soil waste management unit; routine groundwater monitoring; and, wharf groundwater remediation activities.

The cost of remediating two operating wastewater treatment lagoons is between \$80MM and \$150MM, and is included in the projected 10-year spend. However, refinery management is currently exploring alternatives to extend the life of the lagoons, and this may delay the timing of the spend beyond the 10-year window.

2017 planned spend is \$5.3MM,

Redacted – Business Confidential (competitively sensitive internal projections)

Legacy California Pipelines

The Legacy Pipeline docket consists of a portfolio of around 550 miles of out-of-service and abandoned pipelines, located in central and southern California.

Current work includes the assessment of pipeline condition or abandonment status, pipeline cleaning and abandonment projects. In 2016, we drained, cleaned or abandoned roughly 44 miles of pipeline.

2017 planned spend is \$18MM, with

Redacted – Business Confidential (competitively sensitive internal projections)

APPENDIX A: EMC'S TOP 10 SITES

Guadalupe, CA

The site is a 2,700-acre former Union Oil field (operated from 1947 to 1994) on the central California Coast currently under a Cleanup or Abatement Order for soil and groundwater.

Remaining remediation and decommissioning work is focused on reducing long-term cost, with particular emphasis on: i) optimizing excavation activities; and, ii) optimizing diluent recovery and treatment. In accordance with the site Cleanup or Abatement Order to keep the 2,700-acre property zoned as "permanent open space", opportunities to support end-use are under internal evaluation.

2017 planned spend is \$21.1MM, [Redacted - Business Confidential (competitively sensitive internal projections)]

[Redacted - Business Confidential (competitively sensitive internal projections)]

Michigan Oil Fields, MI

The site comprises a group of former Pure Oil Company/Unocal oil fields (operated from 1928 to the 1990s) located in Michigan, that is governed by a consent order with the Michigan Department of Environmental Quality.

Current work continues to include remediation of 15 to 25 areas per year, along with the plugging and abandonment of 10 to 15 wells per year.

2017 planned spend is \$17.8MM, [Redacted - Business Confidential (competitively sensitive internal projections)]

[Redacted - Business Confidential (competitively sensitive internal projections)]

Richmond, CA

The site is a 3,000-acre operating refinery in Richmond, California with work overseen by the San Francisco Regional Water Quality Control Board (RWQCB) and the California Department of Toxic Substances Control.

Driven by Refinery management decisions and initial agency interactions, the 250' Channel⁸ project continues to move forward with design and permitting aspects of the project. Ultimately, the project will capture operational synergy and beneficial reuse by combining management of annual dredge sediments from the Refinery's Long Wharf with the systematic closure of the 250' Channel.

2017 planned spend is \$5.6MM for both ongoing remediation and 250' Channel activities. [Redacted - Business Confidential (competitively sensitive internal projections)]

[Redacted - Business Confidential (competitively sensitive internal projections)]

Lawrenceville, IL

The site comprises a 996-acre former Texaco refinery (operated from the 1930s to 1995) located southeast of Lawrenceville, IL and is designated as a State Superfund site under Illinois EPA (IEPA) oversight.

Current work for the site includes ongoing negotiations with IEPA to finalize human health and ecological risk assessments and obtain approval of the remediation feasibility study. Once the feasibility study is approved, we will negotiate the Record of Decision and a new Consent Decree. Other activities include stabilization of a section of the Embarrass riverbank, decommissioning of onsite structures, and starting preparations for implementing remedial actions at Indian Acres.

2017 planned spend is \$13MM, [Redacted - Business Confidential (competitively sensitive internal projections)]

[Redacted - Business Confidential (competitively sensitive internal projections)]

Oak Point (Belle Chasse), LA

The site is located in Belle Chasse, LA. It is an active Oronite Chemical Plant that has been in operation since the 1940s, and manufactures lubricants and other additives.

The Louisiana Department of Environmental Quality (LDEQ) requires Chevron to address waste material and impacted soil by excavating and transporting it to an offsite disposal facility.

The 2017 scope of work includes final approval of the remedial work design and the hiring of contractors to execute the work. The remediation will begin in 2018 with the construction of a barge dock and water treatment system, and limited site preparation. The excavation will begin in 2019 and will be completed in cells, with approximately one cell being completed annually from 2018 until 2023.

2017 planned spend is \$2.4MM, [Redacted - Business Confidential (competitively sensitive internal projections)]

[Redacted - Business Confidential (competitively sensitive internal projections)]

Tosco Avon, CA

The site is currently a Tesoro-operated refinery with a Texaco (TDPI) interest of 25% that is governed by RWQCB requirements.

The current work program involves closing three large Waste Management Units, and ongoing groundwater remediation and monitoring.

[Redacted - Business Confidential (competitively sensitive internal projections)]

⁸Former wastewater treatment basin (0.75-mile-long x 450' wide)

APPENDIX A: EMC'S TOP 10 SITES

McKinley Mine, NM

The site is an over 50-square mile former surface coal mine in McKinley County, NM. The North Mine is on the Navajo Nation reservation and reclamation is overseen by the Federal Office of Surface Mining. The South Mine is mostly owned by the State of New Mexico and Chevron, along with numerous Bureau of Indian Affairs allotments, and is overseen by the State of New Mexico.

The near-term work program includes decommissioning 20 surface water impoundments, construction of rock drainage channels, and various types of earthwork including erosion repair and re-vegetation. It is expected that the property will transfer back to the Navajo Nation and other property owners over the next several years.

2017 planned spend is estimated at \$7MM, with

Redacted – Business Confidential (competitively sensitive internal projections)

Rokan Block, Indonesia

In addition to managing U.S. sites, EMC also provides support for international remediation projects. The largest of these is located in Sumatra, Indonesia.

The Rokan block has been operated by “PT. Chevron Pacific Indonesia (CPI)” and its predecessors for over 60 years. With the Production Sharing Contract expiring in 2021, CPI is working under the direction of the Government of Indonesia (GOI) to conduct environmental remediation of Hydrocarbon Impacted Soil (HIS).

Execution requires aggressive acceleration of remediation efforts from current levels until 2020. Excavated HIS is currently managed via bioremediation, disposal in a landfill on another Indonesian island, or thermal destruction in the manufacturing of cement and bricks. Permitted HIS management technologies available today limit the capacity to manage volume and achieve the required level of execution ramp up. CPI is working with GOI to enable use of large landfills in close proximity to HIS sites to achieve a step change in HIS management capacity.

APPENDIX B: EMC'S TOP 10 LESSONS LEARNED

Top 10 Lessons Learned

Number 1

Understand waste streams and manage appropriately

Number 2

Be prepared for potential subsurface equipment leaks

Number 3

Clean as you go

Number 4

Keep the end in mind

Number 5

Perform due diligence in acquisitions and property sales

Number 6

Be proactively involved in regulatory advocacy

Number 7

Build and maintain strong stakeholder relationships

Number 8

Anticipate the changing status of partners/sold assets

Number 9

Environmental expectations can change

Number 10

Involve EMC early

Slides Not Included in Director's Pre-read

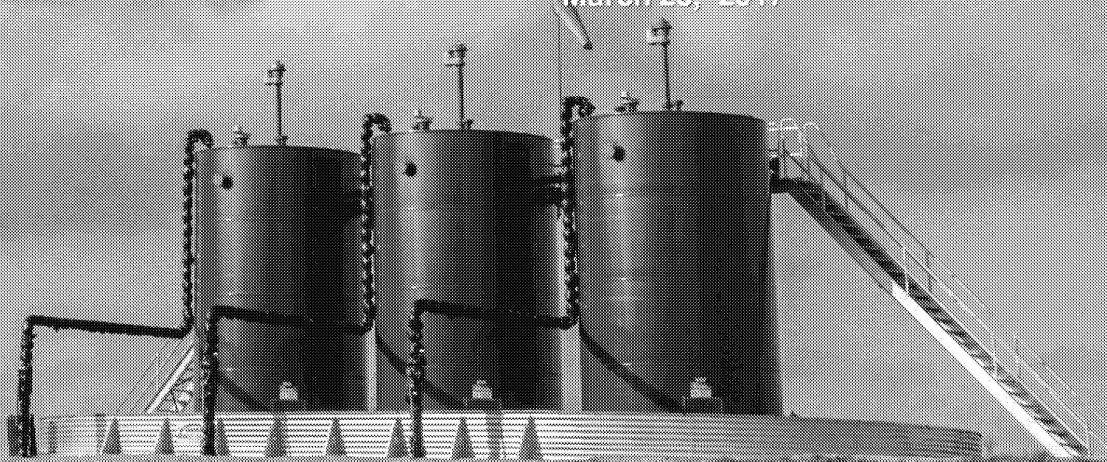


human energy

Environmental Stewardship update

Wes Lohec

Public Policy Committee
March 28, 2017



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Water Storage Tanks
Appalachian Mountain Business Unit

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CHEV-117HCOR-0127476

Approach to Environmental Stewardship

Set expectations and deliver results

The Chevron Way Values

Diversity and Inclusion, High Performance, Integrity and Trust, Partnership and **Protect People and the Environment**

OE Vision

Be recognized and admired by industry and the communities in which we operate as world class in process safety, personal safety & health, **environment**, reliability and efficiency

OE Management System (OEMS)

- Leadership Accountability
- Management System Process
- OE Environmental Stewardship (ES) Expectations

Environmental Principles

- Include the Environment in Decision Making
- Reduce Our Environmental Footprint
- Operate Responsibly
- Steward Our Sites

OE ES Expectations

Strive to continually improve environmental performance and reduce impacts from our operations

ES Corporate Standard Process

- HES Property Transfer Standard
- Environmental, Social and Health Impact Assessment Process
- Environmental Aspects Management Procedures
- Third-Party Waste Stewardship Standard

Upstream Environmental Performance Standards

- Air Emissions
- Flaring and Venting
- Natural Resources, including water and land use
- Offshore Drilling Fluid and Cuttings
- Produced Water
- Waste

Environmental Metrics

Measure environmental performance

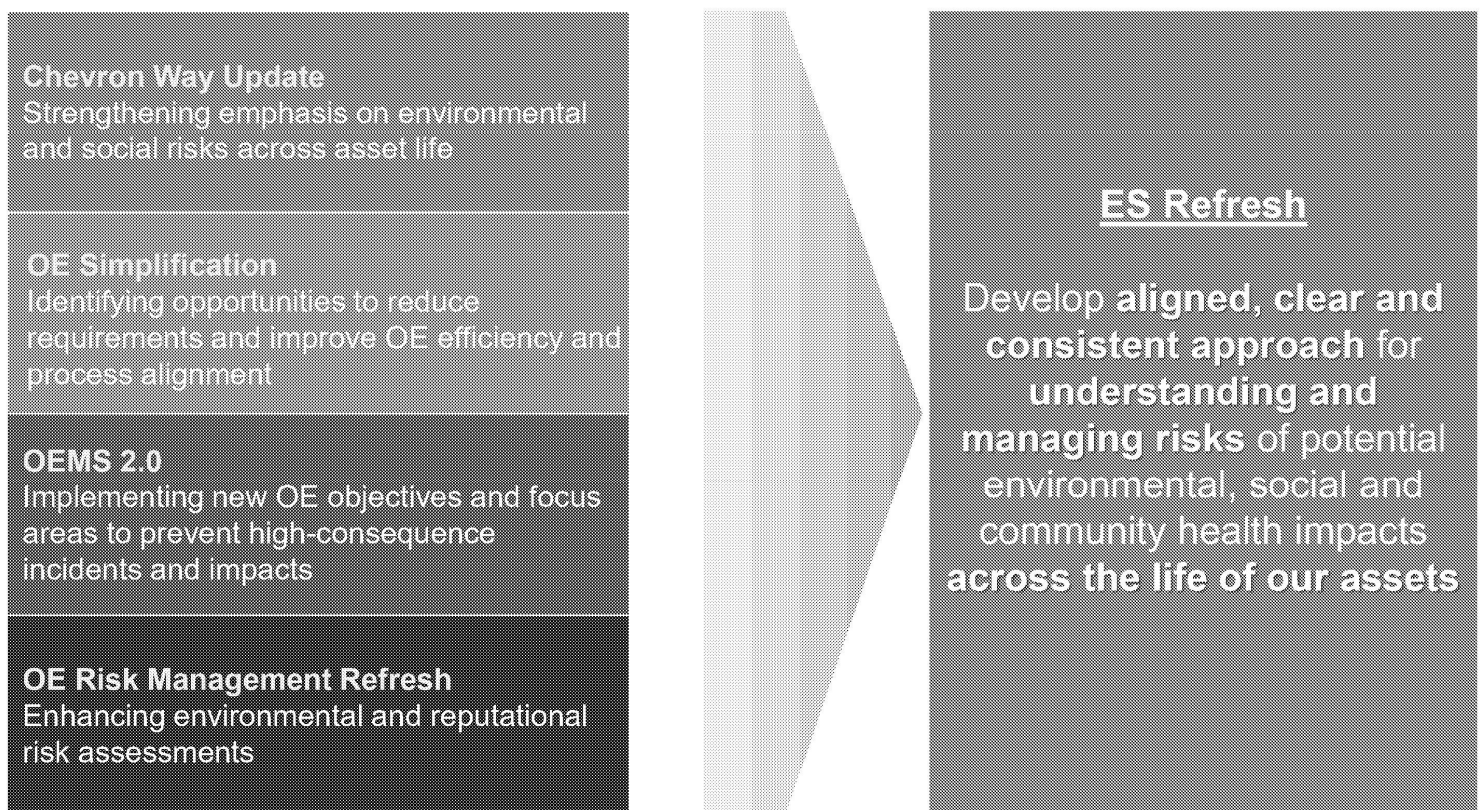
Continuous Improvement

Achieve desired environmental performance



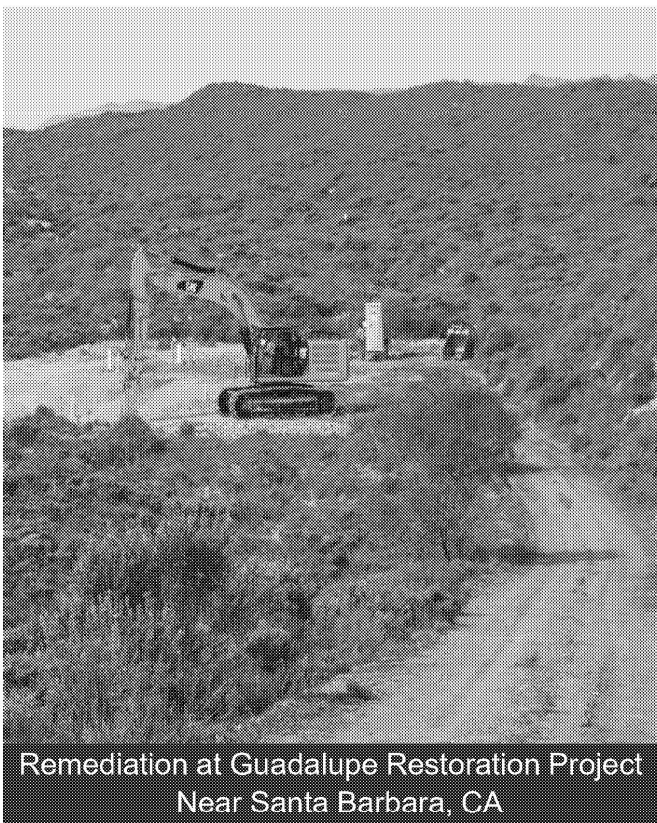
Opportunity to refresh ES processes/standards

Updating to simplify and improve integration



Desired state

Environmental & social risks consistently managed across asset life

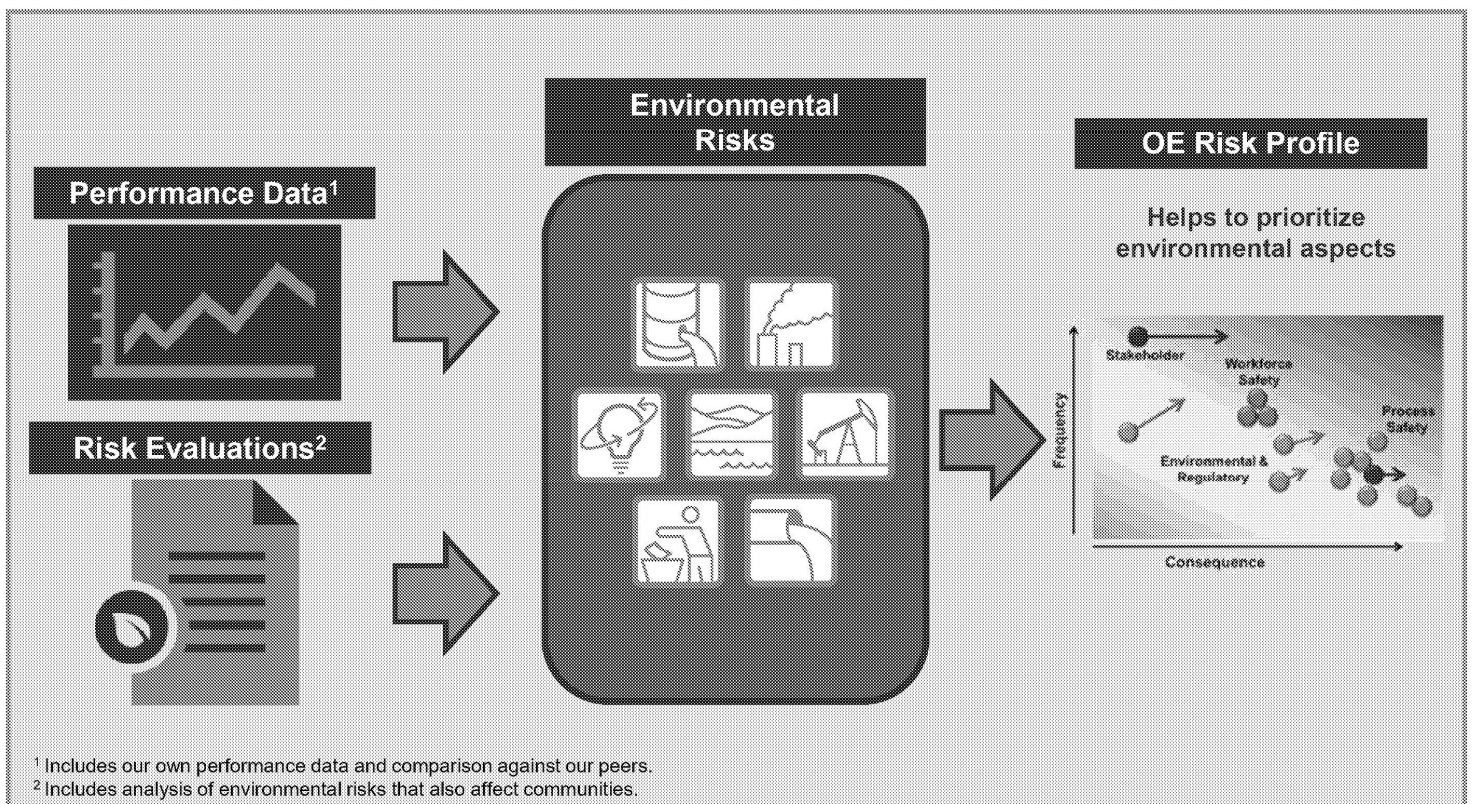


- Integrated, simplified, flexible processes and standards
- Ability to answer questions:
 - Do we know our environmental risks?
 - Do we have adequate safeguards in place?
 - What assurances do we have that our safeguards are functioning effectively?
- Potential cumulative risks are managed and limited liability exists at end of asset life



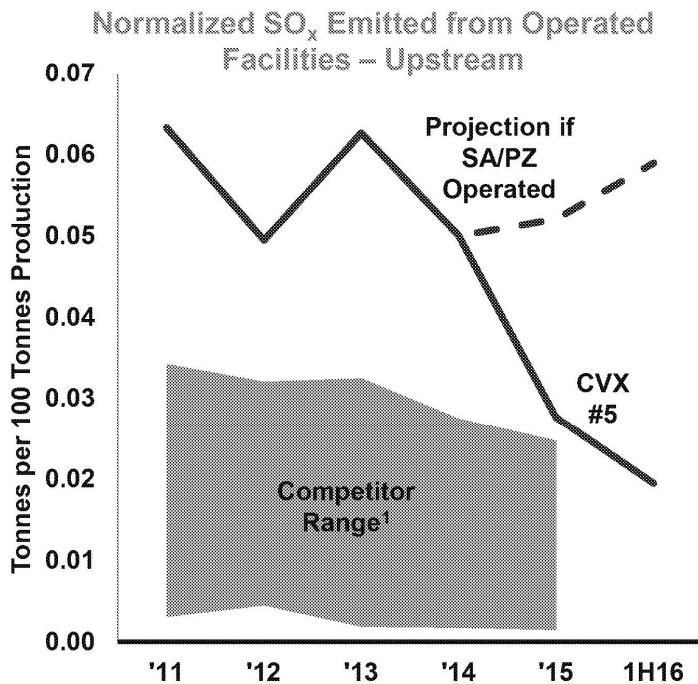
Importance of environmental performance data

Informs environmental risk management



SO_x air emissions

Performance lagging GBG peers



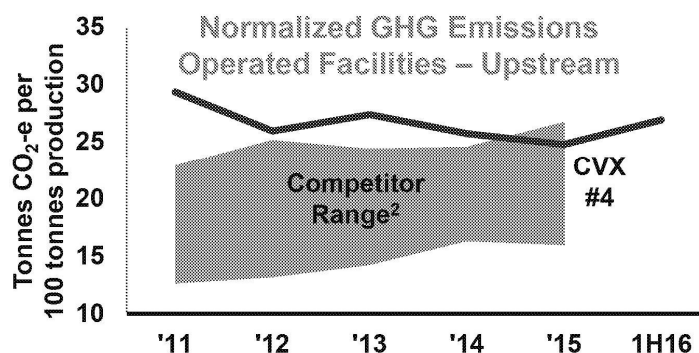
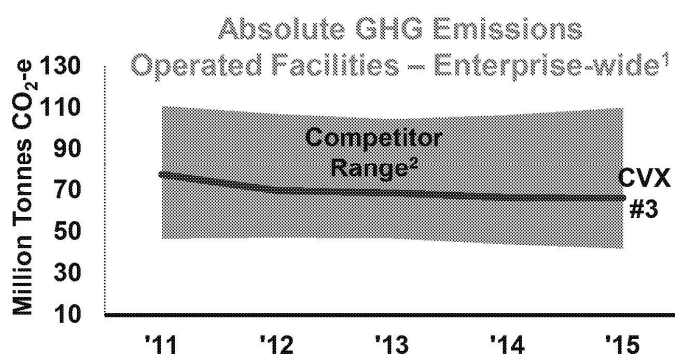
- **Emissions have historically been higher than peers**
 - Attributed to Saudi Arabia/ Partitioned Zone's (SA/PZ) sour gas flaring and combustion
- **Decreased by over 60% since 2014**
 - SA/PZ shut-in
- **Anticipated to increase again when SA/PZ recommences operations**
 - Proposed gas gathering project on hold, pending restart of SA/PZ operations

Source: Global Benchmarking Group
¹BP, ExxonMobil, Shell and Total. This information is for Chevron internal use only and may not be shared outside of Chevron IN ANY FORM. Internal Chevron documents containing this information must include this statement and have limited distribution.

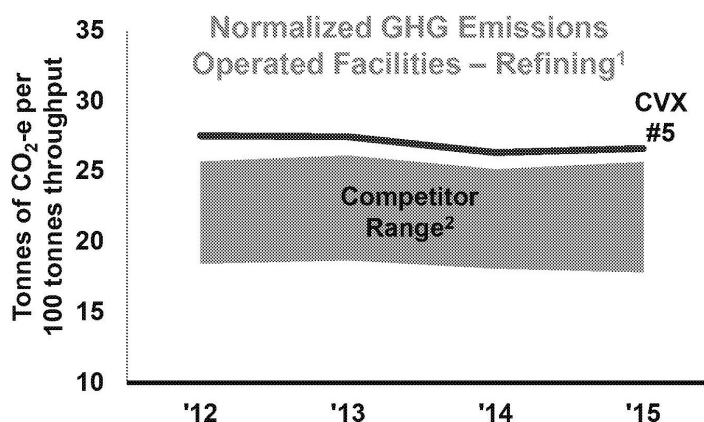


Greenhouse gas (GHG) emissions

Absolute emissions on par, normalized lagging due to our portfolio



- **Absolute emissions place Chevron in middle of peers**
- **Normalized Upstream emissions lagging peers**
 - Combination of flaring and heavy oil production
 - 2016 Upstream emissions increase attributed to major capital projects including Gorgon
- **Normalized Refining emissions also lagging peers**
 - Type of products produced
 - Equipment types
 - Refinery size



Source: Global Benchmarking Group

¹Data not available for 1H16.

²BP, ExxonMobil, Shell and Total. This information is for Chevron internal use only and may not be shared outside of Chevron IN ANY FORM. Internal Chevron documents containing this information must include this statement and have limited distribution.



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Upstream process gas flared

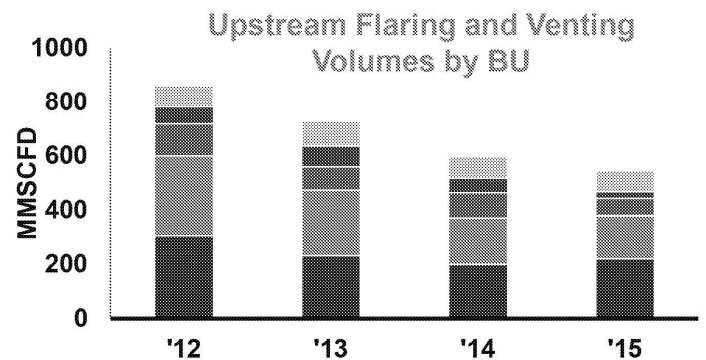
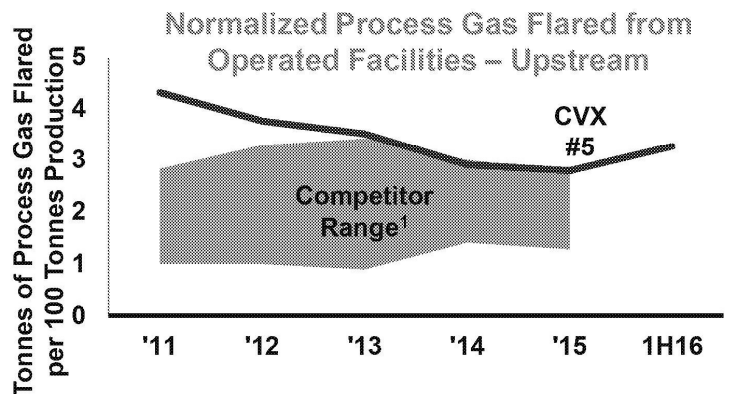
Continued focus on reductions

• Past Success

- 2012: Implemented Flaring and Venting Environmental Performance Standard (EPS)
- 37% reduction since Flaring and Venting EPS implementation

• Future Efforts

- 2017: Improving equipment reliability



Source: Global Benchmarking Group

'BP, ExxonMobil, Shell and Total. This information is for Chevron internal use only and may not be shared outside of Chevron IN ANY FORM. Internal Chevron documents containing this information must include this statement and have limited distribution.



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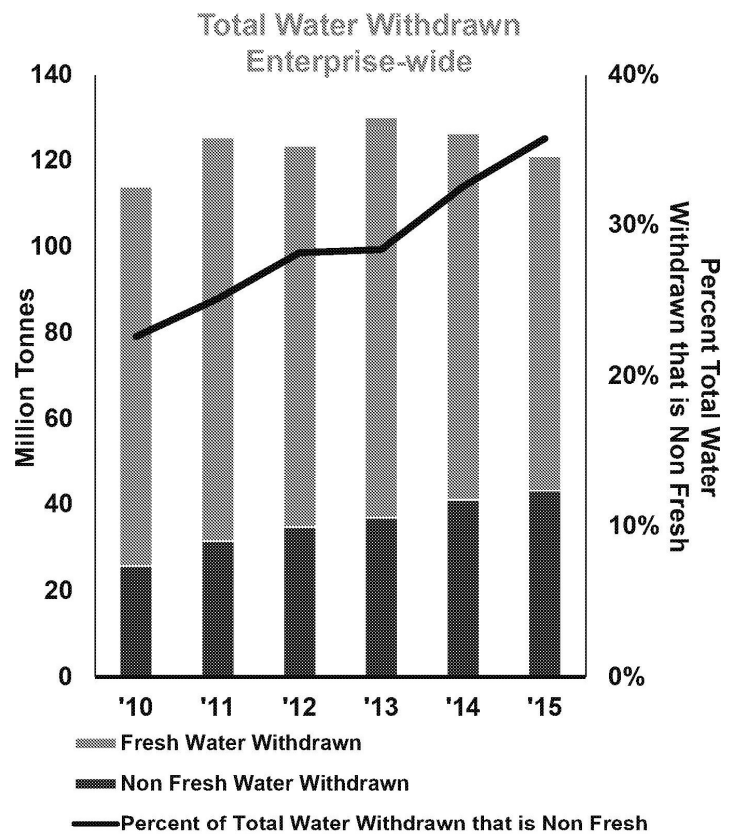
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Approach to managing water

Leveraging alternate sources

- **Growing economic, environmental and social issue**
 - Added water to Enterprise Topic List for business units to coordinate actions with corporate
- **Increased percentage of non-fresh water withdrawn**
 - Reduces fresh water use
- **Permian Basin reduced fresh water usage**
 - 90% of water used for well completions is not suitable for human consumption or agriculture



Environmental Management Company (EMC)

Core execution capabilities

Site remediation

**Facility
decommissioning**

**Environmental liability
and prevention**

Preserving Chevron's reputation in communities and among regulatory agencies
Enabling OpCos to focus on their core business



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EMC - Improved project performance/efficiency

In a safe and compliant manner – reduced cash flow

Cost deferrals

EMC total spend for 2016 was \$635MM versus plan of \$966MM (66% of plan)

Three separate pacing and deferral reviews reduced 2016 spend by \$317MM

Cost savings & avoidance

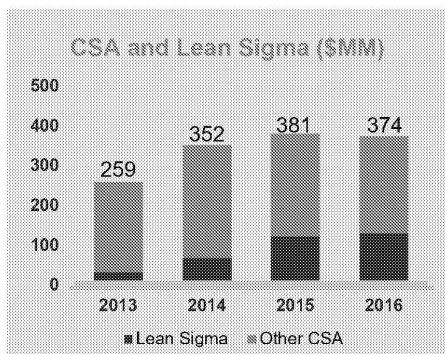
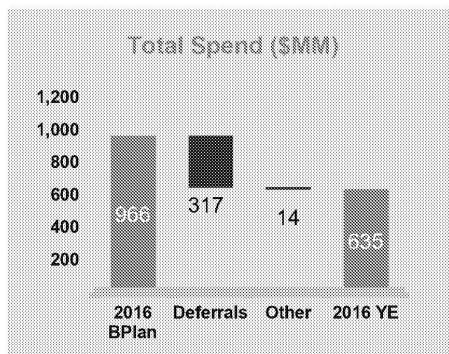
In spite of reduced spend, identified \$374MM in cost savings and avoidances

\$132MM in Lean Sigma savings from 187 projects

Tax optimization

Contributed to Corporate tax initiative that may result in cash refund in 2017

Reviewed over 2,250 projects for qualifying criteria and provided required documentation



EMC – key U.S. project updates

Managing our site residual impacts

Questa, NM

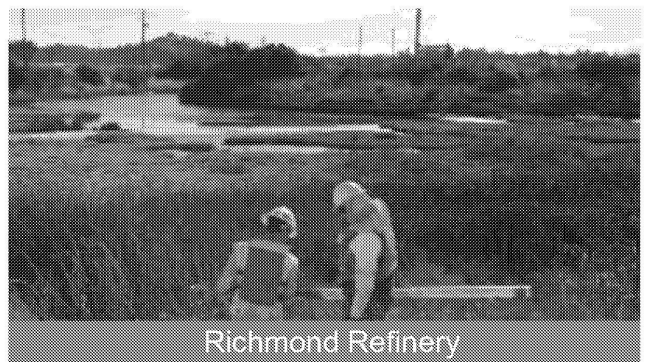
- Completed the Surface Based Mine Dewatering system and decommissioning activities for the surface mine and mill facilities.
- Construction of the Water Treatment Plant is nearly (95%) complete.

EPA remedy construction complete

- Received EPA acknowledgement that the ongoing remedies installed at Richmond and Cincinnati refineries are considered the final remedies.
 - All operating refineries have now achieved remedy completed status.

Upstream Execution

- 792 wells plugged and abandoned
- 86 miles of pipeline removed
- 12 offshore platforms removed



EMC – other key project updates

Adding value through consulting and research

Sumatra Remediation Program

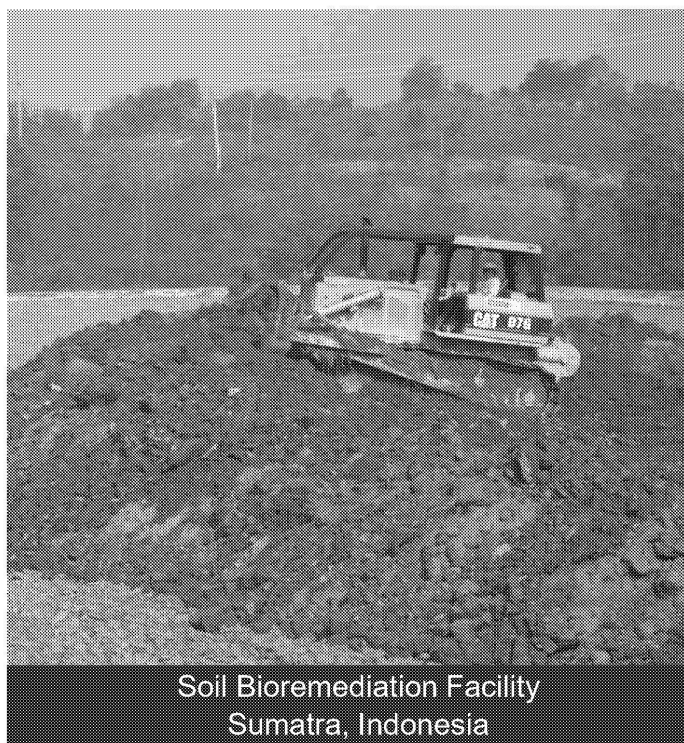
- Led or participated in 27 projects covering site assessment, technology project management, peer reviews, lean sigma, quality and information management.

Piloted GATOR Perforator Hydraulic Well Tool

- Completed pilot of tool that eliminates the need for explosives by using knives driven by hydraulics to perforate well casing and pump cement

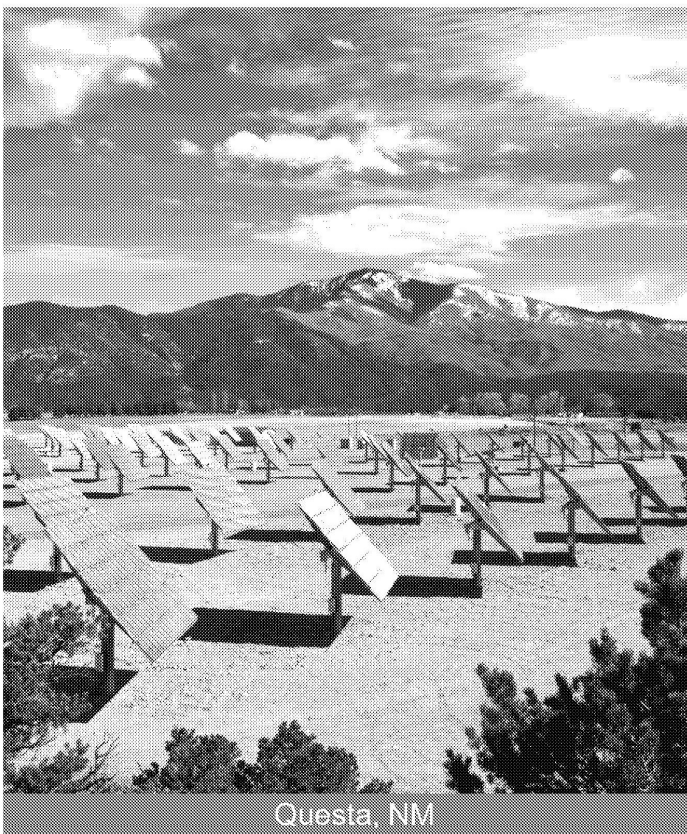
Vapor Intrusion Guidance Advocacy

- Participated in the development of the EPA technical regulatory guidance document.
 - New guidance will result in future cost avoidance of around \$13MM.



EMC's top 10 lessons learned

Implementing best practices



1. Understand waste streams and manage appropriately.
2. Be prepared for potential subsurface equipment leaks.
3. Clean as you go.
4. Keep the end in mind.
5. Perform due diligence in acquisitions and property sales.
6. Be proactively involved in regulatory advocacy.
7. Build and maintain strong stakeholder relationships.
8. Anticipate the changing status of partners/sold assets.
9. Environmental expectations can change.
10. Involve EMC early.

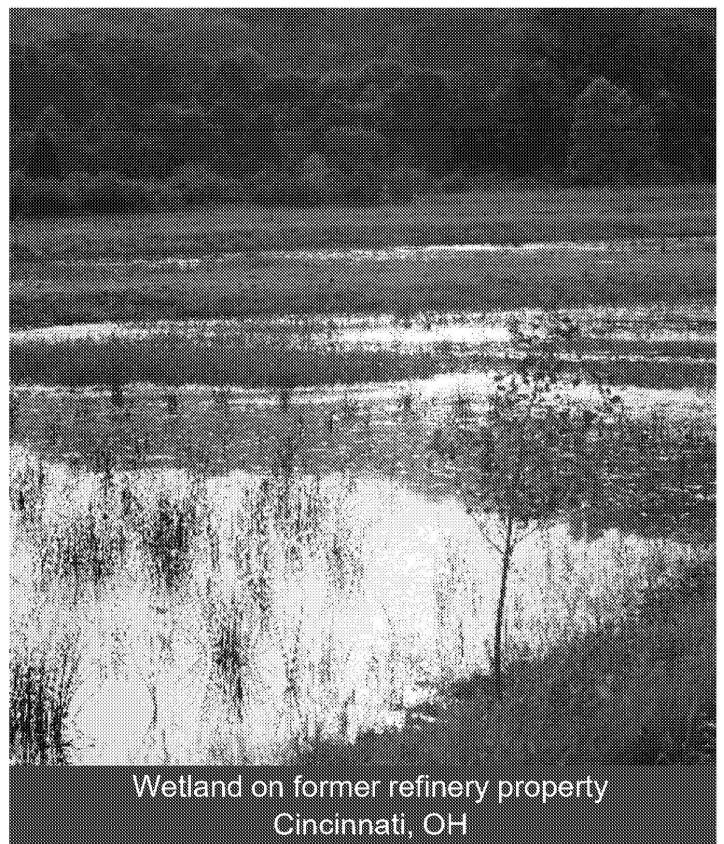


Concluding thoughts

Improving our environmental performance

We aim to:

- **Prevent high-consequence incidents and cumulative impacts** on the environment
- **Simplify and clarify how we identify and manage significant environmental and social risks** across the life of the asset
- **Leverage learnings from our peers and our own performance**
- **Ensure potential cumulative risks are managed and limited liability exists at end of asset life**



Tab 3

Public Policy Committee's Performance Self-Evaluation



memorandum

To Public Policy Committee
From Joe Naylor, Secretary 
Date March 22, 2017
Re Considerations for Public Policy Committee's Annual Self-Evaluation

Following the Public Policy Committee's March 28, 2017 meeting, you will meet in executive session to conduct the Committee's required self-evaluation. Ms. Deily will report on the self-evaluation to the Board of Directors at its meeting the following day.

To prepare for the self-evaluation, you may wish to review the Committee Charter, the annual checklist of Committee responsibilities and activities, and any other materials you deem helpful. I have attached a copy of the Charter and responsibilities. In addition, below I have listed several considerations that may be useful to the Committee's self-evaluation.

You may make notes to prepare for the session, but should not retain them afterward; the Board minutes will record the Committee Chairman's report.

Following your executive session, I will work with Ms. Deily to address any items you designate for follow-up.

Purposes served

A primary benefit of the self-evaluation is to help the Committee plan its activities for the current year. You may wish to discuss potential changes to Committee processes or to designate certain topics for new, expanded or diminished emphasis over the course of the year.

The self-evaluation also satisfies the Committee's duty to monitor its own performance; in turn, the Committee Chairman's report to the Board on the Committee's self-evaluation provides assurance to the Board on the functioning of the Committee and its views on the Corporation's social, political and environmental trends, issues and concerns.

Some issues to consider in the self-evaluation

A primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibility for the Corporation's broad enterprise risk management program by continually identifying, evaluating and monitoring the social, political and environmental trends, issues, risks and concerns, domestic and foreign, that affect or could affect the Corporation's business activities and performance.

- Are you satisfied with the current process for identifying, evaluating and monitoring the Corporation's social, political and environmental trends, issues, risks and concerns?
- Are the lines of communication effective between the Committee and the engagement partner?

- Is the Committee Secretary and support staff providing effective support, or are additional resources necessary to assist the Committee?

The Committee develops recommendations to the Board in order to assist in formulating and adopting basic policies, programs and practices concerning broad public policy issues which include corporate responsibility, ecology and environmental protection, human rights, employee safety, ethical business conduct, consumer affairs, protection of privacy, controlled substance abuse, affirmative action/equal opportunity matters, government relations and the support of charitable, political and educational organizations.

- Are you satisfied with your understanding of the Corporation's public policies?

The Committee annually reviews the policies and procedures and expenditures for the Corporation's political activities including political contributions and direct and indirect lobbying. The Committee also annually reviews stockholder proposals that deal with public policy issues and makes recommendations to the Board regarding the Corporation's response to such proposals.

- Are you satisfied with your understanding of the Corporation's political activities and contributions?
- Are there specific topics beyond the areas noted above that the Committee should discuss to assist the Board with its responsibility for the Corporation's broad enterprise risk management program by continually identifying, evaluating and monitoring the social, political and environmental trends, issues, risks and concerns, domestic and foreign, which affect or could affect the Corporation's business activities and performance?

CHEVRON CORPORATION
2016 BOARD AND BOARD COMMITTEE PERFORMANCE EVALUATION

**Redacted – Business Confidential (sensitive
competitive information)**

**PUBLIC POLICY COMMITTEE
2016 CHECKLIST OF COMMITTEE RESPONSIBILITIES**

PPC Charter Requirements	Reference	Completed (Mtg. Date)
Consider (and report to the Board, as appropriate) results of annual Committee evaluation assessing its performance with respect to its purposes and its duties and tasks set forth in the Charter.	Charter (Evaluation)	3/29/16; 3/30/16
Review, together with the Board Nominating and Governance Committee, stockholder proposals that deal with public policy issues and recommend that the Board affirm responses to stockholder proposals to be included in annual proxy statement.	Charter (Duties and Responsibilities, 5)	01/26/16; 3/29/16
Identify, evaluate and monitor the social, political and environmental trends, issues, risks and concerns, domestic and foreign, that affect or could affect the Corporation's business activities and performance.	Charter (Duties and Responsibilities, 1)	03/29/16; 07/26/16; 12/06/16
Analyze public policy trends and make recommendations to the Board regarding how the Corporation can anticipate and adjust to these trends in order to more effectively achieve its business goals or to actively participate in the public policy dialogue.	Charter (Duties and Responsibilities, 2)	03/29/16; 07/26/16; 12/06/16
Develop recommendations to the Board in order to assist in formulating and adopting basic policies, programs and practices concerning broad public policy issues which include, corporate responsibility, ecology and environmental protection, human rights, employee safety, ethical business conduct, consumer affairs, protection of privacy, controlled substance abuse, affirmative action/equal opportunity matters, government relations and the support of charitable, political and educational organizations.	Charter (Duties and Responsibilities, 3)	03/29/16; 07/26/16; 12/06/16

PPC Charter Requirements	Reference	Completed (Mtg. Date)
Annually review the policies and procedures and expenditures for the Corporation's political activities including political contributions and direct and indirect lobbying.	Charter (Duties and Responsibilities, 4)	07/26/16; 12/06/16
Review and approve Committee minutes.	Charter (Secretary)	01/26/16; 03/29/16; 07/26/16; 12/06/16

**CHEVRON CORPORATION
PUBLIC POLICY COMMITTEE
CHARTER**

PURPOSE

The purpose of the Public Policy Committee (the “Committee”) of the Board of Directors of Chevron Corporation (the “Corporation”) is:

1. To assist the Board of Directors in identifying, evaluating and monitoring social, political and environmental trends, issues and concerns;
2. To assist the Board in analyzing how public policy trends could impact the Corporation’s business activities and performance;
3. To assist the Board in determining how the Corporation can anticipate and adjust to public policy trends in order to more effectively achieve its business goals or to be an important contributor to the policy dialogue;
4. To assist the Board in analyzing the company’s global reputation and developing recommendations to strategically position the company to support its business objectives;
5. To develop recommendations to the Board with regard to formulating and adopting basic policies, programs and practices concerning broad public policy issues;
6. To assist the Board in fulfilling its oversight responsibility for the Corporation’s broad enterprise risk management program by periodically assessing and responding as appropriate to risks that may arise in connection with the social, political and environmental, and public policy aspects of the Corporation’s business; and
7. To perform such other duties and responsibilities enumerated in and consistent with this Charter.

MEMBERSHIP AND PROCEDURES

Membership and Appointment

The Committee shall comprise of not fewer than three members of the Board of Directors, as shall be determined from time to time by the Board of Directors based on recommendations, if any, from the Board Nominating and Governance Committee.

The members of the Committee shall be appointed by the Board of Directors upon the recommendation of the Board Nominating and Governance Committee.

Removal

The entire Committee or any individual Committee member may be removed from office without cause by the affirmative vote of a majority of the Board of Directors. Any Committee member may resign effective upon giving oral or written notice to the Chairman of the Board of Directors, the Corporate Secretary, or the Board of Directors (unless the notice specifies a later time for the effectiveness of such resignation). If the resignation of a Committee member is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

Chairperson

A chairperson of the Committee (the "Chairperson") may be designated by the Board of Directors based upon recommendations by the Board Nominating and Governance Committee, if any. In the absence of such designation, the members of the Committee may designate the Chairperson by majority vote of the full Committee membership. The Chairperson shall determine the agenda, the frequency and the length of meetings, and shall have unlimited access to management and information. The Chairperson shall establish such other rules as may from time to time be necessary and proper for the conduct of the business of the Committee.

Secretary

The Committee may appoint a Secretary whose duties and responsibilities shall be to keep full and complete records of the proceedings of the Committee for the purposes of reporting Committee activities to the Board of Directors and to perform all other duties as may from time to time be assigned to him or her by the Committee, or otherwise at the direction of a Committee member. The Secretary need not be a Director.

Delegation

The Committee may, by resolution passed by a majority of the Committee, designate one or more subcommittees, each subcommittee to consist of one or more members of the Committee. Any such subcommittee to the extent provided in the resolutions of the Committee, and to the extent not limited by applicable law or listing standard, shall have and may exercise all the powers and authority of the Committee. Each subcommittee shall have such name as may be determined from time to time by resolution adopted by the Committee. Each subcommittee shall keep regular minutes of its meetings and report the same to the Committee or the Board of Directors when required.

Authority to Retain Advisers

In the course of its duties, the Committee shall have sole authority, at the Corporation's expense, to retain and terminate such advisers as it deems necessary.

Evaluation

The Committee shall undertake an annual evaluation assessing its performance with respect to its purposes and its duties and tasks set forth in this Charter, which evaluation shall be reported to the Board of Directors.

Duties and Responsibilities

The following shall be the common recurring duties and responsibilities of the Committee in carrying out its oversight functions. These duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Committee may alter or supplement them as appropriate under the circumstances to the extent permitted by applicable law or listing standard.

1. The Committee shall assist the Board in fulfilling its oversight responsibility for the Corporation's broad enterprise risk management program by continually identifying, evaluating and monitoring the social, political and environmental trends, issues, risks and concerns, domestic and foreign, which affect or could affect the Corporation's business activities and performance;
2. The Committee shall analyze public policy trends and make recommendations to the Board regarding how the Corporation can anticipate and adjust to these trends in order to more effectively achieve its business goals or to actively participate in the public policy dialogue;
3. The Committee shall develop recommendations to the Board in order to assist in formulating and adopting basic policies, programs and practices concerning broad public policy issues which include, corporate responsibility, ecology and environmental protection, human rights, employee safety, ethical business conduct, consumer affairs, protection of privacy, controlled substance abuse, affirmative action/equal opportunity matters, government relations and the support of charitable, political and educational organizations;
4. The Committee shall annually review the policies and procedures and expenditures for the Corporation's political activities including political contributions and direct and indirect lobbying; and
5. The Committee shall annually review stockholder proposals that deal with public policy issues and make recommendations to the Board regarding the company's response to such proposals.

Amendment

This Charter and any provision contained herein may be amended or repealed by the Board of Directors.

APPROVED: Board of Directors
DATE: January 30, 2013