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

July 19, 2017

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

Public Policy Committee Meeting
July 25, 2017

A meeting of the Public Policy Committee is scheduled for Tuesday, July 25, 2017, from 3:30 to 4:30 p.m. PDT, in room A4330 at Chevron's offices in Chevron Park.

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

- Company and Chevron Employee Political Action Committee political contributions, direct and indirect lobbying expenditures, and policy priorities for 2017 and 2018;
- U.S. legislative, regulatory, policy, and political developments and implications for and responses by the Company;
- Assessment of the value the Company receives from participation in various trade associations in government affairs activities; and
- Summaries of the Company's top ten operating areas.

I am enclosing an agenda and pre-read materials for the meeting. Also enclosed is an updated PPC Issues Brief containing the more significant global public policy issues facing the company and country level summaries for Chevron's top ten operating areas highlighting the policy and political landscape. You may also access these materials through Chevron's Diligent Boards website.

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

Best regards,

Enclosures

cc: John S. Watson
Mary A. Francis

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

CHEVRON CORPORATION
PUBLIC POLICY COMMITTEE

JULY 25, 2017, 3:30 – 4:30 P.M.
ROOM A4330, CHEVRON PARK

AGENDA

Time	Tab	Topic (Presenters)
3:30 p.m.	**1.**	**Minutes** * (Chair) Review and approve the minutes of the March 28, 2017 Committee meeting.
3:35 p.m.	**2.**	**Political Contributions and Lobbying** (Lloyd Avram) Discuss Company and Chevron Employee Political Action Committee political contributions, direct and indirect lobbying expenditures, and policy priorities for 2017 and 2018.
3:50 p.m.	**3.**	**U.S. Government Affairs Update** (Maria Pica Karp) Discuss U.S. legislative, regulatory, policy, and political developments and implications for and responses by Company.
4:05 p.m.	**4.**	**Trade Association Evaluations** (Maria Pica Karp) Assessment of the value the Company receives from participation in various trade associations in government affairs activities.
4:15 p.m.	**5.**	**Key Country Summaries** (Joe Naylor) Discuss country level summaries for the Company's top ten operating areas highlighting the policy and political landscape.
4:30 p.m.		**Adjourn**

* Items needing motion, second, and approval.

Tab 1

Minutes

CHEVRON CORPORATION
PUBLIC POLICY COMMITTEE
MARCH 28, 2017

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 March 28, 2017, at 2:54 p.m.

Members Present:	Linnet F. Deily, Chairperson Wanda M. Austin Alice P. Gast Enrique Hernandez, Jr.

Also present were Joseph M. Naylor (Secretary), Ronald D. Sugar, Wes E. Lohec, and Kari H. Endries.

Ms. Deily called the meeting to order and the Committee proceeded with the agenda. The minutes of the joint meeting of the Committee and the Board Nominating and Governance Committee held on January 24, 2017, were reviewed and, on motion duly seconded, unanimously approved.

Mr. Lohec provided an update on the Corporation's approach to continuously improving its environmental stewardship and its plan to refresh its environmental stewardship. He discussed the Corporation's goal to manage environmental and social risks across the life of an asset.

Mr. Lohec discussed how the Corporation measures its environmental performance, including emissions, flaring and venting, and water management. He described Chevron Environmental Management Company's (EMC) core execution capabilities, including site remediation, facility decommissioning, and environmental liability and prevention. He discussed EMC's improved project performance, which resulted in cost deferrals and savings while being met in a safe and compliant manner. Mr. Lohec concluded his report with an update of key EMC projects. Questions and discussion occurred throughout the presentation.

Mr. Naylor provided an update on the external feedback the Corporation has received to date on the "Managing Climate Risk" report.

Dr. Sugar, Messrs. Naylor and Lohec, and Ms. Endries left the meeting and the Committee met in executive session to conduct the Committee's annual self-evaluation and plan its activities for upcoming meetings.

There being no further business, the meeting was adjourned.

Secretary

Tab 2

Political Contributions and Lobbying

Policy, Government & Public Affairs: Political Contributions, Lobbying and CEPAC
Chevron Board Public Policy Committee, July 25, 2017

Our strategy for both corporate and Chevron Employees Political Action Committee (CEPAC) contributions is to support candidates who share Chevron's philosophy of economic growth, job creation and efficient, responsible development of oil and natural gas resources. We engage in lobbying to provide perspectives on energy issues.

Governance

- Political Compliance Education Program web-based training is deployed every two years for executives, management, employees and compliance coordinators; instructor-led training sessions are provided annually to employees who engage in more frequent political contributions and lobbying activities.
- 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, risk level and control effectiveness were both rated "high."
- In May 2017, California's Franchise Tax Board completed their audit of our lobbyist employer reports for the period beginning January 2015 through December 2016. A final report is expected by the end of 2017.
- Contributions from previous years are voluntarily disclosed and posted on chevron.com.

Corporate Political Contributions

PGPA has strong governance policies, procedures and documentation in place to administer the compliance program supporting political contributions.

Operational Excellence (OE) Process

- Strategy and budget reviewed annually by the Executive Committee.
- Each contribution receives internal management approval as well as internal and external legal review.
- Requests over $5,000 for candidate, non-candidate and all Louisiana contributions require approval by the VP / GM Government Affairs and the VP, PGPA.

Program Scope and Budget

- Contributions are predominantly U.S.-based and provided to candidates, independent expenditure committees (IECs), trade association political action committees (PACs), leadership PACs, political parties, and ballot measure campaigns. Chevron also provides nominal contributions to political party organizations in Australia and Canada.

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Chevron Lobbying Activity

We lobby ethically, transparently and in a non-partisan manner. We comply with all laws.

OE Process

- Legal review of all Chevron lobbying or political consulting contracts.
- Lobbying Tracker system maintains employee time and expense records for California and federal lobbying.
- Compliance questionnaires sent to certain employees to assess and record lobbying activities for jurisdictions other than California state or federal.

Lobbying Expenditures

Chevron engages in direct and indirect lobbying activities. It 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. We have memberships in over 85 associations that lobby on our behalf.

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Privileged – First Amendment

Privileged – First Amendment

Chevron Employees Political Action Committee (CEPAC)

CEPAC provides federal/state candidate contributions in OH, OK, PA, TX, and WV.

OE Process

- CEPAC operates at the direction of an employee-led board of directors.
- The board reviews strategy, budget, and federal and state candidate lists for each two-year election cycle.
- Each contribution receives legal review and CEPAC board approval.
- Annual solicitations are conducted only with eligible employees.

Scope

- Funds are provided to pro-industry federal and state candidates, leadership PACs and political parties where allowed by law. CEPAC is non-partisan.
- Funds are not provided to Presidential candidates.
- CEPAC currently has 760 members and projects

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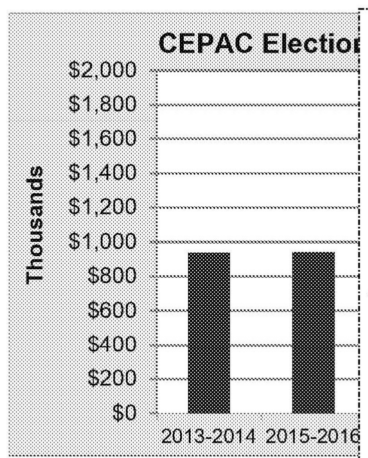

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**Current 2017-2018 projections*

Slides Not Included in Director's Pre-read

Chevron

human energy

2016 – 2017 Political contributions, lobbying and CEPAC

Lloyd Avram
San Ramon – July 25, 2017

Key topics

- Political contributions
- Lobbying activity: direct / indirect
- Chevron Employees Political Action Committee (CEPAC)

Political contributions

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Direct lobbying: 2016 - 2017

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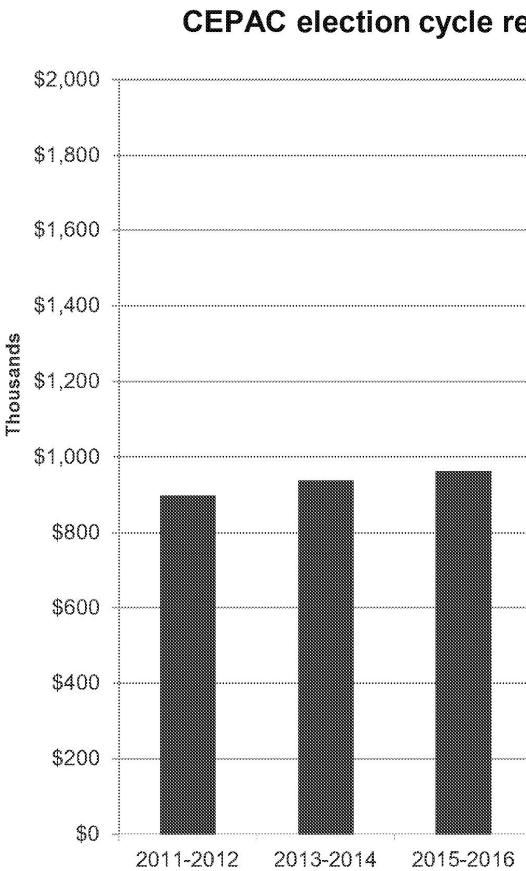
Indirect lobbying: 2016 - 2017

- Chevron holds membership in over 85 trade and industry groups that advocate on issues of importance to our business.
- In 2016, our lobbying allocations to the top five federal groups (by membership contribution amount) totaled Privileged – First Amendment

Privileged – First Amendment

Chevron employees PAC - CEPAC



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**Current 2017-2018 projection*

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Tab 3

U.S. Government Affairs Update

Global Issues, Social Investment and Public Policy Update

Board of Directors

Public Policy Committee

July 25, 2017

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; Environment, Social and Governance Reporting; Activism; 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 strategy is focused on continual improvement of the execution of our Human Rights Policy and supporting processes focused on supply chain, security, community, and workforce. Chevron favors voluntary approaches such as the UN Guiding Principles on Business and Human Rights (UNGPs).

Governmental and UN Actions

This year has seen the continued progression from voluntary initiatives to the passage of legislative frameworks on human rights, with over ten countries implementing or debating new laws. France's Corporate Duty of Vigilance Law imposes obligations to identify and prevent adverse human rights and environmental impacts, either direct or those of suppliers. Although the law does not apply to Chevron given our number of employees, it reflects a stronger effort by governments to legislate human rights. Chevron is monitoring draft legislation in Australia and the Netherlands.

In May, Chevron published its first UK Modern Slavery Act disclosure on efforts to ensure slavery and human trafficking are prevented in the company's supply chain. Chevron reinforced compliance with the U.S. Federal Acquisition Regulation, via a review of master contracts, and by issuing internal compliance notices. Chevron also submitted a voluntary update to its 2016 Responsible Investment in Myanmar report to the U.S. Department of State in June 2017.

There is increased activity on a potential UN binding treaty with obligations for multinational enterprises in advance of October UN Human Rights Commission meetings, where draft treaty components may be introduced. The Ecuador-led group is promoting a treaty designed to strengthen a plaintiff's ability to take companies to international courts on human rights issues.

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Human Rights Rankings

The Corporate Human Rights Benchmark was piloted in 2017, focusing on 98 of the world's largest publicly traded extractive, apparel, and agricultural companies. It was founded by socially responsible investors and human rights organizations, with the aim of influencing investors, consumer decisions and company behavior. With a score of 40 of 100, Chevron ranked in the middle of our peers, behind Total (49), BP (42), and ConocoPhillips (41), but above Shell (37) and Exxon (31). Privileged – First Amendment

Privileged – First Amendment

Emerging Activism

The trend continues for civil society organizations to conflate human rights with issues such as taxes, climate, corruption, transparency and hydraulic fracturing. Most visible in the on-going Greenpeace-inspired investigation by the Philippines Commission on Human Rights into alleged responsibility of the global top 40 GHG emitters to bear the cost of climate adaptation, migration, and mitigation.

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Privileged – First Amendment

Extractive Industry Transparency Initiative
Chevron continues to hold an influential Board seat on the Global Extractive Industries Transparency Initiative (EITI); operates or has a non-operated working interest in 16 of the 51 EITI-implementing countries (including Indonesia, Kazakhstan, and Nigeria); and has representatives on multi-stakeholder groups in Norway and Republic of Congo. Australia and Mexico have also declared their intention to join the EITI.

Earlier this year, after failing to progress far enough towards achieving EITI's standards, Azerbaijan withdrew from the initiative rather than suffer the publicity of suspension. The U.S. Department of Interior (DOI) unexpectedly announced plans to discontinue meetings of the USEITI Multistakeholder Group, but will continue to publish company payment data on its website. DOI subsequently clarified that a decision regarding USEITI implementation has not been finalized.

Government Action
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. In February 2017, President Trump signed into law a resolution under the Congressional Review Act, revoking Section 1504 regulations; however, the SEC is still required under the existing law to submit a revised final rule in early 2018. In May 2017, the House Financial Services Committee approved the Financial Choice Act, which would repeal Section 1504 entirely. It is unclear when this bill will be considered by the full House; Senate passage is also uncertain.

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. Chevron's Danish operating partner Maersk is expected to report on 2016 data. Norway also implemented legislation and Chevron's partner will report on our non-operated assets.

In June 2015, Canada passed the Extractive Sector Transparency Measures Act, which requires project-level reporting, consistent with the EU definition. In May 2017, the Canadian Business Unit filed a report on 2016 payment data, which is publicly available on Chevron Canada's website. Due to current corporate structure, the report includes payments made to the Canadian government and some payments to the Nigerian and Indonesian governments.

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 (CbyC) reporting is one of those actions and will occur under a framework agreed to by OECD countries. Chevron's CbyC report will be filed with the U.S. government, beginning in 4Q2017 for fiscal year 2016. 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. The information is intended to remain confidential, but Chevron is preparing communications plans should it become public.

Environmental, Social and Governance (ESG) Reporting
Chevron publishes information about its ESG performance and policies primarily in 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*, jointly produced by the International Petroleum Industry Environmental Conservation Association (IPIECA), the American Petroleum Institute (API), and the International Association of Oil & Gas Producers (IOGP).

For the 2016 reporting cycle, Chevron reported fully to all indicators listed in the guidance. Chevron increased its disclosures around environmental stewardship, water, methane, personal and process safety, human rights, local economic impact, social investment, and management of climate change risk. Chevron also released a stand-alone report, *Managing Climate Change Risks – A Perspective for Investors,* to address issues raised in a 2016 stockholder proposal.

<u>*Emerging Trends*</u>
Stakeholder expectations around companies' ESG performance and reporting are increasing. This is particularly so for reporting on climate-related issues, as evidenced by sustainable investment survey results and continuing high votes on relevant stockholder proposals. Occidental Petroleum and ExxonMobil received the first-ever majority votes on board-opposed climate-related stockholder proposal. A proposal was withdrawn from Chevron's ballot in 2017, as proponents recognized Chevron's *Managing Climate Change Risks* report as a good "first step", however some stockholder activists claim these proposals mark a shift in investors' views of climate change risks.

Recent investor survey findings provide further evidence of increasing evaluation of ESG factors by investors. Callan Institute's 2016 *ESG Interest and Implementation Survey,* the 2016 *Global Sustainable Investment Review* and a 2017 *BNP Paribas Securities Services Survey* indicate a growing trend toward integration of ESG risk management and performance data into company evaluations.

To fill the perceived data gaps, the Sustainability Accounting Standards Board (SASB), a non-governmental organization and the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) 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 gaining attention from large influential institutional investors.

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Final recommendations from the TCFD were published on June 29 and were presented to the G20 in July. SASB final guidance is expected in 1Q2018.

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Off-Oil Activism
Advancing a broad strategy aimed at transitioning to a low carbon economy, the off-oil and gas movement continues efforts to reduce demand for fossil fuel products and block or delay access to developing fossil fuel resources and infrastructure. Their strategy includes convincing the public and policymakers that economic growth can be

decoupled from GHG emissions and that society can be powered by renewable energy. This message is being propagated to strengthen public support for anti-fossil fuel ballot initiatives, pressure consumer facing companies to make renewable energy and climate commitments, provoke protests involving physical disruption of infrastructure development, and significantly increase non-governmental organization (NGO) fundraising.

The last year has seen new alliances formed as the off-oil and gas movement collaborated with non-traditional partners, including libertarians, Native Americans, and social justice organizations. Coalitions between environmentalists and conservative/libertarian land owners on shared property right principles led to legislation in Georgia and South Carolina that temporarily prevented the use of eminent domain in pipeline developments, suspending the $1.1 billion Palmetto pipeline.

Chevron expects to see increased activism from these kinds of coalitions to prohibit development of pipelines for water, gas, and oil across private and public lands in the U.S. and internationally (a related movement in Australia is called "lock the gate"). Similarly, coalitions between Native Americans and the off-oil and gas movement significantly delayed the Dakota Access Pipeline, generated unprecedented negative media coverage, and generated significant funding for activists.

Activists have built on the Dakota Access Pipeline fundraising success and leveraged the Trump Administration's policies and withdrawal from the Paris Agreement to significantly expand fundraising in the U.S. They are using some of these funds to expand their grassroots staff by hiring for positions such as "Pipeline fighter" and "Native American Outreach Coordinator."

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Global Social Investment
Chevron's global social investment (SI) spend has ranged from $200MM in 2010 to a high of $274MM in 2013. 2016 spend was $186MM, and is consistent with the 2017 forecast. In 2016, SI spend in the U.S. was more than $96MM and significant international spend included: Nigeria $27MM, Eurasia $25MM, Thailand $8MM, and Australia $5MM. Large global and regional programs continue in 2016, such as the University Partnership Program $20MM and Fuel Your School $6MM.

Chevron completed a SI Monitoring and Evaluation program for 2015-funded projects meeting the reporting threshold of $100K in SI Focus Areas. Results include:

- 35 percent cited "enhancing reputation" as the primary reason for implementing the project and 29 percent cited "making Chevron the partner of choice."
- 88 percent of projects with the SI objectives of improving access to high quality STEM education (or developing workforce skills) reported meeting or exceeding their objective.

- Critical success factors for projects that met or exceeded objectives included: building local capacity, strong implementing partners, and credible third-party endorsements and media visibility.

SI Focus Areas

Chevron's global SI activity remains focused on areas aligned with our business needs.

A. Health

In 2016, Chevron contributed more than $12MM to continue its work with partners in the fight against devastating diseases, including combating HIV/AIDS (prevention of mother-to-child transmission) and sickle cell disease. This was a 37 percent reduction in support versus 2015 actuals.

B. Education

Chevron's remains focused on improving STEM education through a holistic approach supporting awareness, curriculum development, teacher training, and advocacy. In 2016, Chevron contributed more than $71MM to education worldwide. This was a 14 percent reduction over 2015 and included $20MM for continuation of the University Partnership Program, $11MM for major corporate education programs and $6MM for Thailand's Enjoy Science partnership.

C. 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 sustainability while reducing dependence on Chevron funding. In 2016, Chevron contributed more than $39MM globally including in the Niger Delta ($8MM), Appalachia ($3MM), Bangladesh ($3MM), Richmond ($2.5MM), and Kazakhstan ($1MM).

Global Public Policy Overview

The U.S. and international political landscape has shifted since the November 2016 election. President Trump is focusing on the American economy, job creation and security while concurrently pushing back on international agreements and trade deals.

Overview of the Trump Administration and Congressional Agenda

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The President's first 100 days included regulatory reform actions enacted through Congress or executive authority, described below. Between January and May 2017, Congress used the Congressional Review Act (CRA) to overturn regulations promulgated at the end of the Obama Administration, including three impacting our industry related to revenue transparency, land management, and administrative rules.

B. President Trump's Energy Agenda

The President's energy agenda has mirrored his campaign pledge to: (1) support U.S. oil and gas production; (2) provide tax and regulatory reforms; (3) spur infrastructure development; and (4) reset U.S. climate policy. He has leveraged executive authority to advance his energy agenda by issuing three significant

Executive Orders (EO) related to the energy industry. These EOs specifically: (1) require the review, revocation, or revision of 24 Obama Administration actions; (2) direct each federal agency to establish a task force and develop a report on actions to streamline regulations; and, (3) direct the Department of the Interior to give full consideration for including lease sales in the current areas of the Gulf of Mexico, Chukchi and Beaufort Seas, Cook Inlet, and the Mid and South Atlantic.

On infrastructure, President Trump issued an Executive Memorandum in January 2017 directing the Department of Commerce (DOC) to develop a plan requiring the use of American manufactured steel in new pipeline construction and maintenance projects. Privileged – First Amendment

Privileged – First Amendment

Finally, the President has taken a series of related actions that support U.S. energy development, including: (1) seeking regulatory reform and permit streamlining for the manufacturing industry, pipeline, and other infrastructure projects; (2) promoting tax rate reductions for businesses; (3) proposing a $1 trillion investment in infrastructure projects; and, (4) providing budget support for onshore and offshore oil and gas programs within federal mineral resource agencies jurisdiction.

C. Tax Reform

Tax reform is a major priority for Congress and the Administration. However, at this time there is no consensus on what form this should take. The House Republicans have the most detailed proposal to date. Released in June 2016, the House Republican Blueprint on Tax Reform includes: (1) a 20 percent corporate tax rate; (2) no deduction for interest payments; (3) immediate expensing; (4) a territorial tax system; and, (5) a Border Adjustment provision (e.g., exports are not taxed and imports are taxed at the 20 percent rate). The House Republican proposal has received significant criticism, especially regarding the disallowance of the deduction for interest expenses and the Border Adjustment. Privileged – First Amendment

Privileged – First Amendment

In May, the Administration released its principles for tax reform. Their proposal does not include a Border Adjustment tax nor the elimination of the deduction for interest expenses. Key features of the Administration's proposal include: (1) a 15 percent corporate tax rate; (2) a territorial system; and, (3) a tax on earnings held outside the U.S. The Administration has begun intensive conversations with House and Senate Republicans in the hopes of coalescing around a common tax reform proposal they can pass by the end of 2017. Privileged – First

Privileged – First Amendment

U.S. Federal Climate Policy

The Trump Administration has moved swiftly to reverse the Obama Administration's climate policies in favor of an agenda that promotes energy development and reduces regulations.

President Obama's reliance on Executive Orders (not final rulemakings) to pursue his climate agenda has allowed President Trump to quickly reverse some policies. Climate-focused agency rulemakings finalized during President Obama's term may take two years or longer to change. Reversals of these rulemakings may also be vulnerable to litigation from environmental groups.

Clean Power Plan

The President has directed the Environmental Protection Agency (EPA) to review the Clean

Power Plan (CPP), which remains in litigation and is expected to be dismantled by the Administration. EPA Administrator Pruitt has not announced how and whether EPA will replace the CPP with another rule to regulate carbon emissions. Further, the CPP litigation continues in the U.S. Court of Appeals for the D.C. Circuit. Chevron is monitoring CPP developments given that it may be a precursor for new performance standards for petroleum refineries under a future Administration with more aggressive climate change policies.

Methane
On April 19, the Trump EPA granted reconsideration to elements of the Obama EPA's new source performance standard for methane emissions that was issued in June 2016. Reconsideration requires a new formal rulemaking process and will likely face legal challenges filed by environmental NGOs and some states. On June 13, EPA also began a formal rulemaking process to delay implementation of the 2016 rule. No formal process has begun to withdraw and revise the guidelines for existing sources in ozone non-attainment areas, but the Administration may address those guidelines as soon as August.

The Bureau of Land Management's (BLM) flaring and venting rule, which was finalized in November 2016, is currently being litigated. In addition to the legal challenge, the Secretary of Interior has announced that the BLM will work to revise the rule.

At the state level, California adopted a new methane rule in early 2017, and Pennsylvania is in the process of developing new methane regulations as part of a general permit. Colorado is beginning the process to revise their 2014 methane rule (Reg 7) to align with federal rules and strengthen some elements in response to NGO concerns.

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RFS
The Renewable Fuel Standard (RFS) remains unworkable as written due to the immediate problem of the E10 blendwall. A repeal or significant reform in the near-term remains unlikely as there is not strong backing from either Republicans or Democrats in Congress. Without such action from Congress, any near-term progress on the RFS remains with EPA.

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On July 5, EPA issued a proposed rule to set fuel volumes for 2018 for compliance with the RFS. The proposed 2018 volumes are similar to the final 2017 standards, with some decreases in renewable fuels. The proposed rule marks the first time EPA has reduced the renewable fuel volume standard by greater than 20 percent. Such a reduction is the first step towards triggering the RFS "reset" provision," where EPA is required to undertake a rulemaking to reset the annual volume requirements for all succeeding years. Privileged – First Amendment

Privileged – First Amendment

California Climate Policy
California continues to pursue an aggressive climate policy agenda that began with AB 32, the Global Warming Solutions Act, and was amplified last year with the passage of SB 32, which established a state-wide GHG reduction target of at least 40 percent of 1990 levels by 2030. Under the AB 32 cap and trade program, the state is collecting billions of dollars annually in revenue stemming from the auction of carbon allowances.

On July 17, the California Legislature passed a package of climate and air quality-related legislation. Privileged – First Amendment

Privileged – First Amendment

Key elements of the legislation include: (1) extends the authority of the California Air Resources Board (CARB) to use cap-and-trade and an auction through 2030; (2) carves out refineries and oil and gas production from costly direct regulations; (3) pre-empts local districts from imposing their own carbon dioxide regulations in addition to the state's cap-and-trade rules; (4) increases monitoring and reporting on non-GHG emissions; and (5) requires a 2/3rds vote of the Legislature to access revenues collected in the auction after January 1, 2025.

As a next step, CARB is expected to initiate new rulemakings to implement the requirements of the legislation. Privileged – First Amendment

Privileged – First Amendment

International Climate Policy

There were 194 country signatories to the Paris Agreement (Agreement) in January 2017. As of July 18, 153 countries, representing 85 percent of global GHG remissions, have ratified or formally accepted the Agreement.

On June 1, President Trump announced the U.S. will withdraw from the Agreement. The President pledged to stop implementing the Agreement, including efforts to meet the U.S.'s greenhouse gas emission reduction goals and to end financing for the Green Climate Fund. His decision was largely symbolic, given that the U.S.'s greenhouse gas emission targets under the Agreement are not binding and his Administration has already announced its intent to reverse many of the Obama-era climate regulations needed to meet the targets. Many states, like California, Washington, and New York, have indicated they will pursue their own climate policies to demonstrate their commitment to the Agreement.

Many governments in countries key to Chevron are adopting policies, both market-based and direct regulations, to address climate change and to meet their Agreement goals. The pace of adoption varies, but the direction towards controlling GHG emissions is common.

In Canada, the Prime Minister Trudeau's government is pushing provinces to implement carbon pricing policies. In Mexico, the government is planning a pilot emissions trading system (ETS) to begin in early 2018 and become formalized later in that year.

Countries in Asia are also moving forward with emissions reductions. In February 2017, Singapore announced plans to introduce a carbon tax of SGD$10-$20 per tonne of carbon dioxide-equivalent GHG emissions by 2019. China is also moving ahead with plans to launch what will be the world's largest ETS. In South Korea, newly elected President Moon Jae-in pledged to prioritize development of electric vehicles and boost the share of natural gas and renewables in the power sector. After assuming office, he ordered a temporary shutdown of eight coal-fired power plants.

As jurisdictions consider actions to achieve their reduction goals, Chevron is working with policymakers to inform proposals in alignment with our Climate Change Policy Principles.

Environmental Policy

The Administration's environmental policy agenda is primarily focused on regulatory reform efforts and returning EPA's focus to its core mission. EPA Administrator Pruitt's "Back-to-Basics Agenda" reflects his efforts to refocus EPA on its intended mission, return power to the states, and create an environment where jobs can grow.

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. Litigation may not be finally resolved until 2018 or 2019.

On February 28, the President signed an EO requiring EPA and the Army Corps to review of the "Waters of the United States" Rule (WOTUS) and consider rescinding or revising the rule. On June 27, EPA and the Army Corps of Engineers issued a proposed rulemaking to rescind the May 2015 WOTUS rule. The public comment process to rescind a rule could take several years and will be litigated. Chevron is continuing to monitor Privileged – First Amendment

Privileged – First Amendment

Ozone

The 2015 Ozone National Ambient Air Quality Standard (NAAQS) was finalized in October 2015 and lowered the ozone standard last set in 2008 from 75 ppb to 70 ppb. It is expected to be one of the costliest rules ever published by EPA and will impose strict emissions controls on many areas of the country. Chevron and industry are currently in litigation with EPA on the standard.

In April 2017, the Administration requested, and the courts granted, a pause to the litigation while EPA reviews the rule for potential reconsideration. Privileged – First Amendment

Privileged – First Amendment

Privileged – First Amendment Deadlines are looming under both the 2008 and 2015 Ozone NAAQS, and the reconsideration must be completed before those deadline "lock in place" costly control requirements. Privileged – First Amendment

Privileged – First Amendment

Well Control Rule (WCR)

Finalized on April 29, 2016, the Well Control Rule addressed key recommendations made after the Deepwater Horizon spill, strengthened requirements, and updated the Bureau of Safety and Environmental Enforcement (BSEE) regulations to reflect industry best practices. The WCR became effective on July 28, 2016.

Privileged – First Amendment

Endangered Species Act

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

The FWS announced final listing decisions for Privileged – First Amendment

Privileged – First Amendment

Privileged – First Amendment The FWS has begun a new review of the Lesser Prairie Chicken under ESA guidelines.

The Trump Administration has not articulated a specific set of policies on protected species.

Sanctions

The U.S. government and Congress will continue to use sanctions as a means of raising costs on state actors and individuals whose actions violate international law. Privileged – First Amendment

Privileged – First Amendment

Russia

With three congressional investigations ongoing and the appointment of a Special Counsel to assess reports of Russian interference in the U.S. presidential election, the political imperative to punish Russia is higher now than at any time prior to the beginning of the Ukraine crisis in 2014.

On June 14, the Senate voted 97-2 to attach a Russia sanctions amendment to an Iran sanctions bill, which passed on June 15 by a vote of 98-2. The Russia sanctions amendment codifies existing sanctions from the Obama Administration; expands existing sectoral sanctions in the energy space to prevent U.S. companies from partnering with Russian energy companies in any shale, deep-water or Arctic oil projects anywhere on the globe; and prevents the President from lifting the sanctions without congressional approval. The bill could impact a project in Nigeria where Chevron and a Russian company have a minority interest.

The Senate bill, currently pending in the House as of July 18, also contains language that would provide the President with the ability to impose *discretionary* sanctions on pipelines. Privileged – First Amendment

Privileged – First Amendment

Venezuela

In addition to existing sanctions on individuals imposed by the Obama Administration, on May 18, the Trump Administration added eight members of Venezuela's Supreme Court to the list of U.S. sanctions in response to the humanitarian and political crisis in the country.

In Congress, Sen. Marco Rubio (R-FL) and Sen. Ben Cardin (D-MD) co-sponsored legislation that would extend sanctions on individuals who undermine democracy and are involved in government corruption. In addition, the Senate is also concerned over the possibility of Rosneft taking over Citgo's assets in the U.S., which were secured as collateral by a Rosneft loan to the Venezuela government.

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Iran

On June 15, the Senate voted overwhelmingly (98-2) to pass S.722, "Countering Iran's Destabilizing Activities Act of 2017," that would impose additional sanctions on Iran for that country's development of ballistic missile technology, support for terrorism, and violations of human rights. Despite the Joint Comprehensive Plan of Action (JCPOA) implementation, the U.S. will continue to maintain heavy sanctions on Iran, with the understanding that these sanctions restrict the ability of U.S. companies to engage Iran. Chevron continues to monitor developments related to Iran sanctions.

Cuba

On June 14, President Trump announced changes to U.S. policy toward Cuba to enhance compliance with U.S. law related to provisions that govern the embargo and the ban on tourism, among other measures. The new policy directs the Treasury and Commerce Departments to begin the process of issuing new regulations that will affect trade and travel to Cuba. Chevron continues to monitor this issue given a claim related to a Texaco refinery seized by Cuba in 1960.

International Trade

Consistent with his campaign promises, the President has undertaken several major actions on trade. In January, he withdrew the U.S. from the Trans-Pacific Partnership (TPP), called for the renegotiation of NAFTA, and signaled a preference to negotiate bilateral trade agreements. The Administration is currently revisiting all U.S. FTAs to focus on enforcement and reduce persistent U.S. trade deficits. Additionally, the White House has ordered the Commerce Department and the Office of the U.S. Trade Representative (USTR) to study trade deficit reduction, develop "Buy American" policies, and submit reports to the President to serve as blueprints for additional executive and regulatory actions.

On May 16, USTR Robert Lighthizer sent a formal notification to Congress of the Administration's intent to begin NAFTA renegotiations. Lighthizer has stated the Administration will try to avoid harm to those sectors that have benefited from NAFTA, including energy. NAFTA's most significant impact on the energy sector are the inclusion of investment protections, leading to the creation of a highly integrated and interdependent North American energy market. In tandem with domestic U.S. law, NAFTA also provides for the liberalized trade in natural gas and prohibits import and export restrictions on energy commodities among the three countries.

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Chevron Political Contributions, Lobbying and CEPAC Activities

Chevron participates in the political process domestically through corporate and Chevron Employees Political Action Committee (CEPAC) contributions as well as lobbying. Internationally, we make nominal contributions to political parties in Canada and Australia. Chevron maintains comprehensive policies, processes and training regarding our contributions and lobbying.

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CEPAC currently has 760 members and **Privileged – First Amendment** **Privileged – First Amendment** A CEPAC growth plan is currently being executed.

Further details on these subjects are provided in the Chevron Board Public Policy Committee Political Contributions, Lobbying and CEPAC paper, included in your briefing materials.

Slides Not Included in Director's Pre-read


Chevron
human energy
U.S. legislative and regulatory policy developments
Board of Directors
Public Policy Committee
San Ramon, CA July 25, 2017
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PPC July 2017

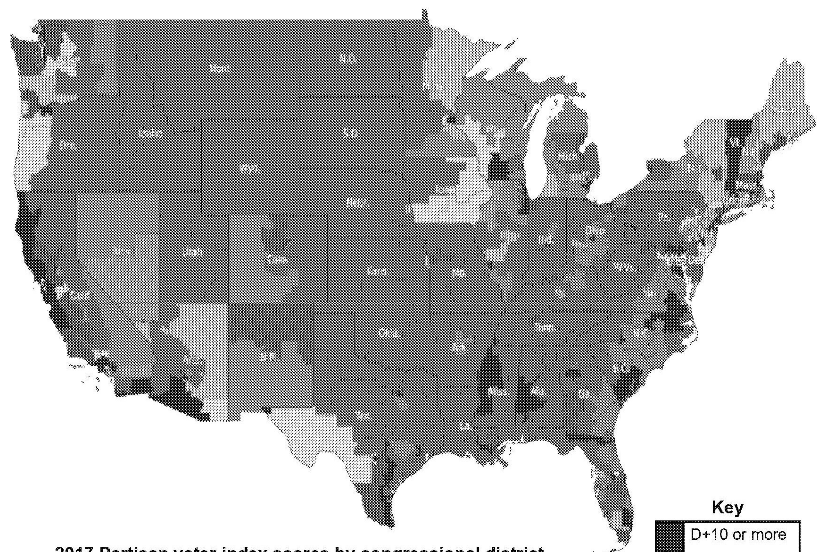
Agenda

- Overview
- U.S. federal landscape
- U.S. state landscape
- International landscape
- Look ahead

Overview

Incremental progress amidst polarized landscape

- President's team adapting to work with Congress and agencies
- Administration focused on delivering campaign promises on jobs, security, energy, and change
- Factions in Congress shaping agendas in both parties
- Public's expectations remain consistent despite polls and rhetoric
- Polarized political landscape makes consensus building difficult



2017 Partisan voter index scores by congressional district
Bold colors denote more partisan districts

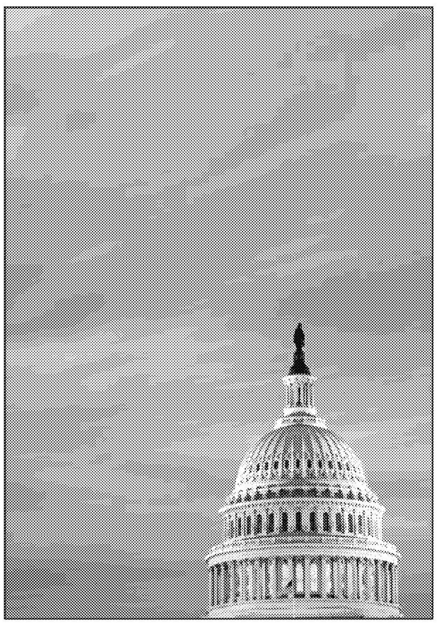
Source: Cook Political Report

Key

- D+10 or more
- D+5 to D+9.9
- D+2 to D+4.9
- D+1.9 to R+1.9
- R+2.0 to R+4.9
- R+5.0 to R+9.9
- R+10.0 or more

U.S. federal landscape

Pro-energy administration in place, but risks exist



Regulatory reform

- President using executive authority to pursue change
- Pro-industry, but personnel gaps impacting execution
- Changes will take time and must survive legal scrutiny

Tax reform

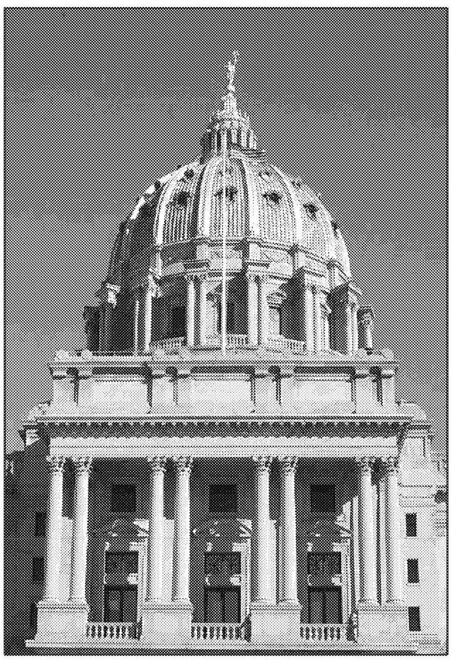
- Tax reform a priority for Administration and Congress
- Border Adjustment Tax is a major concern, but White House and Senate have expressed opposition
- Extent of reform remains unclear

Climate change policy

- Administration reversing the Obama framework
- Withdrawal from the Paris Agreement plays to base
- Policy reversals at federal level motivating increased international and state-level action

States landscape

Activism continues to be a challenge



State dynamics

- Governors focused on jobs, economic development
- Special sessions called to address budget issues
- Overlapping state and local jurisdictional controls

Activism

- eNGO capacity growing with focus on legal tactics
- Eminent domain targeted to prevent pipeline build
- Industry increasing ability to counter activism

Climate change policy

- Post-Paris shift to regional, state and local activity
- California continues to position itself as a global leader
- At least five U.S. states pursuing carbon tax

International landscape

Administration focused on security and economic priorities

Foreign policy overview

- Congress a counterweight to the Administration
- Budgets and nominations complicate policy execution
- Complex geopolitical landscape shaped by regional tensions, conflicts and terrorism

Sanctions and trade

- Russia sanctions and Venezuela remain watchpoints
- **Privileged – First Amendment**

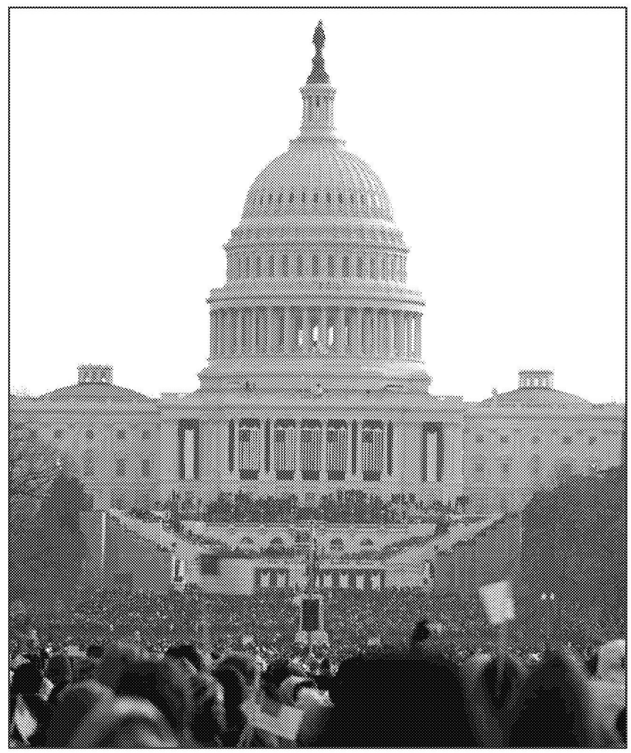
U.S. global leadership questioned

- President Trump focused on economy and trade
- Multilateral institutions under pressure

Looking forward

Early days and evolving landscape …

- Dynamic domestic and foreign policy landscape requires close alignment, engagement, and agility
- Focused on our playbook priorities and opportunities, and mitigating our risks
- Early planning for 2018 midterm elections underway




Discussion
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PPC July 2017

Tab 4

Trade Association Evaluation

Slides Not Included in Director's Pre-read

Chevron

human energy

Business association review

Board of Directors
Public Policy Committee

Maria Pica Karp
Vice President, Government Affairs

San Ramon, CA July 25, 2017

Value drivers

Membership objective: Advance a pro-growth business environment, obtain insights and identify risks, and increase industry favorability through:

- Advocacy on industry and Chevron issues
- Research and insights on key business issues
- Third party advocacy – grassroots and grasstops mobilization
- Reports and analysis on legislation and regulations
- Legal redress to safeguard members' rights
- Peer networking to build coalitions, share best practices
- Education through advertising campaigns
- Engagement with domestic and global political leaders

Business association portfolio overview

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Scorecard assessment summary

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Scorecard assessment: 1 of 2

Privileged – First Amendment

Scorecard assessment: 2 of 2

Privileged – First Amendment

Conclusions

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- Engagement is regular and extensive at all levels, including:
  - Committee meeting participation
  - Issue or geographic-specific working groups
  - Speaking and thought leadership opportunities
  - Access to state, U.S. and international government leaders

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Tab 5

Key Country Summaries

Public Policy Issues Brief
Government Affairs

Major Global Issues
Key Country Summaries

Board of Directors
Public Policy Committee

July 25, 2017

KEY COUNTRY SUMMARIES

Financial and Operating Statistics

	Net PP&E & Equity Investment (12/31/2016) [1]		3-Year C&E (2017-2019)		Upstream Production OEG (MBD, 2016)		Net Income (2016) [2]	
	$B	%	$B	%	Net OEG	%	$B	%
1. United States	60.0	28.2	24.1	44.2	691	26.6	(2.7)	-
2. Australia								
3. Nigeria								
4. Kazakhstan								
5. Canada								
6. Angola								
7. Thailand								
8. Indonesia								
9. United Kingdom								
10. South Korea								
All Other								
Total								

Redacted – Business Confidential (competitive financial information) (non-U.S.)

1. Investment reflects Book Value (not Fair Value)
2. Net Income includes interest and foreign exchange impacts, as well as operational earnings

United States

Major Projects/Resource Plays

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

Environment

The Trump Administration's priorities include deregulation and reform (health care, tax, environmental, and trade policy). Principles guiding policy decisions include economic growth, manufacturing renaissance, and security. Success is measured by business-like metrics. The Administration's first six months have seen few legislative accomplishments and numerous distractions due to ongoing investigations into Russia's involvement in the 2016 election, Ukraine, and Syria. Still, the Administration has made headway in slowing or reversing Obama-era climate change regulations through executive authority. President Trump's energy agenda has focused on: (1) support for U.S. oil and gas production; (2) tax and regulatory reform; and, (3) infrastructure development. On June 1, 2017, the President announced that the U.S. will withdraw from the Paris Agreement. This largely symbolic move has widened growing divisions between the U.S. and the international community on climate change and spurred other nations, as well as some U.S. state governors and mayors, to promise forward movement on climate policies.

Domestic Legislative/Regulatory Risk

Using Executive Orders and the Congressional Review Act, the White House and Congress have reversed many of the Obama Administration's environmental and climate policies to reduce regulatory burdens on the fossil-fuel industry. While Obama-era Executive Orders and late rulemakings made for easy reversals, agency rulemakings finalized during the previous Administration may take two years or longer to change and could be vulnerable to litigation. Congress's focus on high-profile legislation, including healthcare, tax reform, and the debt ceiling; nominations; and, investigations will leave little time for Congress to address an energy agenda this year. **Privileged – First Amendment**

Privileged – First Amendment

External Stakeholders/Shareholder Action

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Geopolitical Risk

The geopolitical landscape has shifted given regional developments and the U.S.' economic and security focused foreign policy. Concurrently, regional conflicts and/or tensions in Asia, the Middle East and Eastern Europe, combined with ongoing security threats presented by terrorism, have contributed to a dynamic and complex geopolitical landscape. President Trump's focus on renegotiating trade deals and his forthright approach towards regional alliances have also created tensions and moved other nations to act. China's promises on foreign aid and German Chancellor Merkel's remarks that Europe must depend more on itself are two examples of this trend.

Revenue Transparency

In February 2017, President Trump signed into law a resolution under the Congressional Review Act, revoking Section 1504 of the Dodd-Frank rule, which would require extractive industry companies listed on a U.S. exchange to annually report payments made to all governments. The Securities and Exchange Commission is still required under the existing law to submit a revised final rule in early 2018. In May 2017, the House Financial Services Committee approved the Financial Choice Act, which would repeal Section 1504 entirely. It is unclear when this bill will be considered by the full House; Senate passage is also uncertain. In March 2017, the Department of Interior (DOI) unexpectedly announced plans to discontinue U.S. Extractive Industries Transparency Initiative (USEITI) Multistakeholder Group meetings, but will continue to publish company payment data on its website. DOI subsequently clarified that a decision regarding USEITI implementation has not been finalized.

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Redacted – Business Confidential (non-U.S. operation risk analysis)

Kazakhstan

Redacted – Business Confidential (non-U.S. operation risk analysis)

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Redacted – Business Confidential (non-U.S. operation risk analysis)

Thailand

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Indonesia

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United Kingdom

Redacted – Business Confidential (non-U.S. operation risk analysis)

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