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

November 29, 2017

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

Public Policy Committee Meeting
December 5, 2017

A meeting of the Public Policy Committee is scheduled for Tuesday, December 5, 2017, from 2:30 to 4:00 p.m. PST, 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:

- Human Rights;
- Revenue Transparency;
- Environmental, Social, and Governance Disclosure and Reporting;
- Social Investment;
- Outline of Chevron's Updated "Managing Climate Change Risk Report."

I am enclosing an agenda and pre-read materials for the meeting, including the PPC Issues Brief, which contains the more significant global public policy issues facing the company and country level summaries for Chevron's top 11 operating areas highlighting the policy and political landscape. You may also access these materials through Chevron's Diligent Boards website.

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

Best regards,

Joe

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

DECEMBER 5, 2017, 2:30 – 4:00 P.M.
ROOM A4330, CHEVRON PARK

AGENDA

Time		Topic (Presenters)	
2:30 p.m.	**1.**	**Minutes** * (Chair) Review and approve the minutes of the July 25, 2017 Committee meeting.	**TAB 1**
2:35 p.m.	**2.**	**Policy Update** (Jennifer Ganten) • Human Rights • Revenue Transparency • Disclosure and Reporting	**TAB 2**
3:10 p.m.	**3.**	**Corporate Responsibility and Social Investment** (Jennifer Ganten)	
3:45 p.m.	**4.**	**Climate Report Outline** (Joe Naylor)	
4:00 p.m.		**Adjourn**	
	6.	**<u>Information Item:</u>** Public Policy Issues Brief	**TAB 3**

* Items needing motion, second, and approval.

Tab 1

Minutes

DRAFT

CHEVRON CORPORATION
PUBLIC POLICY COMMITTEE
JULY 25, 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 July 25, 2017, at 3:30 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, Lloyd F. Avram, Maria Pica Karp, Mary A. Francis, and Kari H. Endries.

Ms. Deily called the meeting to order and the Committee proceeded with the agenda. The minutes of the regular meeting of the Committee held on March 28, 2017 were reviewed and, on motion duly seconded, unanimously approved.

Mr. Avram discussed the 2016 and 2017 corporate political budgets and highlighted contribution focus areas, engagement strategies, direct lobbying initiatives, indirect lobbying efforts through trade and industry groups, and results. He discussed priorities and lobbying trends for 2017 at the federal and state level and discussed the Chevron Employee Political Action Committee's revenue and growth plan. Questions and discussion ensued.

Ms. Karp presented an update on U.S. legislative, regulatory, policy, and political developments. Her report included changes and trends resulting from the new administration, as well as an update of the domestic and foreign policy landscape. She highlighted the Corporation's priorities and opportunities with regulatory reform, tax reform, and climate change. Ms. Karp discussed the international geopolitical landscape including sanctions and trade. She also discussed activism and industry response. Ms. Karp responded to comments and questions throughout the presentation.

Ms. Karp reviewed the Corporation's memberships in business associations, focusing on strategic alignment, advocacy on industry issues, research and analysis on key business issues and legislation and regulations, and engagement with domestic and political leaders. Questions and discussion occurred throughout her presentation.

Mr. Naylor discussed the updated public policy brief that highlights policy issues with the potential to impact Chevron's business in ten countries where it has significant operations. His review highlighted current issues in Venezuela and South Korea. Mr. Naylor responded to comments and questions throughout the presentation.

There being no further business, the meeting was adjourned.

Secretary

Tab 2

Policy Update & Corporate Responsibility and Social Investment

Global Issues, Social Investment and Public Policy Update

Board of Directors

Public Policy Committee

December 5, 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; Overview of U.S. Administration and Congress; U.S. Federal Climate Policy; California Climate Policy; International Climate Policy; Environmental Policy; Sanctions; International Trade; and Political Contributions and Lobbying.

Global Issues Overview

Human Rights

Chevron's strategy is focused on continual improvement of the execution of our Human Rights Policy 520 and supporting processes focused on human rights in our supply chain, security function, communities, and workforce.

Governmental and United Nations' Actions

This year has seen the continued progression from voluntary initiatives to the passage of legislative frameworks on human rights, with more than ten countries implementing or debating new laws. In August, the Government of Australia (GoA) issued a consultation paper outlining a proposal to create a Modern Slavery in Supply Chains Reporting Requirement which would require large corporations operating in Australia to publish annual statements outlining their actions to address modern slavery.

The GoA's proposal looks to the United Kingdom's Modern Slavery Act (MSA) as a model. Chevron will continue to monitor the proposal's progress and look for opportunities to help ensure consistency between laws.

During the week of October 23, the United Nations (UN) held the third session of the intergovernmental working group on transnational corporations and other business enterprises with respect to human rights (IWG). The Ecuador-led group is promoting a treaty designed to strengthen a plaintiff's ability to take companies to court on human rights issues. The IWG discussed various "elements" of a treaty, including options for enhanced extraterritorial jurisdiction. Privileged – First Amendment

Privileged – First Amendment

Investor Activism

In August, Chevron received a letter signed by 35 investors urging the company to address the recent violence in Myanmar's Rakhine state through engagement with the Government of Myanmar. The investors also ask that Chevron adopt a policy of not doing business with conflict-complicit governments. The same proposal was submitted in a shareholder resolution filed for Chevron's 2017 annual general meeting, with 6% of shares voted in support.

Revenue Transparency

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Extractive Sector Transparency Measures Act (ESTMA), Canada

In June 2015, Canada passed ESTMA, which requires project-level reporting of payments to governments. In May 2017, the Canada Business Unit filed a report on 2016 payment data, which is publicly available on Chevron Canada's website.

Due to the corporate structure, the report includes payments made to the Canadian government and some payments to the Nigerian and Indonesian governments.

IRS Reporting: Base Erosion & Profit Shifting (BEPS) Framework

In 2017, a new U.S. regulation requires Chevron to report a significant amount of new information to the IRS under the OECD's BEPS framework. Under the regulations, Chevron will file a report with the IRS in 4Q2017, reporting 2016 financial information for all of Chevron's consolidated affiliates in over 80 countries worldwide. In addition, we will be required to include an overview of the company's business, including global operations, transfer pricing policies, global allocation of income and economic activity, and the name and location of all our business entities.

The OECD developed the BEPS framework to address concerns that some countries have raised about multinational companies using tax planning strategies that shift profits to low-tax jurisdictions where there are limited business activities. Elements of the BEPS framework have been implemented in a number of jurisdictions. For example, in 2013 the European Union passed a law requiring country-by-country public reporting by all payments to governments from upstream entities. An update to the 2013 legislation is currently being considered focused on tax payments and broadening the scope to include downstream entities. This change will likely complete the legislative process by mid-2018.

While reporting to the IRS is confidential, there is a risk that when this detailed information is shared with other governments under tax treaties, the information may become public. A response strategy is in place in the event the information becomes public. The strategy includes a risk assessment for each country, a response plan, holding statement, key messages and Q&A. Country teams have been briefed and are preparing in case of inquiries from government stakeholders.

Dodd-Frank

In February 2017, President Trump signed into law a resolution under the Congressional Review Act revoking Dodd-Frank Section 1504 regulations. The new law requires the Securities Exchange Commission (SEC) to submit a revised rule in early 2018 that is not substantially similar to the previous rule. The SEC has indicated that it is working on a new rule and is interested in industry input.

Privileged – First Amendment

Extractive Industry Transparency Initiative (EITI)

EITI is a multisector voluntary initiative formed in 2000 to promote anticorruption by making public the payments to host governments from the extractives sector. Chevron continues to hold a seat on the Global EITI Board. Additionally, the Company operates or has a non-operated working interest in 16 of the 51 EITI-implementing countries (including Indonesia, Kazakhstan, and Nigeria). Chevron has been actively involved in shaping the initiative in Mexico, which was accepted as an EITI candidate country during the Global Board meeting in October.

In the U.S., Chevron has been actively engaged in the U.S. EITI Multi-Stakeholder Group which implemented EITI by reporting on payments to the U.S. Department of Interior (DOI) for extractive activities related to federal public lands and waters.

In November, DOI formally withdrew as an EITI implementing country, though the United States will continue to hold a seat on the board through the Department of State. U.S. withdrawal was due, in part, to a recent DOI Inspector General's report concluding that the U.S. could not meet EITI requirements due to low rates of disclosure of nontax and tax payments by companies.

As a result of the U.S. withdrawal from EITI, Chevron may receive negative attention, as the company was one of several who chose not to voluntarily report cash taxes paid to the IRS. Chevron is prepared with a media response.

Environmental, Social and Governance (ESG) Reporting
Chevron publishes information about its ESG performance and policies primarily in the annual *Corporate Responsibility (CR) Report Highlights* and on chevron.com. This year we will include more information on human resources and human rights, including: employee engagement scores from the Chevron Employee Survey (CES); workforce training, employee development, and mentorship programs; increased detail on Labor Relations Policy 256; human rights training; and increased detail on our consideration of indigenous peoples' issues and engagement.

The Task Force on Climate-Related Financial Disclosures (TCFD) released their final recommendations in June. Since that time, over 100 companies, representing over U.S. $3 trillion in market capitalization, have signed a statement committing to voluntarily support the recommendations of the TCFD.

The financial sector, including a number of Chevron's top investors and the two largest credit ratings agencies, have stated support for the TCFD recommendations.

In addition, a number of countries are encouraging, and some are requiring, companies listed in those jurisdictions to report against the TCFD framework, including France, the UK, and the EU. Australian, Dutch, Danish and German governments are looking at the effects of carbon exposure to financial stability.

The Sustainability Accounting Standards Board (SASB), a non-governmental organization, has announced plans to incorporate the TCFD framework into their reporting standards, and has released their draft framework for public comment until the end of 4Q2017. Importantly, SASB has relaxed their materiality and reporting guidelines to allow companies to determine materiality and report their data outside of mandatory SEC filings.

Privileged – First Amendment

Off-Oil Activism
The off-oil and gas movement continues to pursue the same strategic objective: vilify the fossil fuel industry and convince the public and other sectors that fossil fuels are not necessary to power society. In the U.S., activists and off-oil NGOs have maintained momentum and support since President Trump assumed office by pursuing a localized, grass-roots, anti-fossil fuel agenda, while continuing to fundraise for global issues. This includes initiatives such as the Sierra Club's "Ready for 100" campaign which has secured commitments from over 150 U.S. mayors in 33 states to power their cities with 100% renewable energy by 2050. While the cities that have joined the campaign share a common aspirational goal, it is uncertain how these jurisdictions will meet their commitments.

At the state level, groups such as the U.S. Climate Alliance are creating bipartisan coalitions of state governors to support climate actions in line with the goals of the Paris

Agreement. Fifteen governors have joined, including California and Colorado. Although these are non-binding initiatives, they are indicators of potential state-level legislation and regulation designed to accelerate the transition to a lower carbon economy.

The Under2 Coalition, comprised of subnational jurisdictions around the world that are committed to reducing their greenhouse gas emissions 80-95% below 1990 levels or two metric tons of CO2 equivalent per capita, continues to add members. The Coalition now includes 187 jurisdictions on six continents representing more than 1.2 billion people. Recent polling from the Associated Press and the University of Chicago suggests most Americans support subnational jurisdictions enacting policies to reduce greenhouse gas emissions. Their polling indicates that 57% of Americans favor local governments and jurisdictions doing more to reduce greenhouse gas emissions, while only 10% say they should do less. However, the results also show that Americans are evenly divided as to whether they are willing to pay an additional dollar on their electric bill to lower the country's emissions.

Recent hurricanes have amplified the discussion about the potential role of climate change in extreme weather events. Hurricane Maria and the near-total destruction of Puerto Rico's power grid currently underpins the fund-raising of activists advocating for the replacement of fossil fuels as the foundation for a resilient energy infrastructure. Private sector renewable firms are stepping in amid calls for a "resilient" approach to rebuilding Puerto Rico. Tesla has committed to send hundreds of battery packs to Puerto Rico to help restore electric power, and to train local battery installation teams. Finally, activists are promoting their belief that distributed, renewable energy production, coupled with backup battery storage, is more resilient to extreme weather than a power grid reliant on fossil fuel production.

In Europe, we expect NGO activity to increase in the coming months as the European Union (EU) is developing policies to integrate sustainability considerations in the EU's financial framework and steer capital flows to 'sustainable investment.' Examples include incorporating sustainability considerations into company ratings, revising corporate governance requirements, increasing transparency requirements for listed companies, defining 'green bonds' and setting up a new body to match investors with infrastructure needs. Several NGOs are part of the ad-hoc group established by the European Commission making policy recommendations, which are likely to only impact companies registered in the EU.

In Australia, once Gorgon and Wheatstone are fully operational, ABU will be ranked in the top 10 of Australia's largest greenhouse gas emitters, which may attract stakeholder activism. Gorgon's CO_2 Injection Project provides a degree of risk mitigation to such activism.

Privileged – First Amendment

Privileged – First Amendment

Global Social Investment

Chevron's global social investment (SI) spend continues to be driven by the current business environment and support for communities where we operate. Our forecasted spend for 2017 is approximately $185MM, flat with 2016 actuals, and a 33% reduction from a high of $274MM in 2013. Our planned spend for 2018 is $188.7MM, a 2% increase resulting from business driven increased activity in Upstream partially offset by reductions elsewhere.

SI Approach

The 2017 forecasted SI in the U.S. is approximately $94.5MM. Areas of significant investment internationally included: Nigeria ($24.6MM), Eurasia ($28.7MM), Thailand ($7.4MM), and Australia ($4.5MM). In addition, large global and regional programs continued in 2017, such as the University Partnership Program ($17MM) and Fuel Your School ($6MM).

Chevron's SI Monitoring and Evaluation program progressed in 2017 capturing the business value and social impact of our 2015-funded projects of scale. Results include:

- 96% of reported projects met or exceeded their primary business objectives, an increase of 4% from the previous year.
- 64% of the reported projects selected 'making Chevron the Partner of Choice' or 'maintaining the social license to operate' as their primary business objective.
- 95% of the reported projects met or exceeded expectations for addressing stakeholder priorities.
- Aggregated global metrics include: 27MM project beneficiaries; 2900 institutions positively impacted; over 400 public awards; and 715 partners leveraged for additional cash or in-kind donations.

Project metrics and assessments are approved at the appropriate local business level. Monitoring and evaluation reporting for 2016-funded projects will be completed in Q1 2018.

SI Focus Areas

For 2018, approximately 65% of the SI budget is allocated across these core themes, a 4% increase over 2017 driven by large items such as the Egilik community development program in Kazakhstan and Chevron Humankind.

Health

In 2017, Chevron business units are forecasted to spend over $12MM to continue its work with partners in the fight against devastating diseases. Legacy programs focused on Prevention of Mother-to-Child Transmission of HIV/AIDS were active throughout 2017 leveraging 2016 funding.

Education

Chevron's SI strategy for education continues to involve a leadership role in improving STEM education through awareness, curriculum, teacher training and advocacy. In 2017, Chevron's forecast spend is more than $70MM to education worldwide. This includes $17MM for the continuation of the University Partnership Program, $13MM for corporate education programs (Project Lead the Way, Fab Foundation, and Fuel Your School), and $6MM for the Thailand Partnership Initiative (Enjoy Science). In 2018, Chevron plans to continue its robust global support of education aligned with business needs.

Economic Development

Chevron's economic development strategy

continues to focus on providing training, promoting employment, and enhancing livelihoods in the communities where we operate. In 2017, Chevron's forecasted spend is more than $30MM globally with major initiatives in Nigeria ($10MM), Appalachia ($2MM), Bangladesh ($2MM), and Kazakhstan ($1MM). In 2018, Chevron plans to continue investment in economic development, including adjustments based on changes to our asset portfolio.

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 trade agreements.

Overview of the Trump Administration and Congressional Agenda
Working with the Administration
The Administration continues to pursue the Trump campaign's commitments to tax and regulatory reform, domestic energy, immigration, trade, and healthcare. Privileged – First Amendment

Privileged – First Amendment

Since the first 100-day actions by Congress and the President, some reform efforts are now moving through the formal regulatory process. Many of these efforts are also linked to actions in federal courts, as pending and new lawsuits challenging reforms are adjudicated.

President Trump's Energy Agenda
The President's energy agenda is focused on: (1) supporting U.S. oil and gas production; (2) providing tax and regulatory reforms; (3) spurring infrastructure development; and (4) resetting U.S. climate policy. Using executive authority, the President has: (1) required the review, revocation, or revision of 24 Obama Administration actions; (2) directed each federal agency to establish a task force and develop a report on actions to streamline regulations; and, (3) directed 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.

In the second half of the year, energy-related policy work has largely been focused on rescinding or revising potentially costly and ineffective climate and environmental regulations, such as the Clean Power Plan; the Ozone Rule; and the Waters of the U.S. Rule.

Tax Reform
Tax reform continues to be a major priority for Congress and the Administration. On October 26, the House adopted the Senate-passed FY2018 Budget Resolution containing reconciliation instructions allowing the Senate to pass tax reform legislation with a simple majority. The House released legislative language on tax reform on November 2 and is expected to pass legislation the week of November 13. The Senate is scheduled to release legislative language as early as November 9.

The bill released by the House is generally favorable to Chevron. It retains the last-in, first-out accounting method and expensing of intangible drilling costs. It also allows the use of foreign tax credits to offset any deemed repatriation of foreign earnings. It is expected the Senate version will have a number of substantive differences. Privileged – First Amendment

Privileged – First Amendment

Privileged – First Amendment

The Administration and Congressional leaders remain optimistic that tax reform can be accomplished by the end of 2018, but obstacles remain. Privileged – First Amendment

Privileged – First Amendment

U.S. Federal Climate Policy

The Trump Administration has made some effort to roll back Obama Administration climate policies. For example, in October 2017, EPA proposed changes to calculations related to the Social Cost of Carbon (SCC). The changes would modify the scope of the guidelines from potential global damages to only those within the U.S., and use a higher range of discount rates, which would reduce the present value of future costs associated with CO2. Litigation on the SCC is expected.

The Administration is also pursuing policies to promote coal, which if implemented could negatively affect natural gas market share and potentially slow recent trends of GHG reductions. In September 2017, DOE Secretary Rick Perry requested that the Federal Energy Regulatory Commission develop a rule that would compensate certain fuels (i.e., coal) for the "resiliency and reliability" they add to the power grid. Privileged – First Amendment

Privileged – First Amendment

Clean Power Plan

In October 2017, EPA issued a notice of proposed rulemaking to repeal the Clean Power Plan (CPP). The CPP was the Obama Administration's signature policy to reduce power plants' GHG emissions 32% by 2030, as compared to 2005 levels. EPA did not indicate when, or how, it plans to replace the rule. It will face additional litigation from environmental groups and some states. CPP litigation is still pending in the U.S. Court of Appeals for the D.C. Circuit, following the Supreme Court's stay of the rule in 2016. Chevron is monitoring CPP developments.

Methane

The Administration has begun efforts to delay, reconsider and replace elements of both EPA's new source performance standard for methane emissions and the Bureau of Land Management's Methane and Waste Prevention rule. Reconsideration and replacement requires a new formal rulemaking process and will likely face legal challenges filed by environmental NGOs and some states.

As these rules are being reconsidered, environmental NGOs are shifting their methane focus to influencing investors using, for example, the United Nations Principles for Responsible Investment, which includes a new methane disclosure guideline. Additionally, several socially responsible investors are publishing surveys, and hosting workshops and company engagements focused on methane management. On November 1, several of our competitors, mostly state-owned, announced their intention to move towards a "near zero" methane emissions target.

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

Privileged – First Amendment

RFS
Repeal or significant reform of the Renewable Fuel Standard (RFS) remains unlikely in the near term, without strong backing from both parties in Congress. Without Congressional action, any near-term progress on the RFS remains with EPA. Privileged – First Amendment

Privileged – First Amendment

After ongoing pressure from Republican Senators, in October, EPA Administrator Pruitt indicated that the final 2018 Renewable Fuel Standard volumes will be at or above proposed levels. Privileged – First Amendment

Privileged – First Amendment

California Climate Policy and Litigation
California continues to pursue an aggressive and costly climate policy agenda that began in 2006 with AB 32, the Global Warming Solutions Act, and was amplified in 2016 with the passage of SB 32, which established a state-wide GHG reduction target of at least 40 percent of 1990 levels by 2030.

In July 2017, California passed more climate legislation with a 2/3 vote that provided for the post-2020 extension and reform of cap and trade. Cap and trade is more cost-effective than direct regulations in meeting the aggressive 2030 GHG emission reduction goal.

Privileged – First Amendment

Privileged – First Amendment

CARB is expected to release its final Scoping Plan by the end of 2017. The Scoping Plan will reflect how CARB will implement the climate bills' cost mitigating provisions, such as price floors and ceilings, banking of credits, and use of offsets. Chevron will continue to advocate for regulations that balance environmental goals, cost effectiveness, and energy security.

International Climate Policy
As of November 2017, 169 countries, representing 87 percent of global GHG emissions, have ratified or formally accepted the Paris Agreement. However, a number of countries, including the U.S., the EU, Japan, and South Korea, are not on track to meet their pledged emissions goals. Projected emissions under current policy frameworks are well above emissions targets pledged under countries' Nationally Determined Contributions (NDCs).

In 2018, parties to the Paris Agreement will report on progress made in developing a policy mix to meet NDCs, as well as emissions reductions. In some countries, failure to make progress on meeting emissions targets could pressure policymakers to increase policy stringency. This could include raising carbon prices or lowering emissions caps, expanding the scope of sectors covered under carbon pricing, or implementing more direct regulations.

Countries representing nearly 60 percent of global GHG emissions have indicated plans to implement some form of carbon pricing. In addition, some jurisdictions are also pursuing new direct regulations, including policies related to the adoption of electric vehicles. For example, policymakers in eight jurisdictions announced future bans on vehicles with internal combustion engines, with implementation dates ranging from 2025 to 2040.

In Canada, the national 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 moving forward with emissions reductions. The Singapore government continues on a path to implement a carbon tax by 2019. In China, despite delays, plans to consolidate its regional ETS are progressing, making it the world's largest ETS.

Chevron continues to work with policymakers in alignment with our Climate Change Policy Principles. Privileged – First Amendment

Privileged – First Amendment

Environmental Policy

The Administration's environmental policy agenda is primarily focused on regulatory reform efforts. The Administration has signaled its goal is to return power to the states and create an environment where jobs can grow.

Waters of the U.S.

In February 2017, President Trump signed an executive order requiring the EPA and the Army Corps to review the "Waters of the United States" Rule and consider rescinding or revising the rule. In June, EPA and the Army Corps of Engineers issued a proposed rulemaking to rescind the May 2015 rule. Chevron commented, through trade associations, in support of the rescission. A second rulemaking to redefine which waterways fall under federal jurisdiction is expected in early 2018. Chevron is continuing to monitor and provide support for API advocacy efforts.

Ozone

The 2015 Ozone National Ambient Air Quality Standard (NAAQS) is currently under litigation, including suits supported by Chevron and the energy industry. The standard was finalized in October 2015 and lowered the ozone limits from 75 ppb to 70 ppb. If implemented, 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.

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

Privileged – First Amendment

Privileged – First Amendment It is unclear whether Congress will be able to pass a bill that addresses NAAQS.

Sanctions

The Trump Administration and Congress continue to use sanctions to raise costs on state actors and individuals who violate international law. Privileged – First Amendment

Privileged – First Amendment

Russia

The political imperative to punish Russia remains high over interference in the 2016 U.S. presidential election. In August 2017, President Trump signed into law new sanctions, which passed by veto-proof margins in both the House and Senate. Privileged – First Amendment

Privileged – First Amendment

Venezuela
In addition to existing sanctions on individuals, on August 25, 2017, the Administration imposed financial sanctions prohibiting, among other measures: (1) U.S. persons and entities from participating in the distribution of profits from subsidiaries controlled by the Venezuelan Government; and (2) U.S. entities from issuing new debt to PDVSA with a maturity of greater than 90 days. The measures impacted Chevron projects in Venezuela, such as Petroboscan and Petropiar. Privileged – First Amendment

Privileged – First Amendment

Iran, North Korea, and Myanmar
Consistent with campaign promises and/or in response to foreign policy developments, sanctions remain part of the foreign policy toolkit. In October 2017, President Trump announced he would not certify to Congress Iran's compliance with the Iran nuclear agreement, thereby shifting to Congress the question of re-imposing sanctions.
In September, President Trump signed Executive Order 13810 that broadens the Treasury Department's authority to sanction foreign entities trading with, or providing financing to, North Korea. Congress has passed sanctions and is considering additional measures.

Due to ongoing violence against the Rohingya in Rakhine State by Myanmar's military, there is an increased possibility the U.S. Government might impose individual sanctions against Myanmar military officials. At present, there is no discussion of possible sectoral sanctions against Myanmar.

Chevron continues to monitor primary and/or secondary sanctions related to these three countries to mitigate any direct or indirect impacts to our business.

International Trade
The Trump Administration has begun renegotiating NAFTA and has taken other major actions on trade. As of October, four rounds of NAFTA talks have been completed, with little progress to show. Despite business community calls for strong investment protections, including investor-state dispute settlement (ISDS) provisions, USTR is proposing an "opt in" approach that would allow for each NAFTA partner to decide for itself whether to be bound by ISDS. These changes would seriously downgrade the quality of investment protection within NAFTA. The parties agreed to extend the negotiation period until an undisclosed month of 2018.

In addition, the Administration is currently revisiting all U.S. Free Trade Agreements to focus on enforcement and reduce persistent U.S. trade deficits. It is now in discussions with the Korean government on improving the U.S.-Korea Free Trade Agreement after receiving stiff opposition from Congress, associations, and companies on its decision to withdraw.

The President's January 2017 request to the Commerce Department to develop a plan mandating the use of U.S. manufactured steel in new pipeline projects and complete an investigation into steel imports remains delayed due to domestic and international opposition and the current focus on passing tax reform.

Work on the Administration's "Buy American" steel pipeline proposal is on indefinite hold.

Privileged – First Amendment

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.

Governance
Audits confirm that the political compliance program has strong governance policies and procedures in place. For example, earlier this year the state of California audited Chevron's state level lobbyist employer and associated lobbyists reports for the period January 1, 2015, through March 31, 2017. The completed audit found that the reports and statements filed by the company were substantially accurate and complete as required by the Political Reform Act. Each year the Vice President, PGPA provides an assessment of the enterprise-wide risk associated with political contributions and U.S. lobbying activities. For 2017, the risk level and control effectiveness were both rated "high" by the Vice President.

Privileged – First Amendment

Privileged – First Amendment

Slides Not Included in Director's Pre-read

Chevron

human energy

Global Issues Update

Board of Directors
Public Policy Committee

Jennifer Ganten
General Manager, PP&CR

Joe Naylor
Vice President, PGPA

San Ramon, CA December 5, 2017

Human rights

Chevron human rights engagement objectives:

- identify and understand business and reputational risks;
- manage increasing external pressure for greater human rights performance disclosure; and
- **Privileged – First Amendment**

Recent human rights legislation & initiatives

- U.K. Modern Slavery Act
- Australian Modern Slavery Act proposal
- UN Treaty on Business and Human Rights

Ongoing engagements

Privileged – First Amendment

- Stockholders
- Civil society
- UN stakeholders
- U.S. and other governments
- Voluntary Principles Initiative

Revenue transparency

Chevron revenue transparency strategic objectives:

- identify and understand business and reputational exposure;
- manage increasing external pressure for financial reporting; and
- **Privileged – First Amendment**

Major reporting initiatives and activities

- Extractive Industries Transparency Initiative (EITI)
- OECD Base Erosion and Profit Shifting (BEPS)
- EU Accounting Directive
- Canada: Extractive Sector Transparency Measures Act (ESTMA)
- U.S. Dodd-Frank Sec. 1504

ESG reporting

Chevron's environmental, social and governance (ESG) reporting objectives;

- Voluntarily report information that reflects the company's salient ESG risks and performance; and
- **Privileged – First Amendment**

Privileged – First Amendment

Corporate Responsibility Reporting

- Report to all 2015 IPIECA Sustainability Guidance indicators
- Reference and link to *Managing Climate Risks* Report
- Report new data and narrative on human rights and human resources
- Map CR reporting to the United Nations Sustainable Development Goals

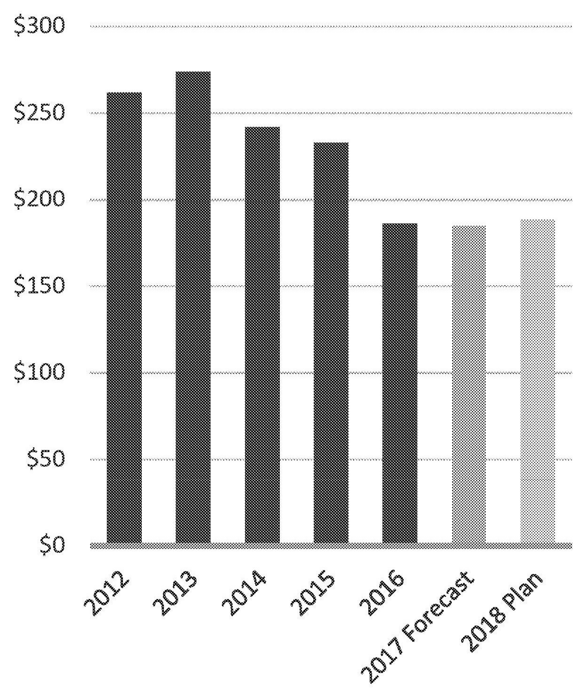
Recent disclosure trends

- Task Force on Climate-related Financial Disclosures (TCFD)
- Sustainability Accounting Standards Board (SASB)
- United Nations Sustainable Development Goals (UN SDGs)

Social investment: taking stock

Social investment spending

Millions, companywide



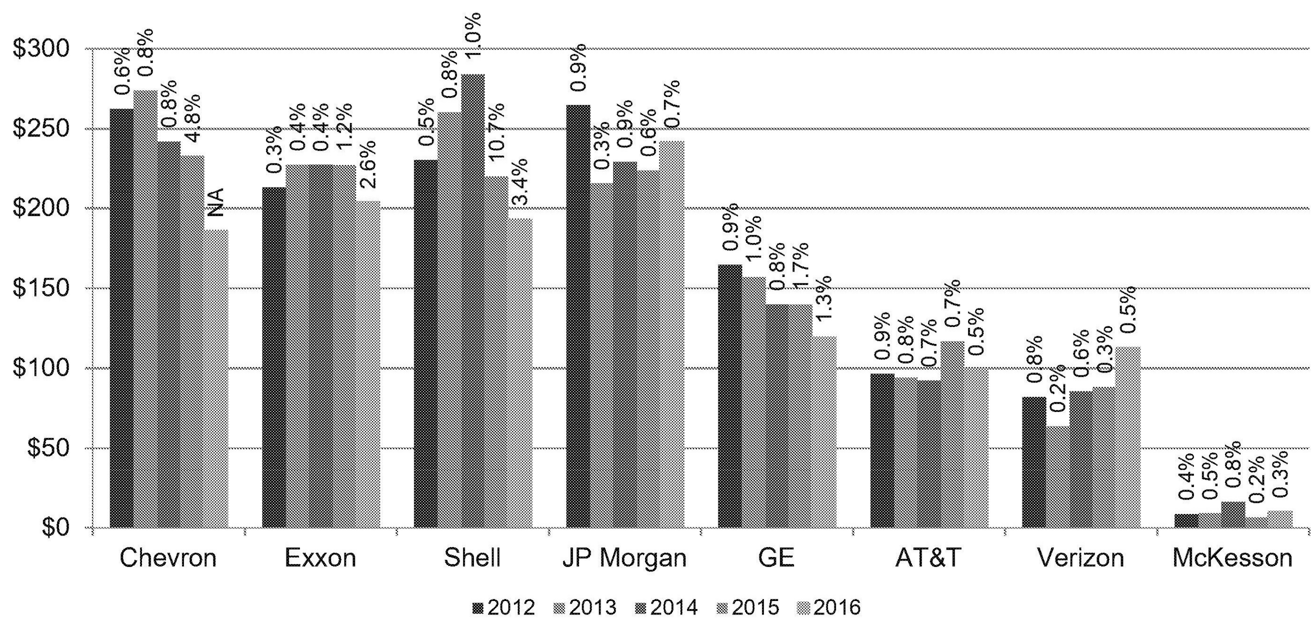
Good governance

Ensuring program alignment with strategies, commitment authorities, and compliance

- Corporate policies 190 and 330
- GIFTS online system
- Excom reporting thresholds
- Monitoring and evaluation

Social investment benchmarking

Social investment ($MM) and percent of pre-tax profit
Revenue greater than $100B



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

Social investment monitoring and evaluation (M&E)

Project Assessment Criteria: business objectives, target social impact metrics, business unit social investment and stakeholder objectives

- 96% met or exceeded objectives, an increase of 4% from the previous year
- 70% of spend within core themes of economic development, education, and health – flat with 2014

Key standardized metrics in aggregate for 2015 reported projects
(project metrics and assessments are approved at the local business level)

Metric	Total
Number of project beneficiaries	27MM
Government institutions or nonprofits positively impacted	~2,900
Number of *potential* media impressions* (traditional and social)	453MM
Public awards received by projects	423
Attendance at public events associated with projects	1.7MM

*Based on total reach of broadcasts, publications, and platforms.

Privileged – ACP/WP

Discussion

Tab 3

Information Item: Public Policy Issues Brief

Global Issues & Public Policy
Key Country Summaries

Board of Directors
Public Policy Committee

December 5, 2017

<table>
<tr><th></th><th colspan="2">Net PP&E & Equity Investment (12/31/2016) [1]</th><th colspan="2">3-Year C&E (2017-2019)</th><th colspan="2">Upstream Production OEG (MBD, 2016)</th><th colspan="2">Net Income (2016) [2]</th></tr>
<tr><td></td><td>$B</td><td>%</td><td>$B</td><td>%</td><td>Net OEG</td><td>%</td><td>$B</td><td>%</td></tr>
<tr><td>1. United States</td><td>60.0</td><td>28.2</td><td>24.1</td><td>44.2</td><td>691</td><td>26.6</td><td>(2.7)</td><td>-</td></tr>
<tr><td>2. Australia</td><td colspan="8" rowspan="12">Redacted – Business Confidential (competitive financial information) (non-U.S.)</td></tr>
<tr><td>3. Nigeria</td></tr>
<tr><td>4. Kazakhstan</td></tr>
<tr><td>5. Canada</td></tr>
<tr><td>6. Angola</td></tr>
<tr><td>7. Thailand</td></tr>
<tr><td>8. Indonesia</td></tr>
<tr><td>9. United Kingdom</td></tr>
<tr><td>10. South Korea</td></tr>
<tr><td>All Other</td></tr>
<tr><td>Total</td></tr>
</table>

1. Investment reflects Book Value (not Fair Value)
2. Net Income includes interest and foreign exchange impacts, as well as operational earnings (Updated annually; last updated July 2017)

United States

Major Projects/Resource Plays

- Upstream, downstream and chemical assets: (heavy oil resources) San Joaquin Valley CA; (offshore) Gulf of Mexico; (shale, tight and conventional resources) West TX/SE NM; PA/OH.
- Downstream assets: Richmond, El Segundo, Pascagoula and Salt Lake refineries.

Environment

The Trump Administration continues to pursue regulatory and tax reform, and reopen trade agreements, to boost economic growth and promote domestic manufacturing and energy production. The Administration's first ten months have seen few legislative accomplishments and numerous issues, including investigations into Russia's involvement in the 2016 election, tensions with North Korea and Iran, and strains between the White House and the Republican Party.

Domestic Legislative/Regulatory Risk

The Administration continues to use executive authority to pursue regulatory reform to slow or reverse Obama-era climate change regulations, and push energy policies that may benefit coal and nuclear at the expense of natural gas. In Congress, the focus is on healthcare, tax reform, upcoming December fiscal deadlines, nominations, and investigations; there has been little legislative attention on energy issues.

External Stakeholder Action

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Geopolitical Risk

Regional conflicts and/or tensions in Asia, the Middle East and Eastern Europe, combined with ongoing security threats presented by terrorism, contribute to a complex geopolitical landscape. President Trump's focus on renegotiating trade deals, issuance of new sanctions, and his uneven approach towards regional alliances have increased tensions.

Revenue Transparency

In March 2017, the Department of Interior (DOI) announced plans to discontinue U.S. Extractive Industries Transparency Initiative (USEITI) Multistakeholder Group meetings, formally withdrawing on November 2, with a letter to the EITI Chairman. DOI will continue to publish company payment data on its website.

In 4Q2017, under a new IRS regulation, Chevron will file a report on our complete corporate structure, tax payments, profits/loss, and employees in all countries where we operate. This report is required under the OECD's Base Erosion & Profit Shifting (BEPS) framework, developed to address concerns some countries have raised regarding multinational companies' tax planning strategies shifting profits to low-tax jurisdictions with limited business activities. The reporting is confidential, but will be shared by the IRS with other countries, enabling governments to understand tax payments made by companies, and to seek action against those companies that they believe are not paying adequate taxes for their level of economic activity. There is also a chance that the data may become public through an unauthorized disclosure. A cross-functional team has defined country-specific risks and developed messaging to be used on a reactive basis only.

Australia

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

Nigeria

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Kazakhstan

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Thailand

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Indonesia

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United Kingdom

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

Republic of Korea

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

Venezuela (added in 2017)

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