



**Dale A. Walsh**  
Vice President, Corporate Affairs

March 18, 2020

Dr. Wanda M. Austin, Chair  
Dr. Alice P. Gast  
Mr. Enrique Hernandez, Jr.  
Ms. Debra Reed-Klages

Public Policy Committee Meeting  
March 24, 2020

I include in this distribution the agenda and supporting materials for the meeting of the Public Policy Committee at 9:15 a.m. (PT) on Tuesday, March 24, 2020, by video conference.

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

- Update on stockholder proposals;
- Update on environmental performance;
- Update on environmental remediation;
- Update on environmental reserves and liabilities;
- Update on water conservation; and
- Update on divestment.

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

Best regards,

A handwritten signature in black ink that reads "Dale A. Walsh".

Enclosures

cc: Michael K. Wirth  
Mary A. Francis

Corporate Affairs  
Chevron Corporation  
6001 Bollinger Canyon Road, San Ramon, CA 94583-2324  
[REDACTED]

**CHEVRON CORPORATION  
PUBLIC POLICY COMMITTEE**

**AGENDA**

**MARCH 24, 2020, 9:15 – 10:15 A.M. PT  
BY VIDEO CONFERENCE**

<b>Time</b>	<b>Topic (Presenters)</b>	<b>Tab</b>
<b>9:15 – 9:20 am</b>	<b>Minutes * (Chair)</b>  Review and approve the minutes from the January 28, 2020 joint PPC and BN&GC meeting.	<b>1</b>
<b>9:20 – 9:25 am</b>	<b>Update on Stockholder Proposals (Michael Rubio)</b>	<b>2</b>
<b>9:25 – 9:45 am</b>	<b>Environmental Stewardship Update (David Payne)</b>  Discuss management approach and key environmental issues that could affect Chevron's activities and performance, including environmental performance, remediation, environmental reserves and liabilities, and water conservation.	<b>3</b>
<b>9:45 – 10:00 am</b>	<b>Divestment Issue Update of Work in Progress (Dale Walsh and Pierre Breber)</b>	<b>4</b>
<b>10:00- 10:05 am</b>	<b>Public Policy Committee's Performance Self-Evaluation (Chair)</b>  Review Section 1V, Questions 21 and 25, of the 2020 Board and Board Committee Performance Evaluation Summary and the 2020 Public Policy Committee Checklist	<b>5</b>
<b>10:05 – 10:15 am</b>	<b>PPC Executive Session</b>	
<b>10:15 am</b>	<b>Adjourn</b>	

\* Items needing motion, second, and approval.

# **Tab 1**

# **Minutes**

**CHEVRON CORPORATION  
JOINT MEETING  
OF THE  
BOARD NOMINATING AND GOVERNANCE COMMITTEE  
AND THE  
PUBLIC POLICY COMMITTEE  
JANUARY 28, 2020**

**MINUTES**

Members present:

Wanda M. Austin, Chairperson  
Ronald D. Sugar, Chairperson  
Alice P. Gast  
Enrique Hernandez, Jr.  
Debra Reed-Klages  
D. James Umpleby III

Dr. Austin and Dr. Sugar co-chaired the meeting. Also in attendance were Mary Francis, Dale Walsh, Michael Rubio, Kari Endries, and Chris Butner.

The Public Policy Committee reviewed and approved the minutes of the Public Policy Committee's December 3, 2019, meeting.

The Board Nominating and Governance Committee and the Public Policy Committee then reviewed the stockholder proposals submitted to the Corporation to be voted on at the 2020 Annual Meeting of Stockholders and the draft Board responses to the stockholder proposals for inclusion in the 2020 Proxy Statement. The Committee members had a full discussion on each stockholder proposal and draft Board response, as well as the related activities of the stockholder engagement program. After fully considering each of the proposals and the draft statements in response, the Committees determined to recommend that the Board adopt the following resolutions at the January Board meeting:

**RESOLVED:** That the 2020 Annual Meeting of Stockholders of the Corporation shall be held on Wednesday, May 27, 2020, at 8:00 a.m. PT, in San Ramon, California; and be it further

**RESOLVED:** That the close of business on Monday, March 30, 2020, be and is hereby fixed by this Board of Directors as the record date for the determination of the stockholders entitled to vote at the 2020 Annual Meeting of Stockholders and any adjournment thereof; and be it further

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

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

**RESOLVED:** That the Board of Directors recommends that the stockholders vote against the following stockholder proposals: (1) report on lobbying; (2) adopt Paris-aligned strategy; (3) report on reducing total contributions to climate change; (4) support carbon pricing legislation; (5) create a Board Committee on climate risk; (6) report on climate lobbying; (7) report on petrochemical risk; (8) report on human rights practices; (9) set special meetings threshold at 10%; and (10) adopt policy for an independent chairman.

The Committees then discussed the fossil fuel divestment movement, including the various aspects of the divestment movement and the data covered in the pre-read materials provided to the Committees in advance of the meeting.

There being no further business, the meeting was adjourned.

Secretary of the Board Nominating and Governance Committee

Secretary of the Public Policy Committee

## **Tab 2**

# **Update on Stockholder Proposals**

## **Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

## **Tab 3**

# **Environmental Stewardship Update**

## ENVIRONMENT FOCUS AREA UPDATE

This brief highlights Chevron's environmental performance and continual improvement efforts, with a focus on trends and progress in the areas of petroleum spill volume, greenhouse gas (GHG) and sulfur oxides (SO<sub>x</sub>) emissions intensity, and freshwater withdrawals. Also summarized are asset retirement obligations, and, for key sites, remediation activities and 10-year spend forecast.

### Continual Improvement Efforts

In 2019, we began work on an enterprise Environment Focus Area Strategy. This strategy aligns with the updated OEMS and Environmental Principles, and will drive improvements in environmental performance across the enterprise through adopting a risk-based approach to protecting the environment and community health, focusing on:

- growing capability and fostering ownership;
- leveraging technology;
- enhancing digital innovation and analytics; and,
- setting environmental performance goals.

Also in 2019, all business units completed Risk Profiles that enable them to evaluate all types of OE risks, including those within the environment focus area. These profiles are helping the business units, and the enterprise as a whole, focus on safeguards that are designed to prevent high-consequence incidents that could impact the environment.

As in prior years, we also continued to apply new, proven and cost-effective technologies to mitigate environmental risks, support compliance and address asset retirement obligations. Examples of key advances in 2019 include the successful demonstration of our in-situ remediation Hotpad Technology to treat hydrocarbon impacted soils in our San Joaquin Valley business unit (SJVB), and the deployment of monitoring sensors that characterize air emissions in our U.S. refineries.

To address climate change risks to Chevron's business, we established four GHG emissions reduction goals for our Upstream operations in 2019. From 2016 to 2023, Chevron has pledged on a net equity basis to reduce:

- GHG emissions intensity from oil production by 5-10 percent;

- GHG emissions intensity from gas production by 2-5 percent;
- flaring intensity by 25-30 percent; and,
- methane emissions intensity by 20-25 percent.

These reduction targets are tied to the compensation of our entire executive team and approximately 45,000 employees.

Together with ongoing efforts to increase renewables in support of Chevron's business and investments in breakthrough technologies, these objectives are the foundation of our company's approach to the energy transition.

Already in 2019, we made significant progress towards lowering the carbon intensity of company operations with the startup of the carbon capture and storage project at Gorgon in the Australasia business Unit (ABU), and the completion of several cost-effective GHG abatement projects identified in the 2018 enterprise-wide Marginal Abatement Cost Curve (MACC) study.

Water management also continued to be a significant focus as businesses work to address potential risks associated with water shortages, supply disruption, and changing conditions such as rising sea levels. In 2019, we continued to make progress in:

- promoting the efficient use of water in water-constrained areas through conservation, reuse and recycling;
- reducing freshwater use by leveraging non-fresh sources of water, such as brackish, reclaimed and produced water;
- improving the quality of water data to enable peer benchmarking; and,
- reducing water-related costs and operational risks.

### Environmental Performance

Chevron's environmental performance relative to Global Benchmarking Group (GBG)<sup>1</sup> peers, as well as against our own performance targets or goals, is highlighted here. Despite some uncertainties associated with GBG methane and SO<sub>x</sub> data quality, GBG data does inform our performance relative to peers.

<sup>1</sup> GBG members, Chevron, ConocoPhillips, ExxonMobil, Shell, BP and Total, meet bi-annually to share best practices, and benchmark environmental, process safety and personal safety performance.

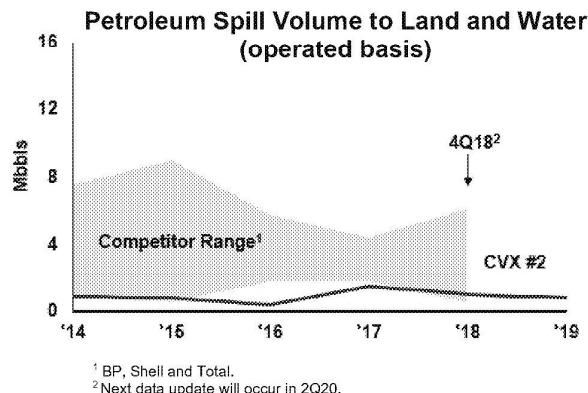
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## ENVIRONMENT FOCUS AREA UPDATE

Note that GHG emissions data is provided on an equity basis, where available, while data for the other metrics is shown on an operated basis.

Complete 2019 year-end results on key metrics will be provided in the May OE update brief.

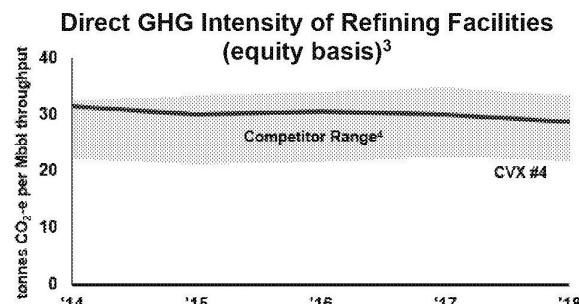
### Petroleum Spill Volume



Excluding volumes from sabotage and seep events, Chevron released a total of 0.79 Mbbls from 51 recordable spills in 2019, outperforming our annual target (1.0 Mbbls) and placing Chevron second amongst our industry peers based upon the most recent data available.

Hydrocarbon volume from all non-natural seep events that occurred on SJVBU's Cymric property in 2019 totaled 116 Mbbls, while volume from sabotage across the enterprise totaled 3.2 Mbbls.

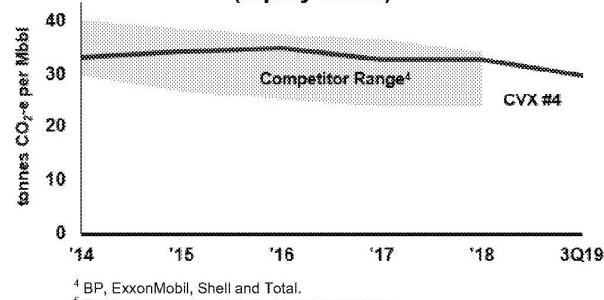
### Greenhouse Gas Emissions



The equity GHG intensity of Chevron's operated and non-operated refineries remains in line with our peers. Fuel combustion continues to be the largest source of GHG emissions from Refining, comprising approximately 75% of total emissions.

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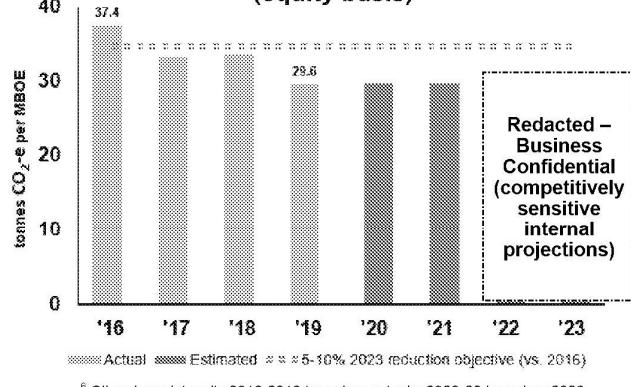
### Direct GHG Intensity of Upstream Facilities (equity basis)<sup>5</sup>



Chevron's Upstream equity GHG intensity was fourth amongst our peers. Through third quarter 2019, flaring generated approximately 15% of Upstream emissions, while approximately 70% of emissions were due to fuel combustion.

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### Upstream Oil GHG Intensity (equity basis)<sup>6</sup>

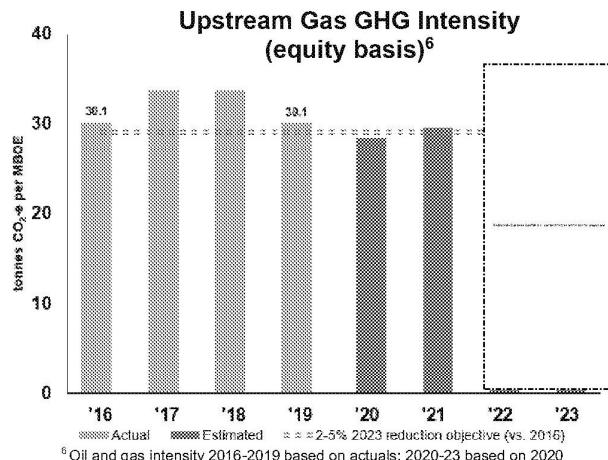


In 2019, Chevron reduced its Upstream oil net GHG intensity to 29.6 tonnes CO<sub>2</sub>e/MBOE.

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## ENVIRONMENT FOCUS AREA UPDATE

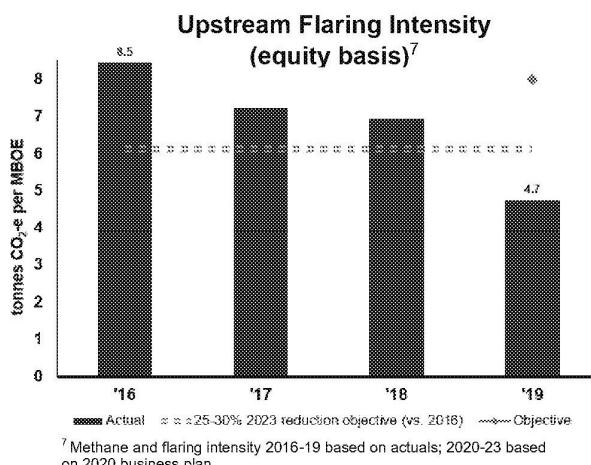
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Chevron's Upstream gas GHG intensity was reduced to 30.1 tonnes CO<sub>2</sub>e/MBOE in 2019.

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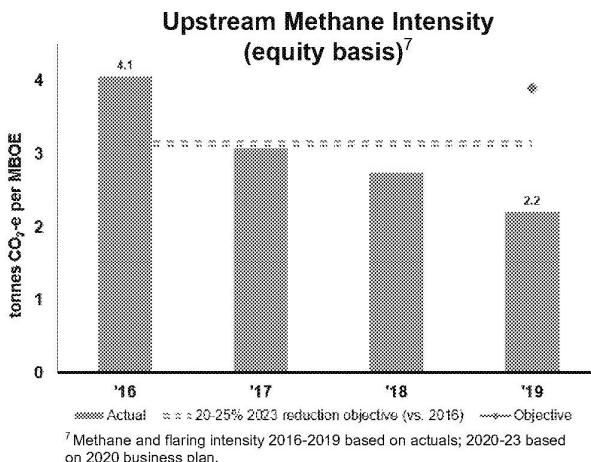
### Flaring



In 2019, Chevron reduced its Upstream flaring intensity to 4.7 tonnes CO<sub>2</sub>e/MBOE. **Redacted –**

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### Methane



## ENVIRONMENT FOCUS AREA UPDATE

In 2019, Chevron's Upstream methane intensity was reduced to 2.2 tonnes CO<sub>2</sub>e/MBOE.

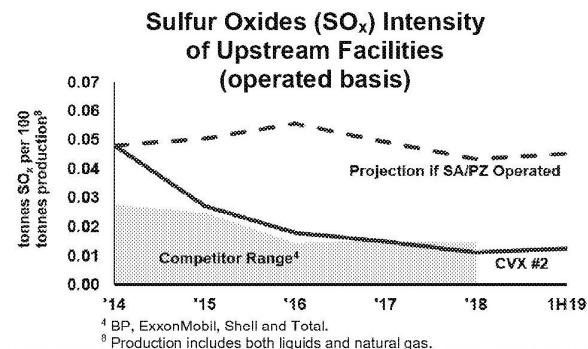
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We expect to see methane intensity increase in 2020 as a result of increased methane reporting from non-operated joint venture activities.

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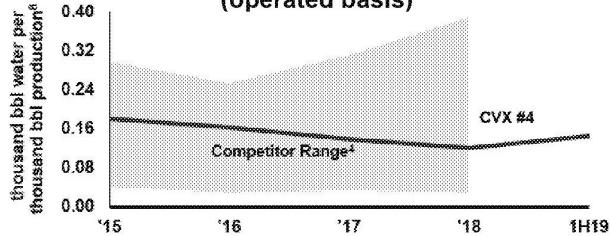
### Sulfur Oxides Emissions



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### Freshwater Withdrawn

#### Upstream Freshwater Withdrawn Intensity (operated basis)



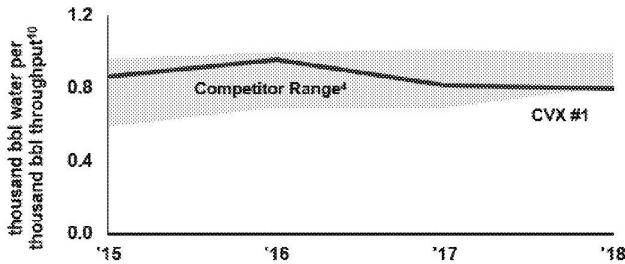
<sup>4</sup> BP, ExxonMobil, Shell and Total.

<sup>8</sup> Production includes both liquids and natural gas.

Chevron's freshwater withdrawn intensity within its Upstream operations has decreased by 19% from 2015 to mid-2019, placing us fourth amongst our peers.

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#### Refining Freshwater Withdrawn Intensity (operated basis)<sup>9</sup>



<sup>4</sup> BP, ExxonMobil, Shell and Total.

<sup>9</sup> Includes Richmond, El Segundo, Pascagoula and Salt Lake Refineries. Reclaimed water is included in the definition of freshwater for the purpose of this chart to ensure comparability between companies.

<sup>10</sup> Throughput includes crude oil and other refinery feed.

<sup>2</sup> Slightly salty water such as the mixture of river and sea water, not suitable for human consumption or agricultural use.

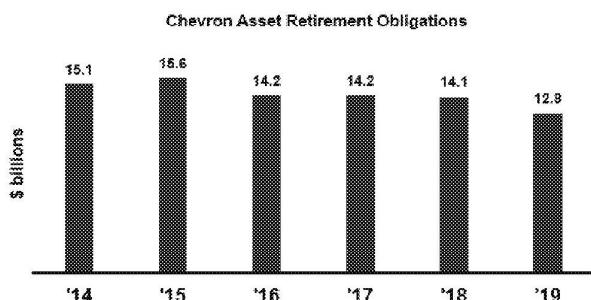
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## ENVIRONMENT FOCUS AREA UPDATE

The freshwater withdrawn intensity of Chevron's operated refineries is now leading relative to GBG peers. Redacted – Business Confidential (sensitive competitive information)

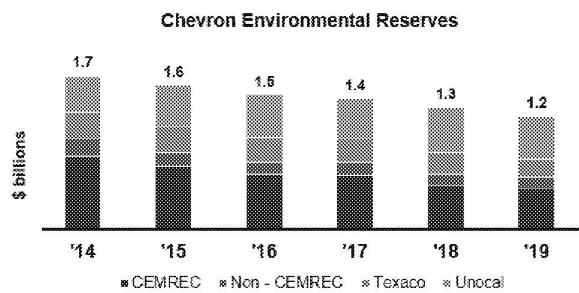
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### Asset Retirement Obligations



Chevron's total asset retirement obligation (ARO) at the end of 2019 was \$12.8B, slightly lower than 2018, of which \$12.1B was related to Upstream assets. In the near term, ARO balances are not expected to decline significantly due to the number of international assets reaching end of life and/or end of contract, which offset reductions associated with completions and cost efficiencies.

### Environmental Reserves



Chevron Environmental Management and Real Estate Company manages the reserve process for the majority of Chevron's environmental remediation liabilities, in addition to mitigating risks associated with site residual impacts. Total environmental reserves at the end of 2019 were \$1.2B.

## APPENDIX A: KEY U.S. PROJECTS

### Introduction

The following section summarizes Environmental Management Company's top 10 U.S. sites based on anticipated spend from 2020 to 2029. Spend related to remediation at these sites over the next 10 years is

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### Questa, NM

Questa, a former molybdenum mine located near the Village of Questa, NM, is primarily regulated under U.S. EPA Comprehensive Environmental Response Compensation & Liability Act (CERCLA/ Superfund) and various State of New Mexico agencies.

Environmental issues to be addressed include: remediation (collection and treatment) of ground and surface waters; demolition of unused surface facilities; and reclamation of the tailing facility and waste rock piles.

In 2019, \$75MM was spent to advance remediation and reclamation work at the site. Operation and maintenance of the water treatment plant continued, as well as further demolition of the tailing pipelines. Work commenced on the tailing facility reclamation pilot project construction and the engineering design for the waste rock pile reclamation pilot project.

In 2020, we plan to spend \$64MM to:

- continue operation and maintenance of the water treatment plant;
- complete the demolition of the tailing pipelines;
- complete the tailing facility reclamation pilot project construction;
- complete the engineering design for the waste rock pile reclamation pilot project; and,
- initiate contracting for construction services.

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### Legacy U.S. Pipelines

The U.S. Legacy Pipeline docket consists of a portfolio of approximately 948 miles of out-of-service and abandoned pipelines located in twelve states.

Work to date and ongoing activities include: confirming the location, identity, and ownership of legacy pipeline assets; negotiating county ordinances, franchise agreements, easements and quit claim deeds; assessing legacy pipeline conditions; and, conducting abandonment/removal activities of legacy pipeline(s) when mandated due to external stakeholder and regulatory drivers.

2020 planned spend is \$6MM.

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### Guadalupe, CA

The site is a 2,830-acre former Union Oil field (operated from 1947 to 1994) on the California Central Coast currently under a Cleanup or Abatement Order for soil and groundwater.

All production wells have been plugged and abandoned, and production facilities have been decommissioned. Remaining remediation work is focused on reducing long-term cost, with emphasis on optimizing impacted soil excavation and disposal activities as well as diluent recovery and treatment. In accordance with the site Cleanup or Abatement Order to keep the 2,830-acre property zoned as "permanent open space", opportunities to support end-use are limited and under internal evaluation.

2020 planned spend is \$17.7MM.

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### Michigan Oil Fields, MI

The project comprises a group of former Pure Oil Company/Unocal oil fields (operated from 1928 to the 1990s) located in Michigan that are remediated under the oversight of the Michigan Department of Environmental Quality.

Current work continues to include remediation of 20 to 25 areas per year, along with the plugging and abandonment of 10 to 15 wells per year.

2020 planned spend is \$18MM.

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## APPENDIX A: KEY U.S. PROJECTS

### Richmond, CA

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

A site-wide groundwater hydraulic containment system operates continually, and includes 200 sumps and pumps, and over five miles of below ground barrier walls. This hydraulic and physical barrier system is designed to prevent off-site movement of potentially contaminated groundwater.

2020 planned spend is \$3.0MM,

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### Lawrenceville, IL

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

Current work for the site includes ongoing negotiations with IEPA to obtain approval of the remediation Feasibility Study. Once the Feasibility Study is approved, IEPA will issue a Proposed Plan and a Record of Decision, and then we will negotiate a new Consent Decree. Other current activities include: removal and disposal of impacted sediments from the Primary Basin; operation of a bio-cell for on-site treatment of petroleum impacted soils; bench/pilot scale testing and data collection to support remedial design; and, site preparatory activities to facilitate future remedial action.

2020 planned spend is \$5.5MM

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### Oak Point (Belle Chasse), LA

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

The execution permit submitted in 2018 to the United States Army Corps of Engineers was approved late 2019. The final execution permit allows us to dewater, excavate and transport waste material and impacted soil in the Mississippi Riverbank to an offsite disposal facility as required by the Louisiana Department of Environmental Quality.

The 2020 scope of work includes: installation of water treatment system; construction of site support

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infrastructure; installation of first sheet pile dewatering cell; and, excavation and offsite disposal of buried waste material and impacted soils.

2020 planned spend is \$10.2MM.

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### Tosco Avon, CA

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

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

2020 planned spend is \$6.0MM

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### McKinley Mine, NM

The site is an over 50-square mile former surface coal mine in McKinley County, NM. The North Mine is on the Navajo Nation reservation and reclamation is overseen by the Federal Office of Surface Mining. The South Mine is mostly owned by the State of New Mexico and Chevron, with oversight by the State of New Mexico. Both remediation permits have recently been renewed.

The near-term work program includes: stabilization of a former highwall; construction of rock drainage channels; and, various types of earth moving work including erosion repair and re-vegetation.

2020 planned spend is \$8.0MM

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### San Luis Obispo (SLO), CA

This site is a 332-acre former Unocal tank farm property on the Central Coast of California (near the City of SLO).

The remediation is being coordinated with the State RWQCB and SLO County. Planned end use is designated as open space with partial redevelopment. Activities at the site include site-wide grading, excavation and capping of impacted soils, sensitive species habitat restoration, and groundwater monitoring.

Future reserve additions will be driven by availability of a local waste disposal facility and various permit conditions from federal and state agencies.

2020 planned spend is \$11MM

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## **Tab 4**

### **Divestment Brief**



## memorandum

To Dr. Wanda Austin  
From Dale Walsh  
Date March 18, 2020  
Re Supplement briefing on divestment and other ESG-focused investment strategies

This memorandum is a supplement to the January 13, 2020, memorandum on the divestment movement and is intended to provide additional information on recent developments and emerging risks associated with the shift of capital into ESG-focused investments. In addition to the divestment movement (i.e., asset manager liquidates Chevron stock solely on the basis of ESG concerns), there is a growing trend related to the shift in capital to ESG/sustainable investments. This emerging trend could affect Chevron's stock price and cost of capital. Both the divestment movement and the increase in ESG-focused investment reflect investors' increasing focus on ESG performance. Accordingly, Chevron is communicating more about its ESG efforts, enhancing our ESG engagement with investors to better understand their expectations, and taking action to continue as a leader in ESG performance.

This memorandum provides: (1) an overview of the divestment movement and the ESG-focused investment trend; (2) a description of ESG products like ESG Exchange Traded Funds (ETFs); and (3) a description of a scenario analysis to look at the potential effects of these trends. In the Appendix, we have included a table of the key actions that describe the strategies Chevron is developing and implementing to address the changing investor landscape.

### Landscape

The divestment movement continues to grow. This activity primarily stems from academic and pension institutions announcing strategies to divest from fossil fuels. For example, in February 2020, Georgetown University's Board of Directors announced the University would divest from public securities of fossil fuel companies within the next five years and divest from existing private investments over the next ten years.<sup>1</sup> Related to the divestment movement are efforts by large asset managers to deny financing to fossil fuels and shift capital to ESG/sustainable investments, due to increasing ESG demands from clients like large pension funds.

For example, in February, JPMorgan Chase announced it would not refinance loans on existing coal plants or provide money to companies whose primary business is coal mining. They will also facilitate \$250 billion in new investments aligned with the UN Sustainable Development Goals. BlackRock's annual CEO letter from Larry Fink, entitled "A Fundamental Reshaping of Finance," set forth the firm's sustainability initiatives that reflect the trend of reallocation of capital towards sustainable investments. As part of its strategy, BlackRock committed to double the number of ESG ETFs and to include ETFs with a "fossil fuel screen" that will enable investors to screen out certain sectors or companies.

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<sup>1</sup> <https://www.georgetown.edu/news/fossil-fuels-divestment-continues-georgetown-commitment-to-sustainability/>.

### **ESG Products**

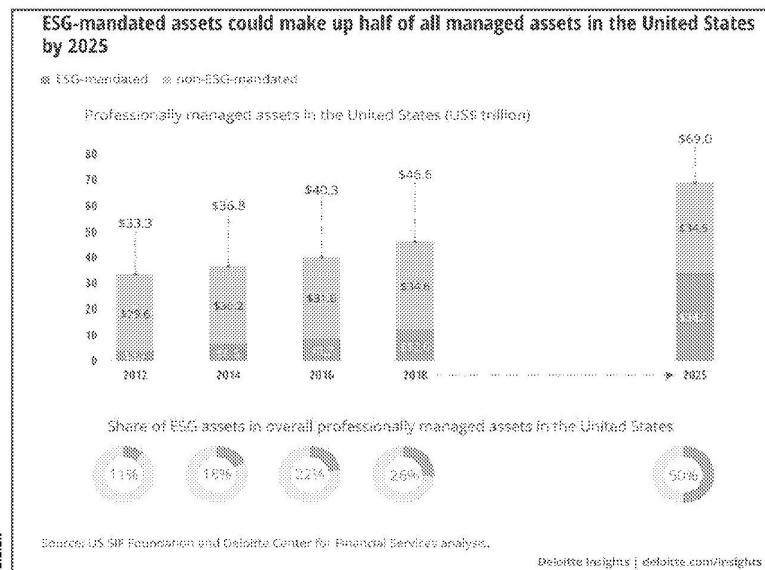
ESG Exchange Traded Products (ETPs) such as ESG ETFs are a key way investors, like BlackRock, are shifting capital to ESG/sustainable investments.<sup>2</sup> These products can take a variety of approaches in applying an ESG investment lens such as: excluding part or whole sectors; identifying best in class in sectors; relying on ESG ratings; or some combination of these approaches. Fossil fuels with the heaviest carbon intensity, such as coal and oil sands, are currently most at risk for being targeted for exclusion.

According to ETFGI, an independent consultancy covering trends in ETPs, total global assets invested in ESG ETPs/ETFs reached an all-time high of over \$52 billion in November 2019.<sup>3</sup> According to Bloomberg Intelligence, while this ~\$52 billion is barely one percent of equity ETP's ~\$4 trillion total, it is expected to continue to grow. The number and diversity of ESG products has steadily increased since the initial ESG ETF established in 2002. According to ETFGI, there are now over 269 ESG ETPs/ETFs listed globally.<sup>4</sup>

While there are not yet standard definitions about what qualifies as an ESG product or investment, there is rapid shift of capital towards sustainable investing using vehicles like ESG ETPs as well as mutual funds and ESG-integration in portfolio selection.<sup>5</sup> According to a February 2020 report by the Deloitte Center for Financial Services (DCFS), increased ESG-focused investing in the United States could grow almost three times as fast as non-ESG-mandated assets to comprise half of all professionally managed investments in 2025.<sup>6</sup>

### **Scenario Analysis**

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<sup>2</sup> Other ESG ETPs include ESG derivatives contracts and green bonds. <https://www.marketsmedia.com/record-assets-in-esg-etfs/>; <https://www.wsj.com/articles/what-are-green-bonds-11578279720>.

<sup>3</sup> <https://www.nasdaq.com/articles/assets-invested-in-esg-etfs-eips-globally-reaches-record-%2452.35-billion-at-end-of-november>

<sup>4</sup> <https://www.marketsmedia.com/record-assets-in-esg-etfs/>.

<sup>5</sup> There are efforts underway to standardize what constitutes "a sustainable investment." For example, the EU Action Plan on Sustainable Finance is working to establish a taxonomy framework that defines sustainable financial products and is developing benchmarking regulations to create Paris-aligned index categories and mandatory ESG disclosures in indices. <https://www.responsible-investor.com/articles/eu-policy-update-february/#read-more>.

<sup>6</sup> [https://www2.deloitte.com/content/dam/insights/us/articles/3073\\_Advancing-ESG-investing/DL\\_Advancing-ESG-investing\\_UK.pdf](https://www2.deloitte.com/content/dam/insights/us/articles/3073_Advancing-ESG-investing/DL_Advancing-ESG-investing_UK.pdf).

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**Conclusion**

As more investors apply an ESG lens to their investment decisions, there will be growing expectations for more ESG reporting, actions, and improvement. The divestment movement and the rapidly evolving rise of ESG/sustainable investments present potential risks for Chevron. The scenario analysis will help Chevron to better quantify and understand these risks. We are developing and implementing mitigation strategies, as described in the Appendix. The world aspires to a lower carbon future and expects companies to display social purpose and strong governance. To compete in the future of energy, we must continue to improve our ESG performance, strengthen our investor engagement, and demonstrate clear solutions that are good for the environment and good for our shareholders.

## Appendix

### Key Actions

Investors' focus on ESG will mean ever-increasing scrutiny of Chevron to show how our actions meet their expectations. Our key strategies to address the risks include: (1) continued robust engagement with investors and stakeholders; (2) enhanced transparent communications/reporting about company efforts and policy positions; and (3) continuous ESG performance improvement.<sup>7</sup> In the last few years, we have taken several key actions (listed below) to better position the company to compete in this changing ESG landscape.

Category	Actions	Effects
Organizational Structure	<p>Established a new Corporate Strategy and Sustainability (CSS) group to explicitly recognize the importance of sustainability.</p> <p>CSS now includes the Energy Transition and ESG Policy and Engagement Teams to enhance coordination and communications.</p>	These organizational changes better reflect how sustainability is integrated throughout our business.
Engagement	<p>Continue to engage with investors and stakeholders about Chevron's ESG work.</p> <p>Today, climate is the top ESG issue, but investors also want to understand how Chevron is progressing on other ESG topics like water management, human capital management, diversity, and strong governance.</p> <p>Participate in ESG conferences and events to highlight Chevron's ESG activities.</p>	<p>Maintaining existing and developing new relationships with investors will protect and promote confidence in Chevron as a long-term value proposition and good ESG performer.</p> <p>Regular ongoing dialogue with stakeholders allows us to better anticipate and react to potential ESG issues as they arise.</p>
ESG Reporting	<p>Continue robust reporting that provides relevant and decision-useful investor information.</p> <ul style="list-style-type: none"><li>• Chevron's 3 climate reports, 2 of which were TCFD-aligned, demonstrate a commitment to reporting aligned to investor interests.</li><li>• Chevron's Sustainability Report (formerly named Corporate Responsibility) is organized using an ESG lens and will include enhanced data performance information in 2020.</li><li>• Chevron's Sustainability website (formerly named Corporate Responsibility) was enhanced to show Chevron's approach to sustainability using the ESG lens.</li></ul>	<p>Because rating and ranking firms rely on publicly available data to develop their scores, it is imperative to provide clear, robust disclosure online (e.g., website, reports).</p> <p>Chevron's TCFD reports have received positive feedback and are held up as a model for others to emulate. Being the first major to issue a TCFD-aligned report shows our commitment to be an ESG leader.</p> <p>Chevron's Sustainability Report is a reliable source of data for investors, and in 2020, will include an additional index to map to the</p>

<sup>7</sup> Climate is currently the top ESG topic for Chevron investors and stakeholders. Other examples of important ESG topics include water stewardship, biodiversity protection, safety, human rights, human capital management, diversity and inclusion, board of directors' structure, compensation, supply chain management, and lobbying practices.

Category	Actions	Effects
		Sustainable Accounting Standard Board (SASB) framework that many investors, such as BlackRock and
		<b>Privileged – First Amendment</b>
Climate Focus Areas	<p>Clearly articulated Chevron's approach to the energy transition and climate change:</p> <ul style="list-style-type: none"> <li>• Lowering carbon intensity cost efficiently</li> <li>• Increasing renewables in support of our business</li> <li>• Investing in the future breakthrough technologies</li> </ul>	<b>Privileged – First Amendment</b>
ESG metrics	<p>With climate as the current top ESG issue for most of our investors, Chevron's 4 GHG metrics show a commitment to measure and manage climate risks and tie performance to the variable compensation of all employees.</p>	<p>Investors see Chevron as contributing to the solution and are beginning to acknowledge Chevron as a leader for using an equity basis approach on GHG metrics. This kind of thought and action leadership helps build and maintain investor confidence in our ESG commitment.</p>
		<p>Investors are starting to be asked about the carbon intensity of their portfolios, which means they will need to understand the equity profiles of companies they hold.</p>
ESG rating and ranking scores	<p>Focus resources on key raters and rankers used by investors in order to continuously improve scores. Ensure key ESG information on which we are being measured is publicly available.</p>	<p>In 2019, ESG ratings companies gave Chevron mixed reviews. Notably, MSCI, an organization that Chevron's investors and other stakeholders consistently cite as a key source for ESG ratings, upgraded Chevron two times in 2019.</p>
		<p>Chevron's performance among several other ESG ratings organizations, including Sustainalytics, ISS, RobecoSAM, trended down in 2019. This performance, however, roughly mirrors the ESG performance of Chevron's LTIP competitors over a similar period among these ESG ratings organizations.</p>

Category	Actions	Effects
Leadership communications	Chevron's approach to ESG was featured in the SAM and in an investor breakout session.	<b>Privileged – First Amendment</b>
	<b>Privileged – First Amendment</b>	
Corporate communications		<b>Privileged – First Amendment</b>
Supporting think tanks and associations	Participation in the Oil and Gas Climate Initiative and National Petroleum Council to study the roles of carbon capture and sequestration and carbon capture, utilization, and storage.	<b>Privileged – First Amendment</b>
Advocating for sound climate and energy policies	<b>Privileged – First Amendment</b>	Because government actions could accelerate the energy transition, it is important to maintain constructive relationships and be seen as an honest, thoughtful partner.

## **Tab 5**

# **Public Policy Committee's Performance Self-Evaluation**



## memorandum

To           Public Policy Committee  
From       Dale A. Walsh, Secretary  
Date       March 18, 2020  
Re        Considerations for Public Policy Committee's Annual Self-Evaluation

Following the Public Policy Committee's March 24, 2020 meeting, you will meet in executive session to conduct the Committee's required self-evaluation. Dr. Austin will report on the self-evaluation to the Board of Directors at its meeting the following day.

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

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

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

### **Purposes served**

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

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

### **Some issues to consider in the self-evaluation**

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

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

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

The Committee develops recommendations to the Board in order to assist in formulating and adopting basic policies, programs and practices concerning broad public policy issues.

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

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

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

Chevron Corporation  
2019 Board and Board Committee Performance Evaluation

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

**PUBLIC POLICY COMMITTEE**  
**2019 CHECKLIST OF COMMITTEE RESPONSIBILITIES**

<b>PPC Charter Requirements</b>	<b>Reference</b>	<b>Completed (Mtg. Date)</b>
Meet in executive session without the presence of management of the Corporation, as appropriate. (Effective September 25, 2019)	Charter (Meetings)	3/26/19; 12/3/19
Consider (and report to the Board, as appropriate) results of annual Committee evaluation assessing its performance with respect to its purposes and its duties and tasks set forth in the Charter.	Charter (Evaluation; Charter Review)	3/26/19
Identify, evaluate and monitor public policy trends and environmental issues that affect the Corporation's activities and performance, and recommend to the Board policies, programs and strategies concerning such trends and issues.	Charter (Duties and Responsibilities, 1)	1/29/19; 3/26/19; 7/30/19; 12/3/19
Provide oversight and guidance on, and receive reports regarding, environmental matters in connection with the Corporation's projects and operations.	Charter (Duties and Responsibilities, 2)	1/29/19; 3/26/19; 7/30/19
Review and evaluate risks that may arise in connection with the social, political, environmental, human rights and public policy aspects of the Corporation's activities.	Charter (Duties and Responsibilities, 3)	1/29/19; 3/26/19; 7/30/19
Review public policy trends and make recommendations to the Board regarding how the Corporation can anticipate and adjust to these trends in order to more effectively achieve its business goals or to actively participate in the public policy dialogue.	Charter (Duties and Responsibilities, 4)	1/29/19; 3/26/19; 7/30/19; 12/3/19

PPC Charter Requirements	Reference	Completed (Mtg. Date)
Develop recommendations to the Board in order to assist in formulating and adopting basic policies, programs and practices concerning a range of public policy issues.	Charter (Duties and Responsibilities, 5)	1/29/19; 3/26/19; 7/30/19; 12/3/19
Annually review the policies and procedures and expenditures for the Corporation's political activities including political contributions and direct and indirect lobbying.	Charter (Duties and Responsibilities, 6)	3/26/19; 7/30/19
Analyze the Corporation's global reputation.	Charter (Duties and Responsibilities, 7)	3/6/19; 7/30/19
Review, together with the Board Nominating and Governance Committee, stockholder proposals that deal with public policy and environmental issues and recommend that the Board affirm responses to stockholder proposals to be included in annual proxy statement.	Charter (Duties and Responsibilities, 8)	1/29/19; 7/30/19; 12/3/19
In conjunction with the Board Nominating and Governance Committee, oversee the Corporation's stockholder engagement program and make recommendations to the Board regarding its involvement in stockholder engagement.	Charter (Duties and Responsibilities, 9)	1/29/19; 3/26/19; 7/30/19; 12/3/19;
Review and approve Committee minutes.	Charter (Secretary)	1/29/19; 3/26/19; 7/30/19; 12/3/19;

**CHEVRON CORPORATION  
PUBLIC POLICY COMMITTEE  
CHARTER**

**PURPOSE**

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

1. To assist the Board of Directors in overseeing environmental, social, human rights, political, and public policy matters that are relevant to the Corporation’s activities and performance; and
2. To assist the Board of Directors in devoting appropriate attention and effective response to stockholder concerns regarding environmental, social, human rights, political, and public policy matters that are relevant to the Corporation’s activities and performance.
3. To perform such other duties and responsibilities enumerated in and consistent with this Charter.

**MEMBERSHIP AND PROCEDURES**

**Membership and Appointment**

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

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

**Removal**

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

**Chairperson**

A chairperson of the Committee (the "Chairperson") may be designated by the Board of Directors based upon recommendations by the Board Nominating and Governance Committee, if any. In the absence of such designation, the members of the Committee may designate the Chairperson by majority vote of the full Committee membership. The Chairperson shall determine the agenda for meetings, and shall have unlimited access to management and

information. The Chairperson shall establish such other rules as may from time to time be necessary and proper for the conduct of the business of the Committee.

### **Meetings**

The Committee shall meet as often as may be deemed necessary or appropriate, in the judgment of the Chairperson, either in person or telephonically, and at such times and places as the Chairperson determines. The Committee shall meet in executive session without the presence of management of the Corporation, as appropriate. The Committee shall report regularly to the full Board of Directors with respect to its activities.

### **Secretary**

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

### **Delegation**

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

### **Authority to Retain Advisers**

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

### **Evaluation; Charter Review**

The Committee shall undertake an annual evaluation assessing its performance, which evaluation shall be reported to the Board of Directors. The Committee shall periodically evaluate the adequacy of this Charter and recommend changes to the Board Nominating and Governance Committee for approval by the Board of Directors.

### **Duties and Responsibilities**

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

1. The Committee shall assist the Board of Directors in identifying, evaluating, and monitoring public policy trends and environmental issues that affect the Corporation's activities and performance, and shall recommend to the Board policies, programs and strategies concerning such trends and issues;
2. The Committee shall provide oversight and guidance on, and receive reports regarding, environmental matters in connection with the Corporation's projects and operations;
3. The Committee shall assist the Board in fulfilling its oversight responsibility for the Corporation's broad enterprise risk management program by reviewing and evaluating risks that may arise in connection with the social, political, environmental, human rights and public policy aspects of the Corporation's activities;
4. The Committee shall review public policy trends and make recommendations to the Board of Directors regarding how the Corporation can anticipate and adjust to these trends in order to more effectively achieve its business goals and actively participate in the public policy dialogue;
5. The Committee shall develop recommendations to the Board in order to assist in formulating and adopting basic policies, programs and practices concerning a range of public policy issues which include, corporate responsibility, ecology and environmental protection, human rights, employee safety, socially responsible business conduct, consumer affairs, protection of privacy, controlled substance abuse, affirmative action/equal opportunity matters, government relations and the support of charitable, political and educational organizations;
6. The Committee shall annually review the policies and procedures and expenditures for the Corporation's political activities including political contributions and direct and indirect lobbying;
7. The Committee shall assist the Board of Directors in analyzing the Corporation's global reputation; and
8. The Committee shall annually review stockholder proposals that deal with public policy and environmental issues and make recommendations to the Board regarding the Corporation's response to such proposals.
9. The Committee shall, in conjunction with the Board Nominating and Governance Committee, oversee the Corporation's stockholder engagement program and make recommendations to the Board of Directors regarding its involvement in stockholder engagement.

#### **Amendment**

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

APPROVED: Board of Directors  
DATE: September 25, 2019