



Dale A. Walsh
Vice President, Corporate Affairs

July 22, 2020

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

Public Policy Committee Meeting
July 28, 2020

I include in this distribution the agenda and supporting materials for the meeting of the Public Policy Committee at 11:00 a.m. PDT on Tuesday, July 28, 2020, by video conference.

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

- Divestment analysis;
- Net zero overview;
- Political update; and
- Proposed PPC schedule and work plan.

I am enclosing an agenda and pre-read materials for the meeting as well as a brief bio of Karen Knutson, who is relatively new to her role as Vice President and General Manager, Government Affairs, and who will be facilitating the political update discussion and answering any questions you may have on the public policy overview, political contributions, CEPAC and lobbying brief, and key country summaries.

The July 28 joint BN&GC and PPC meeting materials will be sent to you separately. Please let me know if you have any questions about the enclosed materials. I look forward to seeing you next week.

Best regards,

[Redacted signature block]

Enclosures

cc: Michael K. Wirth
Mary A. Francis

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

Tab 1

Minutes

**CHEVRON CORPORATION
PUBLIC POLICY COMMITTEE**

**JULY 28, 2020, 11:00 A.M. – 12:15 P.M.
BY VIDEO CONFERENCE
ROOM A4330, CHEVRON PARK**

AGENDA

Time	Topic (Presenters)	Tab
11:00 - 11:05 am	Minutes * (Chair) Review and approve the minutes of the March 24, 2020 Committee meeting.	1
11:05 - 11:20 am	Divestment Analysis (Pierre Breber)	2
11:20 - 11:40 am	Net Zero Overview (Bruce Niemeyer/Daniel Droog)	3
11:40 - 11:55 am	Political Update (Karen Knutson) Discuss 2020 U.S. federal elections	4
11:55 – 12:05 pm	PPC Schedule and Work Plan * (Dale Walsh) Review and discuss proposed annual PPC schedule and work plan.	5
12:05 - 12:15 pm	PPC Executive Session (Wanda Austin)	
12:15 pm	Adjourn	
	<u>Additional Pre-read Material:</u> Public Policy Overview Political Contributions, CEPAC and Lobbying Key Country Summaries Bio of Karen Knutson	6

* Items needing motion, second, and approval.

**CHEVRON CORPORATION
PUBLIC POLICY COMMITTEE
MARCH 24, 2020**

MINUTES

A regular meeting of the Public Policy Committee (“Committee”) of the Board of Directors of Chevron Corporation (“Corporation”) was held by video conference on March 24, 2020, at 9:15 a.m.

Members Present:	Wanda M. Austin, Chairperson Alice P. Gast Enrique Hernandez, Jr. Debra Reed-Klages
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Also present were Ronald D. Sugar, John B. Frank, Mary A. Francis, Dale A. Walsh (Secretary), David J. Payne, Michael Rubio, and Kari H. Endries.

Dr. Austin called the meeting to order and the Committee proceeded with the agenda. The minutes of the joint meeting of the Committee and the Board Nominating and Governance Committee held on January 28, 2020, were reviewed and, on motion duly seconded, unanimously approved.

Mr. Rubio provided an update on the Company’s stockholder proposals. A discussion ensued.

Mr. Payne discussed the Corporation’s environmental performance and continual improvement efforts, including the Corporation’s enterprise focus area strategy, which is a risk-based approach to assess and manage environmental, social, and community impacts across the life of its assets. He discussed how the Corporation measures its environmental performance, including petroleum spill volume, greenhouse gas emission, flaring volumes, methane intensity, sulfur oxides emissions, and freshwater management. Mr. Payne described the Corporation’s asset retirement obligations and its environmental reserves. Questions were asked and answered.

Mr. Payne left the meeting. Mr. Walsh and Mr. Breber provided an update on the Corporation’s approach to the fossil fuel divestment movement and the information covered in the pre-read materials provided to the Committee members in advance of the meeting.

Messrs. Breber, Walsh and Rubio, and Mses. Francis and Endries left the meeting and the Committee met in executive session to conduct the Committee’s annual self-evaluation and plan its activities for upcoming meetings.

There being no further business, the meeting was adjourned.

Secretary

Tab 2

Divestment Analysis

Topics of discussion

- a Scenario analysis of how a subset of Chevron's existing investors could shift capital (i.e., divest) over time
- b Sensitivity analysis on Chevron's valuation based on industry analogs



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Tab 3

Net Zero Overview

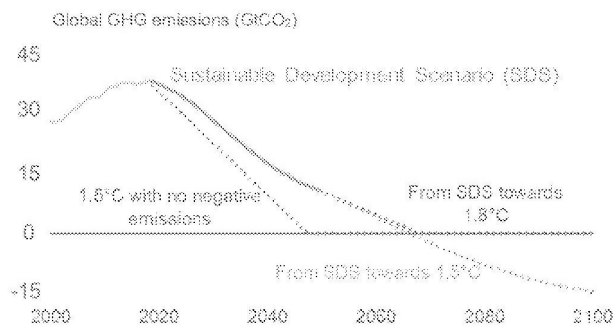
CHEVRON'S APPROACH TO NET ZERO

Introduction

The purpose of this document is to explain net zero, identify its potential implications on the oil and gas sector, summarize peer actions and announcements, and describe our differentiated approach. Governments, businesses, and stakeholders are increasingly targeting net zero emissions by 2050. Net zero targets are aspirational, yet provide a framework for subsequent regulatory, policy, and investor action. The United Nations Intergovernmental Panel on Climate Change (IPCC) reports that emissions need to reach net zero (carbon neutral) by about 2050 to limit warming with high confidence to 1.5°C or by about 2070 to limit warming to 2°C.

Net zero is achieved when emission sources equal emission sinks, meaning all economy-wide greenhouse gas (GHG) emissions are offset by natural and technological abatements (e.g. forestry projects, Carbon Capture Utilization and Storage (CCUS)). There are numerous pathways to achieve emissions reduction goals – with significantly different cost and energy implications. A 1.5°C scenario costs three to four times more than a Paris-aligned 2070 target and requires substantially more aggressive and rapid policy intervention in the economy and energy mix.¹ Across all scenarios, negative emissions technologies contribute to pathways to address climate change at the least cost to society. Achieving a net zero target could have the following potential implications for the oil and gas sector: (1) demand reduction; (2) policy risks and arbitrage opportunities from diverging regulations; (3) increased costs and business opportunities from negative emissions technology development and deployment.

IEA 2°C SDS vs 1.5°C target



¹ IPCC 1.5 degree report. Note: the IPCC report does not attempt to quantify potential economic benefits of 1.5°C.

² Scope 1: direct emissions from company facilities; Scope 2: indirect emissions from purchasing electricity or steam; Scope 3: indirect emissions from the value chain of oil and gas companies, of which customer use of products represents about 95%

Net zero initiatives

As of June 2020, 112 countries, 449 cities, and nearly 1000 businesses, along with 38 investors with about \$13 trillion in assets under management, have committed to or are working on net zero targets. For governments, a growing number of jurisdictions are moving beyond pledges and have adopted policies and, in some cases, binding laws mandating net zero targets. For businesses, a number of initiatives encouraging company net zero goals and showing “Paris-Alignment” have emerged and are often raised by environmental, social and governance (ESG) investors. These groups tend to support rigid and inefficiently narrow industry-specific net zero targets, as opposed to economy-wide measures that can deliver more efficient emissions

Government support for net zero



reductions at less cost to society.

Peer Net Zero commitments

Government policies, like carbon pricing, influence economics for low-carbon activities. In jurisdictions with these policies, companies are incentivized to aim towards net zero. All European peers have communicated longer term ambitions that include net zero across Scope 1 and 2 emissions, varying levels of Scope 3 reductions, and partnerships to reduce Scope 3 emissions.² These net zero ambitions by 2050 generally apply to Scope 1 and 2 operated emissions. Scope 3 ambitions are largely focused on intensity reductions for operated production (Shell, Total, Equinor, Eni) and on a products sold basis (all peer companies with net zero commitments). Variations in peer commitments and a lack of mid-term targets make it challenging to compare ambitions, prompting criticism from investors and the public.

of the total. One entity's Scope 2 or 3 emissions are another entity's Scope 1 emissions. Although Scope 3 represents the largest share of GHG emissions on a lifecycle basis, it is also the area over which the company has little control as it is determined by customer use of product.

CHEVRON'S APPROACH TO NET ZERO

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Privileged – ACP/WP

Privileged – ACP/WP

Chevron supports an international, economy-wide, and market-based approach to achieve the ambition of global net zero emissions, consistent with the Paris Agreement's aim of limiting warming to below 2 °C. Policy should achieve emissions reductions in the most efficient and cost-effective manner, with the least impact to society, and with costs and tradeoffs transparently communicated to the public. We transparently report our performance enabling investors, consumers and governments to make choices to achieve their goals.

Confidential – Restricted Access

Board of Directors – July 2020

Tab 4

Political Update



Political Update

Karen Knutson
Vice President and General Manager, Government Affairs

July 28, 2020
VF3MKW

the
human  **energy**
company[™]

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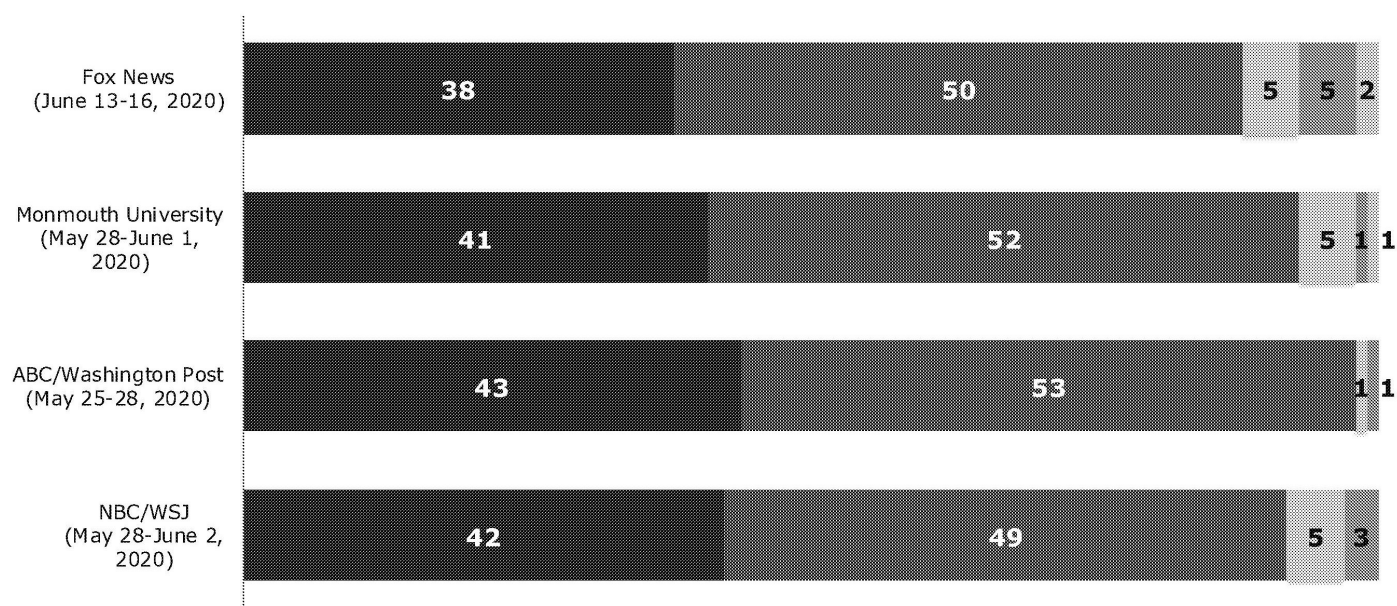
Presidential Campaign Race: Update

All major polls show former Vice President Biden leading President Trump

Head-to-head general election polls

AMONG REGISTERED VOTERS

■ Trump ■ Biden ■ Other/Neither ■ Undecided/Not sure ■ Wouldn't vote/No one



2020 Senate Races

Republicans face challenge to hold the chamber

5 Seats Are Currently a "Toss-Up"

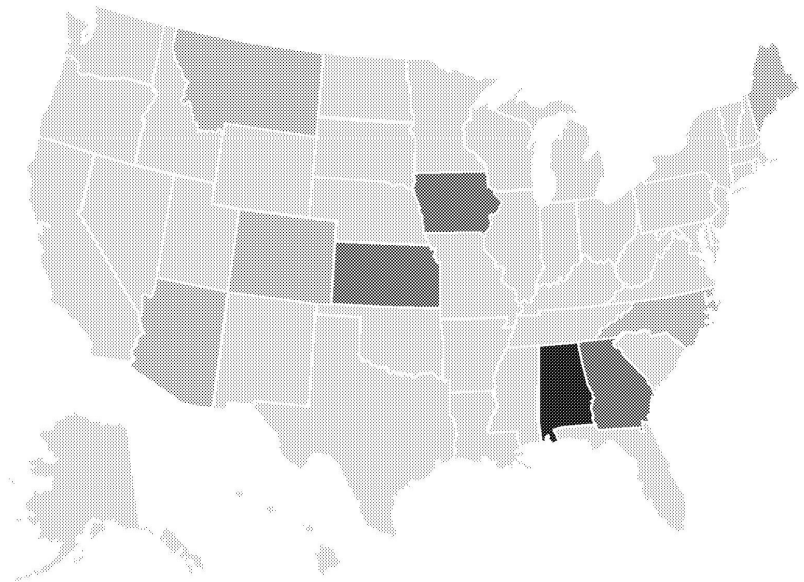
- AZ, CO, ME, NC, and MT; all are currently held by Republicans

Republican seats have become more competitive

- IA, KS, GA (2)

Republicans only pick-up opportunity is AL

- The seat is currently held by Sen. Doug Jones (D)



Prepared for any outcome

• **Privileged – First Amendment**



Biden White House: Issue Watch List

ISSUE	LIKELIHOOD		POTENTIAL IMPACT
	Split Government	Democratic Sweep	
Environment <ul style="list-style-type: none"> Market-based mechanisms to address climate change, including cap & trade Increased regulatory burden in health, safety and environment 	LOW	MODERATE	Higher cost for industry, power generation, and transportation sectors; Lower demand and thinner margins for U.S. refining industry
	MODERATE	HIGH	More onerous rules through existing regulatory agency authority; Increased costs; permitting delays
Access <ul style="list-style-type: none"> Restrictions or bans on new oil & gas access 	MODERATE	HIGH	Delaying lease sales, limiting the scope of the lease sales, modifications to lease terms (royalty rates, revenue sharing, etc.), permitting restrictions, setbacks
Transportation & Infrastructure <ul style="list-style-type: none"> Limit pipeline permits; Electric vehicle (EV) incentives 	MODERATE	HIGH	Could limit future U.S. oil and gas production growth; EVs Lower demand for gasoline; create tighter margins for U.S. refining sector; Incentives will need to come from increased taxes
Fuels <ul style="list-style-type: none"> Biofuels mandate; Renewable Fuel Standards (RFS); Low Carbon Fuel Standard 	MODERATE	HIGH	Increased costs; Lower market share; Incentivizes development of renewable fuel alternatives; Potential overlapping of carbon policies on transportation fuels
Foreign Policy <ul style="list-style-type: none"> Sanctions 	MODERATE	HIGH	Pressure remains on Iran, VZ, & Russia
Taxes <ul style="list-style-type: none"> Increase corporate tax rate; new or increased taxes & fees 	LOW	HIGH	Increased costs for production, transport and sale of products; Higher permitting fees; Increase to federal tax paid by Chevron
Exports <ul style="list-style-type: none"> Ban on crude & LNG export 	LOW	HIGH	Wider WTI/Brent spread resulting in lower profits for US producers; Refining margin increases; Limit to growth in U.S. oil and gas production



COVID – Impact on Politics

IMPACT on Campaigning

- Door-to-door is eliminated
- Television is more important and more expensive
- Polling is increasingly unreliable
- Campaign expenses include post-election litigation to secure ballot count
- Campaign for absentee/mail-in votes increases in importance

IMPACT on Election Day

- Election “day” turns into election month
- Voting hours are extended
- Absentee ballots are utilized in record numbers
- First “all mail-in election” to take place in California

IMPACT on Conventions

- Democratic Convention is virtual
- In-person Republican Convention spans several days and several cities.
- Calls into question the future of Conventions



Tab 5

PPC Schedule and Work Plan

Endries, Kari

From: Walsh, Dale A. [REDACTED]
Sent: Monday, June 22, 2020 2:57 PM
To: Endries, Kari
Subject: FW: [**EXTERNAL**] Re: PPC Agenda re-work

From: Wanda Austin [REDACTED] Redacted – PII
Sent: Saturday, April 25, 2020 3:00 PM
To: Walsh, Dale A. [REDACTED]@chevron.com>
Subject: [**EXTERNAL**] Re: PPC Agenda re-work

Dale

Glad to hear that you and your family continue to be safe and healthy. We are as well.

I really like your proposal and would suggest that we start socializing the realignment with the rest of the PPC at our next meeting. I particularly appreciate the alignment with the executive team. The use of white papers and read aheads on issues will also be appealing to committee members as it leaves room for new (other) issues to be addressed.

I look forward to the discussion with you.

Wanda

Sent from Wanda's iPhone

On Apr 25, 2020, at 10:27 AM, Walsh, Dale A. [REDACTED] <[REDACTED]@chevron.com> wrote:

Hello Wanda –

I hope you and your family are doing well in these extraordinary times! Things are good with the Walsh family. Per our last conversation, I have attached a spreadsheet that begins to lay-out some thoughts we can utilize as we re-work our annual PPC agenda.

In short, I am proposing that we directly map our agenda to match-up to the Global Issues Committee (GIC) agenda followed by the Enterprise Leadership Team (ELT). We have five “topic pillars” that make up our GIC agenda: 1) Climate, 2) ESG reporting, 3) Human rights, 4) Financial transparency and, 5) Human capital management. Two of these five topics (Financial transparency and Human capital management) would be mapped to the Audit and MCC committees, respectively. The remaining three topic pillars would serve as the primary discussion topics for our PPC. We cover them at a high-level today but as you can see in the “current committee topics” column of the attachment, we also cover many other issues that I believe could be handled as off-meeting briefs or white-paper updates spread across the annual meeting cycle. This would allow us to go much deeper on the three GIC topics.

We have four PPC meetings spread throughout the year and I would propose the January meeting stay as is which is a joint meeting with the BNGC wherein we cover stockholder proposals and BOD responses. These proposals typically cover the entire spectrum of the five GIC topics. The remaining three meetings would map to our three GIC topics as follows:

March = ESG Reporting

July = Climate

December = Human Rights/Emerging Issues*

*This emerging issues discussion helps set-up any possible new priorities to the next years' agenda

I feel this focus on the GIC topics will drive greater alignment from our Leadership Team through our Committee structure and the broader BOD. It also allows us to go deeper on the most important ESG issues facing the company.

We can work this over the coming weeks and any changes we adopt would be implemented with the 2021 meeting schedule (we would leave our existing plan in place through the rest of this year). I wanted to get our dialogue started...we can schedule discussion time after you have digested this a bit and hopefully when things return to some degree of normalcy.

My best to you...Dale.

<NOTES_030320_Mapping GIC Topics to PPC.docx>

Mapping Global Issues Committee (GIC) Topics to PPC Agenda

Meeting	Current Committee Topics		Proposed Committee Topics	GIC Topics
#1 – Jan. '20 <i>Joint w/ BNGC</i>	<ul style="list-style-type: none"> Stockholder Proposals Board Responses Offseason Stockholder Engagements 	→	Same as current	All GIC Issues ✓ Climate ✓ ESG Reporting ✓ Financial Transparency ¹ ✓ Human Capital Management ² ✓ Human Rights
#2 – March '20 <i>PPC</i>	<ul style="list-style-type: none"> Environmental Issues Environmental Reserves Climate Policy Enterprise Risk 	→	<ul style="list-style-type: none"> Environmental overview and current ESG issues <ul style="list-style-type: none"> - Issue evaluation - Risk assessment(s) - Policy recommendations 	✓ ESG
#3 – July '20 <i>Joint w/ BNGC</i>	<ul style="list-style-type: none"> Proxy Season & ASM Review 	→	Same as current	All GIC Issues ✓ Same as above
<i>PPC</i>	<ul style="list-style-type: none"> Annual Political Contributions* Direct & Indirect Lobbying Expenditures* International & Domestic Political, Policy Legislature and Regulatory Updates* 	→	<ul style="list-style-type: none"> Deep dive on Climate issues <ul style="list-style-type: none"> - Current Issues <ul style="list-style-type: none"> o Political o Regulatory o Legislative - Risk assessment(s) - Policy Recommendations 	✓ Climate
#4 – Dec. '20 <i>PPC</i>	<ul style="list-style-type: none"> Public Policy Issues <ul style="list-style-type: none"> - Human Rights - Corporate Responsibility* - Social Investment* - Reputation Management* 	→	<ul style="list-style-type: none"> Human Rights <ul style="list-style-type: none"> - Current Issues - Recommendations Emerging ESG Issues <ul style="list-style-type: none"> - Identify emerging issues PPC should focus on for new year - Establish priorities and work plan 	✓ Human Rights ✓ Emerging Issues

*Issues can be reported via briefs or white papers as part of pre-read throughout the yearly meeting schedule

¹ Financial Transparency issues should be primarily mapped to Audit Committee

² Human Capital Management issues should be mapped to Management Compensation Committee



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Global Issues Committee (GIC) Framework

Public Policy Committee
July 28, 2020

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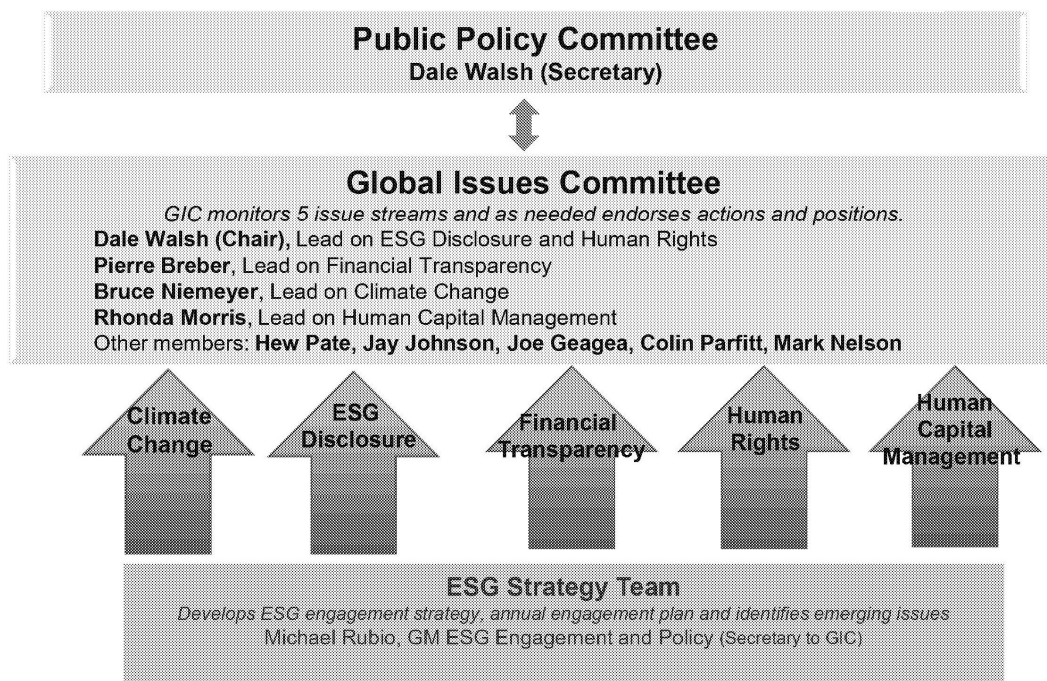
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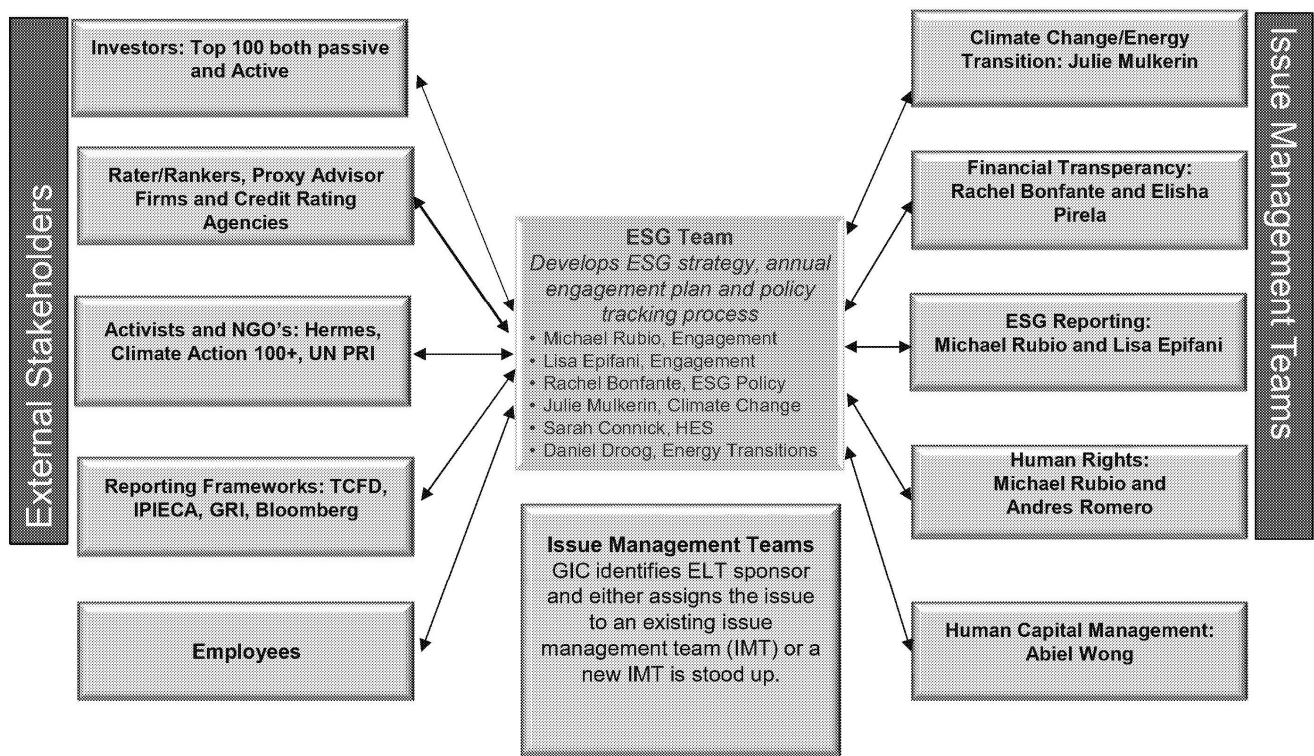
Global Issues Committee Framework

Coordinating and leveraging resources to effectively manage emerging issues

This line of sight governance process ensures alignment of internal teams, executive leadership and Chevron's Board of Directors on the critical policy issues facing our company.



ESG Issue Management Chart



Tab 6

Public Policy Overview

Political Contributions, CEPAC & Lobbying

Key Country Summaries

Bio of Karen Knutson Vice President and General Manager, Government Affairs



Public Policy Overview

The U.S. and international policy landscapes continue to evolve in an unpredictable manner, due in large part to the circumstances created by the COVID-19 pandemic. With the introduction of shelter-in-place orders, there have been significant and rapid changes for governments at all levels. In response, Chevron has mobilized a coordinated effort to address new government requirements and regulatory challenges.

Privileged – First Amendment

COVID-19 response and policy interventions include U.S. states launching “return to work” task forces and processing unprecedented volumes of jobless claims. State revenues are in steep decline; as such, states may target our industry with tax changes to compensate for revenue shortfalls.

The 2020 election has been impacted by COVID-19, as 21 states have changed their congressional and/or presidential primary dates. In preparation for the general election, states are expanding voting options in a variety of ways, including: moving to a no-excuse absentee ballot system; increasing early voting; extending

voting hours to include weekends. California is the first state to implement an all-mail system for the general election in response to the pandemic. As part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress included \$400 million in state grants to increase the ability to vote by mail and expand early voting and online registration. Democrats and Republicans are divided on voting by mail for the general election, as Republicans argue it will increase voter fraud while Democrats argue it will keep voters safe amid the pandemic.

Upstream Policy Trends

Trends affecting the upstream sector have shifted dramatically over the first half of 2020. Since March, issues related to economic recovery and support for the oil and gas industry have risen in significance. **Privileged – First Amendment**

Privileged – First Amendment

Privileged – First Amendment Currently, federal, state and local agencies that regulate Chevron’s U.S. operations have begun taking actions to support industry’s viability.

Special case royalty relief: By utilizing existing authority, the U.S. Department of Interior (DOI) and state governments are pursuing modifications to the processes and criteria under which they grant special case royalty relief for onshore and offshore production. **Privileged – First Amendment**

Privileged – First Amendment

Orphan Wells: Financial solvency considerations for small and mid-sized onshore operators has created concern that there will be an increase in the number of companies defaulting on their well plugging and abandoning activities, and facility decommissioning obligations. In December

2019, the Interstate Oil and Gas Compact Commission issued a report that found 56,000 documented orphan wells and as many as 700,000 additional undocumented orphan wells located across 30 states.

Policy discussions in the form of legislative and agency sponsored regulatory proposals are occurring at the federal level as well as numerous states where Chevron operates, including California, Colorado, Louisiana, New Mexico, and Texas. Public policy concerns center on whether the number of orphan wells and facilities will exceed existing government funds and operator surety bonds earmarked for abandoning orphaned facilities.

Industry concerns include: potential increases in assessments and taxes to fund government sponsored abandonment activity; expanded financial assurance requirements; and increased government-mandated assumption of legacy liabilities.

Flaring Reductions: Methane will likely continue to be the focus of climate policy efforts in the near term with a spotlight on flaring in the Permian Basin. The Texas Railroad Commission (RRC) has expressed interest in adopting policies intended to “dramatically” reduce the occurrence of flaring in E&P operations. The RRC has urged industry to develop recommendations for the agency’s consideration.

Privileged – First Amendment

Privileged – First Amendment

Privileged – First Amendment Chevron’s rate of flaring is significantly lower than the industry average.

Privileged – First Amendment

Privileged – First Amendment

Operational Restrictions:

Privileged – First Amendment

Privileged – First Amendment

Privileged – First Amendment In Colorado, the Colorado Oil and Gas Conservation Commission (COGCC) is in the process of adopting a series of regulations to implement 2019 legislation that requires updates

to nearly every aspect of the agency’s regulatory program.

Policy proposals related to hydraulic fracturing and injection well operations continue to emerge. In Texas, the RRC has asked industry to develop voluntary protocols that enhance monitoring and mitigate the occurrence of induced seismicity potentially associated with hydraulic fracturing and saltwater disposal operations. California has imposed a moratorium on issuing permits for certain types of injection operations and well stimulation treatments until a supplemental scientific review by the Lawrence Livermore National Laboratory has been completed.

U.S. Transportation Policy

Renewable Fuel Standard (RFS): The RFS-2, enacted in 2007, was intended to drive commercialization of advanced and cellulosic biofuels. Instead, the RFS has increased use of first-generation biofuels, such as ethanol and biodiesel. Consequently, the Environmental Protection Agency (EPA) uses its waiver authority in annual rulemakings to establish realistic compliance volumes. Congressional action to reform the RFS remains elusive due to competing stakeholder interests. Since its inception, the RFS has drawn 15 major lawsuits and many legal proceedings by regulated parties, causing the Department of Justice to defend EPA’s policy decisions and rulemakings.

CAFE Standards: On March 31, 2020, EPA/DOT finalized fuel economy and GHG tailpipe emission standards for light duty, 2021-2026 model year vehicles. New vehicle fuel economy must improve 1.5% per year and reach a fleet average of 40.4 mpg by 2026, compared to a projected 46.7 mpg under the 2012 Obama-era rule. In a related action in September 2019, EPA rescinded waivers granted to California to establish its own GHG tailpipe standards and Zero Emission Vehicle (ZEV) program. EPA’s action is being challenged by 22 states, including California. The potential loss of the GHG waiver could result in more stringent emission limits on upstream and downstream operations in California.

Privileged – First Amendment

Privileged – First Amendment

European Transportation Policy

Transportation Fairness: Privileged – First Amendment

Privileged – First Amendment

Fuel and Vehicle Standards: Many European Governments have announced plans to ban the sale of new ICEVs. Densely populated cities are taking actions to limit access to gasoline and diesel vehicles on their streets. Governments are motivated by air quality concerns, economic development and GHG reductions. The EU is legislating to accelerate the shift to “sustainable and smart mobility” by adopting new emission standards that include an incentive mechanism for zero- and low-emission vehicle sales.

Privileged – First Amendment

U.S. State / Federal Climate Change Policy

Climate change policy remains dynamic. Chevron continues to engage in U.S. policy discussions at the state and federal levels.

Federally, climate discussions – which had been gaining momentum earlier in the year – quickly diminished as both Houses of Congress and the Administration shifted their focus to COVID-19 policy response. In contrast, state-level legislators and regulators are largely still balancing COVID-19 response with ongoing efforts to develop and implement policies that support greenhouse gas (GHG) emission reduction goals. With about half of the states already having adopted such goals, some are now also looking to increase the stringency of existing goals.

Privileged – First Amendment

Privileged – First Amendment

- The think-tank and trade association landscape continues to evolve rapidly, with many groups updating their climate principles and looking for ways to proactively engage with governments and their respective agencies. Privileged – First Amendment

Privileged – First Amendment

- Chevron is closely monitoring Congress to identify and prioritize legislative proposals of particular interest to us. Through June, we have ranked and developed positions for over 50 current climate-related bills. Nearly 200 pieces of climate-related legislation have been introduced to the 116th Congress.

Privileged – First Amendment

Privileged – First Amendment

Meanwhile, Chevron is demonstrating commitment to action through GHG emissions reduction projects such as CalBio Renewable Natural Gas, Lost Hills Solar, Svante Carbon Capture, and soy co-processing at El Segundo.

Privileged – First Amendment

3. Engagement on CCUS

- Beyond being a corporate priority for meeting carbon-reduction goals, negative emissions technologies have been cited by the Intergovernmental Panel on Climate Change and by the International Energy Agency as essential to achieving long-term global emission reduction targets.

Privileged – First Amendment

Environmental Policies

U.S. Air: The Administration continues to focus on reducing the overall burden and complexity of federal air quality permitting and regulations. The National Ambient Air Quality Standards (NAAQS) for ozone and particulate matter (PM) are the largest cost drivers on industry for federal air quality regulations. Any further reductions in the PM or ozone standards will further impact Chevron's operations in California, Houston and Salt Lake City.

Earlier this year, the EPA proposed retaining PM NAAQS at current levels; they are also expected to retain ozone standards at current levels.

U.S. Water: There is growing interest in water sourcing, beneficial uses for produced water, reuse options for wastewater and stormwater and the increased use of reclaimed water. The EPA is focused on identifying produced water management options, wastewater reuse and expanded use of reclaimed water in refineries and other industrial operations.

Privileged – First Amendment

On April 21, 2020, the U.S. EPA and U.S. Army Corps of Engineers published the final "Navigable Waters Protection Rule" (Waters of the U.S. or WOTUS) rule. The revised rule, which became effective in June: (1) provides consistency with the Clean Water Act, Supreme Court jurisprudence, and the Administrative Procedure Act; (2) provides a clear, predictable, and administrable definition of WOTUS; and (3) clearly delineates federal and state jurisdictions. The rule is expected to be litigated and possibly stayed; thus, Chevron business units have been advised not to make significant changes in the short term.

Privileged – First Amendment

Tax Policy Trends

As previously noted, budget deficits at every level of government are increasing pressure on policymakers to make politically unpopular spending cuts and increase existing, or enact new, revenue programs. Chevron continues to

monitor new legislative measures in key operating states that promote the enactment of revenue programs targeting the upstream, midstream and downstream segments of the business.

Federal: The Coronavirus Aid, Relief, and Economic Security (CARES) Act and its changes to tax provisions related to Net Operating Loss (NOL) carrybacks did not provide meaningful relief to the energy sector. Chevron does not anticipate that any near-term changes to U.S. tax laws from subsequent COVID-19-related stimulus will provide material relief to U.S. energy companies.

Texas: According to the State Comptroller, total tax collections are down approximately 52% from May of 2019, with oil and gas production taxes each falling roughly 75%. State revenue projections are being revised downward in preparation for 2021 legislative session.

New Mexico: A special session was held in mid-June to address a \$1.8B to \$2.4B revenue shortfall from COVID-19 and the oil price downturn. The state budget is \$7.6B. Income from the oil and gas industry accounts for approximately 40% of general fund revenue.

California: Current estimates project the state will have a budget deficit exceeding \$50 billion. Governor Newsom released a revised budget proposal in May that focuses on reducing state employee salaries and withdrawing previously proposed expansions in state spending. Newsom did not propose additional taxes on oil and natural gas production as a method to address the deficit. A previously qualified initiative that aims to increase property tax assessments for commercial properties will appear on the November 2020 ballot. If successful, the ballot initiative will not have a current impact on Chevron, but could result in additional property taxes on Chevron's upstream properties in future periods if oil prices exceed \$60/bbl.

Sanctions

Venezuela: The U.S. Administration continues to escalate pressure on the Maduro regime in an attempt to secure new presidential elections in Venezuela. The U.S. "maximum pressure campaign" includes broad sanctions on individuals and entities, including PdVSA, the national oil company. At the same time, the Department of Treasury issued General License 8, allowing Chevron and U.S. service providers to continue to operate in the country.

In April 2020, Treasury updated Chevron's license, restricting production, but allowing for the continued maintenance of operations for the safety and preservation of the assets. The license expires December 1, 2020.

Privileged – First Amendment

Trends to Monitor

As the COVID-19 response and recovery evolve, Corporate Affairs will monitor policies that could impact the business and Chevron's positions, including: the impact of COVID-19 and absentee voting on the 2020 federal and state elections; the potential for sanctions legislation against China in response to the Chinese government's handling of the pandemic; and the policy trajectory of a potential Biden Administration or a continued Trump Administration.

Corporate Affairs: Political Contributions, CEPAC and Lobbying VF3MKW
Chevron Board of Directors' Public Policy Committee, July 28, 2020

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

Privileged – First Amendment

Privileged – First Amendment

Risk, Training and Transparency

- Each year the Vice President, Corporate Affairs provides an assessment of the enterprise-wide risk associated with political contributions and U.S. lobbying activities. In 2019, there were no “less than satisfactory” audit findings or other reported compliance gaps. The controls in place to mitigate risks associated with political contributions and lobbying were deemed effective. Political Compliance Education Program training is deployed every two years to identified personnel, and training is provided annually to employees who engage in frequent political contributions and lobbying activities.
- Lobbying reports and political contributions from previous years are voluntarily disclosed and posted on chevron.com. Trade association memberships in which yearly dues paid are \$100M or more -- and where a portion of the dues may be used for lobbying -- are also posted. The 26 trade associations posted represent over 93 percent of the company’s annual trade association expenditures.

Corporate Political Contributions

- Contributions are provided to pro-business candidates, independent expenditure committees (IECs), trade association political action committees (PACs), leadership PACs, political parties and ballot campaigns.

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Privileged – First Amendment

Political Contributions 2018 - 2020

Privileged – First Amendment

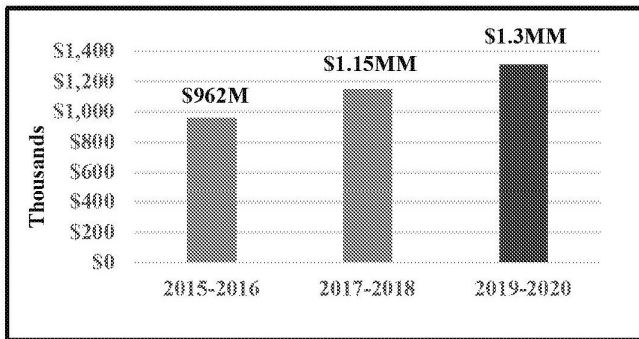
Chevron Employees Political Action Committee (CEPAC)
CEPAC makes contributions to federal candidates and Texas state candidates.

- Funds are provided to pro-business candidates where allowed by law. CEPAC is non-partisan.
- Funds are not provided to Presidential candidates.
- CEPAC currently has 960 members and projects receipts

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- Solicitation of PAC-eligible employees continues primarily through engagements by PAC board members.
- The retirement of PAC members and the current year’s business environment makes growth goals challenging.

CEPAC Election Cycle Receipts



Lobbying Activity

Chevron engages in direct and indirect lobbying activities depending on issues and business priorities. We lobby directly through employee lobbyists in our Washington D.C. and state offices as well as through contract lobbyists. Chevron lobbies indirectly through national, regional and state industry and trade associations. We are members in over 85 associations. Industry association memberships are reviewed on an annual basis as part of Government Affairs' budget process.

Federal Lobbying

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Privileged – First Amendment

Privileged – First Amendment

State Lobbying

Lobbying is conducted by Chevron personnel in Sacramento, Santa Fe, Austin, New Orleans and through contract lobbyists. The laws defining lobbying activities and lobbying expenditures vary widely by state. Therefore, the type of lobbying expenses required for reporting in each jurisdiction varies. Chevron supports indirect lobbying through its industry associations who use a portion of our dues to support their lobbying efforts.

Privileged – First Amendment

Appendix: Major issues by key country VFSMKW

Privileged – ACP/WP

**Privileged – First
Amendment**



Privileged – ACP/WP



Privileged – ACP/WP



Privileged – ACP/WP





Karen Knutson
Vice President and General Manager, Government Affairs

Karen is Chevron's Vice President and General Manager of Government Affairs. Karen manages federal, international, and state government affairs as well as oversees the company's political contributions.

Originally from Alaska, Karen has worked on energy issues for the past 30 years. In addition to working for companies like GE Oil and Gas, she has served four U.S. Senators and as an energy policy advisor at the White House. As the Deputy Director of the National Energy Policy Development Group, she had a role in producing the President's National Energy Policy.

She is an attorney and earned her JD at Wake Forest University. Karen recently joined the Board of Advisors for the School of Law at Wake Forest. Karen is married with two children.

04/15/2020