



Mary A. Francis
Corporate Secretary and Chief Governance Officer

January 18, 2017

CLASSIFIED

Dr. Ronald D. Sugar, Chairperson
Dr. Wanda M. Austin
Ms. Linnet F. Deily
Dr. Alice P. Gast
Mr. Inge G. Thulin

Re: Board Nominating and Governance Committee Meeting

I am including in this distribution the [agenda](#) and supporting materials for the Board Nominating and Governance Committee meeting to be held at 2:00 p.m. on Tuesday, January 24 in Room A4320.

If you have any questions on any of the agenda items, I would be happy to discuss them with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary".

Enclosures

cc: Mr. John S. Watson
Mr. R. Hewitt Pate

Corporate Governance
Chevron Corporation
6001 Bollinger Canyon Road, San Ramon, CA 94583



**CHEVRON CORPORATION
BOARD NOMINATING AND GOVERNANCE COMMITTEE**

**JANUARY 24, 2017, 2:00 – 2:40 P.M.
ROOM A4320, CHEVRON PARK**

AGENDA

Time	Tab	Topic
2:00 p.m.	1.	<u>Minutes</u> Review and approve the minutes of the December 6, 2016 Committee meeting.
2:05 p.m.	2.	<u>Board Nominating and Governance Committee’s Performance Self-Evaluation</u> Review Section IV of the 2016 Board and Board Committee Performance Evaluation Summary (provided under Tab 3) and the 2016 Board Nominating and Governance Committee checklist.
2:15 p.m.	3.	<u>Board and Board Committee Performance Evaluation</u> Review the results of the 2016 Board and Board Committee Performance Evaluation.
2:25 p.m.	4.	<u>Non-Employee Directors’ Expense Reimbursement Guidelines</u> Review proposed revisions to guidelines for reimbursement of non-employee Directors’ expenses.
2:30 p.m.	5.	<u>Corporate Governance Guidelines and Directors Policy Statement on Stock Ownership Guidelines for Management</u> Review recommendation by the Management Compensation Committee to amend the Corporate Governance Guidelines and the Directors Policy Statement on Stock Ownership Guidelines for Management.
2:35 p.m.	6.	<u>Director Succession Planning</u> Consider potential Director nominees. Consider self-nomination of Redacted – Business Confidential (sensitive competitive information)
		<u>Information Items:</u>
	7.	<u>Communications to the Board, July 1, 2016 to December 31, 2016</u>
	8.	<u>Section 16 Insider Trading Transactions, July 21, 2016 to January 18, 2017</u>

Meeting to be followed at 2:45 p.m. by a joint meeting of the Board Nominating and Governance Committee and the Public Policy Committee in A4330 to discuss the Board responses to the stockholder proposals for the 2017 annual meeting of stockholders.

DRAFT

**CHEVRON CORPORATION
BOARD NOMINATING AND GOVERNANCE COMMITTEE
DECEMBER 6, 2016**

MINUTES

Members Present:	Ronald D. Sugar, Chairman Wanda M. Austin Linnet F. Deily Alice P. Gast Inge G. Thulin
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Dr. Sugar chaired the meeting. John Watson, Mary Francis, and Chris Butner were also present.

The Committee reviewed and approved the minutes of the July 26, 2016 Committee meeting.

██████████ and ██████████ of Pearl Meyer & Partners, the Committee's independent compensation consultant, joined the meeting by telephone. ██████████ presented an overview of the process he followed in reviewing the independent Directors' compensation program, including the peer groups he included in his analysis (using the same peer groups that are used for assessing executive compensation) and the current compensation structure. ██████████ then detailed the conclusions of his review and provided his recommendation to maintain the existing compensation structure and amount, noting, however, that one change the Committee could consider is increasing the annual retainer for the Chair of the Audit Committee and the Chair of the Management Compensation Committee since the current retainers are in the 25th percentile of both the oil peer companies and the non-oil peer companies. Several members of the Committee observed that the retainer for the Lead Director was in the lower percentile of the peer groups, and that the additional stockholder engagements involving the Lead Director have increased the demand on the Lead Director. After a thorough discussion of the data provided by Pearl Meyer & Partners and the workload of each committee chair, the Committee determined to recommend that the Board maintain the current Director compensation program with the following changes: (i) increase the annual retainer for the Lead Director to \$30,000; (ii) increase the annual retainer for the Chair of the Audit Committee to \$25,000; and increase the annual retainer for the Chair of the Management Compensation Committee to \$20,000. The Committee determined that it is appropriate to conduct a follow-up review of the Director compensation program in 2017. ██████████ and ██████████ then departed the meeting.

The Committee reviewed and discussed the proposed process and the questionnaire for the annual self-evaluation of the Board and Board Committees. The Committee determined that the process was working well and endorsed the process and the questionnaire for the 2016 evaluations.

The Committee then discussed the issues anticipated in the 2017 proxy season and the stockholder proposals received to date in connection with the 2017 annual meeting of stockholders. The Committee also discussed the stockholder engagement plan and heard a summary of the stockholder engagements held as of the date of the Committee meeting, including the engagements that Dr. Sugar and Mr. Hernandez participated in and the specific feedback received from investors on the executive compensation advisory vote and the portfolio assessment stockholder proposal. The Committee also discussed the current non-employee

Director retirement age contained in the Corporate Governance Guidelines, reviewed the prevalence and trends in this regard at other companies, and determined not to recommend a change at this time.

The Committee discussed the skills and qualifications of the current composition of the Board, the anticipated retirements under the Corporate Governance Guidelines retirement age, and the expected skills and qualifications that may be needed in the future. The Committee discussed several potential Director nominees. The Committee also discussed the current size of the Board and, in light of the resignation of John Stumpf, determined to recommend that Board adopt the following Board resolution:

RESOLVED: That, effective December 7, 2016, the number of Directors of this Corporation shall be decreased to 11.

Mr. Watson, Ms. Francis, and Mr. Butner departed the meeting, and the Committee met in executive session. There being no further business, the meeting was adjourned.

Secretary

**BOARD NOMINATING AND GOVERNANCE COMMITTEE
2016 CHECKLIST OF COMMITTEE RESPONSIBILITIES**

BN&GC Charter Requirements	Reference	Completed (Mtg. Date)
Consider (and report to the Board, as appropriate) results of annual Board, Board Committee and individual Director evaluations.	Charter (Evaluation); <i>see also</i> Guidelines (Evaluation of Board Performance) and NYSE (303A.04(b)(ii))	01/26/16
Review, together with the Public Policy Committee, (and recommend that the Board affirm) responses to stockholder proposals to be included in annual proxy statement.	Charter (Duties, 9)	01/26/16
Assess the size and composition of the Board; review succession plans for Directors and potential candidates for Director.	Charter (Duties, 1(a), (d)); <i>see also</i> Guidelines (Board Membership Criteria; Election of Directors; Board Size); NYSE (303A.04(b)(i))	01/26/16; 03/29/16; 05/24/16; 07/26/16; 12/06/16
Determine (and recommend that the Board affirm) that Board meets independence requirements.	Charter (Duties, 1(a)-(b)); <i>see also</i> Guidelines (Director Independence); NYSE (303A.01)	01/26/16; 03/29/16
Determine (and recommend that the Board affirm) Board committee assignments and committee chairpersons.	Charter (Duties, 7); <i>see also</i> Guidelines (Number and Composition of Board Committees); NYSE (303A.04 Commentary)	01/26/16; 03/29/16; 7/26/2016; 8/17/2016
Determine (and recommend that the Board affirm) that members of the Committee and the Audit Committee and Management Compensation Committee meet independence requirements.	Charter (Duties, 1(b)); <i>see also</i> Guidelines (Number and Composition of Board Committees); NYSE (303A.04 Commentary)	01/26/16; 03/29/16; 7/26/2016
Determine (and recommend that the Board affirm) the nominees who will stand for election as Director at the Annual Meeting of Stockholders.	Charter (Duties, 1); <i>see also</i> Guidelines (Election of Directors); NYSE (303A.04(b)(i))	03/29/16

BN&GC Charter Requirements	Reference	Completed (Mtg. Date)
Evaluate, together with the Management Compensation Committee, (and report to Board concerning results of) the CEO's performance in preceeding fiscal-year.	Charter (Duties, 6); <i>see also</i> Guidelines (CEO Performance Review); NYSE (303A.04(b)(i))	03/29/16
Approve stock option valuation model for annual retainer stock option awards and terms of annual Retainer Option Agreement.	Charter (Duties, 2)	05/24/16
Review (and refer to the Board, if necessary) interested-party communications, including stockholder inquiries, directed to non-employee Directors.	Charter (Duties, 11)	01/26/16; 07/26/16
Conduct annual assessment of Chevron's corporate governance practices.	Charter (Duties, 3)	07/26/16
Review (and propose changes to the Board, if necessary) Certificate of Incorporation and By-Laws.	Charter (Duties, 4); <i>see also</i> NYSE (303A.04 Commentary)	07/26/16
Review (and propose changes to the Board, if necessary) Governance Guidelines.	Charter (Duties, 3); <i>see also</i> Guidelines (Periodic Review of Guidelines); NYSE (303A.04(b)(i))	07/26/16
Review (and propose changes to the Board, if necessary) Board Committee and Executive Committee charters.	Charter (Duties, 4)	07/26/16
Conduct biennial review of non-employee Director compensation.	Charter (Duties, 2); <i>see also</i> Guidelines (Board Compensation)	12/06/16
Review (and propose changes to the Board, if necessary) non-employee Director equity compensation and deferral plans and rules.	Charter (Duties, 2)	12/06/16
Review and approve Committee minutes.	Charter (Secretary)	01/26/16; 03/29/16; 05/24/16; 07/26/16; 12/06/16
Assess (and propose changes to the Board, if necessary) stockholder rights plan and other stockholder protections.	Charter (Duties, 5)	07/26/16
Review (and approve or ratify, if advisable) transactions within scope of Guidelines Concerning Related Person Transactions.	Charter (Duties, 10); <i>see also</i> Guidelines Concerning Related Person Transactions	03/29/16; 07/26/2016

BN&GC Charter Requirements	Reference	Completed (Mtg. Date)
Review (and approve, if advisable) any employee Director standing for election to outside for-profit board of directors.	Charter (Duties, 7); <i>see also</i> Guidelines (Board Membership)	Not applicable in 2016

Governance Guidelines Requirements	Reference	Completed (Mtg. Date)
Consider (and recommend to the Board any action to be taken concerning) offer of resignation of any Director receiving more AGAINST votes than FOR votes in uncontested election.	Guidelines (Election of Directors); <i>see also</i> By-Laws (Art. IV; Sec. 3)	Not applicable in 2016
Review (and propose changes to the Board, if necessary) Director stock ownership guidelines.	Guidelines (Stock Ownership Guidelines)	Not applicable in 2016 (last review 12/09/14)
Review (and propose changes to the Board, if necessary) categorical standards of independence contained in Governance Guidelines.	Guidelines (Director Independence); <i>see also</i> NYSE (303A.04(b)(i))	Not applicable in 2016
Consider self-nominations and stockholder recommendations for candidates for election to the Board.	Guidelines (Election of Directors); <i>see also</i> NYSE (303A.04(b)(i))	Not applicable in 2016
Consider (and recommend to the Board any action to be taken concerning) offer of resignation of any non-employee Director whose principle occupation or business association changes.	Guidelines (Director Retirement Policy)	01/26/16; 08/29/16

NYSE Requirements	Reference	Completed (Mtg. Date)
Determine (and recommend that the Board affirm) financial literacy of Audit Committee members and designation of Audit Committee financial expert(s).	NYSE (303A.04 Commentary)	03/29/16

Other Requirements	Reference	Completed (Mtg. Date)
Endorse Committee report and governance disclosure to be included in annual proxy statement.	Regulation S-K, Item 407(c)	03/29/16
Designate Officers for purposes of Section 16 of the Securities Exchange Act of 1934.	Rule 16a-1	03/29/16
Review Section 16 insider trading activity.		01/26/16; 07/26/16
Review proxy season results and results of voting at Annual Meeting of Stockholders.		05/24/16; 07/26/16
Review next fiscal year Committee Meeting and Work Plan.		12/06/16
Review (and propose changes to the Board, if necessary) insurance coverage under Director and Officer liability insurance policies.		07/26/16

BOARD AND BOARD COMMITTEE PERFORMANCE EVALUATION

BOARD NOMINATING AND GOVERNANCE COMMITTEE JANUARY 24, 2017

This summary and analysis is intended to help the Board Nominating and Governance Committee in its annual evaluation of the effectiveness of Chevron's Board and Board Committees and the processes that support them. The Board and Board Committee performance evaluation questionnaires that were circulated to the Board indicate that, overall, Board members are very satisfied with both the Board and Committee structure and Board and Committee processes. The consolidated responses are attached in the Summary Results.

Background

The New York Stock Exchange rules require an annual performance evaluation of the Board and its Committees. At its December 6, 2016 meeting, the Committee determined to use a Board and Board Committee performance evaluation questionnaire, similar to prior years' questionnaires, as the tool to evaluate Board and Board Committee effectiveness. The questionnaire was circulated to the Board and the responses to the questionnaire were consolidated by the Corporate Governance staff. This report summarizes the results of the evaluation for the Committee's review and discussion at its January 24, 2017 meeting.

Summary

The questionnaire gathered input from Directors on Board structure, key Board responsibilities, Board meetings, Board Committee structure and performance, and responsibilities of individual Directors. The Directors' responses form the basis for the conclusion that the Board and Board Committees are effective and supported by strong processes.

Board Structure

The survey results indicate that Directors agree that the current Board possesses the skills and experience required, and that the current process for selecting directors is appropriate. With respect to potential director candidates, several members identified a need to add a sitting CEO (with international or global experience or environmental experience) and a Director with expertise in science and technology, knowledge of governmental/regulatory matters, or legal or public policy experience. Two Directors indicated that the Board, while improving, would benefit from increasing diversity of gender and ethnicity. Most responses indicated that the size of the Board is appropriate at present but that additional directors should be added in light of mandatory retirements in 2018.

Key Board Responsibilities

Board members indicated that the Board handles key Board responsibilities effectively. The processes for strategic planning, succession planning, and the CEO evaluation are effective. Directors expressed satisfaction with the process for reviewing the effectiveness of capital expenditures and the processes and controls for safeguarding assets and managing and identifying risks and opportunities, and indicated that the increased focus on cyber security has been positive. Directors are generally satisfied with the level of environmental disclosure by the Company, although several responses noted the need to monitor stockholder requests for such information and the level of disclosure made by peer companies. Board members expressed satisfaction with their contacts with management, although several responses reflected a desire to have more exposure to senior management outside of the boardroom. Board members expressed satisfaction with their means of communications with stockholders and with Chevron's disclosure. With respect to whether it is effective for Directors to engage in direct communication with stockholders, Directors supported communication only in very limited circumstances and primarily by the Lead Director.

Board Meetings

Members expressed satisfaction with the Board meeting agendas, pre-read materials, and presentations but expressed a desire for additional information in the areas of tax planning, the impact of the new administration as it relates to new opportunities, regulations and trade, and the profitability of each of our major resources. A couple of responses indicated a need for more details of significant transactions approved by the Executive Committee. Suggested in-depth briefings included major capital project performance, competitors' strategies, another visit from Dan Yergin, and financial criteria used to evaluate projects. Suggested potential locations for future Board trips included California operations (Bakersfield, El Segundo, and Richmond), Asia (Indonesia, Kazakhstan and China), Canada, Houston, Pascagoula, and the Chevron Phillips Chemical facilities.

Board Committees

Members of the Board rated the Board Committee structure and performance as effective. Several responses indicated the need to stay vigilant and proactive in the areas of governance and management compensation. Board members were supportive of the practice of rotating Committee chairs and membership.

Individual Responsibilities

Members agreed that we have identified the right key elements of individual Director performance. One indicated that understanding the economics of Chevron's business, strategy, and plans is a quality that differentiates performance of Directors. Another suggestion was to enhance Director education of the business and operations of the Company.

Overall Comments

Two Board members supported the increase in the CEO's stock ownership guidelines to 6 times base salary. Board members indicated that the Board should focus in 2017 on Director and management succession planning, safety, risk management, strategic planning (particularly in light of the changing political and regulatory environments), successful completion of major capital projects, capital management, and capital allocation.

Conclusion

The results of the 2016 Board and Board Committee Performance Evaluation confirm that the members of the Board of Directors believe the Board and its Committees are effective and the Board and Board Committee structures and processes are sound and support its effectiveness.

Corporate Secretary and
Chief Governance Officer
January 18, 2017

CHEVRON CORPORATION
2016 BOARD AND BOARD COMMITTEE PERFORMANCE EVALUATION

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SELF-NOMINATION FOR DIRECTOR
BOARD NOMINATING AND GOVERNANCE COMMITTEE
JANUARY 24, 2017

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The Committee will consider at its January 24 Committee meeting the self-nomination for service on the Board that has been received from [Redacted – Business] Materials recently received from [Redacted – Business] are attached.

Corporate Secretary and
Chief Governance Officer
January 18, 2017

Chairman of the Board, President & CEO
John S. Watson
Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583

November 3, 2016

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Subject: Board of Directors – Candidacy

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CORRESPONDENCE TO BOARD OF DIRECTORS
2016
Link to "[Correspondence to Board](#)" in Diligent Boards

Date Received	From	To	Subject / Category	Response Date
7/07/2016	Judy Cotte, VP & Head of Corp Gov RBC Global Asset Management Inc.	John S. Watson c/o Mary Francis (email addressed to Chair)	Corporate Governance	Mary Francis; 9/22/2016
9/01/2016	██████████ Governance & Sustainable Investment BMO Global Asset Management	Chairman of the Board	Corporate Governance	Mary Francis; 10/04/2016
9/01/2016	Anne Simpson Investment Director, Sustainability CalPERS	John S. Watson Chairman of the Board	Corporate Responsibility / Human Rights	Engagement meeting 11/04/2016
9/13/2016	M.R. French, Chairman Council of Branded Marketer Retailers	John Watson and Lead Directors	Litigation	No response necessary (per Downstream Law)
9/26/2016	██████████ Hermes Investment Management	John S. Watson	Corporate Governance	Mary Francis; 9/29/2016
9/30/2016	Bryan Thomson Senior VP, Public Equities British Columbia Investment Management Corporation	Linnet F. Deily Chair, Public Policy Committee	Corporate Governance	Mary Francis; 10/04/2016
10/04/2016	██████████ Delvaz Law	Board of Directors	Litigation	No response necessary
10/08/2016	Mike French, Chairman (<i>second letter</i>) S.A. Chairman's Council of Branded Marketer Retailers	John Watson	Litigation	No response necessary (per Downstream Law)
11/07/2016	██████████ P.E.	John S. Watson Chairman of the Board, President & CEO	Corporate Governance	Mary Francis; 11/22/2016
11/07/2016	██████████ Perkowski Legal	Nine envelopes - each one addressed to an Independent Director	Solicitation / Business & Employment Opportunity	No response necessary
12/19/2016	██████████ PhD Columbia University	Nine envelopes - each one addressed to an Independent Director	Sponsorship / Donation	Mary Francis; 12/27/2016
12/19/2016	Jena Abernathy, Managing Partner & Chair, Board Services @ Witt Kieffer	Mr. John Watson Chairman and CEO	Solicitation / Business & Employment Opportunity	Mary Francis; 12/29/2016
12/27/2016	██████████ All Nations Assemblies of God West Fargo	Nine envelopes - each one addressed to an Independent Director	Sponsorship / Donation	Mary Francis; 1/05/2017

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Section 16 Insider Transactions
July 21, 2016 - January 18, 2017

Reporting Person	Transaction Date	Transaction Type	Derivative Securities or Common Stock	Shares
Austin, Wanda M.	12/01/2016	Prorated grant of restricted stock units upon joining the Board	Common Stock	968
Breber, Pierre R.	12/08/2016	Stock option exercise and sale pursuant to a Rule 10b5-1 Plan	Common Stock	10,000
Breber, Pierre R.	11/28/2016	Quarterly acquisition from deferral of salary during the insider trading window	Derivative Security	135
Breber, Pierre R.	11/17/2016	Stock option exercise and sale pursuant to a Rule 10b5-1 Plan	Common Stock	10,000
Breber, Pierre R.	11/04/2016	Stock option exercise and sale pursuant to a Rule 10b5-1 Plan	Common Stock	3,000
Breber, Pierre R.	08/26/2016	Quarterly acquisition from deferral of salary during the insider trading window	Derivative Security	147
Breber, Pierre R.	08/02/2016	Stock option exercise and sale during the insider trading window	Common Stock	21,000
Deily, Linnet F.	11/03/2016	Open market sale during the insider trading window	Common Stock	5,637
Denham, Robert E.	08/26/2016	Quarterly acquisition from deferral of retainer during the insider trading window	Derivative Security	95
Geagea, Joseph C.	08/15/2016	Stock option exercise and sale during the insider trading window	Common Stock	13,000
Geagea, Joseph C.	08/12/2016	Stock option exercise and sale during the insider trading window	Common Stock	13,000
Johnson, Jay W.	08/10/2016	Stock option exercise and partial sale during the insider trading window	Common Stock	13,000
Moorman, Charles W	11/28/2016	Quarterly acquisition from deferral of retainer during the insider trading window	Derivative Security	373
Moorman, Charles W	08/26/2016	Quarterly acquisition from deferral of retainer during the insider trading window	Derivative Security	407
Moyo, Dambisa F.	10/11/2016	Prorated grant of restricted stock units upon joining the Board	Common Stock	1,365
Ourada, Jeanette L.	08/25/2016	Stock option exercise and sale during the insider trading window	Common Stock	7,000
Pate, R. Hewitt	12/06/2016	Vesting of restricted stock units	Common Stock	8,074
Pate, R. Hewitt	11/16/2016	Stock option exercise and sale during the insider trading window	Common Stock	25,500
Thulin, Inge G.	08/15/2016	Open market purchase during the insider trading window	Common Stock	487
Wirth, Michael K.	08/01/2016	Stock option exercise and sale during the insider trading window	Common Stock	125,000

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