



Harriet Wu
Secretary, Management Compensation Committee

Management Compensation Committee Meeting

March 24, 2021

Mr. E. Hernandez Jr., Chairman
Mr. J. Huntsman Jr.
Mr. R. Sugar
Mr. J. Umpleby

The next Management Compensation Committee (MCC) meeting will be held from 10:30 – 11:30 AM PDT on Tuesday, March 30, 2021 virtually via video conference. The dial-in instructions and the full agenda are included on the following pages.

If you have any questions or would like to discuss any of the material prior to the meeting, please call me at your convenience.

Harriet Wu

Attachments

cc: Mr. M. K. Wirth
Ms. R. J. Morris
[REDACTED] Meridian Compensation Partners

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

CLASSIFIED

**CHEVRON BOARD OF DIRECTORS
COMMITTEE MEETING INFORMATION**

March 30, 2021



VIDEO CONFERENCE MEETING

Management Compensation Committee attendees,

We will be conducting the March 30 Management Compensation Committee meeting using Webex for video, audio, and content sharing. In case we experience network issues, please use the standard WebEx audio call in information.

Should you need assistance, please contact [REDACTED] Executive IT Support, at [REDACTED] Redacted – PII

WEBEX VIDEO CONFERENCE LINKS

- FOR THE BEST WEBEX MEETING EXPERIENCE, WE SUGGEST THE FOLLOWING:
- Restart your computer or mobile device before joining the meeting
- Hardwire your computer to your network with an ethernet cable
- Reduce simultaneous streaming activities on your network
- Close unused background applications on your computer or device

Tuesday, March 30
10:30 a.m. Pacific Time

Management Compensation Committee
(Hernandez, Huntsman, Sugar, Umpleby)

10-15 minutes prior to the meeting start time, click this link to join the meeting in Webex:

[Join Meeting Now](#)

Note: for the most secure audio connection, please choose “**Use Internet for Audio**,” to ensure the call is encrypted.

CHEVRON SUPPORT CONTACTS

San Ramon Staff

[REDACTED] – Executive IT
[REDACTED] – Board Logistics
[REDACTED] – Diligent Administrator

[REDACTED] Redacted – PII

WEBEX AUDIO-ONLY CONNECTION

IN THE EVENT YOU ARE UNABLE TO CONNECT BY WEBEX VIDEO CONFERENCE, THE STANDARD CALL-IN INFORMATION IS BELOW.

(Note: this method of calling via phone line is not encrypted.)

Tuesday, March 30
10:30 a.m. Pacific Time

Management Compensation Committee
(Hernandez, Huntsman, Sugar, Umpleby)

Webex Audio Only connection information:
(Note: this method of calling via phone line is not encrypted.)

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Management Compensation Committee Meeting Agenda

Committee Members Present:

Mr. E. Hernandez Jr.
Mr. J. Huntsman
Mr. R. Sugar
Mr. J. Umpleby

Additional Attendees:

Wanda M. Austin
Charles W. Moorman
Mike Wirth, Chevron
Rhonda Morris, Chevron
Harriet Wu, Chevron
[REDACTED] Committee Consultant

Logistics:

March 30, 2021
10:30am – 11:30am PDT
By Video Conference

Tab	Topic
1	<u>Approval of January 26, 2021 MCC minutes*</u>
2	<u>Management personnel proposal</u>
3	<u>Endorse 2020 risk assessment of incentive compensation programs*</u>
4	<u>Approve the CD&A and compensation tables included in the 2021 Proxy Statement; approve the Management Compensation Committee report*</u>
5	<u>Review/endorse peer group for 2022 compensation cycle*</u>
6	<u>Preview of 2020-21 peer executive compensation actions/trends (Meridian)</u>
7	<u>Executive session – Consultant transition</u>

Note final tab contains roster and other reference materials

***MCC action needed**



**CHEVRON CORPORATION
MANAGEMENT COMPENSATION COMMITTEE
JANUARY 26, 2021**

Members Present: Mr. E. Hernandez Jr., Chairman
Mr. J. Huntsman Jr.
Mr. R. Sugar
Mr. J. Umpleby

Members Absent: None

A virtual meeting of the Management Compensation Committee (MCC or Committee) was held on January 26th, 2021 at 12:45PM PT. Mr. Enrique Hernandez Jr. chaired the meeting. Dr Wanda Austin attended the meeting as a guest. Also present were Mr. Mike Wirth, Ms. Rhonda Morris and Ms. Harriet Wu. [REDACTED] the Committee's independent compensation consultant from Meridian, attended the full meeting.

Mr. Hernandez referenced the minutes from the December 1st meeting and asked if there were any changes the Committee wanted to make. With no changes proposed, the Committee approved the minutes as submitted.

Next, the Committee reviewed and approved compensation actions for three personnel promotional increases and one separation payment. The Committee also discussed one upcoming executive succession, its timing and related compensation/policy considerations.

Mr. Wirth then reviewed the proposed 2021 CIP performance measures. He introduced the addition of the new "energy transition" category with 10% weighting and discussed the rationale of rebalancing the four performance categories. The Committee applauded the new "energy transition" category, discussed investors' expectation of energy and sustainability measures, and the market trend of linking incentive to Environment, Social and Governance (ESG) metrics. The Committee then approved the 2021 CIP performance measures as presented.

Next, Ms. Wu summarized the CIP/LTIP design changes as previewed with the Committee in December and presented the amended and restated plan documents/rules to formalize the approval. Ms. Wu also discussed the proposed calculation method for the return-on-capital employed (ROCE) improvement that will be added to the performance shares modifier calculation effective 2021. The MCC reviewed and approved the amended CIP/LTIP plan rules, and also recommended the amended CIP for the Board to approve.

Then, Ms. Wu presented the proposed 2020 CIP Individual Bonus Component (IBC), the 2021 LTIP grants and the salary actions for PSG 41-45 executives. As approved in the December 2020 meeting, there is no increase in the 2021 executive salary structure and 2021 LTIP grant targets remained consistent with 2020 target levels as a percentage of the salary grade midpoint. Overall, compensation proposals align well with the structure set by the Committee and internal guidelines, including a few LTIP special/high grants for performance reasons. The Committee reviewed and approved individual LTIP grant date target values, CIP IBCs and salary actions for PSG 41-45 executives. The actual number of shares and options (or SARs when granting options is not feasible) will be calculated based on the closing price of Chevron stock on the grant date (1/27/2021), and the methodology approved in the December 2020 meeting. Similarly, actual CIP awards will be calculated after the CIP corporate rating is approved by the MCC. An informational update

will be provided to the Committee in mid-February. The Committee also approved the updated grant agreement for performance shares. There is no change to the grant agreements for standard RSUs, special RSUs and stock options. Lastly, Mr. Wirth discussed ExCom members' performance and his recommended compensation actions. The Committee reviewed and approved their 2021 LTIP grant date values, 2020 CIP IBCs and 2021 salary actions for ExCom members.

The Committee then reviewed the 2018 LTIP performance shares payout. For the 2018-2020 performance period, Chevron's Total Stockholder Return (TSR) ranked 3rd when compared to the LTIP Performance Share Peer Group, with an annualized TSR of -6.0 percent. This resulted in a 120% payout modifier. The Committee certified the payout modifier and approved performance share payouts for ExCom members as follows:

	Payout
Mike Wirth	\$6,407,475
Jay Johnson	\$2,417,503
Pierre Breber	\$1,861,017
Joe Geagea	\$1,861,017
Mark Nelson	\$975,973
Hew Pate	
Rhonda Morris	Redacted – PII
Colin Parfitt	

Next, the Committee reviewed and approved the proposed delegation of authority to the Chief Human Resources Officer to claw back executive benefits for cases at PSG 30 and below, with an aggregate balance at or below \$500,000 including CIP, LTIP, Retirement Restoration Plan, ESIP-Restoration Plan, and Deferred Compensation Plan.

Then, Ms. Wu led the Committee through a review of the tally sheets for ExCom members.

At this point, Ms. Morris and Ms. Wu were excused.

Mr. Wirth summarized Chevron's 2020 business performance which was reviewed in depth in an earlier Board briefing session, and then provided a potential range of CIP corporate ratings. The Committee had a robust dialogue of the company performance and approved a 0.75 corporate rating for the 2020 performance year. Mr. Wirth was then excused as the Committee began the Executive Session.

During the executive session, the Committee discussed the compensation recommendation for Mr. Wirth. After consideration of 2020 financial and operating results and the compensation decisions for ExCom members, the Committee determined to recommend to the independent Directors of the Board a 2021 LTIP grant with a grant date target value of \$15,500,000 (no increase, the actual number of shares to be determined based on the same methodology as that for the entire LTIP population, as approved by the Committee in the December 1, 2020 meeting). Additionally, the Committee recommended no increase in base salary (1,650,000, effective March 1, 2021) and no 2020 CIP award for Mr. Wirth.

There being no further business, Mr. Hernandez Jr. adjourned the meeting at 2:00 PM PT.

Approved by the Management Compensation Committee

E. Hernandez Jr., Chairman



Personnel proposal

Management Compensation Committee

March 30, 2021

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MANAGEMENT PERSONNEL PROPOSAL

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Incentive compensation program risk assessment

Management Compensation Committee

March 30, 2021

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**Incentive compensation program risk assessment
2020 compensation cycle**

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Incentive compensation program risk assessment
2020 compensation cycle

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Incentive compensation program risk assessment
2020 compensation cycle

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2021 Proxy Statement –CD&A, compensation tables and MCC report

Management Compensation Committee

March 30, 2021

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CHEV-117HCOR-0128765

Approval to include CD&A, compensation tables and MCC report in the 2021 Proxy Statement

The Committee approves the Compensation Discussion & Analysis, the compensation tables and the Management Compensation Committee report, as presented in the previous pages, to be included in the 2021 Proxy Statement.

Approved by the Management Compensation Committee

E. Hernandez Jr., Chairman



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Peer groups for 2022 compensation cycle

Management Compensation Committee
March 30, 2021

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Discussion and decision topic

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Appendix

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Chevron Corporation ■ March 2021

Industry Trends Update

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Executive session

Management Compensation Committee

March 30, 2021

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Chevron Corporation ■ February 2021

Meridian's Executive Compensation Services for Chevron Corporation



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Reference materials



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MCC calendar & agenda topics

	December	January	March	July
Competitive Analysis	Chevron competitive position		Peer group review	Mid-year compensation and governance trends update
Base Salary	PSG 41+ salary structure	PSG 41+ salary actions		
CIP/Bonus	Preview <ul style="list-style-type: none"> Business performance ExCom member performance PSG 41+ targets 	Final <ul style="list-style-type: none"> Business performance ExCom member performance Corp. rating PSG 41+ awards CIP metrics 		Mid-year business performance
LTIP	<ul style="list-style-type: none"> Sizing methodology Targets PSG 47 & below 	<ul style="list-style-type: none"> Performance share payouts LTIP grants 		
Governance and Disclosures	<ul style="list-style-type: none"> Stock ownership CD&A update 	Tally sheets	<ul style="list-style-type: none"> CD&A approval Risk Assessment 	<ul style="list-style-type: none"> Charter Self-evaluation (best practices checklist)
Stockholder engagement updates as needed				



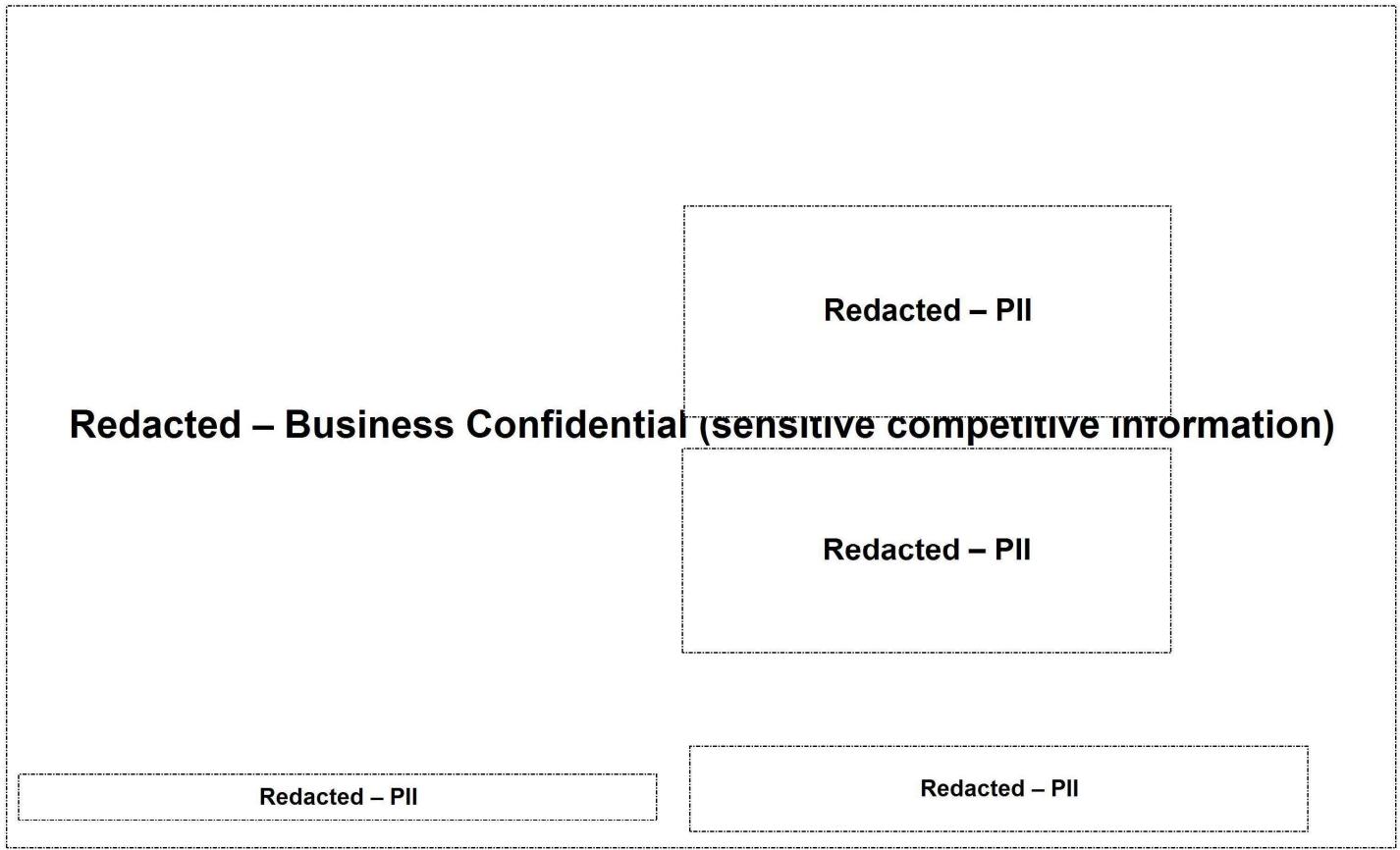
Executive Total Rewards

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ROSTER OF EXECUTIVE POSITIONS AND INCUMBENTS BY SALARY GRADE (EFF MARCH 2021)

Executive population distribution, target compensation and pay-at-risk (March 2021)

