



Rhonda J. Morris
Vice President, Human Resources

Management Compensation Committee Meeting

November 27, 2019

Mr. E. Hernandez Jr., Chairman
Ms. D. Reed-Klages
Mr. R. Sugar
Mr. J. Umpleby

The next Management Compensation Committee (MCC) meeting will be held from 4:30 – 5:45 PM PT on Tuesday, December 3, 2019 in Chevron Park Conference Room A4320. The full agenda is included on the following page.

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

Rhonda Morris

Attachments

cc: Mr. M. K. Wirth
[REDACTED] Meridian Compensation Partners

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

Management Compensation Committee meeting agenda

Committee Members:
Mr. E. Hernandez Jr.
Ms. D. Reed-Klages
Mr. R. Sugar
Mr. J. Umpleby

Additional Attendees:
Mike Wirth, Chevron
Rhonda Morris, Chevron
Harriet Wu, Chevron
[REDACTED] Committee Consultant

Logistics:
December 3, 2019
4:30pm – 5:45pm
Building A, Room 4320
Chevron Park

Tab	Topic
1	Approval of July 30, 2019 MCC minutes
2	Management personnel proposals
3	Annual review of Chevron's executive compensation position by Committee Consultant
4	Review and approval of 2020 executive salary structure, executive CIP targets, LTIP grant sizing methodology, and LTIP grant targets for PSG 47 and below
5	Performance management and pay determination changes for 2020
6	2019 business performance preview
7	2019 ExCom members provisional performance review (verbal)
8	Stock ownership annual update
9	Compensation Discussion and Analysis (CD&A) and NEOs for 2020 proxy statement
10	Human capital management (HCM)
	Executive session

Note final tab contains roster and other reference materials

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MCC decision needed

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CHEV-117HCOR-0129167

**CHEVRON CORPORATION
MANAGEMENT COMPENSATION COMMITTEE
July 30, 2019**

Members Present: Mr. E. Hernandez Jr., Chairman
Ms. D. Reed-Klages
Mr. R. Sugar
Mr. J. Umpleby

Members Absent: None

The meeting was called to order at 11:00 A.M. by Mr. Enrique Hernandez Jr. The Committee's independent consultant, [REDACTED] of Meridian Compensation Partners, was in attendance. Also present were Mr. Michael Wirth, Ms. Rhonda Morris and Ms. Harriet Wu who served as the interim Committee secretary for this meeting.

Mr. Hernandez highlighted the major decisions pending for the July meeting with the Committee members and then asked for and obtained approval of the minutes of the May 28, 2019 MCC meeting.

The Committee reviewed and approved compensation actions for one personnel proposal, effective October 1, 2019 as well as a separation arrangement. Management informed the Committee of another executive lateral movement.

Next, the MCC reviewed the best practices checklist and confirmed that the Committee fulfilled all core duties during the 2018 compensation and reporting cycle. Ms. Wu reviewed proposed charter revisions, which the Committee endorsed for the Board Nominating and Governance Committee (BN&GC) to review and recommend for full Board approval in September 2019.

Mr. Hernandez turned the meeting over to Mr. Wirth to review Chevron's operational performance and Chevron Incentive Program performance measures for the first six months of the performance year. Mr. Wirth covered several financial and non-financial measures. Mr. Wirth referenced that further details and dialogue around 2019 mid-year performance would occur in the full Board meeting in the afternoon.

Next, [REDACTED] led the Committee through an informational update regarding industry compensation outcomes and trends, including say on pay voting results, proxy advisor assessments, and considerations for future cycles.

Management then provided updates regarding U.S. retirement plans and Human Capital Management (HCM). The MCC was satisfied with the information provided and agreed to further discuss HCM at the December meeting.

At this point, Mr. Wirth, Ms. Morris and Ms. Wu, were excused from the meeting.

During the executive session, the Committee had further discussion around earlier agenda items. The Committee then dismissed [REDACTED] The Committee then conducted an evaluation of the independent consultant, and a Committee self-evaluation.

There being no further business, Mr. Hernandez adjourned the meeting at 12:00PM.

Approved by the Management Compensation Committee

E. Hernandez Jr., Chairman



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Personnel proposals

Management Compensation Committee

December 3, 2019

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December 2019 - MCC Personnel Proposal Summary

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**[Redacted –
PII]**

MANAGEMENT PERSONNEL PROPOSALS

Management proposes the following compensation actions (all are in-job promotions):

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External Benchmarking of Executive Compensation

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Chairman and Chief Executive Officer Oil and Non-Oil Benchmarks

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Other Executives (Grades 41-47) Oils and Non-Oil Benchmarks

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n/a = benchmark data not available

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n/a = benchmark data not available

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Appendix

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2020 executive salary structure, CIP target, LTIP grant sizing methodology, and LTIP target proposal

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Discussion and decision topics

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E. Hernandez Jr., Chairman



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Appendix

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Estimated 2020 TR package values

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January 2020 compensation approval flow

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APPENDIX: 2020 EXECUTIVE SALARY STRUCTURE PROPOSAL RATIONALE

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Performance management and pay determination changes for 2020

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Performance Management and Pay Determination Changes for 2020

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2019 business performance preview

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2019 CIP Preview Performance Measures Scorecard

Category	Weight	Performance Measures	Results	Raw Score (0.00 – 2.00)	Weighted Score			
Financials	40%	Earnings ⁽²⁾	●	TBD	TBD			
		Cash flow ⁽³⁾	●					
		Divestiture Proceeds	●					
Capital Management	30%	Return on capital employed	●	TBD	TBD			
		Total capital & exploratory expenditures (organic)	●					
		Major Milestones	Gorgon					
			FGP / WPMP					
			Permian					
			Asia Petrochemicals					
		Net production, excluding impact of divestments ⁽⁴⁾	●					
Operating Performance	15%	Non-fuel operating expenses + selling, general and administrative expenses ⁽⁵⁾	●	TBD	TBD			
		Refining utilization, including joint ventures and affiliates	●					
		Personal safety	●					
Health, Environmental & Safety	15%	Process safety and environmental	●	TBD	TBD			
		GHG Management	●					
		Redacted – Business Confidential (sensitive competitive information)	●					
Corporate Performance Rating range								
MCC Discretionary Adjustment								
Final Corporate Performance Rating								

1) "Results" refer to on track / met / exceeded Plan (green), on track / met Plan with some gaps (yellow) or not on track / did not meet (red) and factor the following thresholds (vs. Plan): green: 2-3%, yellow: \leq 10%, red: $>$ 10%. "Plan" refers to Board-approved Business Plan; assumes a \$65/bbl Brent price. Reflects estimated 2019 results. Relative peer comparisons based on externally disclosed results through 3Q19. Figures rounded.

2) Normalized earnings exclude market factors beyond control of management, including price, foreign exchange, and uncontrollable tax impacts; comparison more accurately measures controllable performance.

3) Normalized cash from operating activities excludes the impact of price.

4) Production growth range assumes a \$60/bbl Brent price.

5) Non-fuel operating expense used as an internal metric to measure controllable performance. For external Proxy Statement disclosure, measure will align with Income Statement – includes purchased fuel / excludes own-use fuel.





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2019 ExCom members provisional performance review

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2019 ExCom members provisional performance review

Verbal update by Mike Wirth in the meeting





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Stock ownership annual update

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2019 annual stock ownership update

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2020 compensation discussion & analysis (CD&A) and named executive officers (NEOs)

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2020 CD&A maintains 2019 structure to continue reinforcement of pay-for-performance linkage

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2020 proposed CD&A timeline

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Human capital management

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HUMAN CAPITAL MANAGEMENT

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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	PSG 41+ targets Preview <ul style="list-style-type: none"> Business performance ExCom member performance 	Final <ul style="list-style-type: none"> Business performance ExCom member performance Corp. rating PSG 41+ awards CIP metrics 		Mid-year business performance
	<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				



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ROSTER OF EXECUTIVE POSITIONS AND INCUMBENTS BY SALARY GRADE (EFF NOV 2019)

EXECUTIVE	PSG	POSITION TITLE	EXECUTIVE	PSG	POSITION TITLE
					Redacted – PII

Executive population distribution, target compensation and pay-at-risk (November 2019)

Pay Grade (# of employees)
• Positions / Roles

Target Compensation:
Salary, Bonus, & Long-Term Incentive
(Parentheses Denote Pay-at-Risk)

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