



Brit Wittman

Secretary, Management Compensation Committee

Management Compensation Committee Meeting

March 26, 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 – 5:30 PM CST on Tuesday, March 26, 2019 in Houston [REDACTED]. 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.

Brit Wittman

Attachments

cc: Mr. M. K. Wirth
Ms. R. J. Morris

Mr. B. A. Wittman

[REDACTED] Meridian Compensation Partners

Chevron Corporation

6001 Bollinger Canyon Rd., San Ramon, CA 94583



Management Compensation Committee Meeting Agenda

Committee Members Present:

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

Additional Attendees:

Ms. Dambisa Moyo, Director
Mike Wirth, Chevron
Rhonda Morris, Chevron
Brit Wittman, Chevron
[REDACTED] Committee Consultant

Logistics:

March 26, 2019
4:30pm – 5:30pm
[REDACTED]

Tab	Topic
1	Approval of January 29, 2019 MCC minutes
2	Endorse 2018 risk assessment of incentive compensation programs
3	Approve the CD&A and compensation tables included in the 2019 Proxy Statement; approve the Management Compensation Committee report
4	Review/endorse peer group for 2020 compensation cycle
5	Stockholder engagement update
6	Meridian update – Compensation-Related Factors with Corporate Responsibility
	Executive session

[Note final tab contains roster and other reference materials](#)

MCC action needed



**CHEVRON CORPORATION
MANAGEMENT COMPENSATION COMMITTEE
JANUARY 29, 2019**

Members Present:

Enrique Hernandez, Jr. (Chairman)
Debra Reed-Klages
Ronald D. Sugar
Jim Umpleby

A meeting of the Management Compensation Committee (MCC or Committee) was held on January 29th, 2019 at 4:15PM PT in Building A, Chevron Park. Mr. Enrique Hernandez Jr. chaired the meeting. Also present were Mr. Mike Wirth, Ms. Rhonda Morris, and Mr. Brit Wittman from Chevron. [REDACTED] the Committee's independent compensation consultant from Meridian, attended the full meeting.

Mr. Hernandez Jr. highlighted the major decisions pending for the January meeting and then requested and obtained approval of the December 4, 2018 MCC meeting minutes.

Next, the Committee reviewed and approved compensation actions for five personnel proposals [REDACTED] [REDACTED – PII] The Committee was also informed of one lateral movement [REDACTED – PII]

Mr. Hernandez Jr. introduced the 2018 Chevron Incentive Plan (CIP) corporate rating discussion and asked Mr. Wirth to review the Corporation's 2018 business performance and CIP corporate rating recommendation. Mr. Wirth highlighted many achievements in delivering key financial priorities, meeting project milestones, achieving record production and OE performance. Finally, Mr. Wirth provided a potential range of corporate ratings.

Mr. Wirth then reviewed the proposed 2019 CIP performance measures based on the same categories and weightings. Consistent with the discussion in the last Committee meeting, Mr. Wirth introduced a new greenhouse gas (GHG) metric tied to Upstream methane and flaring performance in the Health, Environmental and Safety category. The Committee had a robust discussion and approved the 2019 performance measures as presented to the Committee.

Next, Mr. Hernandez Jr. requested Mr. Wittman present the proposed 2018 CIP Individual Performance Factors (IPF), and the 2019 LTIP grants and salary actions for PSG 41-47 executives. As endorsed at the December 2018 meeting, 2019 LTIP grant targets remain consistent with 2018 target levels as a percentage of competitive objectives (i.e. salary grade midpoint). Mr. Wittman discussed compensation proposals including a few special/high LTIP grants for retention (e.g. Steve Green, Jeanette Ourada, Gary Spengler). The Committee reviewed and approved individual LTIP grant date target values (as dollar values), CIP IPF and salary actions for PSG 41-45. The actual number of shares and options (or SARs when granting options is not feasible) will be calculated after the grant date (1/30/19) based on the methodology approved in the December 2018 meeting. Similarly, actual CIP awards will be calculated after the MCC meeting. An informational update will be provided to the Committee in February. The Committee also approved updated grant agreements for performance share, standard RSUs and special RSUs. There is no change to the stock options grant agreement.

Mr. Wirth then walked the Committee through the ExCom members' 2018 performance and presented recommendations for their compensation actions. After a robust discussion, the Committee approved the 2019 LTIP grant date values, 2018 CIP IPFs and 2019 salary actions for ExCom members.

The Committee then reviewed 2016 LTIP performance shares payout. For the 2016-2018 performance period, Chevron's Total Stockholder Return (TSR) was tied for 3rd/4th among the four LTIP peers and Chevron, with an annualized TSR of 11.9 percent. This resulted in a 75% payout modifier. Under the LTIP rules, a TSR difference of less than 1 percentage point is considered a tie (after rounding to 1 decimal place). The Committee certified the payout modifier and approved performance share payouts for ExCom members as follows:

	Payout
Mike Wirth	\$1,536,102
Jay Johnson	\$1,997,772
Pat Yarrington	\$1,536,102
Joe Geagea	\$1,536,102
Pierre Breber	\$1,536,102
Hew Pate	
Mark Nelson	Redacted – PII
John Watson	

Next, Mr. Wittman led the Committee through a review of the tally sheets for ExCom members. The Committee requested that management review and assess its prevailing approach to a variety of potential post-termination restrictions on retiring officers. Management will provide the Committee a review in a future meeting.

At this point, Mr. Wirth, Ms. Morris and Mr. Wittman were excused as the Committee started the Executive Session.

During the Executive Session, the Committee discussed the CIP corporate rating and approved a 1.40 corporate rating for the 2018 performance year.

The Committee considered Mr. Wirth's performance and leadership in 2018 and decided to recommend to the Independent Directors of the Board a 2018 CIP award of \$3,600,000 for Mr. Wirth.

Next, the Committee discussed 2019 compensation target for Mr. Wirth. [REDACTED] the Committee's independent compensation consultant, presented and discussed factors for the Committee's consideration, including competitive data, relative compensation positioning to other seasoned and newly promoted CEOs. After consideration of 2018 financial and operating results and the above factors, the Committee determined to recommend to the Independent Directors of the Board a 2019 LTIP grant with a grant date target value of \$15,000,000 (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 4, 2018 meeting). Additionally, the Committee recommended a base salary of \$1,600,000, an increase of 6.7%, effective April 1, 2019 and maintaining 2019 CIP target at 150% of base salary for Mr. Wirth.

There being no further business, Mr. Hernandez Jr. adjourned the meeting at 6:00 PM.

Approved by the Management Compensation Committee

E. Hernandez Jr., Chairman



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2018 incentive compensation program risk assessment

Management Compensation Committee
March 26, 2019

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Discussion and Decision Topics

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Chevron Incentive Plan (CIP) key governance features

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Long-Term Incentive Plan (LTIP) key governance features

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Other Supplemental Incentive Plans (SIPs) key governance features *

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Endorsement of 2018 risk assessment statement for the proxy statement

The Committee approves the 2018 risk assessment statement as presented in the previous page, to be included in the 2019 Proxy Statement.

Approved by the Management Compensation Committee

E. Hernandez Jr., Chairman





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2019 Proxy Statement – CD&A, compensation tables and MCC report

Management Compensation Committee
March 26, 2019

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Approval to include CD&A, compensation tables and MCC report in the 2019 Proxy Statement

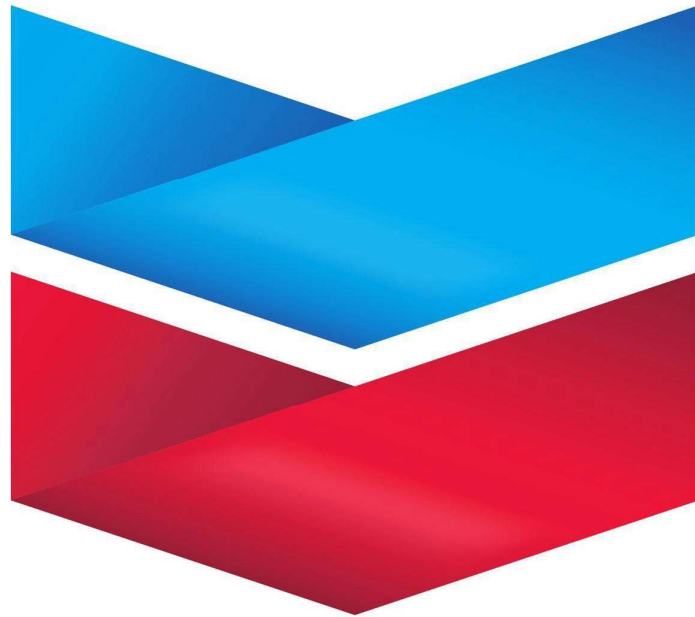
The Committee approves the Compensation Discussion & Analysis, the compensation tables and the Management Compensation Committee report, as presented in the previous pages, to be included in the 2019 Proxy Statement.

Approved by the Management Compensation Committee

E. Hernandez Jr., Chairman



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2019 Management Compensation
Committee Report
CD&A Summary Compensation Tables

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Peer groups for 2020 compensation cycle

Management Compensation Committee
March 26, 2019

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Discussion and Decision Topic

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Stockholder engagement update

Management Compensation Committee
March 26, 2019

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March 2019: environmental, social, and governance (ESG) engagement update

Key points

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2019 Proxy proposals

- Lobbying (PhilPERS) – **recurring**; past support 20%-32%
- Business with conflict-complicit governments (Azzad Asset) – **recurring**; past support <10% (*There is a small chance proponents may withdraw the proposal*)
- Human right to water (Sisters of St. Francis of Philadelphia) – **new**
- Plastic pollution (As You Sow) – **new**; (*SEC No-Action filed*)
- Carbon footprint tied to Paris Agreement (As You Sow) – **new**
- Greenhouse gas targets (Arjuna) – **new** (*SEC No-Action filed*)
- Board committee on climate change (Arjuna) – **new**
- Independent chair (Investor Voice) – **recurring**; past support 20% - 39%
- Special meeting (Investor Voice) – **recurring**; past support 30% - 35%

Summary feedback for executive compensation

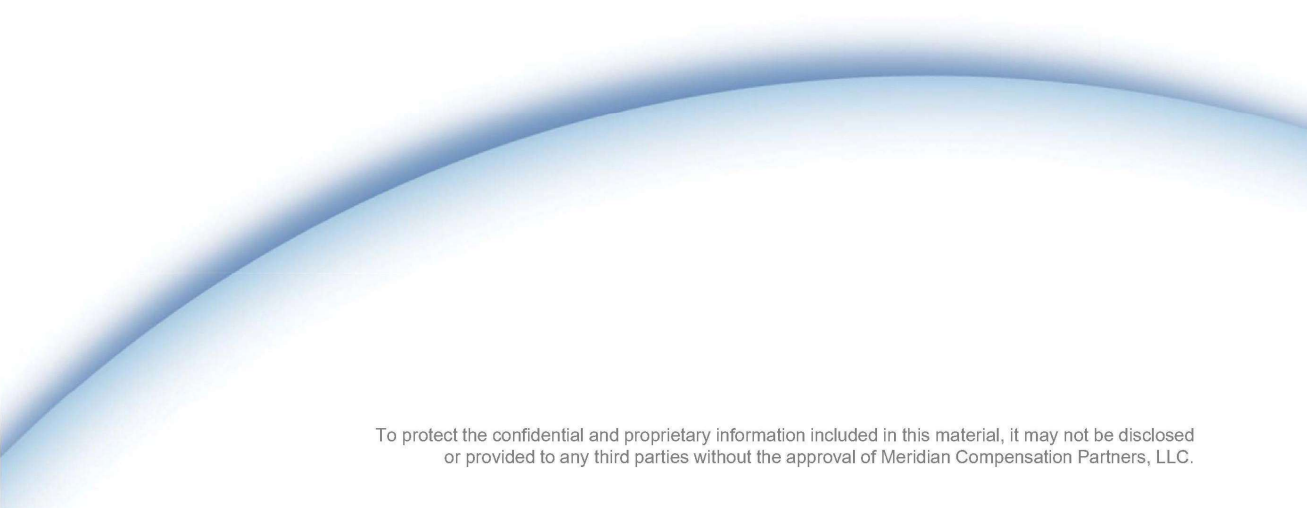
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Chevron Corporation ■ *March 26, 2019*

Compensation-Related Factors in Corporate Responsibility

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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
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				



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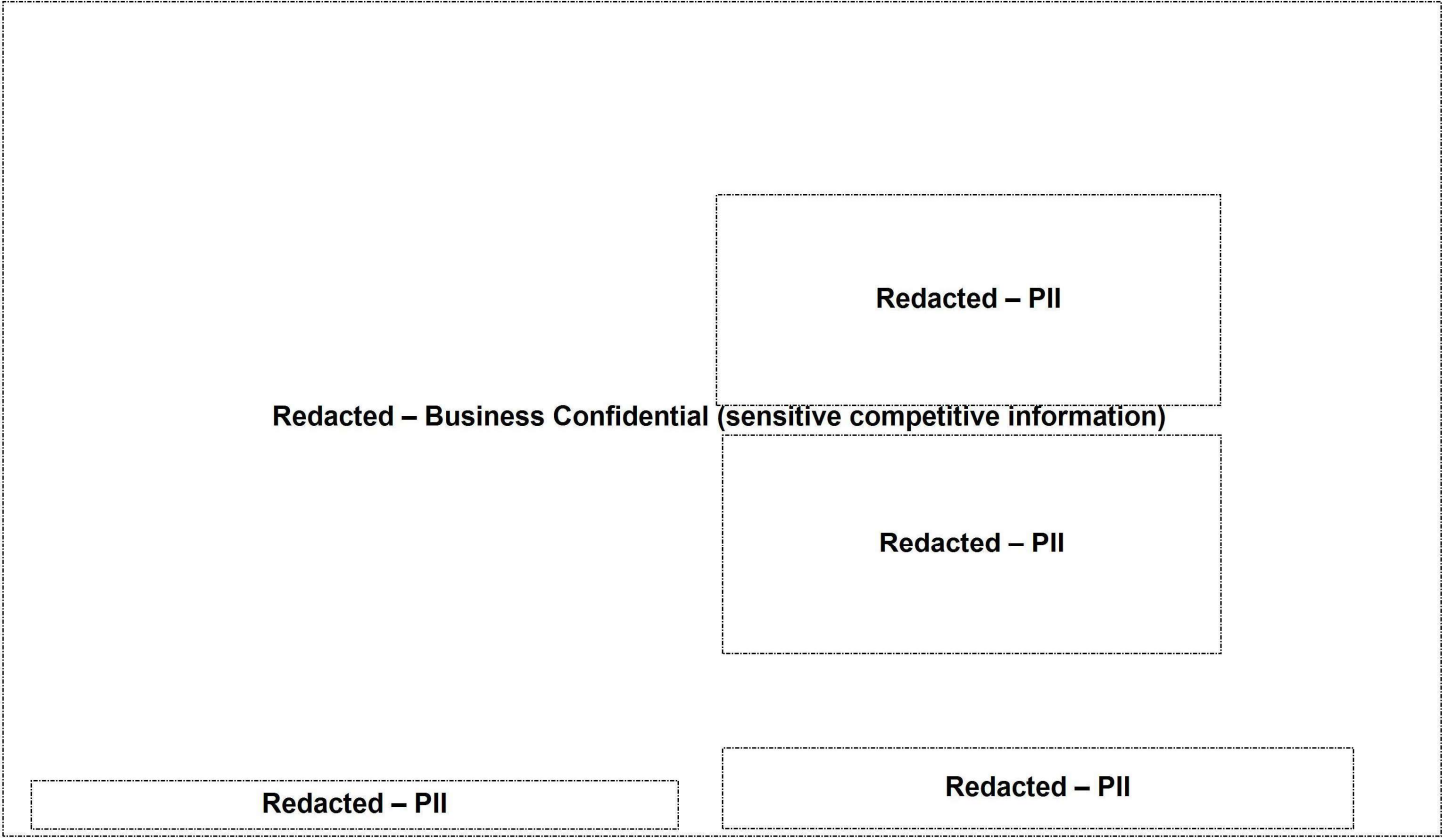
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Updated March 2019

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Page 1



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

PSG	POSITION TITLE
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Added	Removed
<p>1. <i>...</i></p> <p>2. <i>...</i></p> <p>3. <i>...</i></p>	<p>1. <i>...</i></p> <p>2. <i>...</i></p> <p>3. <i>...</i></p>

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

Pay Grade (# of employees)
• Positions / Roles

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

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