



**Mary A. Francis**  
Corporate Secretary and Chief Governance Officer

July 19, 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 2:30 p.m. on Tuesday, July 25 in Room A4320.

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

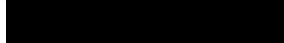
Sincerely,

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

Enclosures

cc: Mr. John S. Watson  
Mr. Michael K. Wirth  
Mr. R. Hewitt Pate

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



**CHEVRON CORPORATION  
BOARD NOMINATING AND GOVERNANCE COMMITTEE**

**JULY 25, 2017, 2:30 P.M. – 3:25 P.M.  
ROOM A4320, CHEVRON PARK**

**AGENDA**

Time	Tab	Topic
2:30 p.m.	1.	<a href="#"><u>Minutes</u></a>  Review and approve the minutes of the May 30, 2017, Committee meeting.
2:35 p.m.	2.	<a href="#"><u>2017 Proxy Season and Annual Meeting Review</u></a>  Review 2017 proxy season highlights and Chevron's proxy season and annual meeting results.
2:45 p.m.	3.	<a href="#"><u>Annual Assessment of Chevron's Corporate Governance Practices</u></a>  <div style="border: 1px dashed black; padding: 10px; text-align: center;"> Privileged – ACP/WP </div>
3:00 p.m.	4.	<a href="#"><u>2017 Directors and Officers Insurance Renewal Update</u></a> (Randy Richards, Treasurer, and Bill Clutter, Assistant Treasurer)  Review and discuss the Directors and Officers liability insurance policy renewal.
3:10 p.m.	5.	<a href="#"><u>Director Succession Planning</u></a>  Discuss Director succession planning and potential Director nominees.
3:25 p.m.		Adjourn
		<b><u>Informational Items:</u></b>  6. <a href="#"><u>Correspondence to the Board, January 1, 2017 through June 30, 2017</u></a>  7. <a href="#"><u>Section 16 Insider Trading Transactions, January 1, 2017 through June 30, 2017</u></a>

DRAFT

**CHEVRON CORPORATION  
BOARD NOMINATING AND GOVERNANCE COMMITTEE  
MAY 30, 2017**

**MINUTES**

All Members were 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. Mary Francis and Chris Butner were also present.

The Committee reviewed and approved the minutes of the March 28, 2017, Committee meeting.

The Committee then considered the form of option agreement and the fair value of stock options to be issued to Directors electing to receive options in lieu of all or a portion of the cash retainer under the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan. On motion duly seconded, the Committee adopted the following resolutions:

**WHEREAS**, the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan, as amended ("Directors' Plan"), and Rules Governing Awards under the Directors' Plan ("Directors' Plan Rules") provide for the grant of retainer options to Directors who made prior elections to receive retainer options in lieu of all or any portion of their annual cash retainer, with such grants to occur on the date of the Annual Meeting of Stockholders;

**WHEREAS**, Messrs. Robert E. Denham, Enrique Hernandez, Jr., and Inge G. Thulin have elected under the Directors' Plan to receive retainer options in lieu of all of the annual cash retainer for the term beginning with the 2017 Annual Meeting of Stockholders;

**WHEREAS**, the Directors' Plan Rules provide that the retainer options will be for that number of shares determined by dividing the amount of the annual cash retainer subject to the election by the Restricted Stock Option Fair Grant Value (as defined in the Rules);

**WHEREAS**, the Directors' Plan Rules provide that the Restricted Stock Option Fair Grant Value shall be the value of an option granted at fair market value as determined at the Committee's discretion using Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation – Stock Compensation (ASC 718) (formerly FAS 123R) with the same model and assumptions that Chevron uses in preparing its financial statements; and

**WHEREAS**, the Directors' Plan Rules further provide that the Committee is responsible for determining the terms and conditions of the retainer options not otherwise specified in the Rules;

**NOW, THEREFORE, BE IT**

**RESOLVED:** That upon their election to the Board on May 31, 2017 (the "Grant Date"), Messrs. Robert E. Denham and Inge G. Thulin shall receive, pursuant to the terms of the Directors' Plan, that number of retainer options determined by dividing \$150,000 by the Restricted Stock Option Fair Grant Value; and Mr. Hernandez shall receive, pursuant to the terms of the Directors' Plan, that number of options determined by dividing \$170,000 by the Restricted Stock Option Fair Grant Value; and be it further

**RESOLVED:** That the Restricted Stock Option Fair Grant Value shall be calculated by Willis Towers Watson using the Black-Scholes valuation model with the following valuation inputs: the closing price of Chevron common stock on May 31, 2017, the expected life of an option of 6.3 years, the historical volatility rate of Chevron common stock as calculated as of May 31, 2017, the dividend yield as calculated as of May 31, 2017, and the risk-free interest rate (constant maturity treasuries) as of May 31, 2017; and be it further

**RESOLVED:** That the terms and conditions of the retainer options shall be as set forth in the form of the 2017 Retainer Option Agreement presented to the Committee and attached hereto.

The Committee then discussed the preliminary voting results for the 2017 annual meeting of stockholders.

John Watson, Joe Laymon, and Rhonda Morris joined the meeting, and the Committee discussed Director succession planning. The Committee considered the self-nomination of [Redacted - Business Confidential (sensitive competitive information)] and determined not to recommend to the Board the nomination of

[Redacted - Business Confidential (sensitive competitive information)]. The Committee discussed the need to add one or two new Directors over the next year in anticipation of future vacancies arising from the mandatory retirement age under the Corporate Governance Guidelines and the potential appointment and confirmation of Mr. Huntsman to an ambassadorship. The Committee discussed the skills and qualifications that would be desirable in future Director candidates and, in particular, the need to add a Director with experience in financial matters. Dr. Sugar and Mr. Watson reported to the Committee on each of their meetings with James Umpleby. The Committee also discussed other potential Director candidates, including John Frank, Vice Chairman of Oaktree Capital Management, L.P., and [Redacted - Business Confidential (sensitive competitive information)]

[Redacted - Business Confidential (sensitive competitive information)]

Mr. Watson, Ms. Francis, Mr. Butner, Mr. Laymon, and Ms. Morris departed the meeting.

The Committee met in executive session.

There being no further business, the meeting was adjourned.

Secretary

**CHEVRON CORPORATION**  
**NON-EMPLOYEE DIRECTORS' EQUITY COMPENSATION AND DEFERRAL PLAN**

**2017 Retainer Option Agreement**

Name of Director: [Name]

**Please sign below and return this Agreement.**

Chevron Corporation has made the following grant to you, subject to the terms of the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan, as amended (the "Plan"), and rules adopted under it (the "Rules"). Both documents are incorporated into this Agreement and copies are available to you on the Chevron Diligent Boards portal or on request. By signing this Agreement and accepting this grant, you are agreeing to all the terms and conditions of the Plan and the Rules.

1. Date of Grant: May 31, 2017.
2. The Exercise Price is \$[XXX.XX] <sup>(1)</sup> per share, which is the Fair Market Value of the Shares subject to this Retainer Option on the Date of Grant.
3. The number of Shares subject to this Retainer Option is [X,XXX] Shares, subject to adjustment as provided in Section X of the Plan.
4. This Retainer Option is a nonstatutory stock option.
5. This Retainer Option vests as follows: 50 percent on November 30, 2017 and the remaining 50 percent on the earlier of the last day of the Annual Compensation Cycle to which the Grant relates or May 31, 2018.
6. This Retainer Option becomes exercisable on May 31, 2018.
7. This Retainer Option is transferable as provided in Section VI of the Plan and Section VII of the Rules.
8. This Retainer Option will expire ten years from the Date of Grant, or such earlier date as it expires or is forfeited pursuant to Section III of the Rules under the Plan.

IN WITNESS WHEREOF, Chevron Corporation has caused this Agreement to be executed on its behalf by its duly authorized representative and the Director has executed the same on the day and year indicated below.

Date: \_\_\_\_\_ By: \_\_\_\_\_  
 Mary A. Francis

Date: \_\_\_\_\_ By: \_\_\_\_\_  
 [Director Name]

<sup>(1)</sup> The Exercise Price is the closing price of Chevron Corporation common stock on May 31, 2017.

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# Directors & Officers (D&O) Insurance 2017 renewal planning

**Randy Richards**  
Vice President & Treasurer

**Bill Clutter**  
Assistant Treasurer, Insurance

Board Nominating and Governance Committee  
July 25, 2017

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60

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No pre-read materials

5

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**Section 16 Insider Transactions**  
**January 1, 2017 - June 30, 2017**

Transaction Date	Reporting Person	Transaction Type	Derivative Security or Common Stock	Shares
05/31/2017	Austin, Wanda M.	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,162
05/31/2017	Deily, Linnet F.	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,162
05/31/2017	Denham, Robert E.	Annual grant of restricted stock units and grant of retainer options in lieu of the annual cash retainer on the day of the Annual Meeting	Common Stock and Derivative Security	13,331
05/31/2017	Gast, Ailee P.	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,162
05/31/2017	Hernandez Jr., Enrique	Annual grant of restricted stock units and grant of retainer options in lieu of the annual cash retainer on the day of the Annual Meeting	Common Stock and Derivative Security	14,820
05/31/2017	Huntsman Jr., Jon M.	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,162
05/31/2017	Moorman, Charles W.	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,162
05/31/2017	Moyo, Dambisa F.	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,162
05/31/2017	Sugar, Ronald D.	Annual grant of restricted stock units on the day of the Annual Meeting	Common Stock	2,162
05/31/2017	Thulin, Inge G.	Annual grant of restricted stock units and grant of retainer options in lieu of the annual cash retainer on the day of the Annual Meeting	Common Stock and Derivative Security	13,331
05/26/2017	Breber, Pierre R.	Quarterly acquisition from deferral of salary and annual deferral of LTIP during the insider trading window	Derivative Security	3,792
05/26/2017	Moorman, Charles W.	Quarterly acquisition from deferral of cash retainer during the insider trading window	Derivative Security	394
03/13/2017	Watson, John S.	Stock option exercise and sale pursuant to a Rule 10b5-1 Plan	Common Stock	125,000
02/27/2017	Breber, Pierre R.	Quarterly acquisition from deferral of salary and annual deferral of LTIP during the insider trading window	Derivative Security	6,917
02/27/2017	Moorman, Charles W.	Quarterly acquisition from deferral of cash retainer during the insider trading window	Derivative Security	369
02/02/2017	Breber, Pierre R.	Stock option exercise and sale during the insider trading window	Common Stock	45,000
01/29/2017	Pate, R. Hewitt	Vesting of restricted stock units	Common Stock	9,460

**Section 16 Insider Transactions**  
**January 1, 2017 - June 30, 2017**

Transaction Date	Reporting Person	Transaction Type	Derivative Security or Common Stock	Shares
01/25/2017	Breber, Pierre R.	Annual LTIP grant of stock options and restricted stock units	Derivative Security	70,320
01/25/2017	Geagea, Joseph C.	Annual LTIP grant of stock options and restricted stock units	Derivative Security	70,320
01/25/2017	Johnson, Jay W.	Annual LTIP grant of stock options and restricted stock units	Derivative Security	91,360
01/25/2017	Ourada, Jeanette L.	Annual LTIP grant of stock options and restricted stock units	Derivative Security	25,440
01/25/2017	Pate, R. Hewitt	Annual LTIP grant of stock options and restricted stock units	Derivative Security	53,480
01/25/2017	Watson, John S.	Annual LTIP grant of stock options and restricted stock units	Derivative Security	282,670
01/25/2017	Wirth, Michael K.	Annual LTIP grant of stock options and restricted stock units	Derivative Security	91,360
01/25/2017	Yarrington, Patricia E.	Annual LTIP grant of stock options and restricted stock units	Derivative Security	70,320

7