



**Rhonda J. Morris**  
Vice President, Human Resources

**Management Compensation Committee Meeting**

**March 24, 2020**

**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 10:30 - 11:30 AM PT on Tuesday, March 24, 2020 virtually via video conference. 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 Present:**

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:**

March 24, 2020  
10:30am – 11:30am PDT  
By Video Conference

Tab	Topic
1	<a href="#">Approval of January 28, 2020 MCC minutes</a>
2	<a href="#">Management personnel proposals</a>
3	<a href="#">Endorse 2019 risk assessment of incentive compensation programs</a>
4	<a href="#">Approve the CD&amp;A and compensation tables included in the 2020 Proxy Statement; approve the Management Compensation Committee report</a>
5	<a href="#">Review/endorse peer group for 2021 compensation cycle</a>
	Executive session

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

**MCC action needed**



**CHEVRON CORPORATION  
MANAGEMENT COMPENSATION COMMITTEE  
JANUARY 28, 2020**

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

A meeting of the Management Compensation Committee (MCC or Committee) was held on January 28<sup>th</sup>, 2020 at 4:30PM PT in Building A, Chevron Park. Mr. Enrique Hernandez Jr. chaired the meeting. Also present were Ms. Alice Gast, Mr. Mike Wirth, Ms. Rhonda Morris and Ms. Harriet Wu who served as the interim Committee secretary for this meeting. [REDACTED] the Committee's independent compensation consultant from Meridian, attended the full meeting.

Mr. Hernandez referenced the minutes from the December 3<sup>rd</sup> 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 action for one personnel proposal (Dave Inchausti).

Mr. Hernandez Jr. introduced the 2019 Chevron Incentive Plan (CIP) corporate rating discussion. Mr. Wirth summarized Chevron's 2019 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 0.95 corporate rating for the 2019 performance year.

Mr. Wirth then reviewed the proposed 2020 CIP performance measures based on the same categories and weightings, and the new Greenhouse Gas (GHG) emission metrics. The Committee discussed the context of 2020 objectives relative to 2019 actual performance. The Committee then approved the 2020 CIP performance measures as presented.

Ms. Morris discussed the proposed CIP plan updates to allow more supervisor discretion and encourage wider performance differentiation. The Committee reviewed and approved the amended CIP plan rules. The Committee also approved the 2020 Named Executive Officer (PSG 46 and PSG 47) CIP targets/opportunity ranges and the targets remained the same as 2019.

Next, Ms. Wu presented the proposed 2019 CIP Individual Performance Factors (IPF), the 2020 LTIP grants and salary actions for PSG 41-45 executives. She also presented Mr. Wirth's compensation recommendations for ExCom members. As endorsed at the December 2019 meeting, the 2020 executive salary structure increased 1%-3% by PSG and 2020 LTIP grant targets remained consistent with 2019 target levels as a percentage of competitive objectives (i.e. 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 retention and performance reasons. The Committee reviewed and approved individual LTIP grant date target values (as dollar values), CIP IPFs 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 after the grant date (1/29/2020) based on the methodology approved in the December 2019 meeting. Similarly, actual CIP awards will be calculated after the MCC meeting. An informational update will

be provided to the Committee in the first week of February. The Committee also approved updated grant agreements for performance shares, standard RSUs and stock options. There is no change to the special RSUs grant agreement. Lastly, the Committee reviewed ExCom members' performance and approved their 2020 LTIP grant date values, 2019 CIP IPFs and 2020 salary actions.

The Committee then reviewed the 2017 LTIP performance shares payout. For the 2017-2019 performance period, Chevron's Total Stockholder Return (TSR) was 5<sup>th</sup> among the four LTIP peers, the S&P 500 Index and Chevron, with an annualized TSR of 4.5 percent. This resulted in a 40% payout modifier. The Committee certified the payout modifier and approved performance share payouts for ExCom members as follows:

	Payout
<b>Mike Wirth</b>	\$1,123,196
<b>Jay Johnson</b>	\$1,123,196
<b>Pierre Breber</b>	\$864,611
<b>Joe Geagea</b>	\$864,611
<b>Mark Nelson</b>	\$251,136
<b>Hew Pate</b>	
<b>Colin Parfitt</b>	Redacted – PII
<b>Rhonda Morris</b>	
<b>Pat Yarrington</b>	\$864,611

Next, Ms. Wu led the Committee through a review of the tally sheets for ExCom members. Ms. Wu discussed factors contributing to the anticipated large pension increase in the upcoming proxy disclosure, as well as proposed actions to proactively explain the change to shareholders. The Committee supported the proposed approach.

Then, management briefed the Committee of the company restructure initiative and potential downsizing impact to executives. The Committee reviewed and approved the U.S. payroll executive severance plan terms which are consistent with the standing severance plan for PSG 30 and below employees. Management will provide the individual application of severance terms to the Committee for approval in the next few meetings.

At this point, Ms. Wu was excused and Mr. David Cohen, Chevron's Chief Compliance Officer, entered the meeting.

## Privileged – ACP/WP

Then Ms. Morris and Mr. Cohen were excused.

Mr. Wirth provided further context of individual ExCom members' 2019 performance and his rationale for the compensation recommendations.

Then, Mr. Wirth was excused as the Committee began the Executive Session.

During the executive session, [REDACTED] the Committee's independent compensation advisor, presented and discussed factors for the Committee's consideration in determining Mr. Wirth's compensation package,



including competitive data, and relative target compensation positioning to other CEOs. The Committee considered Mr. Wirth's performance and leadership in 2019 and decided to recommend to the independent Directors of the Board a 2019 CIP award of \$2,280,000 for Mr. Wirth.

Next, the Committee discussed the 2020 compensation target for Mr. Wirth. After consideration of 2019 financial and operating results and the above factors, the Committee determined to recommend to the independent Directors of the Board a 2020 LTIP grant with a grant date target value of \$15,500,000, (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 3, 2019 meeting). Additionally, the Committee recommended a base salary of \$1,650,000, an increase of 3.1%, effective April 1, 2020 and an increase to the 2020 CIP target from 150% to 160% of base salary for Mr. Wirth.

At this point, [REDACTED] left the meeting and the Committee continued the Executive Session.

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



# Personnel proposals

Management Compensation Committee

March 24, 2020

CONFIDENTIAL – Restricted Access

© 2020 Chevron Corporation



## March 2020 - MCC Personnel Proposal Summary

Redacted –

Redacted:

**Redacted – Business Confidential (sensitive competitive information)**

Redacted

Redacted:

## MANAGEMENT PERSONNEL PROPOSALS

Redacted – PII

Redacted – PII

**Redacted – PII**

**Redacted – PII**

**Redacted – Business Confidential (sensitive competitive information)**

**Redacted – PII**

**Redacted – PII**

**Redacted – PII**

Redacted – PII

Approved by the Management Compensation Committee

E. Hernandez Jr., Chairman



# Transformation proposals



© 2020 Chevron Corporation

**ENTERPRISE TRANSFORMATION COMPENSATION PROPOSALS**

**Redacted – Business Confidential (sensitive competitive information)**

**Redacted – PII**

**Redacted – PII**

**Redacted – Business Confidential (sensitive competitive information)**

**Redacted – PII**

**Redacted – PII**

**Redacted – PII**

**Redacted – PII**

**Redacted – Business Confidential (sensitive competitive information)**

Confidential – Restricted Access

MCC – March 2020



**Promotional increases**

Redacted – PII

Redacted – PII

Redacted – PII

Redacted – PII

**Redacted – Business Confidential (sensitive competitive information)**

Redacted – PII

Redacted – PII

Redacted – PII

Redacted – PII

Redacted – PII

Redacted – PII

**Redacted – Business Confidential (sensitive competitive information)**

**Incentive compensation program risk assessment**  
2019 compensation cycle

---

**Redacted – Business Confidential (sensitive competitive information)**

Confidential – Restricted Access

MCC – March 2020

## Incentive compensation program risk assessment 2019 compensation cycle

---

**Redacted – Business Confidential (sensitive competitive information)**

Confidential – Restricted Access

MCC – March 2020

**Incentive compensation program risk assessment**  
2019 compensation cycle

**Redacted – Business Confidential (sensitive competitive information)**



human energy®

# 2020 Proxy Statement – CD&A, compensation tables and MCC report

Management Compensation Committee  
March 24, 2020

**CONFIDENTIAL – Restricted Access**

© 2020 Chevron Corporation



1

Confidential Treatment Requested  
Not For Circulation – Committee Members & Staff Only

CHEV-117HCOR-0129109

## Approval to include CD&A, compensation tables and MCC report in the 2020 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 2020 Proxy Statement.

Approved by the Management Compensation Committee

---

E. Hernandez Jr., Chairman







## **2020 Management Compensation Committee Report CD&A Summary Compensation Tables**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**



**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**



**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**



**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**



**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**



**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**

**Privileged – ACP/WP**



human energy®

# Peer groups for 2021 compensation cycle

Management Compensation Committee  
March 24, 2020

**CONFIDENTIAL – Restricted Access**

© 2020 Chevron Corporation



1

Confidential Treatment Requested  
Not For Circulation – Committee Members & Staff Only

CHEV-117HCOR-0129152

## Discussion and Decision Topic

**Redacted – Business Confidential (sensitive competitive information)**

**Redacted – Business Confidential (sensitive competitive information)**



**Redacted – Business Confidential (sensitive competitive information)**

**Redacted – Business Confidential (sensitive competitive information)**

**Redacted – Business Confidential (sensitive competitive information)**

# Appendix

© 2020 Chevron Corporation



7

7

Confidential Treatment Requested  
Not For Circulation – Committee Members & Staff Only

CHEV-117HCOR-0129158

## Peer review methodology

**Redacted – Business Confidential (sensitive competitive information)**

## Evaluation of potential non-oil peers \*

**Redacted – Business Confidential (sensitive competitive information)**

## MCC calendar & agenda topics

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



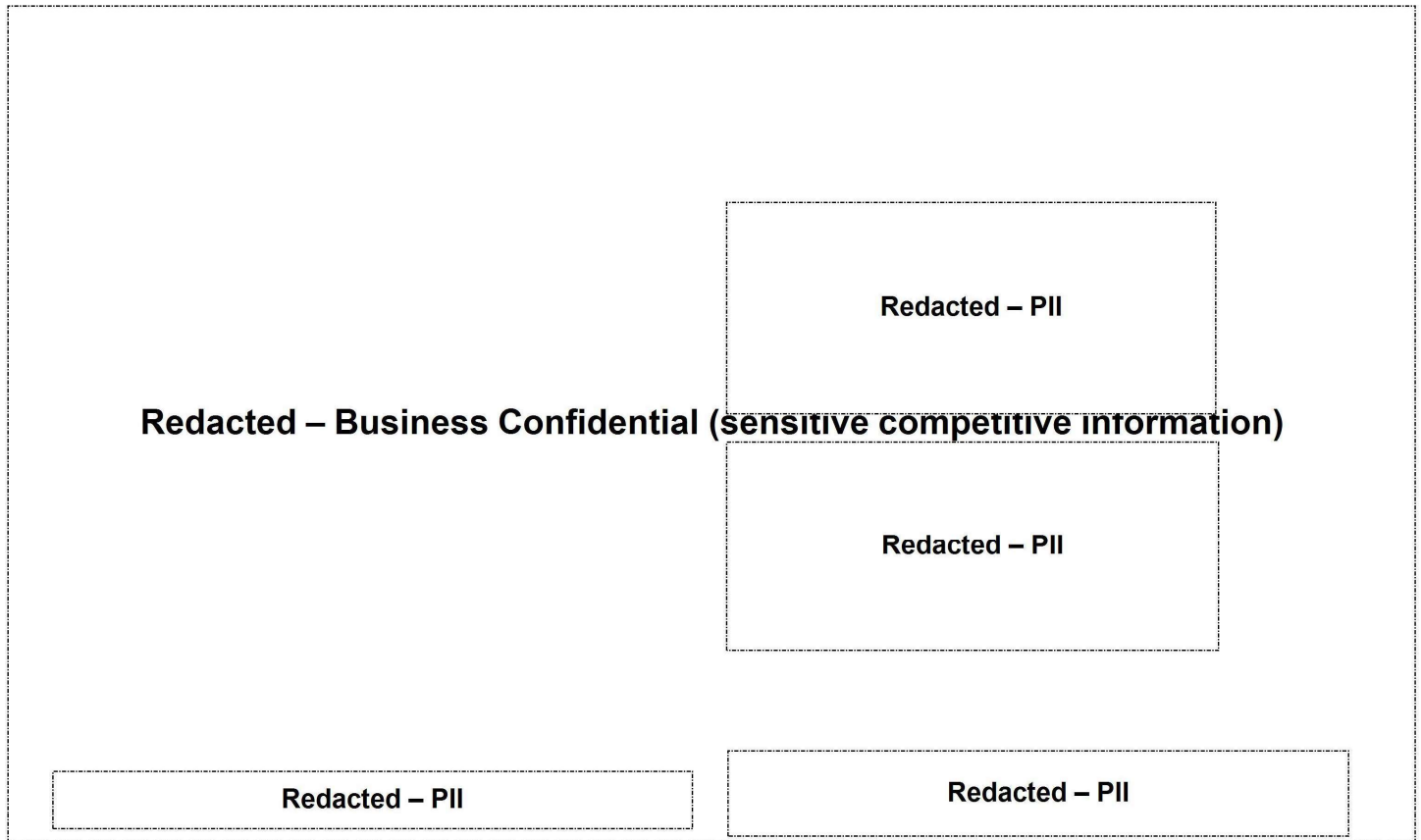
**Redacted – Business Confidential (sensitive competitive information)**

**Redacted – PII**

**Redacted – PII**

**Redacted – PII**






ROSTER OF EXECUTIVE POSITIONS AND INCUMBENTS BY SALARY GRADE (EFF MARCH 2020)

EXECUTIVE	PSG	POSITION TITLE	EXECUTIVE	PSG	POSITION TITLE
Redacted – PII			Redacted – PII		
Updates since January 2020:					

# Executive population distribution, target compensation and pay-at-risk (March 2020)

**Pay Grade (# of employees)**  
• Positions / Roles

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

	<p><b>Redacted – PII</b></p>		

\*US Payroll

