Operational Excellence Management System

An Overview of the OEMS
Our Chevron Way values place the highest priority on the health and safety of our workforce and protection of our assets and the environment. The Operational Excellence Management System (OEMS) translates this priority into world-class performance, providing Chevron with a competitive advantage and driving business results.

The OEMS is a comprehensive, proven means for systematic management of process safety, personal safety & health, the environment, reliability and efficiency. Through disciplined application of the OEMS, we integrate OE processes, standards, procedures and behaviors into our daily operations.

The OEMS helps us identify and manage the risks we encounter in our global business operations. The system is effective because it requires leader-driven assessment of strengths and gaps, completion of risk-reducing actions, regular review of progress and continual improvement.

While leaders are responsible for managing the OEMS and enabling OE performance, every individual in Chevron’s workforce is accountable for complying with the principles of “Do it safely or not at all” and “There is always time to do it right.” Success depends on operational discipline from each of us in applying the Tenets of Operation to our daily decisions. We must recognize hazards, follow required practices and procedures and appropriately manage workplace changes. If necessary, every member of our workforce is authorized to exercise Stop-Work Authority.

I encourage you to study this manual. Keep it nearby. Refer to it often. It will guide us to perform every task, the right way, every time.

I am committed to meeting our OE Objectives. I ask you to join me. Together, we’ll work safely, protect the environment, and operate reliably and efficiently as we provide energy the world requires for economic growth and human progress.

John
As a business and as a member of the world community, Chevron is committed to creating a superior value for our investors, customers, partners, host governments, local communities and our workforce. To succeed, we must deliver world-class performance exceeding the capabilities of our strongest competitors.

Operational excellence (OE) is a critical driver for business success and a key part of our enterprise execution strategy. Operational excellence is defined as “the systematic management of process safety, personal safety and health, environment, reliability and efficiency to achieve world-class performance.”

To achieve and sustain world-class performance, we must develop strong capability in operational excellence throughout Chevron. This requires active leadership and the entire workforce to be engaged. We must develop a culture where everyone believes that all incidents are preventable and that “zero incidents” is achievable. With engaged and committed leadership, effective processes and an OE culture, we can achieve our objectives in operational excellence.

This document provides an overview of the Operational Excellence Management System (OEMS), our standard approach for achieving world-class performance. It includes general guidance for the implementation and operation of the OEMS.

**Vision and Values**

Our vision for operational excellence directly supports our corporate vision “to be the global energy company most admired for its people, partnership and performance.” With respect to operational excellence, our vision is to be recognized and admired by industry and the communities in which we operate as world-class in process safety, personal safety & health, environment, reliability and efficiency.

**Objectives**

We will systematically manage OE in order to:

- Achieve an incident- and injury-free workplace.
- Promote a healthy workforce and mitigate significant workplace health risks.
- Identify and mitigate environmental and process safety risks.
- Operate with industry-leading asset integrity and reliability.
- Efficiently use natural resources and assets.

Operational excellence is the systematic management of process safety, personal safety and health, environment, reliability and efficiency to achieve world-class performance.
Operational Excellence Management System (OEMS)

The Operational Excellence Management System consists of three parts:

Leadership Accountability
Management System Process
OE Expectations

With operations spread across the globe, we can improve performance more quickly and sustain our results efficiently if all our businesses follow a standard approach to OE.

Our Standard Approach
The OEMS is Chevron’s standard approach for achieving world-class performance. Using a standard approach to systematically identify and close performance gaps, we can continually improve our OE results.

Operational excellence is not something separate from our business; it is how we run our business to achieve our vision of success.

Using the OEMS, we effectively integrate OE objectives, plans, processes, standards and behaviors into our daily operations and protect people and the environment today and in the future.
Leadership Accountability

Leadership is the single largest factor for success in OE. Leaders establish the vision and set objectives that challenge the organization to achieve world-class results. They direct the Management System Process, setting priorities and monitoring progress on plans that focus on the highest-impact items. Leaders visibly demonstrate their commitment through personal engagement with the workforce and by showing concern for the health and safety of every individual. They demonstrate the same commitment to protecting the environment and process safety risk mitigation.

Management System Process

The Management System Process (MSP) is a systematic approach used to drive progress toward world-class performance. It is linked to the business planning process and begins with defining a vision of success and setting objectives. Gaps between current performance and these objectives are uncovered during the assessment phase. Plans are developed to close the gaps, the plan is implemented and a review of plan implementation and performance is completed.

OE Expectations

Corporate Expectations for Operational Excellence are detailed under 13 elements. The OE Expectations are met through processes and standards put in place by local management. Many of these expectations are supported by corporate and operating company OE processes and standards.
Leadership Accountability

**The single largest factor for success** in operational excellence is leadership. Leaders are focused not only on getting results but getting results the right way and behaving in accordance with our values. They are accountable for running the OEMS and enabling and delivering OE performance. By their actions, leaders cascade, manage and drive execution; reinforce the OE culture; instill operational discipline and work to ensure that they and the entire workforce comply with OE requirements. Through personal example, they demonstrate that zero — whether related to safety, health, environmental, reliability or efficiency incidents — is attainable.

Running the OEMS

Executives and managers are accountable for running the OEMS. Leaders should determine which requirements and behaviors apply to their specific organizational roles and take action to integrate them into routine duties.

**Lead, Align and Cascade OE**

Executives and managers focus on establishing a vision and widely communicating world-class objectives, metrics and targets for their units. These are aligned with corporate OE objectives and cascaded to all levels. They work to help ensure that the OEMS processes and standards are put in place and functioning to satisfy all OE Expectations, and that resources, roles, responsibilities and accountabilities are fully aligned throughout the organization.

- Establish vision and objectives
- Discuss objectives, metrics and targets
- Review and support MSP outcomes
- Verify that a compliance process, tools and accountabilities are in place
- Reinforce OE performance

**Lead the Management System Process**

Executives and managers focus on personally directing the MSP for continual OE improvement and integrating operational excellence into business plans. They prioritize OE plans to focus on the highest-impact items in alignment with the vision and objectives. They provide resources and monitor progress on OE plans until a successful conclusion is reached.

- Understand potential risks
- Identify requirements
- Assess and audit for effectiveness
- Prioritize gaps
- Provide resources
- Direct implementation
- Review progress against plans
- Verify compliance

All Leaders Enable OE Performance
Reinforce Culture
Instill Operational Discipline

All Members of the Workforce Deliver OE Performance
Comply with Requirements
Enabling and Delivering OE Performance

All leaders, no matter what their organizational role, are accountable for enabling OE performance. The entire workforce is accountable for delivering OE performance.

Reinforce OE Culture

All leaders demonstrate that operational excellence is a personal core value and show concern and caring for the health and safety of every individual. They are equally committed to process safety risk mitigation, environmental protection and achieving world-class reliability and efficiency. Leaders understand and role model the Tenets of Operation and behaviors necessary to build and sustain an OE culture. They continuously improve our OE culture by understanding the gaps and removing barriers to world-class OE performance.

- Role model behaviors and tenets
- Show concern for individuals and the environment
- Work to ensure open and effective communication
- Foster mutual trust
- Demonstrate process safety behaviors
- Understand and communicate hazards
- Work to ensure direct reports are trained and qualified
- Show support for OE processes
- Drive continual improvement of practices and procedures

Instill Operational Discipline

All leaders demonstrate operational discipline by shaping their own behaviors and directing, monitoring and shaping the behaviors of the workforce they support.

- Align OE values, systems, processes and behaviors.
- Leaders work to ensure the workforce has:
  - Information regarding what is required
  - Knowledge and skills
  - Necessary resources
  - Unwavering commitment to operational discipline
- Define and communicate expectations
- Monitor and verify adherence
- Coach to improve adherence
- Provide appropriate consequences
  - Specific and timely feedback linked to expectations
  - Significant focus on finding people doing things right
  - Negative consequences to stop or replace behaviors

Achieving Operational Discipline

Operational discipline means completing every task, the right way, every time. It is achieved through leaders who instill operational discipline and a workforce that complies with OE requirements. Leaders set expectations and monitor and shape behaviors. The entire workforce, including leaders, recognizes hazards and follows procedures, management of change and stop work authority appropriately.

- Follow required practices and procedures
- Use management of change processes for deviations
- Recognize potential hazards and unusual circumstances
- Maintain a healthy sense of vulnerability
- Observe co-worker behaviors and provide feedback
- Stop work when necessary
- Use the Tenets of Operation to guide daily decisions
- Modify personal behavior to prevent losses or incidents
- Report and investigate near misses, losses and incidents
- Ask questions, share and apply learning
- Improve and maintain competency

Comply with OE Requirements

The workforce, including leaders, demonstrates compliance with OE requirements by always following required practices or procedures or employing appropriate means for deviating or stopping work as necessary.

- Follow required practices and procedures
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- Recognize potential hazards and unusual circumstances
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Management System Process

The Management System Process (MSP) is a systematic approach used to drive progress toward world-class performance. The MSP is linked to the business planning process. Driven by leadership, the MSP is used to integrate OE objectives, plans and activities into daily operations. The MSP helps the enterprise, operating companies and units establish OE priorities and plans, and it guides the development of measures to monitor progress toward world-class results.

The Management System Process contains five steps:

Vision and Objectives

An OE vision is established, or validated, and specific objectives and measures for success are identified and cascaded to the workforce.

Organizations should:

- Develop an OE vision, world-class objectives, metrics and targets. These are based on the corporate objectives, benchmarking data and other critical business drivers.
- Set objectives for OEMS implementation and the development of processes to meet OEMS requirements.
- Cascade OE vision, objectives, metrics and targets to all levels of the organization.
- Consider appropriate adjustments to vision and objectives identified during the Review step.
- Adopt and cascade the Tenets of Operation to the workforce.

Assessment

A comprehensive OEMS Self Assessment is completed annually to identify gaps in OE processes, standards and performance against established objectives.

The leadership team is engaged in assessments and participates in prioritization of assessed gaps.

The highest-priority OE processes and standards are assessed annually, and a full assessment of all processes and standards is required at least every three years.

Organizations should:

- Assess risks and gaps against objectives in:
  - Leadership Accountability
  - Management System Process
  - OE Expectations and Processes
  - Facility risks and capability to achieve world-class performance
  - Workforce OE culture
- Prioritize assessed gaps based on risk and opportunity.
- Identify future risks that could prevent world-class performance.

Management System Process
Planning
A three-year plan is developed to manage the prioritized gaps. Plans are incorporated directly into business plans, and accountabilities are assigned.

Organizations should:
- Develop OE metrics, targets and action plans with completion dates and milestones, and incorporate these into business plans.
- Identify and allocate resources to successfully complete the OE action plans.
- Communicate metrics, targets and action plans.
- Assign accountabilities, and develop necessary performance agreements.

Implementation
Planned actions are implemented along with other business plan activities. OE networks are engaged to share lessons learned and to seek out best practices and processes that can be adopted to achieve plan objectives.

Organizations should:
- Execute plans along with other business plan activities.
- Maintain contacts with OE networks to share lessons learned and to seek out best practices and processes that can be adopted to achieve plan objectives.
- Monitor plan progress and OE performance at least monthly, and adjust plans as necessary.
- Identify and manage new, unplanned actions not included in current business plans.

Review
An annual review of all OEMS activity is conducted to evaluate progress on performance and to identify necessary adjustments to plans to achieve world-class results.

Organizations should:
- Review progress against OE plans to determine whether they are effective and that performance is on track to achieve world-class levels.
- Evaluate the organization’s Management System Process activity for improvement.
- Identify possible plan adjustments based on emerging issues and changing business conditions.
- Consider results of external reviews. External reviews include peer assists as well as corporate audits conducted every three to five years.

Achieving World-Class Performance
Success in operational excellence requires discipline in both the planning and execution of work necessary to manage safety, health, environment, reliability and efficiency with world-class results.

The MSP is a systematic approach used to drive progress toward world-class performance and integrate operational excellence into business plans. The MSP also provides a systematic means to manage and administer the many processes and standards a unit has in place for operational excellence. Driven by leadership, the MSP is used to establish or validate the OE vision and set objectives and targets for world-class performance. Using risk-based assessment and prioritization processes, gaps to achieving world-class results are identified. Plans to close gaps are incorporated into the three-year business plan, implemented and monitored to a successful conclusion. OE processes and standards necessary to meet OEMS requirements are identified, developed, implemented and continually improved as fit for purpose. Annually, overall OE performance and progress are reviewed and necessary plan adjustments are made.
OE Expectations are organized under 13 elements and spell out specific requirements for the management of safety, health, environment, reliability and efficiency. The OE Expectations are met through processes and standards put in place by local management. Standards specify requirements to satisfy OE Expectations. In addition to specifying requirements, processes also specify a systematic approach regarding how to manage the requirements. (See sidebar entitled, “The Process Approach,” on the following page.)

Leaders are responsible for ensuring that processes and standards are established and working effectively to satisfy all expectations. Several expectations are supported by Chevron corporate required processes or standards and/or operating company required processes or standards.

Element 1: Security of Personnel and Assets
Provide a physical and cyber security environment in which business operations may be successfully conducted.

1.1 A process is in place to actively engage the workforce in security awareness and vigilance to the security environment.

1.2 Risk-based security management plans are developed, implemented and maintained to address potential security threats to the business.

1.3 A process is in place to integrate security management plans with related plans for emergency management, business continuity and information protection.

Element 2: Facilities Design and Construction
Design and construct facilities to prevent injury, illness and incidents and to operate reliably and efficiently and in an environmentally sound manner.

2.1 The Chevron Project Development and Execution Process (CPDEP), applicable tools and sub-processes — such as Project Execution Planning, Project Assurance, Operations Assurance, Systems Completion and Turnover Process, Decision Analysis and technical codes and standards — are used to reliably and consistently incorporate OEMS requirements in the design and construction of all new and modified facilities.

2.2 Consider reliability, operability, maintainability and total life-cycle cost trade-offs in making incremental capital investment decisions. This trade-off analysis should use the criteria found in the Corporate Investment Analysis Manual.

2.3 A process is in place to comprehensively assess and evaluate safety, health, and environmental, asset integrity and reliability risks; potential business and community impacts; and to develop associated mitigation plans for new and modified facilities. Assessments conducted in early project phases shall be re-evaluated during final detailed design to determine whether mitigation plans have been implemented.

2.4 Conduct pre-startup reviews on all new, modified or previously idled facilities prior to startup and after shutdown to confirm they meet applicable regulatory and corporate requirements. Pre-startup reviews may include a Pre-Startup Safety Review (PSSR) and an Operational Readiness Review (ORR).
Core elements of the program shall include:

3.2 A comprehensive safety program is in place for each location. Core elements of the program shall include:

- Written safe work practices. Safe work practices may include: permit to work, hot work, confined space entry, equipment isolation (lockout/tagout), opening equipment, excavation, working at heights, electrical work, simultaneous operations (SIMOPS), bypassing critical protections, lifting and rigging, and other applicable practices identified through risk assessment of local operations.
- A written job or task safety analysis process (JSA) to identify, eliminate or mitigate potential hazards prior to conducting work.
- Stop-work authority.
- A repetitive stress injury (RSI) prevention process.
- A comprehensive road safety management process to minimize risk and promote motor vehicle safety.
- A hazardous materials communication (HAZCOM) process to manage and communicate hazards.
- A behavior-based safety process to provide for observation and commentary on worker behaviors, tracking and analysis of observations, and a process for identifying and implementing actions for improvement.

3.3 An occupational health program is in place for each location. Core elements shall include:

- Occupational hygiene and medical surveillance processes appropriate for the location that include procedures for identification and control of workplace exposures, including infectious disease, and ongoing monitoring and surveillance of affected personnel.
- A process to determine whether members of the workforce are safely able to perform the essential physical, psychological and cognitive requirements of their job without risk to self, others or the environment and are not impaired by drugs, alcohol, disabling medical conditions or fatigue.
- A health education process to reinforce personal and facility hygiene to control workplace exposure and transmission of infectious diseases.

3.4 A process is in place to develop and maintain operating and maintenance procedures and process safety information. The process shall help ensure that documents, procedures, records and other information are accurate, reflective of current operating practices and accessible to appropriate members of the workforce. Procedures for document control, including confidentiality and retention, shall also be included.

3.5 A process is in place to enable the workforce to develop the skills and knowledge to perform their jobs competently, in a manner to prevent incidents, and in compliance with all applicable laws, regulations, company policies and requirements. The process shall include:

- Identification of training needs for leaders, supervisors and other members of the workforce.
- Initial, ongoing and regular refresher training.
- Worker awareness of their roles and responsibilities in achieving conformity with the requirements of the OEMS and the potential consequences of departing from specific procedures.
- Documentation and assessment of training effectiveness.

The Process Approach

Well-designed and effectively implemented processes and standards are necessary to deliver world-class results in operational excellence. Where a systematic approach for managing requirements is appropriate, each unit identifies, develops, implements and continually improves OE processes as necessary to meet the requirements of the OEMS.

For processes to be effective, they must be documented and must incorporate in their design and operation the following five-component model:

- Purpose, Scope and Objectives – defines the process boundaries and interfaces with other processes along with purpose and expected results.
- Procedures – describes the steps necessary to be performed and how they are to be accomplished.
- Resources, Roles and Responsibilities – defines who is responsible for doing the work and for administering and maintaining the process.
- Measurement and Verification – confirms that the objectives and results are being achieved and that the critical components of the process are adequately designed and are being executed.
- Continual Improvement – uses measurement and verification results and other input to evaluate how to improve the process and helps ensure actions are taken to improve process design and effectiveness.

The design and rigor of each process should be based on the risks associated with the unit’s unique operations. A complex operation with many possible hazards or an operation in a sensitive environment might have a more rigorous process in place than a less complex operation in another location.

Corporate OE Audits include an assessment of both the design and effectiveness of processes that a unit has in place to meet the OEMS requirements. Audit teams assess each organization’s processes independently and rate each process after evaluating local risks.

Note: For the OE Expectations section of the OEMS Overview, the term “process” loosely refers to suitable mitigation at the appropriate level of the corporation. To satisfy one or more expectations, a process, standard or tool may exist at the enterprise, segment, operating company or unit level.
Element 4: Management of Change

Manage both permanent and temporary changes to prevent incidents.

4.1 A process is in place to manage changes to facilities, operations, products or the organization. The management of change process shall address:

- Both permanent and temporary changes.
- Authority for approving changes.
- Evaluation of health and safety hazards, environmental impacts and mitigation.
- Communication of the change.
- Training of all personnel impacted by the changes to facilities, operations, products or the organization.
- Updates to and maintenance of critical OE documentation.

Element 5: Reliability and Efficiency

Reliability

Operate and maintain wells and facilities to ensure asset integrity and prevent incidents.

5.1 A process (Reliability Opportunity Identification [ROI] or other applicable process) is in place to identify and resolve the significant few facility and business unit-wide equipment, work process and human reliability opportunities that cause significant incidents or performance gaps. Failure analysis is used to determine causes of failures, and actions are taken to resolve these causes.

5.2 A process is in place to identify critical structures, equipment and work processes. Possible failure modes and effects are analyzed, and steps are taken to prevent the failure or mitigate the effects.

5.3 A process is in place to establish and use standardized equipment operation and surveillance duties for all critical structures, equipment and protection devices to ensure they operate properly.

5.4 A process is in place for condition monitoring (or time-based inspection and testing) to monitor and ensure mechanical integrity of all critical structures, equipment and protection devices.

5.5 A process is in place to prioritize, plan, schedule and complete necessary maintenance for all structures, equipment and protective devices. The process shall include:

- Proactive maintenance of equipment and protection devices through the use of surveillance and condition monitoring results.
- A structured, project planning approach for facility shut-ins, turnarounds and significant maintenance projects to reduce downtime and help ensure efficient use of resources.
- Prioritization, planning and scheduling to manage work on all structures, equipment and protective devices.

5.6 A process is in place to identify and resolve other repetitive or recurring failures, to improve reliability and to reduce maintenance costs.

5.7 A process is in place to manage the integrity and reliability of wells. The process shall include:

- Identification of critical wells or well types. Possible failure modes and effects are analyzed and steps are taken to prevent failures or mitigate failure effects for critical wells or well types.
- Standardized operation and surveillance duties for critical wells or well types.
- Use of surveillance, performance data and analysis to assess current well performance against expected well potential to identify and evaluate opportunities for improvement.
- Condition monitoring to ensure mechanical integrity of all critical wells or well types.
- Proactive maintenance programs using available surveillance and condition monitoring results to correct abnormal conditions.
- Prioritization, planning and scheduling of well work.
Efficiency
Maximize efficiency of operations and conserve natural resources.

5.8 A process is in place to optimize operational processes and improve profitability through the efficient use of people, time and assets.

5.9 A process is in place to track and improve energy efficiency while reducing emissions (including greenhouse gases) per unit of production.

5.10 A process is in place to maintain inventories and plans for conservation of natural resources and for reducing use of raw materials by each facility and each process.

Element 6: Third-Party Services
Systematically improve third-party service performance through conformance to Operational Excellence.

6.1 A process is in place to determine whether third-party service suppliers, including their subcontractors, perform to safety, health, environment and reliability requirements consistent with those required of company employees when working on company property and when providing services for the company off company property in operational control.

6.2 A Contractor Health, Environment and Safety Management (CHESM) process is in place that clearly establishes accountabilities to include:

- Identification of company contract “owners” (or management sponsors) accountable for each contract.
- Active engagement of contractors in implementing and improving the CHESM program.
- A contractor qualification and selection process which addresses HES performance.
- Pre-job and work-in-progress activities to verify scope of work, reinforce expectations and monitor compliance to requirements.
- A mitigation plan for contractors and subcontractors with poor HES processes or performance.
- Identification, effective management and control of short service employees.
- Periodic evaluation of contractor HES performance and assessment of the CHESM program.

Element 7: Environmental Stewardship
Strive to continually improve environmental performance and reduce impacts from our operations.

7.1 A process is in place to inventory all emissions, releases and wastes and to identify natural resources impacted by operations. (Natural resources include air, surface water, ground water, soil and geologic resources, and biological diversity.) The inventory should include possible sources of unplanned releases and sources of potential contamination caused by past practices.

7.2 Processes are in place to identify, assess, mitigate and manage potentially significant risks and impacts to human health and the environment (including natural resources) associated with existing operations and capital projects, including emissions, releases and wastes.

7.3 A property transfer process is in place to identify and manage potential safety, health or environmental liabilities before transaction. The process shall include:

- Assessment of risk for identified liabilities.
- Management of risks based on current and likely future uses of the property and potential changes in applicable law.

7.4 A third-party waste stewardship process is in place to identify external waste management sites suitable for use.
Element 8: Product Stewardship

Manage potential health, environmental, safety (HES) and integrity risks of our products throughout a product’s life cycle.

8.1 A process is in place to maintain and communicate information on potential hazards and exposures from products from conception and development through acquisition, manufacture, distribution, storage, use, recycling, potential release and disposal.

8.2 A process is in place to identify, assess and manage significant HES and integrity risks across the life cycle (manufacturing, storage, distribution, transportation, use, recycling, potential release and disposal) of each existing product, byproduct, intermediate, or process stream. The process should include provisions for periodic re-evaluation as appropriate.

8.3 A process is in place to identify, assess and manage HES and product integrity impacts of manufacturing, distribution, storage, use, recycling, potential release and disposal when developing, formulating or altering products, byproducts and process intermediates. Assessment should be conducted early in each product’s or project’s development and for any changes in the product life cycle that may potentially alter the product.

8.4 A process is in place to identify, assess and manage risks posed through storage, handling, transportation and distribution of company products, materials and other commercial goods. Implement appropriate product quality control processes and product integrity risk-reduction measures.

8.5 Promote product stewardship practices with third parties, including suppliers, distributors, transporters, customers and other direct product recipients.

Element 9: Incident Investigation

Investigate and identify root causes of incidents to reduce or eliminate systemic causes and to prevent future incidents.

9.1 A process is in place to report, record and investigate incidents and near misses and correct any deficiencies found. The process shall include:

- Management roles and responsibilities in incident investigation.
- Root cause analysis for significant events and near misses.
- Annual evaluation of incident cause trends to determine where improvements in systems, processes, practices or procedures are warranted.
- Sharing of relevant lessons learned.
- Procedures for follow-up and closure of actions taken to resolve deficiencies.

Element 10: Community and Stakeholder Engagement

Reach out to the community and the workforce to engage in open dialogue to build trust and long-term positive relationships.

10.1 A process is in place to systematically identify stakeholders and plan and execute engagement that promotes mutual understanding about projects, operations, facilities and products.

10.2 Foster ongoing two-way engagement with communities, nongovernmental organizations, government and regulatory authorities and other appropriate stakeholders to address potential security, safety, health, environmental, supply chain, social and other concerns.

10.3 Foster ongoing two-way engagement with the workforce to enable active participation in the design, development, implementation and continual improvement of aspects of the OEMS that relate to their work.
Element 11: Emergency Management
Prevention is the first priority, but be prepared to respond immediately and effectively to all emergencies involving Chevron wholly owned or operated assets. For company products or interests such as common carriers, chartered vessels and facilities operated by others, be prepared to monitor the response and, if warranted, take appropriate actions.

11.1 Maintain a procedure consistent with corporate guidelines that results in prompt notification of management of significant health, environmental and safety incidents.

11.2 Maintain an emergency response plan that describes how emergencies will be managed and with what resources. Plans should address all credible and significant risks identified by site-specific risk and impact assessments.

11.3 Emergency response plans shall be:
- Documented in appropriate detail.
- Integrated with relevant business continuity and crisis management plans.
- Reinforced through establishment of a training program and an annual exercise program to train the emergency response team and to test the plan.
- Readily available to appropriate onsite personnel.
- Communicated to employees, onsite third-party service providers, joint-venture partners and appropriate government authorities and stakeholders.
- Reviewed and, where necessary, revised – in particular, after the occurrence of accidents or emergency situations.

11.4 Develop and implement a business continuity plan that addresses continuity or timely recovery of critical business processes and operations. Even if there are no critical processes or operations, develop and implement an emergency employee communication plan to account for employees after a disruptive event.

Element 12: Compliance Assurance
Verify conformance with OE requirements in applicable company policy and government laws and regulations. Train the workforce regarding their OE-related responsibilities.

12.1 A process is in place to:
- Identify and record applicable legal requirements, other compliance requirements and OE-related policies.
- Make sure that the workforce understands and complies with identified requirements.
- Develop, prioritize and implement programs of control.

12.2 In addition to the corporate-level OE Audit program, put in place comprehensive internal OE audit programs within units to verify compliance with applicable OE-related legal requirements, company policies and standards that assess compliance with the spirit and letter of applicable laws and regulations, and policies regardless of the degree of enforcement.

12.3 A process is in place that encourages the workforce to freely report existing or potential violations of law or company policy, without fear of retribution or any adverse company action because of his or her report. Processes must include an appropriate and timely investigation to address the report. Allowance must be made for anonymous reporting.

12.4 A process is in place to identify and report significant non-compliance issues and root causes to management in a timely manner and track corrective actions to closure.

Element 13: Legislative and Regulatory Advocacy
Work ethically and constructively to influence proposed laws and regulations, and debate on emerging issues.

13.1 A process is in place to identify, track, and comment on proposed legislation, regulations and emerging policy issues.
Navigating the OEMS

- OE processes and standards are grouped around five areas of focus.
- Executing processes and standards drives compliance with OE Expectations.
- Complying with OE Expectations drives achievement of OE Objectives.
- Achieving OE Objectives drives attainment of the OE Vision.

Defining Areas of Focus:

Process Safety
Appropriately designing, constructing, operating and maintaining facilities that process or handle potentially hazardous materials or energy; to prevent releases of flammable or toxic fluids or energy.

Personal Safety & Health
Eliminating personal safety and health hazards to prevent or mitigate injuries, illness and fatalities.

Environmental Stewardship
Continually improving environmental performance and reducing impacts from operations.

Reliability
Operating and maintaining wells and facilities to ensure asset integrity and prevent incidents.

Efficiency
Maximizing efficiency of operations and conserving natural resources.

The areas of focus link to multiple objectives and are united by the OE governance structure, Management System Process and leader behaviors.
OE Processes and Standards
Typically Associated with OE Areas of Focus

Apply to All OE Areas of Focus
- Operating Procedures
- Competency Management
- Management of Change
- Incident Investigation
- Compliance Assurance
- Leadership Accountability
- Management System Process

Apply to HES Areas of Focus
- Risk Management
- Managing Safe Work
- Contractor HES Management
- Product Stewardship
- Community and Stakeholder Engagement
- Emergency Management
- Legislative and Regulatory Advocacy

Process Safety
- Operational readiness and Pre-Startup Safety Review
- Technical Codes and Standards
- Process Safety Information
- Asset Integrity

Personal Safety & Health
- Workforce Security
- Safety in Design
- RSI Prevention
- Motor Vehicle Safety
- Behavior-Based Safety
- Fitness for Duty
- Occupational Hygiene

Environmental Stewardship
- Environmental, Social and Health Impact Assessment
- Property Transfer
- Third-Party Waste Stewardship

Reliability
- Reliability Opportunity Identification and Resolution
- Equipment Criticality Assessment
- Surveillance
- Condition Monitoring
- Work Management
- Resolution of Recurring Failures

Efficiency
- Capital Project Energy Optimization VIP
- Facility/Equipment Optimization Practices
- Efficiency Opportunity Identification

Key
- Apply to All OE Areas of Focus
- Apply to HES Areas of Focus
- Apply primarily to the specified OE Area of Focus
OE Governance

OE is governed by leaders representing multiple stakeholder groups across the enterprise. Driven by leadership behaviors and a defined structure, methodology, set of procedures and activities, leaders shape OE policy and run the OEMS at the enterprise, segment, operating company and unit levels. Key OE governance roles include:

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<tr>
<th>Role</th>
<th>Description</th>
<th>Key Activities</th>
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| Chevron Board of Directors | Elected by stockholders, the ultimate decision-making body of the Corporation except with respect to those matters reserved to the stockholders. | • Monitor and oversee:  
  ○ Overall corporate performance  
  ○ Integrity of the Corporation’s controls  
  ○ Effectiveness of legal compliance programs  
  ○ Strategic and business planning process  
  ○ The Corporation’s risk assessment and risk management policies and practices |
| Executive Leadership | Senior leaders responsible for carrying out company strategies and policies in managing Chevron’s business. | • Develop and promote understanding of corporatewide strategies, policies, processes and standards.  
  • Verify alignment of strategies, policies, processes and standards.  
  • Demonstrate accountability for meeting critical business plan performance measures. |
| Corporate OE Governance Board | Members include the corporate VP HES and Management Committee line representatives from major operating companies. | • Assess overall health of OE through Corporate HES and Reliability & Efficiency Steering Committees.  
  • Endorse:  
    ○ High-level strategy and policy changes  
    ○ Enterprise MSP priorities and business plan  
    ○ Corporate OE business plan guidance  
    ○ Corporate required processes and standards |
| Corporate HES and Reliability & Efficiency Steering Committees | Led by the corporate VP HES, members are OE functional leaders representing the collective view of their operating company or organization. | • Operate enterprise MSP:  
  ○ Conduct enterprise OE assessments that integrate operating company and unit data and perspectives.  
  ○ Prioritize actions based on known risks, and evaluate potential future risks.  
  ○ Recommend guidelines, plans and actions.  
  ○ Evaluate progress of plans, and sponsor corrective actions as necessary.  
  ○ Review MSP activities, and identify emerging issues for subsequent MSP cycles. |
| Operating Company and Unit Leadership Teams | Includes OE, functional and operational leadership teams at the segment, operating company and unit levels. | • Conduct governance and MSP operation roles at the segment, operating company and unit levels. (analogous to roles above)  
  • Provide operating company and unit data and perspectives for inclusion in the enterprise MSP.  
  • Integrate enterprise priorities into business plans as appropriate. |
| Centers of Excellence and Communities of Practice | Provide resources, support and subject matter expertise to drive success of specific processes or standards. | • Develop and maintain OE processes and standards.  
  • Develop audit protocols, guidance documents and gap assessment tools, and recommend changes or additions to processes and standards.  
  • Provide technical support for HES, reliability and efficiency improvements.  
  • Share and leverage practices and learning. |
| OE Sponsors | Provide resources and support to drive success of a specific OE process or standard. | • Serve as the advocate of the process or standard to help ensure that it is accorded the appropriate priority and receives funding, personnel and other resources.  
  • Ensure process or standard effectiveness and efficiency are measured and verified at appropriate intervals.  
  • Accountable for progress on continual improvement plans.  
  • Coordinate with other OE Sponsors, and link with business plan. |
| OE Advisors | Provide subject matter expertise for a specific OE process or standard. | • Coordinate and lead efforts regarding the process or standard.  
  • Ensure that process or standard documentation and records are kept current.  
  • Coordinate or support measurement and verification.  
  • Conduct performance reporting and trend analysis, as appropriate.  
  • Develop and implement continual improvement plans, as appropriate.  
  • Maintain contact with the sponsor, other advisors, appropriate centers of excellence and communities of practice, and end users. |
OE Compliance Assurance

Reporting units have developed implementation plans approved by their reporting officer and the Vice President of Corporate HES to manage the transition from existing OE compliance assurance processes to the OE Compliance Assurance Corporate Required Process. The OE Compliance Assurance Corporate Required Process applies to both legal and policy OE requirements.

Process Requirements

Key Process requirements are contained in a four-step workflow.

Step 1. Identify applicable OE Requirements (such as HES legal requirements, OEMS Expectations, and corporate and opco process requirements). The requirements must be documented in registers that are independently validated at least every three years. Units may complete this step in the most efficient manner for their business. It is recommended that higher risk requirements are identified initially to enable more timely implementation of the remaining workflow steps.

Step 2. Identify and implement controls to make sure that OE requirements are met. Controls may include automated systems or compliance tasks assigned through work order systems, checklists or other methods.

Step 3. Assess and verify compliance with OE requirements. In addition to the Corporate OE Audit program, a second more comprehensive internal audit program must be in place to verify that controls are effective.

Step 4. Address identified instances of potential noncompliance. Instances of potential noncompliance must be reported in a timely fashion and corrective actions tracked to closure. A program must be in place for anonymous reporting, which protects individuals from retribution and provides for timely follow-up of allegations.

OE Compliance Assurance

Corporate OE Audits play an integral part in OEMS implementation and OE compliance assurance. They provide an independent inspection of OE processes, standards and regulatory requirements associated with prioritized HES focus areas to assist in preventing and detecting compliance violations. They help unit operations verify the effectiveness of their OE compliance program and also communicate this status to executive leadership. The audits also provide feedback to unit leadership on their efforts to sustain and build a culture that encourages organizational commitment to policy and regulatory compliance.

OE Audit Team Staffing

Corporate OE Audits are conducted through the coordination and oversight of the OE Audit group that reports independently to the Vice President of Corporate HES. Team members are selected and assigned to audits based on their subject matter expertise in OE processes and standards and their independence from the unit being audited.

The OE Audit Process

The Corporate OE Audit process is documented in a five-component model. The process contains four procedures: Long Term Audit Planning, Pre-Audit Planning, Audit Execution (on-site), and Post-Audit Follow-up.

Action Plan Tracking and Validation

OE Audits use the Audit Tracking System (ATS) to help ensure timely and effective closure of unit action plans in response to corporate OE Audit findings. Units submit action plans via ATS for approval by the opco president. Units complete the required progress updates in ATS each year by July 1 and January 1 until action plans are closed. The OE Audit group provides analysis of action plan progress and conducts independent validation and verification of OE Audit action plan closure.
To achieve and sustain our objectives, we must develop a culture where everyone believes all incidents and operating disruptions are preventable and that “zero incidents” is possible.

Tenets are a code of conduct used by the workforce as a tool to guide daily decisions. Leaders play an important role in setting expectations and reinforcing behaviors consistent with the tenets. The Tenets of Operation are based on two key principles:

1. Do it safely or not at all.
2. There is always time to do it right.

Each organization will deploy the Tenets of Operation to provide a foundation for establishing a culture of operational excellence at Chevron.

Always:
1. Operate within design and environmental limits.
2. Operate in a safe and controlled condition.
3. Ensure safety devices are in place and functioning.
4. Follow safe work practices and procedures.
5. Meet or exceed customer’s requirements.
6. Maintain integrity of dedicated systems.
7. Comply with all applicable rules and regulations.
8. Address abnormal conditions.
9. Follow written procedures for high-risk or unusual situations.
10. Involve the right people in decisions that affect procedures and equipment.