



# supply chain management

creating opportunity and promoting high standards of safety, social, and environmental performance



In addition to efficiency and operational excellence, Chevron's approach to managing our supply chain focuses on two elements that are critical to maintaining our commitment to being a good partner:

**1. Creating prosperity through local and inclusive economic opportunity:**

Our supply chain is one of our most powerful tools for creating prosperity in the communities where we operate around the world.

**2. Encouraging our partners to meet high standards of safety, social and environmental performance:**

Our expectations of our contractors and suppliers as well as the standards to which we hold them help raise the bar for thousands of companies around the world on issues such as respecting human rights and health, environment and safety practices.

## creating prosperity through local and inclusive economic opportunity

Chevron spent more than \$25 billion in total goods and services in 2018, much of it going to locally owned companies in the countries where we operate – those goods and services are known as local content. The table below is a sampling of our local content spending around the world.

**sample of chevron's local content\* spending in 2018  
(in \$U.S. millions)**

<b>Angola</b>	<b>Australia</b>	<b>Canada</b>
<b>\$258</b>	<b>\$1,669</b>	<b>\$641</b>
<b>Kazakhstan</b>	<b>Nigeria</b>	<b>U.K.</b>
<b>\$2,144</b>	<b>\$1,050</b>	<b>\$763</b>

\*Definition of expenditures that qualify as local content varies by country.

## **local impact**

Chevron recognizes that the positive local impact of our supply chain investments can be amplified by the sourcing decisions of our suppliers. We encourage our major international suppliers of goods and services to form partnerships with local businesses and to maximize the purchase of local goods and services. These relationships create an opportunity for the local businesses to gain access to new technology, to bring their processes up to international standards and to train their people on the latest industry practices.



In Kazakhstan, the Chevron-led Tengizchevroil (TCO) joint-venture works closely with its major contractors and suppliers to encourage an increased focus on local content and enhance local impact and economic contribution to the Republic of Kazakhstan. In 2018, TCO's suppliers recorded several significant achievements including the investment in, and opening of, a facility in Aktau by an international oil country tubular goods manufacturer that supplies threaded pipe to TCO; the opening of a state-of-the-art, large-scale greenhouse in Kulsary by an international catering and facility management company that provides vegetables to TCO's canteens and the surrounding communities; and the completion of a successful bid by several Kazakhstani companies to provide millions of dollars in sulfur railcar transportation.

TCO also engaged Kazakhstani entities to participate in engineering, procurement and fabrication services for the Future Growth Project-Wellhead Pressure Management Project. Since the project commenced, approximately \$5.6 billion has been spent on Kazakhstani content; more than 2,100 Kazakhstani companies have been pre-screened; more than 400 Kazakhstani registered companies have been involved with the project; and approximately 160 have been visited for capability assessments.

Chevron also seeks to build and maintain a supply chain that reflects how deeply we value diversity. For example, in the United States, we are dedicated to developing and promoting successful partnerships with woman- and minority-owned businesses and small businesses. We spent more than \$1.7 billion on goods and services from small businesses in 2018, of which \$700 million was with woman- and minority-owned businesses.

[learn more about chevron's commitment to supplier diversity and small businesses >](#)



**Left:** Chevron remains an industry leader in the development of indigenous capacity in Nigeria's oil and gas industry by creating job opportunities, boosting local economies and generating related multiplier effects. Right: Tengizchevroil has invested more than \$28 billion in Kazakhstani goods and services since 1993.

**Right:** Tengizchevroil has invested more than \$28 billion in Kazakhstani goods and services since 1993. TCO continues to play an important role in the development of capabilities for Kazakhstan's future – from engineering and high-tech equipment servicing to project management, construction and fabrication.

## encouraging our partners to meet high standards of safety, social and environmental performance

Chevron requires that our key suppliers adhere to all domestic laws and encourages them to align their practices with the United Nations Guiding Principles on Business and Human Rights and the International Labour Organization's (ILO) core principles. On an annual basis, we communicate directly with the executive leadership of several hundred suppliers – selected based on third-party data and objective criteria for evaluating their human rights risk – about the importance of respecting human rights. We take the opportunity to remind these leaders that Chevron expects our business partners to treat their employees and interact with communities in a manner consistent with our Human Rights Policy and the ILO's core labor rights and principles.

[learn more about chevron's commitment to human rights >](#)

Contractors are a critical part of the Chevron workforce.

Chevron's Contractor Health, Environment and Safety Management (CHESM) process establishes clear accountabilities and facilitates active engagement with contractors to help keep them, and our entire workforce, safe. The CHESM process helps us:

- Select contractors that are qualified for specific work activities;
- Ensure contractor personnel are familiar with Chevron health, environment and safety (HES) practices and procedures;
- Communicate clear HES performance expectations to contractors;
- Ensure active engagement of contractors; and
- Provide a consistent CHESM program to help eliminate HES incidents and injuries involving contractors.

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