

# governance

we believe that strong governance is the foundation to creating value for our stockholders

## 2021 highlights

- > Increased transparency concerning lobbying and trade association memberships
- > Updated Chevron Incentive Plan to directly link employee bonuses to achieving energy transition milestones
- > Amended several Board Committee charters to clarify scope and roles, particularly as they relate to climate change and sustainability

Our Board of Directors oversees and guides Chevron's business and affairs. As part of their responsibility, the Board oversees risk management policies, practices and systems that are applied throughout the company. Board members regularly consider critical risk topics as part of their deliberative decision-making processes. Annually, through Chevron's Enterprise Risk Management (ERM) process, they review financial, operational, market, political and other risks inherent in our business and oversee the safeguards and mitigations that are put in place. Also, as part of their responsibility, the Board oversees Chevron's strategic and business planning process. Our Operational Excellence (OE) Management System enables us to systematically manage risks related to workforce safety and health, process safety, reliability and integrity, environment, efficiency, security, and stakeholders. Preventing high-consequence incidents and impacts starts with understanding and mitigating risks and maintaining a system of effective safeguards to help keep our workforce, the communities where we operate and the environment safe.

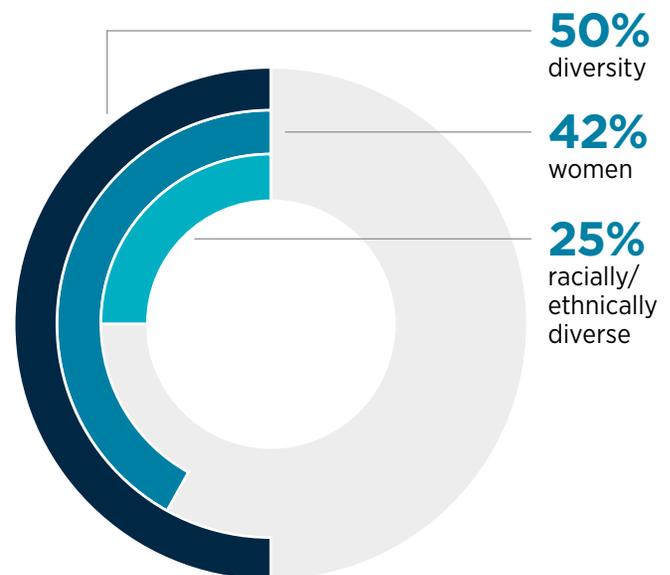
### board oversight

The Board has four standing Committees, all composed entirely of independent Directors: Audit, Board Nominating and Governance, Management Compensation, and Public Policy and Sustainability. Each Committee fulfills important responsibilities to assist the Board's oversight of risks and to build long-term stockholder value.

In 2020 and 2021, the full Board reviewed their governance of potential climate change-related risks and energy transition opportunities with the aim of providing clarity of Board and Committee roles and responsibilities. Each Committee undertook a revision of their charter in order to clearly articulate oversight related to climate issues and coverage of related Board responsibilities. The Audit Committee Charter clarifies the Committee's oversight of the company's sustainability and climate change-related risks as they relate to financial risk exposures and oversight of the corporation's OE audit and assurance process.

The Management Compensation Committee Charter has been amended to clarify the Committee's oversight in aligning compensation policies and practices with stockholder interests, including those related to sustainability and climate change. The Chevron Incentive Plan was modified to include an energy transition category that measures progress toward activities that lead to achieving our GHG metrics, growing renewable energy and carbon offsets, and investing in low-carbon technologies. This addition directly links virtually all workers' annual bonuses to performance measures aimed at advancing a lower carbon future.

## board diversity



**our board of directors is made up of individuals who bring diverse experiences and qualities, such as leadership, strategic insights and the ability to provide oversight of risk management**

## skills, experiences and expertise of the board of directors

director	CEO, senior executive, leader of significant operations	science, technology, engineering, academia research	public policy, regulatory, legal, government	finance, financial disclosure, financial accounting	global business, international affairs	environmental	leading business transformation
Wanda M. Austin	•	•	•	•	•	•	•
John B. Frank	•		•	•	•	•	
Alice P. Gast			•	•	•	•	•
Enrique Hernandez, Jr.	•		•	•	•	•	•
Marillyn A. Hewson	•	•	•	•	•	•	•
Jon M. Huntsman Jr.	•		•	•	•	•	•
Charles W. Moorman	•	•	•	•	•		•
Dambisa F. Moyo		•	•	•	•	•	•
Debra Reed-Klages	•	•	•	•	•	•	•
Ronald D. Sugar	•	•	•	•	•	•	•
D. James Umpleby III	•	•			•	•	•
Michael K. Wirth	•	•	•	•	•	•	•
<b>board composition (%)</b>	<b>83%</b>	<b>75%</b>	<b>92%</b>	<b>100%</b>	<b>92%</b>	<b>75%</b>	<b>67%</b>

The charter of the Public Policy and Sustainability Committee (PPSC) clarifies the manner in which the Committee assists the Board with climate change and other sustainability issues, including changing the Committee’s name from “Public Policy Committee” to “Public Policy and Sustainability Committee.”

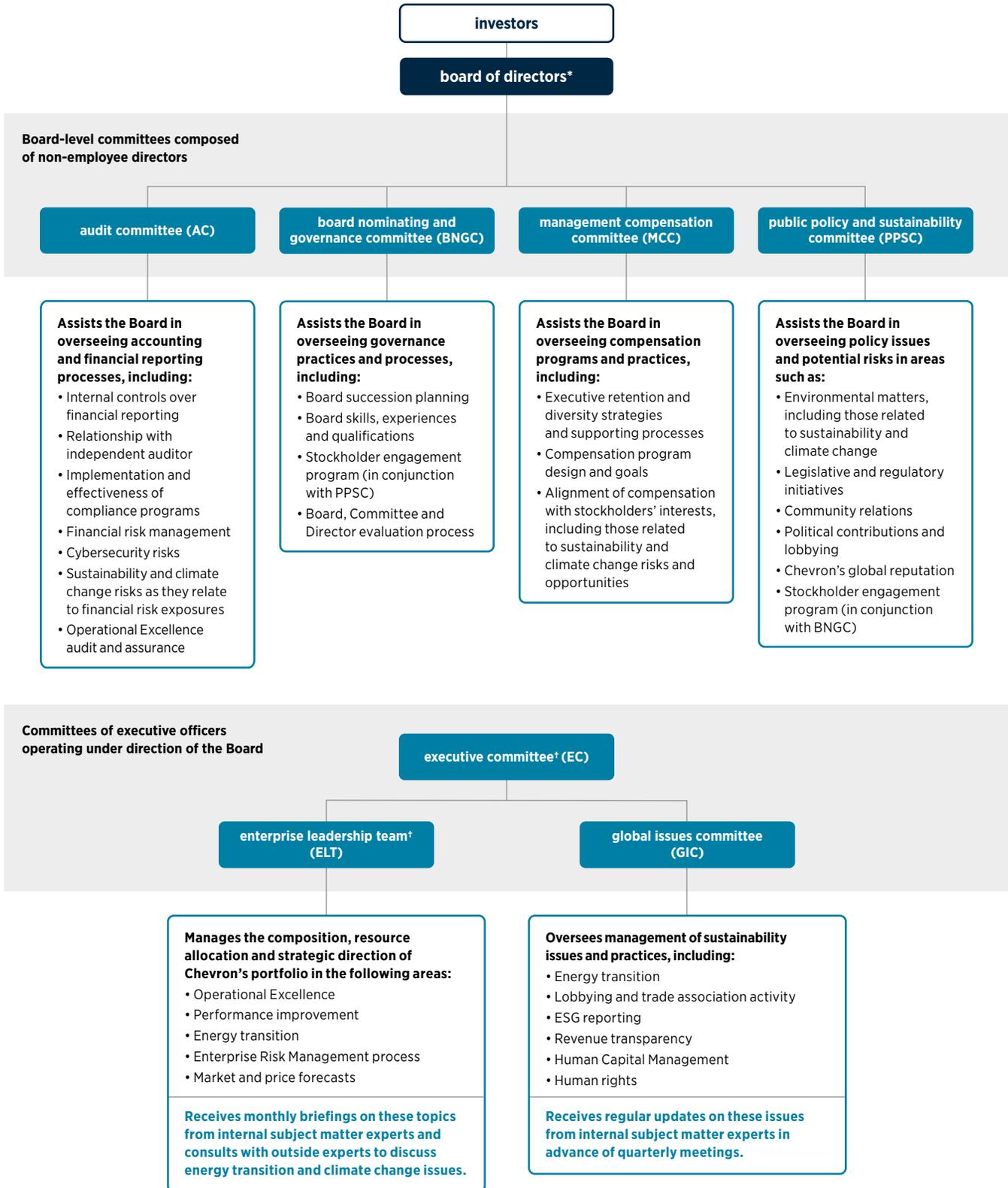
In addition, the Board amended the Corporate Governance Guidelines to clarify that climate issues are included within the environmental experience that the Board seeks as part of the skills and qualifications for Board composition, and it also added experience in leading business transformation to those skills and qualifications.

Our Board of Directors is made up of individuals who bring diverse experiences and qualities, such as leadership, strategic insights and the ability to provide oversight of risk management. Their range of knowledge and experience spans operations, environmental, policy, regulatory and geographical issues.

### executive-level committees

The Executive Committee comprises corporate officers and is chartered by the Board of Directors to carry out policies in managing the company’s business. The Executive Committee has established two subcommittees that specialize in various matters important to the company, including strategy and compliance. The Enterprise Leadership Team is responsible for managing the composition, resource allocation and strategic direction of Chevron’s portfolio to achieve our objectives. The Global Issues Committee (GIC), an executive-level subcommittee, oversees Chevron’s policies and positions on sustainability issues and practices. The Vice President of Strategy and Sustainability chairs the GIC and serves as the secretary to the PPSC, connecting the GIC’s work to the oversight of the PPSC.

# chevron's governance structure relevant to ESG-related matters



\* Chaired by Chairman of the Board  
† Chaired by Chief Executive Officer

Additionally, events may be handled via ad-hoc, cross-functional Crisis Management and Issue Management teams, which report regularly to members of the ELT, and if appropriate, provide updates to the Board.

## compliance and training

The Chevron Way forms the foundation of our compliance program through its expression of values and expectations for social responsibility and business conduct. Developed from these overarching principles, the **Business Conduct and Ethics Code** communicates expectations for ethical business conduct. The Code reinforces our compliance commitment and the responsibility of each employee to ensure that Chevron's activities fully adhere to legal and policy requirements everywhere we operate. Chevron maintains internal accounting, administrative and operational controls to manage these standards of conduct and compliance. We communicate this requirement to our business partners through our contractual requirements and through ongoing engagement. Chevron employees and contractors receive training on Chevron's Business Conduct and Ethics Code every two years.

Our compliance program addresses detailed compliance requirements for many important subjects, including anti-corruption, internal controls, international trade, anti-boycott, OE, data privacy and competition law. For each subject, senior-level Chevron leaders provide risk-based guidance on the company's compliance requirements and training. In addition, we continue to expand our offering of diversity and inclusion trainings. Popular topics include unconscious bias and inclusive leadership.

Across Chevron, compliance is everyone's responsibility. We take pride that our employees are constantly mindful of the company's stringent compliance requirements. And in that spirit, Corporate Compliance issues a quarterly award celebrating meaningful efforts to do business the right way.

### BPC

The Bipartisan Policy Center (BPC) is a Washington, D.C.-based think tank that actively fosters bipartisanship to solve challenging issues and chart a productive path forward. Through our membership in BPC's ESG Taskforce, Chevron participates in constructive, bipartisan conversation about ESG issues with U.S. government policymakers. We believe our work with this task force serves as a venue for policymakers and staffers to explore the fast-evolving landscape of ESG and climate risk disclosures and to consider bipartisan solutions.



# 24/7

To reinforce our Business Conduct and Ethics Code, the Chevron Hotline operates 24 hours a day, seven days a week and is available for anonymous reporting in multiple languages.

The Chevron Hotline operates 24 hours a day, seven days a week and is available for anonymous reporting in multiple languages if someone suspects that anyone in Chevron or our affiliates has violated any company policy or local laws or has information on any activity that could damage the company's reputation. Chevron does not tolerate any form of retaliation for reports made in good faith. This includes blatant actions, such as firing, transferring, demoting or publicly undermining someone, as well as more subtle retaliation, such as avoiding someone or excluding them from professional or social activities. It includes actions taken by managers and employees alike.

## doing work the right way

We contribute to the communities where we work and live by creating jobs, developing and sourcing from local suppliers, and giving back in the form of social investment partnerships and programs. **We pay taxes** in jurisdictions around the world and comply with all applicable tax laws. We support the public finances of host countries by paying what we owe, in full and on time. Over the past decade, Chevron's tax obligations have surpassed \$110 billion, by accruing \$64 billion in income taxes and more than \$48 billion in non-income taxes, such as property taxes, severance taxes and payroll taxes.

Chevron also provides a competitive total compensation and benefits package that enables us to attract and retain a highly competent global workforce. Our pay philosophy is to pay our workforce competitively and equitably based on job responsibilities and job performance.

# lobbying and trade associations

## select climate-related engagement with major US trade associations

<b>American Fuel &amp; Petrochemical Manufacturers (AFPM)</b> AFPM represents high-tech American manufacturers and midstream companies that enable the production and delivery of nearly all U.S. gasoline, diesel, jet fuel, home heating oil, critical petrochemicals and other refined products	Chevron engages with AFPM to encourage support of our climate principles and positions, such as an economywide carbon price and innovative breakthrough technologies. Our continued engagements with AFPM have helped create a Carbon Steering Committee and shifted AFPM from historic opposition to carbon pricing to evaluating proposals on a case-by-case basis.
<b>American Petroleum Institute (API)</b> API represents all segments of the oil and gas industry	Chevron supported the creation of a new Climate Committee at API and the development of policy positions that support market-based approaches, innovation and support for the goals of the Paris Agreement. Consistent with these policy positions and in the absence of national, economywide, market-based solutions, API is now supporting innovation-focused legislation, Advanced Research Projects Agency-Energy reauthorization and the expansion of the Regional Greenhouse Gas Initiative.
<b>Business Roundtable (BRT)</b> BRT is an association of chief executive officers of America's leading companies	Chevron engaged with BRT to help develop its new climate policy principles, released in September 2020. BRT's principles now more closely track Chevron's Climate Policy Framework, including calling for economywide carbon pricing as the primary policy tool to address climate change, support for innovative technologies such as carbon capture, utilization and storage, and efficient streamlined regulations.
<b>U.S. Chamber of Commerce (U.S. Chamber)</b> The U.S. Chamber develops and implements policy on major issues affecting U.S. businesses of all sizes across many sectors of the economy	Chevron works with the U.S. Chamber to encourage support for market-based approaches to climate policy, innovative breakthrough technologies and streamlined, efficient regulations. The U.S. Chamber also shares our support for the goals of the Paris Agreement and calls for phasing down the use of hydrofluorocarbons, or HFCs.



**Jay Thompson**  
Manager,  
Federal and International  
Government Affairs

### employee spotlight

I manage a team that advocates Chevron's positions with the U.S. government and abroad. One of our biggest challenges is lobbying effectively at a time when the United States is so politically polarized. Our strategic time horizon is long, and we need to be able to work with policymakers on both sides. Our goal is to help enable the United States to maintain a vibrant energy sector, which is critical for economic vitality.

When we don't achieve alignment with our member trade groups, we may independently share our own approach. We seek to be a trusted and reliable source of information to governments around the world to create better policies. I'm particularly proud of the opportunity I get every day to articulate Chevron's contribution to society as we work toward advancing a lower carbon future.

### lobbying

Building on our *2020 Climate Lobbying Report*, we updated the lobbying and trade association webpage that includes a detailed description of our policies, processes and oversight. We now disclose all U.S. trade association memberships where a portion of our dues are attributed to lobbying and the range of lobbying expenditures made through these trade associations. We report a five-year history of corporate political and Chevron Employees Political Action Committee contributions and the Executive Committee reviews and endorses corporate political contributions and the central budget annually. All Chevron employees adhere to strict internal review procedures for all corporate political contributions, and no employee is reimbursed for making a political contribution. All corporate political contributions are made independent of executives' personal political preferences and in alignment with Chevron's business interests. Beginning in 2022, we are planning semi-annual updates regarding corporate political contributions and employee political action committee contributions.

As part of our oversight, employees receive mandated online training on political compliance education, delivered to in-scope employees and translated into several languages. In addition, internal legal counsel and the political compliance team provide regularly scheduled training to all employees who might engage in lobbying activities. Some jurisdictions, including California, also require that lobbyists take training as part of their registration.

To learn more, visit [chevron.com/sustainability/governance](https://www.chevron.com/sustainability/governance).