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boardroom insight
Q&A with wanda austin and mary francis

Right: Independent Director Dr. Wanda Austin (right) discusses a range of topics including environmental, social and governance (ESG) trends, board oversight and energy transition. She is interviewed here by Corporate Secretary and Chief Governance Officer Mary Francis. For Wanda’s biography, please visit chevron.com/about/leadership/wanda-austin.

Francis: How has your prior experience leading The Aerospace Corporation informed your perspective as a Director on the Chevron Board?

Austin: One of the many reasons it’s exciting to serve on the Chevron Board is that, much like the aerospace industry, the energy sector is a demanding and high-consequence business. Chevron has a very clear focus on the mission and everyone on the team understands the importance of what they are doing. It improves the quality of life for everybody when we, the Chevron “we,” do a good job. So my experience in aerospace, my experience advising the President of the United States in science and technology and my experience on other boards all comes together at Chevron.

Francis: What is the role of the Public Policy Committee (PPC) that you chair?

Austin: I have been PPC Chair since May 2018. The role of the PPC is to provide oversight in the areas of environmental, social, human rights, political and public policy matters as they affect Chevron’s business and the company’s ability to deliver on its purpose. We engage the management team in detailed discussions and reviews on subjects such as proxy proposals, corporate policies, lobbying, community engagement and showing up as the responsible corporate citizen that we are.
Francis: How does the Board oversee ESG issues at Chevron?

Austin: As a board, we assess management’s policies, practices and performance. We rigorously review plans and proposals for the metrics set to measure ESG progress. We want Chevron to clearly outline its position on policy matters with external stakeholders so they understand those positions. We also engage with shareholders and stakeholders to better understand and respond to their interests.

Francis: What does good governance of ESG issues look like?

Austin: Good governance is not just a label that we apply because it is currently a topical issue. Good governance is a rigorous, structured and consistent approach to strategically look at issues for the long term. This is how we do business every day. We continually focus on making sure we understand ESG impacts and how to continue to deliver our products in a manner consistent with transparent, sustainable and responsible performance.

Francis: Have you experienced Chevron’s values when on the ground with employees?

Austin: Wherever I go in the world—and I’ve visited locations including Gorgon, El Segundo, the Permian and many others—there is a consistent focus on mission and a clear priority on safety and environmental protection among employees. This speaks to the culture. Everyone understands what they do is difficult, and they live Chevron’s core value to protect people and the environment.

Francis: How is Chevron reporting on climate change risks and opportunities?

Austin: The company was one of the first to publish a TCFD-aligned report addressing governance, risk management, strategy and metrics. We communicate internally and externally about specific actions we are taking to reduce methane emissions, flaring and carbon intensity and achieve carbon sequestration. We set challenging targets and goals, measure our progress against them and incorporate those metrics into our compensation plan for employees so that they understand we need their innovation.

Francis: Chevron has issued three climate reports in the last three years. What involvement does the Board and the PPC have in issuing those voluntary publications?

Austin: Our involvement begins before the reports are produced. We discuss the need for transparency and responsiveness. The management team knows we are supportive of its proactive approach and is aware that we are going to challenge them to think “what’s next” in their communications. The PPC reviews the reports and provides appropriate suggestions. These publications are critical tools that spark dialogue, help educate our key audiences, and explain the role companies play in addressing the dual challenge of enabling economic development and addressing climate resiliency.

Francis: How is Chevron preparing for the energy transition?

Austin: Chevron has always been in the energy transition business. Going forward, the opportunity is for us to improve our business as we know and understand it today but also to envision what it could be in the future through new technology and new tools. We must lead. We know our business inside out. If there is an opportunity to do something good for the future of the planet, I believe Chevron will figure out what that is. We must be bold. We must be unsatisfied with the status quo. We must continually search for “what’s next,” “what else” and “what if.”

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— Dr. Wanda M. Austin
Public Policy Committee Chair
governance structures

Chevron believes strong governance is the foundation for delivering strong shareholder value. Our governance structures reflect our commitment to fostering long-term relationships, trust and goodwill with our shareholders, ensuring that our decisions and actions advance and respond to shareholders’ interests and supporting full transparency. Our Investor Relations and Corporate Governance teams focus on engaging with shareholders and investors on a range of key issues, including operations, finance, governance, executive compensation, environmental topics, safety and policy.

board of directors

Our Board of Directors oversees and guides Chevron’s business. As part of its responsibility, the Board approves appropriate risk management policies, practices and systems throughout the company and regularly considers critical risk topics in its deliberative decision-making process. Through Chevron’s Enterprise Risk Management (ERM) process, the Board annually reviews financial, operational, market, political and other risks inherent to our business.

The Board has four standing committees: Audit, Board Nominating and Governance, Management Compensation, and Public Policy. Each committee helps Chevron manage risks across the company and compete more effectively to build long-term shareholder value. For example, the Public Policy Committee (PPC) helps the Board manage risks related to the social, political, environmental, human rights and public policy aspects of Chevron’s business. The PPC reports its discussions to the full Board for consideration and action when appropriate.

All committees include only independent Directors. Each committee is chaired by an independent Director who determines the frequency, length and agenda of the committee meetings and who has access to management, information and independent advisors as needed.

Members of our Board of Directors possess relevant skills and qualifications, including leadership, operations, environmental, policy, regulatory and finance expertise. Their experience comes from the academic, business and technology sectors. This diverse set of perspectives helps ensure that the Board challenges itself and management on the variety of risks and opportunities Chevron faces and continues to hold itself to high standards.
executive-level committees

Under the oversight of the Board, Chevron’s Executive Committee is composed of the executive officers of Chevron and carries out Board policy in managing the business affairs of the company. The Enterprise Leadership Team (ELT) and Global Issues Committee (GIC) are subcommittees of the Executive Committee. The ELT is responsible for managing the composition, resource allocation and strategic direction of Chevron’s portfolio to achieve our objectives. In addition, the ELT oversees our ERM process.

The GIC consists of members of the ELT, oversees Chevron’s policies and positions on issues of global significance, including climate change, and recommends appropriate responses. The GIC receives updates from internal and external subject matter experts to understand political and policy developments around the world, technological opportunities, and shareholder and stakeholder interests and concerns. The PPC is briefed on the work of the GIC by the Chair of the GIC, who also serves as the PPC secretary. This valuable link between the GIC and the PPC further enhances Board oversight.

director skills and expertise

<table>
<thead>
<tr>
<th>number of directors with relevant skills</th>
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<tbody>
<tr>
<td>CEO/senior exec./leader of significant business operations: 9</td>
</tr>
<tr>
<td>Science/technology/engineering/research/academia: 9</td>
</tr>
<tr>
<td>Government/regulatory/legal/public policy: 9</td>
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<tr>
<td>Finance/financial disclosure/financial accounting: 11</td>
</tr>
<tr>
<td>Global business/international affairs: 10</td>
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<tr>
<td>Environmental: 8</td>
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the environmental, social and governance team

In 2018, Chevron created a dedicated team to engage on environmental, social and governance (ESG) issues with investors, other stakeholders, framework developers—such as the Task Force for Climate-related Financial Disclosures (TCFD)—the Sustainability Accounting Standards Board (SASB), and ESG rating agencies. The ESG team and, when appropriate, senior executives, subject matter experts and our Lead Director regularly conduct in-depth discussions with investors and stakeholders. We aim to engage annually with our top 50 investors and other key stakeholders. Chevron gains valuable feedback during these engagements, and this feedback is shared with the Board and relevant Board committees. The ESG team regularly briefs the GIC on its efforts and supports the briefing of the PPC.

business ethics

Chevron’s reputation is built on the principles of responsibility, trust and integrity. Our values, which are reflected in The Chevron Way, include diversity and inclusion, high performance, integrity and trust, partnership, and protecting people and the environment. These values define our culture and underpin our business conduct. When we apply our ethical principles to our business decisions, the company is positioned for success.

Every Chevron employee has a duty to uphold the company’s standing among the millions of people in the communities we touch. Our Business Conduct and Ethics Code is designed to help us fulfill this obligation. In addition, we expect our suppliers and contractors to conduct their businesses in a manner that protects people and the environment and complies with all applicable Chevron policies and environmental, health and safety laws and regulations. For more, see our Business Conduct and Ethics Code and Business Conduct and Ethics Expectations for Suppliers and Contractors, both available on chevron.com.

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Bunmi Fajusigbe
International
Government Affairs Advisor

“I believe corporate advocacy is here to stay—it’s a tool that’s imperative when evaluating business opportunities and issues.”

public policy

Public policy decisions can significantly affect Chevron’s strategies, capital investments, operations and, ultimately, shareholder value. Therefore, Chevron exercises its fundamental right and responsibility to participate in the political process and ensure lawmakers are informed by our expertise and insights when developing energy policy. Chevron does so through political contributions, direct and indirect lobbying, and participation in various business and policy associations that advocate for free markets and fair energy industry legislation and regulations.

By participating in industry and trade associations, Chevron has the best opportunity to advance its perspectives and shape positions that better align with our values and the long-term interests of shareholders. On an annual basis, the PPC reviews Chevron’s political contributions and lobbying to assess the value of these activities and ensure alignment with Chevron’s positions and interests.

Where appropriate, senior Chevron staff serve on trade association boards and advisory committees to directly engage the associations. However, Chevron may not agree with every position taken by the industry or the trade associations it supports. All trade associations in which a portion of funds are anticipated to be used for lobbying purposes go through a rigorous budgeting process. Chevron’s trade association memberships for which annual dues paid are $100,000 or more each and a portion of the dues may be used for lobbying are listed at right.

Chevron adheres to the highest ethical standards when engaging in political activities, ensures these activities align with corporate goals, and complies with the letter and spirit of all laws and regulations governing lobbying activities and disclosure.

2019 trade association memberships*

national/regional/local organizations

(Expenditures allocated for lobbying are disclosed as required by the governing jurisdiction.)

- American Chemistry Council
- American Fuel & Petrochemical Manufacturers
- American Petroleum Institute
- Business Roundtable
- California Business Roundtable
- California Chamber of Commerce
- California Independent Petroleum Association
- Civil Justice Reform Group
- Consumer Energy Alliance
- Greater Houston Partnership
- Independent Energy Alliance
- Louisiana Mid-Continent Oil & Gas Association
- Louisiana Oil & Gas Association
- Marcellus Shale Coalition
- National Association of Manufacturers
- National Petroleum Council
- Natural Gas Supply Association
- New Mexico Oil & Gas Association
- Texas Oil & Gas Association
- U.S. Chamber Institute for Legal Reform
- U.S. Chamber Litigation Center
- U.S. Chamber of Commerce
- U.S. Oil & Gas Association
- United Anglers
- United States Council for International Business
- Western States Petroleum Association

See chevron.com/2019tradeassociations.

*This list identifies Chevron’s 2019 trade association memberships where dues paid are $100,000 or more annually, and a portion of the dues may be used for lobbying. These organizations represent approximately 94 percent of the company’s annual trade association membership expenditures.

additional resources
chevron.com/thechevronway

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