

Stockholder Proposal Regarding Independent Chairman

(Item 8 on the Proxy Card)

Resolved: The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy would be phased in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

Supporting Statement

We believe that inadequate board oversight has led management to mishandle a number of issues, increasing risks and costs to shareholders.

First, Chevron has mishandled risk related to the ongoing legal effort by communities in Ecuador to enforce a \$9.5 billion judgment against our Company for oil pollution. When Chevron acquired Texaco in 2001, it acquired significant legal, financial, and reputational liabilities stemming from pollution in the Ecuadorian Amazon. In November 2013, the Ecuadorian National Court confirmed a landmark judgment against Chevron.

An attempt to collect damages from Chevron via its subsidiary in Canada is pending as an appeal. That effort moved forward in October 2017 when the Ontario Court of Appeal ruled against Chevron's attempt to impose around \$1 million in security costs upon the Ecuadorian plaintiffs.

Chevron has acknowledged the serious risk from enforcement of the \$9.5 billion judgment. Deputy Controller Rex Mitchell testified that such seizures of Company assets "would cause significant, irreparable damage to Chevron's business reputation and business relationships." However, instead of negotiating an expedient, fair, and comprehensive settlement with the affected communities in Ecuador, management has pursued a costly legal strategy that has lasted more than two decades.

Second, investors are concerned that Chevron is not adequately addressing climate change—a massive risk that is already manifesting and set to intensify in the long run via regulation,

energy price swings, and growing uncertainty of fossil fuel investments. Chevron has published a climate risk scenario report and attempted to reduce capital spending. However, investor concerns remain:

- Climate-related tort claims and similar litigation against Chevron are mounting.
- Chevron's 2017 climate risk report downplays important factors, such as potential competition from low-carbon energy technologies.
- Chevron supports lobbying and trade associations that spread disinformation on climate science and policy, such as American Legislative Exchange Council and American Petroleum Institute.

Third, inadequate board attention could intensify perennial risks and controversies in Chevron's global operations—such as renewed attacks on Chevron's Nigeria assets in 2016, controversy over operations in Myanmar during ethnic cleansing of the Rohingya in 2017, and a 2017 landmark enforcement action against Chevron for alleged tax evasion in Australia.

At Chevron's 2017 shareholder meeting, 38.7 percent of shareholders voted for this resolution.

An independent Chair would improve oversight of management and attention to long-range risks such as those above. Please vote FOR this common-sense governance reform.