CHEVRON CORP
Form DEF 14A
April 10, 2018
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §.240.14a-12

**CHEVRON CORPORATION**

*(Name of Registrant as Specified In Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

**Payment of Filing Fee (Check the appropriate box):**

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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# 2018 Proxy Statement

## Notice of 2018 Annual Meeting of Stockholders

## to Be Held on May 30, 2018

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**2018 Notice of the Chevron Corporation**

**Annual Meeting of Stockholders**

**Wednesday, May 30, 2018**

**8:00 a.m. PDT**

*Chevron Park Auditorium, 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324*

**Record Date**

Monday, April 2, 2018

**Agenda**

- Elect 10 Directors named in this Proxy Statement;
- Vote on a Board proposal to ratify the appointment of the independent registered public accounting firm;
- Vote on a Board proposal to approve, on an advisory basis, named executive officer compensation;
- Vote on seven Rule 14a-8 stockholder proposals, if properly presented; and
- Transact any other business that may be properly brought before the Annual Meeting by or at the direction of the Board.

**Admission**

Stockholders or their legal proxy holders may attend the Annual Meeting. Due to space constraints and other security considerations, we are not able to admit the guests of either stockholders or their legal proxy holders.

**Important Notice Regarding Admission to the 2018 Annual Meeting**

Stockholders or their legal proxy holders who wish to attend the Annual Meeting must preregister with and obtain an admission letter from Chevron s Corporate Governance Department. Admission letters will be distributed on a first-come, first-served basis. Requests for admission letters must be received by Chevron no later than 5:00 p.m. PDT on Thursday, May 24, 2018. For complete instructions for preregistering and obtaining an admission letter, see page 84 of this Proxy Statement.

## Voting

Stockholders owning Chevron common stock at the close of business on Monday, April 2, 2018, or their legal proxy holders, are entitled to vote at the Annual Meeting. Please refer to pages 80 through 81 of this Proxy Statement for information about voting at the Annual Meeting.

## Distribution of Proxy Materials

On Tuesday, April 10, 2018, we will commence distributing to our stockholders (1) a copy of this Proxy Statement, a proxy card or voting instruction form, and our Annual Report (the Proxy Materials ), (2) a Notice Regarding the Availability of Proxy Materials, with instructions to access our Proxy Materials and vote on the Internet, or (3) for stockholders who receive materials electronically, an email with instructions to access our Proxy Materials and vote on the Internet.

By Order of the Board of Directors,

**Mary A. Francis**

*Corporate Secretary and Chief Governance Officer*

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# Proxy Statement

**Chevron Corporation**

6001 Bollinger Canyon Road

San Ramon, CA 94583-2324

Your Board of Directors is providing you with these Proxy Materials in connection with its solicitation of proxies to be voted at Chevron Corporation s 2018 Annual Meeting of Stockholders to be held on Wednesday, May 30, 2018, at 8:00 a.m. PDT at Chevron Park Auditorium, 6001 Bollinger Canyon Road, San Ramon, California, and at any postponement or adjournment of the Annual Meeting.

In this Proxy Statement, Chevron and its subsidiaries may also be referred to as we, our, the Company, t Corporation, or Chevron.

## Items of Business

Your Board is asking you to take the following actions at the Annual Meeting:

| Item(s) | Your Board s Recommendation | Vote Required |
|---|---|---|
| Item 1: Elect 10 Directors named in this Proxy Statement | Vote **FOR** | Each Director nominee who receives a majority of the votes cast (i.e., the number of shares voted FOR a Director nominee must exceed the number of shares voted AGAINST that Director nominee, excluding abstentions) will be elected a Director in an uncontested election. |
| Item 2: Vote to ratify the appointment of the independent registered public accounting firm | Vote **FOR** | These items are approved if the number of shares voted FOR exceeds the number of shares voted AGAINST. |
| Item 3: Vote to approve, on an advisory basis, named executive officer compensation | Vote **FOR** | |
| Items 4 10: Vote on seven stockholder proposals, if properly presented | Vote **AGAINST** | |

If you are a street name stockholder (i.e., you own your shares through a bank, broker, or other holder of record) and do not vote your shares, your bank, broker, or other holder of record can vote your shares at its discretion ONLY on Item 2. If you do not give your bank, broker, or other holder of record instructions on how to vote your shares on Item 1 or Items 3 through 10, your shares will not be voted on those matters. If you have shares in an employee stock or retirement benefit plan and do not vote those shares, the plan trustee or fiduciary may or may not vote your shares, in accordance with the terms of the plan. Any shares not voted on Item 1 or Items 3 through 10 (whether by abstention, broker nonvote, or otherwise) will have no impact on that particular item.

We are not aware of any matters that are expected to be presented for a vote at the Annual Meeting other than those described above. If any other matter should properly be brought before the Annual Meeting by or at the direction of the Board, the proxy holders identified in the Voting and Additional Information Appointment of Proxy Holders section of this Proxy Statement intend to vote the proxies in accordance with their best judgment. When conducting the Annual Meeting, the Chairman or his designee may refuse to allow a vote on any matter not made in compliance with our By-Laws and the procedures described in the Voting and Additional Information Submission of Stockholder Proposals for 2018 Annual Meeting section of the 2017 Proxy Statement.

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## Election of Directors

*(Item 1 on the Proxy Card)*

For several years, the Board Nominating and Governance Committee (the Committee ) has been planning for the 2018 retirements of Linnet F. Deily and Robert E. Denham under Chevron s mandatory Director Retirement Policy contained in our Corporate Governance Guidelines. In light of planned retirements, the recent retirements of Jon M. Huntsman Jr. and John S. Watson, and the Board s operating requirements, the Committee recommended a Board size of 10. All of the 10 nominees are current Directors. Each nominee, other than Messrs. Frank and Umpleby, was previously elected at Chevron s 2017 Annual Meeting of Stockholders.

Directors are elected annually and serve for a one-year term or until their successors are elected. If any nominee is unable to serve as a Director a circumstance we do not anticipate the Board by resolution may reduce the number of Directors or choose a substitute. Your Board has determined that each non-employee Director is independent in accordance with the New York Stock Exchange ( NYSE ) Corporate Governance Standards and that no material relationship exists that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

### Director Election Requirements

Each Director nominee who receives a majority of the votes cast (i.e., the number of shares voted FOR a Director nominee must exceed the number of shares voted AGAINST that Director nominee, excluding abstentions) will be elected a Director, in an uncontested election.

Under Chevron s By-Laws, in an uncontested election, any Director nominee who receives more AGAINST votes than FOR votes must submit an offer of resignation to the Board.

The Committee must then consider all relevant facts and circumstances, including the Director s qualifications, past and expected future contributions, the overall composition of the Board, and whether Chevron would meet regulatory or similar requirements without the Director, and make a recommendation to the Board on the action to take with respect to the offer of resignation.

### Director Qualifications and Nomination Processes

The Committee is responsible for recommending to the Board the qualifications for Board membership and for identifying, assessing, and recommending qualified Director candidates for the Board s consideration. The Board membership qualifications and nomination procedures are set forth in Chevron s Corporate Governance Guidelines, which are available on our website at *www.chevron.com/investors/corporate-governance.*

**All Directors should have the following attributes:**

- the highest professional and personal ethics and values, consistent with The Chevron Way and our Business Conduct and Ethics Code, both of which are available on Chevron s website at *www.chevron.com*;
- a commitment to building stockholder value;
- business acumen and broad experience and expertise at the policy-making level in one or more of the areas of particular consideration indicated below;
- the ability to provide insights and practical wisdom based on the individual s experience or expertise;
- sufficient time to effectively carry out duties as a Director; and
- independence (at least a majority of the Board must consist of independent Directors, as defined by the NYSE Corporate Governance Standards).

The Committee regularly reviews the appropriate skills and characteristics required of Directors in the context of the current composition of the Board, the operating requirements of the Company, and the long-term interests of stockholders.

**When conducting its review of the appropriate skills and qualifications desired of Directors, the Committee particularly considers:**

- leadership experience in business as a chief executive officer, senior executive, or leader of significant business operations;
- expertise in science, technology, engineering, research, or academia;
- extensive knowledge of governmental, regulatory, legal, or public policy issues;
- expertise in finance, financial disclosure, or financial accounting;
- experience in global business or international affairs;
- experience in environmental affairs;

service as a public company director;

diversity of age, gender, and ethnicity; and

such other factors as the Committee deems appropriate, given the current needs of the Board and the Company, to maintain a balance of knowledge, experience, background, and capability.

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ELECTION OF DIRECTORS

These skills, experiences, and expertise are critical to the Board s ability to provide effective oversight of the Company and are directly relevant to Chevron s business, strategy, and operations.

| | |
|---|---|
| CEO / Senior Executive / Leader of Significant Operations | Chevron employs more than 48,000 employees in business units throughout the world. Chevron s operations involve complex organizations and processes, strategic planning, and risk management. |
| Science / Technology / Engineering / Research / Academia | Technology and engineering are at the core of Chevron s business and are key to finding, developing, producing, processing, and refining oil and natural gas. Our business processes are complex and highly technical. |
| Government / Regulatory / Legal / Public Policy | Chevron s operations require compliance with a variety of regulatory requirements in numerous countries and involve relationships with various governmental entities and nongovernmental organizations throughout the world. |
| Finance / Financial Disclosure / Financial Accounting | Chevron s business is multifaceted and requires complex financial management, capital allocation, and financial reporting processes. |
| Global Business / International Affairs | Chevron conducts business around the globe. Our business success is derived from an understanding of diverse business environments, economic conditions, and cultures and a broad perspective on global business opportunities. |
| Environmental | |

We place the highest priority on the health and safety of our workforce and protection of our assets, communities, and the environment. We are committed to continuously improving our environmental performance and reducing the potential impacts of our operations.

The Board seeks to achieve diversity of age, gender, and ethnicity and recognizes the importance of Board refreshment to ensure that it benefits from fresh ideas and perspectives. The following charts demonstrate the Board s commitment to diversity of backgrounds and Board refreshment. Since the last Annual Meeting, the Board elected Messrs. Frank and Umpleby to the Board.

**Strong Board Diversity**

**Strong Board Refreshment**

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## ELECTION OF DIRECTORS

The following matrix displays the most significant skills and qualifications that each Director possesses. The Committee reviews this matrix periodically to ensure that the Board maintains a balance of knowledge and experience.

The Committee considers Director candidates suggested for nomination to the Board from stockholders, Directors, and other sources. Directors periodically suggest possible candidates, and from time to time, the Committee may engage a third-party consultant to assist in identifying potential candidates. The Committee has retained director search firms to assist with identifying potential candidates.

**The Committee considers all potential nominees recommended by our stockholders.**

Stockholders may recommend potential nominees by writing to the Corporate Secretary at 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324, stating the candidate s name and qualifications for Board membership.

When considering potential nominees recommended by stockholders, the Committee follows the same Board membership qualifications evaluation and nomination procedures discussed in this section.

In addition, a qualifying stockholder (or stockholders) may nominate director nominees for inclusion in our Proxy Statement if the nominating stockholder satisfies the requirements specified in our proxy access By-Laws, which are described in the Voting and Additional Information Submission of Stockholder Proposals for 2019 Annual Meeting section of this Proxy Statement.

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## Nominees for Director

For the 2018 Annual Meeting, the Committee recommended, and the Board concurred with, a Board size of 10 Directors. Each of the Director nominees is a current Director.

Your Board recommends that you vote **FOR** each of these Director nominees.

**Wanda M. Austin**

**Retired President and Chief Executive Officer, The Aerospace Corporation**

**Age:** 63

**Director Since:** December 2016

**Independent:** Yes

**Chevron Committees:**

Board Nominating and Governance

Public Policy

**Current Public Company Directorships:**

Amgen Inc.

**Prior Public Company Directorships**

(within last five years):

None

**Other Directorships and Memberships:**

Horatio Alger Association

National Academy of Engineering

University of Southern California

**Dr. Austin** has held an adjunct Research Professor appointment at the University of Southern California s Viterbi School s Department of Industrial and Systems Engineering since 2007. She served as President and Chief Executive Officer of The Aerospace Corporation, a leading architect for the United States national security space programs, from 2008 until her retirement in 2016. From 2004 to 2007, she was Senior Vice President, National Systems Group, at Aerospace. Dr. Austin joined Aerospace in 1979.

**Skills and Qualifications**

**Business Leadership / Operations:** Eight years as CEO of The Aerospace Corporation. Thirty-seven-year career with The Aerospace Corporation included numerous senior management and executive positions. Established MakingSpace, Inc., a leadership and STEM (science, technology, engineering, and math) consulting firm, in December 2017.

**Finance:** More than a decade of financial responsibility and experience at The Aerospace Corporation. Audit Committee member at Amgen Inc.

**Global Business / International Affairs:** Internationally recognized for her work in satellite and payload system acquisition, systems engineering, and system simulation. Former CEO of a company that provides space systems expertise to international organizations. Director of companies with international operations.

**Government / Regulatory / Public Policy:** Served on President s Council of Advisors on Science and Technology and President s Review of U.S. Human Space Flight Plans Committee. Appointed to the Defense Science Board and the NASA Advisory Council.

**Research / Academia:** Research Professor at the University of Southern California s Viterbi School of Engineering.

**Science / Technology / Engineering:** Ph.D. in Industrial and Systems Engineering from the University of Southern California, Master of Science in both Systems Engineering and Mathematics from the University of Pittsburgh. Thirty-seven-year career in national security space programs. Director at Amgen Inc., a biotechnology company. Fellow of the American Institute of Aeronautics and Astronautics.

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ELECTION OF DIRECTORS

**John B. Frank**

**Vice Chairman, Oaktree Capital Group, LLC**

**Age:** 61

**Director Since:** November 2017

**Independent:** Yes

**Chevron Committees:**

Audit *audit committee financial expert*

**Current Public Company Directorships:**

Oaktree Capital Group, LLC

Oaktree Specialty Lending Corporation

Oaktree Strategic Income Corporation

**Prior Public Company Directorships**

(within last five years):

None

**Other Directorships and Memberships:**

Good Samaritan Hospital of Los Angeles

Polytechnic School

Wesleyan University

XPRIZE Foundation

**Mr. Frank** has been Vice Chairman since 2014, and Director since 2007, of Oaktree Capital Group, LLC, a leader among global investment managers specializing in alternative investments. He was previously Managing Principal from 2005 until 2014, having joined Oaktree in 2001 as General Counsel. Prior to that, he served as a Partner of the Los Angeles law firm of Munger, Tolles & Olson LLP.

**Skills and Qualifications**

**Business Leadership / Operations:** Service as Vice Chairman of Oaktree Capital Group, LLC. Senior management and executive positions, including Director and Managing Principal.

**Finance:** More than a decade of financial responsibility and experience at Oaktree Capital Group.

**Global Business / International Affairs:** Vice Chairman of a company that conducts business worldwide.

**Government / Regulatory / Public Policy:** Served as law clerk to the Honorable Frank M. Coffin of the U.S. Court of Appeals for the First Circuit and as a Legislative Assistant to the Honorable Robert F. Drinan, Member of Congress.

**Legal:** Served as General Counsel of Oaktree. Former Partner of Munger, Tolles & Olson LLP. Extensive experience with mergers and acquisitions and strategic, financial, and corporate governance issues. Law degree from the University of Michigan.

| | | |
|---|---|---|
| **Alice P. Gast**<br>**President, Imperial College London**<br>**Age:** 59<br>**Director Since:** December 2012<br>**Independent:** Yes | **Chevron Committees:**<br>Board Nominating and Governance<br>Public Policy<br>**Current Public Company Directorships:**<br>None | **Prior Public Company Directorships** (within last five years):<br>None<br>**Other Directorships and Memberships:**<br>Global Science and Innovation Advisory Council to the Prime Minister of Malaysia<br>King Abdullah University of Science and Technology in Thuwal, Saudi Arabia<br>National Academy of Engineering<br>UK Research and Innovation Board |

**Dr. Gast** has been President of Imperial College London, a public research university specializing in science, engineering, medicine, and business, since 2014. She was President of Lehigh University, a private research university, from 2006 until 2014 and Vice President for Research, Associate Provost, and Robert T. Haslam Chair in Chemical Engineering at Massachusetts Institute of Technology from 2001 until 2006. Dr. Gast was professor of chemical engineering at Stanford University and the Stanford Synchrotron Radiation Laboratory from 1985 until 2001.

**Skills and Qualifications**

**Environmental Affairs:** At Imperial College London, oversees environmental institutes and centers and leads the university crisis management group. At Lehigh University, presided over environmental centers, advisory groups, and crisis management. Expertise in chemical and biological terrorism issues gained through service on several governmental committees.

**Finance:** Twelve years of service as president of leading educational institutions, with ultimate responsibility for finance, fundraising, and endowment management.

**Global Business / International Affairs:** Served as a U.S. Science Envoy for the U.S. Department of State to advise on ways to foster and deepen relationships with the Caucasus and Central Asia. Serves on the Singapore Ministry of Education s Academic Research Council and on the Board of Trustees for the King Abdullah University of Science and Technology in Saudi Arabia. Serves on the Global Federation of Competitiveness Councils and on the Global Science and Innovation Advisory Council to the Prime Minister of Malaysia.

**Government / Regulatory / Public Policy:** Served on the Homeland Security Science and Technology Advisory Committee. Chaired the scientific review committee empaneled by the National Research Council at the request of the FBI to conduct an independent review of the investigatory methods used by the FBI in the criminal case involving the mailing of anthrax spores.

**Research / Academia:** More than three decades of service in academia and research at leading educational institutions.

**Science / Technology / Engineering:** M.A. and Ph.D. in chemical engineering from Princeton University. Former Vice President for Research, Associate Provost, and Robert T. Haslam Chair in Chemical Engineering at Massachusetts Institute of Technology and professor of chemical engineering at Stanford University and the Stanford Synchrotron Radiation Laboratory.

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ELECTION OF DIRECTORS

| Enrique Hernandez, Jr. | Chevron Committees: | Prior Public Company Directorships (within last five years): |
|---|---|---|
| **Chairman, Chief Executive Officer and President, Inter-Con Security Systems, Inc.** | Management Compensation (Chair)<br>Public Policy | Nordstrom, Inc. |
| **Age:** 62<br>**Director Since:** December 2008<br>**Independent:** Yes | **Current Public Company Directorships:**<br>McDonald s Corporation<br>Wells Fargo & Company (retiring April 24, 2018) | **Other Directorships and Memberships:**<br>Harvard College Visiting Committee<br>Harvard University Resources Committee<br>John Randolph Haynes and Dora Haynes Foundation<br>University of Notre Dame |

**Mr. Hernandez** has been Chairman, Chief Executive Officer, and President of Inter-Con Security Systems, Inc., a global provider of security and facility support services to governments, utilities, and industrial customers, since 1986. He was Executive Vice President and Assistant General Counsel of Inter-Con from 1984 until 1986 and an associate of the law firm of Brobeck, Phleger & Harrison from 1980 until 1984.

**Skills and Qualifications**

**Business Leadership / Operations:** Three decades of service as CEO of Inter-Con Security Systems, Inc. Co-founder of Interspan Communications, a television broadcasting company. Chairman of the Board of McDonald s Corporation.

**Finance:** More than three decades of financial responsibility and experience at Inter-Con Security Systems, Inc. Chaired the Audit Committee at McDonald s Corporation. Chair of the Finance Committee and the Risk Committee at

Wells Fargo & Company. Former Audit Committee member at Great Western Financial Corporation, Nordstrom, Inc., Washington Mutual, Inc., and Wells Fargo & Company.

**Global Business / International Affairs:** CEO of a company that conducts business worldwide. Director of companies with international operations.

**Government / Regulatory / Public Policy:** Trustee of the John Randolph Haynes Foundation, which has funded hundreds of important urban studies in education, transportation, local government elections, public safety, and other public issues. Former appointee and Commissioner and President of the Los Angeles Police Commission. Served on the U.S. National Infrastructure Advisory Committee.

**Legal:** Served as Executive Vice President and Assistant General Counsel of Inter-Con Security Systems. Former litigation associate of the law firm of Brobeck, Phleger & Harrison. Law degree from Harvard Law School.

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ELECTION OF DIRECTORS

**Charles W. Moorman IV**

**Retired Chairman and Chief Executive Officer, Norfolk Southern Corporation**

**Age:** 66

**Director Since:** May 2012

**Independent:** Yes

**Chevron Committees:**

Audit (Chair) *audit committee financial expert*

**Current Public Company Directorships:**

Duke Energy Corporation

**Prior Public Company Directorships**

(within last five years):

Norfolk Southern Corporation

**Other Directorships and Memberships:**

Georgia Tech Foundation Inc.

National Academy of Engineering

Nature Conservancy of Virginia (Chair)

**Mr. Moorman** served as co Chief Executive Officer of Amtrak, a passenger rail service provider, from July 2017 until his retirement in December 2017, having served as President and Chief Executive Officer from September 2016 until July 2017. He was previously Chairman from 2006, and Chief Executive Officer from 2004, of Norfolk Southern Corporation, a freight and transportation company, until his retirement in 2015. He served as President of Norfolk Southern from 2004 until 2013. Prior to that, Mr. Moorman was Senior Vice President of Corporate Planning and Services from 2003 until 2004 and Senior Vice President of Corporate Services in 2003. Mr. Moorman joined Norfolk Southern in 1975.

**Skills and Qualifications**

**Business Leadership / Operations:** Served more than a decade as CEO of Norfolk Southern Corporation. Forty-year career with Norfolk Southern included numerous senior management and executive positions, with emphasis on operations.

**Environmental Affairs:** At Norfolk Southern Corporation, gained experience with environmental issues related to transportation of coal, automotive, and industrial products. Serves as Virginia chapter chair of The Nature Conservancy, a global conservation organization. Served as a trustee of the Chesapeake Bay Foundation, whose mission is to protect the environmental integrity of the bay.

**Finance:** Former CEO of Fortune 500 company. More than three decades of financial responsibility and experience at Norfolk Southern Corporation.

**Government / Regulatory / Public Policy:** More than four decades of experience in the highly regulated freight and transportation industry.

**Science / Technology / Engineering:** Forty-year career with Norfolk Southern included numerous senior management and executive positions requiring expertise in engineering and technology. Norfolk Southern builds and maintains track and bridges, operates trains and equipment, and designs and manages complex information technology systems.

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ELECTION OF DIRECTORS

**Dambisa F. Moyo**

**Chief Executive Officer, Mildstorm LLC**

**Age:** 49

**Director Since:** October 2016

**Independent:** Yes

**Chevron Committees:**

Audit *audit committee financial expert*

**Current Public Company Directorships:**

Barclays plc

Barrick Gold Corporation (retiring April 24, 2018)

**Prior Public Company Directorships**

(within last five years):

SABMiller plc

Seagate Technology

**Other Directorships and Memberships:**

None

**Dr. Moyo** has been Chief Executive Officer of Mildstorm since she founded it in 2015. She is a global economist and commentator analyzing the macroeconomy and international affairs. From 2001 to 2008, she worked at Goldman Sachs in various roles, including as an economist. Prior to that she worked at the World Bank in Washington, D.C, from 1993 until 1995.

**Skills and Qualifications**

**Environmental Affairs:** As director at Barrick Gold Corporation, served on the committee that considered and provided oversight on environmental matters.

**Finance:** Ten years of experience at Goldman Sachs and the World Bank. Ph.D. in economics from the University of Oxford and MBA in finance from The American University. Audit Committee and Risk Committee member at Barrick Gold Corporation.

**Global Business / International Affairs:** Traveled to more than 80 countries, with a particular focus on the interplay of international business and the global economy, while highlighting key opportunities for investment. Director of companies with international operations.

**Government / Regulatory / Public Policy:** Ten years of experience in the highly regulated banking and financial services industry. MPA in Public Administration from John F. Kennedy School of Government, Harvard.

**Research / Academia:** Author of three *New York Times* bestsellers. Dr. Moyo s writing regularly appears in economic and finance-related publications.

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**Ronald D. Sugar**

**Retired Chairman and Chief Executive Officer, Northrop Grumman Corporation**

**Lead Director Since:** 2015

**Age:** 69

**Director Since:** April 2005

**Independent:** Yes

**Chevron Committees:**

Board Nominating and Governance (Chair)

Management Compensation

**Current Public Company Directorships:**

Air Lease Corporation

Amgen Inc.

Apple Inc.

**Prior Public Company Directorships**

(within last five years):

None

**Other Directorships and Memberships:**

Alliance College-Ready Public Schools

BeyondTrust Software, Inc.

Los Angeles Philharmonic Association

National Academy of Engineering

UCLA Anderson School of Management Board of Visitors

University of Southern California

**Dr. Sugar** is a senior advisor to various businesses and organizations, including Ares Management LLC, a leading private investment firm; Bain & Company, a global consulting firm; Temasek Americas Advisory Panel, a private investment company based in Singapore; and the G100 Network and the World 50, peer-to-peer exchanges for current and former senior executives from some of the world s largest companies. He is also an advisor to Northrop Grumman Corporation, a global security and defense company, and was previously Northrop s Chairman and Chief Executive Officer from 2003, until his retirement in 2010, and President and Chief Operating Officer, from 2001 until 2003. He joined Northrop Grumman in 2001, having previously served as President and Chief Operating Officer of Litton Industries, Inc., a developer of military products, and earlier as an executive of TRW Inc., a developer of missile systems and spacecraft.

**Skills and Qualifications**

**Business Leadership / Operations:** Served seven years as CEO of Northrop Grumman Corporation. Senior management and executive positions, including service as COO, at Northrop Grumman, Litton Industries, Inc., and TRW Inc.

**Environmental Affairs:** As Chairman, CEO, and President of Northrop Grumman Corporation, oversaw environmental assessments and remediations at shipyards and aircraft and electronics factories.

**Finance:** Former CFO of Fortune 500 company. More than three decades of financial responsibility and experience at Northrop Grumman, Litton Industries, Inc., and TRW Inc. Current Audit Committee Chair at Apple Inc. and former Audit Committee Chair at Chevron.

**Global Business / International Affairs:** Former CEO of Fortune 500 company with extensive international operations. Current and former director of companies with international operations.

**Government / Regulatory / Public Policy:** At Northrop Grumman Corporation, a key government contractor, oversaw development of weapons and other technologies. Appointed by President of the United States to the National Security Telecommunications Advisory Committee. Former director of World Affairs Council of Los Angeles.

**Science / Technology / Engineering:** Ph.D. in electrical engineering from the University of California at Los Angeles. Served in a variety of senior management and executive positions at Northrop Grumman, Litton Industries, Inc., and TRW Inc., requiring expertise in engineering and technology. Director at Amgen Inc., a biotechnology company; Apple Inc., a designer, manufacturer and marketer of, among other things, personal computers, mobile communication, and media devices; and BeyondTrust, a global cybersecurity company.

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ELECTION OF DIRECTORS

**Inge G. Thulin**

**Chairman, President, and Chief Executive Officer, 3M Company**

**Age:** 64

**Director Since:** January 2015

**Independent:** Yes

**Chevron Committees:**

Board Nominating and Governance

Management Compensation

**Current Public Company Directorships:**

3M Company

Merck & Co., Inc.

**Prior Public Company Directorships** (within last five years):

The Toro Company

**Other Directorships and Memberships:**

The Business Council

Business Roundtable

Council on Foreign Relations

World Economic Forum

**Mr. Thulin** has been Chairman, President, and Chief Executive Officer of 3M Company, a diversified global manufacturer, technology innovator, and marketer of a variety of products and services, since 2012. Effective July 1, 2018, he will be retiring as President and CEO and will be assuming the role of Executive Chairman. He was Executive Vice President and Chief Operating Officer of 3M from 2011 until 2012, with responsibility for all of 3M s business segments and international operations. From 2004 until 2011, Mr. Thulin was Executive Vice President of International Operations. He joined 3M Sweden in 1979, working in sales and marketing, and has held numerous leadership positions in Asia-Pacific, Europe, and the Middle East and across multiple businesses.

**Skills and Qualifications**

**Business Leadership / Operations:** Six years of service as CEO of 3M Company. More than three decades of experience in senior management and executive positions at 3M Company, including responsibility for international operations.

**Environmental Affairs:** As Chairman, President, and CEO of 3M Company, oversees all aspects of 3M s environmental and sustainability policies and strategies, which include initiatives to address challenges like energy availability and security, raw material scarcity, human health, and environmental safety, education, and development.

**Finance:** CEO of Fortune 500 company. More than three decades of financial responsibility and experience at 3M Company.

**Global Business / International Affairs:** Chairman, CEO, and President of Fortune 500 company with extensive international operations. At 3M Company, served as Executive Vice President for International Operations and as Managing Director of 3M Russia. Member of the International Business Council of the World Economic Forum. Serves on the President s Advisory Committee for Trade Policy and Negotiations. Director of companies with international operations.

**Science / Technology / Engineering:** Has served in a variety of senior management and executive positions at 3M Company, requiring expertise in engineering and technology. 3M is a diversified technology company. Director at Merck & Co. Inc., a biopharmaceutical company.

| | | |
|---|---|---|
| **D. James Umpleby III** | **Chevron Committees:** | **Prior Public Company Directorships** (within last five years): |
| **Chief Executive Officer, Caterpillar Inc.** | Board Nominating and Governance<br>Management Compensation | None |
| **Age:** 60<br>**Director Since:** March 2018<br>**Independent:** Yes | **Current Public Company Directorships:**<br>Caterpillar Inc. | **Other Directorships and Memberships:**<br>Business Roundtable<br>Latin America Conservation Council<br>Rose-Hulman Institute of Technology<br>U.S.-India Strategic Partnership Forum |

**Mr. Umpleby** has been Chief Executive Officer of Caterpillar Inc., a leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines, and diesel electric locomotives, since 2017. He was Group President from 2013 until 2016, with responsibility for Caterpillar s energy and transportation business segment, and Vice President from 2010 to 2013. He joined Solar Turbines Incorporated in 1980 as an associate engineer. Solar Turbines became a wholly owned Caterpillar subsidiary in 1981.

**Skills and Qualifications**

**Business Leadership / Operations:** CEO of Caterpillar. More than three decades of experience in senior management and executive positions at Caterpillar Inc., including responsibility for engineering, manufacturing, marketing, sales, and services.

**Environmental Affairs:** As CEO of Caterpillar Inc., oversees all aspects of Caterpillar s environmental and sustainability policies and strategies, which include initiatives to address challenges like preventing waste, improving the quality and efficiency of operations, developing infrastructure and ensuring access to energy, human health, and environmental safety. Serves as a member of the Latin America Conservation Council, in partnership with The Nature Conservancy, a global conservation organization. Former director of the World Resources Institute, an international research nonprofit organization working to secure a sustainable future.

**Finance:** CEO of Fortune 500 company. More than a decade of financial responsibility and experience at Caterpillar Inc.

**Global Business / International Affairs:** Director and CEO of Fortune 500 company with extensive international operations. Served in assignments at Caterpillar in Singapore and Kuala Lumpur from 1984 to 1990. Director of the U.S.-India Business Strategic Partnership Forum.

**Science / Technology / Engineering:** Bachelor of Science in Mechanical Engineering from the Rose-Hulman Institute of Technology. Has served in a variety of senior management and executive positions at Caterpillar Inc., requiring expertise in engineering and technology.

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## ELECTION OF DIRECTORS

**Michael K. Wirth**

**Chairman and Chief Executive Officer, Chevron Corporation**

**Age:** 57

**Director Since:** February 2017

**Independent:** No

**Chevron Committees:**

None

**Current Public Company Directorships:**

None

**Prior Public Company Directorships** (within last five years):

None

**Other Directorships and Memberships:**

American Petroleum Institute

American Society of Corporate Executives

The Business Council

Business Roundtable

Catalyst

National Petroleum Council

| |
|---|
| Engineering Advisory Council, University of Colorado |

**Mr. Wirth** has been Chairman and Chief Executive Officer of Chevron since February 2018. He was Vice Chairman in 2017 and Executive Vice President of Midstream & Development from 2016 until 2018, where he was responsible for supply and trading, shipping, pipeline, and power operating units; corporate strategy; business development; and policy, government and public affairs. He served as Executive Vice President of Downstream & Chemicals from 2006 to 2015. From 2003 until 2006, Mr. Wirth was President of Global Supply & Trading. Mr. Wirth joined Chevron in 1982.

**Skills and Qualifications**

**Business Leadership / Operations:** CEO of Chevron. Twelve years as Executive Vice President of Chevron. More than three decades of experience in senior management and executive positions at Chevron.

**Environmental Affairs:** As CEO of Chevron, oversees all aspects of Chevron s environmental policies and strategies. Oversaw environmental policies and strategies of Chevron s Downstream & Chemicals and shipping and pipeline operations.

**Finance:** CEO of Fortune 500 company. More than a decade of financial responsibility and experience at Chevron.

**Global Business / International Affairs:** CEO of Fortune 500 company with extensive international operations. Served as President of Marketing for Chevron s Asia/Middle East/Africa marketing business based in Singapore and served as director of Caltex Australia Ltd. and GS Caltex in South Korea.

**Government / Regulatory / Public Policy:** More than three decades of experience in highly regulated industry. As CEO of Chevron, oversees all aspects of Chevron s government, regulatory, and public policy affairs.

**Science / Technology / Engineering:** Bachelor s degree in Chemical Engineering from the University of Colorado. More than three decades of experience at Chevron. Joined as a design engineer and advanced through a number of engineering, construction, marketing, and operations roles.

**Vote Required**

Each Director nominee who receives a majority of the votes cast (i.e., the number of shares voted FOR a Director nominee must exceed the number of shares voted AGAINST that Director nominee, excluding abstentions) will be elected a Director, in an uncontested election. Any shares not voted (whether by abstention or otherwise) will have no impact on the elections. If you are a street name stockholder and do not vote your shares, your bank, broker, or other holder of record cannot vote your shares at its discretion in these elections.

If the number of Director nominees exceeds the number of Directors to be elected a circumstance we do not anticipate the Directors shall be elected by a plurality of the shares present in person or by proxy at the Annual Meeting, or any adjournment or postponement thereof, and entitled to vote on the election of Directors.

**Your Board s Recommendation**

Your Board recommends that you vote **FOR** the 10 Director nominees named in this Proxy Statement.

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## Director Compensation

### Overview

Our compensation for non-employee Directors is designed to be competitive with other large, global energy companies and other large, capital-intensive, international companies; to link rewards to business results and stockholder returns; and to align stockholder and Director interests through increased Director ownership of Chevron common stock. We do not have a retirement plan for non-employee Directors. Our Chief Executive Officer is not paid additional compensation for service as a Director.

The Board Nominating and Governance Committee (the Committee ) evaluates and recommends to the non-employee Directors of the Board the compensation for non-employee Directors, and the non-employee Directors of the Board approve the compensation. Our executive officers have no role in determining the amount or form of non-employee Director compensation.

In 2017, the Committee retained the services of an independent compensation consultant, Pearl Meyer & Partners, LLC ( Pearl Meyer ), to assist the Committee with its periodic review of Chevron s non-employee Director compensation program. Pearl Meyer and its lead consultant report directly to the Committee under the terms of the engagement, but may work cooperatively with management to develop analyses and proposals when requested to do so by the Committee. Pearl Meyer does not provide any services to the Company.

Pearl Meyer conducted a comprehensive review of the non-employee Director compensation program, including a review of Director compensation arrangements at Chevron s domestic oil industry peer companies (i.e., Anadarko Petroleum,

Andeavor, ConocoPhillips, Devon Energy, ExxonMobil, Hess, Marathon Oil, Marathon Petroleum, Occidental Petroleum, Phillips 66, and Valero Energy) and Non Oil Industry Peer Companies, which are identified in Use of Peer Groups in the Compensation Discussion and Analysis section of this Proxy Statement.

Following its review of the non-employee Director compensation program and based upon the market data provided from the Pearl Meyer review, the non-employee Directors of the Board approved, effective as of the 2018 Annual Meeting, an annual cash retainer increase of $5,000 to each Board Committee Chair, resulting in $30,000 to the Chair of the Audit Committee, $25,000 to the Chair of the Management Compensation Committee, and $20,000 each to the Chairs of the Board Nominating and Governance Committee and the Public Policy Committee. The independent Lead Director will continue to receive, without change, an additional $30,000 annual cash retainer. In addition to fees for Committee Chairs and the Lead Director, the non-employee Directors receive annual compensation of $375,000 per Director, with 40 percent paid in cash (or stock options at the Director s election) and 60 percent paid in restricted stock units. This annual compensation amount remains unchanged for 2018.

Directors do not receive fees for attending Board or Board Committee meetings, nor do they receive fees for meeting with stockholders. Directors are reimbursed for reasonable expenses incurred in connection with Board-related activities.

Below, we describe the non-employee Directors 2017 annual compensation in more detail.

## Cash or Stock Options (at the Director s Election)

$150,000 annual cash retainer, paid in monthly installments beginning with the date the Director is elected to the Board.

For 2017, an additional annual cash retainer of $30,000 to the Lead Director (increased from $25,000 in May 2017), $25,000 annual cash retainer to the Chair of the Audit Committee (increased from $15,000 in May 2017), $20,000 annual cash retainer to the Chair of the Management Compensation Committee (increased from $15,000 in May 2017), and $15,000 annual cash retainer each to the Chairs of the Board Nominating and Governance Committee and the Public Policy Committee, paid in monthly installments beginning with the date the Director becomes a Committee Chair and/or independent Lead Director.

Directors can elect to receive nonstatutory/nonqualified stock options instead of any portion of their cash compensation. Stock options are granted under the Chevron Corporation Non-Employee Directors Equity Compensation and Deferral Plan (the NED Plan ).

Directors can also elect to defer receipt of any portion of their cash compensation under the NED Plan.

## Restricted Stock Units

$225,000 of the annual compensation is paid in the form of restricted stock units ( RSUs ) that are granted on the date of the Annual Meeting at which the Director is elected. If a Director is elected to the Board between annual meetings, a prorated grant can be made.

RSUs are subject to forfeiture (except when the Director dies, reaches mandatory retirement age of 72, becomes disabled, changes primary occupation, or enters government service) until the earlier of 12 months or the day preceding the first Annual Meeting following the date of the grant.

RSUs are paid out in shares of Chevron common stock unless the Director has elected to defer the payout until retirement under the NED Plan.

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DIRECTOR COMPENSATION

### Expenses and Charitable Matching Gift Program

Non-employee Directors are reimbursed for out-of-pocket expenses incurred in connection with the business and affairs of Chevron. Non-employee Directors are eligible to participate in Chevron Humankind, our charitable matching gift and

community involvement program, which is available to any employee, retiree, or Director. For employees and Directors, we will match contributions to eligible entities and grants for volunteer time, up to a maximum of $10,000 per year.

### Compensation During the Fiscal Year Ended December 31, 2017

The above-described choices available to Directors result in slight differences in reportable compensation, even though each Director was awarded the same amount (except for Committee Chairs and the independent Lead Director, who received an additional fee for these roles). Specifically, three Directors Messrs. Denham, Hernandez, and Thulin elected to receive stock options for all of their annual cash retainer.

The following table sets forth the compensation of our non-employee Directors for the fiscal year ended December 31, 2017. Mr. Frank joined the Board on November 2, 2017, and Ambassador Huntsman resigned from the Board on September 28, 2017. The compensation for these Directors was prorated accordingly. Mr. Umpleby joined the Board on March 1, 2018, after the reporting period covered in the following table.

| Name | Fees Earned or Paid in Cash | Stock Awards[1] | Option Awards[2] | All Other Compensation[3] | Total |
|---|---|---|---|---|---|
| Wanda M. Austin | $ 150,000 | $ 225,000 | $ | $ 10,842 | $ 385,842 |
| Linnet F. Deily | $ 165,000[4] | $ 225,000 | $ | $ 10,842 | $ 400,842 |

| | | | | | |
|---|---|---|---|---|---|
| Robert E. Denham | $ | $ 225,000 | $ 150,000 | $ 10,842 | $ 385,842 |
| John B. Frank[5] | $ 11,126 | $ 129,189 | $ | $ 137 | $ 140,452 |
| Alice P. Gast | $ 150,000[6] | $ 225,000 | $ | $ 24,731 | $ 399,731 |
| Enrique Hernandez, Jr. | $ | $ 225,000 | $ 170,000[4] | $ 10,842 | $ 405,842 |
| Jon M. Huntsman Jr.[7] | $ 124,450 | $ 225,000 | $ | $ 617 | $ 350,067 |
| Charles W. Moorman IV | $ 170,028[4][6] | $ 225,000 | $ | $ 10,842 | $ 405,870 |
| Dambisa F. Moyo | $ 150,000 | $ 225,000 | $ | $ 842 | $ 375,842 |
| Ronald D. Sugar | $ 192,515[4][6][8] | $ 225,000 | $ | $ 10,842 | $ 428,357 |
| Inge G. Thulin | $ | $ 225,000 | $ 150,000 | $ 842 | $ 375,842 |
| D. James Umpleby III[9] | $ | $ | $ | $ | $ |

(1) Amounts reflect the grant date fair value for restricted stock units granted in 2017 under the NED Plan. We calculate the grant date fair value of these awards in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC Topic 718), for financial reporting purposes. The grant date fair value of these RSUs was $104.06 per unit, the closing price of Chevron common stock on May 30, 2017, except for the prorated award for Mr. Frank. For Mr. Frank, the grant date fair value was $115.33 per unit, the closing price of Chevron common stock on November 2, 2017, the day he joined the Board and received a prorated grant of 1,120 RSUs for the compensation period covering November 2, 2017, through May 29, 2018. For Mr. Huntsman, the RSUs granted in 2017 were vested and distributed upon his resignation to enter government service effective September 28, 2017. RSUs accrue dividend equivalents, the value of which is factored into the grant date fair value. For purposes of this table only, estimates of forfeitures related to service-based vesting conditions have been disregarded. RSUs are payable in Chevron common stock.

At December 31, 2017, the following Directors had the following number of shares subject to outstanding stock awards or deferrals:

| Name | Restricted Stock[(a)] | Stock Units[(a)] | Restricted Stock Units[(a)] | Stock Units From Director s Deferral of Cash Retainer[(b)] | Total |
|---|---|---|---|---|---|
| Wanda M. Austin | | | 2,202 | | 2,202 |
| Linnet F. Deily | | 3,650 | 2,202 | | 5,852 |
| Robert E. Denham | 3,741 | 11,606 | 28,746 | 22,164 | 66,257 |
| John B. Frank | | | 1,120 | | 1,120 |
| Alice P. Gast | | | 9,119 | | 9,119 |

| | | | | | |
|---|---|---|---|---|---|
| Enrique Hernandez, Jr. | | | 15,346 | 1,196 | 16,542 |
| Jon M. Huntsman Jr. | | | | | |
| Charles W. Moorman IV | | | 13,511 | 8,461 | 21,972 |
| Dambisa F. Moyo | | | 2,202 | | 2,202 |
| Ronald D. Sugar | 2,456 | 7,516 | 28,746 | 15,473 | 54,191 |
| Inge G. Thulin | | | 7,804 | 566 | 8,370 |
| D. James Umpleby III | | | | | |

(a) Non-employee Directors received awards of restricted stock and stock units from 2001 through 2006 and awards of RSUs beginning in 2007. Awards of restricted stock are fully vested and are settled in shares of Chevron common stock upon retirement. Awards of stock units are settled in shares of Chevron common stock in one to 10 annual installments following the Director s retirement, resignation, or death. The terms of awards of RSUs are described above.

(b) Deferral elections must be made by December 31 in the year preceding the year in which the cash to be deferred is earned. Deferrals are credited, at the Director s election, into accounts tracked with reference to the same investment fund options available to participants in the Chevron Deferred Compensation Plan for Management Employees II, including a Chevron Common Stock Fund. Distribution of deferred amounts is in cash except for amounts valued with reference to the Chevron Common Stock Fund, which are distributed in shares of Chevron common stock. Distribution will be made in either one or 10 annual installments for compensation deferred after December 31, 2004, and distributions will be made in one to 10 annual installments for compensation deferred prior to January 1, 2005. Any deferred amounts unpaid at the time of a Director s death are distributed to the Director s beneficiary.

(2) For Directors electing stock options in lieu of all or a portion of the annual cash retainer, the stock options are granted on the date of the Annual Meeting that the Director is elected. The stock options are exercisable for that number of shares of Chevron common stock determined by dividing the amount of the cash retainer subject to the election by the Black-Scholes value of a stock option on the date of grant. Elections to receive stock options in lieu of any portion of cash compensation must be made by December 31 in the year preceding the year in which the stock options are granted. The stock options have an exercise price based on the closing price of Chevron common stock on the date of grant.

Amounts reported here reflect the grant date fair value for stock options granted on May 31, 2017. The grant date fair value was determined in accordance with ASC Topic 718 for financial reporting purposes. The grant date fair value of each option is calculated using the Black-Scholes model. Stock options granted on May 31, 2017, have an exercise price of $103.48 and a grant date fair value of $13.43. The assumptions used in the Black-Scholes model to calculate this grant date fair value were: an expected life of 6.3 years, a volatility rate of 21.6 percent, a risk-free interest rate of 1.95 percent, and a dividend yield of 4.04 percent. For purposes of this table only, estimates of forfeitures related to service-based vesting conditions have been disregarded.

Messrs. Denham, Hernandez, and Thulin each elected to receive all of their 2017 annual cash compensation in the form of stock options. The number of stock options granted in 2017 was 11,169 to Mr. Denham and to Mr. Thulin and 12,658 to Mr. Hernandez. One-half of the stock options vests six months following the date of grant, and the remaining half vests on the earlier of 12 months or the day preceding the first Annual Meeting following the date of grant. Stock options expire after 10 years.

At December 31, 2017, Mr. Denham had 24,201, Mr. Hernandez had 78,047, and Mr. Thulin had 35,819 outstanding vested and unvested stock options. Under the rules governing awards of stock options under the NED Plan, Directors who retire in accordance with Chevron s Director Retirement Policy have until 10 years from the date of grant to exercise any outstanding option.

(3) All Other Compensation for 2017 includes the following items:

| | Insurance[(a)] | Perquisites[(b)] | Charitable[(c)] |
|---|---|---|---|
| Wanda M. Austin | $ 842 | $ | $ 10,000 |
| Linnet F. Deily | $ 842 | $ | $ 10,000 |
| Robert E. Denham | $ 842 | $ | $ 10,000 |
| John B. Frank | $ 137 | $ | $ |
| Alice P. Gast | $ 842 | $ 13,889 | $ 10,000 |
| Enrique Hernandez, Jr. | $ 842 | $ | $ 10,000 |
| Jon M. Huntsman Jr. | $ 617 | $ | $ |
| Charles W. Moorman IV | $ 842 | $ | $ 10,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Dambisa F. Moyo | $ | 842 | $ | | $ | |
| Ronald D. Sugar | $ | 842 | $ | | $ | 10,000 |
| Inge G. Thulin | $ | 842 | $ | | $ | |
| D. James Umpleby III | $ | | $ | | $ | |

(a) Amounts reflect the annualized premium for accidental death and dismemberment insurance coverage paid by Chevron.

(b) Amounts reflect perquisites and personal benefits received by a Director in 2017 to the extent that the total value of such perquisites and personal benefits was equal to or exceeded $10,000 in the aggregate. For Dr. Gast, this amount reflects the aggregate incremental actual cost incurred in connection with her spouse s attendance at a company event, including international commercial air travel in lieu of corporate air travel and meals ($12,984), a customary 5-year service anniversary gift and a holiday gift (given to each Director).

(c) Amounts reflect payments made to charitable organizations under Chevron Humankind, our charitable matching gift and grant for volunteer time program, to match donations made by the Directors in 2017. This program is available to any employee, retiree or Director of Chevron. See Expenses and Charitable Matching Gift Program.

(4) Amount includes the additional retainer for serving as a Board Committee Chair during 2017.

(5) Mr. Frank joined the Board on November 2, 2017.

(6) The Director has elected to defer some or all of the annual cash retainer under the NED Plan in 2017. None of the earnings under the NED Plan are above market or preferential.

(7)

Ambassador Huntsman resigned from the Board on September 28, 2017, and his RSUs vested upon his resignation.

(8) Amount includes the additional retainer for serving as Lead Director during 2017.

(9) Mr. Umpleby joined the Board on March 1, 2018.

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## Corporate Governance

### Overview

Chevron is governed by a Board of Directors and the Board Committees that meet throughout the year. Directors discharge their responsibilities at Board and Committee meetings and through other communications with management.

Your Board is committed to strong corporate governance structures and practices that help Chevron compete more effectively, sustain its success, and build long-term stockholder value.

### Role of the Board of Directors

Your Board oversees and provides guidance for Chevron s business and affairs. The Board oversees the development of Chevron s strategy and business planning process and management s implementation of them. It monitors corporate performance, the integrity of Chevron s financial controls, and the effectiveness of its legal compliance and enterprise risk

management programs. This is generally a year-round process, culminating in Board reviews of Chevron s strategic plan, its business plan, the next year s capital expenditures budget, and key financial and operational indicators. Your Board also oversees management and the succession of key executives.

### Board Leadership Structure

Under Chevron s By-Laws, the positions of Chairman of the Board and Chief Executive Officer are separate positions that may be occupied by the same person at the discretion of the Board. Chevron s independent Directors select the Chairman of the Board annually. Thus, the Board has great flexibility to choose its optimal leadership structure depending upon Chevron s particular needs and circumstances and to organize its functions and conduct its business in the most effective manner.

John S. Watson, Chairman and CEO of Chevron, retired on February 1, 2018, after more than 37 years of service and was succeeded by Michael K. Wirth, formerly Vice Chairman and Executive Vice President of Midstream & Development, effective February 1, 2018. Mr. Wirth has broad and deep experience in Chevron s major business units, given the leadership positions he has held in Midstream & Development, Downstream & Chemicals, and Global Supply & Trading over his 35-year career at Chevron. The Board believes that Mr. Wirth is well poised to serve in the combined Chairman and CEO roles.

Annually and in planning for a leadership transition, the Board Nominating and Governance Committee conducts an assessment of Chevron s corporate governance structures and processes, which includes a review of Chevron s Board leadership structure and whether combining or separating the roles of Chairman and CEO is in the best interests of Chevron s stockholders. At present, Chevron s Board believes that it is in the stockholders best interests for the CEO, Mr. Wirth, to also serve as Chairman of the Board. The Board believes that having Mr. Wirth serve as Chairman fosters an important unity of leadership between the Board and management that is subject to effective oversight by the independent Lead Director and the other independent Directors. The Board believes that it benefits from the significant knowledge, insight, and perspective of Chevron and the energy

industry that Mr. Wirth has gained throughout his 35 years with Chevron. Our business is highly complex, and our projects often have long lead times, with many of our major capital projects taking more than 10 years from the exploration phase to first production. The Board believes that Mr. Wirth s in-depth knowledge of the Company, coupled with his extensive industry expertise, makes him particularly qualified to lead discussions of the Board. Having Mr. Wirth serve as Chairman also promotes better alignment of Chevron s long-term strategic development with its operational execution. Also, as a global energy company that negotiates concessions and leases with host-country governments around the world, it is advantageous to the Company for the CEO to represent the Chevron Board in such dialogues as its Chairman.

Significantly, the Board does not believe that combining the roles creates ambiguity about reporting relationships. Given the role of the independent Lead Director discussed below and the fact that the independent Directors, pursuant to their powers under the By-Laws, have affirmatively selected Mr. Wirth for the positions of Chairman and CEO, annually set his compensation, and regularly evaluate his performance, the Board believes it is clear that Mr. Wirth reports to and is accountable to the independent Directors. Moreover, the Board does not believe that having the CEO also serve as Chairman inhibits the flow of information and interactions between the Board, management, and other Company personnel. To the contrary, the Board has unfettered access to management and other Company personnel, and the Board believes that having Mr. Wirth in the roles of both Chairman and CEO facilitates the flow of information and communications between the Board and management, which enhances the Board s ability to obtain information and to monitor management.

## Independent Lead Director

Your Board recognizes the importance of independent Board oversight of the CEO and management and has developed policies and procedures designed to ensure independent oversight. In addition to conducting an annual review of the CEO s performance, the independent Directors meet in executive session at each Board meeting and discuss management s performance and routinely formulate guidance and feedback, which the independent Lead Director provides to the CEO and other members of management.

Further, when the Board selects the CEO to also serve as Chairman, the independent Directors annually select an independent Lead Director, currently Dr. Sugar.

**As described in the Board Leadership and Lead Director section of Chevron s Corporate Governance Guidelines, the Lead Director s responsibilities are to:**

- chair all meetings of the Board in the Chairman s absence;
- chair the executive sessions;
- lead non-management Directors in an annual evaluation of the performance of the CEO as well as communicate that evaluation to the CEO;
- oversee the process for CEO succession planning;
- lead the Board s review of the Board Nominating and Governance Committee s assessment and recommendations from the Board self-evaluation process;
- serve as liaison between the Chairman and the independent Directors;

consult with the Chairman on and approve agendas and schedules for Board meetings and other matters pertinent to the Corporation and the Board;

be available to advise the Committee Chairs of the Board in fulfilling their designated roles and responsibilities;

participate in the interview process for prospective directors with the Board Nominating and Governance Committee;

call meetings of the independent Directors; and

be available as appropriate for consultation and direct communication with major stockholders.

The Board routinely reviews the Lead Director s responsibilities to ensure that these responsibilities enhance its independent oversight of the CEO and management and the flow of information and interactions between the Board, management, and other Company personnel. Accordingly, in 2017, the Board further enhanced the description of the Lead Director s role in the Corporate Governance Guidelines. The Lead Director and Chairman collaborate closely on Board meeting schedules and agendas and information provided to the Board. These consultations and agendas and the information provided to the Board frequently reflect input and suggestions from other members of the Board and management. You can read more about these particular processes in the Board Agenda and Meetings section of Chevron s Corporate Governance Guidelines.

Any stockholder can communicate with the Lead Director or any of the other Directors in the manner described in the Communicating With the Board section of this Proxy Statement.

Also, as discussed in more detail in the Engagement section of this Proxy Statement, the Board encourages a robust investor engagement program. During these engagements, Board leadership is a frequent topic of discussion. In general, investors, including those that are philosophically opposed to combining the positions of Chairman and CEO, have overwhelmingly communicated to Chevron that they have minimal, if any, concerns about your Board or individual Directors and about Chevron s policies and leadership structure. More specifically, these investors have voiced confidence in the strong counterbalancing structure of the robust independent Lead Director role.

## Succession Planning and Leadership Development

Succession planning and leadership development are top priorities for your Board and management. The Board has been actively involved in planning for the succession of Mr. Watson and achieving a seamless CEO transition. Implementing a smooth transition is crucial to maintaining performance of a well-functioning company. Annually, the non-employee Directors review candidates for all senior management positions to ensure

that qualified candidates are available for all positions and that development plans are being utilized to strengthen the skills and qualifications of candidates. To assist the non-employee Directors, the CEO periodically provides them with an assessment of senior executives and their potential to succeed to the position of CEO, as well as perspectives on potential candidates for other senior management positions.

CORPORATE GOVERNANCE

## Board Oversight of Strategy

The Board of Directors and the Board Committees provide guidance and oversight to management with respect to Chevron s business strategy throughout the year. The Board dedicates at least one Board meeting each year to focus on Chevron s strategic plan. In addition, various elements of strategy are discussed at every Board meeting, as well as at meetings of the Board s Committees. The Board also dedicates one Board meeting each year to focus on Chevron s three-year business plan and to endorse Chevron s business plan, performance objectives, and capital and exploratory budget for the coming year. Our strategic plan sets direction,

aligns our organization, and differentiates us from the competition. It guides our actions to successfully manage risk and deliver stockholder value. The Board of Directors and the Board Committees oversee fundamental components of our strategic plan, and management is charged with executing the business strategy. In order to assess performance against our strategic plans, the Board receives regular updates on progress and execution and provides guidance and direction throughout the year.

## Board Oversight of Risk

The Board of Directors and the Board Committees oversee Chevron s risk management policies, processes, and practices to ensure that the appropriate risk management systems are employed throughout the Company. Chevron faces a

broad array of risks, including market, operational, strategic, legal, regulatory, political, and financial risks. The Board exercises its role of risk oversight in a variety of ways, including the following:

| | |
|---|---|
| **Board of Directors** | Monitors overall corporate performance, the integrity of financial and other controls, and the effectiveness of the Company s legal compliance and enterprise risk management programs, risk governance practices, and risk mitigation efforts, particularly with regard to those risks specified by the Company as Risk Factors in its Annual Report on Form 10-K<br>Oversees management s implementation and utilization of appropriate risk management systems at all levels of the Company, including operating companies, business units, corporate departments, and service companies<br>Reviews specific facilities and operational risks as part of visits to Company operations |

| | |
|---|---|
| | Reviews portfolio, capital allocation, and geopolitical risks in the context of the Board s annual strategy session and the annual business plan and capital budget review and approval process<br>Receives reports from management on and considers risk matters in the context of the Company s strategic, business, and operational planning and decision making<br>Receives reports from management on and routinely considers critical risk topics, including: operational, financial, geopolitical/legislative, strategic, geological, security, commodity trading, skilled personnel, capital project execution, civil unrest, legal, and technology/cybersecurity risk |
| **Audit Committee** | Assists the Board in fulfilling its oversight of financial risk exposures and implementation and effectiveness of Chevron s compliance programs<br>Discusses Chevron s policies with respect to financial risk assessment and financial risk management<br>Meets with Chevron s Chief Compliance Officer and certain members of Chevron s Compliance Policy Committee to receive information regarding compliance policies and procedures and internal controls<br>Meets with and reviews reports from Chevron s independent registered public accounting firm and internal auditors<br>Reports its discussions to the full Board for consideration and action when appropriate |
| **Board Nominating and Governance Committee** | Assists the Board in fulfilling its oversight of risks that may arise in connection with the Company s governance structures and processes<br>Conducts an annual evaluation of the Company s governance practices with the help of the Corporate Governance department<br>Discusses risk management in the context of general governance matters, including topics such as Board and management succession planning, delegations of authority and internal approval processes, stockholder proposals and activism, and Director and officer liability insurance<br>Reports its discussions to the full Board for consideration and action when appropriate |
| **Management Compensation Committee** | Assists the Board in fulfilling its oversight of risks that may arise in connection with Chevron s compensation programs and practices<br>Reviews the design and goals of Chevron s compensation programs and practices in the context of possible risks to Chevron s financial and reputational well-being<br>Reviews Chevron s strategies and supporting processes for executive retention and diversity<br>Reports its discussions to the full Board for consideration and action when appropriate |
| **Public Policy Committee** | Assists the Board in fulfilling its oversight of risks that may arise in connection with the social, political, environmental, human rights, and public policy aspects of Chevron s business and the communities in which it operates<br>Discusses risk management in the context of, among other things, legislative and regulatory initiatives (including political activities such as political contributions and lobbying), safety and environmental stewardship, community relations, government and nongovernmental organization relations, and Chevron s reputation<br>Reports its discussions to the full Board for consideration and action when appropriate |

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## Board Oversight of Sustainability

Chevron operates using four environmental principles that define how we develop energy in an environmentally responsible manner: include environmental impact in decision making, reduce our environmental footprint, operate responsibly, and steward our sites. A description of these principles can be found at www.chevron.com/corporate-responsibility/environment. The Board of Directors, and the Public Policy Committee (the Committee ) in particular, provide oversight and guidance on environmental matters in connection with Chevron s projects and operations and are regularly briefed by professionals whose focus is on environmental protection and stewardship. Members of the Board regularly visit Chevron operations across the globe and

discuss environmental matters specific and relevant to these locations. Significant environmental and process safety issues are reviewed by the Board to ensure compliance with the Company s rigorous processes. The Committee assists the Board in identifying, evaluating, and monitoring public policy trends and environmental issues that could impact the Company s business activities and performance. It also reviews and makes recommendations for Chevron s strategies related to corporate responsibility and reputation management. The Board of Directors and the Committee regularly receive reports of stockholder engagements related to sustainability and incorporate these into the direction they provide to management.

## Director Independence

Your Board has determined that each non-employee Director and non-employee Director nominee is independent in accordance with the NYSE Corporate Governance Standards and that no material relationship exists that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

For a Director to be considered independent, the Board must determine that the Director does not have any material relationship with Chevron, other than as a Director. In making its determinations, the Board adheres to the specific tests for independence included in the New York Stock Exchange ( NYSE ) Corporate Governance Standards. In addition, the Board has determined that the following relationships of Chevron Directors occurring within the last fiscal year are categorically immaterial to a determination of independence if the relevant transaction was conducted in the ordinary course of business:

a director of another entity if business transactions between Chevron and that entity do not exceed $5 million or 5 percent of the receiving entity s consolidated gross revenues, whichever is greater;

a director of another entity if Chevron s discretionary charitable contributions to that entity do not exceed $1 million or 2 percent of that entity s gross revenues, whichever is greater, and if the charitable contributions are consistent with Chevron s philanthropic practices; and

a relationship arising solely from a Director s ownership of an equity or limited partnership interest in a party that engages in a transaction with Chevron as long as the Director s ownership interest does not exceed 2 percent of the total equity or partnership interest in that other party.

These categorical standards are contained in our Corporate Governance Guidelines, which are available on our website at *www.chevron.com/investors/corporate-governance* and are available in print upon request.

Drs. Moyo and Sugar and Messrs. Hernandez, Moorman, Thulin, and Umpleby are directors of for-profit entities with which Chevron conducts business in the ordinary course. Other than Dr. Moyo, they and Drs. Austin and Gast are also directors or trustees of, or similar advisors to, not-for-profit entities to which Chevron makes contributions. The Board has determined that all

of these transactions and contributions were below the thresholds set forth in the first and second categorical standards described above (except as noted below) and are, therefore, categorically immaterial to the particular Director s independence. The Board reviewed the following relationships and transactions that existed or occurred in 2017 that are not covered by the categorical standards described above:

For Dr. Gast, the Board considered that, in 2017, Chevron purchased services from Imperial College London amounting to less than 0.033 percent of Imperial College s most recently reported annual gross revenues. Dr. Gast is the President of Imperial College London. The Board concluded that these transactions would not impair Dr. Gast s independence.

For Mr. Hernandez, the Board considered that, in 2017, Chevron purchased services from Inter-Con Security Systems of Ghana Ltd., a subsidiary of Inter-Con Security Systems, Inc., in the ordinary course of business, amounting to less than one percent of Inter-Con s most recent annual consolidated gross revenues. Mr. Hernandez is Chairman, Chief Executive Officer and President and a significant stockholder of Inter-Con, a privately held business. The Board concluded that these transactions would not impair Mr. Hernandez s independence.

For Mr. Thulin, the Board considered that, in 2017, Chevron purchased products and services from 3M Company, in the ordinary course of business, amounting to less than 0.002 percent of 3M Company s most recently reported annual consolidated gross revenues. Mr. Thulin is the Chairman, President, and Chief Executive Officer of 3M Company. The Board concluded that these transactions would not impair Mr. Thulin s independence.

For Mr. Umpleby, the Board considered that, in 2017, Chevron purchased products and services from Caterpillar Inc., in the ordinary course of business, amounting to less than 0.121 percent of Caterpillar s most recently reported annual consolidated gross revenues, and Caterpillar purchased products and services from Chevron, in the ordinary course of business, amounting to less than 0.025 percent of Chevron s most recently reported annual consolidated gross revenues. Mr. Umpleby is the Chief Executive Officer and a Director of Caterpillar Inc. The Board concluded that these transactions would not impair Mr. Umpleby s independence.

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CORPORATE GOVERNANCE

## Board Committees

Chevron s Board of Directors has four standing Committees: Audit; Board Nominating and Governance; Management Compensation; and Public Policy. The Audit, Board Nominating and Governance, and Management Compensation Committees are each constituted and operated according to the independence and other requirements of the Securities Exchange Act of 1934, as amended ( Exchange Act ) and the NYSE Corporate Governance Standards. Each independent Director, including each member of the Management Compensation Committee, is an outside Director for purposes of ensuring that certain pre-2018 grants meet the grandfather rule in Section 162(m) of the Internal Revenue Code of 1986, as amended. In addition, each member of the Audit Committee is financially literate and an audit committee financial expert, as such terms are defined under the Exchange Act and related rules and the NYSE Corporate Governance Standards.

Each Committee is chaired by an independent Director who determines the agenda, the frequency, and the length of the meetings and who has unlimited access to management, information, and independent advisors, as necessary. Each non-employee Director generally serves on one or two Committees. Committee members serve staggered terms, enabling Directors to rotate periodically to different Committees. Four- to six-year terms for Committee Chairs facilitate rotation of Committee Chairs while preserving experienced leadership.

Each Committee is governed by a written charter that can be viewed on Chevron s website at *www.chevron.com/investors/corporate-governance.*

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| Committees and Membership | Committee Functions |
|---|---|
| **Audit**<br>Charles W. Moorman IV, Chair<br>Robert E. Denham*<br>John B. Frank<br>Dambisa F. Moyo | Selects the independent registered public accounting firm for endorsement by the Board and ratification by the stockholders<br>Reviews reports of the independent registered public accounting firm and internal auditors<br>Reviews and approves the scope and cost of all services (including nonaudit services) provided by the independent registered public accounting firm<br>Monitors the effectiveness of the audit process and financial reporting<br>Monitors the maintenance of an effective internal audit function<br>Reviews the adequacy of accounting, internal control, auditing, and financial reporting matters<br>Monitors implementation and effectiveness of Chevron s compliance policies and procedures<br>Assists the Board in fulfilling its oversight of financial risk as part of Chevron s broad enterprise risk management program |

| | |
|---|---|
| | Evaluates the effectiveness of the Audit Committee |
| **Board Nominating and Governance**<br><br>Ronald D. Sugar, Chair<br><br>Wanda M. Austin<br><br>Linnet F. Deily*<br><br>Alice P. Gast<br><br>Inge G. Thulin+<br><br>D. James Umpleby III | Evaluates the effectiveness of the Board and its Committees and recommends changes to improve Board, Board Committee, and individual Director effectiveness<br><br>Assesses the size and composition of the Board<br><br>Recommends prospective Director nominees<br><br>Reviews and approves non-employee Director compensation<br><br>Reviews and recommends changes as appropriate in Chevron s Corporate Governance Guidelines, Restated Certificate of Incorporation, By-Laws, and other Board-adopted governance provisions<br><br>Reviews stockholder proposals and recommends Board responses to proposals<br><br>Assists the Board in fulfilling its oversight of enterprise risk management, particularly risks in connection with Chevron s corporate governance structures and processes<br><br>Evaluates the effectiveness of the Board Nominating and Governance Committee |
| **Management Compensation**<br><br>Enrique Hernandez, Jr., Chair<br><br>Robert E. Denham* | Conducts an annual review of the CEO s performance |

| | |
|---|---|
| Ronald D. Sugar<br><br>Inge G. Thulin+<br><br>D. James Umpleby III | Reviews and recommends to the independent Directors the salary and other compensation for the CEO<br><br>Reviews and approves salaries and other compensation for executive officers other than the CEO<br><br>Administers Chevron s executive incentive and equity-based compensation plans<br><br>Reviews Chevron s strategies and supporting processes for executive retention and diversity<br><br>Assists the Board in fulfilling its oversight of enterprise risk management, particularly risks in connection with Chevron s compensation programs<br><br>Evaluates the effectiveness of the Management Compensation Committee |
| **Public Policy**<br><br>Linnet F. Deily, Chair*<br><br>Wanda M. Austin+<br><br>Alice P. Gast<br><br>Enrique Hernandez, Jr. | Identifies, monitors, and evaluates domestic and international social, political, human rights, and environmental trends and issues that affect Chevron s activities and performance<br><br>Recommends to the Board policies, programs, and strategies concerning such issues<br><br>Recommends to the Board policies, programs, and practices concerning support of charitable, political, and educational organizations<br><br>Reviews annually the policies, procedures, and expenditures for Chevron s political activities, including political contributions and direct and indirect lobbying |

Reviews stockholder proposals and recommends Board responses to proposals

Assists the Board in fulfilling its oversight of enterprise risk management, particularly risks in connection with the social, political, environmental, and public policy aspects of Chevron s business

Evaluates the effectiveness of the Public Policy Committee

* Ms. Deily and Mr. Denham will retire from the Board effective at the 2018 Annual Meeting, in accordance with Chevron s Director Retirement Policy contained in our Corporate Governance Guidelines.

+ Effective May 30, 2018, Ms. Austin will become Chair of the Public Policy Committee and Mr. Thulin will move from the Board Nominating and Governance and Management Compensation Committees to the Audit Committee.

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CORPORATE GOVERNANCE

## Board and Committee Meetings and Attendance

In 2017, your Board held six Board meetings, with each meeting including an executive session of independent Directors presided over by our independent Lead Director, and 23 Board Committee meetings, which included 10 Audit Committee, five Board Nominating and Governance Committee, four Management Compensation Committee and three Public Policy Committee meetings and a joint meeting of the Board Nominating and Governance Committee and the Public Policy Committee. All incumbent Directors attended 100 percent of the Board and

Committee meetings during 2017. Chevron s policy regarding Directors attendance at the Annual Meeting, as described in the Board Agenda and Meetings section of Chevron s Corporate Governance Guidelines (available at *www.chevron.com/investors/corporate-governance*), is that all Directors are expected to attend the Annual Meeting, absent extenuating circumstances. All Directors attended the 2017 Annual Meeting, other than Messrs. Frank and Umpleby, who joined the Board following the meeting.

## Board and Committee Evaluations

Each year, your Board and its Committees perform a rigorous self-evaluation. As required by Chevron s Corporate Governance Guidelines, the Board Nominating and Governance Committee oversees this process. The performance evaluations solicit anonymous input from Directors regarding the performance and effectiveness of the Board, the Board Committees, and individual Directors and provide an opportunity for Directors to identify areas for improvement. In addition, the independent Lead Director has individual conversations with each member of

the Board, providing further opportunity for dialogue and improvement. The Board Nominating and Governance Committee reviews the results and feedback from the evaluation process and makes recommendations for improvements as appropriate. The independent Lead Director leads a discussion of the evaluation results during an executive session of the Board and communicates relevant feedback to the CEO. Your Board has successfully used this process to evaluate Board and Committee effectiveness and identify opportunities to strengthen the Board.

## Corporate Governance Guidelines

Your Board has adopted Corporate Governance Guidelines to provide a transparent framework for the effective governance of Chevron. The Corporate Governance Guidelines are reviewed regularly and updated as appropriate. The full text of the Corporate Governance Guidelines can be found on our website at *www.chevron.com/investors/corporate-governance*. The guidelines address, among other topics:

the role of the Board

Board membership criteria

Director independence

Board size

Director terms of office

the election of Directors

other Board memberships

Director retirement policy

number and composition of Board Committees

Board leadership and Lead Director
Business Conduct and Ethics Code

confidentiality

succession planning

Board compensation

Board access to management

Director orientation and education

evaluation of Board performance

Chief Executive Officer performance review

Director and officer stock ownership guidelines

Board agenda and meetings

## Business Conduct and Ethics Code

We have adopted a code of business conduct and ethics for Directors, officers (including the Company s Chief Executive Officer, Chief Financial Officer, and Comptroller), and employees, known as the Business Conduct and Ethics Code, which is available on our website at *www.chevron.com* and is available in print upon request. We will post any amendments to the code on our website. Directors, officers, and employees certify annually that they will comply with the code.

## Engagement

Your Board believes that fostering long-term and institution-wide relationships with stockholders and maintaining their trust and goodwill is a core Chevron objective. Chevron conducts extensive engagements with key stockholders. These engagements routinely cover governance, compensation, social, safety, environmental, human rights, and other current and emerging issues. In addition, we have an extensive investor relations outreach effort, in which members of senior management routinely meet with major investors to review Company strategies, financial and operating performance, capital allocation priorities, and near-term outlook. We use all of these sessions to ensure that the Board and management understand and address the issues that are important to our stockholders.

In order to continuously improve Chevron s governance processes and communications, Chevron follows an Annual Engagement Plan and Process. Through this program, we are able to identify and address topics that are raised by our stockholders.

Since Chevron s last Annual Meeting, an engagement team consisting of senior executives, subject matter experts on governance, compensation, and environmental and social issues, and, when appropriate, our independent Lead Director have continued to lead our robust stockholder outreach program.

- We contacted stockholders accounting for approximately 42 percent of Chevron s outstanding common stock to offer a meeting.
- We conducted in-depth discussions with stockholders representing more than 36 percent of Chevron s outstanding common stock.
- Of those meetings, our Chairman met with stockholders representing 24 percent of our outstanding stock.
- In addition, our engagement team met with many of the stockholders who submitted proposals for inclusion in our Proxy Statement to discuss their concerns and areas of agreement and disagreement.

During these engagements, Chevron gained valuable feedback on several topics, including:

- Board composition and Director skills/expertise
- Executive compensation and alignment with performance

Environmental risk management

Governance trends

This feedback was shared with the Board and its relevant Committees. For more information about these engagements, see the Board Leadership Structure, Independent Lead Director, and Compensation Discussion and Analysis sections of the Proxy Statement.

## Communicating With the Board

The Board Nominating and Governance Committee reviews interested-party communications, including stockholder inquiries directed to non-employee Directors. The Corporate Secretary and Chief Governance Officer compiles the communications, summarizes lengthy or repetitive communications, and regularly compiles the communications received, the responses sent, and further action, if any. All communications are available to the Directors.

Interested parties wishing to communicate their concerns or questions about Chevron to the independent Lead Director or any other non-employee Directors may do so by mail addressed to the Lead Director or Non-employee Directors, c/o Office of the Corporate Secretary and Chief Governance Officer, 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324 or by email to *corpgov@chevron.com.*

## Related Person Transactions

### Review and Approval of Related Person Transactions

It is our policy that all employees and Directors must avoid any activity that is in conflict with, or has the appearance of conflicting with, Chevron s business interests. This policy is included in our Business Conduct and Ethics Code. Directors and executive officers must inform the Chairman and the Corporate Secretary and Chief Governance Officer when confronted with any situation that may be perceived as a conflict of interest. In addition, at least annually, each Director and executive officer completes a detailed questionnaire specifying any business relationship that may give rise to a conflict of interest.

Your Board has charged the Board Nominating and Governance Committee with reviewing related person transactions as defined by U.S. Securities and Exchange Commission ( SEC ) rules. The Committee has adopted guidelines to assist it with this review. Under these guidelines, all executive officers, Directors, and Director nominees must promptly advise the Corporate Secretary and Chief Governance Officer of any proposed or actual business and financial affiliations involving themselves or their immediate family members that, to the best of their knowledge after reasonable inquiry, could reasonably be expected to give rise to a reportable related person transaction. The Corporate Secretary and Chief Governance Officer will prepare a report summarizing any potentially reportable transactions, and the

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CORPORATE GOVERNANCE

Committee will review these reports and determine whether to approve or ratify the identified transaction. The Committee has identified the following categories of transactions that are deemed to be preapproved by the Committee, even if the aggregate amount involved exceeds the $120,000 reporting threshold identified in the SEC rules:

- compensation paid to an executive officer if that executive officer s compensation is otherwise reported in our Proxy Statement or if the executive officer is not an immediate family member of another Chevron executive officer or Director;

- compensation paid to a Director for service as a Director if that compensation is otherwise reportable in our Proxy Statement;

- transactions in which the related person s interest arises solely as a stockholder and all stockholders receive the same benefit on a pro-rata basis;

- transactions involving competitive bids (unless the bid is awarded to a related person who was not the lowest bidder or unless the bidding process did not involve the use of formal procedures normally associated with our competitive bidding procedures);

- transactions involving services as a common or contract carrier or public utility in which rates or charges are fixed by law;

- transactions involving certain banking-related services under terms comparable with similarly situated transactions;

- transactions conducted in the ordinary course of business in which our Director s interest arises solely because he or she is a director of another entity and the transaction does not exceed $5 million or 5 percent (whichever is greater) of the receiving entity s consolidated gross revenues for that year;

- charitable contributions by Chevron to an entity in which our Director s interest arises solely because he or she is a director, trustee, or similar advisor to the entity and the contributions do not exceed, in the aggregate, $1 million or 2 percent (whichever is greater) of that entity s gross revenues for that year; and transactions conducted in the ordinary course of business and our Director s interest arises solely because he or she owns an equity or limited partnership interest in the entity and the transaction does not exceed 2 percent of the total equity or partnership interests of the entity.

The Committee reviews all relevant information, including the amount of all business transactions involving Chevron and the entity with which the Director or executive officer is associated, and determines whether to approve or ratify the transaction. A Director will abstain from decisions regarding transactions involving that Director or his or her family members.

**Related Person Transactions**

There were no related person transactions for the period covered by this Proxy Statement.

## Board Nominating and Governance Committee Report

The Board Nominating and Governance Committee (the Committee ) is responsible for recommending to the Board the qualifications for Board membership, identifying, assessing, and recommending qualified Director candidates for the Board s consideration, assisting the Board in organizing itself to discharge its duties and responsibilities, and providing oversight of Chevron s corporate governance practices and policies, including an effective process for stockholders to communicate with the Board. The Committee is composed entirely of independent Directors as defined by the NYSE Corporate Governance Standards and operates under a written charter. The Committee s charter is available on Chevron s website at *www.chevron.com/investors/corporate-governance/board-nominating-governance* and is available in print upon request.

The Committee s role in and process for identifying and evaluating prospective Director nominees, including nominees recommended by stockholders, is described in the Election of Directors section of this Proxy Statement. In addition, the Committee makes recommendations to the Board concerning Director independence, Board Committee assignments, Committee Chairs, Audit Committee financial experts, and the financial literacy of Audit Committee members. The Committee also reviews the process and the results of the annual performance evaluations of the Board, Board Committees, and individual Directors.

The Committee regularly reviews trends and recommends best practices, initiates improvements, and plays a leadership role in maintaining Chevron s strong corporate governance structures and practices. Among the practices the Committee believes demonstrate the Company s commitment to strong corporate governance are the following:

- annual election of all Directors;
- supermajority of independent Directors;
- majority vote standard for the election of Directors in uncontested elections, coupled with a Director resignation policy;
- annual election of the Chairman of the Board by independent Directors;

annual election of an independent Lead Director by independent Directors when the Chief Executive Officer is elected as Chairman;

annual performance assessment of the Board, Board Committees, and individual Directors;

Director retirement policy;

annual succession planning sessions;

confidential stockholder voting policy;

minimum stockholding guidelines for Directors and executive officers;

review and approval or ratification of related person transactions as defined by SEC rules;

policy to obtain stockholder approval of any stockholder rights plan;

proxy access;

right of stockholders to call for a special meeting; and

no supermajority voting provisions in the Restated Certificate of Incorporation or By-Laws.

Stockholders can find additional information concerning Chevron s corporate governance structures and practices in Chevron s Corporate Governance Guidelines, By-Laws, and Restated Certificate of Incorporation, copies of which are available on Chevron s website at *www.chevron.com/investors/corporate-governance* and are available in print upon request.

*Respectfully submitted on March 27, 2018, by members of the Board Nominating and Governance Committee of your Board:*

Ronald D. Sugar, Chair

Wanda M. Austin

Linnet F. Deily

Alice P. Gast

Inge G. Thulin

D. James Umpleby III

## Management Compensation Committee Report

The Management Compensation Committee (the Committee ) of Chevron has reviewed and discussed with management the Compensation Discussion and Analysis beginning on page 31 of this Proxy Statement. Based on such review and discussion, the Committee recommended to the Board of Directors of the Corporation that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Corporation s Annual Report on Form 10-K.

*Respectfully submitted on March 27, 2018, by members of the Management Compensation Committee of your Board:*

Enrique Hernandez, Jr., Chair

Robert E. Denham

Ronald D. Sugar

Inge G. Thulin

D. James Umpleby III

## Audit Committee Report

**Roles and Responsibilities.** The Audit Committee (the Committee ) assists your Board in fulfilling its responsibility to provide independent, objective oversight of Chevron s financial reporting and internal control processes. The Committee s charter can be viewed on Chevron s website at *www.chevron.com* under the tabs Investors and Corporate Governance.

Management is responsible for preparing Chevron s financial statements in accordance with generally accepted accounting principles in the United States ( U.S. GAAP ) and for developing, maintaining, and evaluating disclosure controls and procedures and internal control over financial reporting.

The Company s independent registered public accounting firm Pricewaterhouse Coopers LLP ( PwC ) is responsible for expressing an opinion on the conformity of Chevron s financial statements with U.S. GAAP and on the effectiveness of Chevron s internal control over financial reporting.

**Required Disclosures and Discussions.** In discharging its oversight role, the Committee reviewed and discussed with management and PwC the audited financial statements for the year ended December 31, 2017, as contained in the 2017 Annual Report on Form 10-K, and management s and PwC s evaluation of Chevron s internal control over financial reporting. The Committee routinely met privately with PwC and discussed

issues deemed significant by PwC. The Committee has discussed with PwC the matters required to be discussed by Auditing Standard 1301, Communications With Audit Committees, as adopted by the Public Company Accounting Oversight Board ( PCAOB ).

In addition, the Committee discussed with PwC its independence from Chevron and Chevron s management; received the written disclosures required by the PCAOB regarding PwC s independence; and considered whether the provision of nonaudit services was compatible with maintaining PwC s independence.

**Committee Recommendation.** In reliance on the reviews and discussions outlined above, the Committee recommended to your Board that the audited financial statements be included in Chevron s Annual Report on Form 10-K for the year ended December 31, 2017, for filing with the U.S. Securities and Exchange Commission.

*Respectfully submitted on February 21, 2018, by the members of the Audit Committee of your Board:*

Charles W. Moorman IV, Chair

Robert E. Denham

John B. Frank

Dambisa F. Moyo

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**Board Proposal to Ratify PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm for 2018**

*(Item 2 on the Proxy Card)*

## Auditor Review and Engagement

The Audit Committee (the Committee ) is responsible for the appointment, compensation, retention, and oversight of the independent registered public accounting firm that audits Chevron s financial statements and internal control over financial reporting. The Committee has selected PricewaterhouseCoopers LLP ( PwC ) as Chevron s independent registered public accounting firm for 2018, and your Board has endorsed this appointment.

The Committee annually reviews PwC s performance and independence in deciding whether to retain PwC or engage a different independent registered public accounting firm. In the course of these reviews, the Committee considers, among other things:

- the quality and efficiency of PwC s historical and recent audit plans and performance on the Chevron audit;
- PwC s capability and expertise in handling the breadth and complexity of Chevron s worldwide operations;
- PwC s expertise in and knowledge of the global oil and gas industry and its network of partners and managers in Chevron s key areas of global operation;
- the desired balance of PwC s experience and fresh perspective occasioned by mandatory audit partner rotation and PwC s periodic rotation of other audit management;
- external data on audit quality and performance, including recent Public Company Accounting Oversight Board ( PCAOB ) reports on PwC and its peer firms;
- the appropriateness of PwC s fees for audit and nonaudit services;
- the quality and candor of PwC s communications with the Committee and management;
- PwC s independence and objectivity in its performance of audit services; and
- PwC s tenure as our independent registered public accounting firm, including the benefits of having a

long-tenured auditor, and controls and processes that help safeguard PwC s independence.

The Committee believes that PwC s tenure as Chevron s independent registered public accounting firm confers distinct benefits, including:

**Enhanced audit quality.** Through many years of experience with Chevron, PwC has gained significant institutional knowledge of and a deep expertise regarding Chevron s global business and operations, accounting policies and practices, and internal control over financial reporting.

**Effective audit plans and efficient fee structures.** PwC s extensive knowledge of Chevron s business and control framework enables it to design effective audit plans that cover key risk areas while capturing cost efficiencies in audit scope and internal control testing.

**Maintaining continuity avoids disruption.** Bringing on a new auditor, without reasonable cause, would require extensive education and a significant period of time for the new auditor to reach a comparable level of knowledge and familiarity with Chevron s business and control framework. Many of the efficiencies gained over the course of Chevron s relationship with PwC could be lost.

The Committee believes that any concerns with PwC s tenure are mitigated by the Committee s strong independence controls, specifically:

**Thorough Committee oversight.** The Committee s oversight includes frequent private meetings with PwC, a comprehensive annual evaluation by the Committee in determining whether to engage PwC, and a Committee-directed process for selecting the lead engagement partner.

**Robust preapproval policies and procedures and limits on nonaudit services.** The Committee must preapprove all audit and nonaudit services, including the type of services to be provided and the estimated fees related to those services. Categories of permissible nonaudit services are limited to those not affecting PwC s independence or otherwise not barred by regulation.

**Strong internal PwC independence policies and procedures.** PwC conducts periodic internal quality reviews of its audit work and rotates lead partners every five years. PwC also conducts mandatory annual training for all professional staff globally on independence requirements and procedures.

**Strong regulatory framework.** PwC is an independent registered public accounting firm and is subject to PCAOB inspections, Big 4 peer reviews, and PCAOB and SEC oversight.

Based on this evaluation, the Committee believes that PwC is independent and that it is in the best interests of Chevron and its stockholders to retain PwC as Chevron s independent registered public accounting firm for 2018.

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## Board Proposal to Ratify PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm for 2018

### PwC s Fees and Services

PwC audited Chevron s consolidated financial statements and effectiveness of internal control over financial reporting during the years ended December 31, 2017 and 2016. During these periods, PwC provided both audit and nonaudit services. Aggregate fees for professional services rendered to Chevron by PwC for the years ended December 31, 2017 and 2016, were as follows (millions of dollars):

| Services Provided | 2017 | 2016 |
|---|---|---|
| Audit | $ 27.3 | $ 25.8 |
| Audit Related | $ 2.5 | $ 2.1 |
| Tax | $ 0.6 | $ 1.0 |
| All Other | $ 0.4 | $ 0.5 |
| **TOTAL** | **$ 30.8** | **$ 29.4** |

The Audit fees for the years ended December 31, 2017 and 2016, were for the audits of Chevron s consolidated financial statements, statutory and subsidiary audits, issuance of consents, assistance with and review of documents filed with the U.S. Securities and Exchange Commission, and the audit of the effectiveness of internal control over financial reporting.

The Audit Related fees for the years ended December 31, 2017 and 2016, were for assurance and related services for employee benefit plan audits, accounting consultations and attest services

that are not required by statute or regulation, and consultations concerning financial accounting and reporting standards.

Tax fees for the years ended December 31, 2017 and 2016, were for services related to tax compliance, including the preparation of tax returns and claims for refund, and for tax advice, including assistance with tax audits and appeals.

All Other fees for the years ended December 31, 2017 and 2016, included services rendered for software licenses, subscriptions, benchmark studies, and surveys.

## Audit Committee Preapproval Policies and Procedures

All 2017 audit and nonaudit services provided by PwC were preapproved by the Committee. The nonaudit services that were preapproved by the Committee were also reviewed to ensure compatibility with maintaining PwC s independence and compliance with SEC and other rules and regulations.

The Committee has implemented preapproval policies and procedures related to the provision of audit and nonaudit

services. Under these procedures, the Committee preapproves both the type of services to be provided by PwC and the estimated fees related to these services.

Throughout the year, the Committee reviews any revisions to the estimates of audit and nonaudit fees initially approved.

## PwC s Attendance at the Annual Meeting

Representatives of PwC will be present at the Annual Meeting. They will have an opportunity to make a statement if they desire and will be available to respond to appropriate questions.

## Vote Required

This proposal is ratified if the number of shares voted FOR exceeds the number of shares voted AGAINST. Any shares not voted on this proposal (whether by abstention or otherwise) will have no impact on this proposal. If you are a street name stockholder and do not vote your shares, your bank, broker, or other holder of record can vote your shares at its discretion on this proposal.

## Your Board s Recommendation

Your Board recommends that you vote **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as Chevron s independent registered public accounting firm.

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## Executive Compensation

## Compensation Discussion and Analysis

### Executive Summary

### Business Description and Context

Chevron is a fully integrated company involved in virtually every facet of the energy industry. We explore for, produce, and transport crude oil and natural gas; refine, market, and distribute transportation fuels and lubricants; manufacture and sell petrochemicals and additives; generate power; and develop and deploy technologies that enhance business value in every aspect of the Company s operations. Our business is capital-intensive and has long investment

horizons-most of our resource and manufacturing investments span decades. Most of our product sales are commodities, whose prices can be volatile, leading to fluctuating earnings and cash flow through price cycles. Oil prices have declined 50 percent or more five times in the last 35 years. Prices were particularly volatile in 2016, reaching decade lows. In 2017, Brent oil prices rose 24 percent, on average, versus the prior year.

**Note:**
(1) Brent futures prices are as of February 28, 2018.

Chevron responded to lower prices with decisive actions. The Company successfully balanced cash inflow with outflow in 2017 and improved overall Company performance as follows:

- Finished key projects under construction, which increased production, enhanced revenue, and reduced capital outlays;

- Increased investments in shorter cycle time opportunities, including shale and tight rock reservoirs;

- Reduced capital and operating expenses; and

Selectively sold assets.

In 2017, Chevron s annual dividend payment per share increased for the 30th consecutive year, resulting in a dividend growth profile over the last 10 years that has outpaced the S&P 500 and peer group[1] average rates of growth. Our dividend nearly doubled, while the peer average dividend grew by only one-third, over this 10-year period.

**Note:**

(1) Peer group: BP, ExxonMobil, Royal Dutch Shell, and Total. Dividends include both cash and scrip share distributions for European peers.

## EXECUTIVE COMPENSATION

In 2017, Chevron s stock price rose 6.4 percent, and we posted a 10.5 percent one-year total stockholder return ( TSR ). The Company continued to deliver highly competitive TSR performance among large-cap integrated energy companies (BP, Chevron, ExxonMobil, Royal Dutch Shell, and Total) over the five- and 10-year periods through the end of 2017 ranked #1 among our peers. In one-year TSR performance, Chevron lagged the European companies in its peer group.

The large-cap integrated energy companies generally underperformed the S&P 500 in TSR over the one-, five-, and 10-year periods, reflecting the significant drop in commodity prices since 2014.

Chevron has weathered the recent downturn, adjusting rapidly to new conditions, and is well positioned for the future. We are at a cash flow inflection point where spending is declining and revenue is on the rise from growing production. We have a sustainable, resilient upstream portfolio composed of flexible, shorter cycle time assets (Permian) as well as long duration, low production decline assets (Australia / Kazakhstan). We also have an efficient, high return downstream & chemicals business that complements the upstream business. Finally, we have a strong management team, a talented organization, and a results-oriented culture.

### Pay Philosophy and Plan Design

The overall objective of our executive compensation program is to attract and retain management who will deliver long-term stockholder value in any business environment. Our compensation programs were designed with several important values and objectives in mind:

- Pay competitively across all salary grades and all geographies; our target compensation is determined by benchmarking comparable positions at other companies of equivalent size, scale, complexity, capital intensity, and geographic footprint. We reference both oil industry peers[1] and non-oil industry peers[2] in this analysis;
- Balance short- and long-term decision making in support of a long-cycle-time business with a career-oriented employment model;
- Pay for absolute and competitive performance, in alignment with stockholder returns; and

Apply compensation program rules in a manner that is internally consistent.

[1] ExxonMobil, Royal Dutch Shell, BP, ConocoPhillips, Occidental, Phillips 66, Valero, Marathon Oil, Anadarko, Hess, Andeavor, Devon, and Marathon Petroleum

[2] GE, Johnson & Johnson, AT&T, Pfizer, Verizon, Intel, Merck, PepsiCo, IBM, Boeing, 3M, Honeywell, Lockheed Martin, DowDupont, Ford, Duke Energy, Caterpillar, Northrop Grumman, AEP, HP Inc., and International Paper Company. Alcoa Inc. was removed because it is no longer a comparable peer after its split into two companies in late 2016.

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The material components of our executive compensation program are summarized in the following chart.

The Management Compensation Committee ( MCC ) believes a majority of an executive s pay should be composed of awards that are directly tied to Chevron and individual employee performance. The MCC considers all elements of pay when setting awards.

The large majority of each Named Executive Officer s ( NEO ) target compensation is at risk based on Company performance (approximately 91

percent for the CEO and 84 percent for the other NEOs), and the majority of this at-risk compensation is tied to Chevron s stock price. What NEOs eventually earn from their at-risk compensation will align strongly with what stockholders earn over that same period from their investment in Chevron.

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## EXECUTIVE COMPENSATION

### Response to Say-on-Pay Advisory Vote and Stockholder Engagement

Chevron follows a robust process to systematically engage with its key stakeholders and proactively address issues of importance. Among the issues routinely discussed in these engagements are Chevron s executive compensation practices.

In 2017, Chevron s Say-on-Pay vote received over 93 percent support from our stockholders. A contributing factor to this positive outcome was a series of changes the MCC and the independent Directors of the Board made to the executive compensation program, informed by feedback obtained directly through stockholder engagements:

- Modified the composition of LTIP awards to:
  - 50 percent performance shares
  - 25 percent stock options
  - 25 percent restricted stock units

Previously annual equity grants were composed of 60 percent stock options and 40 percent performance shares. These changes were made to tie a greater percentage of long-term compensation to the Company s relative performance, dampen volatility associated with potential option values, and ensure longer equity holding periods;

- Added the S&P 500 Total Return Index as a fifth competitor in the relative TSR competitor group to ensure a broader, market-based hurdle to performance shares payout, beginning with the 2017-2019 performance period;
- Increased the weighting and visibility of return on capital employed ( ROCE ) and project execution in the annual CIP measure, to further strengthen accountability for project performance and capital management;
- Increased the specificity and detail provided in the discussion of annual incentive measures and results that support the CIP awards;
- Capped CIP bonus awards at 200 percent of target;

Increased the CEO equity holding requirement from five times to six times base salary; and

Committed to limited use of supplemental restricted stock unit grants to executive officers, except for extraordinary circumstances.

In 2017, the Company continued its dialogue with stockholders. We reached out to stockholders accounting for approximately 42 percent of Chevron s outstanding stock. We conducted in-depth discussions with stockholders comprising more than 36 percent of Chevron s outstanding stock. These discussions covered a range of issues, including executive compensation. Through these engagements, we received positive feedback for the executive compensation program, as well as for our enhanced transparency in CIP performance disclosure.

Our stockholders views on executive compensation are important to us, and the MCC regularly considers the Say-on-Pay vote outcome and stockholder insights in assessing our executive compensation program. We remain committed to continuing the dialogue with stockholders on compensation issues as part of our ongoing engagement.

## 2017 Performance

Chevron delivered solid financial and operational performance for the year, resulting in reported earnings of $9.2 billion. The actions we took to be cash balanced in a lower commodity price environment have positioned the Company to sustain and grow production, earnings, and cash flow going forward:

We made substantial progress in completing and ramping up production of major oil and gas development capital projects, notably our Australian liquefied natural gas ( LNG ) projects. At year-end, Gorgon s Trains 1-3 and Wheatstone s Train 1 were on-line. Wheatstone s second train was nearing completion. Our unconventional production growth in the Permian exceeded expectations, driven by innovations in design and technology to improve well targets, unit development cost, and performance. Chevron has one of the largest Permian positions in the industry.

We recorded an annual reserve replacement ratio of 155 percent, an indicator of our sustainability at lower prices.

We reduced capital and exploratory ( C&E ) spending to $18.8 billion, $3.6 billion below 2016 levels and $1 billion below budget. The announced planned $18.3 billion C&E program for 2018 is the fourth consecutive year the Company has reduced its C&E budget, reflecting project completions, improved efficiencies, and investment high-grading.

We reduced operating expenses and selling, general and administrative expenses to $23.9 billion despite growing volumes, $1.1 billion below 2016 levels and below our 2017 objective. Additional reductions in unit costs are expected for 2018.

Our asset sale proceeds totaled $5.2 billion in 2017 as we continued to high-grade the portfolio. Total asset sales for 2016-2017 were $8 billion, within our $5 billion to $10 billion guidance range. Our divestiture criteria remained unchanged in 2017, focusing on strategic fit, ability to compete for capital within our portfolio, and receiving good value.

We have a solid balance sheet, ending the year with a prudent 21 percent debt ratio. At the same time, the Company s annual dividend rose by $0.03 per share to $4.32, representing the 30th consecutive annual payment increase.

The Company is well positioned to continue investing in its advantaged, balanced portfolio of opportunities over both near-term and long-term investment horizons. It has a sustainable investment, production, reserves, and cash flow profile even in a low commodity price environment. At the same time, the Company is well positioned and highly leveraged to benefit from any future commodity price increases.

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**Notes:**

(1) Total capital and exploratory expenditures includes equity in affiliates. Figures rounded.

(2) Operating expenses and selling, general and administrative expenses as reported on income statement (excludes affiliate spend). Figures rounded.

## CEO Pay Outcome

Retired Chevron CEO John S. Watson s overall target compensation represents a pay opportunity that differs from his realized pay outcomes. The MCC established Mr. Watson s compensation opportunity, including long-term equity awards, based on several factors, mainly an external comparison of compensation opportunities awarded to CEOs at comparably sized companies and a consistent application of Chevron s internal compensation policies and structure. His realized pay outcome is based largely on subsequent Company performance, especially stock price performance.

In 2017, under Mr. Watson s leadership, the Company met numerous financial and operational objectives and took decisive actions to improve results, including becoming cash balanced for the year. Performance on elements of the business within management s control such as project execution, capital spending, and expense management was strong. Chevron is well positioned for future growth in earnings and cash flow.

The MCC approved a 2017 CIP corporate performance rating of 1.20, against a target of 1.0 and a maximum of 2.0, based on the Company's overall performance

across four broad categories with assigned weightings. Refer to pages 40-42 for a detailed discussion of 2017 performance and CIP outcome.

The three-year performance period for performance shares granted in January 2015 ended on December 31, 2017. For this three-year period, Chevron ranked No. 2 in TSR among the five companies in the LTIP Performance Share Peer Group. This resulted in a payout modifier of 125 percent, since CVX s TSR was less than one percentage point better than the third-ranked company. Refer to page 44 for details of the 2015-2017 performance share payout.

Pay actions for Mr. Watson in 2017 and early 2018 included:

No salary increase in 2017.

A 2017 CIP award of $3,750,000.

A 2017 LTIP award of $15,322,000 (flat to his 2016 award).
Mr. Watson did not receive a salary increase or an LTIP award in 2018 due to his retirement on February 1, 2018.

## CEO Succession

Effective February 1, 2018, John S. Watson retired as Chairman and CEO after 37 years of distinguished service and was succeeded in these positions by Michael K. Wirth, formerly Vice Chairman and Executive Vice President, Midstream & Development. Mr. Wirth is a proven leader with 35 years at the Company and brings a wealth of experience and knowledge. Under his leadership, the Company will continue its focus on growing free cash flow, improving returns, and realizing value from its advantaged portfolio.

In making a recommendation to the independent Directors of the Board with respect to Mr. Wirth s target compensation in his new CEO position, the MCC applied a consistent approach as was used for Mr. Watson and the other NEOs.

The MCC considered Mr. Wirth s 2017 compensation level, increased responsibilities as a result of the promotion, and desired competitive position to seasoned and new CEOs in both oil industry peers and non oil industry peers, adjusting for Chevron s relative size, scope, and complexities. Based on the above factors, upon recommendation of the MCC, the independent Directors of the Board approved Mr. Wirth s 2018 target compensation as follows:

Salary of $1,500,000, effective February 1, 2018.

CIP award target of 150 percent, consistent with Mr. Watson s CIP target.

LTIP target value of $13,250,000.

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EXECUTIVE COMPENSATION

## Compensation Discussion and Analysis in Detail

## 2017 Named Executive Officers

**Chevron s Named Executive Officers, or NEOs**

| |
|---|
| John S. Watson, Chairman and Chief Executive Officer* |
| Patricia E. Yarrington, Vice President and Chief Financial Officer |
| Michael K. Wirth, Vice Chairman and Executive Vice President, Midstream & Development* |
| James W. Johnson, Executive Vice President, Upstream |
| Joseph C. Geagea, Executive Vice President, Technology, Projects and Services |

*Following Mr. Watson s retirement, Mr. Wirth assumed the positions of Chairman and Chief Executive Officer effective February 1, 2018.

## Use of Peer Groups

We are always competing for the best talent with our direct industry peers and with the broader market. Accordingly, the MCC regularly reviews the market data, pay practices, and compensation ranges among both oil industry peers and non-oil industry peers to ensure that we continue to offer a reasonable and competitive executive pay program.

Our core peer group is reviewed regularly by the MCC and updated as appropriate. Throughout this Compensation Discussion and Analysis, we refer to three distinct peer groups, as described below. We source peer company data from compensation consultant surveys and public disclosures.

| **Peer Group** | **Description** |
|---|---|
| **Oil Industry Peer Group**<br><br>(13 companies) | Companies with substantial U.S. or global operations that closely approximate the size, scope, and complexity of our business or segments of our business.<br><br>This is the primary peer group used to understand how each NEO s total compensation compares with the total compensation for reasonably similar industry-specific positions. |
| **Non Oil Industry Peer Group**<br><br>(21 companies) | Companies that are of significant financial and operational size and that have, among other features, global operations, significant assets and capital requirements, long-term project investment cycles, extensive technology portfolios, an emphasis on engineering and technical skills, and extensive distribution channels.<br><br>This is the secondary peer group used to periodically compare our overall compensation practices (and those of the oil and energy industry, generally) against a broader mix of non-oil companies that are similar to Chevron in size, complexity, and scope of operations.<br><br>Alcoa Inc. split into two smaller companies in 2016 and was removed from the peer group due to lack of comparability. |
| **LTIP Performance Share Peer Group**<br><br>(4 companies and 1 stock index) | Companies used to compare our TSR for the purpose of determining performance share payout:<br><br>For LTIP grants issued prior to 2017: BP, ExxonMobil, Royal Dutch Shell, and Total |

Effective with 2017 LTIP grant: BP, ExxonMobil, Royal Dutch Shell, Total, and S&P 500 Total Return Index

The inclusion of the S&P 500 Total Return Index broadens the performance benchmark beyond industry peers and requires Chevron to outperform both industry peers and a market-based index in order to receive maximum payout. The MCC believes this further aligns executive pay with long-term stockholder interests.

The Oil Industry Peer Group companies most similar to Chevron in size, complexity, geographic reach, business lines, and location of operations are BP, ExxonMobil, Royal Dutch Shell, and Total. These companies are key competitors for stockholder investments within the larger global energy sector. We also compete for stockholder investment and employee talent with smaller U.S. companies, including the larger independent exploration and production companies and the larger independent refining and marketing companies.

The Non Oil Industry Peer Group includes capital-intensive, global, large-scale, and high-complexity company comparators. The median market cap (as of 12/31/2017) of the Non Oil Industry Peer Group was $142 billion (vs. $238 billion for Chevron) and the median sales for 2017 were $53 billion (vs. $127 billion for Chevron).

## Components of Executive Compensation

The material components of our executive compensation program and their purposes and key characteristics are as follows:

Base salary

Annual incentive plan (Chevron Incentive Plan)
Long-Term Incentive Plan, including performance shares, stock options, and restricted stock units

Benefits, including retirement plans, savings plans, and other perquisites

## Base Salary

Base salary is a fixed, competitive component of pay based on responsibilities, skills, and experience. Base salaries are reviewed periodically in light of market practices and changes in responsibilities.

### How Base Salaries Are Determined

Base salaries are determined through market surveys of positions of comparable level, scope, complexity, and responsibility. There is no predetermined target or range within the Oil Industry Peer Group or the Non Oil Industry Peer Group as an objective for Mr. Watson s base salary. Instead, the MCC takes into account the data provided by the MCC s independent consultant, the relative size, scope, and complexity of our business, Mr. Watson s performance, and the aggregate amount of Mr. Watson s compensation package. For the other NEOs, each executive officer is assigned a base salary grade. The MCC annually reviews the base salary grade ranges and may approve changes in the ranges based on business

conditions and comparative peer group data provided by the MCC s independent consultant. Within each salary grade range, the MCC makes base salary determinations for each NEO taking into account qualitative considerations, such as individual performance, experience, skills, competitive positioning, retention objectives, and leadership responsibilities.

The independent Directors of the Board approve the compensation of the CEO and ratify the compensation of the other NEOs.

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EXECUTIVE COMPENSATION

## Adjustments in 2017 Base Salaries

After taking into account the market conditions and survey data, the MCC made no changes to any of the NEO salary grade ranges for 2017 compensation. As to individual salary changes, the MCC held the CEO s base salary flat and adjusted our other NEOs base salaries in 2017 reflective of their 2016 performance,

experience and competitive benchmarks. Mr. Wirth received a 13.8 percent increase in base salary due to his increased responsibility as a result of the promotion to Vice Chairman in February 2017. Other NEOs salary increases were effective April 1, 2017.

| NEO | Position | 2016 Base salary | 2017 Base salary | Adjustment for 2017 |
|---|---|---|---|---|
| John S. Watson | Chairman and Chief Executive Officer | $1,863,500 | $1,863,500 | 0.0% |
| Patricia E. Yarrington | Vice President and Chief Financial Officer | $1,078,900 | $1,120,000 | 3.8% |
| Michael K. Wirth | Vice Chairman and Executive Vice President, Midstream & Development | $1,098,400 | $1,250,000 | 13.8% |
| James W. Johnson | Executive Vice President, Upstream | $1,034,000 | $1,100,000 | 6.4% |

| | | | | |
|---|---|---|---|---|
| Joseph C. Geagea | Executive Vice President, Technology, Projects and Services | $ 923,400 | $ 972,000 | 5.3% |

## Adjustments in 2018 Base Salaries

Mr. Wirth succeeded Mr. Watson as CEO on February 1, 2018. The MCC determined Mr. Wirth s base salary consistent with the approach used for Mr. Watson. The MCC and the Board also took into consideration his 2017 compensation level and his recent promotion to the CEO role. Accordingly, the independent Directors of the Board approved a salary of $1,500,000.

As to the other NEOs, the MCC adjusted salary grade ranges for 2018 compensation by 1 percent after taking into account the market conditions and

survey data. This represents a modest movement after a three-year salary structure freeze. As to individual salary changes, the MCC adjusted our other NEOs base salaries in 2018 (ranging from 1.0 percent to 3.0 percent) reflective of their 2017 performance, experience, and competitive benchmarks.

See page 49 for base salary changes over time.

## Annual Incentive Plan (Chevron Incentive Plan)

The Chevron Incentive Plan is designed to recognize annual performance achievements based on the MCC s assessment of Company performance across four broad categories: financials, capital management, operating performance, and health, environmental and safety. Each category contains multiple performance measures, reflecting outcomes on both short-term and long-term measures on absolute, relative, and time-series performance. The CIP also recognizes

individual leadership through measurable individual contributions. The award is delivered as an annual cash bonus based on a percentage of base salary and makes up approximately 14 percent of the CEO s target annual compensation and on average 19 percent of all other NEOs target annual compensation. The CIP award determination process is consistent across more than 48,000 CIP-eligible Chevron employees, with the award target varying by pay grade.

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The CIP award for the CEO and the other NEOs is calculated as follows:

| Base Salary | | Award Target | | Corporate Performance Rating | | Individual Performance Factor |
|---|---|---|---|---|---|---|
| | x | À | x | À | x | À |
| | | Before the beginning of each performance year, the MCC establishes a CIP Award Target for the CEO and the other NEOs, which is based on a percentage of the NEO s base salary. | | After the end of the performance year, the MCC reviews and assesses Company performance metrics and sets the Corporate Performance Rating based on a range of measures in four categories. | | The MCC also takes into account individual performance. This is largely a personal leadership dimension, recognizing the individual s effort, initiative, and impact. |
| | | The MCC sets award targets with reference to the median award of our Oil Industry Peer Group. All individuals in the same salary grade have the same target, which provides internal equity and consistency. | | Performance is viewed across multiple parameters (i.e., absolute results; results vs. plan; results vs. Oil Industry Peer Group and/or general industry; performance trends over time). The performance measures are also assessed taking into account the elements that may be market driven or otherwise beyond the control of management. See pages 40-41 for a discussion of 2017 performance. | | The CEO recommends to the MCC an Individual Performance Factor ( IPF ) for each NEO other than himself. |
| | | | | The minimum Corporate Performance Rating is zero (i.e., no award), and the maximum is two (i.e., 200 percent of target). | | The MCC determines the final IPF for the CEO and the other NEOs. The independent Directors of the Board approve the IPF for the CEO and ratify the IPF for the other NEOs. |

**Overall award capped at 200 percent of target**

Chevron goes through a rigorous goal-setting and performance review process to determine the CIP Corporate Performance Rating. Annually, Business Plan objectives are determined after thorough reviews and approvals by the Strategy and Planning Committee ( S&PC ), a subcommittee of the Executive Committee, and the Board. The S&PC is responsible for setting objectives that challenge the Company to optimize strategies and portfolio composition and to improve operational performance to create stockholder value. Robust annual performance

measures, weightings, and goals are established alongside the Business Plan subject to review and approval by the MCC. Mid-year and end-of-year reviews by the Board and the MCC systematically assess progress against these measures. The MCC has the discretion to adjust the CIP award if it determines that business or economic considerations warrant such an adjustment.

## 2017 CIP Corporate Performance Rating

In January 2018, the MCC evaluated Chevron s 2017 performance across the four CIP categories: financials, capital management, operating performance, and health, environmental and safety. The MCC assigned an overall 2017 CIP Corporate Performance Rating of 1.20 in recognition of results better than Business Plan ( Plan ) on all financial dimensions, particularly those within management control; strong operating performance on measures of key importance; several notable successes in capital management; and strong success on process safety, along with routine personal safety measures (see table on page 40 for additional details).

In order to determine the 2017 Corporate Performance Rating, a raw score range was assigned based on the Company s actual performance with respect to the particular performance measures comprising each category as measured against the Company s Plan. This raw score can span from zero (reflecting very poor performance) to two (reflecting outstanding performance) for each category. Category weights are then applied to the raw score ranges to determine an overall range. When determining the Corporate Performance Rating, the MCC may apply discretion when assessing the Company s absolute performance against Plan and the Company s performance relative to competitors.

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EXECUTIVE COMPENSATION

Specific inputs to the MCC s evaluation are summarized below.

| Category | Weight | Performance measures | Year-end results vs. Plan highlights<br>Plan refers to Board-approved Business Plan | Results[1] | Raw Score (0.00 - 2.00) | Weighted Score |
|---|---|---|---|---|---|---|
| **Financials** | 40% | Earnings per share ( EPS , diluted)[2] | $4.85 reported EPS and normalized EPS (excluding divestitures) exceeded Plan. 5-yr EPS performance vs. peers adversely affected by upstream / liquids weighting. | | **1.25 - 1.35** | **0.50 - 0.54** |
| | | Net cash flow[3] | $5.2 B, exceeded Plan. Achieved cash flow breakeven in 2017, and without divestments. | | | |
| | | Divestiture proceeds | $5.2 B; exceeded mid-point of $5-10 B program range targeted for 2016-2017. | | | |
| | | Return on capital employed[4] ( ROCE ) | 5.0%, better than Plan. Performance vs. peers impacted by upstream / liquids weighting and investment level. | | | |
| | | Capital and exploratory expenditures ( C&E ), including equity in affiliates | $18.8 B, less than $19.8 B budget. | | | |
| **Capital management** | 30% | Gorgon | Train 3 first LNG achieved. Some shortfall in cargos. | | **0.95 - 1.15** | **0.29 - 0.35** |
| | | Wheatstone | Train 1 first LNG achieved with some delays. Shortfall in cargos. | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | FGP / WPMP | Cut steel for first oil module. Completed cargo route dredging. On track for first oil in 2022. | | |
| | | | Permian | Unit development cost better than Plan. Exceeded production guidance. | | |
| | | | USGC Petrochemicals | Start-up of polyethylene units achieved. Ethane cracker achieved mechanical completion; overall start-up delayed due to Hurricane Harvey. | | |
| | | | Other | Achieved key milestones for Big Foot, Angola LNG, Sonam, Moho Nord, Mafumeira Sul, and Hebron. | | |
| | | Net production, excluding impact of divestments | | 6.2% growth; midpoint of 4-9% guidance range Gorgon, Wheatstone, Angola LNG, and Permian key contributors. Permian exceeded guidance. | | |
| **Operating performance** | 15% | Operating expenses + selling, general and administrative expenses | | $23.9 B, better than Plan. Down $1.1 B vs. 2016. | **1.10 - 1.30** | **0.17 - 0.20** |
| | | Refining utilization, including joint ventures and affiliates | | Short of Plan by 1.6%. | | |
| **Health, environmental and safety** | 15% | Personal safety | | Industry-leading 0.016 Days Away From Work Rate; gaps in severity remain. | **0.80 - 1.00** | **0.12 - 0.15** |
| | | Process safety and environmental | | Loss of Containment performance better than Plan; spill volume above Plan. | | |
| | | | | | **Corporate Performance Rating Range** | **1.07 - 1.23** |
| | | | | | **Final Corporate Performance Rating** | **1.20** |

**Notes:**

(1) Results refer to met / exceeded Plan (green), met Plan with some gaps (yellow), or did not meet Plan (red).
(2) Normalized to exclude impact of factors that are beyond the control of management, including price, exchange rates, fiscal items, and other market effects; comparison more accurately measures controllable performance.
(3) Cash flow including asset sales after dividends = change in cash and marketable securities and change in debt.
(4) See Definitions of Selected Financial Terms in Exhibit 99.1 of the Chevron Annual Report on Form 10-K for the year ended December 31, 2017.

### Financials 40 Percent

*Earnings* 2017 reported earnings of $9.2 billion and $4.85 EPS exceeded Plan. Gains related to U.S. tax reform, higher commodity realizations, continued success in lowering costs, higher volumes, and stronger downstream margins were partially offset by lower divestiture proceeds, impairments and other non-cash charges, and unfavorable foreign exchange impacts. Normalized earnings and EPS exceeded Plan, excluding divestitures. The Company s five-year indexed EPS performance relative to peers was adversely affected by its upstream-weighted (vs. downstream) and oil-weighted (vs. natural gas) portfolio due to lower commodity prices.

*Net cash flow* Chevron delivered positive cash flow in 2017, driven by actions taken to selectively sell assets, lower capital expenditures, and reduce operating expenses. Higher realizations and increased volumes also supported this outcome. Net cash generation was $5.2 billion.

*Divestiture proceeds* $5.2 billion in asset sales proceeds were realized for the year. Chevron exceeded the mid-point of its targeted $5 billion to $10 billion range in asset sale proceeds over the 2016-2017 time frame. The Southern Africa refining & marketing asset sale is expected to close in 2018.

Based on the preceding, the raw score range assigned to this category for the 2017 performance year was 1.25-1.35 out of a maximum of 2.0.

### Capital Management 30 Percent

*Return on capital employed* Reported ROCE for 2017 of 5.0 percent exceeded Plan. The Company s five-year ROCE performance deteriorated at a faster rate than the peer average, reflecting Chevron s higher weight to upstream and liquids as well as high investment level over the last five years.

Capital and exploratory expenditures 2017 C&E totaled $18.8 billion, $1.0 billion, or 5 percent, lower than budget, with activity levels largely as planned, but accomplished with greater capital efficiency. This was the fourth consecutive year of reduced capital spending.

Major milestones per Plan:

Gorgon Train 3 first LNG production and sustained performance achieved. Equipment and design issues, which intermittently delayed Train 1 and 2 cargos, were largely resolved. All three trains were on-line by year-end.

Wheatstone Train 1 was also on-line at year-end. First LNG delayed by one quarter.

Tengizchevroil Future Growth Project / Wellhead Pressure Management Project Cut steel for first oil module in the first quarter and completed dredging of cargo transport route ahead of schedule. Project remains on-track for first oil in 2022.
Permian Unit development cost and wells placed on production better than Plan. Full year production exceeded Plan and external guidance.

U.S. Gulf Coast Petrochemicals Completed start-up of polyethylene units. Ethane cracker mechanical completion achieved, but initial production delayed due to site flooding from Hurricane Harvey.

Other First production for Moho Nord and Sonam achieved ahead of schedule; Mafumeira Sul and Hebron start-ups were achieved on schedule. Angola LNG cargos exceeded Plan. Big Foot facilities ready for installation.

Based on the preceding, the raw score range assigned to this category for the 2017 performance year was 0.95-1.15 out of a maximum of 2.0.

**Operating Performance 15 Percent**

Net production of 2.755 million barrels of oil-equivalent per day in 2017, excluding divestments. Annual growth rate of 6.2%, near the mid-point of our 4-9 percent external guidance range (vs. 2016). Production growth was driven by the base business, shale & tight assets, Gorgon Train 3, and Angola LNG.

Operating expenses and selling, general and administrative expenses totaled $23.9 billion, better than Plan and $1.1 billion lower than 2016. Continued cost reduction efforts and improved efficiency drove this outcome. Since 2014, costs have declined 20 percent.

Refining unit utilization rates below Plan, primarily due to unplanned shutdowns at non-operated joint ventures and a preemptive shutdown for Hurricane Nate at our refinery in Pascagoula, Mississippi.

Based on the preceding, the raw score range assigned to this category for the 2017 performance year was 1.10-1.30 out of a maximum of 2.0.

**Health, Environmental and Safety 15 Percent**

Maintained industry-leading personal safety rates, better than the Plan on several measures, including the Days Away From Work Rate matching 2016 record low and Total Recordable Incidents Rate. The opportunity for improvements is still evident in lowering the incidence of high-consequence, low-probability events.

Loss of containment performance was better than Plan; spill volume above Plan.

Based on the preceding, the raw score range assigned to this category for the 2017 performance year was 0.80-1.00 out of a maximum of 2.0.

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EXECUTIVE COMPENSATION

## 2017 NEO CIP Awards

The MCC and the independent Directors of the Board assessed corporate and individual performance in making CIP awards based on 2017 performance. In setting individual s performance adjustments for the 2017 CIP, the MCC considered a wide range of factors, including individual and business unit achievements along all four categories of CIP measurements, strategic impact in positioning Chevron for the future, collaboration across the leadership team, and role modeling the Chevron Way as stewards of the business.

Specifically, the MCC recognized and considered these accomplishments for each NEO when determining individual performance factors. Mr. Watson exhibited strong leadership in meeting key financial and operational objectives notably, being cash balanced for the year, positioning the Company well for a future of lower oil prices, and ensuring a successful transition of the CEO and Chairman role. Ms. Yarrington continued to be highly effective in driving costs down, retaining strong internal controls, prudently managing the balance sheet, and engaging investors and the finance community. Mr. Wirth successfully led several significant commercial transactions, managed key public affairs matters, and prepared for the transition into his new role as CEO and Chairman. Mr. Johnson demonstrated strong capital stewardship in completing major capital projects, and delivered better than planned production along with continued reductions in upstream unit costs. Mr. Geagea continued to effectively lead efforts to reduce operating costs, drive capital efficiency, and improve functional excellence across our lines of business.

As a result of the performance evaluation, Mr. Watson received an award of $3,750,000. This amount reflects the amount of his base salary ($1,863,500) multiplied by his CIP Award Target percentage of 150 percent multiplied by the Corporate Performance Rating of 120 percent, resulting in an award of $3,354,300.

The remaining $395,700 of Mr. Watson s award is attributable to the MCC s and independent Directors assessment of his individual performance, as described above.

Ms. Yarrington received an award of $1,700,200. This amount reflects the amount of her base salary ($1,120,000) multiplied by her CIP Award Target percentage of 110 percent multiplied by the Corporate Performance Rating of 120 percent, resulting in an award of $1,478,400. The remaining $221,800 of Ms. Yarrington s award is attributable to the MCC s and independent Directors assessment of her individual performance, as described above.

Mr. Wirth received an award of $2,000,000. This amount reflects the amount of his base salary ($1,250,000) multiplied by his CIP Award Target percentage of 120 percent multiplied by the Corporate Performance Rating of 120 percent, resulting in an award of $1,800,000. The remaining $200,000 of Mr. Wirth s award is attributable to the MCC s and independent Directors assessment of his individual performance, as described above.

Mr. Johnson received an award of $1,710,700. This amount reflects the amount of his base salary ($1,100,000) multiplied by his CIP Award Target percentage of 120 percent multiplied by the Corporate Performance Rating of 120 percent, resulting in an award of $1,584,000. The remaining $126,700 of Mr. Johnson s award is attributable to the MCC s and independent Directors assessment of his individual performance, as described above.

Mr. Geagea received an award of $1,347,200. This amount reflects the amount of his base salary ($972,000) multiplied by his CIP Award Target percentage of 110 percent multiplied by the Corporate Performance Rating of 120 percent, resulting in an award of $1,283,040. The remaining $64,160 of Mr. Geagea s award is attributable to the MCC s and independent Directors assessment of his individual performance, as described above.

## Long-Term Incentive Plan

The key objective of our Long-Term Incentive Plan is to encourage performance that drives stockholder value over the long-term. The target value of an NEO s LTIP award at grant time is determined by the MCC, with input from its independent compensation consultant and referencing external benchmark comparisons. The objective is to ensure that Chevron is competitive against its industry peer companies on the overall target compensation (cash plus equity), after allowing for appropriate differentiation based on size, scale, scope, and job responsibilities.

Each year in January, the MCC determines a target value of LTIP awards for the CEO and the other NEOs based on industry competitive data. These awards provide incentive compensation opportunities tied to Chevron s future long-term performance.

In setting the LTIP target value for the CEO, the MCC relies on input from its independent compensation consultant and benchmark research, focusing on the form and amount of similar compensation opportunities in the Oil Industry Peer Group. The MCC also considers the CEO s demonstrated performance, and the Company s size, scope, and complexity relative to the comparison companies. Similarly, for the other NEOs, the MCC sets an annual LTIP target value for each salary grade as a multiple of salary, referencing median incentive opportunities for executives in similar positions at companies in the Oil Industry Peer Group.

The LTIP award represents a pay opportunity. The ultimate realized value of equity-based awards is determined by absolute and relative stock price performance over a three- to ten-year period.

## Changes to LTIP Components

Chevron implemented three changes for the 2017 LTIP program, described below and further in the table:

Restricted stock units ( RSUs ) became a routine component of equity awards, and the proportion of performance shares, stock options, and restricted stock units changed;

The S&P 500 Total Return Index was added as a fifth competitor in determining performance share awards. The inclusion of the S&P 500 Total Return Index broadens the peer group and imposes a stringent market-based performance hurdle for payout. It reflects the fact that stockholders have a wide range of investment choices, inside and outside the energy industry; and

Performance shares and RSUs accrue dividend equivalents that are reinvested as additional shares and/or units and are paid at the end of the vesting period. The inclusion of dividends aligns better with Chevron s stockholder value strategy and is a common practice among oil industry and non-oil industry peers.

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These changes are consistent with the Company s long-standing compensation objectives and have been well received by our stockholders.

| Component | 2017 Proportion | How It Works |
|---|---|---|
| Performance Shares | 50% | Payout is dependent on Chevron s TSR over a three-year period, compared with our LTIP Performance Share Peer Group. Peer group includes S&P 500 Total Return Index for 2017 and going forward. |

| Relative TSR ranking | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| **2017 grant payout as a % of target** | 200% | 160% | 120% | 80% | 40% | 0% |

| Component | 2017 Proportion | How It Works |
|---|---|---|
| Performance Shares (continued) | | Performance shares accrue dividend equivalents that are reinvested as additional shares, to be paid at the end of the performance period, and are subject to the performance modifier.<br>The MCC can exercise negative discretion to reduce payout.<br>Actual number of shares granted is determined by dividing the proportionate value of the NEO s LTIP award by Chevron s closing common stock price on the grant date.<br>Payment is made in cash. Refer to page 54 footnote 2 for calculation details. |
| Stock Options | 25% | Strike price is equal to the closing common stock price on the grant date.<br>Options vest and become exercisable one-third per year, based on continued service for the first three years, and expire 10 years after the grant date.<br>Gain realized depends on the common stock price at the exercise date compared with the strike price. |

| | | |
|---|---|---|
| | | Actual number of stock options granted is determined by dividing the proportionate value of the NEO s LTIP award by the Black-Scholes option value on the grant date in accordance with Grant Date Fair Value calculation as defined by the Securities and Exchange Commission ( SEC ). |
| Restricted Stock Units | 25% | Actual number of RSUs granted is determined by dividing the proportionate value of the NEO s LTIP award by Chevron s closing common stock price on the grant date.<br>Five-year cliff vesting lengthens equity holding time, which enhances retention and alignment with stockholders.<br>RSUs accrue dividend equivalents that are reinvested as additional units, to be paid at the time of vesting.<br>Payment is made in cash based on closing common stock price on the vesting date. |

*Supplemental RSUs:* Prior to 2017, RSUs were not a component of the annual equity award mix, but from time to time the Board approved supplemental RSU grants to recognize exceptional individual performance that had a direct impact on Chevron s results and to serve as an additional retention tool for such individuals. Historically, these RSUs vested at the end of three years. Beginning in 2017, we

committed to limited use of supplemental RSU grants for executive officers, except in extraordinary circumstances. Supplemental RSUs, if awarded, will accrue dividend equivalents that are reinvested as additional units and paid at the end of three years. No supplemental RSUs were awarded to any NEO in 2017.

**LTIP Metrics**

The MCC continues to believe that TSR is the best overall pay-for-performance measure to align our CEO s and other NEOs performance with stockholder interests. TSR is the standard metric for stockholders to use in measuring the Company s performance because it easily allows for meaningful comparisons of our performance relative to other companies within our same industry, and it also allows for easy comparison with our stockholders other investment alternatives. It is objectively determined by third-party market participants independent of the Company s judgment. The MCC believes that Company performance on other

measures operational and financial, over the short-term and long-term is ultimately reflected in TSR results.

The majority of the LTIP award derives value directly from TSR (relative and absolute). For the CEO and the other NEOs to earn the originally targeted compensation, Chevron must show sustained competitive performance and

Chevron s stockholders must be rewarded with competitive TSR results.

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EXECUTIVE COMPENSATION

### A Closer Look at the LTIP Mix: Why a Mix of Options, Performance Shares, and RSUs

The MCC believes the current LTIP mix (50 percent performance shares, 25 percent stock options, and 25 percent restricted stock units) offers an improved combination of incentive opportunities. It aligns with our business objectives and is consistent with prevailing standards. Each vehicle has its own risk-reward profile and a different time horizon (three-year performance period for performance shares, five-year cliff vesting for restricted stock units, and 10-year term of stock options). Together, these vehicles align our executives with stockholder interests over the long-term and reward them for absolute and competitive stock performance.

### 2015 2017 Performance Share Payout

The three-year performance period for performance shares granted in January 2015 ended on December 31, 2017. For this three-year period, Chevron ranked No. 2 in TSR when compared to the four companies in the LTIP Performance Share Peer Group. Inclusion of the S&P 500 Total Return Index as a fifth member of the peer group occurred after these performance shares were granted and will become part of the payout analysis in 2020 (for performance shares covering the 2017-2019 performance period).

Chevron s TSR for the 2015-2017 performance period is less than one percentage point better than the third-ranked company, Total, resulting in a deemed 2$^{nd}$ / 3$^{rd}$ place tie and a payout modifier of 125 percent (between 150 percent for 2$^{nd}$ place and 100 percent for 3$^{rd}$ place). Refer to Option Exercises and Stock Vested in Fiscal Year 2017 table on pages 54 and 55 for details on the performance payout calculation.

**Note:**
(1) Per program rules, based on average stock price for the 20 trading days prior and up to the listed dates.

### 2017 LTIP Grants

In January 2017, the MCC approved the following LTIP awards to the CEO and other NEOs:

| NEO | 2017 LTIP Target Value | Stock Options* | Performance Shares* | Standard RSUs* |
|---|---|---|---|---|
| John S. Watson | $15,322,000 | 250,000 | 65,340 | 32,670 |
| Patricia E. Yarrington | $ 3,810,240 | 62,200 | 16,250 | 8,120 |
| Michael K. Wirth | $ 4,950,000 | 80,800 | 21,110 | 10,560 |
| James W. Johnson | $ 4,950,000 | 80,800 | 21,110 | 10,560 |
| Joseph C. Geagea | $ 3,810,240 | 62,200 | 16,250 | 8,120 |

* Number of awarded stock options, performance shares, and RSUs was determined based on the Company s common stock price on January 25, 2017, the grant date Black-Scholes value for stock options, and a performance share factor of 100 percent reflecting expected performance at target. As these inputs may vary from those used for financial reporting, the target value shown above may not match the values presented in the Summary Compensation Table or the Grants of Plan-Based Awards in Fiscal Year 2017 table in this Proxy Statement on pages 49 and 51, respectively.

## 2018 LTIP Grants

In January 2018, the MCC approved the following LTIP awards to the new CEO and other NEOs. The MCC and the Board determined Mr. Wirth s LTIP grant using an approach consistent with what was used for Mr. Watson in the past and took into consideration his recent promotion to the role. Mr. Watson did not receive a 2018 grant due to his retirement on February 1, 2018. None of the NEOs received a 2018 supplemental RSU grant.

| NEO | 2018 LTIP Target Value | Stock Options* | Performance Shares* | Standard RSUs* |
|---|---|---|---|---|
| John S. Watson | $ | | | |

| | | | | |
|---|---|---|---|---|
| Michael K. Wirth | $13,250,000 | 182,100 | 52,850 | 26,430 |
| Patricia E. Yarrington | $ 3,849,440 | 52,900 | 15,350 | 7,680 |
| James W. Johnson | $ 4,999,500 | 68,700 | 19,940 | 9,970 |
| Joseph C. Geagea | $ 3,849,440 | 52,900 | 15,350 | 7,680 |

* Number of awarded stock options, performance shares, and RSUs was determined based on the Company s common stock price on January 31, 2018, the grant date Black-Scholes value for stock options, and a performance share factor of 100 percent reflecting expected performance at target. As these inputs may vary from those used for financial reporting, the target value shown above may not match the values to be presented in the 2019 Proxy Statement s Summary Compensation Table or the Grants of Plan-Based Awards in Fiscal Year 2018 table.

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EXECUTIVE COMPENSATION

## Retirement Programs and Other Benefits

NEOs, like all other employees, have retirement programs and other benefits as part of their overall compensation package at Chevron. We believe that these programs and benefits:

Support our long-term investment cycle; and

Encourage retention and long-term employment.

## Retirement Programs

All of our employees, including our NEOs, have access to retirement programs that are designed to enable them to accumulate retirement income. The defined benefit (pension) and defined contribution (401(k) savings) plans allow highly compensated employees to receive the same benefits they would have earned without the IRS limitations on qualified retirement plans under the Employee Retirement Income and Security Act ( ERISA ). The deferred compensation plan allows eligible employees to defer salary, CIP awards, and LTIP payouts.

| Plan Name | Plan Type | How It Works | What s Disclosed |
|---|---|---|---|
| Chevron Retirement Plan ( CRP ) | Qualified Defined Benefit (IRS §401(a)) | Participants are eligible for a pension benefit when they leave the Company as long as they meet age, service, and other provisions under the plan. | In the Summary Compensation Table and the Pension Benefits Table in this Proxy Statement, we report the change in pension value in 2017 and the present value of each NEO s accumulated benefit under the CRP. The increase in pension value is not a current cash payment. It represents the increase in the value of the NEOs pensions, which are paid only after retirement. |
| Chevron Retirement Restoration Plan ( RRP ) | Nonqualified Defined Benefit | Provides participants with retirement income that cannot be paid from the CRP due to IRS limits on compensation and benefits.[1] | In the Pension Benefits Table and accompanying narrative in this Proxy Statement, we describe how the RRP works and present the current value of each NEO s accumulated benefit under the RRP. |
| Employee Savings Investment Plan ( ESIP ) | Qualified Defined Contribution (IRS §401(k)) | Participants who contribute a percentage of their annual compensation (i.e., base salary and CIP award) are | In the footnotes to the Summary Compensation Table in this Proxy Statement, we describe Chevron s contributions to each NEO s ESIP account. |

| | | | |
|---|---|---|---|
| | | eligible for a Company matching contribution, up to annual IRS limits.[2] | |
| Employee Savings Investment Plan Restoration Plan ( ESIP-RP ) | Nonqualified Defined Contribution | Provides participants with an additional Company matching contribution that cannot be paid into the ESIP due to IRS limits on compensation and benefits.[3] | In the footnotes to the Nonqualified Deferred Compensation Table in this Proxy Statement, we describe how the ESIP-RP works. In the Summary Compensation Table and the Nonqualified Deferred Compensation Table, we present Chevron s contributions to each NEO s ESIP-RP account. |
| Deferred Compensation Plan ( DCP ) | Nonqualified Defined Contribution | Participants can defer up to: 90 percent of CIP awards and LTIP performance share payouts; and 40 percent of base salary above the IRS limit (IRS §401(a)(17)) for payment after retirement or separation from service. | In the Nonqualified Deferred Compensation Table in this Proxy Statement, we report the aggregate NEO deferrals and earnings in 2017. |

(1) Employees whose compensation exceeds the limits established by the IRS for covered compensation and benefit levels. IRS annual compensation limit was $270,000 in 2017.

(2) Participants who contribute at least 2 percent of their annual compensation to the ESIP receive a Company matching contribution of 8 percent (or 4 percent if they contribute 1 percent). The annual limit for both employer and employee contributions to a qualified defined contribution plan was $54,000 in 2017.

(3) Participants who contribute at least 2 percent of their base salary to the Deferred Compensation Plan receive a Company matching contribution of 8 percent of their base salary that exceeds the IRS annual compensation limit.

## Benefit Programs

The same health and welfare programs, including post-retirement health care, that are broadly available to employees on our U.S. payroll also apply to NEOs, with no other special programs except executive physicals (as described below under Perquisites).

## Perquisites

Perquisites for NEOs are limited and consist principally of financial counseling fees, executive physicals, home security, and the aggregate incremental costs to Chevron for personal use of Chevron automobiles and aircraft. The MCC periodically reviews our policies with respect to perquisites. In the Summary Compensation Table in this Proxy Statement, we report the value of each NEO s perquisites for 2017.

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EXECUTIVE COMPENSATION

## Best Practice in Compensation Governance

To ensure independent oversight, stockholder alignment and long-term sustainability, our executive compensation program has the following governance elements in place.

| WHAT WE DO | WHAT WE DO NOT DO |
|---|---|
| **Stock ownership guidelines for the Chief Executive Officer, six times base salary; for the Executive Vice Presidents and Chief Financial Officer, four times base salary** | û **No excessive perquisites; all have a specific business rationale** |
| **Deferred accounts inaccessible until a minimum of one year following termination** | û **No individual supplemental executive retirement plans** |
| **Clawback provisions included in the CIP, LTIP, DCP, RRP, and ESIP-RP for misconduct** | û **No stock option repricing, reloads or exchanges without stockholder approval** |
| **Significant CEO pay at risk (91 percent)** | û **No loans or purchases of Chevron equity securities on margin** |
| **Thorough assessment of Company and individual performance** | û **No transferability of equity securities (except in the case of death or a qualifying court order)** |

| | | |
|---|---|---|
| **Robust succession planning process with Board review twice a year** | û | **No stock options granted below fair market value** |
| **MCC composed entirely of independent Directors** | û | **No hedging or pledging of Chevron equity securities** |
| **Independent compensation consultant, hired by and reports directly to the MCC** | û | **No change-in-control agreements for NEOs** |
| **MCC has discretion to reduce performance share payouts** | û | **No tax gross-ups for NEOs** |
| **Certain pre-2018 LTIP awards (i.e., performance-based compensation) intended to qualify for deduction under the grandfather rule in Section 162(m) of Internal Revenue Code** | û | **No golden parachutes or golden coffins for NEOs** |
| **Annual assessment of incentive compensation risks** | | |

## Compensation Governance: Oversight and Administration of the Executive Compensation Program

### Role of the Board of Directors Management Compensation Committee

The Board of Directors Management Compensation Committee oversees the executive compensation program. The MCC works closely with its independent compensation consultant, Meridian Compensation Partners, LLC. ( Meridian ), and management to review pay and performance relative to the Business Plan approved by the Board and to industry peers. The MCC solicits input from the CEO concerning the performance and compensation of other NEOs. The CEO does not

participate in discussion about his own pay; and proposed change to the compensation of the CEO is recommended by the MCC and approved by the independent Directors of the Board. A complete description of the MCC s authority and responsibility is provided in its charter, which is available on our website at *www.chevron.com* and in print upon request.

### Independent Compensation Advice

The MCC retains Meridian as an independent compensation consultant to assist with its duties. The MCC first engaged Meridian in 2014, following a comprehensive request-for-proposal process and subsequent screening and selection. The MCC has the exclusive right to select, retain, and terminate Meridian, as well as to approve any fees, terms, and other conditions of its service. Meridian and its lead consultant report directly to the MCC, but when directed to do so by the MCC, they work cooperatively with Chevron s management to develop analyses and proposals for the MCC. Meridian provides the following services to the MCC:

- Education on executive compensation trends within and across industries;
- Recommendation regarding compensation philosophy and compensation levels;
- Selection of compensation comparator groups; and
- Identification and resolution of technical issues associated with executive compensation plans, including tax, accounting, and securities regulations.

Meridian does not provide any services to the Company. The MCC is not aware of any work performed by Meridian that raised any conflicts of interest.

### Compensation Risk Management

The MCC annually undertakes a risk assessment of Chevron s compensation programs to ensure these programs are appropriately designed and do not motivate individuals or groups to take risks that are reasonably likely to have a material adverse effect on the Company. Following its most recent comprehensive

review of the design, administration, and controls of these programs, the MCC was satisfied that Chevron s programs are well structured with strong governance and oversight mechanisms in place to minimize and mitigate potential risks.

### Stock Ownership Guidelines

We require our NEOs to hold prescribed levels of Chevron common stock, further linking their interests with those of our stockholders. Executives have five years to attain their stock ownership guideline.

Starting fiscal year 2017, we strengthened our CEO stock ownership guidelines from five times base salary to six times base salary. Further, NEOs who have not attained their stock ownership guidelines are required to hold shares acquired under the LTIP program until such ownership requirements are met.

| **Position** | **2017 Ownership Guidelines** |
|---|---|
| CEO | Six times base salary |
| Executive Vice Presidents and Chief Financial Officer | Four times base salary |
| All Other Executive Officers | Two times base salary |

Based upon our 250-day trailing average stock price ending December 31, 2017 ($111.43), Mr. Watson had a stock ownership base salary multiple of 12.4. In addition, Mr. Wirth was subject to the CEO ownership requirement effective February 1, 2018. Mr. Wirth had a stock ownership base salary multiple of 8.1 as of December 31, 2017. All other NEOs had an average stock ownership base salary multiple of 5.5. The MCC believes these ownership levels provide adequate focus on our long-term business model.

## Employment, Severance, and Change-in-Control Agreements

In general, we do not maintain employment, severance, or change-in-control agreements with our NEOs. Upon retirement or separation from service for other reasons, NEOs are entitled to certain accrued benefits and payments generally available to other employees. We describe these benefits and payments in the Pension Benefits Table, the Nonqualified Deferred Compensation Table, and the Potential Payments Upon Termination or Change-in-Control table in this Proxy Statement.

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EXECUTIVE COMPENSATION

## Compensation Recovery Policies

The Chevron Incentive Plan, Long-Term Incentive Plan, Deferred Compensation Plan for Management Employees, Retirement Restoration Plan, and Employee Savings Investment Plan Restoration Plan include provisions permitting us to claw back certain amounts of cash and equity awarded to an NEO at any time if the NEO engages in certain acts of misconduct, including, among other things: embezzlement; fraud or theft; disclosure of confidential information or other acts that harm our business, reputation or employees; misconduct resulting in Chevron having to prepare an accounting restatement; and failure to abide by post-termination agreements respecting confidentiality, noncompetition, or nonsolicitation.

## Tax Gross-Ups

We do not pay tax gross-ups to our NEOs. We do provide standard expatriate packages, which include tax equalization payments, to all employees of the Company who serve on overseas assignments, including executive officers.

## Tax Deductibility of NEO Compensation

For years prior to 2018, Section 162(m) of the Internal Revenue Code (as implemented by IRS guidance) limited companies deduction for compensation paid to the CEO and the other three most highly paid executives (excluding the CEO and CFO) to $1 million, but allowed for the deduction for performance-based compensation for amounts even in excess of the $1 million limit. As such, we structured our CIP and certain LTIP awards with the intention of meeting the requirements for performance based compensation under Section 162(m). Effective January 1, 2018, the Tax Cut and Jobs Act ( TCJA ) repealed this exclusion for performance-based compensation, and expanded the class of affected executives, which means that all compensation paid to persons who in 2017, and any year following, were the CEO, CFO or one of the other three most highly paid executives (excluding our CEO and CFO) will be subject to the cap of $1 million. For LTIP awards made on or prior to November 2, 2017 but not yet vested and/or paid out (other than time-based RSUs, which are not qualified under Section 162(m) and therefore are not deductible), we expect that the Company will still be able to deduct those amounts, provided that the Company meets the requirements in the TCJA.

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## Summary Compensation Table

The following table sets forth the compensation of our NEOs for the fiscal year ended December 31, 2017, and for the fiscal years ended December 31, 2016, and December 31, 2015, if they were NEOs in those years. The primary components of each NEO s compensation are also described in our Compensation Discussion and Analysis in this Proxy Statement.

| and pal Position | Year | Salary ($)(1) | Stock Awards ($)(2) | Option Awards ($)(3) | Non-Equity Incentive Plan Compensation ($)(4) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5) | All Other Compensation ($)(6) | |
|---|---|---|---|---|---|---|---|---|
| atson, | 2017 | $ 1,863,500 | $ 12,140,826 | $ 3,830,000 | $ 3,750,000 | $ 2,982,424 | $ 214,818 | $ 24,78 |
| nan and ) | 2016 | $ 1,863,500 | $ 5,397,824 | $ 9,194,544 | $ 2,096,400 | $ 5,894,429 | $ 210,794 | $ 24,65 |
| | 2015 | $ 1,855,479 | $ 5,484,480 | $ 9,195,180 | $ 2,450,000 | $ 2,805,467 | $ 239,203 | $ 22,02 |
| arrington, | 2017 | $ 1,108,013 | $ 3,018,827 | $ 952,904 | $ 1,700,200 | $ 1,283,468 | $ 88,641 | $ 8,15 |
| *resident and Chief cial Officer* | 2016 | $ 1,073,242 | $ 1,342,122 | $ 2,286,247 | $ 890,100 | $ 863,855 | $ 85,859 | $ 6,54 |
| | 2015 | $ 1,056,729 | $ 1,364,160 | $ 2,286,294 | $ 1,025,600 | $ 1,556,120 | $ 90,964 | $ 7,37 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Wirth, *hairman and ive Vice ent, Midstream elopment*(7) | 2017 | $ 1,231,050 | $ 3,923,035 | $ 1,237,856 | $ 2,000,000 | $ 2,672,028 | $ 605,712 | $ 11,66 |
| | 2016 | $ 1,094,492 | $ 2,866,329 | $ 2,286,247 | $ 906,200 | $ 1,845,887 | $ 130,490 | $ 9,12 |
| | 2015 | $ 1,080,392 | $ 2,888,697 | $ 2,286,294 | $ 1,092,300 | $ 675,731 | $ 100,426 | $ 8,12 |
| ohnson, *ive Vice President, am* | 2017 | $ 1,080,750 | $ 3,923,035 | $ 1,237,856 | $ 1,710,700 | $ 2,948,042 | $ 124,132 | $ 11,02 |
| | 2016 | $ 1,012,417 | $ 1,745,492 | $ 2,970,501 | $ 930,600 | $ 2,640,381 | $ 116,929 | $ 9,41 |
| | 2015 | $ 929,667 | $ 2,888,697 | $ 2,286,294 | $ 985,300 | $ 1,639,327 | $ 226,413 | $ 8,95 |
| eagea, *ive Vice President, ology, Projects and es* | 2017 | $ 957,825 | $ 3,018,827 | $ 952,904 | $ 1,347,200 | $ 2,614,776 | $ 112,790 | $ 9,00 |
| | 2016 | $ 906,367 | $ 1,342,122 | $ 2,286,247 | $ 761,800 | $ 2,551,179 | $ 97,479 | $ 7,94 |

(1) Reflects actual salary earned during the fiscal year covered. Compensation is reviewed after the end of each year, and salary increases, if any, are generally effective April 1 of the following year. Mr. Wirth received a salary increase in February 2017 upon his appointment to Vice Chairman. The following table reflects the annual salary rate and effective date for the years in which each person was an NEO and the amounts deferred under the Deferred Compensation Plan for Management Employees II ( DCP ).

| Name | Salary Effective Date | Salary | Total Salary Deferred Under the DCP |
|---|---|---|---|
| J.S. Watson | April 2017 | $ 1,863,500 | $ 186,350 |
| | April 2016 | $ 1,863,500 | $ 186,350 |
| | April 2015 | $ 1,863,500 | $ 185,548 |

 

| | | | |
|---|---|---|---|
| P.E. Yarrington | April 2017 | $ 1,120,000 | $ 16,760 |
| | April 2016 | $ 1,078,900 | $ 16,165 |
| | April 2015 | $ 1,059,500 | $ 15,835 |
| M.K. Wirth | February 2017 | $ 1,250,000 | $ 19,221 |
| | April 2016 | $ 1,098,400 | $ 16,590 |
| | April 2015 | $ 1,085,000 | $ 16,308 |
| J.W. Johnson | April 2017 | $ 1,100,000 | $ 16,215 |
| | April 2016 | $ 1,034,000 | $ 14,948 |
| | April 2015 | $ 960,000 | $ 13,293 |
| J.C. Geagea | April 2017 | $ 972,000 | $ 13,757 |
| | April 2016 | $ 923,400 | $ 12,827 |

We explain the amount of salary and non-equity incentive plan compensation in proportion to total compensation in our Compensation Discussion and Analysis Pay Philosophy and Plan Design.

(2)

Amounts for each fiscal year reflect the aggregate grant date fair value of performance shares and restricted stock units ( RSUs ) granted under the LTIP on January 25, 2017. We calculate the grant date fair value of these awards in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC Topic 718), as described in Note 22, Stock Options and Other Share-Based Compensation, to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2017. These RSUs and performance shares accrue dividend equivalents. For purposes of this table only, estimates of forfeitures related to service-based vesting conditions for awards have been disregarded.

For performance shares granted on January 25, 2017, the per-share grant date fair value was $127.19. We use a Monte Carlo approach to calculate estimated grant date fair value. To derive estimated grant date fair value per share, this valuation technique simulates total stockholder return ( TSR ) for the Company and the LTIP peer group (BP, ExxonMobil,

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Royal Dutch Shell, Total, and the S&P 500 Total Return Index) using market data for a period equal to the term of the performance period, correlates the simulated returns within the peer group to estimate a probable payout value, and discounts the probable payout value using a risk-free rate for Treasury bonds having a term equal to the performance period. Performance shares are paid in cash, and the cash payout, if any, is based on market conditions at the end of the performance period (January 2017 through December 2019). Payout is calculated in the manner described in Footnote 2 to the Option Exercises and Stock Vested in Fiscal Year 2017 table in this Proxy Statement.

The per-unit grant date fair value of the restricted stock units was $117.24, the closing price of Chevron common stock on the grant date. These RSUs earn dividend equivalents and are paid in cash upon vesting on January 31 following the fifth anniversary of the grant. Total payout will be based on the Chevron common stock closing price on the vesting date.

The material terms of performance shares and RSUs granted in 2017 are described in the Grants of Plan-Based Awards in Fiscal Year 2017 and Outstanding Equity Awards at 2017 Fiscal Year-End tables in this Proxy Statement.

(3) Amounts for each fiscal year reflect the aggregate grant date fair value of nonstatutory/nonqualified stock options granted under the LTIP on January 25, 2017. The per-option grant date fair value was $15.32. We calculate the grant date fair value of these stock options in accordance with ASC Topic 718, as described in Note 22, Stock Options and Other Share-Based Compensation, to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2017. Stock options do not accrue dividends or dividend equivalents. For purposes of this table only, estimates of forfeitures related to service-based vesting conditions for awards have been disregarded. The material terms of stock options granted in 2017 are described in the Grants of Plan-Based Awards in Fiscal Year 2017 and Outstanding Equity Awards at 2017 Fiscal Year-End tables in this Proxy Statement.

(4) 2017 amounts reflect CIP awards for the 2017 performance year that were paid in March 2018. Ms. Yarrington elected to defer 1 percent of her award to the DCP, or $17,002. See Compensation Discussion and Analysis Components of Executive Compensation Annual Incentive Plan (Chevron Incentive Plan) for a detailed description of CIP awards.

(5) 2017 amounts represent the aggregate change in the actuarial present value of the NEO s pension value for the Chevron Retirement Plan ( CRP ) and the Chevron Retirement Restoration Plan ( RRP ) from January 1, 2017, through December 31, 2017, expressed as a lump sum. (The Deferred Compensation Plan for Management Employees and Deferred Compensation Plan for Management Employees II (both, the DCP ) and ESIP Restoration Plan ( ESIP-RP ) do not pay above-market or preferential earnings and are not represented in this table.) For purposes of this disclosure, we have used the same amounts required to be disclosed in the Pension Benefits Table in this Proxy Statement.

2017 changes in the actuarial present value of an NEO s pension value are attributable to five factors.

**Increases in highest average earnings ( HAE )**

HAE is the highest consecutive 36-month average base salary and CIP awards.

**Interest and discount rate assumptions used to estimate the value of the benefit**

Generally, a higher interest rate produces a lower pension value, and a lower interest rate produces a higher pension value. The lump sum interest rates for determining the actuarial present values of the pension benefit are based on the Pension Protection Act of 2006 lump sum interest rates, and such rates are lower in 2017 than those used in 2016. In addition, 2017 s discount rate, 3.5 percent, is lower than 2016 s discount rate, 3.9 percent.

**An additional year of age**

The Chevron Retirement Plan and Retirement Restoration Plan provide an unreduced benefit at age 60 for eligible participants. Generally, being a year older results in an increase in pension value due to a shorter discount period from the current age to the assumed retirement age of 60. Once an NEO reaches age 60, the discount rate no longer applies. Furthermore, the pension value can be negatively impacted when the assumed duration of future payments is shorter based on age and actuarial assumptions.

**An additional year of benefit service earned in 2017**

All of the NEOs worked for a full year in 2017, and their pension benefits increased because they earned an additional year of benefit service.

**Mortality projections**

When mortality tables project longer life spans, pension benefits increase.

The following table provides a breakdown of the percent of change in the NEO s pension values:

| | | | | Factors | | |
|---|---|---|---|---|---|---|
| **Name** | **Total Percent Change in** | **Higher HAE** | **Change in Interest Rate and** | **One Year Older** | **One Additional Year of Service** | **Mortality** |

| | Pension Value, Jan.-Dec. 2017[a] | | Discount Rate Assumptions | | | |
|---|---|---|---|---|---|---|
| J.S. Watson | 6.6% | 0.0% | 2.7% | -2.3% | 2.9% | 3.3% |
| P.E. Yarrington | 6.5% | 0.0% | 2.5% | -2.3% | 2.8% | 3.5% |
| M.K. Wirth | 19.0% | 0.0% | 8.0% | 4.9% | 3.4% | 2.7% |
| J.W. Johnson | 22.2% | 5.0% | 6.3% | 4.8% | 3.3% | 2.8% |
| J.C. Geagea | 24.3% | 6.0% | 7.1% | 5.0% | 3.4% | 2.8% |

(a) Calculated as follows: (actuarial present value of accumulated benefit at December 31, 2017 (reported in the Pension Benefits Table in this Proxy Statement) actuarial present value of accumulated benefit at December 31, 2016 (reported in the Pension Benefits Table in last year s Proxy Statement)) / actuarial present value of accumulated benefit at December 31, 2016 (reported in the Pension Benefits Table in last year s Proxy Statement).

Additional information concerning the present value of benefits accumulated by our NEOs under these defined benefit retirement plans is included in the Pension Benefits Table in this Proxy Statement.

(6) All Other Compensation for 2017 includes the following items but excludes other arrangements that are generally available to our salaried employees on the U.S. payroll and do not discriminate in scope, terms, or operation in favor of our NEOs, such as our medical, dental, disability, and group life insurance programs.

| | J.S. Watson | P.E. Yarrington | M.K. Wirth | J.W. Johnson | J.C. Geagea |
|---|---|---|---|---|---|
| ESIP Company Contributions[a] | $ 21,600 | $ 21,600 | $ 21,600 | $ 21,600 | $ 21,600 |
| ESIP-RP Company Contributions[a] | $ 127,480 | $ 67,041 | $ 76,884 | $ 64,860 | $ 55,026 |

| | | | | | |
|---|---|---|---|---|---|
| Perquisites[b] | | | | | |
| Financial Counseling[c] | $ 19,305 | $ | $ 16,818 | $ 14,128 | $ 10,400 |
| Motor Vehicles[d] | $ 6,503 | $ | $ 3,620 | $ | $ |
| Air Travel[e] | $ 26,801 | $ | $ 110,111 | $ | $ 17,659 |
| Residential Security[f] | $ 5,188 | $ | $ 352,842 | $ 14,987 | $ |
| Executive Physical[g] | $ 1,950 | $ | $ 16,107 | $ | $ 1,500 |
| Expatriate Tax Equalization[h] | $ | $ | $ | $ | $ |
| Other[i] | $ 5,991 | $ | $ 7,730 | $ 8,557 | $ 6,605 |
| **TOTAL, ALL OTHER COMPENSATION** | $ 214,818 | $ 88,641 | $ 605,712 | $ 124,132 | $ 112,790 |

(a) The ESIP is a tax-qualified defined contribution plan open to employees on the U.S. payroll. The Company provides a matching contribution of 8 percent of annual compensation when an employee contributes 2 percent of annual compensation or 4 percent if they contribute 1 percent. Employees may also choose to contribute an amount above 2 percent, but none of the amount above 2 percent is matched. The Company match up to IRS limits ($270,000 of income in 2017) is made to the qualified ESIP account. For amounts above the IRS limit, the executive can elect to have 2 percent of base pay directed into the DCP, and the Company will match those funds with a contribution to the nonqualified ESIP-RP. Company contributions to the ESIP-RP are described further in the Nonqualified Deferred Compensation Table in this Proxy Statement.

(b) Reflects perquisites and personal benefits received by an NEO in 2017 to the extent that the total value of such perquisites and personal benefits was equal to or exceeded $10,000. Items deemed perquisites are valued on the basis of their aggregate incremental cost to the Company. We do not provide tax gross-ups to our NEOs for any perquisites; however, we do in certain cases pay expatriate and tax equalization benefits in connection with overseas assignments, as described further in footnote (h). Except in the case of motor vehicles (footnote (d)) and air travel (footnote (e)), aggregate incremental cost is the same as actual cost.

(c) In the case of Messrs. Johnson and Geagea, includes amounts paid on their behalf for preparation of tax returns in connection with expatriate assignments.

(d) Aggregate incremental cost reflects the sum of (i) annual lease value multiplied by the percentage of mileage attributable to personal use and (ii) the cost of fuel for mileage attributable to personal use.

(e) Generally, executives are not allowed to use Company planes for personal use. For security reasons, the Chairman and Vice Chairman have been requested to use a Company plane in most instances of travel, including instances of travel deemed personal. On a very limited basis, the CEO may authorize the personal use of a Company plane by other persons if, for example, it is in relation to and part of a trip that is otherwise business-related or it is in connection with a personal emergency. Aggregate incremental cost was determined by multiplying the operating hours attributable to personal use by the average estimated direct operating costs and the addition of crew costs for overnight lodging, meals and other fees, as applicable. For Messrs. Watson and Wirth, includes aggregate incremental cost for personal use of corporate aircraft. Also includes the cost of spousal travel on commercial aircraft when the spouse accompanies an NEO on Chevron-related travel.

(f) For Mr. Wirth, reflects the aggregate incremental cost of home security improvements, including design and installation costs, and additional security detail following a home security assessment in 2017 ($352,014) in preparation for his assuming the role of Chairman and CEO. Also includes home security upgrades for Mr. Johnson and home security monitoring and maintenance costs for Messrs. Watson, Wirth, and Johnson.

(g) Includes executive physical and/or related diagnostic procedures. For Mr. Wirth, includes the cost of the executive physical, as well as the travel-related costs for corporate aircraft flights and lodging associated with the executive physical.

(h) Mr. Johnson and Mr. Geagea served on expatriate assignments in prior years, during which they received customary expatriate and tax equalization benefits intended to place expatriate employees in a similar net tax position as a similarly compensated employee in the United States. Their equalization benefits are not reflected above, as estimated taxes plus prior years amendments resulted in a net negative value for 2017.

(i) Reflects the value of gifts presented to Mr. Watson upon his retirement and to Mr. Johnson s spouse at a ceremonial ship-naming ceremony. Includes aggregate incremental cost of meals, activities, transportation, and other amenities for an NEO s spouse s participation in corporate events. Also includes aggregate incremental costs for meals and other travel-related costs for when the spouse accompanies an NEO on Chevron-related travel. From time to time, the NEOs attend sporting or performing arts events for which Chevron is a corporate sponsor and for which the Company incurs no incremental cost. Does not include $1 million donated by Chevron, as part of our ongoing charitable support of educational programs in the communities in which we operate, to the BASIC Fund, to support scholarships for Bay Area, California students, and in honor of Mr. Watson s retirement as Chairman and Chief Executive Officer of Chevron. Mr. Watson will not derive a personal benefit from the contribution, nor was it Chevron s intent to provide additional compensation to him.

(7) Effective February 1, 2018, Mr. Watson retired and Mr. Wirth became Chairman and CEO. As of the end of 2017, both were also Directors of the Company. Employee Directors do not receive any additional compensation for their Board-related service.

## Grants of Plan-Based Awards in Fiscal Year 2017

The following table sets forth information concerning the grants of non-equity and equity incentive plan awards to our NEOs, in 2017. Non-equity incentive plan awards are made under our CIP, and equity incentive plan awards (performance shares, stock options, and restricted stock unit awards) are made under our LTIP. These awards are also described in our Compensation Discussion and Analysis in this Proxy Statement.

| | | | Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) | | | Estimated Future Payouts Under Equity Incentive Plan Awards(2) | | | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: Number of Securities Underlying Options | Exercise or Base Price of Option Awards | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Award Type | Grant Date | Threshold ($) | Target ($) | Maximum ($) | Threshold (#) | Target (#) | Maximum (#) | (#)(3) | (#)(4) | ($/Sh)(5) | A |
| n | CIP | | | $ 2,795,250 | $ 5,590,500 | | | | | | | |
| | Perf Shares | 1/25/2017 | | | | 13,068 | 65,340 | 130,680 | | | | $ |
| | Options | 1/25/2017 | | | | | | | | 250,000 | $117.24 | $ |
| | RSUs | 1/25/2017 | | | | | | | 32,670 | | | $ |
| ngton | CIP | | | $ 1,232,000 | $ 2,464,000 | | | | | | | |
| | Perf Shares | 1/25/2017 | | | | 3,250 | 16,250 | 32,500 | | | | $ |
| | Options | 1/25/2017 | | | | | | | | 62,200 | $117.24 | $ |
| | RSUs | 1/25/2017 | | | | | | | 8,120 | | | $ |
| h | CIP | | | $ 1,500,000 | $ 3,000,000 | | | | | | | |
| | Perf Shares | 1/25/2017 | | | | 4,222 | 21,110 | 42,220 | | | | $ |
| | Options | 1/25/2017 | | | | | | | | 80,800 | $117.24 | $ |
| | RSUs | 1/25/2017 | | | | | | | 10,560 | | | $ |
| on | CIP | | | $ 1,320,000 | $ 2,640,000 | | | | | | | |
| | Perf Shares | 1/25/2017 | | | | 4,222 | 21,110 | 42,220 | | | | $ |
| | Options | 1/25/2017 | | | | | | | | 80,800 | $117.24 | $ |
| | RSUs | 1/25/2017 | | | | | | | 10,560 | | | $ |
| a | CIP | | | $ 1,069,200 | $2,138,400 | | | | | | | |
| | Perf Shares | 1/25/2017 | | | | 3,250 | 16,250 | 32,500 | | | | $ |
| | Options | 1/25/2017 | | | | | | | | 62,200 | $117.24 | $ |
| | RSUs | 1/25/2017 | | | | | | | 8,120 | | | $ |

(1) The CIP is an annual incentive plan that pays a cash award for performance and is paid in March following the performance year. See our Compensation Discussion and Analysis Components of Executive Compensation Annual Incentive Plan (Chevron Incentive Plan) for a detailed description of CIP awards, including the criteria for

determining the amounts payable.

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## EXECUTIVE COMPENSATION

Target is a dollar value based on a percentage of an NEO s base salary set by the Management Compensation Committee. Actual 2017 performance-year CIP award results, which are approved in January 2018 and paid in March 2018, are reported in the Summary Compensation Table in the Non-Equity Incentive Plan Compensation column. Under the 2017 CIP, there is no threshold award. The maximum award is 200 percent of target for all CIP eligible employees.

(2) Reflects performance shares granted under the LTIP. See our Compensation Discussion and Analysis Components of Executive Compensation Long-Term Incentive Plan for a detailed description of performance share awards, including the criteria for determining the cash amounts payable. Target is the number of performance shares awarded in 2017. If there is a payout, threshold represents the lowest possible payout (20 percent of the grant) and Maximum reflects the highest possible payout (200 percent of the grant). The performance shares awarded in 2017 accrue dividend equivalents and are paid out in cash, and the cash payout, if any, will occur at the end of the three-year performance period (January 2017 through December 2019). Payout is calculated in the manner described in Footnote 2 to the Option Exercises and Stock Vested in Fiscal Year 2017 table in this Proxy Statement, except that the modifier for the 2017 grant depends on Chevron s TSR for the three-year performance period relative to the S&P 500 Total Return Index and the TSR for our peer group of major oil competitors which consists of BP, ExxonMobil, Royal Dutch Shell, and Total. As such, the modifiers for the 2017 grant range from 0 to 200 percent in increments of 40 percent.

(3) Reflects RSUs granted under the LTIP. See our Compensation Discussion and Analysis Components of Executive Compensation Long-Term Incentive Plan for a detailed description of RSU awards. These RSUs accrue dividend equivalents and are paid in cash upon vesting on January 31 following the fifth annual anniversary of the grant date. Total payout will be based on the Chevron common stock closing price on the vesting date multiplied by the number of vested RSUs.

(4) Reflects nonstatutory/nonqualified stock options granted under the LTIP. See our Compensation Discussion and Analysis Components of Executive Compensation Long-Term Incentive Plan for a description of stock option awards. Stock options have a 10-year term. One-third vests each January 31, starting with the January 31 that is at least one year following the grant date. The value of stock options realized upon exercise is determined by multiplying the number of stock options by the difference between the fair market value at the time of exercise and the exercise price of the stock options. Stock option awards do not accrue dividends or dividend equivalents.

(5) The exercise price is the closing price of Chevron common stock on the grant date.

(6) We calculate the grant date fair value of each award in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC Topic 718) and as described in Footnotes 2 and 3 to the Summary Compensation Table in this Proxy Statement.

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## Outstanding Equity Awards at 2017 Fiscal Year-End

The following table sets forth information concerning the outstanding equity incentive awards at December 31, 2017, for each of our NEOs.

| | Option Awards | | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|---|
| ne(1) | Grant Date of Awards | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable(2) | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(3) | Market Value of Shares or Units of Stock That Have Not Vested ($)(4) | Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#)(5) | Equi Incenti Plan Awar Market Payout Val of Unearn Shares, Uni or Oth Rights Th Have N Vested ($ |
| Watson | 1/25/2017 | | 250,000 | $ 117.24 | 1/25/2027 | 33,940 | $4,248,980 | 54,304 | $ 6,798,3 |
| | 1/27/2016 | 321,600 | 643,200 | $ 83.29 | 1/27/2026 | | | 110,400 | $ 13,820,9 |
| | 1/28/2015 | 441,333 | 220,667 | $ 103.71 | 1/28/2025 | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1/29/2014 | 344,000 | | $ 116.00 | 1/29/2024 | | | | |
| | 1/30/2013 | 377,000 | | $ 116.45 | 1/30/2023 | | | | |
| | 1/25/2012 | 420,000 | | $ 107.73 | 1/25/2022 | | | | |
| | 1/26/2011 | 340,000 | | $ 94.64 | 1/26/2021 | | | | |
| | 1/27/2010 | 340,000 | | $ 73.70 | 1/27/2020 | | | | |
| | 3/25/2009 | 170,000 | | $ 69.70 | 3/25/2019 | | | | |
| | 3/26/2008 | 112,000 | | $ 84.96 | 3/26/2018 | | | | |
| Yarrington | 1/25/2017 | | 62,200 | $ 117.24 | 1/25/2027 | 8,436 | $1,056,067 | 13,505 | $ 1,690,7 |
| | 1/27/2016 | 79,966 | 159,934 | $ 83.29 | 1/27/2026 | | | 27,450 | $ 3,436,4 |
| | 1/28/2015 | 109,733 | 54,867 | $ 103.71 | 1/28/2025 | | | | |
| | 1/29/2014 | 90,000 | | $ 116.00 | 1/29/2024 | | | | |
| | 1/30/2013 | 103,000 | | $ 116.45 | 1/30/2023 | | | | |
| | 1/25/2012 | 105,000 | | $ 107.73 | 1/25/2022 | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1/26/2011 | 132,000 | | $ | 94.64 | 1/26/2021 | | | | | |
| | 1/27/2010 | 135,000 | | $ | 73.70 | 1/27/2020 | | | | | |
| K. Wirth | 1/25/2017 | | 80,800 | $ | 117.24 | 1/25/2027 | 10,971 | $1,373,408 | 17,545 | $ | 2,196,4 |
| | 1/27/2016 | 79,966 | 159,934 | $ | 83.29 | 1/27/2026 | 18,300 | $2,290,977 | 27,450 | $ | 3,436,4 |
| | 1/28/2015 | 109,733 | 54,867 | $ | 103.71 | 1/28/2025 | 14,700 | $1,840,293 | | | |
| | 1/29/2014 | 90,000 | | $ | 116.00 | 1/29/2024 | | | | | |
| | 3/27/2013 | 3,000 | | $ | 120.19 | 3/27/2023 | | | | | |
| | 1/30/2013 | 90,000 | | $ | 116.45 | 1/30/2023 | | | | | |
| | 1/25/2012 | 105,000 | | $ | 107.73 | 1/25/2022 | | | | | |
| | 1/26/2011 | 132,000 | | $ | 94.64 | 1/26/2021 | | | | | |
| | 1/27/2010 | 135,000 | | $ | 73.70 | 1/27/2020 | | | | | |
| | 3/25/2009 | 130,000 | | $ | 69.70 | 3/25/2019 | | | | | |
| . Johnson | 1/25/2017 | | 80,800 | $ | 117.24 | 1/25/2027 | 10,971 | $1,373,408 | 17,545 | $ | 2,196,4 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1/27/2016 | 103,900 | 207,800 | $ | 83.29 | 1/27/2026 | | | 35,700 | $ | 4,469,2 |
| | 1/28/2015 | 109,733 | 54,867 | $ | 103.71 | 1/28/2025 | 14,700 | $1,840,293 | | | |
| | 1/29/2014 | 90,000 | | $ | 116.00 | 1/29/2024 | | | | | |
| | 1/30/2013 | 77,500 | | $ | 116.45 | 1/30/2023 | | | | | |
| | 1/25/2012 | 78,000 | | $ | 107.73 | 1/25/2022 | | | | | |
| | 1/26/2011 | 38,000 | | $ | 94.64 | 1/26/2021 | | | | | |
| | 1/27/2010 | 38,000 | | $ | 73.70 | 1/27/2020 | | | | | |
| | 3/25/2009 | 19,000 | | $ | 69.70 | 3/25/2019 | | | | | |
| Geagea | 1/25/2017 | | 62,200 | $ | 117.24 | 1/25/2027 | 8,436 | $1,056,067 | 13,505 | $ | 1,690,7 |
| | 1/27/2016 | 79,966 | 159,934 | $ | 83.29 | 1/27/2026 | | | 27,450 | $ | 3,436,4 |
| | 1/28/2015 | 109,733 | 54,867 | $ | 103.71 | 1/28/2025 | | | | | |
| | 1/29/2014 | 90,000 | | $ | 116.00 | 1/29/2024 | | | | | |
| | 1/30/2013 | 54,000 | | $ | 116.45 | 1/30/2023 | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 1/25/2012 | 37,000 | | $ | 107.73 | 1/25/2022 |
| 1/26/2011 | 38,000 | | $ | 94.64 | 1/26/2021 |
| 1/27/2010 | 38,000 | | $ | 73.70 | 1/27/2020 |
| 3/25/2009 | 36,000 | | $ | 69.70 | 3/25/2019 |

(1) Termination for reasons other than for misconduct may result in full or partial vesting of awards granted under the LTIP. Full or partial vesting depends upon the sum of an NEO s age plus his or her years of service. This policy is a reflection of our belief that the LTIP should be designed to encourage retention and support long-term employment. For a description of the effect of this policy on the outstanding LTIP awards of our NEOs, refer to the Potential Payments Upon Termination or Change-in-Control section of this Proxy Statement.

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EXECUTIVE COMPENSATION

(2) Stock options have a 10-year term. 2016 and earlier grants vest at the rate of one-third per year, with vesting occurring on the first, second, and third annual anniversary of the grant date. One-third of the 2017 grant vests each January 31, starting with the January 31 that is at least one year following the grant date. Stock option awards do not accrue dividends or dividend equivalents.

(3) Represents unvested RSUs that were awarded during the annual January LTIP award cycle. These awards are paid out in cash at the end of the vesting period. The January 25, 2017 RSUs include dividend equivalents. 100 percent will vest on January 31, 2022 if the NEOs are employed on January 31, 2018. The January 27, 2016 grant to Mr. Wirth does not include dividend equivalents, and will vest on January 27, 2019 if he is employed through the vesting date. The January 28, 2015 grants to Messrs. Wirth and Johnson do not include dividend equivalents, and will vest on January 28, 2018 if they are employed through the vesting date.

(4) Market value is based upon number of RSUs, including, when applicable, dividend equivalents that have not vested multiplied by $125.19, the closing price of Chevron common stock on December 29, 2017.

(5) Represents performance shares that vest and are paid out in cash at the end of the applicable three-year performance period. The January 25, 2017 grant accrues dividend equivalents, vests on December 31, 2019 and is paid in 2020. The January 27, 2016 grant does not accrue dividend equivalents, vests on December 31, 2018 and is paid in 2019. The estimated shares for the 2017 grant is based upon an 80 percent performance modifier, and the estimated shares for the 2016 grant is based upon a 150 percent modifier.

(6) Represen