Research Report

Company		Ticker Symbol	CUSIP
CHEVRON CORPORATION		CVX	166764100
Guideline	**Meeting Date**	**Record Date**	**Date Published**
Standard	05/27/20	03/30/20	05/19/20

(delivered to most major institutional investors and parties interested in proxy matters)

Our recommendations are received by most major investors.

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THIS IS A CORRECTED REPORT

Meeting Information	
Meeting Type	Annual
Meeting Date	05/27/20
Record Date	03/30/20

Items & Recommendations

We recommend that clients holding shares of CHEVRON CORPORATION vote:

Item	Egan-Jones Recommendation	Management Recommendation
1 – Election of Directors	FOR, WITH EXCEPTION OF D. JAMES UMPLEBY III, DEBRA REED KLAGES, RONALD D SUGAR, ENRIQUE HERNANDEZ JR	FOR ALL
2 – Ratify PwC as the Independent Registered Public Accounting Firm for 2020	AGAINST	FOR
3 – Approve, on an Advisory Basis, Named Executive Officer Compensation	AGAINST	FOR
4 – Shareholder Proposal – Lobbying	AGAINST	AGAINST
5 – Shareholder Proposal – Create Board Committee On Climate Risk	FOR	AGAINST
6 – Shareholder Proposal - Report on Climate Lobbying	AGAINST	AGAINST
7 – Shareholder Proposal - Report on Petrochemical Risk	FOR	AGAINST
8 – Shareholder Proposal - Report On Human Rights Practices	FOR	AGAINST
9 – Shareholder Proposal - Special Meetings	AGAINST	AGAINST
10 – Shareholder Proposal - Independent Chairman	FOR	AGAINST

Considerations and Recommendations

Egan-Jones' review centered on the Proposals in the context of maximizing shareholder value, based on publicly available information.

This is a corrected report.

Governance Rating Score Summary

The Egan-Jones Governance Rating is based upon data sourced from FactSet Research Systems Inc., the company's public filings, reputable news sites, as well as other regulatory disclosures such as those found at the SEC and FASB

Ticker	**CVX**
Company name	**Chevron Corporation**

Board Rating

Item	**TRUE/FALSE**
CEO and Chairman Separate	FALSE
Annual Director Elections	TRUE
All Classes of Stock Have Equal Voting Rights	TRUE
Compensation Committee with All Independents	FALSE
Audit Committee with All Independents	TRUE
Nominating Committee with All Independents	FALSE
Non-binding Compensation Vote on Agenda	TRUE
Majority Independent Directors on Board	TRUE
Over-boarded CEO Director	FALSE
Over-boarded Board Chair	FALSE
Over-boarded Non-CEO Director	FALSE
Major cyber security breach	FALSE
Failure to implement sufficient carbon risk plan	FALSE
Other financial or operational risk control failure	FALSE
Other serious reputational risk failure by the Board	FALSE
Version	VER 2.10 12/15/2017
Sub Total	60.00
Performance Adjustment	0.00
Total	60.00
Final Board Score	***Neutral***

Compensation Rating

CEO Total Comp($)	33,070,662
CEO Salary ($)	1,570,833
TSR (%)	0.90
Market Capitalization ($M)	225,152.37
Wealth Creation ($M)	2030.47
Wealth Creation/CEOPAY	61.40
Raw Score (pre adjustments)	Good
Final Score	***Needs Attention***
Rating Model Version	VER 3.10 12/15/2017
High CEO Total Compensation	Negative Adjustment
CEO Salary Under $1 Million Limit	No Adjustment
Other Adjustments:	No Adjustment

Audit Rating

Audit Fees	28,200,000
Total Fees	30,200,000
Non-Audit Fees exceed 50%	FALSE
Auditor has served for seven or more years	TRUE
Raw Score	Some Concerns
Version	VER 1.11 12/15/2017
Final Score	***Needs Attention***

Governance Rating

Overall Score	***Needs Attention***

Cyber Security Risk Rating

The Egan-Jones Cyber Risk Ratings helps stake holders assess the security posture (health) of covered entities. EJPS analysts use the SecuritiesScorecard platform to ascertain the company's Score which is incorporated into the EJPS Proxy Research Report. The methodology utilized for determining the Score can be found at http://ejproxy.com/media/documents/Egan-Jones_Proxy_Services_Cyber_Risk_Rating.pdf. For additional questions or comments please contact research@ejproxy.com or +1-844-495-5244 x1102.

Company Name	CHEVRON CORPORATION
Domain	chevron.com
SSC Letter Grade	B
SSC Industry	energy
Application Security	D
Cubit Score	A
DNS Health	D
Endpoint Security	A
Hacker Chatter	A
IP Reputation	A
Network Security	A
Information Leak	A
Patching Cadence	A
Social Engineering	A
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Minimum Factor Grade	D
EJP Qualitative Adjustment	None
Final Score	***Some Concerns***
Cyber Security Scoring Engine Version	2.0.1 - EJP

Item 1

Election of Directors

Director Name	Nominee	Key Committee Membership	Attendance (<75%)	Position CEO/Chair	Director Since	Diverse director	Classification	Footnotes	EJP recommendation
	1	2	3	4	5	6	7	8	9
ALICE P GAST	Yes	N	No		2012	Yes	Independent Outside Director		FOR
CHARLES W MOORMAN IV	Yes	A	No		2012		Independent Outside Director		FOR
D. JAMES UMPLEBY III	Yes	C;N	No		2018		Independent Outside Director	F18	WITHHOLD
DAMBISA F MOYO	Yes	A	No		2016	Yes	Independent Outside Director		FOR
DEBRA REED KLAGES	Yes	C	No		2018	Yes	Independent Outside Director	F18	WITHHOLD
ENRIQUE HERNANDEZ JR	Yes	C	No		2008	Yes	Independent Outside Director	F18	WITHHOLD
JOHN B. FRANK	Yes	A	No		2017		Independent Outside Director		FOR
MICHAEL K WIRTH	Yes		No	CHAIRMAN,CHIEF EXECUTIVE OFFICER	2017		Inside Director		FOR
RONALD D SUGAR	Yes	C;N	No		2005		Affiliated Outside Director	F6, F18	WITHHOLD
WANDA M AUSTIN	Yes	N	No		2016	Yes	Independent Outside Director		FOR

F6 Affiliation - Over-tenured director - Member of a Key Board committee

According to Egan-Jones' Proxy Guidelines a director whose tenure on the Board is 10 years or more is considered affiliated, except for diverse nominees. We believe that key Board committees namely Audit, Compensation and Nominating committees should be comprised solely of Independent outside directors for sound corporate governance practice.

F18 Member of the Compensation Committee and the Company earns a compensation score of Some Concerns or Needs Attention

Egan-Jones' Proxy Guidelines state that the Compensation Committee should be held accountable for such a poor rating and should ensure that the Company's compensation policies and procedures are centered on a competitive pay-for-performance culture, strongly aligned with the long-term interest of its shareholders and necessary to attract and retain experienced, highly qualified executives critical to the Company's long-term success and the enhancement of shareholder value.

Item 2

Ratify PwC as the Independent Registered Public Accounting Firm for 2020

Recommendation:

At Egan-Jones Proxy Services we review relevant factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the ratification of appointment of independent auditors. We believe that auditor rotation every seven years, a ratio of non-audit fees and total fees not exceeding 50%, a lack of significant and material disciplinary actions taken against the Company's Auditor and any financial interest of the auditor in or association with the Company are the minimum criteria that should be taken into consideration in ensuring the auditor's independence.

The sum total of our evaluation can be found in the Auditor Rating we give this auditor. Generally and absent other negative factors, we suggest a score of ***Neutral*** or higher. This audit firm has earned a grade of ***Needs Attention*** and thus, has failed to pass our model.

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders should not support the ratification of the auditors. **Therefore, we recommend a vote AGAINST this Proposal.**

**See scoring details on top of the report.*

Background:

While ratification of auditors is one of the most common proposals submitted to shareholders it should not be overlooked. After employing the most qualified directors and CEO, to manage and grow the company, having equally experienced auditors should be next in importance. Reliable auditors are critical to ensuring shareholders receive accurate and timely reports of the Company's financial performance.

Exhibit 1 - Audit Fees

	Current Fiscal Year		Prior Fiscal Year	
Audit Fees	$	28,200,000	$	27,600,000
Audit Related Fees	$	1,100,000	$	1,800,000
Non Audit and Tax Fees	$	900,000	$	1,400,000
Total Fees	$	30,200,000	$	30,800,000

Exhibit 2 - Audit Fee Ratios

	Relevant Ratios	Note
Total Fee Increase/Decrease	-1.9%	
Non-Audit Related Fees divided by Total Fees (Current FY):	3.0%	Should not be higher than 50%

Board Auditor Choice: **PricewaterhouseCoopers, LLP**

PricewaterhouseCoopers, LLP is a PCAOB (Public Company Accounting Oversight Board) registered auditor. Public records show that there have been a disciplinary actions taken against this firm; however, we do not believe this to be unusual for such a large company with a numerous number of employees, in most of these cases.

Nevertheless, we note the PCAOB Release No. 105-2017-032 from August 2, 2017 in which the Public Company Accounting Oversight Board censured PricewaterhouseCoopers LLP ("PwC" or "Respondent") and imposed on PwC a civil money penalty in the amount of $1,000,000. The Board imposed these sanctions on the basis of its findings that PwC violated PCAOB rules and standards in connection with its 2014 audit and examination engagements for Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"), a broker-dealer registered with the United States Securities and Exchange Commission ("Commission").

In addition, we note the 2014 PCAOB order (PCAOB Release No. 105-2014-007) in which the Board censured Randall A. Stone, CPA ("Stone"), Randall A. Stone, age 51, of Austin, Texas, a certified public accountant licensed under the laws of Texas (license no. 047916), imposed a civil money penalty in the amount of $50,000; and barred Stone from being associated with a registered public accounting firm. At all relevant times, Stone was a partner in the Austin, Texas office of PwC was an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i). Stone retired from PwC effective June 30, 2014. This PCAOB order resulted from its findings concerning Stone's violations of PCAOB rules and auditing standards in connection with (1) the audit of the consolidated financial statements of ArthroCare Corporation ("ArthroCare" or "Company") for the fiscal year ended December 31, 2007, and (2) the consent to incorporate by reference the fiscal year 2007 audit report in a Form S-8 Registration Statement filed by ArthroCare with the United States Securities and Exchange Commission ("Commission" or "SEC") in June 2008.

Item 3

Approve, on an Advisory Basis, Named Executive Officer Compensation

Recommendation:

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders cannot support the current compensation policies put in place by the Company's directors. Furthermore, we believe that the Company's compensation policies and procedures are not effective or strongly aligned with the long-term interest of its shareholders. **Therefore, we recommend a vote AGAINST this Proposal.**

Background:

At Egan-Jones Proxy Services we review a number of factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the advisory vote on executive compensation. These include total CEO compensation, company performance, and any past issues with compensation.

The sum total of our quantitative look at compensation can be found in the compensation corporate governance grade we give this company. Generally and absent other negative factors, a score of *Neutral* or higher in compensation merits a positive "say-on-pay" vote. This Company has earned a grade of ***Needs Attention*** in compensation and thus, has failed to pass our quantitative tests.

Our qualitative review of this Company's compensation has identified one minor issue, the CEO's salary at $1,570,833 exceeds $1 million. While this issue is not

sufficient to trigger a negative vote alone, it does impact the Company's overall compensation score, we would recommend the board investigate and consider alternative means of compensation for the CEO and any other covered NEOs who exceed this limit in the future.

This advisory vote is not binding. Although non-binding, the Compensation Committee will consider the outcome of the advisory vote when making future decisions regarding the executive compensation programs.

See scoring details on the top of the report.

Item 4

Shareholder Proposal – Lobbying

Recommendation:

We believe that it is in the best interests of the Company and the stockholders to belong to industry associations and coalitions, where the Company benefits from the general business, technical, and industry standard-setting expertise these organizations provide. We furthermore believe that the proposal seeks unnecessary line-item disclosure of lobbying expenditures. We believe that the requested report is unnecessary and would require expenditures and the use of Company resources without providing any meaningful benefit to the shareholders. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by Chevron used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

3. Chevron's membership and payments to any tax-exempt organization that writes and/or endorses model legislation.

4. Description of management's and the Board's decision-making process and oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Chevron is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to all relevant oversight committees and posted on Chevron's website.

The lobbying disclosure initiative is a natural extension of ongoing shareholder efforts seeking greater corporate political spending transparency and accountability. Specifically, enhanced lobbying disclosure will enable shareholders to better evaluate whether a company's lobbying expenditures and actions advance the company's interests and do not present risks to company value. (AFSCME Employees Pension Plan, 2014).

Shareholders encourage transparency and accountability in the company's use of corporate funds to influence legislation and regulation. Some companies do not disclose its memberships in, payments to, trade associations, or the portions of such amounts used for lobbying. Absent a system of accountability, company assets could be used for objectives contrary to the Company's long-term interests.

Item 5

Shareholder Proposal – Create Board Committee On Climate Risk

Recommendation:

We believe that acknowledging climate change as an inevitable factor, and recognizing the need to adapt, involves bold decisions by business. Therefore, we believe that companies should review how climate change impacts the economy and portfolio companies and evaluate how shareholder resolutions on climate change may impact long-term shareholder value. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board of Directors to charter a new Board Committee on Climate Risk to evaluate the board and management's climate strategy and to better inform board decision making on climate risks and opportunities. The charter should explicitly require the committee to report to the full board on corporate strategy, above and beyond matters of legal compliance, assessing the company's responses to climate related risks and opportunities, including the potential impacts of climate change on business, strategy, financial planning, and the company's operating environment.

While the ultimate responsibility for climate strategy should fall on the full board, a board committee can conduct a more focused review than the full board, and therefore better inform and strengthen board decision making by:

- Preparing reports to the board with depth and attention to existential climate risks;
- Making recommendations to the board regarding corporate planning time frames, carbon reduction goals, and capital allocation strategies to redirect its business model and financial flows consistent with the Paris Agreement;
- Providing leadership for the full board's climate deliberations;
- Coordinating with audit and compensation committees to ensure integrated attention to climate risk;
- Delineating responsibility and evaluating the efficacy of management and board responses to climate risks and opportunities.

A formal board committee charter clarifies a fiduciary duty of care on climate change matters. The board should consider the need for staffing to adequately

resource the committee.

Board oversight of climate change strategy and planning is essential to address the existential threat of climate change to the fossil fuel industry and the Company. Climate risk merits the creation of a board committee to help lead the necessary transition.

Major oil companies face unprecedented disruption to their business driven by global imperatives to limit global warming and competition from non-carbon-emitting technologies. The Intergovernmental Panel on Climate Change projects dramatic drops in industry emissions of 50 to 90 percent by 2050 are necessary to limit global warming to 1.5 and 2 degrees Celsius.

As fiduciaries, the board is responsible for stewardship of business performance and long-term strategic planning, in light of risk factors like climate science and policy. Committee charter language can help to define the scope of fiduciary duties of committee members and ensure that effective systems are in place.

A failure to adequately plan for a low carbon transition, including climate change policy, competition from renewables, peak oil demand, and unburnable fossil fuel reserves, may place investor capital at substantial risk. Implementing the Proposal would represent a prudent path forward by formalizing board level oversight of climate change strategy so the company may remain successful in an increasingly decarbonizing economy.

Item 6

Shareholder Proposal - Report on Climate Lobbying

Recommendation:

We believe that the requested report is unnecessary and would require expenditures and the use of Company resources without providing any meaningful benefit to the shareholders. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, Chevron's lobbying activities (direct and through trade associations) align with the goal of limiting average global warming to well below 2 degrees Celsius (the Paris Climate Agreement's goal). The report should also address the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks.

Chevron already discloses extensive information about its lobbying activities as well as its political contributions. In many cases, this disclosure goes beyond what is required by law. In addition, the company discloses a full list of trade associations with annual dues of more than $100,000 wherein a portion of the dues may be used for lobbying. The associations on this list represent 96 percent of the Company's annual trade association expenditures.

Energy production, development and consumption is a critical public policy issue. Policy decisions can significantly affect Chevron's strategies, capital investments, operations and, ultimately, stockholder value. Opponents of Chevron's industry are well resourced to influence policy decisions in a manner that increases risk for Chevron. It is essential, therefore, for Chevron to exercise its fundamental right and responsibility to participate in the public policymaking process. Chevron does so by engaging with policymakers and expressing its views on pending policy proposals, by engaging in direct and indirect lobbying, and by participating in a diverse range of business and policy organizations that advocate positions supporting free markets and responsible energy legislation and regulation. In addition, Chevron exercises its right to participate in the political process by making contributions to candidates and entities supportive of the oil and gas industry and a reasonable regulatory environment.

Chevron shares the concerns of governments and the public about climate change risks. Chevron recognizes that the use of fossil fuels to meet the world's ever-growing energy needs is a contributor to rising levels of greenhouse gases ("GHGs") in the earth's atmosphere. Chevron believes that taking prudent, practical, and cost-effective actions to address climate change risks is the right thing to do.

Chevron supports a well-designed price on carbon as the primary policy tool to achieve GHG emissions reduction goals. This approach can best incentivize the most efficient and cost-effective emissions reductions while providing support to impacted communities and creating a level playing field that maintains economic competitiveness. To this end, Chevron works with governments and other stakeholders to develop climate policy that addresses environmental goals while continuing to ensure critical access to affordable, reliable, and ever-cleaner energy. Chevron also engages through its various trade associations to ensure the development of well-designed climate policy. In doing so, Chevron works to ensure that such policy aligns with Chevron's Climate Principles of encouraging global engagement, striking a balanced and measured approach, supporting research and innovation, and providing transparency for consumers.

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

Item 7

Shareholder Proposal - Report on Petrochemical Risk

Recommendation:

We believe that improved disclosure on petrochemical risk will help the Company in mitigating public health risks associated with climate-related impacts and the dangerous chemicals it uses. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests Chevron, with board oversight, to publish a report, omitting proprietary information and prepared at reasonable cost, assessing the public health risks of expanding petrochemical operations and investments in areas increasingly prone to climate change-induced storms, flooding, and sea level rise.

Investors request the company assess, among other related issues at management and Board discretion: The adequacy of measures the company is employing

to prevent public health impacts from associated chemical releases.

Investors are concerned about the financial, health, environmental, and reputational risks associated with operating and building-out new chemical plants and related infrastructure in Gulf Coast locations increasingly prone to catastrophic storms and flooding associated with climate change. Chevron Phillips Chemical Company (CPChem), owned jointly by Chevron and Phillips 66, is a major petrochemical producer in the Gulf Coast.

Petrochemical facilities like ethane crackers and polyethylene processing plants produce dangerous pollutants including benzene (a known carcinogen), Volatile Organic Compounds, and sulfur dioxide. These operations can become inundated and pose significant chemical release risks during extreme weather events. Flooding from Hurricane Harvey in 2017 resulted in CPChem plant shut downs and the release of unpermitted, unsafe levels of pollutants. Nearby Houston residents reported respiratory and other health problems following CPChem's releases during Hurricane Harvey.

Growing storms and the costs they bring the company are predicted to increase in frequency and intensity as global warming escalates. Recent reports show that greenhouse gas emissions throughout the petrochemical and plastic supply chain contribute significantly to climate change, thereby exacerbating the threat of physical risks such as storms.

Flood-related damage is projected to be highest in Texas, where many of CPChem's petrochemical plants are concentrated, and Houston alone has seen three 500-year floods in a three-year span. Chevron stated that Hurricane Harvey is the primary reason for lower earnings of $70 million from CPChem in 2017.

Civil society groups have mobilized to oppose the expansion of petrochemical facilities in their communities due to concerns regarding direct health and livelihood impacts from air and water pollutant releases. Such opposition threatens to jeopardize CPChem's social license to operate in the region. Historically, releases from CPChem's petrochemical operations have exceeded legal limits, exposing the company to liability. As climate change intensifies flooding and storm strength, the potential for unplanned chemical releases grows.

In spite of these risks, CPChem has accelerated its petrochemical activity in the Gulf Coast, investing heavily to expand in flood-prone areas of Texas. The company has generally disclosed that physical climate-related risks may impact its business and that it has a risk management system to plan for resiliency. The impacts to CPChem's operations from Hurricane Harvey, however, indicate the company's level of preparedness is insufficient. While the Company rapidly expands its petrochemical assets in climate-impacted areas, investors seek improved disclosure to understand whether CPChem is adequately evaluating and mitigating public health risks associated with climate-related impacts and the dangerous chemicals it uses.

Item 8

Shareholder Proposal - Report On Human Rights Practices

Recommendation:

We believe that the adoption of a more comprehensive human rights policy, coupled with implementation, enforcement, independent monitoring, and transparent, comprehensive reporting will assure shareholders of the Company's global leadership. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board of Directors to commission an independent third-party report, at reasonable cost and omitting proprietary information, evaluating the effectiveness of Chevron's efforts to prevent, mitigate and remedy actual and potential human rights impacts of its operations.

Chevron is the second-largest integrated energy company in the United States. Chevron's global operations have contributed to negative impacts on human rights, community relations, health, air quality, and water, all of which are identified as material for the Oil and Gas Exploration and Production sector by the Sustainability Accounting Standards Board. Its operations may have discriminatory impact, with disparate harm on communities of color and fenceline communities. Emissions from the use of Chevron's products and operations contribute to the climate crisis, which may compound impacts to already burdened communities.

Discharge or leaks from Chevron's operations may impact human health and the environment, and affected communities may not be adequately consulted or informed of risks. For example, spills from a Chevron well in California seeped over 900,000 gallons of crude oil and water in 2019, generating a $2.7 million fine for failure to operate with good practice and harm to human health and the environment. Fenceline communities adjacent to Chevron's Richmond, CA refinery have higher rates of cardiovascular disease, cancer, and asthma. Like most environmental justice communities burdened with the cumulative impacts of pollution, 15% of residents in Richmond are living in poverty and 80% are people of color.

Impacts on communities may also result in litigation, project delays, and costly fines. An Ecuadorian court issued a $9.5 billion judgment against Chevron for its legacy Texaco operations in Ecuador, which historically disposed of billions of gallons of toxic waste into waterways, impacting over 30,000 indigenous peoples. Chevron faced a $160 million settlement and is required to take nationwide safety and chemical accident prevention measures following repeated violations of the Clean Air Act from chemical releases, deadly explosions, and fires. The city of Richmond filed a lawsuit against Chevron for health impacts, economic losses, and environmental harm, citing its lapses in maintenance and disregard for public safety.

While Chevron has a Human Rights Policy and Operational Excellence Management System, investors are unable to assess the effectiveness of these systems in identifying risks, ensuring meaningful stakeholder engagement, reducing negative impacts on communities and the environment, and provision of remedy. In the 2019 Corporate Human Rights Benchmark, Chevron received zero points on remedy, evaluating effectiveness of human rights actions, and communicating how impacts are addressed.

The pattern and number of penalties, court filings, and protests Chevron faces from fenceline communities raise questions about whether Chevron's policies and systems are effectively implemented to prevent, mitigate and remedy human rights impacts.

Item 9

Shareholder Proposal - Special Meetings

Recommendation:

We do not believe it is appropriate to enable holders of below 25% of the common stock to have an unlimited ability to call special meetings for any purpose at any time. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board of Chevron Corporation (“Chevron” or “Company”) to take the steps necessary to amend Company bylaws and appropriate governing documents to give holders of 10% of outstanding common stock the power to call a special shareowners meeting. To the fullest extent permitted by law, such bylaw text in regard to calling a special meeting shall not contain exceptions or excluding conditions that apply only to shareowners but not to management or the Board.

As a result of targeted activism in the last few years, more than half of the S&P 500 companies now allow shareholders to call special meetings (Davis Polk & Wardwell LLP, 2011). Annual meetings are important matters for the investors. Annual meetings usually take place sometime in the spring, during “annual meeting season”, a few months after the December 31 fiscal year-end. Investors can also schedule a special shareholder meeting, subject to some diverse and stimulating rules, and a bit of strategy.

Some Companies view that such right is burdensome in terms of financial expense, time and management resources. Also, such right permits a small percentage of shareholders to call a meeting that may serve their intended purposes, rather than those of the Company and the majority of shareholders.

In the contrary, many investors believe that it is imperative that shareholders are given a right to timely call special meetings. Special meetings could impose substantial administrative and financial burdens on the Company and could significantly disrupt the conduct of the Company’s business. Enabling the holders of only ten percent of the Company’s outstanding stock to call special meetings could subject the Company and the Board to disruption from stockholder activists or special interest groups with an agenda not in the best interests of the Company or long-term stockholders.

Item 10

Shareholder Proposal - Independent Chairman

Recommendation:

We believe that there is an inherent potential conflict, in having an Inside director serve as the Chairman of the board. Consequently, we prefer that companies separate the roles of the Chairman and CEO and that the Chairman be independent to further ensure board independence and accountability**. After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require that whenever possible the Chair of the Board, of Directors be an independent member of the Board. This policy would phase in for the next CEO transition.

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

Since the occurrence of the financial crisis, the clamor for independent chairman proposals has is usually formulated either as a proposal to separate the roles of CEO and chair or as a proposal that the chairman be an independent director. Lehman Brothers and Bear Stearns used to have a combined chairman and CEO post, a fact which has led to criticism of the dual role.

It has been a prevalent practice for large companies to have the CEO and chair positions combined. According to Spencer Stuart (http://www.corpgov.deloitte.com/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/USEng/Documents/Nominating-Corporate%20Governance%20Committee/Board%20Composition%20and%20Recruitment/SpencerStuartBI%202013_04Nov2013-lowres.pdf) , in 2013, 25% of S&P 500 boards have a truly independent chair, a non-executive director or a former executive director, compared with 16% five years ago – a proof that splitting the dual role has become a business trend since the mid-2000’s. This reflects the views of certain shareholders that having the CEO or any top executive serve as chairman could be detrimental to the whole board’s independence. The CEO’s main role is to manage the company, with the board serving as a lookout to the management. As a result, the chairman, being the one who runs the board, should be accountable to the shareholders. When the two roles are combined, there is a possibility of lack of independent oversight and minimal accountability in the board room that could put a company’s long-term health and profitability and the interests of shareholders at risk.

On the contrary, many companies believe that having an independent chairman is not a one-size-fits-all approach. Opponents of the proposal argue that there is no solid evidence that link a higher shareholder return with having an independent chair. As a matter of fact, this shareholder proposal failed to win majority support at large companies. For example, Walt Disney has split the chairman/CEO roles in 2005, but in 2012, it recombined the roles. In 2013, Disney shareholders rejected a proposal to separate the roles with a 65% “against” vote. Also, JPMorgan Chase CEO Jamie Dimon gained shareholder support to remain as chairman, against a proposal to split the roles after the bank has posted the “London Whale” trading loss. Also, the decision to maintain a combined Chair/CEO role or have an independent chairman should be also based on the specific circumstances of a corporation, the independence of its directors, and the leadership provided by its CEO. Moreover, proponents should take into account the current leadership structure and governance practices of a company which include but is not limited to the following:

- Having a Lead Independent Director
- Majority of the board is comprised of independent directors
- Independent directors comprise the key board committees
- Independent directors meet frequently in executive sessions that are presided over by the Lead Independent Director with no members of management present.

Closing Comments

5/19/20 correction - the table on top of the report was updated with ENRIQUE HERNANDEZ JR's name to match the final recommendation in election of Directors Proposal.

SRI report - recommendation on Proposal 6 was corrected to FOR in the table on top of the report.

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