



Human Energy™

Developing Partnerships

2008 Corporate Responsibility Report

Welcome

Corporate responsibility is a journey. Its path is marked with challenges and opportunities that through dialogue and partnership can be leveraged for common benefit and greater understanding. Through this report, we hope to convey to you how conducting our business responsibly, delivering energy and creating sustainable partnerships are at the core of Chevron's values.

Energy is the foundation of global growth and prosperity. For billions of people, access to energy is the first and vital step out of poverty. To help meet current and future demand, we strive to find and produce energy safely and with respect for the environment. While billions of people do not have access to energy, millions of people could use energy more efficiently. This year, we engaged the American public on an issue of utmost importance to our company – energy efficiency. For years, we have been improving our own efficiency – 28 percent since 1992. This year, we asked U.S. energy consumers to say “I Will” to taking concrete actions to reduce their energy consumption. We also do our part. Chevron's Action Plan on Climate Change has guided our emissions reduction projects, efficiency improvements and research investments.

Chevron does more than provide energy. Our partnerships touch millions of lives and set the stage for human advancement by addressing basic human needs, education and economic development. Our approach to community development in the Niger Delta gradually shifts the ownership of community development programs we fund to the communities themselves. As the first Corporate Champion of The Global Fund to Fight AIDS, Tuberculosis and Malaria, we are working to help control and eradicate these diseases in six countries with high incidence rates.

In 2008, we expanded and deepened our engagement with governments, nongovernmental organizations, thought leaders, stockholders and multilateral institutions. On topics spanning human rights, economic development, governance and climate change, we shared our views and listened to many stakeholders and experts.

For Chevron, corporate responsibility is more than just an objective. Built on The Chevron Way, it is central to everything we are and is embedded in everything we do. Thank you for joining us on this journey.



Partnering for Education

At Chevron, we believe that education opens minds, creates opportunities and provides the skills required to compete in a global economy. Chevron and the Discovery Channel Global Education Partnership collaborated to form 55 Learning Centers in four countries, including Nigeria, where J.O. Balogun (on the cover) and her students study plant growth at the Ikota Primary School in Lagos. The schools in Nigeria all experienced increased enrollment, and parents report that student enthusiasm grew, which is demonstrated in their group reading exercises in the photo at right.

▶ Meet some of the students:
Chevron.com/LearningCenters





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Results the Right Way



Dave O'Reilly, Chairman of the Board and Chief Executive Officer

The world is changing, but our values are not.

Around the globe, economies are searching for solid ground, and people are reevaluating their faith in institutions. Against these currents, The Chevron Way is our anchor.

Through good times and bad, The Chevron Way principles guide what we do and how we do it. Ask one of our nearly 62,000 employees to summarize The Chevron Way in a sentence, and he or she will likely say, "It's about getting results the right way."

Principles are put to the test in tough times. As the economic downturn grips communities where we operate, we will be steadfast. We plan to continue investing in those communities to help create jobs, support local suppliers and strengthen economies – all things the world needs now.

We make these community investments through partnerships – one of our core strengths. Our partnerships bring together business, community groups, government and nongovernmental organizations with one common goal: to produce sustainable results. To fund these partnerships, we

increased our community investments in 2008 and plan on sustaining that level in 2009.

We focus our community partnerships in three areas because we believe these are the most likely avenues for creating lasting benefits. These areas are basic human needs, education and economic development.

Examples are many – here are some of our proudest.

- **Global Fund:** We're the first Corporate Champion of The Global Fund to Fight AIDS, Tuberculosis and Malaria – a public-private partnership created by the United Nations to eradicate these diseases. Our \$30 million commitment funds programs in six countries beleaguered by these diseases, and our more than 700 health care staff support in-country implementation.
- **Education:** Since 2003, we have partnered with the Discovery Channel Global Education Partnership to support 55 Learning Centers in Angola, Venezuela, South Africa and Nigeria. In Indonesia

last year, we opened a polytechnic institute in tsunami-ravaged Banda Aceh through our partnership with government, nongovernmental organizations and the United States Agency for International Development. Along with our Riau polytechnic, which we opened in 2001, these institutes provide job training and livelihoods to thousands.

- **NovoBanco:** In 2004, Chevron and partners launched this microlending bank to spur entrepreneurship among Angola's low-income households. The bank has been extremely successful: it has expanded to three branches, with plans for 11 more; serves more than 31,000 customers; and, last year, made more than \$10 million in loans.

Inside Chevron, getting results the right way means never sacrificing safety. To reach our aspiration of zero accidents, we're creating a behavior-based safety culture that's crowned by this tenet: when a behavior looks unsafe, employees and contractors alike know they have stop-work authority. This basic tenet helped make 2008 the safest year in our history and one of the best in our industry.

Getting results the right way also means responding to other challenges – from natural disasters, to economic and social instability, to global climate change.

Responding to climate change is a long-term process. Seven years ago, we implemented our comprehensive Action Plan on Climate Change, which focuses on reducing emissions, improving efficiency, investing in research, pursuing business opportunities, and promoting flexible and economically sound policies that protect the environment. As part of the action plan, we set annual greenhouse gas emissions goals. I am pleased to report we have met those goals every year since 2004.

I'm also pleased that we're ranked No. 1 among U.S.-based oil and gas companies, and No. 2 worldwide, in the 2008 Carbon Disclosure Leadership Index. Compiled by the Carbon Disclosure Project, the index highlights companies taking "best in class" actions to measure and report carbon emissions. It is the third time in four years that we have been included.

These are priorities we work on every day. At the same time, we keep our eyes on the horizon. That's where long-term needs reside. That's where growth will take hold. And when it does, the world will need all the energy it can get.

Finding and producing that energy requires large capital investments. Most of our 2009 capital budget of \$22.8 billion – equal to what we spent in 2008 – funds the development of large energy projects. These projects are designed to increase energy supplies, efficiency and reliability for decades to come.

That's money well spent, because energy is a prerequisite for economic growth. By investing in future supplies, we're investing in future prosperity.

This year, Chevron celebrates its 130th year in operation. That's a rare achievement. It has been accomplished by generations of Chevron people, focusing their considerable talents as much on skilled performance as on sustained partnership.

That's 130 years of getting results the right way.



Dave O'Reilly
May 2009

The Chevron Way

At the heart of The Chevron Way is our vision ... to be *the* global energy company most admired for its people, partnership and performance. Our values are integrity, trust, diversity, ingenuity, partnership, protecting people and the environment, and high performance. To read more about The Chevron Way, please visit Chevron.com/ChevronWay.

Our Approach to Corporate Responsibility

Corporate responsibility at Chevron is the application of The Chevron Way across environmental, social and governance issues and priorities. We implement our corporate responsibility priorities through existing management systems, processes and policies as part of our commitment to operate responsibly and ethically. We aim to continuously improve our performance and practices throughout the corporation.

Corporate responsibility is built on our values, which guide our actions. We conduct our business in a socially responsible and ethical manner. We respect the law, support universal human rights, protect the environment and benefit the communities where we work.

How We Chose What to Include in This Report

Chevron's seventh annual Corporate Responsibility Report provides descriptions, data and perspectives on our socioeconomic and environmental performance for 2008. The report reflects our efforts toward conducting our business in a safe, socially responsible and ethical manner.

The content included in our report was selected because of its significance to our business values and objectives and its importance to our stakeholders. Our ongoing engagement with employees and external stakeholders – including communities, nongovernmental organizations and investors – helped define the issues and priorities for the report.

Chevron at a Glance

Chevron is one of the world's leading integrated energy companies, with subsidiaries that conduct business around the world. We explore for, produce and transport crude oil and natural gas; refine, market and distribute transportation fuels and other energy products; manufacture and sell petrochemical products; generate power and produce geothermal energy; provide energy efficiency solutions; and develop and commercialize the energy resources of the future, including biofuels and other renewables.

Our Operational Excellence Management System (OEMS) integrates safety, health, environmental, reliability and efficiency objectives throughout the corporation. Operational Excellence holds company leaders accountable for achieving

results in the right way by behaving in accordance with our values. More than 2,400 employees completed Operational Excellence (OE) training and certification in 2008, bringing the year-end total to 11,700. Also by year-end, 16,500 employees had completed the OE Leadership Roles and Behaviors session. In 2008, Chevron received attestation from Lloyd's Register Quality Assurance that OEMS meets all requirements of the International Standards Organization's 14001 environmental management system standard and the Occupational Health and Safety Assessment Series management specification 18001 and that OEMS is implemented throughout the corporation. These standards are international benchmarks and demonstrate Chevron's commitment to world-class performance.

We conduct business to the highest ethical standards and in compliance with the letter and spirit of all applicable laws in the countries where we operate. Our Business Conduct and Ethics Code (BC&E Code) communicates to our employees the values that guide our actions and decision making worldwide.

We require that employees read and abide by the BC&E Code. In 2008, an updated BC&E Code, which included Chevron's Human Rights Statement, was deployed in 14 languages. All employees are required to acknowledge reading the code and completing the computer-based training.

Performance Recognition

A sampling of 2008 awards and recognition

Social Responsibility

- World Petroleum Council Excellence Award for Social Responsibility.
- Dow Jones Sustainability Index for North America, for the fourth consecutive year.
- Woodrow Wilson Award for Corporate Citizenship to Chairman and CEO Dave O'Reilly.
- El Salvador Department of Transport's Award for Road Safety.
- Kazakhstan Ministry of Education and Science's Gold Medal for Patron of Education.
- Thailand Ministry of Culture's Khon Dee, Kid Dee, Sangkom Dee Award for outstanding social programs.
- Human Rights Campaign Foundation Corporate Equality Index's 100 percent rating, for the fourth consecutive year.
- GovernanceMetrics International's highest global rating of 10.0, the top 1 percent, for "'best in class' corporate governance standards."
- Philippines Quill Award for Excellence for Chevron's Community Impact Review process.
- InterAction (American Council for Voluntary International Action) Certificate of Appreciation for Chevron's contribution to fighting global poverty through innovative partnerships.

The Environment

- Carbon Disclosure Project's Leadership Index.
- Indonesian Ministry of the Environment's PROPER Green Award for environmental performance, for the third consecutive year.
- Collaborative for High Performance Schools' Green Apple Award in the Climate Change category (U.S.).

Economic Development

- Indonesian Ministry of Energy and Mineral Resources' Padma Community Development Award.
- CWC Group's NOG (Nigeria Oil and Gas Conference) Excellence in Nigerian Content Award.
- The government of Kazakhstan's Foreign Investors' Council Award for Best Investor in two categories: Long-Term and Stable Investment, and Contribution to Kazakhstan's Investment Image Enhancement.
- Kazakhstan's Altyn Zhurek (Golden Heart) Award for local business development.

- Women's Business Enterprise National Council's Top Corporations, for the sixth consecutive year (U.S.).
- Mississippi Governor's Cup Top Big Business 2008 Award for community involvement and economic impact in the state (U.S.).

Photo: Chevron's Richmond, California, refinery improved its overall energy efficiency in 2008. As part of the 100-Day Energy Blitz, employees identified ways to reduce fired steam demand by 17 percent compared with 2007, avoiding 90,000 metric tons of greenhouse gas emissions and achieving its best-ever Energy Intensity Index rating.



Conducting Business the Chevron Way

Corporate Governance

We believe that good corporate governance is a cornerstone of strong business performance.

Chevron's commitment to good governance is demonstrated in many ways. All of our directors stand for election each year, 13 of 15 are nonemployees and independent, and we have a lead independent director. Since 2004, we have elected seven new directors. Stockholders have the right to call for special meetings and recommend director candidates to the board. The board will reconsider any stockholder proposal that receives a majority of votes cast at the annual meeting. And we adopted a policy of obtaining stockholder approval of any stockholder rights plan.

Chevron strives to be transparent with and responsive to our stockholders while managing the company for long-term success. We communicate with our stockholders through reports, press releases and other formats. We meet frequently with stockholders to discuss governance, financial, environmental, social and policy issues. For example, in 2008 we met with stockholders

Below: The Chevron-operated *Northwest Swan*, which transports liquefied natural gas from Western Australia, uses gas from its own cargo as its primary fuel. Chevron Shipping Co. improved its reliability in 2008 over the previous year, demonstrated by fleet availability of 99.54 percent.



to discuss our presence in Myanmar and Nigeria, our record of support for international human rights, our environmental record and commitment to alternative energy sources, our board structure and processes, and our director and executive compensation practices.

Stockholders can submit inquiries to the Board of Directors and proposals for inclusion in our proxy statement. In the past five years, we worked with proponents of 51 stockholder proposals submitted for inclusion in our proxy statement, resulting in the agreed-upon withdrawal of 11 of those proposals. During the 2009 proxy season, we received eight stockholder proposals covering a range of topics, including greenhouse gas emissions, country selection guidelines and human rights. One of these proposals was withdrawn after dialogue with the proponents. More information can be found at Chevron.com/Investors/CorporateGovernance.

Lobbying

Chevron has a right and responsibility to advocate positions on proposed policies that will have an impact on the company's ability to meet growing demand for energy. We lobby ethically, constructively and in a bipartisan manner through direct communication with public officials. We also encourage our employees, stockholders and others to communicate with officials where permitted by law. Chevron complies with all registration and reporting regulations related to our lobbying activities.

Chevron is actively engaging the administration of U.S. President Obama and the U.S. Congress to provide perspective on the complexity of energy issues affecting the United States and the world. In 2008, our outreach to the president included recommendations on policy matters regarding the economy, energy, climate change, international issues, education, and research and development. The goal is to help shape an effective and responsible U.S. energy policy. The recommendations include promoting energy efficiency and

expanding and diversifying the country's energy portfolio. To view "Strengthening America's Energy Pillar: Recommendations for President-Elect Obama," please visit Chevron.com/ObamaLetter.

Business Ethics

Chevron takes seriously the conduct of its employees and requires questionable conduct to be reported. This may include, for example, violations of company policy or of the Chevron Business Conduct and Ethics Code. One reporting method is the Chevron Hotline, which is operated offsite by Global Compliance Services (AlertLine®), an independent agent. In 2008, AlertLine® received 555 reports, compared with 391 in 2007 and 262 in 2006. The largest percentage of reports applied to two categories: people-management issues (63 percent) and financial and internal controls (17 percent).

On Chevron.com, you can find additional information about avenues in which employees report misconduct and a description of how we administer oversight of our compliance program.

Political Contributions

Chevron has strict policies and internal approval processes so that decision making and reporting on political contributions comply with the letter and spirit of all applicable laws. Contributions in 2008 were \$4,358,256 to support candidates and political organizations that foster economic development, free enterprise and good governance. Totals include contributions to support our views on local and state ballot measures.

Chevron employees, through the Chevron Employees Political Action Committee (CEPAC), contributed \$711,270 in the 2007-2008 election cycle to the election of candidates from both parties for U.S. federal office, as well as to local and state candidates in certain U.S. jurisdictions. By policy, CEPAC does not contribute to presidential candidates or national political parties.

A list of federal contributions made by CEPAC is on the U.S. Federal Election Commission Web site. Corporate political contributions made during the previous year are on Chevron.com.

Priorities, Progress and Plans

| Page | Priority Area | What We Said We Would Do in 2008 |
|------|--|--|
| 4 | Continuous Integration of Corporate Responsibility Into Our Business | <ul style="list-style-type: none"> • Continue with Operational Excellence Management System (OEMS) implementation across the company. • Deploy corporate standard Compliance Assurance process. • Sustain rollout of Environmental, Social and Health Impact Assessment (ESHIA) for new projects, including stakeholder and community engagement components. • Roll out updated Business Conduct and Ethics (BC&E) Code to our employees. |
| 8 | Stakeholder Engagement | <ul style="list-style-type: none"> • Continue to engage the public in discussion on energy issues. • Undertake stakeholder engagement activities to progress corporate responsibility (CR) approach and reporting. • Engage Lloyd's Register Quality Assurance for ongoing third-party verification (page 44). |
| 14 | Climate Change, Renewables and Energy Efficiency | <ul style="list-style-type: none"> • Continue operational activities to reduce greenhouse gas (GHG) emissions and increase energy efficiency. • Continue to pursue strategic research alliances on renewable energy technologies, including development of cellulosic ethanol. • Extend engagement with state, federal and international officials on policies and regulations related to GHG emissions reduction mandates. |
| 22 | Environmental Management | <ul style="list-style-type: none"> • Deploy global audit program and continue training to implement corporate Third-Party Waste Stewardship process. • Continue to implement ESHIA process and include biodiversity assessments in new projects. • Continue collection and analysis of environmental data to evaluate performance. • Continue OEMS alignment with leading industry standards and integrate OEMS environmental performance objectives and guidance into operations. |
| 28 | Community Engagement | <ul style="list-style-type: none"> • Increase support and resources devoted to capacity building and economic development. • Continue working with Regional Development Councils (RDCs) in the Niger Delta to execute development plans. • Move forward on second phase of Angola Partnership Initiative with funds committed through 2012. • Leverage partnerships and invest \$30 million over three years to assist The Global Fund to Fight AIDS, Tuberculosis and Malaria. |
| 34 | Global Strategic Workforce Development, Including Health and Safety | <ul style="list-style-type: none"> • Continue to provide new employment across our operations. • Continue to implement global partnership programs to attract and hire talented people. • Further implement our retention strategies and develop our employees' capabilities. • Maintain our focus on structured leadership development programs for our supervisors, managers and senior leaders. • Sustain commitment to reduce all incidents to zero. • Continue implementing global HIV/AIDS policy and collaborating with stakeholders on health initiatives for HIV/AIDS, tuberculosis and malaria. • Continue to address road safety. • Host sixth annual Operational Excellence (OE) Forum. • Expand implementation of cardiovascular program companywide over the next three years. • Deploy corporate standard Occupational Hygiene process. |
| 41 | Human Rights | <ul style="list-style-type: none"> • Deploy updated BC&E Code and continue training on Human Rights Statement. |

What We Did in 2008

- Received attestation from Lloyd's Register Quality Assurance that OEMS meets all requirements of ISO 14001 and OHSAS 18001 and is implemented throughout Chevron. ▲
 - Applied ESHIA to more than 450 capital projects worldwide. ▲
 - Deployed the updated BC&E Code in 14 languages to all employees. ▲
 - Spent approximately \$2.9 billion on goods and services provided by small businesses in the United States, \$515 million with minority-owned businesses and \$450 million with women-owned businesses. ◆
-
- Provided in-depth recommendations to then President-elect Obama and the U.S. Congress on energy, the environment and the economy. ▲
 - Unveiled the "I Will" advertising campaign on energy conservation and efficiency. ▲
 - Served as a member of the Philippines Renewable Energy Coalition and partner in America's Energy Coast initiative. ▲
 - Senior executives discussed energy issues with experts from think tanks, multilateral institutions and nongovernmental organizations. ▲
 - Participated in the Voluntary Principles on Security and Human Rights, Extractive Industries Transparency Initiative, and International Petroleum Industry Environmental Conservation Association working groups. ◆
 - Shared Chevron's approach to community development with The World Bank Institute, the International Finance Corp., the Business Civic Leadership Center and the Japan Institute for International Cooperation. ▲
 - Engaged Lloyd's Register Quality Assurance for verification of data reporting processes. ◆
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- Performed better than our 2008 goal in GHG emissions. ▲
 - Reduced GHG emissions from flaring and venting from 14.6 million to 13.6 million metric tons. ▲
 - Decreased our own energy consumption per unit of output 28 percent since 1992. ▲
 - Completed our first LEED (Leadership in Energy and Environmental Design) Gold-certified green building project in Covington, Louisiana. ▲
 - Partnered with universities and research institutions on different projects related to energy efficiency, GHG emissions reduction, carbon capture, geologic sequestration strategies and applications, and cellulosic (nonfood-crop) biofuels. ◆
 - Formed Catchlight Energy LLC, Chevron's joint venture with Weyerhaeuser Co., on a demonstration-scale, advanced cellulosic biofuel production process. ▲
 - Engaged with state, federal and international officials on GHG emissions policies. ◆
-
- Met all goals in "What We Said We Would Do in 2008." ▲
 - Implemented ESHIA in Lawachara, Bangladesh, to ensure that wildlife and vegetation were not adversely affected by preliminary exploration activities. ▲
 - Increased volume of petroleum spills to the environment. ▼
 - Began assessing water consumption and potential water treatment and reuse technologies at all of our refineries. ▲
 - Expanded the number of environmental metrics reported corporatewide. ▲
 - Benchmarked OEMS against International Finance Corporation standards. ◆
-
- Invested \$160 million in community engagement initiatives, with most targeted to basic needs, education and training, and the support of small to medium-size businesses. ▲
 - Launched the Chevron Humankind employee community involvement and contributions program for U.S.-based employees and retirees. ▲
 - Expanded Discovery Channel Global Education Partnership to South Africa, Nigeria and Brazil. ▲
 - Welcomed the inaugural class of the Chevron-supported Politeknik Aceh in Indonesia. ▲
 - Contributed to disaster relief efforts in Myanmar, China, the Caribbean, Central America, and on the U.S. Gulf Coast. ▲
 - Completed assessments and development plans with RDCs in the Niger Delta. Conducted an evaluation of the Global Memoranda of Understanding program. ▲
 - Commenced second phase of the Angola Partnership Initiative. ◆
 - Provided initial investment as part of \$30 million for Global Fund grants in Indonesia, Thailand, Angola, South Africa, Nigeria and the Philippines, and launched programs in South Africa and the Philippines. ▲
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- Met all goals in "What We Said We Would Do in 2008." ▲
 - Increased slightly, from 24.5 to 24.8, the percentage of women and non-Caucasian men at the senior executive level worldwide. ◆
 - Increased percentage of women at midlevel positions and above worldwide from 10.6 percent in 2007 to 11.5 percent. ▲
 - Hired 53.5 percent of employees from outside the United States compared with 30 percent in 1999. ▲
 - Launched Pathways career development program to expand employees' technical and professional skills. ▲
 - While we remained committed to zero incidents, with five fatalities in 2008, we did not meet our goal of zero workforce fatalities. ▼
 - Had our lowest recorded Days Away From Work Rate of 0.05 per 200,000 hours. ▲
 - Conducted programs to improve road safety, conducted a motor vehicle incident study, established Chevron Global Road Safety Week, and created Arrive Alive programs in El Salvador and Bangladesh. ▲
 - Adding in 4,592 people in 2008, a total of 23,467 people, including 8,116 managers and supervisors, have completed HIV/AIDS policy training since its launch. ▲
 - Implemented employee cardiovascular health pilot programs in Nigeria, the Philippines and the United States. ◆
-
- Updated BC&E Code to incorporate our Human Rights Statement. ▲
 - Released the Company Guidelines on the Voluntary Principles on Security and Human Rights. ▲
 - Conducted workshop for our Global Security advisors, with sessions on emerging security and human rights issues. ▲
 - Submitted an annual report on our implementation of the Voluntary Principles to the Secretariat. ◆
 - Participated as a member of a Voluntary Principles subcommittee for drafting reporting guidelines. ◆

What We Plan to Do Next

- Implement ESHIA for all major upstream capital projects worldwide.
 - Deploy best-practices guide for using local suppliers.
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- Promote the recommendations made to then President-elect Obama and the U.S. Congress on energy, the environment and the economy.
 - Continue to promote consumer energy efficiency at WillYouJoinUs.com and educate and engage people on global energy issues.
 - Improve collaboration with stakeholder groups in areas key to Chevron's business objectives.
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- Continue to reduce flaring and venting in our operations where feasible.
 - Advance the "I Will" campaign to continue to reinforce energy conservation and efficiency.
 - Work to LEED-certify some facilities in Texas and California.
-
- Begin reporting total waste metrics.
 - Develop a reporting protocol, to roll out in 2010, for total water use.
 - Continue OEMS alignment with industry standards to achieve performance objectives and improve operations.
-
- Develop programs, working with local communities, to promote human progress and economic development.
 - Continue negotiating successor agreements with RDCs in the Niger Delta.
 - Launch Global Fund partnership programs in Nigeria, Indonesia, Angola and Thailand.
-
- Roll out cardiovascular health benefits program companywide.
 - Sustain commitment to reduce all incidents to zero.
 - Develop and pilot a computer-based and instructor-led employee training on tuberculosis.
 - Strengthen our commitment to Operational Discipline ("every task done the right way every time").
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- Continue global promotion of the Voluntary Principles.
 - Continue to deploy internally the Company Guidelines on the Voluntary Principles.

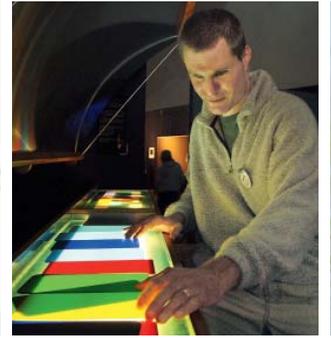
Striving to Be the Partner of Choice



Community engagement, Bangladesh



Workforce development, Angola



Teacher training, United States

At Chevron, we understand that the most important challenges facing the global community today are complex and that the best hope of finding lasting solutions is through dialogue, collaboration and partnership. When these challenges touch our business, we act to share our insights based on decades of on-the-ground experience, and we openly inform our stakeholders of our views and the actions we are taking to address these challenges.

We value outreach and dialogue as a means to understand stakeholder views and concerns, gain insight into emerging trends, improve our policies and processes, and foster collaborative relationships on issues of mutual concern. In 2008, we increased and deepened our engagement with a wide range of stakeholders on socioeconomic and environmental issues. We intend to increase the regularity of stakeholder engagement activities and further formalize our feedback efforts during 2009.

● Engaging With Governments

Chevron technical experts continue to participate in the processes of the Intergovernmental Panel on Climate Change, which has begun work on a two-year program to assess the status of renewable energy resources worldwide and their projected impact on global climate change. Members of our staff have also been appointed to participate on the National Academy of Sciences' steering committee and in reviews of the nation's research programs in the atmospheric sciences and climate change.

In the United States, Chevron provided expert advice to regulatory agencies to support implementation of California's Global Warming Solutions Act and the Low-Carbon Fuel Standard, as these climate change measures could have wide-ranging effects on the state's economy and businesses that contribute to economic growth. Chevron also is a member of industry coalitions and has ongoing dialogue with environmental groups in California and other jurisdictions.

In the Philippines, Chevron is a leading member of the Renewable Energy Coalition, a multisectoral partnership comprising government agencies, local and foreign companies, and nongovernmental organizations, including Greenpeace and the World Wildlife Fund. The coalition supports public policies that encourage the development of indigenous sources of energy, such as geothermal, to make the country more energy self-sufficient. Through the coalition's efforts, the Renewable Energy Bill was enacted by the president at the end of 2008. The new law will accelerate investment in and development of renewable energy resources in the Philippines.

● Engaging With Stockholders

We communicate with our stockholders through Chevron.com, reports, meetings and press releases. In 2008, we met with stockholders and investment advisory firms to discuss climate change; environmental performance; human rights; societal issues in Myanmar, Nigeria and Ecuador; and other topics. We met with investors from, among others, TIAA-CREF, F&C Asset Management plc, the California State Teachers' Retirement System and FTSE4Good Index Series, and with institutional investors from the Netherlands, Norway and Sweden.

● Engaging With Communities

Chevron's Environmental, Social and Health Impact Assessment (ESHIA) establishes a process for conducting stakeholder engagement in a focused, comprehensive and participatory manner. By the end of 2008, ESHIA was being applied to more than 450 capital projects worldwide. The goal of ESHIA is to establish and maintain dialogue with stakeholders throughout the lifetime of a project, to solicit views and ideas to improve benefits or mitigate potential adverse impacts, and to consider stakeholder input in our assessments and planning.

For example, using the ESHIA process, the Angola LNG (liquefied natural gas) project engaged with stakeholders through all phases of development. Between 2004 and 2007, Angola LNG held more than 100 consultations and workshops with a wide range of stakeholders to provide



Planting mangroves, Songkhla Lake, Thailand



Some of the Stakeholder Stories in This Report

| | |
|-----------------|--|
| ● Governments | Australia, Canada, Philippines, United States |
| ● Stockholders | Netherlands, Norway, Sweden, United Kingdom, United States |
| ● Communities | Angola, Australia, Bangladesh, Brazil, China, Colombia, Dominican Republic, Haiti, India, Indonesia, Jamaica, Kazakhstan, Myanmar, Nigeria, Philippines, South Africa, Swaziland, Thailand, Turks and Caicos Islands, United Kingdom, United States, Venezuela |
| ● Employees | Australia, China, Indonesia, Kazakhstan, Nigeria, Philippines, Tanzania, United States, Venezuela |
| ● Customers | European Union, Indonesia, Philippines, United States |
| ● Suppliers | Indonesia, Kazakhstan, Nigeria, United States |
| ● Civil Society | Australia, Bangladesh, El Salvador, Guatemala, Nigeria, South Africa, Uganda, United States |

project information and seek the views of community representatives on issues and potential solutions. Stakeholder meetings were held to discuss ongoing work activities, and a straightforward grievance process was implemented for people living and working in the surrounding communities. A radio program (both in Portuguese and Kisorongo, a local dialect) and an information center in Soyo facilitate ongoing communication by providing ways for people to obtain information about the Angola LNG project.

At our refinery in El Segundo, California, we created the Community Advisory Panel, which enables residents and community leaders to understand the operations of the refinery and provides a venue for citizens to share their concerns. The 15- to 20-member panel meets regularly, holding information forums led by company members or community experts on such concerns as the environment, safety and emergency preparedness. Panel members serve as refinery liaisons in their neighborhoods, sharing information with the community and advising the refinery on ways to improve communication. Our Cape Town, South Africa, and Pembroke, United Kingdom, refineries have similar groups.

● **Engaging With Employees**

Enterprisewide, we use a diverse range of methods to engage with employees globally, including employee networks, regular town hall meetings, email and intranet communications, and publications. Each year, we hold a global employee

teleconference with our chairman and other company leaders.

In Venezuela, Chevron employees held a town hall meeting as part of an educational campaign to commemorate Global Road Safety Week. Speakers reinforced the importance of being alert and responsible while driving.

Our newest employee network, Boola Moort, represents Australia's indigenous people. The network's name, in the local Nyoongar language, means "many people." The network's vision and objectives include attracting, developing and retaining indigenous talent and supporting our Australasia business unit's constructive relationship with the indigenous communities near its operations.

● **Engaging With Customers**

In September 2008, we launched a new phase of our Human Energy™ campaign in the United States. Called "I Will," the campaign focuses on energy conservation and efficiency. We believe the key to our energy future is to develop all forms of energy.

This includes energy efficiency and conservation – the easiest, cheapest and most reliable forms of "new" energy available. Energy efficiency also helps to moderate demand for carbon-intensive fuels, reduce energy costs and preserve finite natural resources. At WillYouJoinUs.com, we invite discussion and provide practical tools to promote energy literacy and encourage action.

● **Engaging With Suppliers**

In early October 2008, more than 80 local and international suppliers attended a two-day forum in Atyrau, Kazakhstan, hosted by Tengizchevroil LLP, in which Chevron is a 50 percent partner, and Karachaganak Petroleum Operating B.V., in which Chevron has a 20 percent nonoperating interest. The forum was designed to develop and improve the quality of Kazakhstan's oil and gas-related goods and services. At the forum, new suppliers met with international counterparts to learn about business opportunities, bidding and the standards that our suppliers are expected to meet. Tengizchevroil spent more than \$2.5 billion on Kazakhstani goods and services in the past two years.

In 2008, Chevron Nigeria Ltd. entered a second three-year partnership with the Lagos Business School to provide courses in supply contract management that target local entrepreneurs. The program develops the skills and competencies of Nigerian contractors to enable them to capture new business opportunities.

● **Engaging With Nongovernmental Organizations (NGOs)**

Chevron is a partner in the America's Energy Coast initiative, which draws on expertise from industry, environmental NGOs, academia, and policymakers to make recommendations on ensuring the sustainability of coastal communities in the Gulf Coast region. Top priorities for action include recommended policies and practices that address critical economic, social and environmental issues and promote responsible development of U.S. oil and gas energy while affording protection to this critical coastal area. For more information, visit AmericasEnergyCoast.org.

In June, we organized an external-insights meeting at Chevron's headquarters with representatives from Business for Social Responsibility, Harvard University, International Finance Corp. and other thought leaders in corporate social responsibility. The meeting provided us with a candid view of emerging social issues, trends, and drivers germane to our operations. Our leadership was informed of external trends related to corporate responsibility as well as opportunities to improve our engagement on social issues.

We worked with industry and NGO partners in the creation of an online database of biodiversity information. Launched in the fall of 2008, the Integrated Biodiversity Assessment Tool was developed to help businesses be proactive about addressing biodiversity concerns from the outset of project planning. Chevron, industry and NGO partners – including Conservation International, the U.N. Environment Programme's World Conservation Monitoring Centre, the International Union for Conservation of Nature, and BirdLife International – collaborated on developing an interface that allows seamless access to their combined data, as if the data were from a single repository. For more information, visit BiodiversityInfo.org/ibat.

Longtime Partner in California

Since our founding in California in 1879 as the Pacific Coast Oil Co., we have been committed to building a stronger future here. Today, as an integrated, global, high-tech energy company headquartered in San Ramon, we have a significant positive impact on the state's economy and its people. A study sponsored by Chevron and conducted by the Milken Institute, a publicly supported, nonpartisan think tank, shows Chevron's importance as an economic contributor to the state. According to "Energizing California: Mapping Chevron's Economic Impacts in the Golden State," Chevron in 2007 employed nearly 10,000 workers and indirectly supported nearly 59,000 jobs statewide, or almost 1 in 250 jobs in California. The company contributed \$4.5 billion directly and an additional \$4.7 billion indirectly in economic activity, for a total of \$9.2 billion in total economic output. Overall, Chevron is responsible for about 20 percent of the oil and natural gas industry-sector output in the state.

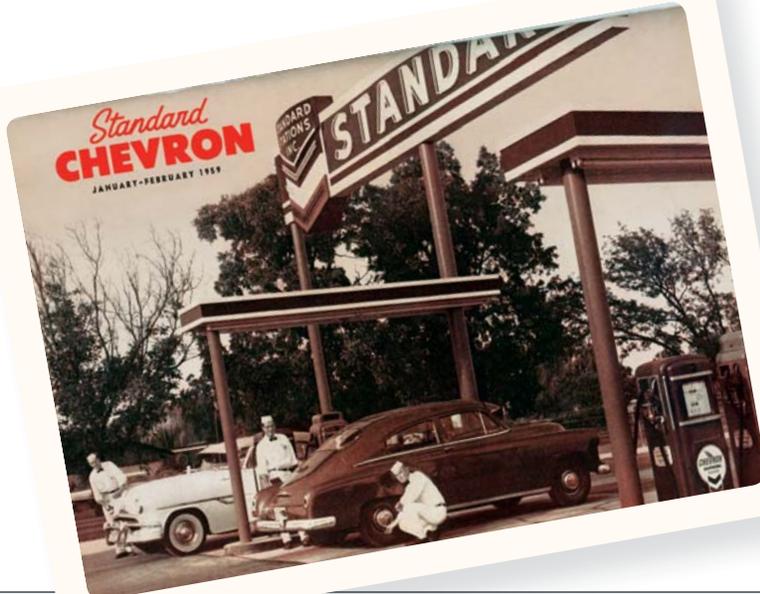
The report states that "Chevron is a pillar of California's economy, with an outsized impact on job, wealth and output creation well beyond the energy industry."

Chevron has major business centers in the San Francisco Bay Area, San Joaquin Valley and Los Angeles Basin. We are the largest producer of crude oil in California. Through innovation and partnerships, we promote energy literacy, energy efficiency and the use of all forms of energy to create a more secure energy future.

With the University of California at Davis (UC Davis), we are working on advanced research aimed at converting nonfood resources of biomass into transportation fuels. Also, we endowed the Chevron Chair in Energy Efficiency to lead the UC Davis Energy Efficiency Center, which is studying the commercialization of new energy technologies.

In 2008, several Chevron initiatives in California focused on education. For example, we participated in a STEM (science, technology, engineering and math) Roundtable with the Bill & Melinda Gates Foundation.

To read the Milken Institute study, see MilkenInstitute.org/Publications.



The front cover of a 1959 *Standard Chevron* magazine features a modern Standard service station in Vacaville, California.

The Energy Efficiency Business Model

Jim Davis

President
Chevron Energy Solutions Co.

Why does an oil and gas company sell energy efficiency?

Meeting the growth in global energy demand requires all forms of energy, including efficiency. The good news is that the potential for efficiency is great. The International Energy Agency estimates that globally, using measures feasible today, we could improve the energy efficiency of buildings by 50 percent. At Chevron, we recognize that we have a significant role to play in meeting the world's energy needs in a sustainable, environmentally beneficial way. This is one of the world's greatest challenges, and to meet it, we need to maximize energy conservation – the cheapest and most plentiful source of new energy.

Chevron Energy Solutions Co. (CES) makes Chevron unique among international oil companies. CES is an expert at combining energy efficiency with renewable supply solutions. Being a part of Chevron provides a synergy: while Chevron invests in emerging energy technologies, CES can apply the proven technologies that our clients will benefit from for decades. As new technologies become proven, we will deploy them to our customers.

How does CES make money?

CES has been a profitable business since 2003 and is growing by more than 20 percent annually. We have about 400 employees right now and are bringing onboard roughly 50 employees per year. Our staff primarily consists of mechanical, electrical and architectural engineers, project managers, and construction managers.

In the public sector, we look at opportunities to reduce our clients' energy demand first, then consider onsite energy supplies such as solar power. It makes no sense to install solar panels on a building that is not using energy efficiently.

Our projects generally start with an energy audit. We then work with our clients to implement the recommendations from the audits. Often this involves a performance contract, by which Chevron implements the



efficiency measures and onsite generation at little or no upfront cost to the client and guarantees a certain level of energy savings. The actual cost savings from reduced utility bills are credited against the project costs over time, and at the end of the contract term, the client retains all of the cost savings. In other words, our projects provide an economic, low-risk way for our clients to improve their energy efficiency while reducing their costs and impact on the environment.

In addition to avoided utility costs, our products offer price certainty and energy security, which are important to public institutions. By providing energy cost predictability, lowering energy demand and developing onsite generation, we are helping our clients plan for their energy needs for many years into the future.

Who are your customers?

Our largest customer is Chevron, where we work with refineries, offices and oil field operations to deploy efficiency measures and onsite generation, including solar power and fuel cells.

For the U.S. federal government, we develop and build central utility plants and introduce renewable energy and efficiency solutions. In the public sector, we work with city, county and state governments, improving administration, wastewater treatment and correctional facilities. And we help schools, colleges and universities take advantage of government funding available for onsite generation and efficiency.

In Pennsylvania, we helped the Central Dauphin School District upgrade four buildings comprising more than half a million square feet (46,500 sq m) with lighting and mechanical retrofits, an emergency generator and water conservation improvements. We worked closely with the district not only on the design and construction but on operator training, monitoring and verification. Over our 15-year performance contract with the district, we are guaranteeing more than \$275,000 in annual energy and operational savings.

What do you see for CES in 2009?

We believe there is huge potential for our business and the economic and environmental benefits it provides. Our projects and partnerships with our clients are long term. While maintaining our current relationships, we will work hard to earn new business and continue our growth trajectory. In December, we were awarded a master Energy Saving Performance Contract from the U.S. Department of Energy to work with federal agencies to reduce energy and water consumption and increase the use of renewable energy at agency facilities. This contract provides a significant opportunity for us to expand our efficiency work with federal agencies in 2009 and beyond.

Editor's note: Fast Company included Chevron Energy Solutions in its Top 50 list of "the world's most innovative companies" (March 2009). According to the magazine, the 50 companies illustrate "the power and potential of innovative ideas and creative execution."

Building a Sustainable Energy Future

Growing and diversifying our sources of energy are essential to helping meet the world's demand in a sustainable, environmentally sound way.

The section that follows details our efforts to develop energy with respect for the environment through partnerships, integration of world-class environmental practices throughout our operations, and investments in innovation and technology development.



Growing New Sources of Energy

Catchlight Energy LLC, Chevron's joint venture with Weyerhaeuser Co., is a research and development partnership to transform cellulosic biomass into biofuels, with a focus on commercial-scale production. Cellulosic biomass is made from renewable sources of forest and agricultural residuals instead of from such crops as corn, sugar cane and soybeans. Weyerhaeuser senior research forester Wilson Edwards, in the photo at right, is pursuing ways to grow this nonfood biomass in the spaces between trees on Weyerhaeuser's managed forestlands in the United States.





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More Energy, Smaller Footprint

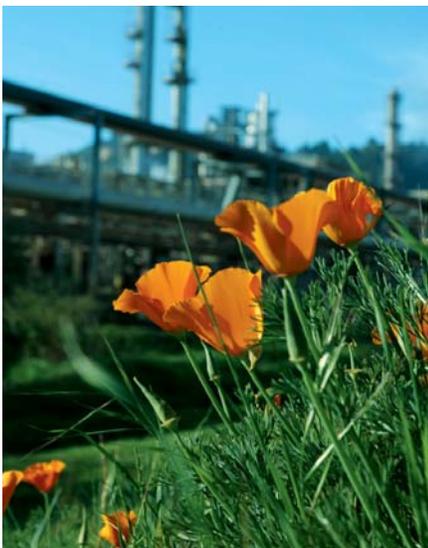
The global demand for energy will increase in the coming decades, and this rising demand presents significant opportunities for our industry. As demand increases, however, the complexities of global climate change also pose serious questions for the energy industry and the broader society. At Chevron, we are working to reduce greenhouse gas (GHG) emissions and expand our energy supply portfolio to meet the demands of customers for affordable, reliable and lower-impact supplies of energy.

Our multifaceted response to climate change involves seeking ways to reduce GHGs from the use of fossil fuels, expanding the use of alternative fuels and renewables, and improving energy efficiency.

Climate Change and Chevron's Response

The Intergovernmental Panel on Climate Change states in its Fourth Assessment Report that most of the observed increase in global average temperatures since the mid-20th century is very likely due to man-made GHGs. Chevron is working to be part of the solution to the energy and climate challenge facing the world. Near-term mitigation actions, development of advanced energy technologies for the long term, and adaptation to the potential impacts of climate change are needed to meet the challenge.

Below: Chevron's Richmond Refinery in California is the most energy efficient of all Chevron-operated refineries.



Our Action Plan on Climate Change

Now in its seventh year of implementation, Chevron's Action Plan on Climate Change continues to guide our activities, including emissions reduction, efficiency improvements, research investments, business opportunities and advocacy positions. While we continued to grow our business, our total GHG emissions remained relatively flat due to the efforts that follow.

In 2008, our total emissions were 59.6 million metric tons, which is better than our goal of 62.5 million metric tons.¹ Our preliminary goal for 2009 is 60.5 million metric tons, slightly higher than 2008's actual emissions. This goal accounts for emissions growth from new major capital projects and emissions reductions from anticipated declining production from maturing fields, continued energy efficiency in our operations, and continued reduction in flaring and venting. We estimate that combustion of our products resulted in emissions of approximately 382 million metric tons of carbon dioxide in 2008² – about 5 percent less than the 404 million metric tons in 2007. When compared with the International Energy Agency's *Key World Energy Statistics* (2008 edition), these emissions represent approximately 1.4 percent of global CO₂ emissions from fossil fuels. Our GHG emissions intensity in 2008 was approximately 37 metric tons of CO₂ equivalent per 1,000 barrels of net oil-equivalent production from our upstream operations and 36 metric tons of CO₂ equivalent per 1,000 barrels of crude oil that was input into our refineries.

Reducing Emissions

Flaring Routine flaring and venting of the natural gas associated with crude oil extraction are a significant source of our

Climate Engagement

In 2008, principal advisor Arthur Lee became a Chevron Fellow, one of 25 technical professionals considered experts in their field. Lee is an expert in carbon capture and storage and has participated in industry workshops and the Intergovernmental Panel on Climate Change's (IPCC) Fourth Assessment Report. He also served as a review editor of IPCC's Special Report on Carbon Dioxide Capture and Storage.



Arthur Lee

Principal Advisor for Climate Change
Chevron Corporation

Learn about carbon capture:
Chevron.com/ClimateChange

total corporate GHG emissions. We remain committed in our efforts to reduce routine flaring and venting in our operations. Since 2003, we have reduced emissions from flaring and venting by about 15 percent on an equity basis, and we continue to work aggressively to reduce routine flaring and venting in our operations wherever technically and commercially feasible.

Chevron's flaring reduction standard is aligned with the World Bank-led Global Gas Flaring Reduction voluntary initiative, a public-private partnership that is active in several developing countries where we operate. While we have made significant progress in reducing routine flaring and venting from our operations, we face many challenges, including local security, approval delays, partner funding, competing government investment priorities, materials availability and the lack

GHG Emissions by Source¹

Millions of metric tons of CO₂ equivalent

■ Combustion ■ Flaring and venting ■ Other



GHG Emissions by Sector¹

Millions of metric tons of CO₂ equivalent

■ Upstream ■ Downstream ■ Other



Total GHG Emissions by Type¹

Millions of metric tons of CO₂ equivalent

| | Direct ³ | Indirect ³ | Grid Credits ³ | Net |
|------|---------------------|-----------------------|---------------------------|------|
| 2008 | 63.0 | -2.2 | -1.2 | 59.6 |
| 2007 | 63.8 | -2.9 | -0.5 | 60.4 |
| 2006 | 65.4 | -3.0 | -0.9 | 61.5 |
| 2005 | 62.3 | -2.7 | -0.7 | 58.8 |
| 2004 | 62.2 | -2.4 | -0.5 | 59.4 |

Energy Efficiency Performance

Percentage improvement since 1992 baseline



See pages 16 and 17 for more information.

¹ Chevron's net decrease of approximately 0.8 million metric tons of CO₂-equivalent emissions from 2007 to 2008 can be attributed primarily to reduced flaring accounting for 1 million metric tons at the Cabinda (Angola) and Nigeria operations. Flare reductions in Nigeria are attributed to the Escravos Gas Plant facility and shutdowns caused by sabotage to pipelines. Continuing energy efficiency improvements also helped to minimize growth in emissions. Additional significant reduction of GHG emissions is attributed to decreased production in the U.S. Gulf of Mexico and California. Chevron Shipping Co. also lowered its emissions. Decreases were offset by emissions from a new deepwater operation in Nigeria; increased GHG emissions from Chevron's share of the Yeosu Refinery in South Korea, which saw a new heavy oil unit come onstream; increased throughput at Chevron's Richmond Refinery; and increased production from Chevron's U.S. midcontinent upstream operations.

Chevron's 2007 emissions have been restated to 60.4 million metric tons of CO₂ equivalent from 60.7 million metric tons due to a correction in data primarily from two business units.

Chevron's 2008 GHG emissions data are reported on an equity basis for all businesses in which Chevron has an interest except where noted as follows. The following entities are not currently included in the Chevron corporate

GHG inventory: Chevron Phillips Chemical Co., the Caspian Pipeline Consortium, the Azerbaijan International Operating Co., the Chad/Cameroon pipeline joint venture, Caltex Australia Ltd.'s Lytton and Kurnell refineries, and other refineries in which Chevron has an equity interest of 16 percent or less. These are entities over which Chevron does not have full operational control or which do not generally follow Chevron's corporate GHG inventory protocol or a compatible protocol.

Due to rounding, individual numbers may not sum to the total numbers.

² Product emissions are calculated based on total 2008 upstream liquids, gas and coal production figures from Chevron's 2008 Annual Report. The emissions factors used are from the American Petroleum Institute's *Compendium of Greenhouse Gas Emissions Estimations Methodologies for the Oil and Gas Industry*, published in 2004.

³ Direct emissions come from sources within a facility. Indirect emissions come from electricity and steam Chevron imports, less the emissions credits from electricity and steam Chevron exports. Grid credits account for the electricity Chevron exports that is produced more efficiently than electricity from the regional or national grid.

of infrastructure. In these limited circumstances, flaring is currently the safest and most feasible way to manage the associated gas in the near term.

We are actively pursuing projects to further address this challenging problem in Angola, Kazakhstan and Nigeria. These long-term projects include major processing capacity to convert gas into liquid fuel that can be more readily used in the marketplace, and the commissioning of a new pipeline that will carry natural gas from the Niger Delta to Ghana and other markets. Construction is completed on the pipeline and testing is under way before the line is put into service.

Reinjection is one option to reduce flaring when there are suitable reservoir conditions and when the comparatively large financial investment is justified by the technical feasibility and expected life of the project or the expected duration of the need for injection. An example of a feasible and successful reinjection project is at the Agbami deep-water field in Nigeria. Other projects, for example, those that have a strong likelihood

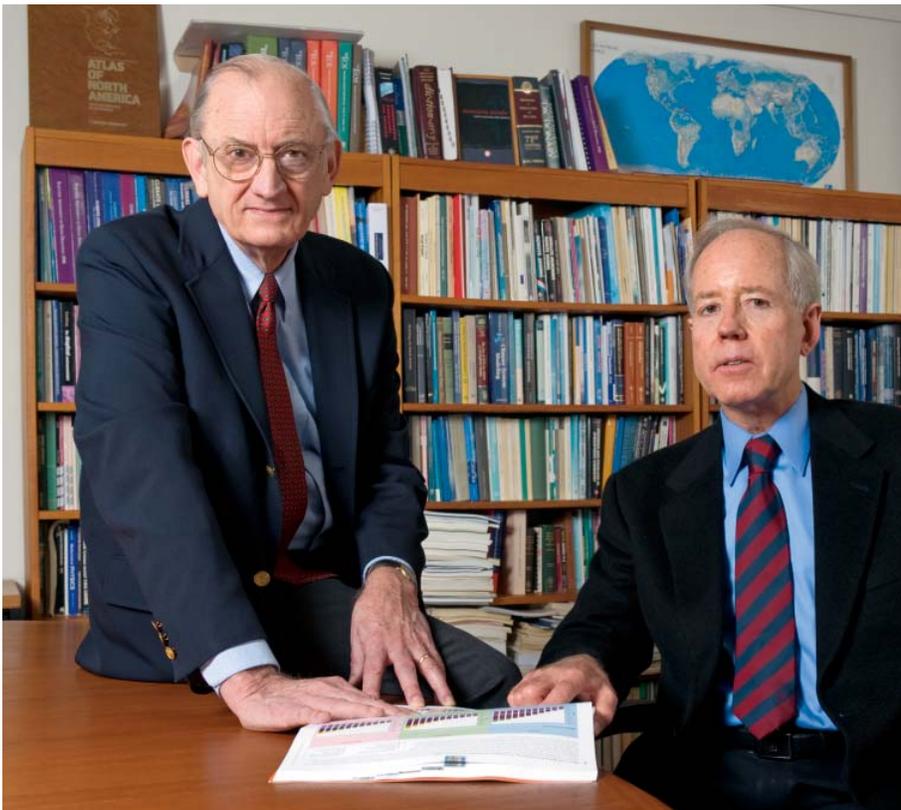
of near-term development of gas markets, are not generally candidates for reinjection.

Carbon Sequestration Chevron holds large natural gas reserves in Australia and is making major investments to reduce GHG emissions. Our Gorgon project, located more than 81 miles (130 km) off the northwest coast, will produce liquefied natural gas, a lower-carbon fossil fuel. The project will include large-scale reinjection and storage of carbon dioxide. Gorgon represents the world's first commercial-scale GHG storage project to undergo an environmental impact assessment including public review and comment. In addition, Chevron and its joint-venture partners – ExxonMobil and Shell – committed to public disclosure of monitoring data from the injection project to assist in the further development of sequestration technology.

Improving Efficiency Improving our energy efficiency lowers the life-cycle emissions of our products. In 2008, we updated our energy efficiency evaluation process to design new capital

projects to optimize energy use. This allows cost-effective conservation measures to be part of the initial design. We incorporate the cost of carbon emissions in our decision-making process for capital projects. In 2008, we initiated a major effort to upgrade our GHG evaluation tools and methodology, which will improve our ability to assess the potential impact of the GHG emissions from our proposed activities and to identify the most cost-effective ways to address those emissions.

As of 2008, Chevron reduced the total energy consumption required to complete all of its business functions by 28 percent compared with the energy the company would have consumed in 1992 to complete the same business functions. In 2008, the cost of energy to the company was approximately \$7.6 billion. For our company's operated assets, the total energy consumption in 2008 was approximately 914 trillion Btu. Because fuel combustion is the largest source of GHG emissions from our operations, improving our overall energy efficiency represents a corresponding reduction in our carbon emissions.



Climate Partners

"Responding effectively to the risks of climate change is and will continue to be one of the greatest challenges of this century. At MIT, we are convinced that a responsible national and international response requires close integration of the intertwined scientific, economic, technologic and policy dimensions of this issue. The long-term support by Chevron for our program has played an important role in allowing this highly interdisciplinary effort to thrive."

Professors Henry D. "Jake" Jacoby and Ronald G. Prinn, Co-Directors
Joint Program on the Science and Policy of Global Change
Massachusetts Institute of Technology

 Read about the collaboration:
GlobalChange.mit.edu

We are increasingly attentive to opportunities to save on energy costs – as seen in the projects that follow.

As part of the upgrades planned for our refineries in El Segundo and Richmond, California, we proposed adding to the existing cogeneration facilities at both locations. Onsite cogeneration is a highly efficient technology that replaces the need for generating steam in a boiler and for purchasing electricity offsite.

The Richmond Refinery is the most energy efficient of all Chevron's operated refineries, and the workforce is always looking for ways to make the refinery more efficient. Approximately one-fourth of the refinery's annual operating costs represent fuel costs associated with producing steam throughout the facility. With strong support from senior management at the site, a coordinated team of operations, maintenance staff and facility engineers are working together to look for ways to optimize overall steam use and minimize venting waste steam. Compared with 2007, Richmond reduced its annual use of fired steam by about

17 percent, representing significant cost savings and the avoidance of an estimated 90,000 metric tons of GHG emissions.

Chevron Energy Solutions Co. assisted our Richmond, California, refinery in installing 55 kilowatts of solar power generation to help meet the facility's electricity needs with clean, renewable energy.

We continued to improve fuel efficiency in our shipping fleet by instituting a propeller painting and polishing initiative on our oil tankers. By reducing resistance across the propeller blades, we are able to decrease the amount of oil required to power each tanker by approximately 24 barrels per operating day.

We joined with the other members of the European Petroleum Industry Association to develop and launch an industrywide driver awareness campaign to promote more fuel-efficient driving habits among Europe's motorists.

Through a variety of employee-based programs, such as supporting vanpooling and

public transit subsidies in some locations, we encourage our workforce to reduce miles traveled. And our recently launched "I Will" campaign, visible to the public, deals with energy conservation and efficiency, sharing facts about our corporate efforts and highlighting energy saving measures of individuals, such as vanpooling and unplugging appliances not in use.

Pursuing Business Opportunities and Investing in Research, Development and Technology

Chevron invests in research partnerships to develop alternative fuels whose life-cycle production results in less CO₂ than do conventional liquid fuels per unit of energy.

Chevron Technology Ventures is working on a number of research projects and partnerships to develop low-carbon fuel from biomass.

Through our partnerships with universities, such as the Massachusetts Institute of Technology and the University of California at Davis, we are supporting innovative research in the environmental and economic

Improving Efficiency

▶ Tour the new facility:
Chevron.com/GreenBuilding

In May 2008, Chevron completed its first LEED-certified green building project, the Northpark facility in Covington, Louisiana. Leadership in Energy and Environmental Design (LEED) is a certification program of the U.S. Green Building Council and is a recognized standard in the United States for measuring the sustainability of buildings, taking into account energy and water use, the procurement of recycled material in construction, waste minimization, and other elements. The Northpark facility received LEED Gold certification, the second-highest level. Currently, Chevron is pursuing LEED certification for new construction and existing buildings at six additional Chevron sites, including its San Ramon corporate headquarters.

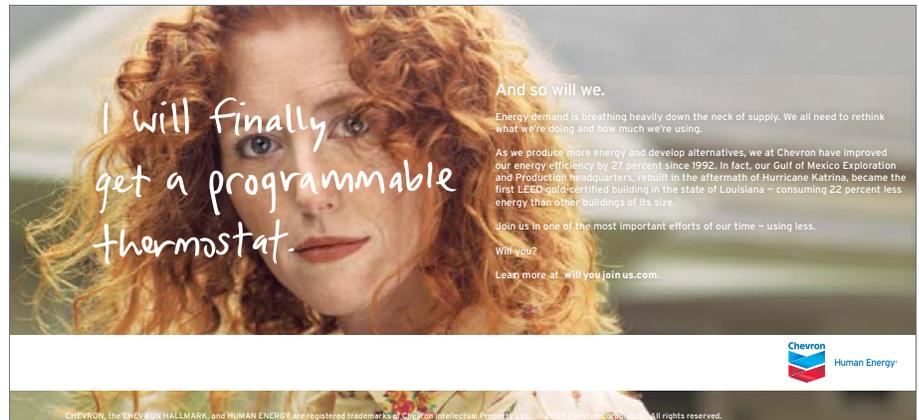


impacts of climate change as well as in energy efficiency and other strategies to help reduce overall GHG emissions.

Chevron participates in joint-industry projects to enable the development and safe, widespread deployment of significantly lower-cost carbon capture and storage technologies. These projects draw on the best talent offered by the participating companies, universities, government and private research organizations to investigate a broad range of potential technologies in order to commercialize those that offer the most benefit to the participants. Chevron actively participates in the Cooperative Research Center for Greenhouse Gas Technologies (www.co2crc.com.au) and the CO₂ Capture Project (www.co2captureproject.org). In addition to financial support, Chevron provides industry guidance, technical expertise, and program management. Results from these research efforts are being integrated into Chevron's Gorgon liquefied natural gas project in Australia and may be considered for potential future projects involving CO₂ capture and storage.

Supporting Flexible and Economically Sound Policies
Our Seven Principles for Addressing Climate Change summarize the fundamental aspects of achieving a sustainable and economically viable carbon management program. We are actively engaged with

governments and nongovernmental organizations in several jurisdictions currently considering climate policies – including in Australia, Canada and the United States (in California and other jurisdictions) – advocating for sound climate policy in line with our Seven Principles.



Above: Chevron's "I Will" advertising campaign educates the public on some of the practical ways individuals can use less energy, such as carpooling, turning down thermostats and using cold water to wash clothes. To read more, please visit WillYouJoinUs.com.

7 Chevron's Seven Principles for Addressing Climate Change

1. Global Engagement

The reduction of greenhouse gases must be shared equitably by the top emitting countries of the world through long-term and coordinated national frameworks.

2. Energy Security

Oil, coal and natural gas are expected to dominate the energy supply for decades to come. Climate policy must recognize the role these critical energy sources play to ensure security of supply and economic growth.

3. Maximize Conservation

Energy efficiency and conservation are the most immediate and cost-effective sources of "new" energy with no GHG emissions. Government programs to promote energy efficiency and conservation must continue and should be enhanced.

4. Measured and Flexible Approach

GHG reduction objectives must avoid a disruptive economic impact and allow for realistic turnover of capital and a phase-in of new low-carbon technologies. Periodic "checkpoints" are advised as new scientific and economic impact information becomes available.

5. Broad, Equitable Treatment

Broad and equitable treatment of all sectors of the economy is necessary to ensure no sector or company is disproportionately burdened.

6. Enable Technology

Government support and partnerships with the private sector for pre-competitive research and development in carbon mitigation and clean energy technologies must continue at an accelerated pace.

7. Transparency

The costs, risks, trade-offs and uncertainties associated with climate policies must be openly communicated.

Emerging Energy

Chevron's focus on developing and deploying renewable and alternative energy is part of a longer-term strategy to invest profitably in promising low- or zero-carbon technologies. To meet the growing energy demands of the global economy, all sources of energy – including conventional and nonconventional fossil fuels, renewable energy, and increased efficiency and conservation – will be needed. One of the challenges of meeting this demand through the increased use of renewable sources is ensuring availability on a very large scale and at an affordable price.

Geothermal Energy

Today, Chevron is the largest producer of geothermal energy in the world. Our operations in Indonesia and the Philippines have a combined installed capacity of 1,273 megawatts, including our most recent addition to the geothermal fleet: the 110-megawatt Darajat Unit III in Garut, West Java, Indonesia. This capacity provides enough renewable energy to meet the needs of 16 million people in these countries.

Technology and Innovation

Our Chevron Technology Ventures (CTV) subsidiary manages innovation, commercialization and integration of emerging technologies, including renewable energy applications. Renewable technologies that CTV is investigating include advanced

biofuels, advanced solar applications, engineered geothermal energy, ocean energy and bioenergy.

Chevron Energy Solutions Co. (CES) applies proven energy efficiency and renewable power technologies – such as infrastructure systems, energy controls, solar power, biomass and fuel cells – to meet the facility needs of institutional customers. CES also collaborates with other Chevron groups to support internal energy efficiency, reliability and renewable energy projects.

In 2008, CES completed an innovative, energy-efficient central utility plant to provide reliable steam, chilled water and power for the U.S. government's National

Interagency Biodefense Campus at Fort Detrick in Frederick, Maryland.

Solar Energy

Today's advanced solar technologies present significant opportunities to harness the sun's rays to generate large amounts of energy. Whether generating electricity using photovoltaic cells or using the heat to create stored thermal energy, we are applying these state-of-the-art solar technologies at our own operations and on behalf of the clients we serve through CES.

CES completed a 3.4-megawatt solar photovoltaic system for the Milpitas Unified School District in California. Solar arrays at 14 sites are expected to generate 75 percent of the annual power needs for the district and decrease carbon emissions by more than 23,000 metric tons. The project is designed to reduce energy costs by 22 percent, resulting in \$12 million in savings for the school district over the life of the solar power system.

Chevron became a sponsor in 2008 of the Lighting a Billion Lives Campaign, organized by The Energy and Resources Institute in India. The project provides solar lanterns to households without electricity that usually use kerosene or paraffin torches. The institute is seeking to replace these inefficient, high-polluting light sources with a safer, sustainable and clean alternative. Our support enabled the installation of a charging station in one village and provided 50 lanterns – one for each family in the village.

Technology Ventures

Trond Unneland, managing executive of Chevron's venture capital group, thinks he might have the best job in the company. He leads a team that invests in startup companies with innovative technologies that meet Chevron's needs in information technology, materials science, oil and gas technology, communications, renewable energy, and energy efficiency. The group's portfolio has approximately 30 companies, and about one-third are in renewable energy and energy efficiency. Since the group formed in 1999, it has transferred technologies from its portfolio companies into Chevron more than 100 times. Unique in the venture capital industry, Chevron can be both an investor and a customer in the portfolio companies.



Above: Trond Unneland (right) discusses the technology with Andrew Tudhope, CEO of Sub-One Technologies, Inc., a company in which Chevron has invested.

Explore innovative technologies:
Chevron.com/TechFunding

Emerging Fuels

At Chevron, we believe that long-term solutions to meet demand for transportation fuels must involve a range of innovative alternatives that supplement petroleum products, alternatives that can be produced at commercial scale and affordably. We are investing in targeted research and development projects to discover new sources of untapped energy and make the best use of the energy sources we currently have.

Biofuels

CTV has established strategic alliances to research and develop new feedstocks and new process technologies for converting nonfood biomass into transportation fuels at commercial scale. Our research collaborations include industrial partners,

the U.S. Department of Energy's National Renewable Energy Laboratory, the Georgia Institute of Technology, Texas A&M University, the University of California at Davis, and the Colorado Center for Biorefining and Biofuels.

Formed in 2008, Catchlight Energy LLC, our joint venture with Weyerhaeuser Co., is currently focused on discovering, developing or acquiring technology for converting forestry-based cellulose into transportation fuels. Drawing on Weyerhaeuser's expertise in growing, harvesting and processing large amounts of biomass on its forestlands and Chevron's expertise in processing, marketing and distributing liquid fuels, Catchlight is evaluating various technologies, types of vegetation and growth management methods to be used for the commercial-scale production of sustainable cellulosic biofuel. Catchlight is pursuing the concept of "intercropping" – growing cellulosic biomass in the spaces between trees on Weyerhaeuser's managed forestlands in the United States.

Through CTV, we also are assessing a variety of biomass sources to identify potential feedstocks that could be available on a commercial scale. We are investigating various types of nonfood biomass and

are evaluating mechanisms for acquiring it in sufficiently large quantities. At the same time, we are working with biomass experts to help avoid any long-term adverse impacts from production and to incorporate the three major components of sustainability – environmental protection, economic feasibility and the minimization of social impacts – at the front end of any new biomass initiatives.

Our research partnerships with universities continue to be an important part of our alternative energy activities. In 2008, a number of projects moved from bench-scale research and development activities into the planning phase for pilot-scale testing of innovative biofuel production technologies.

Hydrogen

Chevron owns and operates five U.S. demonstration hydrogen fueling stations as part of a multiyear study with the U.S. Department of Energy (DOE). When initiating the DOE's hydrogen program in 2004, our objectives were twofold:

- To demonstrate safe, practical hydrogen technologies in real-world settings.
- To identify and overcome key technical challenges.

This five-year demonstration program, scheduled to conclude in December 2009, accomplished these objectives. We constructed and operated the five stations successfully and safely, using a variety of advanced technologies to produce hydrogen from different sources (natural gas and water). The stations serviced several vehicle types, including fuel cell vehicles, hybrid electric fuel cell buses and internal combustion engine buses.

For hydrogen to play a larger role in meeting future world energy demand, some technical hurdles will need to be overcome. First, the energy density of hydrogen is much smaller than that of gasoline, so delivering the same amount of energy would require hydrogen storage and fueling facilities about two to four times larger than comparable gasoline stations. Also, the cost of hydrogen is still much higher than that of gasoline, and while some of the cost differential may decrease at larger scales, it is not expected to become cost competitive for many years. Through demonstration projects, Chevron and DOE have a much better understanding today of hydrogen's promise and what it will take for hydrogen to become a widespread fuel for the future.



Geothermal

Mayon Volcano in Albay, Philippines, is located near the Chevron-operated Tiwi geothermal field. A pioneering partnership with the state-owned National Power Corp. led to the country's first commercial geothermal power

project. Combined with the company's Mak-Ban geothermal field operations, Chevron provides 637 megawatts of clean, renewable energy for the island of Luzon, enough to power 3.2 million homes.



Biomass

Combining their strengths, Chevron and Weyerhaeuser formed an innovative partnership to research and develop biofuels from forest residuals.



Biodiversity in Indonesia

Our geothermal operations in Indonesia help make Chevron the world's largest producer of this renewable energy source. But that is not the only way we work to protect the environment in the country.

Near our oil and gas operations off the eastern coast of Kalimantan, Indonesia, the coral reefs in and around the Makassar Strait represent a biologically rich ecosystem that supports a diverse community of turtles, manta rays, dolphins and many other marine species. However, widespread fishing practices, such as blast fishing and the fishermen's use of poisons to stun fish, threaten to severely damage the reefs. Chevron is supporting efforts by The Nature Conservancy, a nonprofit organization dedicated to conserving and

protecting the world's flora and fauna, to change the dynamics of human interaction with the environment in Indonesia's coastal communities and to preserve the biodiversity and productivity of the ecosystem for future generations.

In addition, in July 2008, 23 Indonesia-based Chevron employees participated in a Nature Conservancy training course: Sustainable Resource Use for the Benefit of Local People. This training was designed specifically for employees to learn best practices on how to develop community-based conservation programs within both marine and terrestrial project areas.

Employees learned how The Nature Conservancy is supporting the develop-

ment of alternative sources of livelihood to relieve the pressure on fisheries. Other local commercial activities being encouraged include the production of virgin coconut oil, floor mats made from coconut husks, processed fish goods and seaweed, and ecotourism based on recreational diving. Chevron managers who helped organize the training hope that the skills and knowledge gained will allow us to increase environmental awareness and biodiversity sensitivity and to promote sustainable uses of natural resources and alternative livelihoods in and around the communities where we operate. This should result in greater protection of the precious marine and terrestrial biodiversity of Indonesia.



Algae

Algae are being explored for their potential as a feedstock for next-generation biofuel. Algae grow quickly, are naturally abundant and grow in many environments. Chevron and its partner, the U.S. Department of Energy's National

Renewable Energy Laboratory (NREL), combine their core strengths to study the viability of producing transportation fuels from algae. NREL researchers Kimberly Christensen and Eric Knoshaug process algal cultures.



Solar

In 2007, Chevron Energy Solutions installed two different types of photovoltaic cells at the Mission Bay campus of the University of California at San Francisco. The clean energy generated by the system prevents nearly 213 metric tons of carbon dioxide emissions each year.

Managing Our Footprint



To tap new energy resources, Chevron is now operating in more difficult and isolated areas than ever before. We are committed to seeing that new projects are developed in an environmentally sound manner and that existing operations continue to reduce their environmental impacts.

Continuous Improvement Through World-Class Standards

Chevron's comprehensive environmental management system drives continuous improvement across our operations. Our design standards for new capital projects require consideration of environmental aspects and resource conservation. New projects must avoid continuous gas flaring and venting and must incorporate reinjection of produced water where feasible. In addition, we are systematically implementing performance standards at our existing operations to minimize emissions, discharges and waste and to promote responsible waste management practices.

For instance, our Alba North platform in the North Sea implemented a multiyear project to test and demonstrate the feasibility of a new technology to further clean water that is pumped out of a well with oil. This produced water is separated from the oil and then typically discharged into the sea. At Alba, the new process reduced the concentration of oil in the produced water discharge from 27 milligrams per liter (mg/L) to 9.6 mg/L, which is below the regulatory limit of 30 mg/L. In 2008, we also piloted a new reinjection process at Alba that further reduced oil loading from these discharges.

Supporting Biodiversity and Healthy Ecosystems

Some of Chevron's international concessions are located in or adjacent to a

protected area as defined by the World Conservation Monitoring Centre's World Database on Protected Areas. Chevron has a long history of operating in the vicinity of ecologically sensitive areas.

Along a 1.9-mile (3-km) stretch of beach adjacent to Chevron's operations in Malongo, Angola, lies a major nesting area for olive ridley sea turtles, an internationally listed endangered species. We initiated conservation efforts in 2000 and improved protection techniques in recent years with the use of geographic information systems and global positioning system technology. In addition, we hired and trained local fishermen from nearby communities to help monitor and protect the nesting turtles and their eggs. In Soyo, sea turtles are fitted with satellite tracking devices to help us better understand the turtles' use of the area and understand the potential impact on the turtles of the Angola LNG (liquefied natural gas) project's construction and operations. The activity of the turtles can be viewed at SeaTurtle.org/Tracking/?project_id=263.

Chevron responded to community concerns regarding safe consumption of fish from Cabinda Bay. Fishing in that area is an important commercial and subsistence resource. Following public concerns over fish quality, our local business unit initiated a program to sample fish tissue for potential toxins. Now in the program's third year, the lab analyses have consistently

Left: Chevron's Moulavi Bazar gas field pipeline is routed through the Noorjahan Tea Estate in Bangladesh without disturbing the garden.

demonstrated that commonly consumed fish are safe to eat and contaminant levels are within safety limits set by the U.S. Food and Drug Administration for commercially sold fish.

Chevron completed the Environmental, Social and Health Impact Assessment for a seismic survey to be undertaken in Lawachara National Park in Bangladesh in support of potential natural gas exploration and production. The assessment identified potential concerns and recommended mitigation methods, such as limited work hours, worker training and waste management, to make sure the preliminary exploration activities did not adversely affect the natural wildlife and vegetation around the area. The International Union for Conservation of Nature and Natural Resources led an environmental monitoring team that conducted pre- and post-activity surveys in the forest and found no significant impact on the flora and fauna of the forest.

Emergency Preparedness and Response

Our first priority is to prevent emergencies, such as spills and releases, but we also need to be prepared to respond to them when they do occur. Whether emergencies are caused by severe weather, natural disasters, material failure or human error, we strive to learn from each event and improve our readiness.

Response During the 2008 Hurricane Season

After Hurricanes Katrina and Rita in 2005, Chevron operations in the region revisited their emergency preparedness plans and made revisions based on lessons learned. Chevron has a flexible, tiered emergency response system that includes local incident command teams supported by corporate and external resources. These teams were activated when Hurricanes Gustav and Ike affected the U.S. Gulf Coast and Caribbean islands in 2008. Regional coordination was instrumental during the 10-day closure of our Houston office complexes. Closure decisions and communications to our workforce were timely, which resulted in no injuries. Flexibility and

Global Emissions to Air^{1,2}

Metric tons

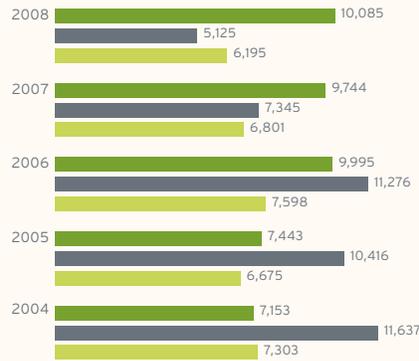
■ Upstream ■ Downstream ■ Other



U.S. Refining Emissions to Air^{1,3}

Metric tons

■ VOCs ■ SOx ■ NOx



Petroleum Spills⁴

Volume in barrels

■ Secondary containment ■ Spills to land and water ■ Volume recovered



⁴ Secondary containment volume – which is not released to the environment – is included in the total volume listed at the end of each bar. Approximately 27 percent, or 4,636 barrels, of the total volume was spilled to secondary containment in 2008. The volume of controllable petroleum spills increased by 8,247 barrels over 2007 volume, including 1,105 barrels of hurricane-related spills and 1,488 barrels associated with sabotage.

Global Emissions to Air by Sector^{1,2}

Metric tons

| | | Upstream | Downstream | Other |
|------|------|----------|------------|--------|
| VOCs | 2008 | 201,209 | 18,648 | 1,878 |
| | 2007 | 240,716 | 18,788 | 1,136 |
| | 2006 | 357,727 | 26,100 | 87 |
| | 2005 | 445,049 | 23,442 | 212 |
| | 2004 | 402,362 | 24,330 | 80 |
| SOx | 2008 | 97,731 | 18,496 | 8,810 |
| | 2007 | 63,223 | 20,451 | 7,970 |
| | 2006 | 82,922 | 25,574 | 9,714 |
| | 2005 | 87,455 | 23,986 | 7,433 |
| | 2004 | 96,809 | 26,091 | 10,499 |
| NOx | 2008 | 95,717 | 12,282 | 26,785 |
| | 2007 | 121,378 | 14,041 | 9,257 |
| | 2006 | 113,001 | 16,020 | 9,083 |
| | 2005 | 97,829 | 15,837 | 8,250 |
| | 2004 | 89,764 | 13,877 | 10,656 |

U.S. Refining Emissions to Air¹

Metric tons per million barrels processed

| | VOCs | SOx | NOx |
|------|------|-----|-----|
| 2008 | 26 | 13 | 16 |
| 2007 | 34 | 25 | 24 |
| 2006 | 30 | 34 | 23 |
| 2005 | 25 | 35 | 22 |
| 2004 | 22 | 36 | 23 |

Petroleum Spills

Number of spills

| Year | Number of spills |
|------|------------------|
| 2008 | 760 |
| 2007 | 826 |
| 2006 | 803 |
| 2005 | 846 |
| 2004 | 986 |

Average Oil Concentration in Discharges to Water

Parts per million

■ Upstream ■ Refining and chemicals



1 Volatile organic compounds (VOCs) derive primarily from fugitive emissions from equipment (such as valves, pumps and compressors), flaring and venting, and flashing gas. Nitrogen oxides (NOx) and sulfur oxides (SOx) occur during combustion.

2 Global VOC emissions were significantly lower than in 2007, mainly due to reduced cold venting in Indonesia upstream operations, improved estimation methods in PNZ (Partitioned Neutral Zone between Saudi Arabia and Kuwait) operations, decreased flaring at the Escravos Gas Plant in Nigeria, reduced production caused by hurricanes in the U.S. Gulf of Mexico, and reduced burning of gas oil in Argentina.

In 2009, Chevron's Corporate Health, Environment and Safety organization is updating the VOC and

Criteria Pollutants Protocol, which will standardize emissions estimation methodology for all operating units across the corporation.

Global SOx emissions were 36 percent higher than in 2007, mainly due to increased sour gas production from the maturing Eocene reservoir in the PNZ, and to improved measurement of gas production and improved calibration of flare gas meters in PNZ upstream operations.

Global SOx emissions from manufacturing helped offset the overall SOx emissions increase. The decreases were mainly due to flaring system improvements at the Pascagoula (Mississippi), El Segundo (California) and Hawaii facilities, as well as the estimation method changes at the Salt Lake (Utah) facility.

Global NOx emissions were lower than in 2007, mainly due to manufacturing: improved estimation factors at the Pembroke (United Kingdom) facility, and the startup of a flare-vapor recovery system at the Hawaii facility.

Global NOx emissions from upstream operations decreased due to a correction of 2007 estimations in Chevron Nigeria Ltd. onshore operations. However, this was offset by an emissions increase in shipping operations due to estimation improvements.

3 U.S. Refining NOx and SOx emissions decreased mainly due to improvements at the Pascagoula (Mississippi) facility.

coordination were demonstrated when emergency response contractors and equipment that were on standby to aid Chevron Pipe Line Co. were transferred to help our Port Arthur lubricants plant after post-storm reconnaissance determined the need was greater at Port Arthur.

Maintaining business continuity to support our customers and the communities where we operate is a shared objective across Chevron. Based on the lessons learned in 2005, many organizations had updated their plans to promote the continuity of critical business functions should such an event recur. Collectively, these improvements proved to be very valuable after Hurricanes Gustav and Ike in 2008. For instance, after Hurricane Katrina, warehouses with generators and humanitarian supplies were established on the Gulf Coast. So in the aftermath of Gustav and Ike, these resources were immediately deployed to the affected areas, and we were able to effectively restore power at service stations and furnish our employees with various humanitarian supplies. Also, several organizations implemented pre-planned movement of critical operations and personnel out of the Gulf region. Chevron Pipe Line Co., for example, has a secondary control center in Midland, Texas, which served as a home base during the response.

Product Stewardship

Product stewardship is one of the 13 elements of Chevron's Operational Excellence Management System. We identify, assess

and manage potential environmental, health and safety risks associated with a product from conception to consumption, recycling or disposal.

In 2008, we conducted product reviews in Asia, Europe and North America. These reviews examined potential life-cycle risks of new products, such as biofuels, and examined refinery projects that affect our final products. In 2008, we began implementation of a standardized product stewardship process that was developed in 2007. The process is expected to be fully implemented in all of our Global Downstream business units by the end of 2009.

Unleaded gasoline enables motor vehicle exhaust catalysts to operate as designed, significantly reducing vehicle emissions and potentially adverse health effects. In 2005, as part of an industry initiative, Chevron made a commitment to completely phase out lead in motor gasoline. That commitment was fulfilled everywhere in the world, with one minor exception. In Egypt, there are as yet limited suppliers of lead-free gasoline. Leaded gasoline is still supplied for some aviation engines that cannot be modified to use unleaded gasoline.

Ecuador

As previously reported, Chevron is the defendant in a long-standing lawsuit alleging environmental contamination associated with its subsidiary Texaco Petroleum Co.'s (Texpet) past operations

in the Oriente region of Ecuador. The suit is now before a local court in Ecuador. Chevron recognizes the serious challenges faced by the people of the Oriente region but rejects plaintiffs' opinion that Chevron is responsible for addressing their current socioeconomic and environmental issues. Independently verified scientific evidence presented to the court has shown that the charges against Chevron are unfounded and prove that the remediation Texpet carried out was effective and complied with the legal and technical requirements established under agreements with the Republic of Ecuador and its state-owned oil company, Petroecuador, as well as with internationally accepted standards at the time. Moreover, full responsibility for the existing environmental problems lies with Petroecuador, which has been the sole owner and operator of the oil fields for the past 17 years, as it has failed to remediate its share of the consortium fields and has a long and well-known record of oil spills and environmental neglect.

There are serious questions as to the legitimacy of the plaintiffs' evidence, which Chevron will continue to challenge. Chevron maintains a comprehensive Web site – in both English and Spanish – on this matter:  Chevron.com/Ecuador.

Environmental Expenditures

Chevron estimated its worldwide environmental spending in 2008 to be approximately \$3.1 billion for its consolidated companies, based on definitions and

Conserving Water Resources

Chevron operates eight refineries across the globe. Four of these refineries have put technologies in place to use treated effluent from the local municipality to meet their demand for water. Approximately one-fourth of the total water used by our refineries is supplied by such reclaimed wastewater (an estimated municipal effluent volume of about 45,000 cubic meters per day). We are now assessing corporate-wide water consumption and potential water treatment and reuse technologies

at all of our refineries to identify new recycling opportunities and options to further reduce our use of fresh water.

Barrow Island will be the site of natural gas processing and storage facilities associated with the proposed Gorgon project off the coast of Western Australia. Once construction begins, water will be needed for dust suppression and to provide potable water for the construction workforce. Water requirements will total approximately 1,500 to 2,000 cubic meters per day. However, there are no sustainable freshwater sources on Barrow Island adequate to meet operational needs, and the scarce resources that are present provide crucial ecological

benefits. Thus, the project team is incorporating the use of a reverse osmosis system to desalinate seawater and produce fresh water, as well as reuse and recycling processes where possible to minimize water required.

Working with stakeholders, Chevron conducted several studies demonstrating that disposal into the ocean of the brine generated by reverse osmosis will have minimal effect on Barrow Island and its surrounding waters. These studies included both toxicity tests of simulated whole effluents and literature reviews of other studies of marine impacts of desalination. The results validate that the project's proposed brine disposal method is environmentally sound.

guidelines from the American Petroleum Institute. These expenditures consisted of \$1.3 billion in capital expenditures for environmental projects and \$1.8 billion in costs associated with preventing, controlling, abating or eliminating hazardous substances and pollutants from all of our sites – operating facilities, closed or divested sites, and sites undergoing restoration.

Decreasing Instances of Fines¹

We reduced the number of incidents resulting in fines and settlements for alleged violations of environmental, health or safety regulations in 2008 to 564 from 684 in 2007. Environmental fines and settlements were \$15.87 million in 2008 and accounted for less than 1 percent of our total environmental expenditures. Health and safety fines and settlements accounted for approximately 1.2 percent of the total fines and settlements, representing \$0.20 million.

Environmental, Health and Safety Fines and Settlements

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------|------|------|------|------|------|
| Total number | 469 | 577 | 699 | 684 | 564 |

¹ Chevron changed its reporting practices in fines and settlements from reporting the total of all fines and settlements to reporting on an equity basis, consistent with environmental reporting throughout the report.

Managing Spills

While the total number of spills declined from 2007 to 2008, the actual spill volume

Safe Operations in a Class A Nature Reserve

Chevron's management of the Barrow Island oil field, off the northwest coast of Australia, is recognized as an industry benchmark for the coexistence of petroleum development and biodiversity protection. Since operations began in 1964, Chevron has helped prevent the introduction of invasive mammal species and the spread of weeds on this Class A nature reserve, which supports some species now extinct on Australia's mainland. Chevron ecologist Dorian Moro, Ph.D., and his colleagues help manage biodiversity projects, such as tracking the movement of flatback turtles to maintain the integrity of the environment. Moro is seen here with one of Barrow's green turtles.



Observe turtles and other wildlife: Chevron.com/BarrowIsland

was greater. In 2008, there were 760 recordable spills of greater than one barrel, totaling 17,492 barrels. Of this volume, 27 percent was spilled to secondary containment, which uses an impermeable surface and is designed to contain product releases, thus preventing releases to the environment. In addition, about 15 percent of the total volume was a result of hurricane damage and sabotage.

All spills are investigated, and in 2008 in response to our performance decline, we conducted a detailed analysis of the causes of major spills, which represented approximately 83 percent of total spill volume in 2008. Of the 14,459 barrels released in major spills, 80 percent of the volume was recovered. We are now communicating the study findings and implementing the study recommendations.

Restoring Wetlands at a Former Oil Field

Formed in 1998, Chevron Environmental Management Co. (CEMC) offers a wide range of environmental liability management services, which include site assessment and remediation; health, environmental and safety due diligence; onshore and offshore facilities decommissioning; and well abandonment. CEMC strives to develop the best end-of-life solutions for company assets, such as beneficial reuse and not just regulatory closure.

At Guadalupe Dunes on the Central California coast in the United States, CEMC restored or created five wetlands and remediated more than 20 acres (8 hectares) of beach habitat at the site of a former oil field, which operated until the mid-1990s. The site is the largest remaining intact natural dune-lagoon complex in California and is registered as a National Natural Landmark. Threatened and endangered plants and animal species as well as many species of special concern call the dunes home. In three of the restored wetlands, the California red-legged frog, which is on the federal threatened-species list, was observed.

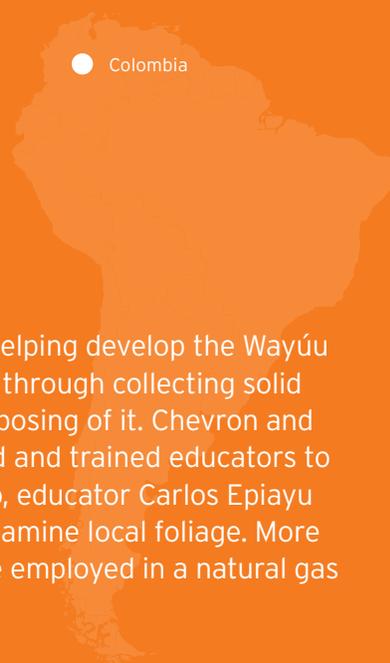


Above: The red-legged frog breeds in marsh ponds at the Guadalupe Dunes restoration project along the Central California coast.

Socioeconomic

A Commitment to Partnerships

Chevron operates in some of the most complex environments where communities face diverse socioeconomic challenges. Through our community engagement, workforce and supplier development programs, we strive to be a constructive partner in addressing those challenges.



Environmental Education

In the La Guajira region of Colombia, Chevron is helping develop the Wayúu community's capacity to improve its environment through collecting solid waste and recycling, composting or otherwise disposing of it. Chevron and partners Ecopetrol and Ecosfera Foundation hired and trained educators to work in the indigenous communities. In this photo, educator Carlos Epiayu Epiayu and community member Elena Epiayú examine local foliage. More than 100 members of the Wayúu community were employed in a natural gas construction project in the region.





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Empowering Communities



In many countries and communities where we operate, social issues are part of a broader set of varied and complex socioeconomic and security concerns. Our programs engage communities and individuals, empowering them to promote sustainability and helping deliver long-term socioeconomic benefits. The programs described in this section have touched millions of lives and demonstrate Chevron's commitment to being the partner of choice.

Chevron's programs are anchored in partnerships with governments, communities, local and international nongovernmental organizations, and development agencies. We have built a number of partnerships on trust, transparency, mutual learning and a common purpose to promote human progress and economic development. We address social issues by working together and delivering results "on the ground."

Our community engagement programs enhance our ability to conduct business in many parts of the world. In 2008, we invested \$160 million in our community engagement initiatives, with 50 percent in North America; 22 percent in Africa; 14 percent in Asia-Pacific; 9 percent in Eurasia, Europe and the Middle East; and 5 percent in Latin America. Most was invested in our three primary focus areas – improving access to basic human needs, enabling education and training opportunities, and promoting sustainable livelihoods.

Access to Basic Human Needs

Health care, nutrition, water, sanitation, agriculture and disaster response provide a foundation for economic development activities. We use several programs to promote access to basic human needs,

such as our partnership with North Star Foundation, an international agency establishing a network of roadside health clinics at major truck stops and border crossings in Africa and Asia. With North Star, Chevron established an HIV/AIDS Roadside Wellness Center at the heavily trafficked Oshoek border post between Swaziland and South Africa in 2007. As with other center locations, Oshoek was identified as a "hot spot" where significant numbers of truckers congregate and where sex work and other informal trades flourish. In 2008, the center provided HIV/AIDS prevention education, distributed condoms, and offered basic medical tests and services to 4,500 drivers and people from surrounding communities. North Star measures its progress annually against baseline surveys. In five years, it has seen an average annual reduction in sexually transmitted infections of 17 percent among drivers, workers and community members.

Global Fund

As the first Corporate Champion of The Global Fund to Fight AIDS, Tuberculosis and Malaria – a public-private partnership created by the United Nations – Chevron is leveraging funds as well as medical and business expertise from around the

Left: Chevron Energy for Learning™ entered its third year supporting public education in school districts affected by hurricanes Katrina and Rita on the U.S. Gulf Coast. This sixth-grader from Gulfport Central Middle School in Gulfport, Mississippi, participates in a focus group about the program.

globe to help control and eradicate these diseases. Many of Chevron's approximately 120 physicians and 600 health care workers are supporting in-country implementation of Global Fund programs.

The health of our employees and the communities where we operate is critical to achieving business results. So helping eradicate AIDS, tuberculosis and malaria not only supports communities, it aligns with Chevron's long-term business interests as well.

Chevron made a three-year, \$30 million commitment and is allocating \$5 million each to Global Fund grant recipients in Indonesia, Thailand, Angola, South Africa, Nigeria and the Philippines, countries with high rates of these diseases.

Tuberculosis is the sixth-greatest cause of mortality in the Philippines, posing a significant threat to the country's people and the economy. In October, we launched a partnership with the Tropical Disease Foundation to support tuberculosis treatment and prevention. The partnership includes an awareness campaign for employees, and education, testing and referral services at terminals and Caltex service stations for customers and drivers in greater Manila and some other cities.

We are partnering with the Western Cape Provincial Health Department in South Africa, supporting the province's goal: by 2011, reduce new HIV infections by 50 percent and expand access to treatment, care and support to 80 percent of people diagnosed with HIV. Chevron's contribution will help provide home-based care and expand a peer youth-education program on prevention. At Caltex stations on the Western Cape, Chevron will help build awareness of current prevention and treatment programs.

Other Global Fund partnerships are expected to be launched in 2009.

Education and Training

Chevron supports kindergarten to grade 12, vocational, college and adult education to help children and adults acquire the skills needed to compete in a more global economy. In 2008, Chevron and partners opened the Saudi Petroleum Services Polytechnic Institute in Dammam, Saudi Arabia, to prepare high school graduates to work in the oil and gas industry. The polytechnic will provide training in petroleum industry core competencies, such as health, the environment and safety; math; science; and information technology.

Technical Training in the Philippines

Chevron Geothermal Philippines Holdings, Inc., is partnering with local governments and the Consuelo Foundation, a nongovernmental organization, to help out-of-school youth acquire the skills they need to find employment either in local job markets or through self-employment. The program, which trained 150 youth in welding, electronics and small engine repair in 2008, has completion rates between 74 and 95 percent and employment rates of 84 percent or higher.

Building Communities of Learning in Africa and South America

Since 2003, Chevron has partnered with the Discovery Channel Global Education Partnership to support the creation of 55 Learning Centers in Angola, Venezuela, South Africa and Nigeria. The partnership brings educational video programming and teacher training to underserved primary schools. Study results indicate that schools equipped with Learning Centers show an increase in student learning, teacher effectiveness and community access to information. In the eight Nigerian centers, for example, parents and teachers note a reduction in lateness and truancy among students and an increase in enrollment by as much as 50 percent. The centers also become hubs for adults in the community, providing information on topics ranging from HIV/AIDS to vocational training. We have contributed more than \$3.6 million to date. In 2009, we are expanding our partnership by committing \$1.5 million to establish additional Learning Centers in South Africa and, for the first time, in Brazil. During our five-year partnership, 1,900 teachers, 89,000 students and 240,000 community members benefited. View a video at Chevron.com/LearningCenters.



Volunteer Service: Turning on the Taps in Tanzania

Abby Hoats is an environmental engineer with Chevron Energy Technology Co. in Richmond, California, where she works on water technology projects. In July, she volunteered her skills and her vacation to a more basic water project – getting clean drinking water flowing throughout the remote village of Ngelenge in the southwestern corner of Tanzania.

A member of the San Francisco chapter of Engineers Without Borders, Hoats donated her time throughout the year as a project manager and donated her travel expenses this summer to lead an implementation team. Chevron Humankind, the company's matching and volunteer program for U.S. employees and retirees, played a role, providing a \$1,000 grant in recognition of Hoats' volunteer hours. The program also matches an employee's financial contribution made directly to a nonprofit up to \$4,000.

"Chevron Humankind," says Hoats, "is extremely generous. It's easy to use and

it doubles my financial impact to causes I care about."

Once the multiphase project is complete, the community will benefit because running water reduces the burden on women in the village, who traditionally collect and carry water. This will allow them to spend more time growing cash crops that would increase their household income.

Hoats benefited because, as she explains, "I gain project management experience in the developing world. Experiencing those challenges helps in the work I do at Chevron." She also reaps personal satisfaction. "To see a community where day-to-day life is very different from mine, to see how much water means, and to see a productive and vibrant community despite less material wealth – it's a great learning experience."

Above, left: Abby Hoats. **Right:** Women in Tanzania carry gravel from the Ruhuhu River to their village. The gravel was used to make concrete for a water storage tank.

Champion in Global Fund's Fight Against Disease

"Global companies with large, long-term investments in developing countries understand that fighting disease is a necessary part of helping these economies to succeed. Chevron's long-standing dedication to combating HIV/AIDS, combined with its needs-based partnership approach to community engagement, made it an ideal first Corporate Champion."

Rajat Gupta

Chairman of the Board of Directors
The Global Fund to Fight AIDS, Tuberculosis and Malaria

Energy for Learning™ on the U.S. Gulf Coast

In 2006, Chevron launched Energy for Learning™, a three-year, \$18 million initiative to support public education in school districts affected by Hurricanes Katrina and Rita. Working with education officials in Mississippi and Louisiana, we developed the program to address the priorities of 23 districts.

School districts used their Chevron grants to jump-start recovery by providing interactive whiteboards for classrooms, science equipment, computers, books and other supplies. Funding also supported teacher training and leadership programs, the creation of an international baccalaureate program, and the establishment of two preschools in Mississippi. Approximately 50,000 students, teachers and administrators were direct beneficiaries.

In the fall of 2008, as Energy for Learning™ entered its final year of implementation, we undertook a third-party evaluation to measure successes and lessons learned. The evaluation included interviews with more than 250 students, teachers, parents and partners. It concluded that the initiative engaged and excited students, gave teachers new skills and tools, spurred innovation, and enhanced the image of schools as safe and positive places of learning.

Grant recipients stated that the funding not only supported rebuilding efforts, it also helped “leapfrog” their schools into world-class learning facilities; empowered students, teachers and parents; and restored hope for a bright future for the children, their families and communities.

The evaluation identified areas for improvement – measuring program results, increasing communication, and further including stakeholders – that we will bring to future community programs.

Sustainable Livelihoods: Micro and Small Enterprises

Access to markets and credit is essential for micro and small enterprise development. Chevron, together with international investment partners, established NovoBanco in 2004 as part of our Angola Partnership Initiative, with the primary objective of enhancing the local economic base of Angola. NovoBanco is

a microfinance institution that provides access to finance to small entrepreneurs and low-income households, segments of the market previously underserved. It has expanded to three branches with 31,207 clients and \$27 million in net assets. In 2008 alone, it gave more than \$10 million in loans to help Angolan entrepreneurs. NovoBanco plans to expand its operations by adding 11 new branches.

One of NovoBanco's model clients is Ana Coumba, the owner of Organizações Sandeleji, a small company she founded 15 years ago with her husband after seeing a business opportunity in baking bread and selling it to her neighbors.

“The following day, after the opening of the bakery,” says Coumba, “I had many of them knocking at my door asking for bread to buy. I realized that there was a chance for going forward with this business idea.”

After carefully assessing the market, Coumba approached NovoBanco in 2004 to get a credit to launch the business. She has since been granted three loans totaling \$80,000.

“This was exactly the kind of help I needed to really develop my business,” she says. Loans allowed her to purchase an oven, other key equipment, raw materials and fuel to expand the business. Organizações Sandeleji got a contract with a major supermarket in Luanda and has become the market's primary cookie supplier.

Coumba says she is making a profit of \$60,000 to \$70,000 a year, allowing her to send her kids to school, contribute to the family's well-being and expand the business. With the demand for bakery products booming, Coumba is planning to open a new branch. She initially had two people working with her. “Today, I have

Strengthening Community Leadership: The Chevron Management Institute

Luis Moreno

Executive President of Banauge Caracas, Venezuela

Chevron Management Institute (CMI) sponsors leadership and management skills training for nonprofit leaders. Since 1996, CMI has trained more than 400 leaders from around the world. The curriculum includes 360-degree feedback, practices of exemplary leadership and personal coaching. CMI also serves as a forum for attendees to learn from one another.

Luis Moreno is the executive president of Banauge, a nonprofit organization in Caracas that provides lending and training to microentrepreneurs in the poorer district of Venezuela's capital. Moreno credits his attendance at the 2007 CMI in Caracas with helping him turn Banauge into a learning organization. “We learned about the power of example we have as leaders,” he explains, “and how a leader who encourages confidence and teamwork will build



an organizational climate that will lead to success for management and the organization as a whole.”

Dr. Michele Rogers attended the CMI program in California in September 2008. An active volunteer, she was impressed with the range of practical tools she could apply. The 360 Leadership Review, whereby colleagues anonymously comment on their peers' leadership skills, was particularly helpful. “We all think we are good leaders,” she says. “So it's good to see how others perceive your leadership abilities. People said I should trust and delegate more, that I could share goals and incorporate their suggestions. So that's my focus: Enabling others to act. Because of CMI, I am delegating, involving others and building their confidence to carry out decisions. This is one way I am becoming a better leader.”

28 employees on the payroll," she says. "No way would I have achieved this success without the help from NovoBanco."

Chevron Humankind

In 2008, Chevron introduced a new community involvement program that replaced four existing programs for U.S.-based employees and retirees. Called "Chevron Humankind," the program complements our global community investments and builds on the company's belief that meaningful partnerships can help improve our communities. It includes company matching of participants' financial contributions to U.S.-based nonprofit organizations, grants for volunteer time, and company-sponsored volunteer programs. In 2008, U.S. employees and retirees recorded more than 110,000 hours of volunteering through Humankind, and program participants and the company contributed \$20 million to advance the work of nonprofit organizations.

Employee Volunteers: Responding to Hurricanes on the Gulf Coast

In 2008, Chevron employees helped their communities recover from disasters. Employees at Chevron's lubricants plant in Port Arthur, Texas, pitched in to help those affected by storm damage when flooding caused by Hurricane Ike temporarily shut down the facility. Coordinating efforts with local authorities, rotating teams of volunteer employees assisted elderly homeowners and others not able to help themselves. Over two months, the employees supported 53 households, clearing downed trees, installing temporary roofing, and removing carpeting, flooring and other items in floodwater-damaged homes.

Chevron committed \$3 million to support recovery efforts in communities affected by Hurricanes Gustav, Hanna and Ike on the U.S. Gulf Coast and in the Caribbean. We contributed to the American Red Cross, Save the Children, Feeding America (formerly America's Second Harvest) and the Pan American Development Foundation. Our funding was directed toward meeting basic needs for thousands of displaced residents, providing food, water, medical equipment, temporary roofing materials, portable generators, diapers and other necessities. We gave gasoline cards to volunteers on emergency response teams.

Disaster Relief

Cyclone Nargis struck Myanmar on May 2, 2008, causing widespread destruction along the country's southern coast and southeast regions. Chevron made a \$2 million contribution divided among the International Federation of the Red Cross and Red Crescent Societies, Save the Children, International Organization for Migration, Mercy Corps, and Pact.

The organizations all had a presence in Myanmar prior to the cyclone and were able to provide access to basic human needs and other relief to affected communities. They provided food, water, shelter materials, hygiene kits, health care, and cash grants for rehabilitation and agricultural activities. Chevron employees throughout its Asia South business units followed with a donation of \$7,992, which Chevron matched with an additional \$50,000.

On May 12, 2008, a 7.9-magnitude earthquake struck Sichuan Province in Central China, where our Chuandongbei project



is located. The earthquake left more than 80,000 people dead or missing and left millions homeless. After the quake, Chevron immediately contributed \$1.4 million to support disaster relief efforts. Also, Chevron employees throughout China and other Asia South business units donated \$20,729, which Chevron matched with an additional \$50,000. The total donation of \$1.47 million was transferred to the Red Cross of Dazhou city and is being used to support the reconstruction of schools, hospitals and other public utilities in the local communities.

Above: Yangon, Myanmar, after Cyclone Nargis.



Above: In Songkhla, Thailand, students at the Wattammakote Primary School participate in a Chevron-supported, 12-school waste management project. The students collect rubbish that the school then sells for recycling. The project, though supervised by a teacher, is run by the children, who weigh and log what is collected and keep the accounts.



Shaping the Future Development of Aceh

September 8, 2008, was the first day of classes at the newly constructed Politeknik Aceh in Banda Aceh, Indonesia, where 30 teachers and staff welcomed 240 students, 25 percent of them women, to the vocational training institute. The polytechnic will grant full diploma degrees in applied engineering and technology fields that correspond with local industry needs and are critical to the long-term reconstruction and development of the province following the 2004 tsunami.

Politeknik Aceh builds on the success of Politeknik Caltex Riau, which opened in 2001 to offer degrees in engineering, telecommunications and computer science. The Aceh polytechnic marks the completion of a \$16 million partnership with the

government of Indonesia, the local government of Aceh Province, the Rehabilitation and Reconstruction Agency for Aceh and Nias, and the United States Agency for International Development.

Chevron spent roughly \$6 million on the polytechnic, fully funding the construction of the facility. Chevron contributed a total of \$14.7 million for disaster recovery, which included the funding for the polytechnic and roughly \$9 million to support long-term economic development and sustainable growth initiatives. In addition, Chevron leveraged these contributions with about \$15 million in partner funding. For example, we partnered with Mercy Corps on the Aceh Barat Business Recovery program, which created access

to financial services in 100 communities – including 1,089 loans valued at more than \$80,000 to project beneficiaries – through microfinance institution partners. An important outcome of the project was the improved capacity and functionality of partner institutions, a necessary factor in sustaining the transformation of these devastated regions.

More than 100,000 people in Aceh have been helped by the company's efforts.

Above, left: The newly constructed Politeknik Aceh grants degrees in applied engineering and technology. **Right:** This member of the fourth graduating class at Politeknik Caltex Riau now works as a telecommunications engineer.

Transformative Projects

"The more holistic and systemic approach to community engagement that Chevron is developing through programs such as the Angola Partnership Initiative and the Aceh Recovery Initiative offers some valuable lessons, both for other corporate responsibility initiatives and the development community more broadly. Many corporate community engagement programs are focused on individual projects and issues and tend to be transactional

rather than transformative in nature. Implementing a more systems-based approach requires a variety of different but integrated projects; a challenging combination of diverse partners, from national governments and donor agencies to other companies, NGOs and community-based organizations; and a focus on both short-term outputs and long-term local capacity building and institution strengthening. None of this is

easy – either to execute or to evaluate – and yet such approaches offer one of the best hopes for transforming local situations from high levels of poverty to more sustained development."

Jane Nelson, Director
Corporate Social Responsibility Initiative
Kennedy School of Government
Harvard University

Continuous Improvement: Evaluating Our Community Engagement Initiatives in the Niger Delta

Between 2005 and 2006, Chevron Nigeria Ltd. (CNL) signed Global Memoranda of Understanding (GMOUs) with eight clusters of communities and their state governments in the Niger Delta. The GMOUs are intended to empower communities by promoting responsible, participatory development; improve relationships between CNL and community stakeholders; and foster collaboration in the Niger Delta region. The GMOUs resulted in increased dialogue and improved issues management between the company and the community.

Shifting from a more philanthropic to a sustainable community development model, the GMOUs are intended to shift ownership and control of Chevron-funded programs to the communities. The participatory partnerships formed in this process include a range of stakeholders in the planning, implementation, monitoring and evaluation of programs in a transparent manner.

Seventy-one settlements and approximately 600,000 residents, are represented by Regional Development Councils (RDCs), with membership drawn from the communities. In some cases, groups that were engaged in armed conflict a few years prior now work in collaboration within the councils to define community needs and execute plans. To foster collaboration and effective operation,

CNL provides training in planning, administration and funds management.

By 2008, the councils had completed sustainable-livelihood assessments, which were created with community input and document such information as demographics, income sources and patterns of conflict. Also by 2008, many projects had been implemented or were in development, such as water and rural electrification, education programs and microcredit lending to women. Since signing the GMOUs, CNL has disbursed more than \$32 million to the councils.

The first GMOU expired in 2008, and most of the remaining seven will be renegotiated in 2009. Against this backdrop, CNL undertook a comprehensive participatory evaluation of the process to better understand its successes and areas for improvement.

This model invited those involved in the GMOUs – including community representatives, RDC members, Nigerian government officials, local nongovernmental organizations and CNL – to jointly design the evaluation and analyze the data with consultants from three organizations: Consensus Building Institute, Search for Common Ground, and Research Triangle Institute International. A data-collection

team conducted interviews and focus groups with more than 1,000 individuals over a five-week period in all five states where the RDCs are present.

The evaluation surfaced a range of views, from positive comments about the impacts and processes to concerns over the equitable distribution of benefits. Broadly, the GMOUs were recognized as a useful mechanism that should be continued and could be improved. Many stakeholders believed the GMOUs were effective at promoting sustainable development, transparency and community empowerment. A large number of stakeholders felt CNL's relationship with the communities had changed for the better.

Stakeholders felt that additional funding from other sources would become necessary to meet future needs. Although CNL and the Nigerian National Petroleum Corp. have been the sole funders, it is part of each council's mandate to diversify the funding base. CNL is helping secure external funding partners – a significant challenge given the instability of the region.

Stakeholders remarked that coordination with government and other development organizations could be improved to strengthen government support and reduce the likelihood of project duplication.

Some communities did not understand the GMOU process or the roles and responsibilities of council leadership. Outreach mechanisms could be enhanced by implementing the town halls, annual meetings and other mechanisms built into the process. Additionally, the evaluation surfaced a need for greater inclusion of women.

While the evaluation indicated that some stakeholders were concerned with the process, many closely involved had endorsed it. A number of suggestions to improve the model are being incorporated into GMOU renegotiations by CNL and other participants.

The Structure and Purpose of Regional Development Councils

The RDCs signed agreements to develop and manage initiatives in health, education, village infrastructure and livelihood creation. Each council is:

- Composed of multiple villages.
- Supported by a governance structure that includes oversight, conflict resolution and accountability.
- Supported by a multistakeholder committee of village representatives, government officials, nongovernmental organizations and CNL.
- Responsible for designing and managing its own development program based on a sustainable-livelihood assessment and project prioritization done at the outset.

Building Global Capacity

Chevron makes investments in equipment, facilities, raw materials and people to achieve business success. With long-term demand for oil and other energy sources expected to grow, we are investing in our nearly 62,000-strong workforce in more than 100 countries. We help our employees as well as our contract workforce develop their full capabilities, and we make their health and safety our top priority.

This is not only the right thing to do, it is essential to our success if we are to attract top-quality employees in a very competitive industry. With a presence in more than 100 countries that span the globe, our workforce is an essential investment in our success.

We continue to experience a transformation in our workforce. In 2008, about 54 percent of employees were hired outside the United States, compared with 30 percent in 1999. This requires that we be adept at recruiting and hiring locally – because a local workforce helps us understand, connect to, and meet the challenges and opportunities that are unique to each community where we operate.

Investing in Our Workforce

We invest in the development and training of our workforce around the world to enrich personal learning and continually build local organizational capability.

In 2008, approximately 2,300 employees were active participants in Horizons, an accelerated development program for technical employees who have less than five years of industry experience.

This five-year investment, during which employees receive on-the-job training, cross-functional experience and technical mentoring, is designed to sharpen their competencies and broaden their exposure to our business. Through this program, which was expanded from its U.S. roots in 2007 to build technical capacity in the international workforce, we are building the foundation of a global workforce that is prepared to meet our growth opportunities. Currently, there are participants in 26 countries and almost half are outside the United States. Non-U.S. countries with

a large number of participants include Angola, Indonesia, Nigeria and Thailand.

A second component of our technical development program, Pathways, was launched in 2008. This employee-driven career development program is designed to expand the technical and professional skills of employees and, in turn, strengthen the long-term capability of the company. More than 3,000 employees enrolled in 2008.

Diversity

Diversity is one of Chevron's broad set of criteria used to measure progress in attracting, developing and retaining a talented, global workforce. A diverse workforce is a strategic advantage, contributing a greater variety of ideas, experience, creativity and innovation and grounding us in the communities where we operate.

To foster awareness and promote the benefits of our diverse employee population, Chevron has 11 officially recognized employee networks. These networks have more than 18,000 Chevron employees, who support mentoring and lead career development activities, diversity fairs, cultural events and community outreach.

Working Safely Every Day

Employee health and safety lie at the foundation of our efforts to build a talented, dynamic workforce. A fully productive employee must be safe and secure first. The health and safety of our employees and contractors hold critical value for our business. We are investing in this "human energy" resource through our continuing efforts to make processes safer and provide all workers with the tools and information they need to do their jobs right every time. Over the past 10 years, Chevron's efforts to create a safety culture

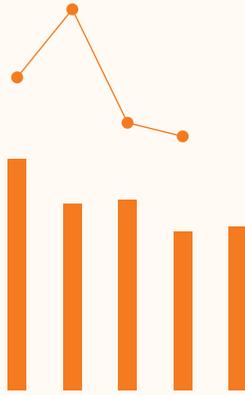
show strong, continued improvement. For the seventh consecutive year, we improved our Days Away From Work Rate, which makes Chevron one of the safest energy companies in our peer group. We are now four times safer as a company than we were in 2003. Our Pascagoula, Mississippi, refinery and our Australasia and Europe business units recorded no Days Away From Work injuries in 2008, a period covering more than 20 million hours without a recordable incident.

Through our Operational Excellence Management System, we continue to improve our formal processes and structures that support safe operations, not just for our nearly 62,000 direct employees but also for the almost 200,000 contractors who work at Chevron sites on any given day. We strengthened our Incident Investigation and Learning program, for example, by adding a focus on high-learning-value events. A team examines

Below: In 2008, Chevron provided HIV/AIDS awareness and prevention training to 4,592 employees around the globe. World AIDS Day events took place at more than 25 Chevron facilities in 11 countries.

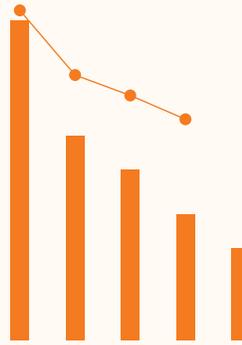


Total Recordable Incident Rate¹
Incidents per 200,000 work hours



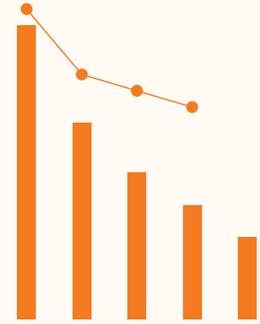
| | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------|------|------|------|------|------|
| Workforce | 0.51 | 0.41 | 0.42 | 0.35 | 0.36 |
| Benchmark | 0.69 | 0.84 | 0.59 | 0.56 | N/A |
| Employees | 0.46 | 0.38 | 0.34 | 0.40 | 0.31 |
| Benchmark | 0.66 | 0.61 | 0.51 | 0.49 | N/A |
| Contractors | 0.53 | 0.42 | 0.46 | 0.34 | 0.37 |
| Benchmark | 0.73 | 0.67 | 0.64 | 0.61 | N/A |

Lost-Time Incident Frequency¹
Incidents per million work hours



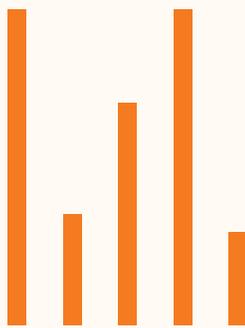
| | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------|------|------|------|------|------|
| Workforce | 0.94 | 0.60 | 0.50 | 0.37 | 0.27 |
| Benchmark | 0.97 | 0.78 | 0.72 | 0.65 | N/A |
| Employees | 1.07 | 0.84 | 0.41 | 0.48 | 0.33 |
| Benchmark | 0.95 | 0.77 | 0.64 | 0.57 | N/A |
| Contractors | 0.87 | 0.49 | 0.53 | 0.33 | 0.25 |
| Benchmark | 0.95 | 0.79 | 0.78 | 0.71 | N/A |

Days Away From Work Rate¹
Incidents per 200,000 work hours



| | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------|------|------|------|------|------|
| Workforce | 0.18 | 0.12 | 0.09 | 0.07 | 0.05 |
| Benchmark | 0.19 | 0.15 | 0.14 | 0.13 | N/A |
| Employees | 0.21 | 0.16 | 0.08 | 0.09 | 0.07 |
| Benchmark | 0.19 | 0.15 | 0.13 | 0.11 | N/A |
| Contractors | 0.16 | 0.10 | 0.10 | 0.06 | 0.05 |
| Benchmark | 0.19 | 0.15 | 0.15 | 0.14 | N/A |

Work-Related Fatalities



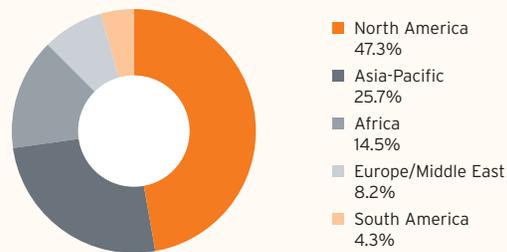
| | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------|------|------|------|------|------|
| Workforce | 17 | 6 | 12 | 17 | 5 |
| Employees | 2 | 2 | 1 | 3 | 0 |
| Contractors | 15 | 4 | 11 | 14 | 5 |

Global Diversity

| | 2007 | 2008 |
|---|-------|-------|
| Women in total workforce | 22.4% | 22.7% |
| Women represented at midlevel and above | 10.6% | 11.5% |
| Women and non-Caucasian men represented at senior executive level | 24.5% | 24.8% |

Global Workforce at Year-End 2008

Geographic breakdown



At year-end 2008, Chevron's worldwide staffing was 61,675 (excluding approximately 5,000 service station employees). This represents an increase of 4.25 percent over the previous year. U.S. workers numbered 28,226, and approximately 13 percent were represented by unions.

U.S. Equal Employment Opportunity Commission Statistics

| | 2007 | 2008 |
|---|-------|-------|
| Minorities among total employees | 33.9% | 35.3% |
| Women among total employees | 29.0% | 29.2% |
| Minorities among executives and senior managers | 9.6% | 11.0% |
| Minorities among first- and midlevel managers | 26.5% | 26.9% |
| Women among executives and senior managers | 14.1% | 15.0% |
| Women among first- and midlevel managers | 25.6% | 24.7% |
| Minorities among professionals | 29.1% | 30.6% |
| Women among professionals | 32.0% | 32.4% |

¹ American Petroleum Institute data are used as industry benchmarks. 2008 benchmark data were not available at the time of publication.

all recent major incidents regularly throughout the year. If identified as a high-learning-value event, the incident is analyzed for root causes and the results are communicated throughout the organization.

We continued to focus on improving Process Safety Management at our facilities during 2008. We collected data on Loss of Containment, a new metric that will help us improve our performance. We also continued in-depth analysis of major incidents to determine the root causes, communicate the lessons learned and identify recommended actions. As a result of these studies, we are emphasizing operational discipline to ensure we have the systems, processes and behaviors aligned so that every member of the workforce carries out every task the right way, every time. In this program, the responsibilities of management and workers are clarified and reinforced.

If a worker feels that he or she does not have the tools or knowledge to do the job safely, then the worker is required to stop work, consult with the supervisor and fix the deviation. Management is responsible for enabling and empowering every employee to develop his or her own operational discipline. We developed communication tools for spreading this

message throughout the corporation, ranging from "safety moments" to in-depth workshops. While locations can customize the tools to fit their own needs, a key goal is to promote safety in our processes by standardizing the way a process is conducted, whether the operation occurs in Angola, Brazil, Kazakhstan or the United States.

In 2008, we achieved record safety results for the year, with a Days Away From Work Rate of 0.05, a fivefold improvement over the 0.25 rate in 2002.

Establishing Common Safety Practices Among Chevron Staff and Contractors

Chevron Downstream established a common safety system across all sites, the Loss Prevention System™. It emphasizes the need for each employee to assess risks before doing a task by asking a simple question: What's the worst thing that could happen to me in this situation? Employees should then make sure they have the right tools and knowledge to prevent any unacceptable outcomes. Workers are empowered to stop what they're doing if their self-assessment reveals that they don't have proper safety equipment or if they are not sure of the risks inherent in the task. As a representative of one of our major contractors, Daniel Breaux from Atlantic Scaffolding is helping

Motor Vehicle Safety

Company motor vehicle incidents per million miles driven



Data are based on a revised classification system adopted by the International Association of Oil & Gas Producers. Chevron has tracked motor vehicle incidents since 2002.

deploy the system at our Pascagoula, Mississippi, refinery.

Breaux emphasizes how valuable the system can be for a very large facility with multiple contractors onsite: "I've been at the Pascagoula Refinery for about two years. The Loss Prevention System™ is beneficial to everyone who works inside a refinery, not only Chevron personnel but contractors as well. It gives us the opportunity to all talk from the same page. Instead of five different companies using five different safety systems, we're all using the same tools. Once we're inside this gate, we're all in this together – I don't want to see anybody get hurt."

Our Drive to Improve Motor Vehicle Safety

Vehicle incidents are the largest cause of fatalities within the oil and gas industry. We are working to improve our workforce's awareness of road safety whether they are driving on the job or commuting.

In 2008, we completed a study of 87 major motor vehicle incidents that occurred in 2006 and 2007 across the corporation, with the goal of identifying trends and common root causes. We began communicating the findings throughout the company during the last quarter of 2008, and we are implementing updated training tools designed to address common root causes of incidents, such as excessive speeding or miscalculating situational risks. The study also identified improvements to some of our existing driver training programs and contractor performance monitoring procedures, which we are implementing as a result. Revamped



Above: Chevron's cardiovascular program takes a preventive approach to improving employee health. Chevron's John Huey participates in an exercise class led by Rosie Guerrero at the Chevron Fitness Center in San Ramon, California.

training and driver monitoring activities are expected to continue during 2009.

Helping Employees Balance Busy Lives

Chevron has a variety of programs to help its workforce maintain productive work and personal lives.

In the United States, many employees are eligible to work compressed schedules, working longer stretches over fewer days with an additional day off per week or two-week period. U.S.-based employees also have access to elder-care specialists, who can provide support in assessing service needs and in-home respite care.

We provide mental health counseling, drug treatment and referral services in 14 countries where we operate. Support programs are currently under development in China and Kazakhstan.

Building Healthy Communities

Cardiovascular disease is the leading cause of death in the United States, claiming more than 600,000 lives in the country each year and millions more worldwide. The World Health Organization reports that by the year 2020, heart disease will surpass infectious disease as the world's leading cause of death and disability, posing a threat to our global workforce.

During 2008, Chevron continued to implement its new cardiovascular health program for employees. This program takes a preventive approach by giving employees the tools and incentives to understand their own risk factors for heart disease and to take steps that will improve their cardiovascular health. Employees who choose to participate in the program take an assessment asking them about their health indicators. The program then evaluates their risk factors and makes personalized recommendations on how to lower risks. It offers online self-help resources, educational materials and even a customized mentoring program with a health coach, all of which are offered free of charge.

The program was piloted in Nigeria, in the Philippines, and in the United States at the Pascagoula Refinery. Beginning in September 2008, the program was opened to all U.S.-payroll employees; it will roll out globally in 2009. Our investment in the

Arrive Alive Initiative: Focus on Community Road Safety

Below, left: In Guatemala, after Arrive Alive added speed-limit signs, school-zone markings and crosswalks near a school, accidents there reduced from four or five a month to zero. **Right:** On the road from Entebbe to Kampala, Uganda, four to seven deaths occur weekly on this stretch of road, where pedestrians walk on the side and motorcyclists ride without helmets. Arrive Alive is working in parts of the country to identify areas of concern and recommend improvements.



cardiovascular health of employees, we firmly believe, will lead to increased productivity, reduced lost-work time and more motivated employees.

In some areas where Chevron employees and families live, medical services are severely lacking. We have an opportunity to improve community health significantly in those operating locations. Improving the health status of the whole community has direct, positive effects on our workers and their families as well as on our potential future workforce.

Our approach to community health continues to evolve and take advantage of synergies between many existing programs. This year, a major focus is on developing a holistic approach that responds to community needs. We are looking to bring efforts in HIV/AIDS, malaria and tuberculosis together in a coordinated way that addresses local needs and includes environmental, social and economic aspects.

For instance, around our Nigerian operations, we have conducted HIV/AIDS awareness, prevention and treatment activities since 2001 and, in some locations, supported anti-malaria efforts through community medical clinics. During 2008, we worked with partners in the Corporate Alliance on Malaria in Africa to develop a strategic business plan based on a vision of integrated support for sustainable community health. We plan to leverage our involvement in the country coordinating mechanisms – steering committees for each country where The Global Fund to Fight AIDS, Tuberculosis and Malaria is active – to test the feasibility and effectiveness of this integrated community health approach. Chevron has already been invited to participate in the coordinating mechanisms for Nigeria.

Focus on Community Road Safety

Chevron workers must travel through the streets of their communities every day to arrive at work or to return home to family. Our goal is that each of them arrives

unharmful – while making the whole community safer through our Arrive Alive initiative. The aim of Arrive Alive is to help key stakeholders in countries where we operate eliminate fatalities and injuries among the public as well as among Chevron employees and contractors. Now operating in six countries (Bangladesh, El Salvador, Guatemala, Nigeria, South Africa and Uganda), Arrive Alive forms coalitions within each nation to work collaboratively toward road safety improvements. Chevron provides initial funding and organization, while other coalition partners – such as municipal governments, public safety officials, trade unions, commercial businesses and nonprofit groups – participate in identifying, developing and implementing programs in advocacy and education; enforcing existing laws; and correcting dangerous intersections.

Over a two-year period in our well-established Guatemala program, the coalition's actions to make hot spots safer reduced the number of incidents at those locations by almost 97 percent. Two new coalitions, in Bangladesh and El Salvador, began building partnerships and raising awareness of the extent of motor vehicle danger.

Luis Castellanos helped get the Arrive Alive initiative rolling in Guatemala and was the local program manager there before relocating to Chevron's headquarters in San Ramon, California. While Castellanos was working in Guatemala, the Arrive Alive coalition worked to reduce hazards at several hot spots – including one intersection where his wife had experienced a car incident in 2005.

"No one was hurt, but my wife was crying and was very upset. It was a bad intersection," Castellanos reports.

By implementing some fairly simple changes, such as painting new lane dividers on the road, the number of incidents at that hot spot declined dramatically. While mishaps were common at that intersection before the changes were made, during the 2007-2008 reporting period, only one incident occurred there.

Castellanos sums up the importance of Arrive Alive like this: "My son is learning

to drive now, and so I'm very aware of all the dangers we are exposed to out there. With the Arrive Alive program and our local coalitions, we are saving lives by what we do. And you never know whether that life you save may be someone very close to you."

McKinley Mine Donation to Navajo Code Talkers Association

Chevron understands that its operations may have impacts on the local communities long after production ceases. In such instances, the company seeks to implement closure plans that reflect the needs of the communities as identified by affected stakeholders.

One example is the donation of land by Chevron's McKinley Mine in rural New Mexico, United States, to the local Navajo community.

Operating since 1962, McKinley is a surface mine that produces coal for electricity generation. Approximately 95 percent of the mine's employees are Navajo, and 60 percent of its permitted area is on Navajo land. To date, McKinley has mined more than 170 million tons of coal and has reclaimed more than 12,000 acres (4,900 hectares) of disturbed land. Upon closure, the remainder of mine property also will be reclaimed.

After more than 40 years as part of the community, the McKinley Mine is reaching the end of its coal reserve. McKinley has a long-term relationship and commitment to the community, so was agreeable when the Navajo Code Talkers Association approached the mine about a possible donation of a 230-acre (93-hectare) tract of land to serve as a site for a Navajo Code Talker museum and visitor center.

The Navajo Code Talkers, during World War II, fashioned a difficult-to-decipher communications code based on their Navajo language. Today, almost all remaining Code Talkers live near mine property, and a number of mine employees are closely related to them.

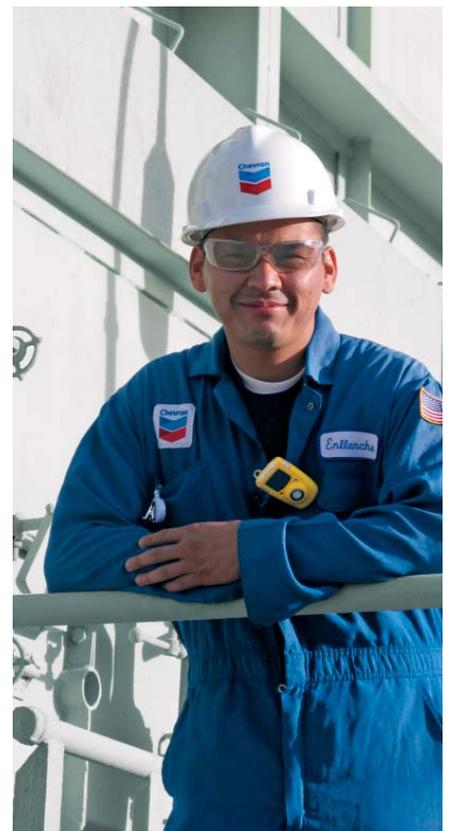
For McKinley employees, this donation is a lasting legacy to honor the community that has been instrumental in the mine's success.

HENAAC Honors Chevron Engineer

Carlos Enllanche, lead design engineer at Chevron's El Segundo Refinery, won the HENAAC award for Most Promising Engineer or Scientist – Undergraduate. The HENAAC awards honor talented Hispanic-American engineers, scientists and technology experts. A core mission of HENAAC is to showcase outstanding role models to inspire young people to pursue careers in technology and to motivate professionals to continue to connect with the Hispanic community. Enllanche is a model ambassador for that mission, mentoring student engineering interns at Chevron and tutoring adults and schoolchildren in math and science in the Los Angeles community.

Carlos Enllanche

Chevron Lead Design Engineer
El Segundo Refinery, California



Supply Chain

Expanding Opportunity, Sharing Best Practices

Building capacity and expanding business opportunities for local suppliers are other ways Chevron promotes responsible economic development in the countries where the company operates. Our supplier initiatives grow and diversify the local economic base for communities and national economies by creating new businesses, generating employment, and promoting the transfer of appropriate technology and skills.

We think it is important that our supplier base be reflective of our customers and the markets we serve. We also strive to be a partner of choice, and this includes partnering with businesses large and small to build stable economies through the creation of jobs. In 2008, we purchased approximately \$45 billion in goods and services from suppliers and contractors ranging from large multinationals to locally based small and medium-size businesses.

Building capacity has the dual effects of empowering local suppliers and supporting the sustainability of their businesses. Our engagement with suppliers includes sharing our skills and know-how, delivering practical training and awareness programs, and promoting supplier diversity and engagement.

We help our suppliers develop their capabilities in a variety of ways. For example, Chevron's engineering team in Lagos, Nigeria, works side by side with engineering services contractors to share knowledge, skills and good practices. Lead engineers from our company embed themselves in supplier firms, helping the firms strengthen their capacity in process management, mechanical and structural engineering, and quality control.

Promoting Supplier Diversity and Engagement

Through our U.S. supplier diversity and small business program, we work with small, minority- and women-owned businesses to develop innovative, cost-effective solutions. We believe that a supplier network reflecting the communities where we operate creates value for our business and supports local economic development.

In 2008, we spent approximately \$2.9 billion on goods and services provided by small and medium-size businesses in the United States. We also spent \$515 million with

minority-owned businesses and \$450 million with women-owned businesses.

In July, Chevron hosted supplier forums and diversity fairs in Houston, Texas, and San Ramon, California. The goal of these events, which together attracted more than 150 suppliers, was to educate our large, traditional suppliers on our subcontracting processes and to promote diversity in subcontracting.

Indonesia: Empowering Local Small Companies and Cooperatives

Operating in Indonesia since 1924, Chevron

has deep roots as a national development partner in the country. We produce nearly half of the country's crude oil. We also market lubricants throughout Indonesia and manage two geothermal projects on the island of Java.

PT Chevron Pacific Indonesia began the Local Business Development program in 2001 to provide practical training, mentoring, and business opportunities for local companies and cooperatives. The program develops and enhances the capabilities of local entrepreneurs to become certified suppliers not only to Chevron but also to large Indonesian companies.

Since the program was launched, more than 700 small suppliers were certified, 2,400 contracts were awarded and approximately 6,000 jobs were created. In total, Chevron purchased \$31.5 million in goods and services. The annual purchases increased from \$1.5 million in 2001 to \$71 million in 2008.

Growing Local Business

Sandra Floyd had a professional corporate career for 25 years before deciding to start her own business. She founded OUTSOURCE Consulting Services, Inc., in 1994 and, for more than five years, has been supplying professional contract staff to Chevron. One of the goals of her company is to provide businesses with top-quality talent from the local community and create jobs in the inner city. Floyd also has deep ties to the

community and feels that it's important to give back. She and her staff donate their time and resources to help others.

Sandra Floyd, Owner
OUTSOURCE Consulting Services, Inc.
Oakland, California

 Visit with local supplier Sandra Floyd:
Chevron.com/SupplierDiversity



One supplier beneficiary is Cauliflower Trimajaya, PT, a building maintenance, landscaping and contract labor company with 73 permanent employees. Cauliflower joined the business development program in 2001 and received training in such business basics as procurement, work safety, project management, financial administration and business ethics. From a small initial contract awarded by Chevron in 2001, the company was winning contracts in the range of \$20 million seven years later. It continues to benefit from training we provided. In 2008, improved administrative and financial management systems helped the company pursue new contract tender opportunities. Through Chevron's contractor health and safety management program, it is putting standardized health, environmental and safety systems in place.

It's a win-win proposition, says H. Bastian, Cauliflower's director and owner. "As a business partner with Chevron Pacific Indonesia," he says, "we are improving our capabilities and, through that, improving the opportunities for everyone in our community."

Because of the success of companies such as Cauliflower, Chevron Pacific Indonesia's program won a Padma Community Development Award in 2008 from the Indonesian Ministry of Energy and Mineral Resources. The award is given to individuals, social organizations and companies that make a significant contribution to community development in resource-based communities.

Developing Local Suppliers

"Local content" is an increasingly important part of Chevron's global business. In 2008, Chevron developed Local Content Guidelines to align business units along a set of common goals and actions to support the company's commercial interests and corporate responsibility commitments. The guidelines aim to promote sustainable, high-quality local capacity and capability. This not only provides business value to Chevron but also supports local economic growth and workforce development.



Above: Vladimir Litvinov, deputy chief engineer at Byelkamit – which participated in Tengizchevroil's local-supplier development program – is overseeing construction of a 30,000-barrel storage tank at the Tengiz oil field. Byelkamit started its business with an office in a shipping container and now has a staff of 500 and supplies various companies in the region. Chevron is a 50 percent partner in Tengizchevroil.

U.S. Small Business and Supplier Diversity Spending (US\$ millions)

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|----------------|-------|-------|-------|-------|-------|
| Small business | 1,360 | 1,800 | 2,800 | 2,886 | 2,920 |
| Women-owned | 222 | 258 | 373 | 464 | 450 |
| Minority-owned | 226 | 310 | 432 | 434 | 515 |

Revenue Transparency in Resource-Rich Countries

More than half of the world's population lives in countries rich in oil, gas and minerals. These resource-rich countries have the ability to generate revenues to facilitate development and reduce poverty. Chevron believes that disclosure of revenues received by governments and payments made by extractive industries to governments could lead to improved governance in resource-rich countries. The transparent and accurate accounting of these funds contributes to stable, long-term investment climates, economic growth and the well-being of communities.

Our commitment to promoting revenue transparency is reflected in our participation in the multistakeholder Extractive Industries Transparency Initiative (EITI). Chevron, which continues to support the efforts of the Oslo-based EITI Secretariat, served in 2008 as an alternate member of the EITI board and in 2009 was elected to serve as a full member of the board. Twenty-five countries are now undertaking EITI's external validation process over the next two years to ensure that they are implementing the program according to agreed-upon standards. Through EITI, Chevron is working with a number of these governments to promote implementation. Azerbaijan was the first such country to do so.

Our Commitment to Protecting Human Rights

We are committed to respecting human rights in the countries and communities where we operate. Because human rights issues cut across many aspects of our business, our commitment is not based on a single activity but, rather, on the totality of our efforts – internally and externally. These include our policies, management practices, executive involvement, community programs, and participation in voluntary initiatives.

Our Values, Policies and Performance

Our support for human rights begins with The Chevron Way, a statement of values that guide our actions. Our values include integrity, trust, partnership, diversity, and protecting people and the environment.

Our Human Rights Statement, adopted in 2006, reaffirms the manner in which we operate and is consistent with human rights principles applicable to business. We recognize the relevant ideals in the U.N. Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Our global HIV/AIDS policy affirms that employees suffering from or otherwise affected by HIV/AIDS are protected by the company's existing policies on discrimination and harassment. Our Business Conduct and Ethics Code, which all employees must read and acknowledge, was updated in 2008 to incorporate our Human Rights Statement.

We continue to reinforce human rights issues through education and computer-based training. Throughout 2008, we deepened our dialogue with thought leaders – nongovernmental organizations (NGOs), government and academia – on the appropriate role of business. We held a three-day workshop for our Global Security advisors that included emerging security and human rights issues.

Chevron has long supported the Leon H. Sullivan Foundation and endorsed the Global Sullivan Principles. The principles promote business support for human rights, economic justice, racial and gender equality, sustainable development, and a healthy environment. In 2008, Chevron sponsored the eighth Leon H. Sullivan Summit in Tanzania, and Vice Chairman Peter Robertson gave an address on the company's efforts toward achieving sustainable growth by "helping others help themselves."

Support for the Voluntary Principles on Security and Human Rights

In 2008, we released our Guidelines on the Voluntary Principles on Security and Human Rights. The guidelines describe our operational framework for security where we operate and are consistent with the Voluntary Principles. Management in our country business units is required to implement the guidelines to fit local circumstances.

Our business units are committed to supporting the Voluntary Principles in accordance with local laws and conditions. In many areas where we operate, we communicate and reinforce the principles with host governments and their security forces, and with private security with whom we sometimes work. We also have begun to include Voluntary Principles considerations in contractual agreements with private security groups. Our business units participate in multistakeholder briefings and share practices regarding the principles with host governments, companies and NGOs.

The Voluntary Principles are not a panacea for security and human rights issues, but they are a building block on which progress is measured in increments. Their success cannot be guaranteed by a single actor but requires the concerted efforts of government, companies and NGOs, aided by mutual support and reinforcement.

Along with integrating the principles in our security and human rights processes internally, Chevron promotes the principles externally. We have participated in plenary meetings since 2004. We helped develop the formal criteria for participation in the Voluntary Principles, and we participate in a multistakeholder working group that is developing participant guidelines for reporting. We shared our experiences through participation in meetings with

the U.S. State Department and in security and human rights workshops organized by the International Petroleum Industry Environmental Conservation Association, of which Chevron is a member.

Communities

Our community engagement programs are an integral part of our commitment to human rights and focus on improving access to basic needs, supporting education and health care, and promoting economic livelihoods. By strengthening communities where we operate, we help empower individuals to realize their potential and pursue productive opportunities.

Chevron's Social Impact Assessment (SIA) is part of the Environmental, Social and Health Impact Assessment performed on new capital projects. SIAs look at many types of social issues that potentially have human rights components. The subject matter is determined case by case, and may cover potential impacts on a broad range of issues, such as availability and access to food and shelter, family structure, relationships among groups, traditions, beliefs, cultural and faith-based practices, and cultural property. SIAs also include an understanding of the macro-level influences on local communities, such as national regulations concerning labor, elements of international standards, applicable laws and company policies.

Human Rights Campaign Recognizes Chevron

The Human Rights Campaign Foundation awarded Chevron a perfect score on its Corporate Equality Index for the fourth consecutive year. The foundation rated nearly 600 businesses on their policies and treatment of gay, lesbian, bisexual and transgender (GLBT) employees, consumers and investors. Chevron's non-discrimination policies, domestic-partner benefits, diversity training and PRIDE (Promote Respect, Inclusion and Dignity for Everyone) employee network were all factors in the 100 percent rating, recognizing Chevron as a best place to work. The Human Rights Campaign is the largest U.S. civil rights organization working toward GLBT equality.

Myanmar

Strengthening Community Responses to Disease

As one of four partners, Chevron has a minority, nonoperating interest in the Yadana gas field offshore Myanmar in the Andaman Sea and in a 249-mile (400-km) natural gas pipeline. The gas helps meet Southeast Asia's demand for energy.

We continue to support the calls for a peaceful resolution to issues facing the country in a manner that respects the human rights of the people of Myanmar. We believe that social development and economic development are interrelated; and constructive engagement, together with development programs and support, will ultimately contribute to peace and prosperity for the people of Myanmar.

In 2008, Chevron contributed \$698,000, in full compliance with U.S. government laws and regulations, to the Yadana Project's partner-funded community engagement projects focused on health and education. By providing support for basic human needs, these efforts, we believe, contribute to greater stability

and security. Since 2002, the project partners have been participants in the Corporate Engagement Project of CDA Collaborative Learning Projects, a U.S. nonprofit organization that has been visiting the pipeline area and publishing its independent observations. The most recent of its five reports was published in February 2008. Its reports are publicly available at CDAinc.com.

In addition, Chevron independently funds projects through Pact, an NGO that has been providing health, micro-finance and other programs in Myanmar for 10 years. From 2003 through 2008, Chevron contributed \$1,694,000 to the Pact health project Strengthening Community Response to Disease (SCR). In partnership with Chevron, SCR provides village-based workshops during which communities assess their existing community development situation, set goals for change and develop plans to address community-defined development priorities. A second workshop assists villages

in establishing locally financed health and development funds. Training is provided for funds management and for caretaking programs to help decrease the incidence of tuberculosis, HIV/AIDS and malaria.

Through Chevron's support since the beginning of the partnership and continuing into 2010 for the current program phase, Pact will have done the following:

- Reached 1,058 villages, with an estimated population of approximately 1.2 million.
- Trained nearly 2,600 villagers in caretaking programs.
- Counseled hundreds of clients and tested them for HIV/AIDS, and distributed thousands of condoms.
- Constructed more than 19,000 latrines in villages to combat diarrheal disease.

Since 2005, Village Health and Development Fund amounts have grown from an average of \$34 per village to \$338.



"When I went into early labor last year with my son, I was very scared because the midwife told me it was a dangerous birth and I needed to go to the clinic, which was more than an hour and a half away by car. We had no transport and no money to hire a vehicle. My mother took an emergency loan from the Village Health and Development Fund, and we were able to deliver my son safely at the clinic. I am so thankful for my safe delivery and the support of my community! It makes me feel I have a safe place to raise my family."

Ma Kyi Ma
Nyaung Pin San Village
Chauk Township, Myanmar

"I think the SCR program sponsored by Chevron is about empowering the community to take responsibility for their own health and development. The program affects both communities and individuals as they gain confidence and learn strategies to bring about change. Its immediate impact includes enhanced knowledge in health and increased opportunity to assess their health status and make plans for improvement through management of village-owned resources. In the long term, communities reduce the incidence of communicable diseases and increase their capacity to control their future."

Dr. Ei Thinzar Min Min Oo
Pact Staff Doctor
Dry Zone, Myanmar

GRI and API/IPIECA Index

This index refers to:

- 2006 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), Version 3.0, core indicators and those additional GRI indicators on which we have fully or partially reported.
- American Petroleum Institute/International Petroleum Industry Environmental Conservation Association (API/IPIECA) sustainability reporting indicators.

| | GRI <i>(Additional indicators in italics)</i> | API/IPIECA <i>(Additional indicators in italics)</i> | Where Reported |
|--|--|--|---------------------|
| Profile Disclosures | | | |
| Strategy and Analysis | 1.1 1.2 | | 1, 2-7 |
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| | Commitments to External Initiatives 4.11 4.12 ¹ 4.13 ¹ | | 7-10, 18, 37, 40-41 |
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| | Child Labor HR6 | | - |
| | Forced and Compulsory Labor HR7 | | - |
| | Security Practices HR8 | SOC-9 | 41 |
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| Society | Community SO1 | SOC-A4 SOC-A5 SOC-A7 SOC-8 | 8-9, 22, 26-33 |
| | Corruption SO2 SO3 SO4 | SOC-2 | 4-5 |
| | Public Policy SO5 SO6 | SOC-3 SOC-A1 | 5, 18 |
| | Compliance SO8 | | - |
| Product Responsibility | Customer Health and Safety PR1 | H&S-5 | 24 |
| | Product and Service Labeling PR3 | | - |
| | Marketing Communications PR6 | | - |
| | Compliance PR9 | | - |

Key to Indicators: Fully Reported in 2008 Partially Reported in 2008 Not Covered in 2008

¹ Information responsive to this indicator appears on our Web site: www.chevron.com.

About This Report

This report covers 2008 data and activities. We also occasionally mention events that took place in early 2009 when they help provide a clearer picture of our performance. This report covers our owned or operated businesses and does not address the performance of our suppliers, contractors or partners unless otherwise noted. All financial information is presented in U.S. dollars. Our previous report was published in May 2008 and covers 2007 data and activities.

We continue to be informed by reporting frameworks and guidelines that include the Global Reporting Initiative (GRI) and the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting, published in 2005 by the International Petroleum Industry Environmental Conservation Association (IPIECA) and the American Petroleum Institute (API). We included an index to help readers find information corresponding to the GRI and API/IPIECA indicators (see page 43).

This report, previous editions of our report and additional information can be found on Chevron.com. We welcome your comments and feedback at CRReport@chevron.com.

Cautionary Statement Relevant to Forward-Looking Information

This Corporate Responsibility Report by Chevron Corporation contains forward-looking statements relating to the manner in which Chevron intends to conduct certain of its activities, based on management's current plans and expectations. These statements are not promises or guarantees of future conduct or policy and are subject to a variety of uncertainties and other factors, many of which are beyond our control.

Therefore, the actual conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed to forecast in this report may differ materially in the future. The statements of intention in this report speak only as of the date of this report. Chevron undertakes no obligation to publicly update any statements in this report.

As used in this report, the term "Chevron" and such terms as "the company," "the corporation," "their," "our," "its," "we," and "us" may refer to one or more of Chevron's consolidated subsidiaries or affiliates or to all of them taken as a whole. All of these terms are used for convenience only and are not intended as a precise description of any of the separate entities, each of which manages its own affairs.

Assurance Statement

Scope of the Assurance

Lloyd's Register Quality Assurance, Inc. (LRQA) was engaged by Chevron to review the processes used in the creation of Chevron's 2008 Corporate Responsibility Report. The objective of the review was to validate the integrity of Chevron's reporting processes. The review did not extend to LRQA's evaluating the accuracy of data input into Chevron's report. The scope of the assurance also was limited to the health, environmental and safety (HES) performance indicators.

The Chevron 2008 Corporate Responsibility Report has been approved by Chevron management, who are solely responsible for the collection, presentation and accuracy of all data and information presented.

Approach

In order to form our conclusions, we obtained sufficient evidence that we consider necessary for us to give limited, not absolute, assurance.¹ Our assurance approach was risk-based and undertaken as a sampling exercise. It covered the following activities:

- Interviewing key personnel to identify and gain an understanding of Chevron's reporting requirements.
- Reviewing the documented reporting requirements to validate consistency of scope, definition and reporting for each of the HES performance indicators.
- Sampling two business units to assess local understanding and implementation of Chevron's HES reporting requirements.
- Reviewing the processes used to aggregate data and information at the corporate level for inclusion in the final report.

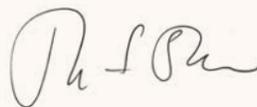
Conclusions and Findings

Based on the scope of the assurance, LRQA believes that Chevron's reporting process is effective in delivering health, environmental and safety indicators for the purpose of evaluating and communicating corporate performance in these areas.

Our other conclusions:

- The methods used for calculating each HES performance metric are clearly defined and communicated.
- Chevron's reporting requirements are understood and carried out. Data are collected at the business unit level, checked and aggregated into corporationwide metrics.

Responsibility for annually reviewing and updating reporting guidelines is clear, and improvement in methodology is regularly undertaken.



Thomas Sliva

On behalf of Lloyd's Register Quality Assurance, Inc.
April 29, 2009

Lloyd's Register, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the "LR Group." The LR Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant LR Group entity for the provision of this information or advice, and in that case, any responsibility or liability is exclusively on the terms and conditions set out in that contract.

¹ The assurance undertaken by LRQA did not verify data and information back to its original source(s).



Glossary

Biodiversity

In Shanyrak Village, Kazakhstan, an evaporation pond – formed by treated water from employee lodging facilities – creates an artificial wetland that serves seasonal visitors such as this white-tailed plover and many other bird species.



Bb

Barrels of oil-equivalent (boe) A measure to quantify crude oil, natural gas liquids and natural gas amounts using the same basis. Natural gas volumes are converted to barrels on the basis of energy content.

Biodiversity Refers to the diversity of life on Earth. It encompasses genera, species, habitats and ecosystems, and the processes that support them.

Biofuel Any fuel that is derived from biomass – recently living organisms or their metabolic byproducts – from sources such as farming, forestry, and biodegradable industrial and municipal waste.

Business Conduct and Ethics Code Describes proper business conduct within Chevron and includes an overview of several of the most important laws and policies governing that conduct. All employees and board members must understand and comply with the code.

Cc

Capacity building A key area of focus for Chevron's community engagement efforts, which means targeting support toward programs that help individuals and institutions develop the skills, capabilities and expertise they need to succeed.

Carbon sequestration Capturing and storing carbon dioxide in various ways, such as capture by vegetation or by injection into geologic formations for long-term storage, so that it does not enter or remain in the atmosphere as a greenhouse gas.

The Chevron Way Explains our values: who we are, what we do, what we believe and what we plan to accomplish.

Dd

Downstream The industry term for operations related to refining crude oil into finished petroleum products; marketing crude oil and the many products derived from petroleum; and transporting crude oil, natural gas and petroleum products by pipeline, marine vessel, motor equipment and rail car.

Ee

Environmental, Social and Health Impact Assessment (ESHIA) A corporate standard process that requires capital projects to be evaluated for potential environmental, social and health impacts and requires that appropriate mitigation measures be developed. ESHIA improves decision making and incorporates stakeholder engagement

throughout the project's life cycle. The process makes sure that project impacts are eliminated or mitigated and benefits are enhanced. ESHIA was adopted for deployment as a corporate standard in January 2007.

Ff

Flaring and venting The burning or release of natural gas that is often produced in association with crude oil, a process that typically occurs when there is no market or onsite use for the gas.

Gg

Geothermal energy A renewable source of energy that uses the heat energy of the Earth for heating or to create electricity.

Global Reporting Initiative (GRI) A multistakeholder process and independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines.

Greenhouse gases (GHGs) Gases that trap heat in the Earth's atmosphere; such gases include water vapor, ozone, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.

Ii

ISO 14001 Environmental management system standard developed by the International Standards Organization.

Ll

Liquefied natural gas (LNG) Natural gas that is liquefied under extremely cold temperatures to facilitate storage or transportation in specially designed vessels.

Nn

Nongovernmental organization (NGO) An organization that is independent from government, generally a nonprofit organization devoted to providing assistance to or advancing a particular cause or issue.

Oo

OHSAS 18001 International Occupational Health and Safety Assessment Series management system specification.

Operating company A major Chevron company organized for a specific business purpose.

Operational Excellence Management System (OEMS) Chevron's standard approach to

systematic management of safety, health, the environment, reliability and efficiency in order to achieve world-class performance.

Pp

Partner In this report, partner is used in its broad sense to mean a person or organization associated with another in a common activity or one that shares a mutual interest. It does not imply a member of a contractual partnership in which the partners jointly own and carry on a business and proportionally share in liabilities, profits or losses of the business.

Production *Total production* refers to all the crude oil, natural gas liquids and natural gas produced from a property. *Gross production* is the company's share of total production before deducting royalties. *Net production* is gross production minus royalties paid to landowners.

Rr

Renewable energy Energy resources that are not depleted when consumed or converted into other forms of energy (for example, solar, geothermal, ocean and tide, wind, hydroelectric power, and biofuels).

Reserves Crude oil, natural gas liquids or natural gas contained in underground rock formations called "reservoirs." *Proved reserves* are the estimated quantities that geologic and engineering data demonstrate can be produced with reasonable certainty from known reservoirs under existing economic and operating conditions. Estimates change as additional information becomes available.

Revenue transparency Refers to the practice of disclosing certain financial arrangements related to energy industry operations by industry and host governments.

Ss

Stakeholder At Chevron, defined as those who affect, are affected by, or have a legitimate interest in our company's performance.

Tt

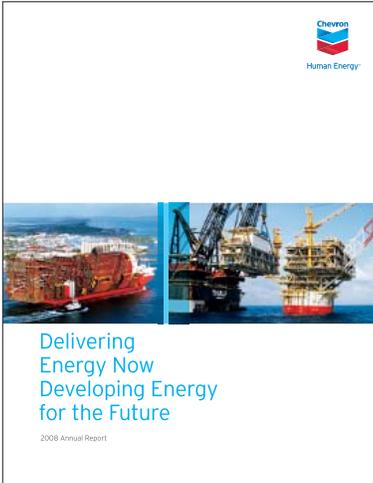
Transparency Making relevant and accurate information available to those with a legitimate interest in the organization.

Uu

Upstream The industry term for operations related to exploring for, developing and producing crude oil and natural gas and for marketing natural gas.

Vv

Voluntary Principles on Security and Human Rights Principles developed by extractive-sector companies, human rights organizations, a trade union, and the U.S. and U.K. governments to guide companies in maintaining the safety and security of their operations within a framework that ensures respect for human rights and fundamental freedoms.



2008 Annual Report



2008 Supplement to the Annual Report



2008 Corporate Responsibility Report

 Learn more online. The Annual Report, the Supplement to the Annual Report and the Corporate Responsibility Report are available on the Internet. Chevron.com/Publications



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Printed by Lithographix, Inc., whose rooftop solar panels are expected to offset the company's energy demands by 30 percent.

Design: Sequel Studio, New York

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913-0386F 5/09