



Human Energy™

2010 Corporate Responsibility Report



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On the Cover: Marine biologists Anthony Bougher (left) and Luke Skinner conduct an intertidal survey in the Indian Ocean adjacent to the site of Chevron's Wheatstone Project, which will process natural gas from fields offshore Western Australia.

Partnering for Shared Progress

We believe that business and society are interdependent. This belief drives our commitment to partnership to create mutual benefit, or shared progress. At Chevron, partnership is a value that we honor every day, wherever we operate, from our business to our social investments. We welcome your feedback. Thank you for your interest in Chevron.

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A Message From Our CEO

Shared Progress

Energy is essential to human progress – it creates jobs, fuels innovation and powers virtually every element of the global economy. Providing that energy safely, reliably and economically is a great responsibility that we take seriously. We are proud that 2010 was the safest year in our company's history, giving us one of the best records for safety in our industry.

Over the past few decades, our industry has changed dramatically. New technology and advanced skills have combined to unlock new production and growth in geologic areas once beyond our reach.

One of these frontiers, deepwater production, experienced a tragedy in the U.S. Gulf of Mexico, resulting in loss of precious life. It also took a toll on the economy and the ecology of the Gulf Coast. Following the BP Macondo incident, Chevron led the joint-industry task force to raise even higher standards for deepwater operations across the industry. The incident reinforced our own safety imperative to reach our goal of zero incidents wherever we operate. Toward that goal, all of our projects are guided by our strong safety culture. We leave nothing to chance because we have a deep, personal stake in operating safely – to sustain the public's trust in our operations, to bring our employees safely home and to deliver value to those who invest in us. Our success rests on a culture true to our Chevron Way values – getting results the right way.

Corporate responsibility at Chevron begins with safe operations, but it doesn't end there.



We recognize that business success is deeply linked to society's progress. Our investments in communities – developed in partnership with those communities – also are investments in the long-term success of our company. This approach delivers mutual benefit and shared progress. In 2010, we invested \$197 million in our communities, more than twice the amount we invested in 2006.

We make community investments in the three areas that we believe are the foundation of working societies the world over – health, education and economic development. Our investments in health focus on training, testing and treatment for such diseases as HIV/AIDS, tuberculosis and malaria, which are critical economic and public health challenges in some of our largest operating areas.

Business and community partnerships that emphasize economic progress can help set countries on a better course. One such investment is the Niger Delta Partnership Initiative, launched in 2010 – an innovative, multipartner effort to promote economic development, conflict resolution and capacity building. Our initial commitment is \$50 million.

Our investments in education can strengthen communities. As part of our California Partnership initiative, for example, we've teamed up with leading educational nonprofits to create opportunities in critical STEM subjects – science, technology, engineering and math – for underserved students. In 2010, we reached more than 245,000 students and 3,900 teachers in California.

Through multistakeholder collaboration, such as the Voluntary Principles on Security and Human Rights, we are promoting respect for global human rights. To emphasize the importance of our own commitment, in 2010 we developed plans and provided resources to implement our global Human Rights Policy.

As you'll read in this report, our community investments have increased, our partnerships are stronger and our impact is greater. These successes demonstrate shared progress for business and communities.

John S. Watson

Chairman of the Board and Chief Executive Officer
May 2011



Australia: A Natural Partnership

A nature reserve is an unlikely site for a major new energy plant, but Chevron is showing how it can work.

Barrow Island, offshore Western Australia, is the site of the Gorgon natural gas project. Chevron has been safely producing oil for more than 45 years on Barrow.



**\$56
billion**

(AU\$65 billion) will be
contributed to Australia's
gross domestic product

**10,000
jobs**

will be created at peak
construction

No. 1

in size, the Gorgon
CO₂-injection project
is expected to be the
world's largest

Barrow Island, a Class A nature reserve off Australia's west coast, will be home to the Gorgon Project, which will tap into vast natural gas resources 43.5 miles (70 km) north-west of the island. The island's rich and unique biodiversity has remained intact since naturalist John Thomas Tunney's writings secured its designation as a wildlife refuge a century ago. Its conservation is a national priority.

Chevron is no stranger here, having successfully operated on Barrow for more than 45 years while minimizing our footprint on the island. Building on this environmental stewardship involves a mix of advanced technology and a commitment to detail, addressing everything from greenhouse gas (GHG) emissions to local concerns over light levels from our operations on Barrow's nearby beaches where turtles lay their eggs. Our strong environmental performance has allowed us to expand operations, resulting in a benefit to our business and the Australian economy.

Strengthening the Economy

At \$37 billion (AU\$43 billion), the Gorgon Project will be Chevron's largest investment, targeting 40 trillion cubic feet of gas. Gorgon represents the single biggest resource project in Australia's history. Independent consulting firm ACIL Tasman estimates that Gorgon will contribute \$56 billion (AU\$65 billion) to Australia's gross domestic product. More than \$8 billion (AU\$9 billion) has already been committed to companies in Australia – and total spending in Australia is targeted at \$17 billion (AU\$20 billion) over five years.

"Many people don't realize that through Gorgon, Chevron is providing opportunities and benefits on a scale never seen before in this country," said Chevron Australia managing director Roy Krzywosinski.

70%
of construction contracts for workforce housing will go to firms in Western Australia



Above: Environmental scientist Daniel Joyce is at the site of the Wheatstone gas processing plant in Western Australia.

Natural gas will be offloaded from Barrow Island as liquefied natural gas (LNG) and transported mostly to Asian markets, while gas for Western Australia's consumption will be piped ashore. Gorgon precedes our Wheatstone Project, a second offshore natural gas project currently in the planning stages.

Australia's prime minister, Julia Gillard, toured the project site in March 2010 and said, "Having been here and seen Barrow Island and [the] Gorgon Project, it's given me a real sense of the size and scale of this project and what it is going to mean to the nation's future.... This is a great project for employment in this country."

Reducing Emissions

Natural gas is the cleanest-burning fossil fuel. Gorgon will include the world's largest carbon dioxide- (CO₂-) injection project, which will inject 40 percent of the project's GHG emissions underground. This will make Gorgon one of the world's least GHG-intensive LNG facilities. The injection project will separate the CO₂, a natural component of produced gas, and inject it 1.6 miles (2.6 km) beneath the island into a deep sandstone reservoir. The Australian government is a partner here, having contributed \$51 million (AU\$59 million) to the injection project as part of its Low Emissions Technology Demonstration Fund.

The plan was recognized internationally by the Carbon Sequestration Leadership Forum, a group of 24 national governments and the European Commission. We will share data from the project, which will accelerate and enhance scientific understanding of a technology some scientists believe could play an important role in reducing global GHG emissions.

Partnering With Residents of Western Australia

We are taking steps to make sure Gorgon benefits the residents of Australia, both economically and socially. Thus far, Gorgon has created 4,000 jobs in Australia. At peak construction, it will employ 10,000 people.

A \$394 million (AU\$458 million) construction village is being designed and built by a joint venture between companies in Australia – Thiess, Decmil and Kentz. Thiess managing director David Saxelby said a significant aspect of the contract was that it offered enormous potential for local jobs, and up to 70 percent of the contract requirements would be sourced in Western Australia.

In 2009, Australia's Ausco Modular was laying off workers. In 2010, it hired 200 people to build offices, labs and control rooms worth \$51 million (AU\$59 million) for Gorgon. Already some 80 vessels, employing hundreds of workers, are supporting Gorgon's dredging and the delivery of supplies and materials.

Other Australian companies have benefited through hundreds of jobs created in freight, construction, general utilities, accommodation, telecommunications and site preparation. Howard Porter, a local company, had 70 employees building 300 trailers for Gorgon under a \$17 million (AU\$20 million) contract that Porter called the single biggest transport manufacturing order ever in Western Australia.

Gorgon also is a magnet for talent. A recent Chevron employee meeting in Perth included many people who had been on the job less than a week, but that's business as usual as the company fills a new 13-story office tower with about 800 Gorgon workers.

Our collaborative approach played a significant role in developing the native title agreements with the Kuruma Marthudunera people in June 2010 and the Yaburara Mardudhunera people in November 2010 for the Gorgon Project's domestic gas pipeline.

Under the Chevron-operated Gorgon Project Cultural Heritage Management Plan, Australian Aboriginal people are involved to help the project avoid

Right: Euros, or wallaroos (left), and perenties thrive on Barrow Island. Some native species now exist only on Barrow.



Climate Change

Gorgon's CO₂-injection project is one of the many ways we are working to address concerns about climate change.

Now in its 10th year of implementation, our Action Plan on Climate Change continues to guide our efforts in greenhouse gas (GHG) emissions reduction, improved energy efficiency, and research and development in innovative, low-carbon energy technologies.

- Since 1992, we have reduced the total energy consumption required to perform all our business operations by 33 percent compared with the energy we would have used to complete the same functions.
- We advise customers on energy efficiency improvements and renewable power, reducing their energy use by an average of nearly 30 percent.
- In 2010, the Carbon Disclosure Project's Leadership Index recognized Chevron as a leader among

energy companies for transparency in monitoring and disclosure of our GHG emissions and carbon management practices.

- As a member of the Global Gas Flaring Reduction Partnership, we are working to minimize gas flaring and venting. As of late 2009 in Kazakhstan, Tengizchevroil – in which Chevron is a 50 percent partner – eliminated routine flaring. In Nigeria, Angola and elsewhere, we continue projects to recover gas that would have been flared.
- We deployed a new enterprise-wide system for reporting GHG emissions and energy efficiency, implemented a strategy to manage future carbon-market activity growth, and conducted third-party verification of our GHG emissions.

For additional information on how we are addressing this issue, please visit Chevron.com/ClimateChange.

heritage sites. "When we were surveying our country with the company [Chevron], we came across several important sites in the designated construction area," Kuruma Marthudunera spokesperson Cyril Lockyer said. "And after talking with Chevron, the result is that the company will build the pipeline around these areas and not destroy these sites. This type of working relationship will help us preserve our heritage for future generations."

With our commitment to Aboriginal employment, construction contractors and others are encouraged to hire Aboriginal people. Additionally, we are working to identify longer-term career opportunities. Peter Eggleston, Chevron Australia's External Affairs manager, said, "We're now very much a part of and are engaged extensively with Aboriginal communities in the areas near our operations."

Business and Nature Coexist

Barrow Island, once attached to the continent of Australia, now lies about 43.5 miles (70 km) offshore, having been separated from the mainland and becoming a sort of living ark. It is home to more than 350 species of native plants, 14 species of mammals, 100 species of birds and 54 species of reptiles. Some of them are found no other place on Earth.

We have been working with Harry Butler, Ph.D., one of Australia's premier conservationists, throughout oil production and Gorgon development to minimize any impact to the island ecology.

"Today, all the species I experienced when I first visited Barrow Island in 1963 remain," he said. "When you have a world-class quarantine process supported by a workforce that truly cares for the environment, this is what you can achieve."



Top: Ann Hayes, of the local Aboriginal Thalanyji group, accompanies Chevron contract botanist Jerome Bull on a botanical and indigenous heritage survey at the Wheatstone site. **Bottom:** Equipment headed for Barrow Island is shrink-wrapped during quarantining.

We minimized the project's footprint on the island itself. The seismic survey of the underground geology where CO₂ will be injected was also modified. A conventional survey, consisting of clearing paths to accommodate heavy trucks that haul necessary equipment, would have disturbed about 700 acres (283 ha). Instead, a freight helicopter did most of the heavy lifting – approximately 15,000 separate lifts – while lighter equipment was carried by foot. By the end, fewer than 47 acres (19 ha) were disturbed.

Donna Parker, CO₂-injection project manager, is one of those who are proud of the achievement. "This extraordinary effort by all involved was vital to delivering baseline survey results and maintaining our reputation as an environmental champion of Barrow Island," she said.

To prevent invasive species and other pests from being brought onto the island, we have a rigorous and expansive quarantine plan, which Western Australia's Environmental Protection Authority said "likely represents the best practice in the quarantine management of a large operation."

Our quarantine management procedure, in place for more than 45 years, has improved over time. Goods being shipped through the Dampier supply base are tagged with one of three colors to make sure the required procedures are taken. Nothing is shipped to Barrow without a green tag. At the Australian Marine Complex in Henderson is a quarantine wash-down area resembling a huge parking lot and a giant shed big enough to cover a football field. There's also a larger-than-life hair dryer that cleans vehicles and goods bound for the island. And the process doesn't end when the freight is put on ships. At the island, inspectors can stop goods and return them to the mainland on the next barge. Today, Barrow is the only island in the region free from introduced species such as cats, rabbits, rats and mice.

Yet another environmental consideration is the nighttime lighting necessary for the new LNG plant. Four species of sea turtles nest on Barrow, and light can cause them and their hatchlings stress.

Daniela Ratcheva, a senior environmental engineer with Chevron Australia, delivered a detailed presentation to a conference in Queensland in September 2010. She demonstrated how we engineered the plant's lighting systems to not disturb turtles and to comply with the stringent environmental approval conditions and applicable safety laws and standards while not compromising safe operability. ■

What

What is the biggest challenge that you face?

By 2030, world demand for energy is expected to grow by approximately 33 percent – with Australia's neighbor, Asia, predicted to account for 60 percent of that growth. Chevron is fortunate to find itself in Australia, surrounded by natural gas resources on the doorstep of the growing demand in the region. The Gorgon Project alone is set to increase the supply of domestic gas to Western Australia by about 30 percent. We must link energy supply to energy demand while addressing the risks posed by climate change.

How

How are you addressing that challenge?

The development of Chevron's world-class gas resources will provide Australia and the countries receiving the project's LNG with opportunities to affect their greenhouse gas emissions. Compared with the use of coal to generate electricity, natural gas from the Gorgon Project will have the same effect on global emissions as removing two-thirds of the vehicles from Australian roads.

Most supply-demand forecasts predict that natural gas will play an integral role in the energy mix as the world transitions to a lower-carbon future. The Gorgon Project and Australia are set to be global leaders in the application of underground CO₂-injection technology. We are committed to sharing information from the monitoring program at Gorgon to assist in building a greater understanding around this emerging and important technology.

When

When will the Gorgon Project become a reality?

Benefits already are being realized. Though production of natural gas is not planned until 2014, billions of dollars in contracts have been awarded, putting people to work. Approximately 1,500 are employed on location on Barrow Island, and 4,000 across Australia are employed as a result of Gorgon. Those numbers will grow as the project gathers pace.

The Greater Gorgon Area gas fields contain enough energy to power a city of 1 million people for 800 years. The Gorgon Project is long term and will benefit generations to come.

Roy Krzywosinski became managing director of Chevron Australia in January 2008 and helped steer the Gorgon Project to a final investment decision about 18 months later.

Roy Krzywosinski

Managing Director, Chevron Australia





624,000

people were vaccinated
against polio in Cabinda
in December 2010

5,500

farmers received
technical assistance
and almost doubled
their yields between
2007 and 2009

200,000

safe blood transfusions
were administered
through Chevron's
support

Chevron medical director in Angola, Dr. Ana Ruth Luis, consults at the company's Luanda Clinic, which offers primary medical care to retirees, employees and their dependents. Nuno Miquel Baptista is an X-ray technician at the clinic.

Angola: Partnerships and Possibilities

Angola's South Atlantic coast, a land of rainforests, savannas and agricultural highlands, is rich in natural resources and possibility. Our business operations and community partnerships there offer support to a population trying to improve its infrastructure and grow its economy.

The Peace Agreement of April 2002 marked the end of a nearly 27-year civil war that devastated the economy and increased Angola's dependence on the oil industry. As the country recovers, Chevron has been responding to community needs. Our investments in health, education and economic development in Angola improve livelihoods and foster stable operating environments that contribute to our ability to conduct business.

Partnering for Sustainable Economic Growth

In 2002, we launched the Angola Partnership Initiative, with \$25 million and a commitment to address needs beyond those near the vicinity of our operations, focusing particularly on regions most damaged by the war.

Following the Angola Partnership Initiative model, we are working to promote robust micro, small and medium-size businesses outside the oil industry. For example, we support the Luanda Business Incubator, a program to strengthen the operational and technical capabilities of service providers. The program has trained more than 200 entrepreneurs in business planning and helped create 143 new jobs in 2010.

"To many Angolans, the concept of entrepreneurship is new and needs nurturing," said Eunice de Carvalho, Policy, Government and Public Affairs general manager for Chevron in Angola.

We are also pioneering business programs for high school students. Working with the National Institute for Educational Research and Development and the United Nations Industrial Development Organization, our \$1 million contribution in 2010 is helping launch an entrepreneurship curriculum for more than 2,000 students in nine provinces. The Ministry of Education plans to roll out the curriculum nationwide, reaching 500,000 students by 2013.

In 2010, with support from the European Union, UNESCO and UNICEF, we partnered with the Ministry of Education and donated \$1.5 million to implement a teacher training program. Nearly 400 teachers and administrators attended.

Partnership With the Global Fund

Chevron's partnership with the Global Fund to Fight AIDS, Tuberculosis and Malaria has helped improve the health and well-being of millions of people in Africa and Asia. We made an initial \$30 million investment in the Global Fund between 2008 and 2010. The Global Fund's performance-based funding model and rigorous measurement and evaluation system have demonstrated that our investment has yielded high-impact results,

saving lives and improving health care in countries where we operate.

Through our first three years of investment in Global Fund grants in Angola, Nigeria, South Africa, Thailand, Indonesia and the Philippines, we contributed to significant results, including the following:

- As many as 3.4 million people were directly reached through HIV/AIDS prevention programs.

- About 380,000 people completed voluntary HIV/AIDS counseling and testing.

- About 1 million malaria nets were distributed.

- More than 1 million rapid-diagnostic tests for malaria were distributed.

In 2010, we announced a commitment of an additional \$25 million to the Global Fund, raising our six-year investment in the Global Fund to \$55 million.

Promoting Economic Diversity

In 2007, Chevron became a minority partner in Banco Africano de Investimentos Micro Finanças (BMF), formerly called NovoBanco. Since then, BMF has made approximately \$54 million in loans to Angolan entrepreneurs. From 2006 to 2010, BMF opened 10 branches in five Angolan provinces, and in 2010, BMF provided \$9.9 million in loans to Angolan micro and small entrepreneurs. Also in 2010, we contributed \$500,000 to expand BMF's operations in Cabinda.

Joaquina Manuel, an entrepreneur who exemplifies the country's optimism, established a wholesale and retail business in the 1980s, but a national currency crisis drove it into bankruptcy. She started over with a \$3,000 loan. Success bred success, and additional loans allowed her to expand her business.

"These loans were like a rebirth for my business," said Manuel.

Chevron is the largest foreign oil-industry employer in Angola;

88%

of Chevron's employees in the country are Angolans

Cultivating Angola's Fertile Land

While the country was once a recipient of global food assistance, Angola's fertile soil, plentiful water, conducive climate and hardworking farmers led many donors to end support for food aid programs. But despite more of Angola's farmers cultivating the land, most are producing at a subsistence level. Still, they have enormous potential to transform their operations into businesses.

The ProAgro project, funded jointly by Chevron and the U.S. Agency for International Development from 2006 through 2010, facilitated sustainable business relationships between producers, banks, processors and distributors of cash crops. The project provided technical assistance to more than 5,500 farmers, who almost doubled their yields between 2007 and 2009.

Fighting Disease

Since 2008, when we funded a \$350,000 vaccination campaign in Uige and Cabinda provinces, we have partnered with Angolan health authorities and UNICEF to provide vaccinations against the wild poliovirus.

Through these campaigns and the country's other efforts, polio was thought to have been eradicated in Angola and neighboring Republic of the Congo for a decade. But in November 2010, an outbreak erupted in Brazzaville, Congo. By December, it had killed an estimated 220 people.

We responded by sending people and financial resources to prevent the disease from spreading into Angola, supporting an emergency campaign that vaccinated 624,000 people in Cabinda in December 2010 and donating \$950,000 to the national campaign to fight polio, specifically for the provinces of Cabinda, Lunda-Norte, and Lunda-Sul. More than 15,000 Chevron employees, family members and contractors based in Cabinda province were vaccinated as part of the campaign.

Polio is just one of the diseases that our programs address.

"In the past 20 years, Chevron and partners have invested more than \$29 million in medical training and treatment for and education about infectious diseases and in support for

blood banks and the construction of health facilities all over the country," said Dr. Ana Ruth Luis, Chevron's medical director in Angola.

We remain committed to helping stop the spread of disease through unsafe blood. With our partners – the Angola Ministry of Health, the Safe Blood for Africa Foundation, and the U.S. Centers for Disease Control and Prevention – we established a safe blood program in Cabinda province. Our nearly 20 years of support for this blood bank has allowed for more than 200,000 safe transfusions.

Fighting malaria remains an important battle in Angola. In 2010, we sponsored the first entomological course on malaria in the country. Organized by the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria and by the Corporate Alliance on Malaria in Africa, the course brought 41 health specialists from all 18 provinces to learn mosquito control techniques. In 2010, Cabinda's program treated 25,317 children under age 5 and 5,408 pregnant women.

"It takes community action and effective partnerships to fight a disease like malaria," said Alan Kleier, managing director of Chevron's Southern Africa operations in 2010. "We intend to continue working with the Ministry of Health and other partners toward prevention and treatment." ■

Left: Prompted by Chevron's local content program, NASA Comercial Importação e Exportação, Lda. participated in supplier development training to support the oil and gas industry. Nascimento Alberto is the managing director of NASA. **Right:** Joaquina Manuel's business was expanded with Chevron-supported microfinancing.



Social Investments

Our success as a business is inextricably linked to the well-being of our employees and our communities.

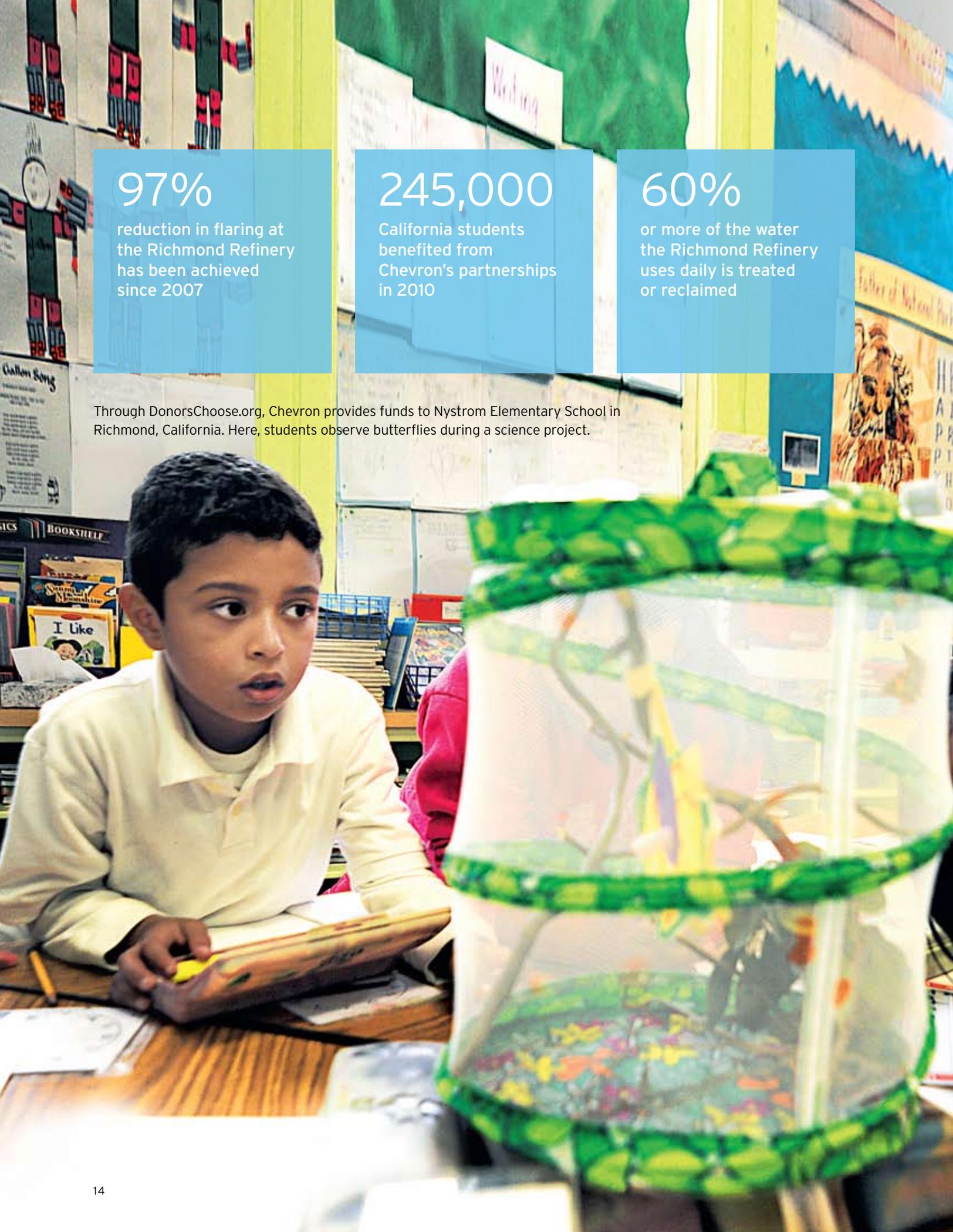
Social investments at Chevron aim to foster economic stability and improve quality of life. They are delivered through participatory partnerships that build foundations for positive, lasting results. We invest in health, education and economic development – the building blocks of strong communities.

In 2010, we made \$197 million in social investments to help build community programs around the world.

Social Investment Spending
In millions



For additional information, please visit Chevron.com/SocialInvestment.



97%

reduction in flaring at the Richmond Refinery has been achieved since 2007

245,000

California students benefited from Chevron's partnerships in 2010

60%

or more of the water the Richmond Refinery uses daily is treated or reclaimed

Through DonorsChoose.org, Chevron provides funds to Nystrom Elementary School in Richmond, California. Here, students observe butterflies during a science project.

The century-old relationship between Chevron and the city of Richmond is on a new path to strengthen the company and the community.

California, United States: Finding Common Ground in Richmond

Chevron and the city of Richmond, California, share a rich history that stretches back more than a century. The refinery sits on about 2,900 acres (1,174 ha) 15 miles (24 km) north-east of San Francisco and was built before Richmond was incorporated in 1905. Richmond then was a small but growing industrial area of about 2,000 people. Today, it's a city with a diverse economy of industrial, technological and maritime businesses and 103,000 residents.

Together – through booms and recessions, 19 U.S. presidents, and economic and social changes – the relationship between the refinery and the people of Richmond has evolved. Over the past two decades, there has been a growing interest in refinery activities. Some citizens have expressed concerns about insufficient communication on issues such as community support, emissions and flaring.

"We listened to those concerns," said Mike Coyle, refinery general manager, "and in 2008, we began efforts to strengthen local relationships. This is helping us overcome challenges that affect our business and the community."

We commissioned an independent nonprofit organization to interview community leaders. Coyle said the results proved enlightening. Among the findings: Citizen groups and nonprofit leaders felt that our community interactions had decreased and that people were unaware of our long history of involvement. Many wanted us to be more active in helping the city address social and economic problems.

As a result, we are in the midst of an effort to renew and strengthen our relationships. We meet regularly with residents and leaders, and based on their input, we've invested in job creation, public safety and K-12 education.





Chevron Humankind

Our employees are active in nonprofits that strengthen communities where we live and work. In Richmond, for example, we mentor high school students interested in science, engineering, math and other technical careers; serve meals at local homeless shelters; and participate in community improvement projects.

Throughout our operations in the United States, employees participate in Chevron Humankind, the company's U.S. employee and retiree giving and volunteer program. Contributions made to nonprofits through the program are generally matched dollar for dollar by the company. Since Chevron Humankind

began in 2008, 19,000 participants plus company matches contributed more than \$74 million to support more than 12,000 nonprofits.

Above: Chevron employee Brent Tippen volunteers in a class to teach English as a second language in Richmond.

Contra Costa Unified School District. "There's a deep connection between Chevron and our students. Working together on science, math, engineering and other programs, we're changing the student culture to raise expectations so that our students see college as the next step after high school."

Harter said program support instills a sense of optimism that can start with something as simple as new microscopes. Science teacher Catherine Vanier needed lab materials to teach cellular biology to her seventh grade students at Richmond's Lovonya DeJean Middle School. With the help of Chevron's Fuel Your School program and DonorsChoose.org, Vanier was able to buy the sorely needed supplies. In addition, the school received a \$25,000 Chevron classroom grant. As a result, Chevron "has made a significant difference in the education of our students for years to come," Vanier said.

Our focus on supporting STEM (science, technology, engineering and math) education in California has resulted in more than 245,000 students and 3,900 teachers benefiting from our community programs in 2010.

Another priority that residents voiced was economic opportunity. Chevron responded by supporting nonprofit organizations that increase local employment.

For example, we awarded the nonprofit Stride Center a \$211,000 grant in 2009 to create a job-training program. David Benjamin, once an unemployed high school dropout, now has a promising future in technology after receiving computer training from the center. "I wasn't doing too much with my life and was in and out of trouble," he explained. Now, he said, he'll be qualified for jobs in computer technical support and software installation.

We also increased transparency. We responded to the call for information by creating public communications platforms, and for the first time in 30 years, we held an open house and tour to allow the community to see our operations for themselves. The community had the opportunity to engage with us directly, and we could clarify misconceptions about our operations.

Investing in Our Community

In West Contra Costa County, unemployment is more than 18 percent. Twenty-two percent of families in Richmond have incomes below the U.S. federal poverty level, and 40 percent of adults did not graduate from high school.

To help the community address these challenges, we granted \$3.7 million

70%
reduction
in regulated air
emissions has been
achieved at the refinery

in 2010 to nonprofits in Richmond and the county for education, youth leadership programs, economic development and job training. But our investment in the community goes beyond financial contributions.

"Support from Chevron and its volunteers comes with accountability and an expectation of mutual benefit," said Bruce Harter, superintendent of West



Above: The marshland at the refinery is a nourishing habitat for protected and endangered species. Great blue herons (left), egrets and mallards are some of the animals that make it their home.

Improving Operations

We continually strive to minimize air emissions and waste, use resources and energy efficiently, and minimize environmental impact.

The Richmond Advanced Recycled Expansion (RARE) Water Project is one example of our collaborative approach. In drought-prone California, fresh water has always been a valuable commodity. Population growth and stringent environmental regulations have increased its value. Water is also an essential component in oil refining, with each gallon of oil refined requiring one gallon of high-quality water. We are the San Francisco Bay Area's largest refinery and thus the largest water customer for the East Bay Municipal Utility District (EBMUD), requiring about 11 million gallons a day.

To reduce water use, the refinery and EBMUD completed a plant in 2010 to treat municipal wastewater for our steam-producing boilers. Each day, RARE sends 3.5 million gallons of treated wastewater to the refinery, in addition to the 4 million gallons of reclaimed water already used in the refining process. RARE saves

enough drinking water to serve about a quarter of Richmond's population and could reduce severe rationing in future droughts. "This cooperative effort," said Lesa McIntosh, an elected board director of EBMUD, "will benefit water customers well into the future."

Refinery air emissions have been a source of concern for the community. By installing new technologies and running plants more efficiently, we have reduced regulated air emissions by 70 percent since the 1970s. A refinery-wide flare-minimization program that began in 2007 has helped decrease flaring by more than 97 percent. As the region's largest refinery, the Richmond Refinery represents approximately 38 percent of oil refining capacity in the Bay Area but less than 1 percent of the volume of vented gas flared in 2009.

While we have made progress, there is still work to be done. "Reestablishing a strong relationship and trust won't happen overnight, and we are deeply committed to fulfilling that goal," Coyle said. "We've recently taken some significant steps, but this commitment is a marathon, not a sprint." ■

The Environment

Our efforts to reduce flaring and increase water efficiency in Richmond illustrate our continued commitment to minimize pollution and waste, conserve natural resources, and reduce the environmental impact of our operations.

Across the company, we developed a corporate environmental stewardship process that provides a consistent, systematic, risk-based approach to managing aspects of the environment, including air, water, biodiversity and waste.

For example, in 2010, we developed an integrated, corporatwide freshwater management plan to enhance current activities on water stewardship.

To learn more about our environmental stewardship, please visit Chevron.com/Environment.

Kazakhstan: Sea of Opportunity

In 1979, geologists discovered a 1-mile-thick (1.6-km) oil field near the windswept Caspian Sea. They named it “Tengiz,” Kazakh for “sea,” a fitting description considering its location and potential.

Today, Chevron is Kazakhstan’s largest private oil producer, holding stakes in the nation’s two biggest oil-producing projects – the Tengiz and Karachaganak fields. We hold a 50 percent interest in Tengizchevroil (TCO), which operates the supergiant Tengiz Field.

Our commitment to the region began in 1993 with the formation of TCO and the five-year, \$50 million Atyrau Bonus Fund that developed infrastructure projects. Since then, we have continued to cultivate opportunities that result in economic and social change for many Kazakhstanis. Our business is enhanced by strong local suppliers and a skilled workforce.

“If you want to do business here, or anywhere else, you have two responsibilities – business and community,” said Jay Johnson, president of Chevron Europe, Eurasia and Middle East Exploration and Production Ltd. “We satisfy both by encouraging our Kazakhstani employees to continue to develop their skills. That is why we work closely with local schools and universities. As the community benefits, so does our business.”

At year-end 2010, 85 percent of TCO’s workforce was Kazakhstani. TCO spent nearly \$1.35 billion on Kazakhstani services and materials. Ongoing training and education programs contribute to the high number of Kazakhstan citizens among TCO’s workforce and in leadership positions.

A Commitment to Human Potential

Longtime Kazakhstani employees still talk about adapting to Chevron’s business and engineering standards. Berik Dyussenov, TCO’s Health, Environment and Safety coordinator, said standards today are more stringent than what he saw during Tengiz’s infancy. Chevron’s decision “to partner with Kazakhstan on the Tengiz project was made shortly after Kazakhstan’s independence,” he said. “The partnership brought new opportunities to us working in Tengiz and contributed greatly to our country’s economy.”



85%

of Tengizchevroil's workforce in 2010 was Kazakhstani

23

technical universities in Kazakhstan were introduced to an energy efficiency course developed by Chevron

\$645 million

has been spent by Tengizchevroil on social programs since 1993

Gulbarshyn Matniyazova (left) and Kulyan Zhangutty are participants and trainers in the Chevron-sponsored Kazakhstan Artisan Business Development Program. Here, they are creating felt souvenirs for the Olympic Council of Asia's 2011 Winter Games.



University Partnership Program

Chevron's University Partnership Program engages with key universities throughout the world by providing scholarships, grants and employee involvement. Through these efforts, we have provided approximately \$18 million in funding per year, supporting research and academic excellence to help develop the professionals needed in the energy industry. We consider these educational partnerships also to be strategic investments in local communities.

In the United States, we support more than 75 schools in areas critical to our energy future, such as engineering, earth science, finance, information technology and environmental science. These programs include efforts to increase minority participation.

Internationally, we focus our involvement in locations of our strategic operations, including Indonesia, Western Australia, Kazakhstan, Thailand, Brazil and the

United Kingdom. Further efforts are under way to finalize partnerships with universities in Angola and to explore partnerships in Poland and Bangladesh. We also pair programs at world-class institutions with less developed ones in order to strengthen the faculty and curriculum of the less developed programs.

Above: The student chapter of the KazNTU Society of Petroleum Engineers plans for the 8th International Oil and Gas Youth Forum in 2011.

During his career, Dyussenov visited Chevron facilities across the United States and Canada and credits Chevron programs for offering Kazakhstani specialists an opportunity to receive state-of-the-art training and learn best practices in environmental safety.

Our program at the Kazakh National Technical University (KazNTU) started in 2007 and has provided scholarships for 150 graduate and undergraduate students. Working with the university and international and local environmental nongovernmental organizations, we introduced a major addition to the country's curriculum: Energy Efficiency and Sustainable

Development. This new course was introduced to all 23 technical universities in Kazakhstan.

In 2010, TCO began working with Kazakhstan's Bolashak ("future" in Kazakh) program, which allows talented students to study abroad with full government scholarships. Mike Sullivan, a reservoir surveillance coordinator, began an aggressive program to recruit Bolashak students for internships.

Students were paired with senior mentors at TCO and were given a problem that required original research to solve. For example, one

intern explored ways to improve the injection performance for disposing of the field's wastewater.

"My internship helped me apply the theoretical knowledge I obtained in college and expand my understanding of petroleum engineering," said Texas A&M graduate Merye Shinikulova, now a TCO production engineer. "I worked on interesting and challenging projects, and I was impressed that my projects were actually used after I left the internship."

Of the 12 new reservoir management employees in 2010, 11 came from the program. Three of them completed master's degrees at the Colorado School of Mines with funding from Chevron's University Partnership Program.

Supporting Business Development

Fostering emerging small businesses and suppliers is an important goal that we and our government and nongovernment partners share. Since 1997, TCO has provided more than \$7.8 million to small business development loan programs that have helped entrepreneurs in agriculture, catering, and medical and community services.

Jay Johnson cited Byelkamit, a local company that has been working with TCO since 1997. In addition to numerous other projects in 2009, Byelkamit was the prime contractor on a large fixed-roof crude-oil storage tank and employed 600 local workers at peak construction. Prior to this project, a Kazakhstani contractor had never built a tank this large, a new capability for the country's industry, developed with TCO's help.

"We prefer to buy locally whenever we can," said Johnson. "Byelkamit

produces high-quality equipment to international standards, delivers its products reliably and sells them at competitive prices.”

Fueling Social Programs

Since 1993, TCO has invested more than \$645 million in social programs in the Atyrau Oblast. In 2010, TCO spent \$20 million on its Egilik (Kazakh for “benefit”) social infrastructure program, and Karachaganak Petroleum Operating, in which Chevron holds a 20 percent interest, also contributed \$20 million to social programs in the Western Kazakhstan Oblast.

We and our affiliates have continually supported health programs, including current efforts to combat high rates of cardiovascular disease, a leading cause of death in Kazakhstan.

The Kazakhstan Association of Family Physicians and TCO are partnering to educate the local medical community and public about how to prevent cardiovascular disease. In one program, more than 100 doctors are being trained to diagnose and improve treatment. Another program, for doctors at the Atyrau Cardiovascular Hospital, provided mentoring by surgeons from the Astana Cardiovascular Center. ■

Left: In 2010, TCO funded cardiovascular disease training for Atyrau doctors at the Astana Cardiovascular Center. Here, radiography surgical nurse Aizhan Saurbekova assists during a medical test. **Right:** At Chevron’s polyethylene pipe plant in Atyrau, all employees are Kazakhstan nationals. Chevron plans to build a new plant in Atyrau to produce valves that currently have to be imported. From front to back are operator Marat Imangaliev, manufacturer’s representative Jorg Kahl and operator Alimzhan Kuanshaliyev.

Diversity

We need the diverse talents and full potential of every individual employee in order for Chevron to excel as a leader in the global marketplace. We recognize the benefits of maintaining a workforce that reflects the composition of the communities where we operate.

Our commitment to diversity and inclusion is more than words, more than a set of goals. Our actions speak for themselves.

- Approximately 22,500 Chevron employees participate in Employee Networks, which help eliminate barriers, improve communication among employees and cultivate links with communities.
- Diversity councils help promote a work environment in which every employee has the opportunity to contribute to company goals.

- We encourage managers and selection teams to hire from a diverse slate of candidates who represent a range of backgrounds.

- We have a robust supplier diversity program. In 2010 in the United States, we spent more than \$2 billion on products and services from small businesses. We spent \$364 million on products and services from women-owned businesses, and \$254 million on products and services from minority-owned businesses.

For additional information, please visit Chevron.com/Diversity.



Chevron is a recognized leader in deepwater drilling. Our success in the deepwater Gulf of Mexico began more than 10 years ago when we tapped the Genesis Field 2,600 feet (792 m) below the water's surface. Throughout that time, we have continued to drill safely by combining our technological know-how with a proven organizational culture of safety that begins with management and extends to employees and contractors.

U.S. Gulf of Mexico: Oceans of Promise



2010

was another year with no recordable incidents for Chevron's Gulf of Mexico shorebase and maritime transportation operations

13,000

Chevron employees live and work in the Gulf States

27%

is the approximate amount of U.S. oil supply that is produced in the Gulf of Mexico

Transocean's *Discoverer Clear Leader* is on lease to Chevron in the Gulf of Mexico. Workers are seen here on the drillship's helipad.



Below the earth's surface under more than 2,000 feet (610 m) of water rests a vast promise of global energy. Below this depth, the global oil industry tripled its offshore capacity to 5 million barrels a day in the past decade and ultimately could double that number by 2015. In the United States, production in the outer continental shelf, almost all of which is in the Gulf of Mexico, currently accounts for 27 percent of the nation's oil and 15 percent of its natural gas.

While offshore resources hold the promise of energy and profit, there are risks that have to be addressed.

"We know we can only operate with the public's confidence that the energy we need will be produced safely and reliably," said Chevron Chairman and CEO John Watson. "We have a very personal stake in operating safely because it is our home, too."

One Team, One Goal

Our commitment to safe drilling begins with a corporatwide dedication to operational excellence. This emphasis translates into specific programs and standards, such as empowering workers to stop work whenever they sense potentially unsafe operations, thus creating layers of protection in drilling practices, well design and construction.

David Payne, Chevron's vice president of Drilling and Completions, said, "We address anticipated risks before we start, and we're prepared to handle any others that come up during drilling."

This approach was crucial at the Tahiti Field. Discovered in 2002, Tahiti, which is estimated to contain 400 million to 500 million barrels of oil-equivalent recoverable reserves, represented a complex and dramatic challenge because it lies in more than 4,000 feet (1,219 m) of water,

375
deepwater wells have
been drilled safely by
Chevron around the
world since 1987



Above: Drilling engineer Jeremy Sokol (left) and subsea operations engineer Zachary Schneider do a routine safety walk on the *Discoverer Clear Leader*.

while the reservoir itself is more than 23,000 feet (7,010 m) below the water's surface. Our team had to upgrade eight separate technologies just to finish its test well.

In 2010, we helped lead the joint-industry task force that made recommendations to the U.S. Department of the Interior to raise industry standards on offshore equipment, operating procedures and subsea well control to even higher levels.

"A majority of these standards are already embedded in Chevron's operations," Watson told the U.S. Congress

in 2010 after the BP Macondo well incident in the Gulf of Mexico. "Chevron will adopt any new standards it doesn't already apply." He also stressed our commitment "to advancing safe operations through enhanced prevention, better well containment and intervention, and improved spill response."

Practicing Safety

In 2010, the company had a record-low injury and illness rate.

"At Chevron, one goal overrides all others: making sure everyone goes home safe every day," Watson said.

One example of our safety culture is our regularly held "safety stand-downs" with drilling personnel and rig crews to reinforce safety practices. We share these extensive reviews of drilling processes, well-control contingency plans and risk management plans across our global operations.

Since 1987, we have safely drilled 375 deepwater wells around the world. Deepwater drilling is particularly challenging because of the pressures involved, but our expertise with blowout prevention was evident during the task force work. A blowout preventer (BOP) is a series of valves that prevent a well's fluids from escaping from the well. We have an in-house team of employees dedicated solely to understanding BOPs and subsea well interventions. We also operate our own well-control school, have drilling specialists overseeing every major well and constantly partner with suppliers on equipment quality. And we have the only operator-owned cement lab in North America.

Operating a deepwater rig costs more than \$1 million a day, and activating the BOP causes delays. "But we'd rather activate a BOP even when it isn't necessary than risk a

blowout," said Payne. He sees BOPs like seat belts: It's important that they exist and are used, but it's always better if they're not needed.

Rick Graff, who spent the past 13 years on Chevron's Gulf of Mexico rigs as a deepwater drilling engineer, said his first boss taught him constant respect for high-pressure reservoirs in deep water. "We take great care as we drill to keep them safely contained with casing, cement, drilling mud and constant monitoring," Graff said. "In my view, the human element is just as important as the mechanical."

'At Chevron, one goal overrides all others: making sure everyone goes home safe every day.'

John Watson
Chairman and CEO

At our Covington, Louisiana, operations center, offshore installation managers such as Mark Davis train on a simulator that is unique to our industry. The simulator mirrors high-tech control rooms on production platforms in the Gulf of Mexico.

The training creates scenarios as diverse as fluctuating pressures on equipment, changing flow rates, and loss of communications between computer and equipment.

Right: Transocean drillship *Discoverer Inspiration* in the Gulf of Mexico is capable of drilling wells in 12,000 feet (3,658 m) of water to a total depth of 40,000 feet (12,192 m).

Operating With Excellence

Our industry-leading performance is due to our commitment to excellence, from project design through operation.

Chevron's Operational Excellence Management System (OEMS) was developed to systematically manage all aspects of safety, health, the environment, reliability and efficiency to achieve industry-leading performance. The system provides specific expectations for all employees and contractors to participate in promoting safety, caring for the environment, and making sure the company's operations run reliably and efficiently.

Chuck Taylor, vice president of Corporate Health, Environment and Safety in 2010, said protecting people and the environment is a company priority and a core value. "Many companies say this and

know what it means conceptually. We are incredibly fortunate to work in an enterprise where protecting people and the environment is both a practice and a heartfelt value," he said.

Over the past decade, our safety record has gone from trailing the industry to leading it. Our Days Away From Work Rate has dropped 90 percent, and nearly 800 fewer workers were injured in 2010 than were injured a decade ago. Since 2001, we've reduced the number of spills by 50 percent and reduced our spill volume by nearly 80 percent. And since 1992, we've improved our own energy efficiency by 33 percent.

For additional information, please visit Chevron.com/OE and Chevron.com/OEMS.



Gulf Relief

We provided \$10 million to five Gulf Coast community organizations that participated in environmental and economic relief, spill response and cleanup after the BP Macondo well incident in the Gulf of Mexico.

One group was the National Audubon Society. Our Pascagoula, Mississippi, refinery helped the group establish the Gulf Coast Audubon Volunteer Response Center to manage more than 35,000 inquiries by volunteers wanting to assist in Louisiana, Mississippi, Florida and Alabama.

“Our collaboration with Chevron allowed us to inform and mobilize volunteers across the country,” said Audubon President David Yarnold. “We provided much needed relief efforts and built a corps of citizen scientists committed to the long-term conservation of coastal bird populations and habitats across the Gulf.”

Other groups we funded were The Nature Conservancy and America’s WETLAND Foundation, which used funding to address coastal restoration; the Committee for Plaquemines Recovery,

which supported hard-hit commercial fishing communities along the Louisiana coast, where we have major facilities; and Greater New Orleans, Inc., which applied funding to economic recovery in concert with the Louisiana Economic Development Department.

“These community partners had immediate needs to mobilize and respond to impacts on local residents,” said Warner Williams, vice president of Chevron’s Gulf of Mexico operations, “and we continue to work with them.”

Every employee and contractor has the authority and responsibility to stop work when he or she sees an unsafe act or condition.



Above: Offshore installation managers John Naquin (left) and Mark Davis train on simulators at Chevron’s Covington, Louisiana, operations center. The simulators replicate the control room on the Blind Faith production platform.

“The simulator hones our skills to operate safely and is a unique tool to improve response through practice during the training,” said Davis. “The simulator is not just about reading a procedure, it’s about doing it.”

Stop-Work Authority

The authority to stop work on a project is another critical factor in keeping workers safe, and this authority extends to every employee and contractor. It includes five steps: Stop the unsafe or at-risk act with those potentially at risk, notify a supervisor if he or she is present, address the issue, resume work after the issue has been resolved, and share what is learned with others.

Barry Smith, who was the offshore installation manager for Chevron’s Tahiti project in 2010, said the team reviews stop-work cases before every shift. “We discuss the incident to learn from it and to positively recognize those who used stop-work authority,” Smith said. “We want everyone to understand there are no negative repercussions for taking the time to do things right.”

During the Tahiti hookup and commissioning phase, which lasted eight months, the Tahiti workforce logged stop-work authority more than 1,400 times, about five a day, for issues as diverse as hurricane-force weather and a shipping container that had arrived without a proper seal. Smith said there were almost 120 work stoppages onboard Tahiti in 2010.

“On Tahiti, I estimate that 60 percent to 70 percent of our work stoppages are called by our contractors,” Smith said. “This is a testament to our safety culture and to our business partners’ understanding that when we say it, we mean it. Our contractors notice that we ‘walk the talk.’” ■

Executive Interview



Gary Luquette
President, Chevron North America
Exploration and Production Co.

Gary Luquette became president of Chevron North America Exploration and Production Co. in April 2006. He chaired the governing board that oversaw four joint-industry task forces formed after the BP Macondo well incident in the U.S. Gulf of Mexico.

What

What was the biggest challenge you faced in the aftermath of the BP Macondo well incident?

While this incident was the responsibility of a single operator, the entire industry felt the impact. We needed an immediate and unified industry response to learn from this tragedy and make sure it would never be repeated. That's why the industry called together hundreds of experts to form four joint-industry task forces to identify tangible improvements that could be made in blowout prevention, well intervention and oil spill response. I was asked to chair the governing board that oversaw their work, and I assumed this role because I felt strongly that the industry needed to take quick and decisive action in order to earn the right to return to drilling in the deepwater Gulf of Mexico.

Why

Why is it important that we return to work now in the Gulf of Mexico?

Oil and natural gas will be primary energy sources for decades to come. Production in the outer continental shelf – almost all of which is in the Gulf of Mexico – accounts for 27 percent of U.S. oil and 15 percent of U.S. natural gas supplies. Chevron alone has more than 13,000 employees living and working in Gulf States. We provide jobs, economic growth and government revenue.

When

When will the results of these task forces become a reality?

We have made significant progress. In addition to submitting numerous reports on lessons learned to the U.S. Department of the Interior, we made recommendations in such key areas as well design, cementing and safety. Many of these recommendations evolved into regulations that are helping companies operate at a higher standard.

And even after we submit our final reports from the task forces, the industry will continue to work together to improve operations and incident response. We committed to a number of initiatives that will show sustained improvements through technology, research and development, and training. We are safer today than we ever have been, and we will continue to improve in the years ahead.

Nigeria:

Healthy Employees, Healthy Community

Chevron's business interests and community interests are linked, so our efforts to fight disease benefit all.

Chevron Nigeria Ltd. reaches out each day to people in Nigeria's bustling cities and small towns to improve health through workplace and community-based HIV/AIDS, malaria and tuberculosis programs. While combating disease, we encounter prevailing myths and misconceptions, a social fabric that leaves women and children especially vulnerable, and a geography that makes it difficult to reach people.

"We believe we can make a difference through our health programs, that we can save lives and give back hope," said Femi Odumabo, Policy, Government and Public Affairs general manager for Chevron Nigeria Ltd.

Many of the programs Chevron Nigeria Ltd. supports are part of our global strategies to help combat disease. In Nigeria, Chevron's partnerships and programs target employees, contractors, suppliers and communities. We work together with local leaders, governments and

nongovernmental organizations, youth groups, congregations, shopkeepers, and others active in the diverse communities of Nigeria.

A fundamental element to operating successfully is a healthy workforce. "The threat of HIV/AIDS to our employees is inseparable from the threat it presents to communities around our operations. Taking a lead position in the fight against AIDS is the right thing to do, and it is good business," said Andrew Fawthrop, chairman and managing director of Chevron's Nigeria and mid-Africa operations.

Information, Creating Hope

As medical protocols for HIV/AIDS have evolved, communication, education and access remain hurdles. "While many people in urban centers are informed, you still meet people in rural areas who don't know anything about the disease," said Dr. Chinwe Okala, a Chevron public health physician.

Reducing the stigma associated with the HIV infection is important to battling it, according to Okala. "A few months ago," she said, "a colleague said he had overcome his fears and had an HIV test. He tested positive, but in the same breath added that he wasn't worried because he knew he and his family would be fine, thanks to the training on HIV he'd received from us. When I saw his smile, I knew in his case we had made progress."

Reaching Women and Children

In Africa, HIV/AIDS disproportionately affects women, increasing the risk of mother-to-child transmission. Most of the 57,000 babies born HIV-positive in Nigeria each year become infected by their mothers. Through our investment in a Global Fund to Fight AIDS, Tuberculosis and Malaria grant in Nigeria, we have helped 50,213 HIV-infected pregnant women receive a complete course of antiretroviral treatment to prevent mother-to-child transmission. And to empower women

\$5 million

in scholarships was awarded by Chevron and its Agbami partners to students in medical fields

50,000

HIV-infected pregnant women have received treatment to prevent mother-to-child transmission of the disease

400

communities benefit from programs created by Global Memorandums of Understanding between Chevron, communities and state governments

Employees at the Escravos gas plant in the Niger Delta region include (from left) electrical technicians Abigail Bateren and Akinfe Samuel, maintenance technician Adewale Adegbayi, and control systems technician Otokini Doore.



Empowering Communities for Their Own Progress

Since 2005, we've engaged various communities near our operations through Global Memorandums of Understanding (GMOUs). The GMOUs are multiyear agreements between the communities, Chevron and state governments.

Local participation in the company's social investment decisions is vital. "It's how we're giving greater ownership of development activities to local communities," said Dennis Flemming, community engagement advisor for Chevron Nigeria Ltd. in 2010.

The eight GMOUs cover projects in five states of the Niger Delta. Each agreement has a Regional Development Committee

(RDC) that advocates for community interests and leads spending decisions. Each RDC's subcommittees monitor accounting, conflict resolution and project management.

The participatory, capacity-building approach is visibly changing these communities. Since 2005, Chevron Nigeria Ltd. has disbursed more than \$56.7 million to the RDCs for a wide range of projects, including building bridges, constructing solar-powered water facilities, equipping hospitals with medical supplies and leading youth workshops.

To further improve the RDCs' effectiveness, in 2010, we ran a series of workshops on subjects such as financial management,

government budgeting, lobbying processes and community relations. In 2010, 849 people had been trained.

The benefits from the GMOUs now reach more than 400 communities, villages and chiefdoms, involving 600,000 people in economic, health, education and environmental projects. In 2010 alone, we contributed more than \$10 million to eight new GMOU projects.

Also in 2010, we launched the Niger Delta Partnership Initiative, with an initial investment of \$50 million for economic development, conflict resolution and capacity building in the region.

who have HIV/AIDS, we provide microcredit to help them develop employment opportunities.

Promoting Wellness

We partner with the National Agency for the Control of AIDS to deliver a workplace wellness program to small and medium-size businesses in Lagos. One of these organizations is the Lady Mechanics Foundation, an auto-repair training program that empowers young women. Along with learning a skill, the women learn about disease prevention and treatment. Peer educators, including employee volunteers from Chevron, provide disease-awareness training to the staff, who in turn help educate the community.

Efforts include distributing mosquito nets to fight malaria. During a visit to Ejigbo (a Lagos suburb) to demonstrate net installation, Chevron and Lady Mechanics volunteers visited a mother in her home. "Today she is showing others how to install the net, and this is creating a multiplier effect in awareness and good health care practices," said Sunday Okegbemiro, Chevron Corporate Responsibility coordinator. "Knowing that these relatively inexpensive nets could very well save someone's life is remarkable and unforgettable."

Different Roads to Treatment

The Chevron-sponsored Riverboat Clinic, now a decade old, has become crucial in delivering primary health

Supporting Women and Children

"Chevron operates in some of the most challenging, complex and dynamic places in the world. We believe that empowering women and children with the resources, knowledge and tools they need to be successful members of their communities creates healthier communities. And healthy communities enable us to form long-term relationships in the geographies in which we conduct business," said Rhonda Zygocki, Chevron

executive vice president for Policy and Planning.

The United Nations Millennium Development Goals 3, 4 and 5 were established to empower women and children through gender equality and maternal and child health. Our efforts align with these goals.

Internationally, our initiatives to promote gender equity have focused on training, economic development

and health. In countries such as Brazil and Kazakhstan, training programs resulted in job placements, and in Bangladesh, programs led to handmade goods being sold in markets around the world. We contribute to the Global Fund to Fight AIDS, Tuberculosis and Malaria, whose grants have created anchor programs that produce results in AIDS education, treatment and reducing mother-to-child transmission rates.



care and disease intervention to thousands of people in 33 towns along the Escravos and Benin rivers in the Niger Delta. The floating clinic carries doctors and nurses, who bring medicines and perform surgeries. Services include prevention education, malaria programs for pregnant women and children under 5, and free immunizations for approximately 1,000 women and children yearly.

We annually give \$1.5 million for the boat and medical supplies, and the Delta State government provides the medical staff. Without the riverboat docked in these communities, the nearest facility would be a hospital more than 62 miles (100 km) away, accessible only through serpentine delta creeks.

Education: A Disease-Fighting Investment

To address Nigeria's need for skilled health professionals, we and our Agbami deepwater partners created the merit-based Agbami Medical Professionals Scholarship. Over the past two years, Chevron gave \$5 million to students of medicine, dentistry, nursing and laboratory sciences from the Delta, Ondo, Bayelsa, Rivers, Lagos, Imo, Akwa Ibom, Abia, Cross River and Edo states. The deepwater partners also spent \$6 million to build and equip 20 laboratories across Nigeria, in institutions from grammar schools to universities. ■

Opposite page: Dr. Chinwe Okala, a Chevron public health physician in Nigeria, educates employees and the community about HIV/AIDS and malaria.

Left: Imagbe Igbino is general manager of Light Level, a small business that benefited from wellness training.

Right: Favour Thompson, a member of the Ejigbo community in Lagos, attends a wellness session offered by peer educators – employee volunteers from Chevron and the Lady Mechanics Foundation.

Human Rights

Our commitment to respecting human rights is embodied in The Chevron Way. To further this commitment, we adopted a Human Rights Policy in 2009.

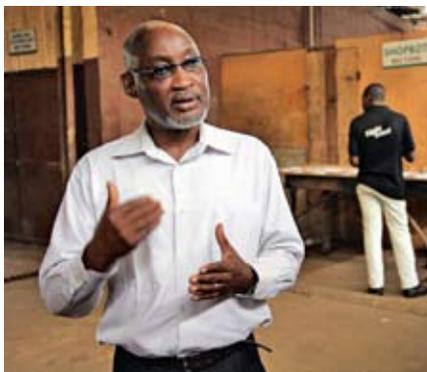
The policy, which replaced our 2006 Human Rights Statement, is now a standing corporate policy in our Business Conduct and Ethics Code. All employees are required to comply with the policy. In 2010, we developed tools and processes associated with implementing the policy, and full implementation is expected by 2013. These efforts are governed by an executive leadership body and guided by a global cross-functional team.

The policy addresses four human rights areas relevant to our business: employees, security providers, the community and suppliers. Our corporate policies, management processes,

community investment programs and participation in voluntary initiatives are complementary and help reinforce our commitment to respecting human rights in each of these areas.

For example, human rights considerations are embedded in our Operational Excellence Management System; our Environmental, Social and Health Impact Assessment; our leadership in industry collaboration; and our participation in the Voluntary Principles on Security and Human Rights. Ongoing engagement with our stakeholders provides us with valuable input on the implementation of our policy.

For additional information, please visit Chevron.com/HumanRights, Chevron.com/ChevronWay and Chevron.com/BusinessEthics.



Indonesia: Cultivating *Gotong Royong*

In Indonesia in 1924, we took our first significant step in exploration and production in Asia. So, too, began our journey of shared progress in the region.

97%

of Chevron managers and employees in Indonesia are nationals

4,600

small businesses were helped by Chevron in several provinces in Indonesia

No. 1

is Chevron's position as the world's largest producer of renewable geothermal energy

Ki Odo's sheep breeding business is helped by Chevron's support of small businesses in the Pamijahan subdistrict of Bogor Regency, near Chevron's geothermal operations.

In Indonesia, two simple words, *gotong royong*, convey the complex idea of cooperation, of offering assistance, sharing burdens and working with others. For decades, we have embraced *gotong royong*, working with Indonesians to strengthen economic opportunities that benefit operations and local communities.

“Helping improve social and economic conditions beyond our operations promotes a better standard of living and expands our ability to conduct business,” said Steve Green, managing director of Chevron’s IndoAsia operations in 2010. “In addition to providing opportunities to businesses

that supply our operations, we help support a diversity of ventures, such as agriculture, fisheries and home-based businesses.”

Chevron’s operations range from crude oil and natural gas to geothermal projects in West Java. Our Salak and Darajat projects, together with our geothermal projects in the Philippines, make us the world’s largest producer of geothermal energy, a renewable resource that turns the earth’s steam to electricity while producing almost no greenhouse gas emissions.

Supporting Local Businesses

Our investments in Indonesia create a diversity of jobs. About 97 percent of our employees and managers are Indonesian nationals, while many other nationals are employed by our local suppliers. These businesses play an important role in providing the services and supplies we need to operate.

Through education, training and funding, we work with businesspeople such as Erinawati, a maintenance contractor in Minas who wanted to become part of our supply chain. She said, “At first I knew nothing about projects like this. Then I attended a workshop organized by Chevron. We were shown how to prepare proposals and bids.”





Erinawati learned that to work with Chevron, businesses must meet certain standards of production, technology and safety. She earned a Chevron Local Business Development (LBD) certificate, qualifying her to bid on contracts for fence painting and drainage. "I'm now able to empower not only myself but also the many people on my team – my neighbors and young people from around here," Erinawati said.

The LBD program has helped more than 4,600 small companies and cooperatives in Riau, East Kalimantan and West Java. Workshops provide training in health and safety, environmental management, procurement, business ethics, project management, technology and financial management. LBD participants grew their businesses

from \$1.3 million in 2001 to more than \$123 million in 2010.

Since LBD began, more than 815 small suppliers have been certified, 3,600 contracts have been awarded and 7,200 jobs have been created. In all, we have purchased \$52 million in local goods and services. The Indonesian Ministry of Energy and Mineral Resources recognized the success of the program with its Padma Community Development Award, the second time Chevron has received this award.

Microfinancing Grows Businesses

Microfinancing provides Indonesians with business opportunities. The programs we support, through the delivery of low-cost loans, reach a variety of enterprises outside of our operations.

"Microfinancing is about enabling people to build businesses and employ others, resulting in stronger communities," said Ted Etchison, Chevron senior vice president for operations in Kalimantan. "Microfinance is not charity. It's about building capability and empowerment, and it places the responsibility for success on the participants. We help plant the seed. The people then develop their own livelihoods."

In East Kalimantan and West Java, we partnered with government-owned financial institutions Permodalan Nasional Madani and Baitulmaal Muamalat to form the Community Enterprise Development program, offering access to low-cost loans and management training to community-based business groups and small businesses.

Educating Professionals

Since 2001, Chevron has sponsored Politeknik Caltex Riau, the province's first polytechnic university. More than 880 students have graduated, and about 85 percent found jobs within three months of graduation.

Following the 2004 tsunami, more than 300 students from Aceh completed a three-month program at

the polytechnic, studying construction, electrical installation and computers – obtaining skills that would help them rebuild their communities. About 80 percent of these graduates are now employed in Aceh, and several started their own businesses, employing others.

In September 2008 – through a partnership

between Chevron, the governments of Aceh and Nias, and the U.S. Agency for International Development – a second polytechnic opened its doors, offering courses in disciplines essential to industry, such as electronics engineering, robotics and information technology. Currently, Politeknik Aceh has 580 students. The first class will graduate in 2011.

"Before [microfinancing], it was difficult just to keep my small business running, but now I can make a tidy profit," said Wistiningsih, a vegetable seller at Petukan Market in Balikpapan. "The money we earn every day can be used as capital to buy vegetables to sell. Thanks to the help we've received, my children have been able to go to school."

In Salak and Darajat, home to our geothermal operations, we helped establish farmers' networks, where farmers turn idle land into fields of abundant crops. We provide training, and the

Left: Chevron-funded training and development for local suppliers helped Erinawati's maintenance business qualify to work with Chevron.

Below left: Darajat geothermal operations, West Java, Indonesia. **Right:** Near Chevron's Salak geothermal operations, Aah Sutiah Elia benefits from a mushroom farming project that has helped the local economy since 2007.

farmers support and share knowledge with each other. In Pasirwangi, Garut Regency, we initiated the pioneering, mosque-based Muamalat Community Micro Enterprise program. Currently, four mosques participate, providing entrepreneurs with low-cost loans.

Promoting Entrepreneurship

We are committed to helping create sustainable livelihoods and self-sufficiency. Those livelihoods come in many forms.

In Dumai, known for its exquisite Malay textiles, we support a program to preserve the traditional art of weaving. We provided training, hand looms, and the construction of a center and gallery.

In Garut Regency, we support goat breeding; farmers earn money not only by selling goats but by selling goat manure as fertilizer to organic farmers.

In our efforts to preserve the Mount Halimun Salak National Park, we and our community partners helped launch ventures such as organic gardening and rabbit breeding to help people develop more sustainable livelihoods. Traders and craftspeople, for example, are encouraged to switch from making furniture from park timber to cultivating vegetables and fruits.

Each day in Indonesia, we embrace *gotong royong* – a chance for business and communities to work together and thrive. ■

Renewable Energy

To meet the need for affordable and reliable energy, the world will have to rely on all sources.

While applying new technologies to develop oil and natural gas resources, we also are investing in renewables.

We are the world's largest producer of geothermal energy, and we continue to explore for more geothermal resources in Indonesia and the Philippines.

Our investments in renewables focus on technology that can operate at industrial scale without subsidies. For example, Catchlight Energy LLC, our joint venture with Weyerhaeuser Co., is working to commercialize advanced biofuels made from forest-based resources.

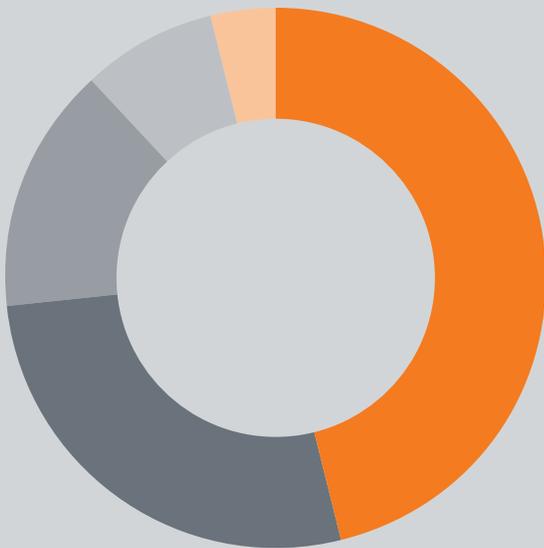
In California, we are developing and demonstrating solar technology that will produce steam needed for production operations at our Coalinga oil field.

To learn more, please visit Chevron.com/EnergyEfficiency and Chevron.com/EmergingEnergy.



Additional Information and Data

Our success is driven by our people and their unrelenting focus on delivering results the right way – by operating responsibly, performing with excellence, applying innovative technologies and capturing new opportunities for profitable growth.



Global Geographic Breakdown of Employees at Year-End 2010

At year-end 2010, Chevron's worldwide employee staffing was 58,267 (excluding 3,929 service station employees). This represents a decrease of 3.11 percent over the previous year. U.S. workers numbered 26,428, and approximately 13.3 percent were represented by unions.

- North America 46.2%
- Asia-Pacific 27.3%
- Africa 14.7%
- Europe/Middle East 8.1%
- South America 3.7%



33%

is the amount Chevron has improved its own global energy efficiency since 1992

58,267

employees worked for Chevron at year-end 2010

100%

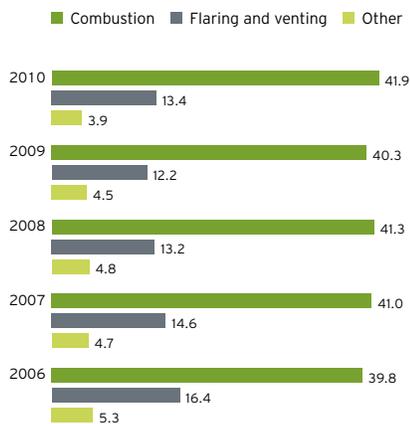
rating was achieved by Chevron on the Human Rights Campaign Corporate Equality Index for the 6th consecutive year

As of year-end 2010, Chevron was the third-largest producer of oil in Argentina. Project engineer Florencia Rodríguez Aponte and plant supervisor Jorge Nelson Paz are seen here at the El Trapial Field in western Argentina. In 2010, the workforce in Argentina received 11,000 hours of training.

Performance Data

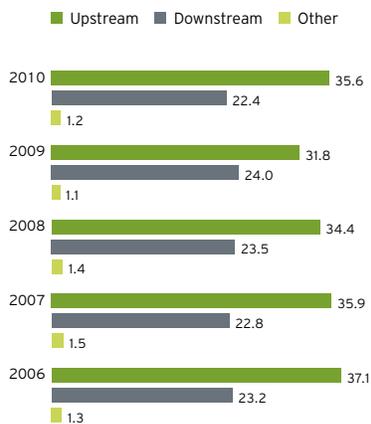
GHG Emissions by Source¹

Millions of metric tons of CO₂ equivalent



GHG Emissions by Sector¹

Millions of metric tons of CO₂ equivalent



Total GHG Emissions by Type^{1,2}

Millions of metric tons of CO₂ equivalent

	Direct	Indirect	Grid Credits	Net
2010	62.1	-2.9	0.0	59.2
2009	60.3	-2.4	-0.9	57.0
2008	62.7	-2.4	-1.0	59.2
2007	63.7	-2.9	-0.5	60.3
2006	65.4	-3.0	-0.9	61.5

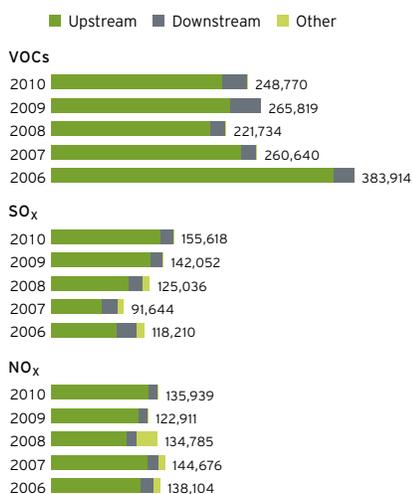
Energy Efficiency Performance³

Percentage improvement since 1992 baseline



Air Emissions^{4,5}

Metric tons



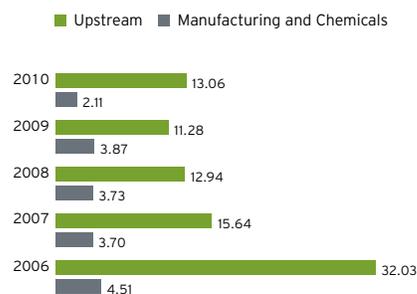
Air Emissions by Sector^{4,5}

Metric tons

		Upstream	Downstream	Other
VOCs	2010	215,578	32,732	461
	2009	225,949	39,630	240
	2008	201,209	18,648	1,878
	2007	240,716	18,788	1,136
	2006	357,727	26,100	87
SO _x	2010	137,676	17,514	428
	2009	125,520	15,997	536
	2008	97,731	18,496	8,810
	2007	63,223	20,451	7,970
	2006	82,922	25,574	9,714
NO _x	2010	122,825	11,852	1,262
	2009	110,068	12,133	711
	2008	95,717	12,282	26,785
	2007	121,378	14,041	9,257
	2006	113,001	16,020	9,083

Average Oil Concentration in Discharges to Water⁶

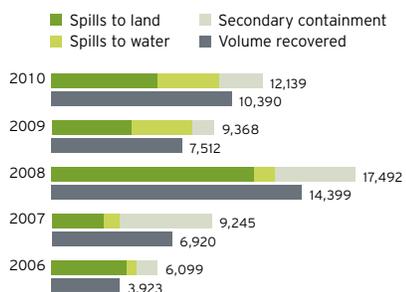
Parts per million



Improvements in reporting methodology during the reporting period make year-to-year comparisons difficult.

Petroleum Spills^{7,8}

Volume in barrels



Petroleum Spills⁸

Number of spills



Fines and Settlements⁹

Environmental, Health and Safety Fines and Settlements

YEAR	06	07	08	09	10
Total number	699	684	564	460	524

Footnotes are on page 41.

GHG Emissions

In 2010, our total emissions were 59.2 million metric tons of CO₂ equivalent, exceeding our goal of 59.0 million metric tons.¹ In 2010, the reporting basis for total GHG emissions Chevron used was revised to exclude power generation grid credits to align with industry best practices. If the grid credits of 0.9 had been included, the net emissions of 58.3 would have achieved the goal. Our GHG emissions intensity in 2010 was approximately 33 metric tons of CO₂ equivalent per 1,000 barrels of net oil-equivalent production from our Upstream operations, up from 32 metric tons in 2009. Our Downstream intensity was approximately 34 metric tons of CO₂ equivalent per 1,000 barrels of crude oil that was input into our refineries, down from 36 in 2009.

Our preliminary goal for 2011 is 60.0 million metric tons of CO₂ equivalent. We expect to achieve further emissions reductions through energy efficiency improvements and reduced flaring and venting. We also expect normal production levels and emissions to resume in areas where disruptions occurred in 2010; and we expect emissions from new facilities that will begin operation in 2011.

We estimate that combustion of our products resulted in emissions of approximately 418 million metric tons of CO₂ in 2010, approximately 2 percent more than the 410 million metric tons in 2009. We calculate product emissions based on total 2010 Upstream liquids, gas and coal production. The emissions factors used are from the American Petroleum Institute's *Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry*,² published in 2004 and revised in 2009. When compared with the International Energy Agency's *Key World Energy Statistics* (2010 edition), these emissions represent approximately 1.4 percent of global CO₂ emissions from fossil fuels, which is lower than the 1.7 percent of global CO₂ emissions when we first began estimating the GHG emissions from our products in 2002.

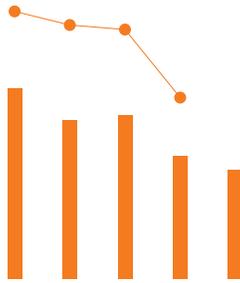
Waste

In 2009, we began reporting a total waste metric to track the amount of total hazardous and nonhazardous waste that is recycled (which includes reused and recovered) from our operations. In 2010, total recycling was 59 percent of generated hazardous waste and 42 percent of generated nonhazardous waste.

Performance Data

Total Recordable Incident Rate¹⁰

Incidents per 200,000 work hours



YEAR	06	07	08	09	10
Workforce	0.42	0.35	0.36	0.27	0.24
Benchmark	0.59	0.56	0.55	0.40	N/A
Employees	0.34	0.40	0.31	0.32	0.22
Benchmark	0.51	0.49	0.47	0.42	N/A
Contractors	0.46	0.34	0.37	0.26	0.24
Benchmark	0.64	0.61	0.59	0.39	N/A

Lost-Time Incident Frequency¹⁰

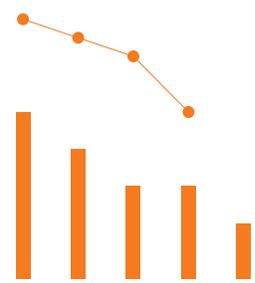
Days Away From Work incidents and fatalities per million work hours



YEAR	06	07	08	09	10
Workforce	0.50	0.37	0.27	0.25	0.18
Benchmark	0.72	0.65	0.64	0.44	N/A
Employees	0.41	0.48	0.33	0.33	0.17
Benchmark	0.64	0.57	0.57	0.52	N/A
Contractors	0.53	0.33	0.25	0.23	0.19
Benchmark	0.78	0.71	0.67	0.39	N/A

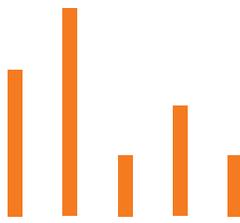
Days Away From Work Rate¹⁰

Incidents per 200,000 work hours



YEAR	06	07	08	09	10
Workforce	0.09	0.07	0.05	0.05	0.03
Benchmark	0.14	0.13	0.12	0.09	N/A
Employees	0.08	0.09	0.07	0.07	0.03
Benchmark	0.13	0.11	0.11	0.10	N/A
Contractors	0.10	0.06	0.05	0.04	0.03
Benchmark	0.15	0.14	0.13	0.07	N/A

Work-Related Fatalities



YEAR	06	07	08	09	10
Workforce	12	17	5	9	5
Employees	1	3	0	0	0
Contractors	11	14	5	9	5

Process Safety

In 2010, there were a total of 95 loss-of-primary-containment incidents of significance (ANSI/API¹² Recommended Practice 754 Tier 1) across the company, compared with 104 incidents in 2009. Of the 95 incidents, 63 occurred in Upstream and 32 in Downstream, which includes Manufacturing and Chemicals. There were no fatalities resulting from loss-of-primary-containment incidents.

Global Diversity

YEAR	09	10
Women in total workforce	22.9%	23.1%
Women represented at midlevel and above	11.7%	11.8%
Women and non-Caucasian men represented at senior executive levels	26.5%	27.0%

Motor Vehicle Safety¹¹

Company vehicle incidents per million miles driven



U.S. Equal Employment Opportunity Commission Statistics

YEAR	07	08	09	10
Minorities among total employees	33.9%	35.3%	34.9%	35.4%
Women among total employees	29.0%	29.2%	28.9%	29.3%
Minorities among executives and senior managers	9.6%	11.0%	11.2%	11.1%
Minorities among first- and midlevel managers	26.5%	26.9%	27.5%	27.4%
Women among executives and senior managers	14.1%	15.0%	14.4%	15.3%
Women among first- and midlevel managers	25.6%	24.7%	27.4%	26.9%
Minorities among professionals	29.1%	30.6%	31.4%	31.7%
Women among professionals	32.0%	32.4%	32.4%	32.8%

Footnotes are on page 41.

Notes to pages 38 and 39

1 In 2010, Chevron deployed a new greenhouse gas (GHG) and energy reporting system. The new system incorporates the reorganization of Global Downstream and emissions estimation methodologies from mandatory GHG reporting requirements imposed in the U.S. state of California and nationally in Australia, the European Union and the United States. Going forward, these systematic changes will make comparing emissions with years prior to 2010 difficult. Nevertheless, the 2009 to 2010 net increase of approximately 2.2 million metric tons of CO₂-equivalent emissions can be attributed to several factors. Beginning in 2010, in conformance with industry best practices, Chevron no longer accounts for grid credits in its power generation emissions, which increased emissions by more than 0.9 million metric tons. Azerbaijan International Operating Co. is now included in the corporate inventory, resulting in an emissions increase of more than 0.4 million metric tons. Operationally, flaring emissions in Angola increased due to turnaround activity, and emissions in U.S. Midcontinent operations increased due to new gas processing. Improved data collection and accounting also account for the increased emissions from the Canadian Upstream operations as well as from Shipping operations, which now account for time-chartered vessels. Emissions increases were offset largely by flare reductions in Nigeria and at Tengiz in Kazakhstan and by decreased emissions at the Pascagoula Refinery, which experienced high turnaround activity in 2010. Other emissions offsets resulted from the shutdown of a mine in New Mexico and the sale of marketing assets.

The 2010 flaring and venting emissions number is based on flare gas volume of approximately 846 million cubic feet per day plus any venting of gas in terms of CO₂ equivalents.

Chevron's GHG emissions data are reported on an equity basis for all businesses in which Chevron has an interest, except as noted below. The following entities are not currently included in the Chevron corporate GHG inventory: Chevron Phillips Chemical Co., the Caspian Pipeline Consortium, 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.

Chevron's 2007-2009 emissions have been restated, primarily due to a data revision by one business unit, resulting in an annual emissions reduction of nearly 0.3 million metric tons.

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

2 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.

3 In 2010, Chevron's total energy consumption for Chevron's operated assets was 747 trillion Btu (approximately 788 million gigajoules), based upon a lower heating value. This performance is an improvement over 2009's consumption of 770 trillion Btu (approximately 812 million gigajoules). 2009 numbers have been restated. In 2010, Chevron changed its reporting of energy consumption from including nonoperated joint-venture refineries to reporting on operated refineries only.

4 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 (NO_x) and sulfur oxides (SO_x) occur during combustion.

5 In 2010, Chevron improved its estimation methodology and updated the emission factors in its guidance documents and tools. The updated methodologies resulted in variances in reporting compared with 2009.

2010 reported VOC emissions were lower than in 2009. The VOC emissions from Nigeria/Mid-Africa operations decreased due to the use of updated methodologies, and International and Americas Products emissions decreased due to divestitures of our transportation fleet and facilities. This decrease was somewhat offset by Asia South operations, which reported an increase due to a change in flaring operations.

2010 NO_x and SO_x emissions were each reported to be higher than 2009. In each case, a significant portion of the increase can be attributed to Shipping operations, which updated its emission factors to better account for the fuel and engine types specifically used by ships.

Other increases resulted from power operations in the IndoAsia region, which began reporting NO_x emissions in 2010. Saudi Arabia/Partitioned Zone reported an increase in SO_x emissions due to an improved method for tracking gas sent to flares.

Global Gas, previously reported as "other," was included with Upstream in 2009 and 2010. "Other" includes Chemicals, Chevron Business and Real Estate Services, Chevron Mining Inc., Chevron Environmental Management Co., and Corporate Aviation.

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

6 Global Upstream average oil concentration in discharges to water increased in 2010 mainly due to pit maintenance and a new procedure driven by regulatory requirements for testing oil-in-water concentration in IndoAsia operations.

Manufacturing and Chemicals average oil concentration in discharges to water decreased mainly due to the construction of a new effluent treatment plant that came fully on line in November 2009 at the Pascagoula Refinery.

7 Secondary containment volume – which is not released to the environment – is included in the total volume listed at the end of each bar. Approximately 21 percent, or 2,529 barrels, of the total volume was spilled to secondary containment in 2010.

8 All spills to water are included. Spills to land and secondary containment that are greater than or equal to one barrel are included.

9 Environmental fines and settlements were \$93.9 million in 2010 and accounted for 3.24 percent of our total environmental expenditures. Total environmental expenditures were \$2.9 billion, of which capital expenditures were \$1.4 billion and noncapital expenditures were \$1.5 billion.

Health and safety fines and settlements accounted for approximately 0.2 percent of the total fines and settlements, representing \$0.19 million.

Notes to page 40

10 American Petroleum Institute's *Benchmarking Survey of Occupational Injuries, Illnesses, and Fatalities in the Petroleum Industry* data are used as industry benchmarks. 2010 benchmark data were not available at the time of publication.

11 Data include catastrophic and major incidents only.

12 American National Standards Institute/American Petroleum Institute.

GRI and API/IIPECA Index

- This index refers to:**
- 2006 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), Version 3.0
 - American Petroleum Institute/International Petroleum Industry Environmental Conservation Association (API/IIPECA) *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting*, 2nd edition, 2010

For more information on GRI and API/IIPECA reporting guidelines, please visit globalreporting.org and ipecca.org.

	GRI	API/IIPECA	Where Reported
Profile Disclosures			
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Organizational Profile	2.1 2.2 ² 2.3 ² 2.4 ² 2.5 ² 2.6 ² 2.7 ² 2.8 ² 2.9 ² 2.10		
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	Stakeholder Engagement 4.14 ¹ 4.15 ^{1,5} 4.16 ^{1,5} 4.17 ^{1,5}		
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	Economic Performance EC1 ³ EC2 ³ EC3 ³ EC4 ³ EC5 ³	SE13 ⁵	
	Market Presence EC6 ⁵ EC7 ⁶	SE4 SE7 ^{1,6}	18-21
	Indirect Economic Impacts EC8 ^{7,8} EC9 ^{1,7,8}		13
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	Energy EN3 EN4 EN5 ^{9,10} EN6 ^{9,10} EN7 ^{2,9}	E2 E3 ¹¹	7, 35, 38, 39
	Water EN8 EN9 EN10 ¹²	E6	17
	Biodiversity EN11 ¹³ EN12 ¹³ EN13 ¹³ EN14 ¹³ EN15 ¹³	E5 ¹³	6, 8, 17, 26
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	Labor/Management Relations LA4 ⁵ LA5		
	Occupational Health and Safety LA6 LA7 LA8 ¹⁵ LA9	HS1 HS2 ¹⁵ HS3 HS5	24-26, 28-31, 40
	Training and Education LA10 LA11 LA12	SE17	
	Diversity and Equal Opportunity LA13 ^{2,6} LA14		21, 40
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	Forced and Compulsory Labor HR7		
	Security Practices HR8 ¹⁶	SE10 ¹⁶	31
	Indigenous Rights HR9	SE2 ¹⁶	8
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	Compliance SO7 SO8		
Product Responsibility	Customer Health and Safety PR1 ⁴ PR5	HS4 ^{4,18}	25
	Product and Service Labeling PR3 ¹⁸		
	Marketing Communications PR6		
	Compliance PR2 PR4 PR7 PR8 PR9		

Key to Indicators:
 Fully reported in 2010
 Partially reported in 2010
 Not covered in 2010

Information responsive to these indicators appears on our websites:

- 1 Throughout print and online report
- 2 Chevron.com
- 3 Chevron.com/AnnualReport
- 4 Chevron.com/OE
- 5 Chevron.com/BusinessEthics
- 6 Chevron.com/Diversity

- 7 Chevron.com/SocialInvestment
- 8 ChevronCalifornia.com
- 9 WillYouJoinUs.com
- 10 Chevron.com/EnergyEfficiency
- 11 Chevron.com/EmergingEnergy
- 12 Chevron.com/Environment

- 13 Chevron.com/Biodiversity
- 14 Chevron.com/ClimateChange
- 15 Chevron.com/HealthSafety
- 16 Chevron.com/HumanRights
- 17 Chevron.com/EnergyPolicy
- 18 Chevron.com/MSDS

Assurance Statement

Scope of the Assurance

Lloyd's Register Quality Assurance, Inc. (LRQA) was engaged by Chevron U.S.A. Inc. to assure the reporting processes used in the creation of Chevron's 2010 Corporate Responsibility Report ("the Report"). The objectives of the review were to validate the integrity of Chevron's reporting processes and to evaluate consistency with the IPIECA/API *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* (2010). LRQA has reviewed Chevron's Corporate Responsibility Report reporting processes since 2008 (for the 2007 Corporate Responsibility Report).

The LRQA scope of assurance was limited to processes for the reporting of health, environmental and safety (HES) performance indicators. Verification of the accuracy of data and information was not included in the assurance scope. The Report has been prepared and approved by Chevron management, who are solely responsible for the collection, presentation, and accuracy of all data and information contained within it.

Approach

LRQA's assurance approach was risk-based and undertaken as a sampling exercise. It covered the following activities:

- Visiting Chevron's Global Upstream and Gas facility in Midland, Texas, and Chevron's Downstream refinery in Pascagoula, Mississippi, to assess local understanding and implementation of Chevron's HES reporting requirements.
- Visiting Chevron's Downstream and Chemicals headquarters in San Ramon, California, to assess business unit understanding and implementation of Chevron's HES reporting requirements.
- 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.
- Reviewing the processes used at the corporate level to aggregate data and information for inclusion in the final report.

Conclusions and Findings

To form our conclusions, LRQA obtained sufficient evidence considered necessary for us to give limited assurance of Chevron's HES reporting processes. Based on the scope of the assurance and the data and information presented for review, nothing has come to our attention that would cause LRQA not to believe that Chevron's reporting process is effective in delivering HES indicators for the purpose of evaluating and communicating corporate performance in these areas.

Our other conclusions:

- Processes are in place that ensure that sites contributing to core HES metrics understand corporate reporting procedures and requirements.
- The methods to be used for calculating each HES performance metric are clearly defined and communicated.
- Chevron's reporting requirements for HES metrics are understood and carried out. Data collected at the site/local and business unit levels are checked and aggregated into corporationwide metrics.
- Responsibility for annually reviewing and updating reporting guidelines is clear, with improvement in methodology regularly undertaken.
- Chevron's reporting process is effective in delivering HES indicators that are useful for assessing corporate performance and reporting information consistent with IPIECA/API/OGP *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* (2010).

Observations and areas for potential improvement are provided in a report to Chevron management. These observations do not affect our conclusions.



Andrea Bockrath
On behalf of Lloyd's Register
Quality Assurance, Inc.
March 24, 2011



Third-Party Liability LRQA, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the "Lloyd's Register Group." The Lloyd's Register 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 Lloyd's Register 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.

LRQA's Competence and Independence LRQA ensures the selection of appropriately qualified individuals based on a rigorous appraisal of their training, qualifications and experience. The team conducting the assurance of the Report was multidisciplinary and has been involved in assurance assessments from the outset of external verification of nonfinancial performance reports. LRQA's internal systems have been designed to manage and review assurance and certification assessments. This involves independent review by senior management of the outcome derived from the process applied to the assurance of corporate reports.

Independence of LRQA From Chevron LRQA and Chevron operate as discrete and independent legal entities. LRQA provides Chevron with third-party attestation assessment services to ISO 14001 and OHSAS 18001 as well as certification assessment services to other ISO standards. The assurance, attestation and certification assessment services are the only work undertaken by LRQA for Chevron.

Conflict of Interest LRQA is part of the Lloyd's Register Group. Lloyd's Register Group entities recognize that potential conflicts of interest may exist that could have an impact on its independent assurance and certification activities. Lloyd's Register Group entities are committed to identifying and managing such conflicts so that they do not adversely affect its independence and impartiality. To protect the integrity, neither LRQA nor any other Lloyd's Register Group entity will provide services that create a conflict and compromise the independence and impartiality of third-party assurance and certification. The Lloyd's Register Group entities will never verify their own solutions to a customer's problem.

Glossary

Aa

API

American Petroleum Institute

Bb

Biodiversity

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

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, and for marketing crude oil and the many products derived from petroleum.

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.

Greenhouse gases (GHGs)

Gases that trap heat in the atmosphere; such gases include water vapor, ozone, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.

Ii

IPIECA

International Petroleum Industry Environmental Conservation Association

ISO 14001:2004

Environmental management system standard developed by the International Organization for Standardization.

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

OGP

International Association of Oil & Gas Producers

OHSAS 18001:2007

An international Occupational Health and Safety Assessment Series management system specification.

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.

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).

Ss

Stakeholder

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

Uu

Upstream

The industry term for operations related to exploring for, developing and producing crude oil and natural gas; for marketing natural gas; and for transporting crude oil, natural gas and petroleum products by pipeline and marine vessel.

Biodiversity

The pig-tailed macaque (*Macaca nemestrina*) is commonly found near PT Chevron Pacific Indonesia's operations in Rumbai and Minas, Sumatra, where production operations coexist with healthy vegetation and pristine forests.



We embrace shared progress across our operations around the world. To learn more, please visit Chevron.com/CorporateResponsibility.

About This Report

This report covers 2010 data and activities. We also occasionally mention activities that took place before 2010 and in early 2011 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 unless otherwise noted. Our previous report was published in May 2010 and covers 2009 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*, 2nd edition, published in 2010 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 42).

This report, previous editions of our report and additional information can be found at Chevron.com/CorporateResponsibility. We welcome your comments and feedback.

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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 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.

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2010 Annual Report



2010 Supplement to the Annual Report



2010 Corporate Responsibility Report

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