



Human Energy™

Energy Partnership

2007 Corporate Responsibility Report





How do you build sustainable partnerships that benefit communities while meeting the world's growing demand for energy?

We believe lasting partnerships are built on ingenuity, collaboration and trust. These relationships are fundamental to our ability to develop energy that contributes to economic and social progress. In the lowlands surrounding our Bibiyana natural gas project in Bangladesh, we work closely with community members, local leaders and nongovernmental organizations to create programs that support family businesses, improve health care services and schools, and create jobs for local residents.

On the cover: Fisherman Rukum Uddin casts his net along the Norkhai River adjacent to Chevron's Bibiyana natural gas project in Bangladesh.

This page: Tofayel Ahmed Pathan is one of several villagers who run family-owned fishing businesses near Chevron's Bibiyana natural gas project in Bangladesh. He participated in the Livelihood Program, a partnership between Chevron and Friends in Village Development Bangladesh that supports local microbusinesses.

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Welcome

Chevron's sixth annual Corporate Responsibility Report provides descriptions, data and perspective on our socioeconomic and environmental performance for 2007. The initiatives and accomplishments described herein reflect our efforts toward achieving our vision, described in *The Chevron Way*, to be *the* global energy company most admired for its people, partnership and performance. That vision and the values and strategies that support it are the foundation for how and what we achieved in 2007.

A Message From Our CEO



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

Our mission is to find and produce the energy the world needs today and tomorrow in a way that is consistent with our values. Meeting the world's demand for energy takes ingenuity, performance and partnership. At Chevron, the combined efforts of our 59,000 employees around the world help economies grow and create a sustainable future. Continued progress toward this goal will require new levels of collaboration and innovation.

Chevron's 2007 Annual Report, titled *Energy > Ingenuity*, describes how we are rising to the challenge – every day – of meeting growing energy demand. From working at the frontier of ultra-deepwater technology to reducing carbon emissions, Chevron is committed to developing more energy from more sources in an environmentally responsible way.

Our values guide our work every day. We recognize that how we conduct our work is fundamental to achieving our business goals. The vision, values and strategies in The Chevron Way are available in 14 languages for our employees. They are grounded in benefiting communities, protecting the environment, supporting human rights and working in an ethical manner.

Partnerships help us achieve our mission and demonstrate our values. Chevron is engaged in partnerships that span the breadth of our business. In 2007, we met several milestones for existing partnerships and established new ones to advance our work around the globe.

The Angola Partnership Initiative celebrated its fifth anniversary. We expanded our existing alliance with the Discovery Channel Global Education Partnership and began constructing a second

vocational training school in Indonesia. A new corporate process was launched to identify and develop sustainable solutions to the impacts of capital projects. Our support for the fight against HIV/AIDS continued with a new multimillion-dollar partnership. With others inside and outside our industry, we participated in the development of the U.S. National Petroleum Council's comprehensive study to evaluate the global energy outlook and recommend an integrated strategy to meet future energy challenges. We launched a new public awareness campaign on energy – facts, challenges and solutions. New research alliances were created to develop clean fuels, which help reduce carbon emissions.

During 2007, we remained focused on achieving our target of zero incidents. While our overall safety performance continued to improve, 17 people died working for us. We will continue to dedicate the work and resources necessary to meet our target and help our employees go home to their families safe, every day.

We conduct business in a complex global environment. The energy challenges we face as an industry and as a society are formidable. However, throughout our company's history, we have embraced challenges as opportunities to achieve results, the right way. Our dedication to collaboration and innovation supports our commitment to be the partner of choice in the energy industry.

Dave O'Reilly
May 2008

Chevron at a Glance

Chevron is one of the world's leading integrated energy companies, with subsidiaries that conduct business across the globe. Our success is driven by the ingenuity and commitment of approximately 59,000 employees who operate across the energy spectrum. We explore for, produce and transport crude oil and natural gas; refine, market and distribute transportation fuels and other energy products; manufacture and sell petrochemical products; generate power and produce geothermal energy; provide energy efficiency solutions; and develop and commercialize the energy resources of the future, including biofuels and other renewables. Our major business strategies are focused on developing leading integrated positions in growth areas of the world, as well as investing in renewable technologies.

Upstream and Gas

Chevron's upstream strategy is to grow profitably in core areas and build new legacy positions. In 2007, our operations' net oil-equivalent production averaged 2.62 million barrels per day, including volumes produced from oil sands in Canada. Major producing areas include Angola, Australia, Azerbaijan, Bangladesh, Denmark, Indonesia, Kazakhstan, Nigeria, the Partitioned Neutral Zone between Kuwait and Saudi Arabia, Thailand, the United Kingdom, the United States, and Venezuela. Major exploration areas include western Africa, Australia, Brazil, Canada, the Gulf of Thailand, the Norwegian Barents Sea, the international waters between Trinidad and Tobago and Venezuela, the U.K. Atlantic Margin, and the U.S. Gulf of Mexico.

Our gas strategy is to commercialize our equity gas resource base while growing a high-impact global gas business. We hold the largest natural gas resource position in Australia and have significant holdings in western Africa, Bangladesh, Indonesia, Kazakhstan, North America, South America, Thailand, and the United Kingdom.

Downstream

Chevron's downstream strategy is to improve returns and selectively grow with a focus on integrated value creation. In 2007, we processed approximately 1.8 million barrels of crude oil per day and averaged approximately 3.5 million barrels per day of refined products sales worldwide. Downstream's most significant areas of operations are the Asia-Pacific region and North America. We hold interests in 18 fuel refineries and one asphalt plant and market under the Chevron, Texaco and Caltex motor fuel brands. Products are sold through a network of more than 25,000 retail stations, including those of affiliated companies.

Renewable Energy

Chevron's renewable energy strategy is to invest in renewable energy technologies and capture profitable positions. Through our geothermal operations in Indonesia and the Philippines, we are currently the world's leading private producer of geothermal energy. Chevron Energy Solutions Co. delivers energy efficiency and power system solutions to external and internal clients. Chevron Technology Ventures LLC focuses on innovation, commercialization

and integration of emerging technologies and related business models within Chevron. Its business development portfolio includes biofuels, hydrogen, venture capital and renewable energy applications.

Other Businesses

Chevron is engaged in additional businesses across the energy value chain. Our 50-50 joint venture Chevron Phillips Chemical Co. LLC is a leading manufacturer of petrochemicals. Chevron Oronite Co. LLC markets performance-enhancing products and supplies fuel and lubricant additives. Other businesses include mining and power generation.

Chevron is a publicly traded company listed on the New York Stock Exchange. Additional information on our corporate structure, operations and brands can be found on our Web site: www.chevron.com.

Photos below, left: In early 2008, Chevron coordinated with the U.S. Coast Guard, weather forecasters and others to predict a narrow weather and tidal window to tow the Tahiti production platform's 24,000-ton hull. It was transported without incident from the Texas coast to deep water in the U.S. Gulf of Mexico. **Right:** In 2007, Chevron's Burnaby Refinery in British Columbia, Canada, marked the 10th anniversary of its Community Advisory Panel. Through ongoing collaboration with neighbors, environmental regulators and community leaders, the refinery has made significant progress toward emissions reduction and other issues affecting the community.



Performance Overview

We strive to achieve world-class performance in our business by operating responsibly, according to the vision and values of The Chevron Way. Below are summaries of important performance achievements and events from 2007.

Corporate ESHIA

Chevron's Environmental, Social and Health Impact Assessment (ESHIA) process was released in 2007 and is being implemented across the global enterprise. The process is being applied to all new capital projects to identify, analyze and develop measures to enhance benefits and mitigate environmental, social and health impacts. Following the adoption of an updated Corporate Biodiversity Statement in 2007, biodiversity assessments are now part of ESHIA.

Community Engagement

During 2007, we invested \$119 million in community engagement initiatives globally. Approximately 68 percent was targeted to basic human needs, education and training, and support for local businesses. As part of our ESHIA process, we conducted social impact assessments and stakeholder engagement trainings in eight countries. Progress was made with community groups in Nigeria's Niger Delta to gradually shift control of community development programs to Regional Development Councils, which represent local communities. A five-year-anniversary report on our \$25 million Angola Partnership

Initiative demonstrated concrete results. Our Energy for Learning initiative invested more than \$10 million in 23 Mississippi and Louisiana school districts as part of a three-year, \$18 million commitment. The Chevron Management Institute trained 46 leaders of nongovernmental organizations (NGOs) in leadership workshops in the United States and Venezuela; more than 320 NGO leaders have been trained since 1995.

Operational Excellence

We continued to implement our Operational Excellence Management System (OEMS) by integrating OE environmental performance objectives and guidance into our operations. We launched programs to improve our ability to identify root causes of incidents, share best practices and improve performance. Training was expanded to improve the reliability and safety of our operations.

Health and Safety

In 2007, Chevron became the first Corporate Champion of the Global Fund to Fight AIDS, Tuberculosis and Malaria, allocating \$30 million over three years to combat these diseases. More than 17,000 employees have been provided with HIV/AIDS prevention and awareness training since the global implementation of our HIV/AIDS policy began three years ago. We continued to place a high priority on safety in our operations. However, we experienced 17 workforce fatalities in 2007 that resulted from nine

incidents. We remain committed to reducing all incidents to zero.

Climate Change and Energy Efficiency

In early 2007, we adopted seven policy principles we believe are necessary for the development of flexible and economically sound climate change policies and continued implementing our Action Plan on Climate Change, now in its sixth year. We continued to work at the U.S. federal and state levels and internationally to build consensus on climate change policy and regulations. Our Gorgon liquefied natural gas project off the coast of Australia, which includes a proposal to build one of the largest carbon dioxide (CO₂) sequestration programs in the world, received environmental approvals. In 2007, Chevron emitted 60.7 million metric tons of CO₂ equivalent, performing better than our goal of 63.5 million metric tons. Energy efficiency has improved by 27 percent since 1992.

Renewable Energy

Chevron established two additional strategic alliances with government and academic institutions to research and develop new technologies for converting nonfood sources into biofuels. In early 2008, we announced a 50-50 joint venture with Weyerhaeuser Co. focused on developing renewable transportation fuels from nonfood sources. Also, our subsidiary Chevron Energy Solutions announced several renewable power and energy efficiency projects.

2007 Performance Recognition

Chevron's 2007 practices and performance were acknowledged by several independent organizations.

- The Dow Jones Sustainability Index for North America included Chevron for the third year in a row.
- *Fortune* magazine ranked Chevron ninth among Fortune Global 100 companies for how well the company has integrated responsible business practices into its business. Chevron was the only U.S. company listed in the top 10.
- Institutional Shareholder Services Inc. rated Chevron in the top 4 percent of oil and gas companies for corporate governance in early 2008. Chevron received a rating of 9.5 out of 10 from GovernanceMetrics International, Inc.
- The Human Rights Campaign's Corporate Equality Index gave Chevron a rating of 100 percent on its Equality Index for the third straight year.
- The Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria recognized Chevron's efforts to help fight HIV/AIDS with its Award for Business Excellence on HIV/AIDS in the Workplace.
- The Women's Business Enterprise National Council named Chevron one of the top U.S. corporations providing growth opportunities to women business owners for the fifth consecutive year.

Key Corporate Responsibility Performance Indicators

	2006	2007 Goals are shown in brackets	Page
Socioeconomic			
Fatalities (workforce)	12	17 [0]	18, 19
Days Away From Work Rate (workforce incidents per 200,000 hours worked)	0.09	0.07 [0.08]	18, 19
Total Recordable Incident Rate (workforce incidents per 200,000 hours worked)	0.42	0.35	18, 19
Company motor vehicle incidents (per million miles driven) ¹	0.82	0.82	20
Percent of females and non-Caucasian males at the senior executive level worldwide	21.4	24.5	16
Percent of females at midlevel positions and above worldwide	10.3	10.6	16
Total corporatewide spending in community investment (US\$ millions)	90.8	119	22, 23
Environmental			
Number of petroleum spills	803	826	36, 37
Volume of petroleum spills (barrels)	6,099	9,245	36, 37
Global VOC emissions (thousands of metric tons)	384	261	37
Global SOx emissions (thousands of metric tons)	118	92	37
Global NOx emissions (thousands of metric tons)	138	145	37
Number of environmental, health and safety fines and settlements	699	684	38
Total GHG emissions (millions of metric tons of CO ₂ equivalent)	61.5	60.7 [63.5]	30, 31
GHG emissions from flaring and venting (millions of metric tons of CO ₂ equivalent)	16.4	14.5	30-32
Energy efficiency performance (percentage improvement since 1992 baseline)	27	27 [27]	30, 31

Key: Area of performance improvement Area of performance decline Unchanged or no significant improvement or decline

VOCs (volatile organic compounds) SOx (sulfur oxides) NOx (nitrogen oxides) GHGs (greenhouse gases) CO₂ (carbon dioxide)

¹ 2006 and 2007 data are based on a revised classification system adopted by the International Association of Oil & Gas Producers.

Financial Highlights

US\$ millions, except per-share amounts	2006	2007
Net income	\$17,138	\$18,688
Sales and other operating revenues	\$204,892	\$214,091
Capital and exploratory expenditures ¹	\$16,611	\$20,026
Total assets at year-end	\$132,628	\$148,796
Total debt at year-end	\$9,838	\$7,232
Stockholders' equity at year-end	\$68,935	\$77,088
Per-share data		
– Net income – diluted	\$7.80	\$8.77
– Cash dividends	\$2.01	\$2.26
– Common stock price at year-end	\$73.53	\$93.33
Return on average stockholders' equity	26.0%	25.6%
Total debt to total debt-plus-equity ratio	12.5%	8.6%
Tax expense		
– U.S. income taxes	\$3,609	\$2,009
– International income taxes	\$11,229	\$11,470
– Taxes other than on income	\$20,883	\$22,266
Research and development	\$468	\$562
Stock repurchases	\$5,000	\$7,000

¹ Includes equity in affiliates

Operating Highlights²

	2006	2007
Net production of crude oil and natural gas liquids (Thousands of barrels per day)	1,732	1,756
Net production of natural gas (Millions of cubic feet per day)	4,956	5,019
Other produced volumes (Thousands of barrels per day)	109	27
Net oil-equivalent production		
(Thousands of oil-equivalent barrels per day)	2,667	2,619
Refinery input (Thousands of barrels per day)	1,989	1,833
Sales of refined products (Thousands of barrels per day)	3,621	3,484
Net proved reserves of crude oil, condensate and natural gas liquids (Millions of barrels)		
– Affiliated companies	2,512	2,422
– Consolidated companies	5,294	4,665
Net proved reserves of natural gas ³ (Billions of cubic feet)		
– Affiliated companies	2,974	3,003
– Consolidated companies	19,910	19,137
Net proved oil-equivalent reserves ³ (Millions of barrels)		
– Affiliated companies	3,008	2,922
– Consolidated companies	8,612	7,855
Number of employees at year-end	55,882 ⁴	59,162 ⁵
Total payroll (US\$ billions)	3.50	4.02
Employee benefit costs (US\$ millions)	1,742	2,100

² Includes equity in affiliates except number of employees, total payroll and employee benefit costs

³ At year-end

⁴ Excludes approximately 6,600 service station personnel

⁵ Excludes approximately 5,900 service station personnel

How We Conduct Our Business

The Chevron Way and Corporate Responsibility

The vision, values and strategies described in The Chevron Way serve as the foundation for how we conduct our business. They provide a common understanding of who we are, what we believe, what we plan to achieve and how we plan to achieve it – for our employees and for all who interact with us.

Our definition of corporate responsibility is rooted in consistently applying the core values set out in The Chevron Way. Across our global enterprise, we believe in maximizing the positive impact of our operations on current and future generations. We integrate social, environmental and economic considerations into our core practices and decision making, which includes engaging and balancing the needs of stakeholders. These corporate responsibility expectations support us in achieving our business goals.

Responsible and Ethical Conduct

Our management systems, processes and policies, which include our Corporate Governance Guidelines, Business Conduct and Ethics Code, and Operational Excellence Management System, are aligned with The Chevron Way and are fundamental to our commitment to operate in a responsible and ethical manner everywhere we work.

Corporate Governance

Chevron is committed to sound principles of corporate governance. These are primarily reflected in our Certificate of Incorporation, bylaws and Corporate Governance Guidelines. We actively monitor governance trends and revise our own governance practices as appropriate. For example, in 2007 we:

- Eliminated the supermajority vote provisions in our Certificate of Incorporation.
- Amended our bylaws to require that in an uncontested election, a director must receive more “for” than “against” votes or must submit an offer of resignation to the board.
- Amended our bylaws to require that the board chairman be elected annually by the board.
- Amended our corporate governance principles to clarify the role and responsibilities of the lead independent director.

We have shown our commitment to good governance in other ways as well. Five new directors have been added since 2004. All of our directors stand for election each year. A majority of our directors are independent. All board committees are composed of nonemployee directors and committee chairpersons, and assignments are rotated frequently. A lead independent director is selected annually to chair executive sessions. The board will reconsider any

stockholder proposal not supported by the board that receives a majority of votes cast at the annual meeting. Stockholders can recommend director candidates for consideration by the board.

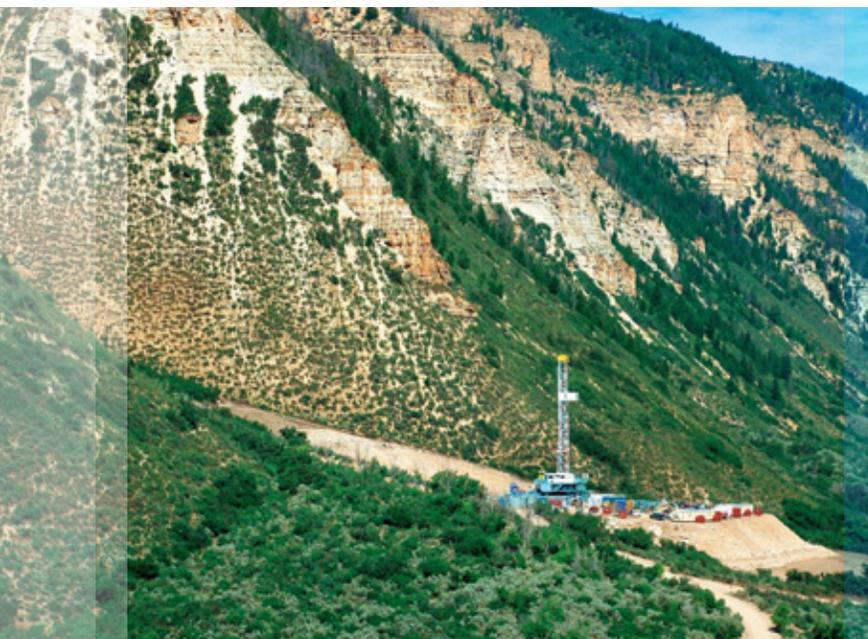
Business Ethics

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

Employees are required to read and acknowledge that they will abide by the BC&E Code, which is available in 12 languages. The code is reviewed, updated and redeployed periodically. It will be updated in 2008 and will include Chevron’s Human Rights Statement.

All employees are required to report any questionable conduct to management, legal counsel, Human Resources, Global Security, Internal Audit or the Chevron Hotline. Reports of questionable conduct may involve, for instance, violations of the law, the BC&E Code or company policies.

The Chevron Hotline is operated offsite by Global Compliance Services (AlertLine®), an independent agent. Employees and



Chevron’s Piceance Basin natural gas project in the U.S. state of Colorado uses the company’s Environmental, Social and Health Impact Assessment process to determine possible impacts of proposed operations. Community outreach led to local safety improvements and continues to inform stakeholders about project plans. The operation uses the latest generation of directional drilling rigs, allowing multiple wells to be drilled from the same location to minimize the project’s footprint. To read more, please see page 36.

contractors can access the hotline 24 hours a day by the Internet, multilingual phone line or letter. All hotline reports are received and reviewed by the corporation's chief compliance officer, chief corporate counsel and the corporation's hotline program coordinator. If appropriate, these matters are elevated to the Audit Committee of the Board of Directors. Submissions to the hotline can be made anonymously. Chevron does not tolerate any form of retaliation for reports made in good faith to the hotline.

In 2007, AlertLine® received 445 calls, compared with 262 calls in 2006 and 275 in 2005. During 2007, we conducted a hotline employee-awareness campaign and took steps to improve ease of use and access to the hotline companywide. The largest percentage of calls pertained to three classifications:

- People management issues 56%
- Financial and internal controls 15%
- Internet/mail incidents 12%

Internet/mail incidents refers to fraudulent proposals from non-Chevron representatives made to individuals, businesses and organizations.

Oversight of the compliance program is a companywide effort that extends from business units to the Board of Directors. The board's Audit Committee, which is supported by the Corporate Compliance Policy Committee composed of senior executives, governs our companywide compliance program. Each reporting unit has its own

compliance or audit committee to manage the responsibilities specific to that organization. The board's Audit Committee reviews the company's internal auditing practices and is responsible for corporate compliance oversight.

Operational Excellence

Our commitment to operational excellence (OE) is embodied in The Chevron Way value of protecting people and the environment. We define OE as the systematic management of safety, health, the environment, reliability and efficiency. OE objectives are integrated at all levels of our global enterprise by our Operational Excellence Management System (OEMS).

To advance OE objectives globally, an Operational Excellence Governance Board endorses policy, processes and standards supported by the Health, Environment and Safety Steering Committee and the Reliability Steering Committee. Corporate OE reviews assess both the design and effectiveness of processes in meeting OE requirements. We continue to build OE capability: by the end of 2007, more than 13,000 Chevron employees had completed OE training for leaders and 9,330 had achieved OE certification.

We will continue to place a priority on implementing our OE processes across our business over the next several years.

The Chevron Way

Vision

At the heart of The Chevron Way is our vision ... to be *the* global energy company most admired for its people, partnership and performance.

Values

Our company's foundation is built on our values, which distinguish us and guide our actions. We conduct our business in a socially responsible and ethical manner. We respect the law, support universal human rights, protect the environment and benefit the communities where we work.

Our values are: integrity, trust, diversity, ingenuity, partnership, protecting people and the environment, and high performance.

The Chevron Way also includes four major business strategies and three enabling strategies. To read more about The Chevron Way, please visit our Web site at www.chevron.com/about/chevronway/.



In Kazakhstan, contractor Svetlana Pavlova is a safety management engineer with Tengizchevroil, in which Chevron is a 50 percent partner. As Kazakhstan's largest private oil producer, Chevron holds important stakes in the nation's two biggest-producing oil projects – Tengiz and Karachaganak. In 2007, Tengizchevroil purchased approximately \$1.2 billion in goods and services from local suppliers and contractors.

Stakeholder Engagement

Constructive dialogue with our stakeholders helps us identify, understand and manage issues and make informed decisions that contribute to our business success. Stakeholder engagement is integrated into our business processes and systems. During 2007, we engaged with a wide range of stakeholders – including stockholders, governments, communities, external experts and nongovernmental organizations – as described in the table on page 9 and throughout this report.

ESHIA

Our Environmental, Social and Health Impact Assessment (ESHIA) process, deployed as a corporate process in early 2007, requires that all new capital projects be evaluated for potential environmental, social and health impacts. ESHIA is used to anticipate and plan the manner in which significant impacts are mitigated and benefits are enhanced during the planning, construction, operation and decommissioning of a project. Stakeholder engagement is central to the ESHIA process throughout the life of a project.

By early 2008, ESHIA was being applied to nearly 20 capital projects worldwide, including the Piceance Basin project in western Colorado, described on page 36.

Political Contributions

Chevron has strict policies and internal approval processes so that our decision making and reporting on political contributions comply with the letter and spirit of all applicable laws. Contributions made by Chevron are planned, budgeted, legally reviewed and approved in advance by

management, including approval by the Executive Committee.

In 2007, we made nearly \$1.9 million in corporate political contributions to candidates and political organizations that support economic development, free enterprise and good governance. This total included contributions to support our views on local and state ballot measures.

Chevron employees, through the Chevron Employees Political Action Committee (CEPAC), contributed \$255,000 in 2007 to the election of candidates from both parties for U.S. federal office, as well as to local and state candidates in certain U.S. jurisdictions.

By policy, CEPAC does not contribute to presidential candidates or national political parties.

A listing of federal contributions made by CEPAC during this election cycle can be viewed on the U.S. Federal Election Commission Web site. In addition, each year we post a list of our corporate political contributions made during the previous year on our external Web site.

Lobbying

Lobbying is an essential and constructive part of the political process. We lobby ethically, constructively and in a bipartisan manner through direct communication with public officials. We also encourage our employees, stockholders and others to communicate with officials where permitted by law. Chevron complies with all registration and reporting regulations related to our lobbying activities.

Engaging With Stockholders

Chevron makes available quarterly, annual and periodic reports, press releases and other information to keep current and potential stockholders informed. We meet frequently with stockholders throughout the year to discuss governance, environmental, social and policy issues. Qualifying stockholders also can submit proposals to be voted upon at our annual meetings. During the 2008 proxy season, we received 10 stockholder proposals. Three were excluded because they did not meet the SEC's legal requirements for inclusion, and one was withdrawn after dialogue with the proponents. We expect the remaining proposals will be voted on at the Annual Meeting of Stockholders in May 2008.

Revenue Transparency

Chevron believes that public disclosure of payments made by extractive industries to governments and revenues received by governments could lead to improved governance in resource-rich countries. Good governance contributes to stable, long-term investment climates and the subsequent improvement of local economies and well-being of communities.

In 2007, Chevron continued to participate in the Extractive Industries Transparency Initiative (EITI). Chevron served as a board member until April 2007, at which time it began service as an alternate. The company also helped support the establishment of the EITI's Secretariat, which opened in September in Oslo, Norway.

The Pwllcrochan Environmental and Community Centre is an important part of the biodiversity action plan and community and stakeholder outreach efforts of Chevron's Pembroke Refinery in Wales. After the refinery consulted with the Pembrokeshire County Council, the Oriellon Field Study Centre and the U.K. Prince's Trust charity, the center was opened on refinery property. Since 2001, more than 1,600 youth have volunteered to help build boardwalks through the marshland. Chevron sponsors programs led by environmental experts for students and the community.



Stakeholder	Profile	How We Engaged in 2007
Stockholders	Registered and beneficial stockholders of record	<ul style="list-style-type: none"> • Annual Meeting of Stockholders • Annual Report • Discussions with proponents of stockholder proposals
Employees	Approximately 59,000 Chevron employees (as of December 31, 2007)	<ul style="list-style-type: none"> • Global Employee Survey • Compliance hotline • Chevron ombudspersons • Worldwide employee teleconference with senior management • Monthly chairman's letter • Employee networks • Training and development programs • Onboarding process for new employees
Suppliers	Approximately \$35 billion spent globally on goods and services in 2007 with a network of suppliers that range from multinational companies to small, locally owned businesses	<ul style="list-style-type: none"> • U.S. and non-U.S. small business, supplier diversity and local content programs • Supplier development and safety forums • Participating in supplier-oriented organizations
Governments	Governments in countries where we conduct business	<ul style="list-style-type: none"> • Negotiating operating contracts • Collaborating on global voluntary initiatives such as the Extractive Industries Transparency Initiative • Participating in a study by the National Petroleum Council, an advisory committee to the U.S. secretary of energy • Engaging in direct dialogue • Attending conferences and meetings • Partnering in joint research and social development programs • Promoting road safety through Arrive Alive
Customers	Commodity markets, wholesale and retail customers	<ul style="list-style-type: none"> • Regional and in-country customer service support offices • U.S. Retail Marketing Center and U.S. Consumer Connection Center
Local communities	Numerous communities around the world where Chevron's facilities are located	<ul style="list-style-type: none"> • Community engagement programs and outreach • Input from and dialogue with communities before and during major capital projects • Employee volunteerism and U.S. matching contributions program
Nongovernmental organizations	Numerous business forums, multilateral institutions, philanthropic foundations, academic institutions, think tanks, faith-based groups, and development organizations	<ul style="list-style-type: none"> • Participating in multistakeholder forums and initiatives • Engaging in direct dialogue • Attending conferences and meetings



Pairin Raggatanyoo, Chevron's assistant manager of Corporate Responsibility in Bangkok, Thailand, participated in an Environmental, Social and Health Impact Assessment conference in Tangerang, Indonesia, in June 2007. The conference focused on reviewing regional case studies, sharing best practices and building the skills of social impact assessment practitioners from throughout Chevron's Asia-Pacific operations.

Supporting Collaboration to Address Energy Security

Chevron supports collaborative efforts to develop solutions that will provide the energy for sustained global prosperity and growth. In 2007, our executives and other employees participated in the U.S. National Petroleum Council's (NPC) study of global energy prospects and markets. The report, *Facing the Hard Truths About Energy*, included input by more than 1,000 contributors from academia, government, nongovernmental organizations and the private sector. The NPC is an advisory committee on oil and gas issues to the U.S. secretary of energy.

The report detailed several "hard truths," including the following: Coal, oil and natural gas will remain indispensable to meeting projected global demand through 2030. The world is not running out of energy resources, but there are accumulating risks to continuing expansion of oil and natural gas production from historically conventional sources. To mitigate these risks, all economic energy resources – coal, nuclear, renewables and unconventional oil and gas – are needed. However, each carries challenges that include safety, environmental, political and economic hurdles. The report stated that policies to curb carbon emissions will alter the energy mix, increase energy-related costs and require reductions in demand growth.

The report recommended immediate and sustained action by policymakers due to the long lead times required to make changes. A framework of five core strategies included moderating demand by increasing energy efficiency; expanding and diversifying energy supplies; integrating

Raising Awareness of Global Energy Issues

We believe that an informed public will contribute to sound energy policies that encourage additional investment in energy supplies, improve energy security and foster economic growth.

In September 2007, Chevron launched a global advertising campaign designed to engage people in energy issues. We enhanced our corporate Web site www.chevron.com with discussion of issues of public interest such as climate change, renewable energy and HIV/AIDS.

We also launched Energyville, an online interactive game developed with The Economist Group, to help engage the public about the trade-offs and complexities associated with different energy sources. Individual players make energy decisions that have economic, environmental and security impacts on their city.

Energyville is hosted on willyoujoinus.com, an energy discussion forum created by Chevron in 2005. More than 2 million participants from 200 countries have visited the site since its launch. The Aspen Institute, an international nonprofit, provides an analysis of all discussions on willyoujoinus.com.

energy policy into trade, economic, environmental, security and foreign policies; strengthening trade and investment; enhancing technology in all phases of the energy supply and demand system; and developing the legal and regulatory framework to capture and sequester carbon emissions. The study recognized that there is no single solution to energy security needs. For the United States, there can be no national energy security without global energy security. Instead, an integrated, collaborative and sustained approach taking action on each of these recommendations is required. Additional information is available at www.npc.org/.

Executive Outreach

In addition to participation in the NPC study described above, during 2007 and early 2008 our senior executives appeared in numerous public forums and media events discussing energy security and policy issues. Their outreach efforts were designed to educate public, government, nongovernment and private sector stakeholders, as well as to engage in dialogue. For example, executives spoke at the Asia-Pacific Economic Cooperation's Australia 2007 Business Summit, the World Economic Forum's 2008 Annual Meeting in Davos, Switzerland, the Aspen Ideas Festival, Town Hall Los Angeles, and the Commonwealth Club of California.

5

Facts About Energy Security

- 1 Efficiency is the first and best source of new energy.
- 2 Renewables will double in 25 years – and we will still need fossil fuels to satisfy 85 percent of consumption.
- 3 Major investments are occurring to meet demand.
- 4 Substantial financial strength is required to make large, long-term investments.
- 5 There is much untapped resource – access is the issue.

Energy is critical to human progress, and addressing energy security is a complex challenge. The energy sector is one of massive scale, extended time horizons and vast distances involving a wide array of stakeholders – governments, nongovernmental organizations, communities, companies and consumers. The Five Facts About Energy Security was developed by Chevron and based on U.S.-government and other third-party sources. For more information, please go to www.chevron.com/globalissues/.

Executive Interview



Rhonda Zygocki
Vice President for Policy, Government
and Public Affairs

Rhonda Zygocki is responsible for Chevron's global government relations, internal and external communications, and initiatives to enhance Chevron's reputation.

How has corporate responsibility evolved at Chevron in the six years that the company has published its report?

Within our company, supplying energy responsibly is at the heart of our value system – The Chevron Way. Reporting on our corporate responsibility (CR) activities allows us to share the many ways we bring those values to life in our business. It is also a great way for employees to see the strong connection between their ongoing work and our CR objectives. Over the six years we have been reporting our CR successes, challenges and aspirations, I see two important trends. Internally, we are increasingly integrating action on CR issues into core business processes. For example, our recently implemented Environmental, Social and Health Impact Assessment process is being applied to capital projects to address multiple CR areas. Externally, energy security is receiving greater attention from governments, businesses, nongovernmental organizations and communities. There is growing consensus that secure energy supplies and environmental and socioeconomic performance are interdependent and must be addressed together through partnership and collaboration. We couldn't agree more.

How has the CR Report changed to respond to these and other developments?

I think the report is more responsive to stakeholder interests. It has consistently reported on both ongoing work and new initiatives across a range of core CR issues as well as how all of these actions are integrated into the business. This is the fourth year we've included a summary table in the report that compares our intentions with our achievements. This format is an effective

way to communicate our commitment to operating responsibly and show measured progress. In response to stakeholder feedback, we engaged Lloyd's Register Quality Assurance to verify our process for collecting health, environmental and safety data. And the report evolves in step with the issues. We have reported annually on our climate change-related actions in our operations. In 2007, we also shared our principles for sound climate policy, which is a topic of current debate. This year, we share our views on energy security, and as you read our sixth report, the theme of partnership and collaboration will be clearly evident.

How does Chevron's commitment to operating in a responsible manner reflect how the company is engaging stakeholders and the public?

We believe energy is one of the critical issues of our time. There is unprecedented interest by governments, nongovernmental organizations, communities and the public in energy development. More than ever before, proactively engaging our stakeholders is integral to our success. Extensive stakeholder engagement is built into our processes for major capital projects, and community awareness and outreach are core elements of our Operational Excellence Management System. These engagements connect people – face to face – to build trust so that health, environmental and safety aspects of our operations and new energy developments will be managed in a responsible way. Recognizing the importance of stakeholder engagement, we have invested in tools and training to increase our effectiveness. Recognizing the importance of energy, we have also invested in innovative public awareness campaigns to foster dialogue on energy issues among people from around the world. As a responsible operator, we are extending engagement beyond our facilities to the issues of global energy delivery.

Priorities, Progress and Plans

Page	Priority Area	What We Said We Would Do in 2007
6	Continuous Integration of Corporate Responsibility Into Our Business	<ul style="list-style-type: none"> • Continue with Operational Excellence Management System (OEMS) implementation across the company. • Begin rollout of Environmental, Social and Health Impact Assessment (ESHIA) process across our global operations. • Continue using OEMS self-assessment process.
8	Stakeholder Engagement	<ul style="list-style-type: none"> • Use ESHIA process to further strengthen stakeholder engagement. • Conduct stakeholder engagement training and make tools available to business units. • Continue aligning our corporate responsibility (CR) and annual reporting processes. • Continue posting corporate political contributions made during the previous year on www.chevron.com. • Continue engaging with stakeholders to improve our CR reporting.
16	Global Strategic Workforce Development	<ul style="list-style-type: none"> • Increase communication on our record of responsible corporate actions and policies, together with our business strategies, in recruiting efforts. • Deploy leadership development programs. • Conduct a Global Employee Survey with targeted questions on what makes employees stay with the company.
18	Health and Safety (including HIV/AIDS)	<ul style="list-style-type: none"> • Continue safety focus, aiming toward long-term goal of zero incidents. • Continue companywide deployment of corporate standard process for managing risk. • Continue implementing global HIV/AIDS policy. • Collaborate with other companies to implement health initiatives. • Continue implementing the Arrive Alive road safety initiative. • Host fifth annual Operational Excellence (OE) Forum.
22	Community Engagement	<ul style="list-style-type: none"> • Increase community investment in capacity building and economic development programs. • Continue developing our community engagement tool kit. • With rollout of companywide ESHIA, continue developing tools for social impact assessments (SIAs) and deliver training. • Expand community engagement (CE) practitioners' network. • Continue working with Regional Development Councils (RDCs) in the Niger Delta to create three-year development plans.
25	Human Rights	<ul style="list-style-type: none"> • Continue rollout of Chevron's Human Rights Statement, including employee training, over the next three years.
30	Climate Change, Renewables and Energy Efficiency	<ul style="list-style-type: none"> • Continue implementing Action Plan on Climate Change. • Continue to partner in developing technologies, such as biofuels and market-based mechanisms, to reduce GHG emissions. • Begin operation of Darajat Unit III geothermal project in Indonesia. • Continue to work with California state officials and business community to understand technological possibilities for success and consider economic trade-offs needed to meet greenhouse gas (GHG) emissions law mandates.
36	Environmental Management	<ul style="list-style-type: none"> • Implement corporate ESHIA and third-party waste standard. • Continue companywide OEMS alignment with ISO 14001 and OHSAS 18001 standards. • Continue to compile and analyze environmental data, including water and waste data, across our operations to evaluate performance.

A solar array at Chevron's Fellows, California, operations.

What We Did in 2007

- Advanced OEMS implementation across the company with ongoing training and certification, and strengthened OEMS compliance assurance capability.
- Deployed ESHIA as a corporate standard for new projects.
- Advanced commitment to good corporate governance by implementing a majority-vote standard for election of directors in uncontested elections and by providing for a director resignation provision.
- Strengthened stakeholder engagement through ESHIA training.
- Integrated CR and Annual Report planning and production process.
- Posted corporate political contributions on www.chevron.com.
- Sought input from stakeholders to improve CR reporting.
- Engaged Lloyd's Register Quality Assurance for verification of data reporting process.
- Launched global campaigns to engage the public on energy issues, including advertising and Energyville online game.
- Provided new employment for more than 7,000 people across the globe.
- Expanded communication in recruiting efforts by emphasizing our values and culture.
- Added new programs to help attract the best talent from around the world, including a partnership with 18 universities and colleges.
- Implemented three new leadership training programs to supplement existing programs.
- Conducted 2007 Global Employee Survey of total employee population.
- Established new Centers of Expertise – Incident Investigation and Learning, and Motor Vehicle Safety.
- Continued training on HIV/AIDS prevention, testing, management and treatment, for a total of more than 17,000 employees trained over three years.
- Added a new country program to the Arrive Alive road safety initiative.
- Hosted fifth annual OE Forum for employees worldwide to share best practices.
- Initiated a cardiovascular health program among employees in three countries.
- Launched a corporate standard process to confirm all employees are fit for duty.
- Directed approximately 68 percent of total investments in CE initiatives to capacity building and economic development programs.
- Implemented SIA training and distributed CE tools.
- Continued to implement development plans with RDCs in Niger Delta.
- Became first Corporate Champion of the Global Fund to Fight AIDS, Tuberculosis and Malaria, contributing \$30 million over three years.
- Marked fifth anniversary of Angola Partnership Initiative with evaluation of projects to be improved and replicated.
- Supported public education in 23 U.S. Gulf Coast school districts in second of three-year, \$18 million Energy for Learning initiative.
- Provided scholarships for Saudi students selected by their government to pursue bachelor's degrees at universities in the United States and elsewhere.
- Approved incorporating the Human Rights Statement into the BC&E Code in 2008 and continued employee training on the statement.
- Performed better than our 2007 goals in GHG emissions and energy efficiency.
- Invested in academic and government research programs to explore climate change policies and technologies, including biofuels and carbon sequestration.
- Pursued opportunities to reduce flaring and venting in our global operations.
- Began operation of Darajat Unit III geothermal project in Indonesia.
- Continued to work with California officials and business community to shape sound implementation of 2006 law mandating GHG emissions reductions.
- Engaged Det Norske Veritas to verify GHG emissions of operated assets.
- Deployed corporate Third-Party Waste Stewardship process and established a community of practice.
- Adopted updated Corporate Biodiversity Statement, and provided guidance on incorporating biodiversity assessments into corporate Risk Management, Property Transfer and ESHIA processes.
- Updated self-assessment tools used to compare our operations against ISO standards, including 14001.
- Adopted new environmental performance standards to minimize impacts from offshore production.
- Conducted product stewardship reviews in six countries.

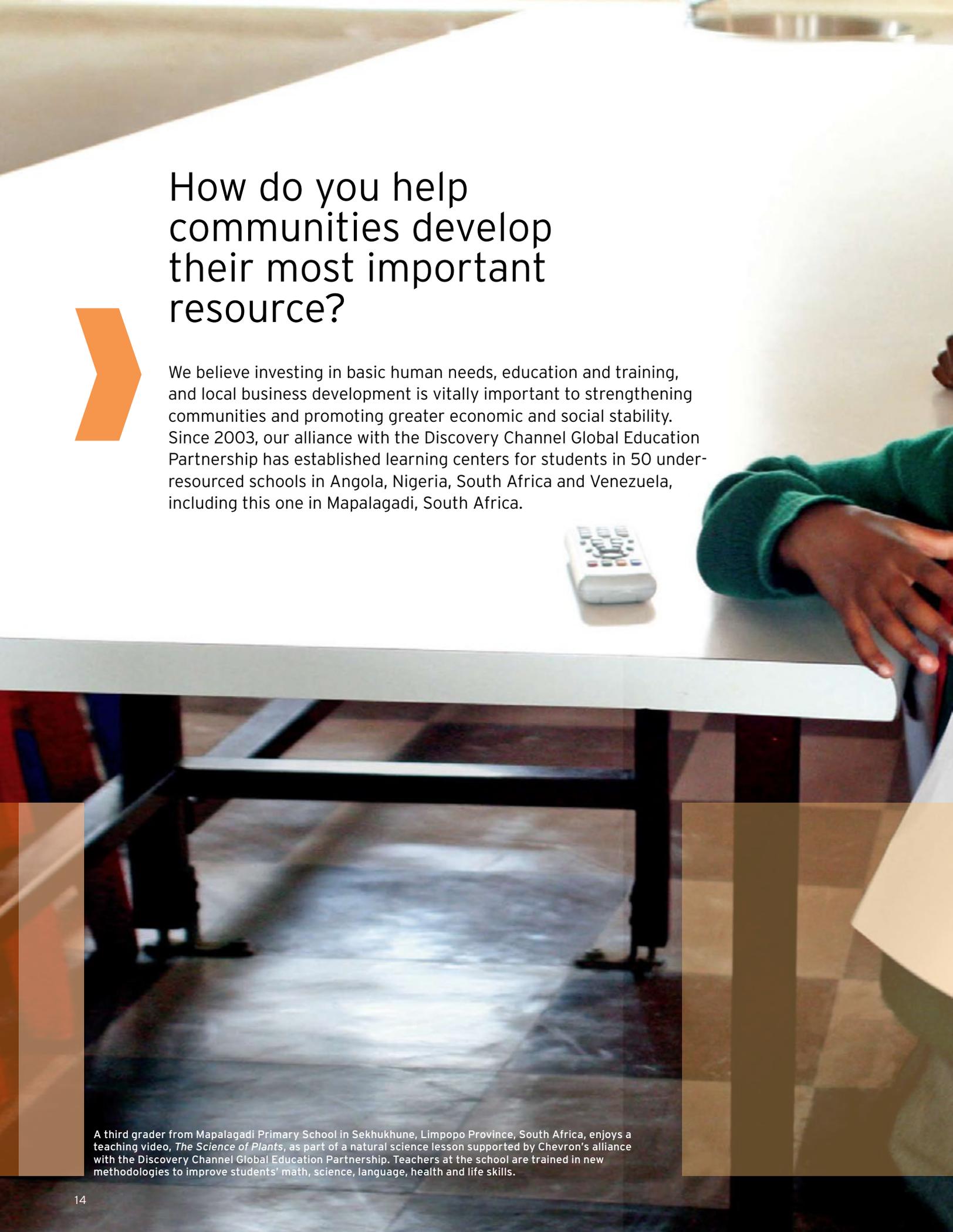
What We Plan to Do Next

- Continue with OEMS implementation across the company.
- Deploy corporate standard Compliance Assurance process.
- Sustain rollout of ESHIA for new projects, including stakeholder and community engagement components.
- Roll out updated Business Conduct & Ethics (BC&E) Code to our employees.
- Undertake stakeholder engagement activities to progress CR approach and reporting.
- Engage Lloyd's Register Quality Assurance for ongoing third-party verification.
- Continue to engage the public in discussion on energy issues.
- Continue to provide new employment across our operations.
- Continue to implement global partnership programs to attract and hire talented people.
- Further implement our retention strategies and develop our employees' capabilities.
- Maintain our focus on structured leadership development programs for our supervisors, managers and senior leaders.
- Sustain commitment to reduce all incidents to zero.
- Continue implementing global HIV/AIDS policy and collaborating with stakeholders on health initiatives for HIV/AIDS, tuberculosis and malaria.
- Continue to address road safety.
- Host sixth annual OE Forum.
- Expand implementation of cardiovascular program companywide over the next three years.
- Deploy corporate standard Occupational Hygiene process.
- Increase support and resources devoted to capacity building and economic development.
- Continue working with RDCs in the Niger Delta to execute development plans.
- Move forward on second phase of Angola Partnership Initiative with funds committed through 2012.
- Leverage partnerships and invest \$30 million over three years to assist Global Fund.
- Deploy updated BC&E Code and continue training on Human Rights Statement.
- Continue operational activities to reduce GHG emissions and increase energy efficiency.
- Continue to pursue strategic research alliances on renewable energy technologies, including development of cellulosic ethanol.
- Extend engagement with state, federal and international officials on policies and regulations related to GHG emissions reduction mandates.
- Deploy global audit program and continue training to implement corporate Third-Party Waste Stewardship process.
- Continue to implement ESHIA process and include biodiversity assessments in new projects.
- Continue collection and analysis of environmental data to evaluate performance.
- Continue OEMS alignment with leading industry standards and integrate OEMS environmental performance objectives and guidance into operations.

How do you help communities develop their most important resource?



We believe investing in basic human needs, education and training, and local business development is vitally important to strengthening communities and promoting greater economic and social stability. Since 2003, our alliance with the Discovery Channel Global Education Partnership has established learning centers for students in 50 under-resourced schools in Angola, Nigeria, South Africa and Venezuela, including this one in Mapalagadi, South Africa.



A third grader from Mapalagadi Primary School in Sekhukhune, Limpopo Province, South Africa, enjoys a teaching video, *The Science of Plants*, as part of a natural science lesson supported by Chevron's alliance with the Discovery Channel Global Education Partnership. Teachers at the school are trained in new methodologies to improve students' math, science, language, health and life skills.



Socioeconomic

The following pages describe our socioeconomic performance in workforce development, health and safety, supply chain management, community engagement, and human rights. We also examine our corporate responsibility efforts in the Asia-Pacific region, one of the fastest-growing areas of the world, where approximately a quarter of our global oil production takes place. Wherever we operate, we believe our investments in people and partnerships with communities are fundamental to both our business success and to meeting the world's growing demand for energy.

Global Strategic Workforce Development

Today's complex global environment requires a world-class workforce that reflects the cultures and businesses of countries where we do business. Chevron currently has 40 major capital projects in which Chevron's share is more than \$1 billion, requiring additional skilled people across our operations.

Higher energy prices and growth in energy demand have increased investment in our industry, driving greater competition for talented people. In 2007, more than 7,000 new employees were hired. Since 1999, our workforce has grown more than 76 percent to approximately 59,000. Also, our workforce is shifting geographically. In 2007, more than half of our new employees were hired and located outside the United States, up from about 30 percent in 1999.

During 2007, we continued to develop our workforce capabilities through our Invest in People strategies. These strategies are designed to:

- Create a world-class, high-performing global workforce.
- Develop and manage our employees to help us create the organizational capability to execute our strategies.

- Develop leaders who deliver superior results in a diverse, culturally complex global energy company.

Creating a World-Class Global Workforce

In 2007, Chevron added new processes and programs to help continue to attract the best talent from around the world. For example, an improved applicant tracking system and sourcing process increased our ability to attract and hire candidates in key technical areas. We strengthened our image as an employer through expanded advertising and Web and print strategies. Our capacity to support internal and external hiring has increased. A centralized Global Upstream recruitment group strengthened our ability to attract new and experienced employees for all our upstream operations.

Chevron's University Partnership Program began establishing long-term, strategic relationships with 18 universities around the world that have a strong presence in the global energy industry. The partnerships strengthen the global reach of our recruitment activities and support education and research, which include new and existing degree programs and research initiatives on emerging technologies.

Supporting diversity is one of seven values in The Chevron Way. Having a workforce that reflects the composition of the marketplaces we serve and the communities where we operate is an important competitive advantage. Our leadership training programs explain the value diversity brings to our business success and provide guidance to help supervisors and managers learn to recognize and support the diversity of team members. As of 2007, we have approximately 13,200 employees involved in 10 officially recognized employee networks centered on issues such as gender, race, sexual orientation, age, disability and national origin.

We use a variety of metrics to help us understand our progress on our diversity goals. In 2007, for instance, 24.5 percent of senior executives were women and non-Caucasian men, surpassing our five-year goal of 23.5 percent set in 2002 – an accomplishment that reflects specific initiatives to achieve our objective. A selection of our metrics is reported in the charts below.

Developing and Managing Our Employees

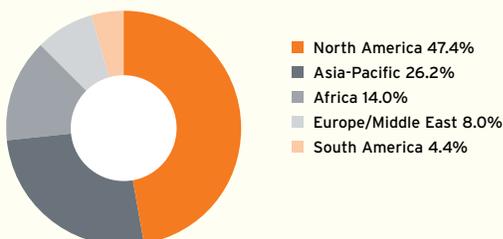
We provide opportunities for skill development and motivating assignments at each

Global Diversity

	2006	2007
Women in total workforce	21.5%	22.4%
Women represented at midlevel and above	10.3%	10.6%
Women and non-Caucasian men represented at senior executive level	21.4%	24.5%

Global Workforce at Year-End 2007

Geographic breakdown



At year-end 2007, Chevron's worldwide staffing was 59,162, excluding service station employees. This represents an increase of 5.9 percent over the previous year. Approximately 15.8 percent of Chevron's U.S. workforce is represented by unions.

U.S. Equal Employment Opportunity Commission Statistics

	2006	2007
Minorities among total employees	32.2%	33.9%
Women among total employees	28.3%	29.0%
Minorities among executives and senior managers ¹	N/A	9.6%
Minorities among first- and midlevel managers ¹	N/A	26.5%
Women among executives and senior managers ¹	N/A	14.1%
Women among first- and midlevel managers ¹	N/A	25.6%
Minorities among professionals	26.1%	29.1%
Women among professionals	30.7%	32.0%

¹ The U.S. Equal Employment Opportunity Commission established this category in 2007. The data are not comparable with previous years.

Employee Surveys

	2004	2005	2006	2007
I believe strongly in the goals and objectives of Chevron	87%	91%	93%	92%
I am proud to be a part of Chevron	87%	89%	92%	92%
Chevron is a company that cares about the health and well-being of employees	80%	83%	87%	90%
I find it difficult to effectively manage both my work demands and my personal or family needs	33%	35%	32%	35%

stage of our employees' careers. Among our 2007 achievements:

- Horizons, an accelerated development program to build the technical competency of employees who have fewer than six years of industry experience, was expanded to support employees at all of our global upstream operations. Programs are offered in disciplines such as earth science, petroleum engineering, facilities engineering, and drilling and completions engineering. In addition, Chevron's information technology, supply chain management, and health, environmental and safety operations have implemented the program. Approximately 800 international and 1,000 U.S. employees were active in the program in 2007.
- The Engineering Development Program identifies and develops engineering graduates who have technical project management skills. During the two-year program, recruits rotate through a variety of downstream assignments to develop the skills to support strategic business opportunities.

Developing Our Leaders

Our leaders must have the capabilities to excel in a complex, global business

environment. In 2007, three new programs that build employee supervisory and management skills were introduced through our seven-stage leadership development program. This program identifies and develops our leaders around the world to operate at a consistently high level of performance and employee engagement. More than 5,165 employees took part in more than 230 leadership development sessions.

Engaging Employees in Continuous Improvement

In March 2007, we surveyed our global employee population on employee engagement, retention and performance. We received responses from 68 percent of our workforce. The results indicated we were on par with or improving in key areas since our last census in 2004. Chevron employees are more highly engaged with the company and more likely to stay than in the past. Compared with 2004, however, they say they are having more difficulty managing workload and balancing work and personal needs.

We ranked favorably among our major competitors in indices measuring employee engagement, retention and performance according to an independent industry-benchmarking firm.



Above: Rukshana Begum is an operations specialist in Bangladesh. She works at Chevron's Jalalabad natural gas field.



Venezuela's Simón Bolívar University participates in Chevron's University Partnership Program. Chevron helps fund research and supports 30 students who are pursuing petroleum technology studies, such as program participants (from left) Gabriela Jimenez, Luis Hernandez and Zary Faría Vara.

Health and Safety

We place the highest priority on the safety and health of our workforce and the people in the communities where we operate, on the environment, and on the reliability and efficiency of our operations. Our Operational Excellence Management System focuses on leadership accountability, on a management system process that is integrated into our business planning, and on expectations of operational excellence to achieve world-class health and safety performance.

In 2007, Chevron again conducted a review of serious incidents to learn from these events and improve the safety of our operations. Two new corporate standards were adopted to further reduce injuries and illness among our workforce – Fitness for Duty and Occupational Hygiene – and a cardiovascular health program was initiated. We created a Motor Vehicle Safety Center of Excellence to improve driving safety within the company. We also expanded our efforts to provide health and safety benefits to the communities where we operate through efforts to combat HIV/AIDS and malaria and, in some locations, supported community clinics.

Safety Performance

We remain committed to reducing all incidents to zero. The Total Recordable Incident Rate of our workforce decreased by 17 percent compared with 2006, and the Days Away From Work Rate decreased by 22 percent during the same period. The frequency of lost-time incidents has declined significantly over the past five years by more than 71 percent. Despite these overall improvements, we experienced 17 fatalities that resulted from nine incidents in 2007.

Two Chevron refineries experienced fires in 2007: Richmond, California, in January

and Pascagoula, Mississippi, in August. In both instances, emergency response personnel at the facility contained the fire quickly. One Chevron employee sustained minor injuries in the Richmond incident and returned to work the same day. No one was hurt responding to the Pascagoula fire. All monitoring data and air samples taken during these incidents show no evidence of adverse air quality.

Every Chevron facility strives for outstanding safety performance. Our Zero Is Attainable awards are granted quarterly to locations that complete 1 million hours or 1,000 days worked with no workforce Days Away From Work incidents and no fatalities. In 2007, 89 work groups worldwide received this award.

Improving Safety Management Processes

Chevron increased its focus on facility safety during 2007. We invested in new systems, monitoring and staffing to protect our workforce. These measures included:

- Creating a new Center of Excellence for Incident Investigation and Learning to provide expert analysis of the root causes of accidents, share findings companywide and solve problems collaboratively.
- Implementing new guidelines developed by the American Petroleum Institute to safely site portable buildings in our refineries and petrochemical facilities.
- Developing a new process safety metric – Loss of Containment – designed to improve how we manage the process safety of our facilities; we plan to collect data on this metric beginning in 2008.

In 2007, our Global Downstream organization initiated a loss-prevention system to prevent or reduce unplanned events, which may include anything from workplace falls to

accidental releases. It moves beyond safety to improvements in areas such as health, environmental performance, product quality, reliability and business efficiency. It also provides comprehensive tools for self-assessment and incident investigations.

Reducing Employee Injuries and Illness

Programs to support a safe, healthy and reliable workplace are an important part of our efforts to reduce all incidents to zero. In 2007, the programs we established or offered training in included:

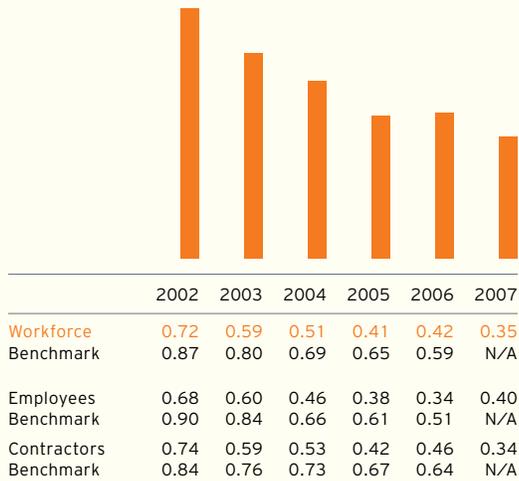
- Safe Work Practices – Our Global Downstream and Upstream organizations developed standardized processes to address training, high-risk work and lessons learned from major incidents. Global Downstream began implementing its process in 2007, and Global Upstream will begin implementation in 2008.
- Fitness for Duty – Chevron established a standardized process to determine whether employees are safely able to perform the requirements of their job. The Fitness for Duty process requires that we identify health-sensitive or physically demanding job functions and develop appropriate evaluations.
- Occupational Hygiene – The corporate Occupational Hygiene process was adopted to further enable us to protect workers' health by identifying, quantifying and controlling occupational exposures to environmental agents that may affect the health of the workforce. Chevron established a corporate exposure standard for hydrogen sulfide in the workplace.
- Reliability – Chevron offered 24 courses and held more than 225 classes through our Reliability University, training more than 3,000 individuals in the behaviors



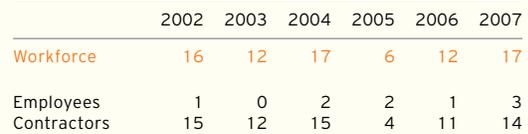
The Ikhwezi Community Centre provides skills and services to support the daily needs of HIV/AIDS-affected families in the community of Paarl outside Cape Town, South Africa. Chevron and its employees have supported Ikhwezi's programs, which include craft training to help women earn income.

Total Recordable Incident Rate¹

Incidents per 200,000 work hours

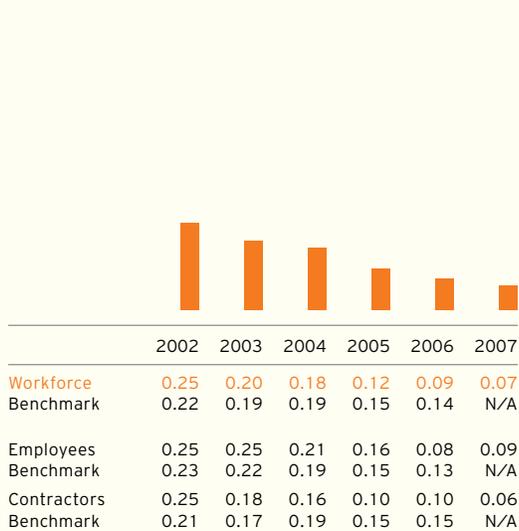


Work-Related Fatalities



Days Away From Work Rate¹

Incidents per 200,000 work hours



Lost-Time Incident Frequency¹

Incidents per million work hours



¹ American Petroleum Institute data are used as industry benchmarks. 2007 benchmark data were not available at time of publication.

and tools needed to improve the reliability of our operations and capital projects.

Employees' Cardiovascular Health

Helping employees improve their health is another way in which Chevron strives for a safe, productive work environment. We have developed a program to address major risk factors for cardiovascular disease among our employees. Designed with the assistance of public health experts, the program provides cardiovascular risk assessment tools that employees can use voluntarily and confidentially. For individuals at medium or high risk, a health mentor is available to support behavioral changes associated with better health. We are translating the assessment and educational tools into multiple languages. In 2007, we made these tools available to pilot sites in Nigeria, the Philippines and parts of the United States.

Facing the Challenges of HIV/AIDS

Chevron is in its third year of implementing a global policy to help fight the spread of HIV/AIDS and to address its effects among our workforce and communities where we operate. The policy focuses on delivering customized education, awareness building, prevention and treatment programs across the organization and on reducing the stigma associated with HIV/AIDS. Forty HIV/AIDS policy coordinators drive implementation globally. Our goal is to have all Chevron employees understand how to prevent HIV/AIDS and, wherever possible, to provide access to voluntary testing and treatment resources.

During 2007, we continued to provide training on HIV/AIDS prevention, testing, management and treatment. Since the introduction of our HIV/AIDS program, approximately 6,370 managers and

supervisors and 11,200 employees have received training customized for their particular geographic area.

Chevron in 2007 became the first Corporate Champion of the Global Fund to Fight AIDS, Tuberculosis and Malaria. Over the next three years, we will contribute \$30 million to support the Global Fund's work to combat these diseases around the world. Leveraging our experience working with local communities, we will focus our approach on collaboration and partnership, a model shared by the Global Fund.

Anti-Malaria Program Helping African Communities

Chevron's anti-malaria efforts are focused primarily in Angola and Nigeria, countries where we operate and where the mosquito-borne infection is prevalent. In Angola, we promote awareness of how malaria is transmitted, assist with training community-based health workers and provide clinical supplies. Chevron also provides insecticide-treated mosquito nets to employees and their families. In 2007, we expanded this effort by distributing 14,000 nets to communities near our Angola operations. These combined efforts have contributed to a 40 percent decrease in annual malaria cases among our employees and their families. In Nigeria, the River Boat Clinic, launched in 2000, delivers prevention, diagnostic

and treatment supplies directly to remote communities in the Niger Delta.

Arrive Alive

Chevron established the Arrive Alive program to help eliminate traffic-related fatalities and injuries in the communities where we operate. Working with government agencies, nongovernmental organizations, trade associations and other private-sector companies, Chevron has formed or joined collaborative nonprofit entities in Guatemala, Nigeria, South Africa and Uganda to help develop and implement road safety action plans. In 2007, a program was established in El Salvador. These efforts seek to create solutions through advocacy, enforcement, education and communication, addressing the root causes of road traffic incidents in several communities that host our operations.

Our longest-running Arrive Alive partnership is in Guatemala. In the first full year of implementation, the number of traffic accidents at nine "hot spots" declined from an average of more than 40 per month to one or two per month after corrective measures were instituted, a 95 percent reduction. At one hot spot near a school, the accident rate fell to zero after local officials installed new road signs, stepped up traffic enforcement efforts and trained school students on safe road-crossing practices.

Motor Vehicle Safety

Company motor vehicle incidents per million miles driven



2006 and 2007 data are based on a revised classification system adopted by the International Association of Oil & Gas Producers. Chevron has tracked motor vehicle incidents since 2002.

Along with programs promoting safe driving for its employees and contractors, Chevron often works with local partners on programs to eliminate traffic-related fatalities and injuries in communities near its operations.



Supply Chain Management

Our efforts to build local supplier capacity and use local content are among the important contributions Chevron makes in the countries where we operate. Investing in our suppliers and contractors helps foster local economic development and helps meet our business needs around the world. In 2007, we purchased approximately \$35 billion in goods and services from suppliers and contractors ranging from large multinational corporations to locally based businesses.

Building a Diverse U.S. Supplier Network

A diverse supplier network promotes an inclusive business environment. By supporting small, local, minority- and women-owned businesses, we develop new and cost-effective solutions that fuel our mutual growth. In 2007, we spent \$2.9 billion on goods and services provided by small businesses in the United States, an overall increase that is slightly below our goal of 28 percent of total U.S. expenditures. We spent \$464 million with women-owned businesses and \$434 million with minority-owned businesses.

To continue building our network, we introduced a supplier diversity training program for Chevron's supply chain/procurement personnel in the last quarter of 2007. This program will help us identify new opportunities for small and diverse suppliers to work with us.

In many U.S. locations where we operate, we provide potential suppliers with seminars and training programs as well as assistance in obtaining the appropriate small business, women-owned or minority-supplier certifications. In addition, we work with our larger suppliers to help them develop their diversity programs for subcontractors.

Chevron works directly with its suppliers to develop their business practices. Our relationship with MetroplexCore – a Houston-based, minority-owned, environmental and industrial services company – demonstrates how collaboration can achieve our business needs and build the capacity of our partners.

In 2007, Chevron Environmental Management Co. helped MetroplexCore align its health, environment and safety practices with Chevron's, provided safety training to MetroplexCore employees, and established a mentoring program on operational excellence.

Building a Strong Local Supplier Network Worldwide

Outside the United States, Chevron's investments in local businesses contribute to the overall development and prosperity of the communities where we work, expand our supplier network, and demonstrate our commitment to diversity.

In 2007, we held mentoring and supplier training forums in Angola, Kazakhstan, Kuwait and Thailand. These forums enable local suppliers to understand our business needs and our health, environmental and safety requirements. This makes them more successful in tendering for our business and providing the goods and services we need.

In Thailand, Chevron funded safety training workshops for CUEL Ltd., a partner firm. CUEL, one-third owned by Chevron, was created in 2000 to perform engineering, construction and installation services for Unocal Thailand, which was acquired by Chevron in 2005. Since 2000, CUEL has grown into Thailand's largest full-service oil and gas contractor, with 2,200 employees, of whom 95 percent are Thai nationals. Through 2007, CUEL employees worked more than 13 million hours in its fabrication yard without a lost-time incident.

Building Capacity Through Local Content

Our partnership in Kazakhstan with ESS Support Services is an example of how we build local capacity. Chevron has a supplier agreement with ESS to provide catering and facilities management services to Tengizchevroil, in which Chevron owns a 50 percent interest. In 2007, after a competitive process, we renewed our contract with ESS, in part because of ESS's demonstrated commitment to developing local capacity. Between 2005 and 2007, ESS increased local supplier content from 48 percent to 78 percent. More than 97 percent of its 3,400 employees are Kazakh citizens. In 2007, working with Tengizchevroil, ESS provided training to local suppliers on such issues as food risk and health assessment to help them meet ESS's and Tengizchevroil's standards for health, safety, reliability and quality.

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

	2002	2003	2004	2005	2006	2007
Small business	1,364	1,310	1,360	1,800	2,800	2,886
Women-owned	212	223	222	258	373	464
Minority-owned	209	202	226	310	432	434



MetroplexCore, a minority-owned company based in Houston, Texas, provides environmental site assessment, project management and tank cleaning services to Chevron Environmental Management Co. MetroplexCore CEO Willard Jackson, Jr. (center) reviews project plans with senior engineer Robert Decker and engineer associate Elizabeth Frazier.

Community Engagement

Chevron's community engagement initiatives strive to contribute to economic growth and the well-being of the communities where we operate. Over the past several years, our programs have focused on building human and institutional capacity. In 2007, we invested approximately \$119 million in community engagement initiatives in the United States and around the world, an increase of nearly \$30 million over 2006. The increase was due largely to our Energy for Learning education initiative and our alliance with the Discovery Channel Global Education Partnership, both described below, and other programs. Overall, approximately 68 percent was targeted toward basic human needs, education and training, and support for local small and medium-size businesses.

Partnerships are at the heart of our community engagement initiatives. We believe they are essential to creating sustainable programs that build local capabilities. We collaborate with our strategic partners to plan, implement, monitor and evaluate our community engagement projects. Our partners include local and national governments, communities, nongovernmental organizations (NGOs), development and donor agencies, and multilateral institutions. Through our partnerships, we leverage our own and our partners' expertise, skills, technical knowledge and financial resources.

Enhancing Our Capabilities

At Chevron, we continuously look for ways to enhance our internal capabilities to constructively engage the communities where we operate and build sustainable partnerships. In 2007, more than 100 Chevron employees from more than 15 countries took part in social impact assessment and stakeholder engagement training sessions in Angola, Canada, Indonesia, Kazakhstan, Nigeria, Thailand, the United States and Venezuela. These training sessions were part of the three-year rollout of our Environmental, Social and Health Impact Assessment process for new capital projects, described on page 8.

We also introduced a new community engagement tool kit, which provides our staff with guidance in designing, implementing and assessing community engagement programs for all stages of a project's life cycle.

Developing Partners' Capabilities

Chevron's community engagement initiatives rest on a long-term commitment to collaboration and partnership. Our three-year, \$30 million commitment to the Global Fund to Fight AIDS, Tuberculosis and Malaria, described on page 20, is one example. The Chevron Management Institute (CMI) is another. CMI provides four days of intensive leadership and

management training to NGO representatives we work with around the world. Since 1995, CMI has trained approximately 320 NGO leaders.

In 2007, CMI sponsored two training sessions for our NGO partners. A CMI session in Houston brought together 20 NGO leaders from organizations in Angola, Nigeria and the United States. At a regional CMI session held in Caracas, Venezuela, our Latin American business unit welcomed 26 NGO leaders from Argentina, Chile, Colombia, El Salvador and Venezuela. The Research Foundation, a Latin American development organization, facilitated the training with faculty from INCAE, a nonprofit organization located in Costa Rica supported by the Harvard Business School.

Building Sustainable Communities

Chevron works in a range of operating environments around the world. Our community engagement initiatives are designed to address the needs of the communities and reflect our commitment to partnerships, sustainability and capacity building, as described in the programs below.

Angola Partnership Initiative: Five-Year Anniversary

The Angola Partnership Initiative marked its five-year anniversary in 2007. Launched in 2002, the initiative's goals were to promote



Energy for Learning: Seventh-grade science teacher Alison Althaus examines diluted cabbage juice as part of an experiment to show how pH values change as people exhale carbon dioxide into the cups. She is a participant in Chevron's Energy for Learning program in New Orleans, Louisiana. Energy for Learning is a three-year, \$18 million initiative launched in 2006 that supports public education in school districts affected by hurricanes Katrina and Rita.

peace and stability and to improve health and educational infrastructure. It also sought to help build the capacity of Angolan nongovernmental organizations and government development agencies and to help reduce poverty through agribusiness and the development of micro, small and medium-size enterprises. Chevron leveraged an initial \$25 million investment with \$31 million in matching funds and partnerships from national and multilateral development organizations.

As of 2007, the initiative's most significant five-year accomplishments include:

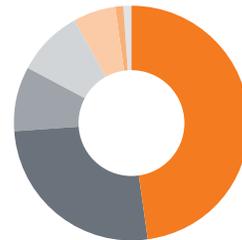
- Establishing a microfinance bank, NovoBanco, in August 2004. More than \$27 million in loans have been made to more than 5,000 micro and small enterprises.
- Helping provide food, seeds and tools to approximately 2 million people across six provinces.
- Helping organize 3,053 small agricultural producers into 32 associations, which produced and commercialized high-value crops.
- Increasing student enrollment at Angola's Faculty of Agrarian Science from 200 in 2003 to more than 700 in 2007, improving the country's technical capacity to revitalize agriculture.

In 2007, we undertook a review of the initiative's first five years to identify projects and processes to improve and replicate. More than 1,750 employees were surveyed and 158 internal and external stakeholders interviewed. Among the key findings, we learned that:

- Capacity building of government institutions and other local partners was vital for success.
- Projects contributing to income generation and improved livelihoods were recognized as having the greatest impact and sustainability.
- Participatory approaches strengthened stakeholder engagement and local ownership of projects.

Chevron is investing an additional \$2.5 million per year in second-phase program funds that extend through 2012. Based on the findings of our review, our second-phase strategic objectives are to continue building local organizational capacity and assist in reducing poverty by supporting the development and diversification of small and medium-size enterprises.

Global Community Investments in 2007



- North America 48%
 - Africa 26%
 - Asia-Pacific 9%
 - Eurasia 9%
 - Latin America 6%
 - Europe 1%
 - Middle East 1%
- Total \$119 million

Includes Chevron's share in Chevron Phillips Chemical Co., the Tengizchevroil joint venture, and the Karachaganak Petroleum Operation Consortium.

Mobile Crèches in New Delhi, India, is a nonprofit organization that provides health care, nutrition and a safe environment during the day to underserved children of itinerant workers at construction sites. Kusum Sharma (right), who works for Mobile Crèches, cares for children. Chevron contributes funds to the organization, and employees volunteer, helping care for the children and collecting donations of food, clothing and toys.



Progress on GMOUs in Nigeria's Niger Delta

In 2006, Chevron Nigeria Ltd. (CNL) signed Global Memoranda of Understanding (GMOUs) with eight community groups and state governments in the Niger Delta. The GMOUs represent a new community engagement model in a region facing complex development challenges. This model is characterized by a participatory partnership with communities, state governments and nongovernmental organizations on community engagement initiatives. The GMOUs are intended to gradually shift control of CNL-funded community development programs from CNL to Regional Development Councils, which represent local communities.

In 2007, deployment of the GMOUs moved forward with communities and their leaders beginning to embrace the model of community-driven planning and responsibility for the success of projects. We recorded the following progress:

- Three-year community development plans, which were created in 2006 following comprehensive sustainable-livelihood assessments, have been approved by project review committees.
- Individual projects have been prioritized and are now being scoped and funded by the individual councils. They include water and infrastructure projects, support for education, microcredit loans to support small business development, and vocational training programs.
- Council engagement with other government development agencies is improving. Through this process, we will explore how to leverage other development initiatives to improve the benefits this new model will bring to the communities.

CNL recognizes that success in the Niger Delta is measured in small increments, and the region continues to face challenges. It continues to support efforts to improve communication between councils and the communities and is committed to working with all stakeholders to address complex development needs in a coordinated and participatory fashion.

Energy for Learning

Energy for Learning is a three-year, \$18 million initiative launched in 2006 to support public education in school districts affected by hurricanes Katrina and Rita in the United States. In 2007, Energy for Learning invested more than \$10 million in 224 schools in 23 Mississippi and Louisiana school districts. As part of this effort, \$2 million was invested in the construction of two child care facilities in Mississippi, undertaken in partnership with Save the Children, a nonprofit organization.

Funds from Energy for Learning also supported academic resource needs, including computers and science lab equipment. For example, Pearl River Central School in rural Mississippi received a \$100,000 grant to create two reading labs. In 2007, students in 10 first-grade classes and approximately 120 upper-elementary students who were testing below grade level on state proficiency tests took part in a daily reading-enrichment program. At the end of the 12-week program, reading skills for the first-grade students had increased by 10 percent, and 80 percent of the older students scored at proficiency or advanced levels on a subsequent test.

Discovery Channel Global Education Partnership

Since 2003, Chevron's alliance with the Discovery Channel Global Education

Partnership has helped establish learning centers in 50 under-resourced schools in Angola, Nigeria, South Africa and Venezuela. This alliance has benefited approximately 67,000 students and 1,850 teachers.

In 2007, Chevron partnered with The Coca-Cola Africa Foundation to expand the initiative to Lagos, Nigeria, where we are sharing program infrastructure costs and establishing four learning centers. Preparation of our four learning centers took place during the fourth quarter of 2007. The centers were opened in February 2008 and will provide resources for an additional 2,200 students and 60 teachers.

Learning centers are equipped with culturally relevant educational programming and technology to engage and inspire students. During a three-year partnership with a host school, teachers are trained to use the programming in the curriculum. The learning centers become hubs for community learning, providing information on topics ranging from HIV/AIDS to vocational training.

Other Discovery Channel partnership achievements in 2007 included:

- Implementing assessment tools by trainers at all centers to gauge the effectiveness of the program technology and resources.
- Producing new programming on mathematics, geography and the science of plants, bringing the programming library to 142 segments.
- Thirteen Chevron-sponsored learning centers completing their three-year training period and attaining full self-sufficiency.



In 12 Colombian cities, Chevron employees volunteered on weekends to help build more than 250 homes in partnership with Un Techo para mi País, a nonprofit organization that works to reduce poverty. Chevron also donates funds to the organization.

Human Rights

Our Human Rights Statement, grounded in The Chevron Way, articulates our values and informs how we conduct our business. Guided by our values, we support universal human rights for our employees and in the communities where we operate.

Although governments bear primary responsibility for safeguarding human rights, we believe companies can play a positive role in contributing to their protection and promotion. Our Human Rights Statement, which we adopted in 2006, acknowledges our support for the U.N. Universal Declaration on Human Rights and the principles in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The statement reaffirms our support for the Global Sullivan Principles. These principles prohibit child labor, forced labor and discriminatory behavior as well as recognize the right to freedom of association and collective bargaining. We prefer business partners that treat their employees similarly.

In 2007, we continued to inform and educate our employees about our commitment to human rights. As of the end of 2007, more than 1,550 employees had completed the training, which will continue to be rolled out over the next two years. The training helps our employees understand human rights principles, key international instruments and voluntary initiatives, and how human rights can be supported through Chevron's role in society.

In 2008, the full text of our Human Rights Statement will be incorporated into our Business Conduct & Ethics Code. Our updated code and required training will be communicated to all 59,000 Chevron employees when the code is released in 2008. The statement's inclusion in the updated code will make it subject to the corporation's compliance processes, described on pages 6 and 7.

Chevron continues to engage and participate in voluntary initiatives that support human rights. In 2007, we were active in the development of participation criteria for the Voluntary Principles on Security and Human Rights, which promote transparency and accountability for participants. Chevron's director of Global Security presented Chevron's

Myanmar

During 2007, we were frequently asked about our investment interest in Myanmar given the unrest that occurred in the country. Chevron supported and continues to support the calls for a peaceful resolution to issues facing the country in a manner that respects the human rights of the people of Myanmar. Our minority, nonoperated interest in the Yadana Project is a long-term commitment that will help meet the critical energy needs of millions of people in the region. Our community development programs in Myanmar also help improve the lives of the people and communicate our values, including respect for human rights.

The Yadana Project partners have engaged CDA Collaborative Learning Projects – an independent U.S. organization that works on issues related to development aid and the management of projects in conflict and post-conflict environments – to visit the Yadana pipeline communities and report on its findings. In its visits to the Yadana pipeline region, CDA spoke with project staff as well as a range of people in the villages around the project and other civil society representatives in Myanmar's former capital, Yangon. CDA noted that the Yadana Project's initiatives have had a positive impact on local communities along the pipeline corridor. CDA also offered insights on the larger impacts of the Yadana Project's presence and the opportunities available to the Yadana Project to address broader socioeconomic impacts of concern to local people.

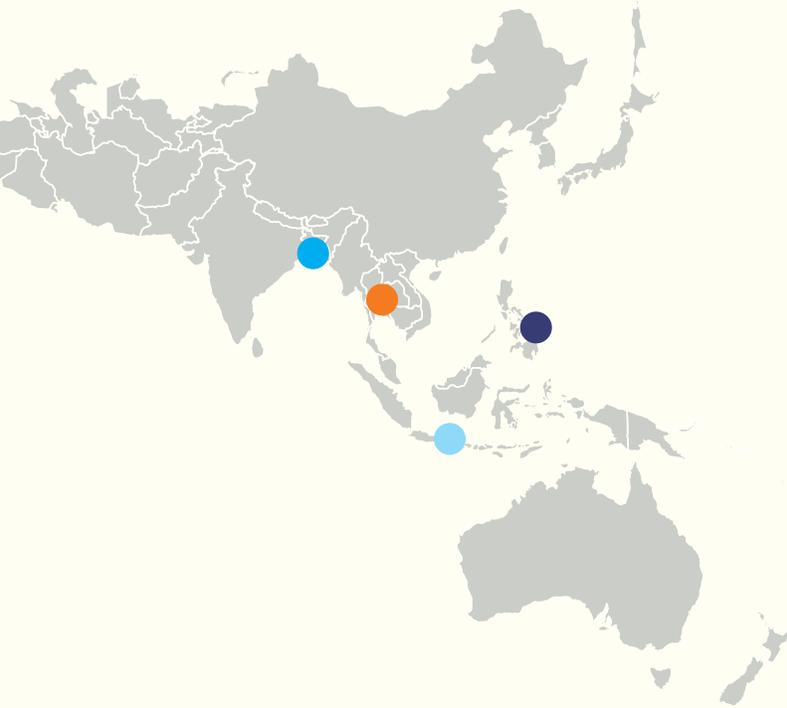


Above: This view of Mount Poppa is near a remote village in central Myanmar. Through Pact, a U.S.-based nongovernmental organization, Chevron supports health care and education on tuberculosis and HIV/AIDS for this community and others outside the Yadana Project pipeline corridor that have limited access to public health programs.

efforts to implement the Voluntary Principles at the May 2007 plenary session hosted by the U.S. State Department. Chevron also participated in in-country working groups and is part of a working group that is drafting reporting guidelines for the Voluntary Principles.

The Voluntary Principles have been distributed worldwide to our operating companies and business units, which are charged with implementing them according to local laws and conditions. Training on the Voluntary Principles is provided to Chevron's global security advisors on an ongoing basis.

Case Study: Asia-Pacific



Asia-Pacific is one of the fastest-growing regions in the world. Since the early part of the 20th century, Chevron has provided energy to support that growth. Approximately 25 percent of our global crude oil production is from our Asia-Pacific facilities. We market our Caltex-brand fuels and lubricants through a regional network of service stations and distributors.

Chevron's investments in the region create jobs and contribute to the environmental and social development of the communities where we operate, establishing us as a partner of choice in the region.

The following examples highlight our work and that of our partners in a range of areas in four of the countries where we operate.

Indonesia ●

Protecting Biodiversity in Indonesia

Chevron has been an economic and community partner in Indonesia since 1924. We produce nearly half of the country's crude oil, market lubricants throughout the region, and manage the Darajat and Salak geothermal projects on the island of Java. The Salak project, among the largest geothermal fields in the world, is situated in one of Indonesia's largest national parks, Gunung Halimun Salak National Park.

In 2007, we continued our partnership with the Wildlife Trust, an international organization of scientists dedicated to the conservation of biodiversity, and its local partner, the Center for Conservation and Insect Studies, to promote biodiversity in the forest corridor of the park.

The forest corridor supports the livelihood of local villagers and serves as a crossing for wildlife and a water collection area. With Chevron funding, our partners and park authorities introduced educational and economic opportunities to help reduce illegal and damaging encroachments on the corridor's natural resources. Farmers, villagers and other local stakeholder groups were consulted on these initiatives, which included:

- Conducting impact and ecological assessments to develop a corridor plan that accommodates the diverse needs of the community and ecosystem.
- Increasing youth education and providing training to public and private stakeholders on sustainable forest stewardship and conservation efforts.

Bangladesh ●

Building Sustainable Communities in Bangladesh

The Bibiyana natural gas field, operated by Chevron Bangladesh Block Twelve Ltd., began production in March 2007. It is one of Bangladesh's most important sources of energy and one of the largest gas fields in the country.



Iskandar Haryanto (seated) and Nanang Nurjaman, production operators at Chevron's geothermal plant in Salak, West Java, Indonesia, monitor the overall plant operations from the control room.

During the Bibiyana project's development, more than 200 meetings were held with community members to understand their concerns and explain the project's impacts and benefits. Residents were surveyed to understand their perceptions of the project, and relationships were built with local leaders, communities and nongovernmental organizations.

Considered a cultural and economic asset in Bangladesh, land was important to the project's development. Chevron took steps to mitigate the impact of land acquisitions and leases by building the pipeline without displacing people from their homes. Also, five temporary offices were established along the pipeline route to help landowners register their deeds, secure payment from the authorities and answer questions about the project.

The Livelihood Program was established to assist landowners and economically vulnerable community members in the vicinity of the project. Administered by Friends in Village Development Bangladesh, a local NGO, the program provided training in capacity building, start-up funding, and ongoing support to 1,300 families for handicraft and agricultural microbusinesses. Other community contributions included mandatory safety training for 5,000 employees, the establishment of a clinic to provide health care to more than 6,500 villagers, and support of three local high schools.

Chevron helped communities recover from floods in September and Cyclone Sidr in November 2007 by providing more than \$250,000 to community members and NGOs assisting in recovery efforts.

Philippines ●

Supporting Education Through Disaster Relief in the Philippines

Chevron Geothermal Philippines Holdings, Inc. operates the Tiwi and Makiling-Banahaw geothermal fields in Albay and Laguna/Batangas provinces. These operations contribute to Chevron's current position as the largest private producer of geothermal energy in the world.

In November 2006, Typhoon Reming hit the Philippines with sustained wind speeds as high as 145 miles (230 km) an hour. In Tiwi, the most severely damaged facilities were the public schools, 90 percent of which were damaged or destroyed.

In the storm's aftermath, Chevron provided immediate relief to local communities near company operations and began exploring long-term reconstruction strategies, working with the Tiwi local government, government agencies and nongovernmental organizations. Neighboring families received food, clothing and assistance for home repair. Over the long term, Chevron is partnering with Ayala Foundation USA, Aquinas University Foundation, Inc., and Meralco Industrial Engineering Services Corp. – all NGOs operating in the Philippines – to rebuild the town's schools.

In June 2007, three new school buildings, constructed to withstand typhoon-force winds, were completed. About 700 students from local villages are expected to benefit from the new structures.

Thailand ●

Empowering Youth in Thailand

Chevron is Thailand's leading crude oil and natural gas producer. Natural gas from Chevron assets generates approximately one-third of Thailand's electricity. Our Caltex-branded operations rank among Thailand's leading suppliers of petroleum products.



Above: At Chevron's Platong oil and gas field production platform in the Gulf of Thailand, Permpol Pakphon (left) and Chaisuk Thonglor review safety procedures before starting the day's work.

As part of a fundraising campaign launched by Chevron's upstream and downstream operations to honor the 60th anniversary of King Bhumibol Adulyadej's accession to the throne, Chevron provided scholarship funding for a second year to underprivileged students at Phra Dabos school. The school was established in 1976 by the king to help disadvantaged youth and adults contribute to their communities by providing one-year training in such areas as mechanics, electronics, carpentry, handicrafts and agriculture. In addition to Chevron's donation of nearly \$1.2 million to the campaign, an employee and public campaign raised approximately \$500,000. The funds will provide 360 scholarships over six years to underprivileged youth attending the Phra Dabos school.

Chevron employees in Thailand raised funds to support BaanGerda, a small community north of Bangkok where HIV-positive children, mostly orphans, live and receive medical treatment in family homes under the care of foster parents. BaanGerda is a project of the Center for the Protection of Children's Rights Foundation, a Bangkok-based nonprofit.

How do you help a country diversify its energy supplies while protecting the environment?

Through geothermal operations in Indonesia and the Philippines, Chevron is providing clean, renewable energy to meet the needs of 16 million people. In Indonesia, we are helping the country harness its geothermal resources to meet growing energy demand and sustainable development objectives. In 2007, our Darajat Unit III geothermal plant began commercial production. With other Darajat units and our Salak project, shown here, our operations provide energy sufficient for 3.9 million homes.



Tedi Adhitama (standing) and Arief Syamsuliana, power plant operators of Chevron's geothermal operations in Salak, West Java, Indonesia, conduct regular maintenance on pipes.



Environment and Climate Change

We are committed to protecting people and the environment – a core value of The Chevron Way. This section describes our plans, programs and achievements on a range of issues, including climate change, renewable energy and environmental management. In 2007, we continued to integrate standardized world-class environmental practices into our day-to-day operations. We recognize that providing energy in a safe, environmentally responsible way is fundamental to our success as a company.

Climate Change

At Chevron, we recognize and share the concerns of governments and the public about climate change. The use of fossil fuels to meet the world's energy needs is a contributor to an increase in greenhouse gases (GHGs) – mainly carbon dioxide (CO₂) and methane – in the Earth's atmosphere. There is a widespread view that this increase is leading to climate change, with adverse effects on the environment.

GHG emissions come from a variety of sources, including power generation, transportation, agriculture, manufacturing and other activities. Fossil fuels – coal, oil and natural gas – release CO₂ during production and consumption. Based on current projections of population and economic growth, the world's consumption of energy is expected to grow by 55 percent by 2030. The majority of that energy will be provided by fossil fuels, even as lower-carbon alternatives continue to emerge.

Our Action Plan on Climate Change, now in its sixth year of implementation, reflects a balanced approach to addressing climate change through short- and long-term measures. The following sections will highlight our efforts under the plan.

Guided by our Seven Principles for Addressing Climate Change, published in 2007, Chevron is working internationally and at the U.S. federal and state levels to

build consensus on climate change policy. For example, we helped develop the core recommendations of a study by the National Petroleum Council, an advisory committee to the U.S. secretary of energy. The study recognized that reducing carbon emissions and enhancing energy security are dual, interdependent challenges. Innovation, collaboration and partnership will be crucial to address both, as will a global policy framework. In Australia, we provided input to the government on the development of a carbon trading scheme. In California, we are actively participating in the development of climate change policy and regulations.

Reducing Emissions and Improving Efficiency

The two primary sources of our GHG emissions are combustion, which occurs during operations, and flaring and venting of natural gas, a byproduct of crude oil production. Our total GHG emissions for the year came to 60.7 million metric tons of CO₂ equivalent,¹ compared with our goal of 63.5 million metric tons. For 2008, we are setting a preliminary goal of 62.5 million metric tons.

Based on available information, we estimate that our products resulted in emissions from combustion of approximately 404 million metric tons of CO₂ in 2007.²

Chevron engaged Det Norske Veritas (DNV) to conduct third-party verification of our

operated assets' GHG emissions for 2004 through 2006. DNV has determined that the Chevron GHG estimates are accurate with a high degree of certainty and generally consistent with the Chevron Emissions Inventory Protocol and voluntary reporting practices such as the World Business Council for Sustainable Development/World Resources Institute Greenhouse Gas Protocol. The full version of DNV's verification statement is available on our Web site.

Chevron has made a long-term commitment to improved energy efficiency in our day-to-day operations, which will diminish our own carbon emissions. In 1992, we began tracking the efficiency of our energy use across all of our operations. Since that time, we have increased our energy efficiency per unit of output by 27 percent. In 2007, our energy efficiency was the same as 2006 and slightly better than forecast.³ We continue to set yearly targets for improvement. For our company's operated assets, the total energy consumption in 2007 was 918 trillion Btu. The cost of energy to the company was approximately \$5.6 billion.

We also are delivering energy efficiency and renewable energy solutions to external clients through our subsidiary Chevron Energy Solutions. Please see the Renewable Energy section on page 34 for more information.

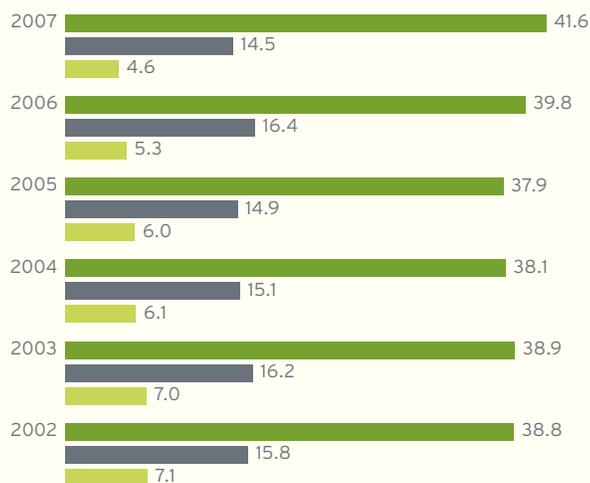


Chevron and its partners employ cogeneration to efficiently produce steam and electricity to power operations in California's San Joaquin Valley.

GHG Emissions by Source⁴

Millions of metric tons of CO₂ equivalent

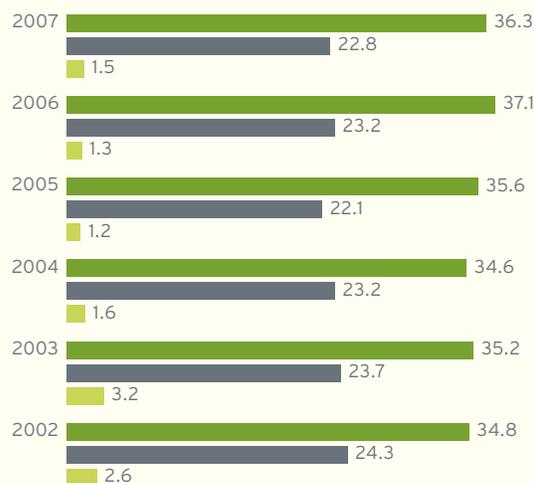
■ Combustion ■ Flaring and venting ■ Other



GHG Emissions by Sector⁴

Millions of metric tons of CO₂ equivalent

■ Upstream ■ Downstream ■ Other



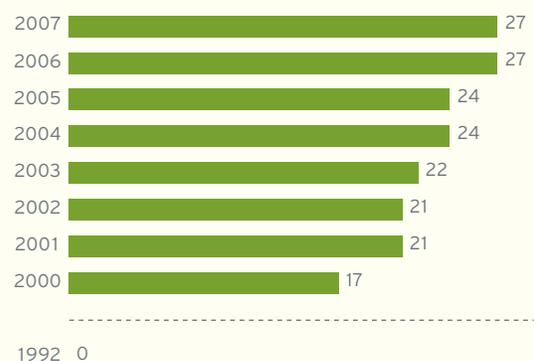
Total GHG Emissions by Type⁴

Millions of metric tons of CO₂ equivalent

	Direct	Indirect	Grid Credits
2007	64.1	-3.0	-0.5
2006	65.4	-3.0	-0.9
2005	62.3	-2.7	-0.7
2004	62.2	-2.4	-0.5
2003	62.6	0.3	-0.9
2002	62.8	-0.2	-0.9

Energy Efficiency Performance³

Percentage improvement since 1992 baseline



See page 30 for more information.

1 Chevron's GHG emissions data are reported on an equity basis for all businesses in which Chevron has an interest except where noted below. The following entities are not currently included in the Chevron corporate greenhouse gas inventory: Chevron Phillips Chemical Co., the Caspian Pipeline Consortium, Azerbaijan International Operating Co., the Chad/Cameroon pipeline joint venture, Caltex Australia Ltd.'s Lytton and Kurnell refineries, and other refineries in which Chevron has an equity interest of 16 percent or less. These are entities over which Chevron does not have full operational control or which do not generally follow Chevron's corporate GHG inventory protocol or a compatible protocol.

2 Product emissions are calculated based on total 2007 upstream liquids, gas and coal production figures from Chevron's 2007 Annual Report. The emission factors used are from the American Petroleum Institute's *Compendium of Greenhouse Gas Emissions Estimation Methodologies for the Oil and Gas Industry*, published in 2004.

3 Chevron no longer uses the Chevron Energy Index to report externally on energy efficiency due to a recalibration in 2007 that makes year-to-year comparisons inaccurate. The company is now reporting energy efficiency expressed as a percentage improvement from 1992.

4 Chevron's net decrease of approximately 1 million metric tons of CO₂-equivalent emissions from 2006 to 2007 can be attributed primarily to reduced flaring in western Africa, the divestiture of Chevron's share of a refinery in the Netherlands and improved estimation methods. The reduction is offset primarily by emissions from increased production in Nigeria.

Chevron's 2004, 2005 and 2006 greenhouse gas emissions have been restated from 60.7, 59.0 and 61.9 million metric tons of CO₂ equivalent to 59.4, 58.8 and 61.5 million metric tons, respectively, as a result of continuing data analysis and improvements in Chevron's environmental reporting.

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

Gas Flaring and Venting Chevron is working to minimize gas flaring and venting and the GHG emissions that result from this practice. We pursue all feasible opportunities to reduce flaring and venting in our global operations, even in the absence of regulations requiring reductions.

As a member of the Global Gas Flaring Reduction Partnership, Chevron actively participated in regional workshops that developed country-specific plans to minimize gas flaring. Our business units are implementing projects in Angola, Kazakhstan, Nigeria and other locations expected to produce significant GHG reductions by 2010.

Gorgon Carbon Sequestration In 2007, Chevron Australia Pty Ltd received environmental approvals for the Gorgon Liquefied Natural Gas (LNG) project located on Barrow Island, off the northwest coast of Australia. As part of the project, Chevron is proposing to build one of the largest geosequestration projects in the world. The CO₂ present in the natural gas would be injected into a deep underground sandstone reservoir below Barrow Island. This reservoir CO₂ is extracted from the natural gas as a part of normal gas-processing operations and would otherwise have been vented to the atmosphere. Over the life of the project, approximately 120 million tons of reservoir CO₂ are expected to be safely injected more than 1.5 miles (2.4 km) underground. The project includes state-of-the-art technology that would make it one of the world's most efficient LNG projects in terms of greenhouse gas emissions.

Accounting for Carbon Costs in New Project Evaluation All new capital projects and development initiatives must go through a rigorous decision making process to identify potential risks and benefits. We incorporate the cost of carbon emissions into this analysis. During 2007, Chevron introduced additional tools to forecast carbon costs in the evaluation process.

Efficiency Gains Through Cogeneration Worldwide, Chevron operates cogeneration units at refineries, production facilities and other sites, with a combined electrical generating capacity of about 3,500 megawatts. These units, also referred to as combined heat and power units, generate electricity about twice as efficiently as the average power supplied by a local utility company.

Our Kern River Cogeneration Co. facility in California, a joint venture, was the state's first large cogeneration facility. It has a generating capacity of 300 megawatts and, after 20 years of operation, went through air emissions permit and licensing revisions in 2007. To comply with the new requirements, Chevron worked with General Electric to install industry-leading combustion control technology, expected to be in operation at Kern River in 2008.

Investing in Research, Development and Technology

Chevron supports academic and government research programs to explore climate change policies and technologies, including carbon sequestration. We participate in the West Coast Regional Carbon Sequestration Partnership, one of seven regional partnerships sponsored by the U.S. Department

of Energy working to create a "carbon atlas" of sequestration potential across North America.

Examples of other programs in which we participate include the following:

- Chevron is a founding sponsor of the Joint Program on the Science and Policy of Global Change, established in 1991 at the Massachusetts Institute of Technology. The program is an interdisciplinary organization that conducts research, independent policy analysis and public communication on issues of global environmental change.
- Chevron provides financial support to the Global Energy Technology Strategy Program, created by the U.S. Department of Energy and the University of Maryland, to advance technology that will address the long-term risks of climate change.
- Chevron has actively participated in the work of the Intergovernmental Panel on Climate Change since 2004. Chevron staff provided reviews and comments during the official expert review rounds of the panel's Fourth Assessment Report, finalized in November 2007.
- Chevron continues to participate in the Carbon Sequestration Leadership Forum, an international climate change initiative focused on development of improved cost-effective technologies for the separation and capture of carbon dioxide.

Supporting Flexible and Economically Sound Policies

In 2007, Chevron joined the board of Resources for the Future (RFF), a nonprofit, nonpartisan organization that conducts

Chevron's U.S. midcontinent operations surpassed energy efficiency forecasts in 2007. Terry Sliva, of the McAllen Field Management Team in Texas, uses a portable exhaust emissions analyzer to measure the amount of nitrogen oxides and carbon monoxide emitted to the atmosphere from an internal combustion engine. Chevron monitors emissions as part of its efforts to improve air quality, enhance operational safety and save energy.



economic research on environmental and natural resource issues. Chevron also participated in the RFF-led U.S. Climate Policy Forum, which began in 2006 and brought together climate change experts from 23 companies representing a broad spectrum of the U.S. economy.

We are working with officials in California to shape sound implementation approaches under legislation adopted in 2006 that mandates GHG emission reductions. In addition, we are especially active in shaping California's new Low-Carbon Fuel Standard, which was established through Executive Order in January 2007. The standard calls for a 10 percent reduction in the carbon intensity of fuels by 2020, either by replacing petroleum with biofuels or through the use of other transportation alternatives, such as electric vehicles. Chevron is working closely with state officials and industry partners to help regulators design an efficient, achievable and equitable framework for businesses to use in meeting these new mandates.

In September 2007, Chevron submitted testimony to a select committee of the U.S. Congress detailing the challenges associated with carbon sequestration and making specific recommendations for government action that could help address those challenges. We are providing technical and practical field experience to help federal legislators understand critical issues and prioritize their actions on emerging climate change legislation.

Chevron's Seven Principles for Addressing Climate Change

1 Global Engagement

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

2 Energy Security

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

3 Maximize Conservation

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

4 Measured and Flexible Approach

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

5 Broad, Equitable Treatment

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

6 Enable Technology

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

7 Transparency

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



Seedlings of 30 native species at this nursery – maintained since 2001 through a partnership between Chevron, The Nature Conservancy, and the Society for Wildlife Research and Environmental Education – are being grown to help transform former ranch land back to natural forest near Antonina in Paraná, Brazil. Chevron provides for technical expertise and is developing more accurate methods to monitor carbon levels in the soil and plants.

Renewable Energy

With global demand for energy increasing, Chevron is making strategic investments in renewable energy technologies and collaborating with academic and government institutions and business partners to develop new energy sources. While traditional fossil fuels such as coal, oil and natural gas are expected to provide about 85 percent of energy demand worldwide over the next 25 years, Chevron believes that renewables and alternative energy sources help diversify energy supplies and enhance energy security. Chevron has invested more than \$2 billion in renewable and alternative energy and in energy efficiency services since 2002. We expect to invest more than \$2.5 billion from 2007 through 2009 in these same areas.

Chevron is currently the world's largest private producer of clean, renewable geothermal power. In July 2007, we began commercial production at the 110-megawatt Darajat Unit III geothermal power plant in Garut, West Java, Indonesia. The new unit brings our total geothermal generating capacity at Garut to 259 megawatts. Our total installed capacity is 1,273 megawatts in Indonesia and the Philippines.

Expanding Biofuels Research and Utilization

The use of biofuels, liquid fuels made from plants and other biomass, is likely to have

growing significance in the global energy mix. Chevron Technology Ventures has established strategic alliances to research and develop new process technologies for converting nonfood biomass into second-generation biofuels and to study the feasibility of large-scale production. Chevron Technology Ventures is the division within Chevron that pursues innovation, commercialization and integration of emerging energy technologies.

In 2007, we established alliances on biofuels research with Texas A&M University and the Colorado Center for Biorefining and Biofuels. We also began our second research project with the U.S. Department of Energy's National Renewable Energy Laboratory (NREL); the project will develop technology to produce transportation fuels from algae. We continue to work with the University of California at Davis, the Georgia Institute of Technology and NREL on previously announced research projects.

Chevron and Weyerhaeuser Co., one of the largest U.S. forest-products companies, in early 2008 formed a 50-50 joint venture – Catchlight Energy LLC – to develop the next generation of renewable transportation fuels from nonfood sources. Catchlight's initial focus is developing and demonstrating technologies for converting cellulose-based biomass from a variety of sources into

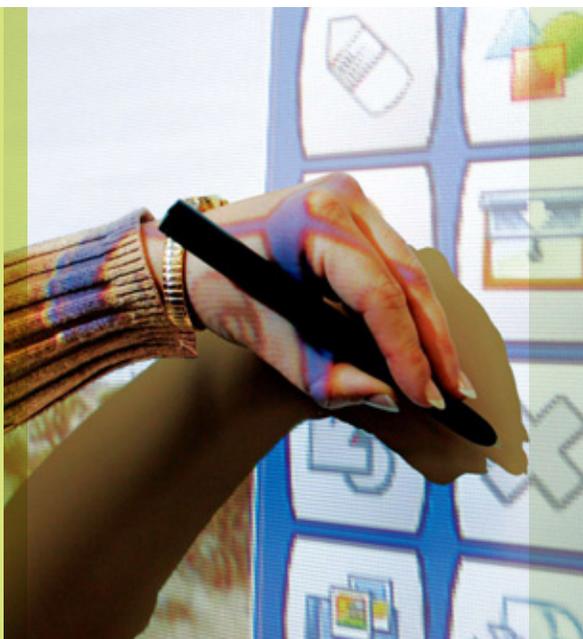
economical, low-carbon biofuels. The joint venture reflects the companies' shared view that nonfood biofuels will play an important role in diversifying U.S. energy supplies.

Chevron has invested in distribution terminals to accommodate the blending of first-generation ethanol into gasoline and is marketing and testing biodiesel blends. In addition, we are testing gas-to-liquids (GTL) diesel made from natural gas. Examples include the following:

- In California, the Alameda-Contra Costa Transit District, one of the largest public-transit operators in the state, began in 2007 to test a blend of biodiesel supplied by Chevron in a fleet of 22 unmodified diesel buses. The six-month study will examine a blend made from 20 percent soybean biodiesel and compare it with the normal ultralow-sulfur diesel fuel used in transit vehicles throughout California. In the same program, some of the buses will operate on GTL diesel. Participants expect to learn more about the characteristics, distribution, efficiency and emissions of biodiesel and GTL diesel.
- In the Philippines in 2007, we began providing a 1 percent biodiesel blend derived from locally grown coconuts in response to new legislation. We plan to increase that amount to 2 percent in 2009 and to introduce a 10 percent ethanol-blended gasoline in 2008.

California Renewable Energy Partnerships

Left: At the Dinuba Unified School District, Chevron Energy Solutions (CES) introduced an energy efficiency management system that enables the district to troubleshoot remotely. CES also renovated science classrooms with such features as Interwrite™ interactive electronic boards (shown). **Right:** In a \$25 million joint research alliance, Chevron Technology Ventures and the University of California at Davis are pursuing advanced research aimed at converting nonfood sources of biomass, such as forest and agricultural residue, into transportation fuels. Postdoctoral researcher Laura Bartley conducts stress tests on switchgrass to learn which types will fare best in natural, unmanaged environments. **Far right:** CES is providing the Contra Costa Community College District with, among other improvements, a 3.2-megawatt solar energy installation, the largest of its kind at an institution of higher learning in North America.



- In Brazil, which has been using ethanol for 30 years, Chevron markets both 100 percent ethanol and blends of up to 25 percent ethanol in gasoline.

Reducing Energy Costs for Customers

Our Chevron Energy Solutions (CES) subsidiary develops and constructs environmentally sound projects that increase energy efficiency, reduce energy costs and provide reliable, high-quality power for public institutions and businesses in the United States. CES applies proven technologies to meet customers' specific needs, including infrastructure technologies, energy controls, solar power, biomass, fuel cells and other systems. Since 2000, CES has developed more than 800 projects involving energy efficiency or renewable power for education, government and business customers. It currently has a portfolio of about 15 megawatts of installed or contracted solar capacity.

Saving the Public Money Through Energy Efficiency

In 2007, CES undertook several projects that save public funds through energy efficiency efforts. CES partnered with the San Jose Unified School District and Bank of America in San Jose, California, to create a 5-megawatt solar power and energy

efficiency program – the largest of its kind in the United States. The project is expected to save about \$25 million in energy costs over the lifetime of the solar power system, and it is anticipated that the project will avoid about 37,500 tons of carbon dioxide emissions, the equivalent of planting 400 acres of trees.

Other recent CES projects that provide significant public benefits from energy efficiency improvements include the following:

- In central California's Dinuba Unified School District, CES installed energy-efficient lighting, heating, ventilation and air conditioning systems; installed new roofing; and remodeled a high-tech science classroom. The Dinuba upgrades, totaling more than \$20 million, are being paid for mostly by energy and operational savings and state grants.
- CES completed upgrades to 20 buildings owned by the state of Colorado in Denver, Lakewood and Grand Junction. The modifications are expected to reduce energy costs at the facilities by 25 percent to 30 percent, saving taxpayers about \$924,000 annually. In conjunction with the upgrades, three buildings at the capitol complex in Denver achieved certification by the U.S. Green Building Council through its Leadership in Energy and Environmental Design for Existing Buildings program.

Addressing the Technical Challenges of Hydrogen Fuel

Hydrogen is a clean and abundant fuel source found in water, natural gas and other organic compounds. While there are substantial difficulties associated with extracting hydrogen cost-effectively and storing it safely, we see hydrogen becoming part of the world's energy supply in the future as technical challenges are overcome and market forces create new opportunities. However, we believe it may take decades to transition to large-scale, economically sound hydrogen-based energy and transport systems.

Chevron operates five hydrogen fueling stations in the United States, using hydrogen produced from both natural gas and water. These stations showcase the safe production, storage and dispensing of hydrogen fuel and create better understanding of the practical challenges that accompany its widespread use. New stations began operating near Orlando, Florida, and Rosemead, California, and at the Selfridge Air National Guard Base in Michigan in early 2007.

Four of these stations are part of the U.S. Department of Energy's Controlled Hydrogen Fleet and Infrastructure Demonstration and Validation Program, scheduled to end in 2009. The Orlando project, which is part of a separate program, is also scheduled to end in 2009.



Environmental Management

Protecting the environment while meeting the world's demand for energy is fundamental to our business success. We are continually striving to improve our processes in order to reduce the environmental impact of our activities and operations.

Chevron's Operational Excellence Management System (OEMS) enables us to systematically manage safety, health, the environment, reliability and efficiency to achieve world-class performance. In 2007, we continued to pursue the following environmental performance strategies: defining world-class standards, measuring and communicating performance, and demonstrating continual performance improvement.

Defining World-Class Standards

In 2007, we focused many of our efforts on integrating OEMS environmental performance objectives and guidance into our operations. Chevron adopted an updated Corporate Biodiversity Statement in early 2007. We now require that teams incorporate biodiversity assessments when evaluating capital projects as part of our Environmental, Social and Health Impact Assessment (ESHIA) process. In addition, we provided guidance to business units and operating companies on incorporating biodiversity considerations into our corporate Risk Management and Property Transfer processes. We established the Chevron Biodiversity Network to share and enhance best practices for biodiversity conservation and to identify new opportunities and emerging issues relevant to Chevron operations.

Our Global Upstream organization is implementing our corporate Third-Party Waste Stewardship process through

the adoption of a new environmental performance standard. The standard guides the use of third-party waste facilities in order to minimize environmental impact.

Measuring and Communicating Performance

We continue to improve our ability to monitor, evaluate and enhance our environmental performance. A new corporate metric that we introduced in 2006 tracks the amount of oil in our water discharges. In 2007, the average hydrocarbon concentration in our water discharges was 3.70 parts per million (ppm) for Chevron manufacturing and chemical facilities, and an average of 15.86 ppm for our upstream operations. We also developed a Loss of Containment metric in 2007 designed to improve how we manage the process safety of our plants, mentioned on page 18. We plan to collect data on this metric beginning in 2008.

As summarized in the charts on pages 31 and 37, we continue to track and report on our air emissions, petroleum spills, energy efficiency and GHG emissions, including releases from flaring and venting.

Demonstrating Continual Improvement

We outperformed our goal for reducing GHG emissions in 2007, and our energy efficiency remained the same as the previous year, as described in the Climate Change section on page 30. The volume of petroleum spilled exceeded the volume spilled in 2006, although it was improved over our 2002 through 2005 performance. Our chemical spill volume for 2007 was 332,398 kilograms, with a total of 143,227 kilograms recovered. This is an improvement over

our 2006 performance of 335,743 kilograms spilled and 99,246 kilograms recovered. The accompanying data charts summarize our performance in air emissions and petroleum spills.

Responsible Development of Natural Gas Resources

Chevron's work on the Piceance Basin project in western Colorado is an example of how we implement ESHIA with extensive community input. Chevron plans to develop up to 40,000 acres (162 sq km) of natural gas reserves in the Piceance Basin. Because the development is on privately owned land and no federal permits are needed, there are no regulations requiring impact assessments. Nevertheless, ESHIA is being used as a framework for engaging with stakeholders and assessing potential positive and negative effects of our operations.

Following a series of public stakeholder meetings held throughout 2007, we are planning to complete the final ESHIA report and ongoing management plan by the summer of 2008. The management plan will incorporate social and environmental considerations into the design and operation of the natural gas project. Directional drilling technology, which allows multiple wells to be drilled from the same location, will minimize the project's footprint and allow for continued agricultural use of more land while preserving the natural resources of the area. Ongoing dialogue with the citizens of De Beque, located near the project, led to safety improvements at a nearby school, including moving the school's playground away from a road used by trucks and erecting a concrete safety barrier along portions of the school property.

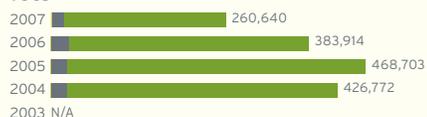


Global Air Emissions^{1, 2}

Metric tons

■ Upstream ■ Downstream ■ Other

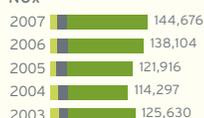
VOCs



SOx



NOx



Global Air Emissions by Sector^{1, 2}

Metric tons

		Upstream	Downstream	Other
VOCs	2007	240,716	18,788	1,136
	2006	357,727	26,100	87
	2005	445,049	23,442	212
	2004	402,362	24,330	80
	2003	N/A	N/A	N/A
SOx	2007	63,223	20,451	7,970
	2006	82,922	25,574	9,714
	2005	87,455	23,986	7,433
	2004	96,809	26,091	10,499
	2003	111,050	29,010	11,907
NOx	2007	121,378	14,041	9,257
	2006	113,001	16,020	9,083
	2005	97,829	15,837	8,250
	2004	89,764	13,877	10,656
	2003	100,046	13,109	12,475

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

Metric tons

■ VOCs ■ SOx ■ NOx



U.S. Refining Air Emissions¹

Metric tons per million barrels processed

	VOCs	SOx	NOx
2007	34	25	24
2006	30	34	23
2005	25	35	22
2004	22	36	23
2003	25	31	24
2002	25	33	24

Petroleum Spills⁴

Volume in barrels

■ Total volume ■ Volume recovered



⁴ The total 2007 petroleum spill volume exceeded 2006 results but improved over prior years' nonhurricane-related performance. More than 75 percent of the volume spilled was recovered.

Petroleum Spills

Number of spills

2007	826
2006	803
2005	846
2004	986
2003	1,145
2002	1,502

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

2 Global VOC emissions were reduced by 32 percent compared with 2006 primarily due to improved emissions estimates as part of ongoing improvements in Chevron's environmental reporting.

Global SOx emissions decreased by 22 percent compared with 2006 mainly due to improvements at the Pascagoula Refinery in Mississippi, United States, and the Cape Town Refinery in South Africa; changes in the crude feedstock for the Cape Town Refinery; and a reduction of flaring in Chevron's Angola operations.

Global NOx emissions increased by approximately 5 percent compared with 2006. This is primarily due to additional equipment associated with the restart of production in one of Chevron's Nigeria facilities.

VOC and NOx emissions in the "Other" category increased due to additional operations allocated to that category.

3 U.S. Refining NOx and SOx emissions decreased mainly due to improvements at the Pascagoula Refinery.

Far left: Chevron's partnership with wildlife organizations, scientists and community members promotes biodiversity in the Gunung Halimun Salak National Park and protects species such as this Javan leopard. Chevron's Salak geothermal field is situated in the park. **Left:** The Wildlife Habitat Council nominated Chevron's former refining facility near Cincinnati, Ohio, United States, for two awards in 2007 – the Pollinator Award and the Wings Over Wetlands Award – for projects that "demonstrate excellence in the areas of wildlife habitat enhancement and restoration." Since 1986, a significant portion of the site has been an actively managed green space. The tiger swallowtail butterfly is one of many species thriving amid 700 acres (2.8 sq km) of reclaimed habitat.

Product Stewardship Managing potential risks of our products throughout their life cycles, called “product stewardship,” is a part of OEMS. We identify, assess and manage potential environmental, health and safety risks associated with a product from conception to consumption, recycling or disposal.

In 2006 and 2007, Chevron conducted product reviews in Australia, Europe, Pakistan, the Philippines, Thailand, Ukraine and the United States. These assessments examined potential life cycle risks of products such as biodiesel, diesel, ethanol, gasoline and jet fuel. In 2007, we adopted a standardized process to implement product stewardship in our Global Downstream business units and took steps to apply this process in every country where we sell products.

Emergency Preparation and Response

Chevron maintains thorough systems to prepare for unforeseen events and respond to potential spills and other emergencies. We train and support our emergency response teams to rapidly respond to incidents. Our facilities worldwide have preparedness plans in place for events that include oil spills, hurricanes, pandemic influenza and earthquakes.

We conduct training and drills around the world. In September 2007, Chevron was a key participant in a regional marine spill exercise held on the Black Sea. The government of Turkey hosted the emergency response drill, and more than 250 individuals participated. These included government officials from countries bordering the Black Sea, as well as industry, media and supplier representatives. The three-day drill culminated a multiyear effort to build emergency response cooperation among countries around the Black Sea. The exercise demonstrated the success of the spill response agreement between these nations and underscored the effectiveness of a cooperative effort.

Update on Ecuador Litigation

In October 2007, Chevron filed a petition in an Ecuador Superior Court seeking dismissal of an ongoing environmental lawsuit filed in 2003. Chevron is challenging the allegations on both legal and scientific grounds. The litigation alleges environmental damage from Texaco Petroleum Co. (Texpet) when it was involved in oil exploration and production in Ecuador. Texpet was a minority partner in an oil-producing consortium from 1964 through 1992 with state-owned oil company Petroecuador. In 1998, Texpet completed a \$40 million environmental remediation and public works program reflective of Texpet’s share of the consortium. The government of Ecuador declared that the remediation was completed according to the terms and parameters agreed upon and released Texpet and its affiliated companies from any future environmental liabilities.

Chevron’s petition cites multiple examples of inappropriate interference in the trial by Ecuador’s executive branch of the government, judicial misconduct and misconduct by the plaintiffs’ attorneys and their technical staff. It also cites the record of environmental mismanagement by the state-owned oil company Petroecuador, which has operated the oil fields since Texpet ceased to be the operator of the consortium 18 years ago and which has failed to remediate its share of the consortium area. These actions constitute a denial of Chevron’s right to a fair and impartial trial based on evidence and the rule of law.

In a related matter, the U.S. District Court for the Northern District of California dismissed claims made by three Ecuadorian citizens against Chevron, who alleged that they or their relatives contracted cancer as a result of Texpet’s operations. Those plaintiffs admitted under oath that they or their relatives had never been diagnosed with cancer. The court dismissed their claims and imposed sanctions and fines against their attorney for presenting fabricated claims. Subsequently, claims filed by three other plaintiffs in the same case were dismissed

voluntarily and on statute of limitations grounds. The judge’s ruling noted “this litigation is likely a smaller piece of some larger scheme against defendants.”

Updated information about this lawsuit can be found in English and Spanish on our Web site.

Environmental Expenditures

Chevron estimated its worldwide environmental spending in 2007 to be approximately \$2.75 billion for its consolidated companies, based on definitions and guidelines from the American Petroleum Institute. These expenditures consisted of \$950 million in capital expenditures for environmental projects and \$1.8 billion in costs associated with preventing, controlling, abating or eliminating hazardous substances and pollutants from all our sites – operating facilities, closed or divested sites, and sites undergoing restoration.

Fines and Settlements

In 2007, some of our facilities paid fines and penalties for alleged violations of environmental, health or safety regulations. We remain committed to improving performance and learning from these instances. The number of fines and settlements decreased to 684 in 2007 from 699 in 2006. The cost of environmental, health and safety fines and settlements increased to \$14.06 million in 2007 from \$8.8 million in 2006. Health and safety accounted for 1.9 percent of the total, representing slightly more than \$0.27 million; the remaining \$13.79 million was for environmental issues, representing most of the cost.

Environmental, Health and Safety Fines and Settlements

	2003	2004	2005	2006	2007
Total paid (US\$ millions)	3.99	6.33	4.27	8.77	14.06
Total number	470	469	577	699	684

About This Report

This report covers 2007 data and activities. We also occasionally mention events that took place in early 2008 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 reported in U.S. dollars. Our previous report was published in April 2007 and covered 2006 data and activities.

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

This report, previous editions of our report and additional information can be found in the Corporate Responsibility section of our Web site, www.chevron.com/cr-2007. We welcome your comments and feedback at CRReport@chevron.com.

Facing the Hard Truths About Energy was copyrighted in 2007 by the U.S. National Petroleum Council.

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 or 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 contained in this report.

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

Assurance Statement

Scope of the Assurance

Lloyd's Register Quality Assurance, Inc. (LRQA) has been engaged by Chevron to review the reporting processes used in the creation of the Chevron 2007 Corporate Responsibility Report. The objective of the review was to validate the integrity of Chevron's reporting processes.

The scope of the assurance was limited to the processes used for globally reporting health, environmental and safety (HES) performance indicators. The review did not extend to LRQA evaluating the accuracy of data input into Chevron's reporting processes.

The Chevron 2007 Corporate Responsibility Report has been prepared by Chevron, which is solely responsible for the collection, presentation and accuracy of all data and information presented within it.

Approach

The assurance was based on interviews with key personnel to identify and gain an understanding of the reporting arrangements, followed by reviews of the processes for collecting, compiling, and reporting the relevant HES indicators. In order to form our conclusions, LRQA has carried out:

- A review of the documented reporting requirements to assure consistency of scope, definition, and reporting for each of the indicators.
- A review of the reporting processes at the corporate level to evaluate the processes used by Chevron to assure completeness, consistency and accuracy of data reporting across the organization.
- Reviews of the data reporting processes at a sample of three business units chosen to assess local understanding and implementation of reporting requirements.
- A review of the processes used to aggregate the information at the corporate level for inclusion in the final report.

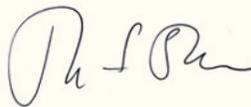
Conclusions and Findings

Based on the scope of the assurance and the information presented for review, objective evidence was available to support the following conclusions:

- Chevron has processes in place to determine that sites that contribute to health, environmental and safety metrics understand corporate reporting requirements and are included in corporate HES reporting.

- The methods used for calculating each metric are clearly defined and communicated.
- Data collection begins at the operating site level and is combined into corporationwide metrics.
- HES indicators included in the Corporate Responsibility Report are checked by Chevron for completeness, consistency and accuracy against its reporting requirements.
- Responsibility for annually reviewing and updating reporting guidelines is clear, and improvement in methodology is regularly undertaken.

LRQA believes the Chevron reporting process is effective in delivering health, environmental and safety indicators for the purpose of evaluating and communicating corporate performance in these areas.



Thomas Sliva

On behalf of Lloyd's Register Quality Assurance, Inc.
February 28, 2008

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



Glossary

Bb

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

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

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

Cc

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

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

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

Dd

Downstream The industry term used to refer to all petroleum activities from the process of refining crude oil into petroleum products to the distribution, marketing and sales of the products.

Ee

Environmental, Social and Health Impact Assessment (ESHIA) A corporate standard process that requires capital projects to be evaluated for potential environmental, social and health impacts and requires that appropriate mitigation measures be developed. ESHIA improves decision making and incorporates stakeholder engagement throughout the project's life cycle. The process makes sure that project impacts are eliminated or mitigated and benefits enhanced. ESHIA was adopted for deployment as a corporate standard in January 2007.

Ff

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

Gg

Gas-to-liquids (GTL) A process that converts natural gas into high-quality transportation fuels and other products.

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

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

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

Ii

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

Ll

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

Nn

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

Oo

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

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

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

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

Operator Term used to describe a company appointed by venture stakeholders to take primary responsibility for day-to-day operations for a specific plant or activity.

Pp

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

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

Rr

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

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

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

Ss

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

Tt

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

Uu

Upstream Industry term for crude oil and natural gas exploration and production activities.

Vv

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

Capacity Building

Chevron's community engagement initiatives aim to help develop the sustainability of local enterprises in the communities near its operations. In West Java, Indonesia, chili farming businesses first supported by Chevron in 2005 continue today.



GRI and API/IPIECA Index

THIS INDEX REFERS TO:

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

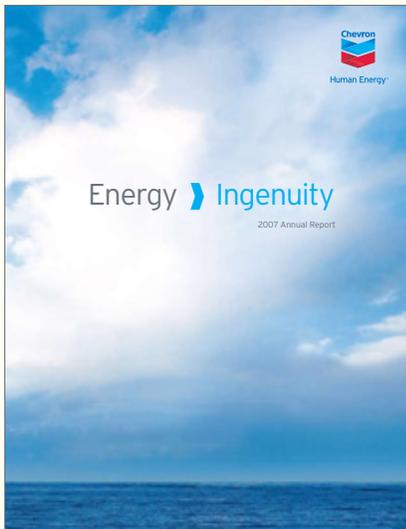
	GRI <i>(Additional indicators in italics)</i>	API/IPIECA <i>(Additional indicators in italics)</i>	Where reported
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Key to Indicators: Fully Reported in 2007 Partially Reported in 2007 Not Covered in 2007 Not Applicable

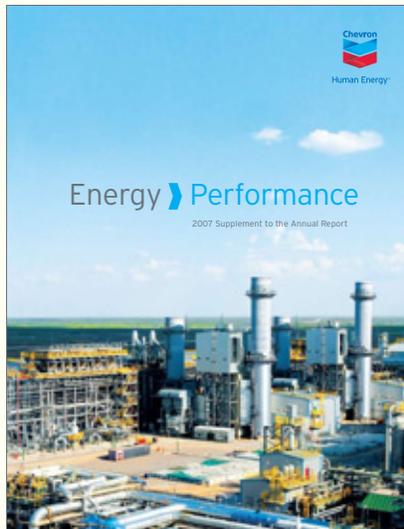
¹ Information responsive to this indicator appears on the corporate governance section of our Web site: www.chevron.com.



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2007 Annual Report



2007 Supplement to the Annual Report



2007 Corporate Responsibility Report

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