



Human Energy®

2011 Corporate Responsibility Report



Welcome

3
**A Message
From Our CEO**

4
**Operational
Excellence and
Risk Management**
Employees discuss
how we manage our
operations safely
and reliably.

8
**Indonesia:
Partnerships in
Conservation
and Preservation**
Our community
programs on the island
of Java protect the
environment and
sustain livelihoods.
Renewable Energy **11**

12
**Colombia:
Working With
the Wayúu**
While respecting one
of Colombia's oldest
cultures, we develop
energy responsibly and
address local needs.
Human Rights **17**

18
**U.S. Northeast:
Unlocking Potential
in Pennsylvania**
Developing affordable
energy begins with safe
operations, environ-
mental stewardship and
trust with the community.
The Environment **21**
Executive Interview **23**



On the cover: Chevron partners with the Wayúu community in Colombia to make sure that the company's presence on Wayúu land does not affect traditional life. Here (from left), Delilia Ipuana Uriana, Zaida Ipuana and Sophia Maria Epieyu are fishing, which is a traditional livelihood for the Wayúu and provides an important source of food. Chevron worked with the community to develop commercial markets for their fishing, farming and traditional handicrafts.

Partnering for a Better Future

We can accomplish great things when we work together. By building enduring partnerships, we promote mutual benefit for our business and the communities where we live and work. We dedicate our people, time and resources to working side by side with partners in many countries to find solutions that support human progress and economic development.

24

South Africa: From Education to Employment

The Cape Town Refinery works with the community to provide training and foster economic opportunity.

28

California, United States: Partnerships That Inspire

Our investments in education contribute to economic development.

Social Investment **31**
Executive Interview **33**

34

Nigeria: Transformative Investments

Our innovative partnerships support economic and social change to improve the quality of life.

Diversity **37**

38

Progress Update

We share milestones in our operations and communities.

40

Additional Information and Data

Performance Data
GRI and API/IECA Index
Assurance Statement
Glossary
About This Report



“Our goal is to ensure that our social investments create measurable and enduring value.”

How We Chose What to Include in Our Report

In this report, we selected case studies that demonstrate our partnership and performance in geographies where we do business, as well as topics associated with our approach to responsible energy development – Operational Excellence, environmental stewardship, human rights, workforce development, health and safety, and social investment.

In an industry as complex as ours, we recognize that our ability to operate depends on how well we address the business, social and environmental expectations of our stakeholders.

We consult governments, communities, nongovernmental organizations, academic institutions and others to help us identify emerging issues, develop our projects, and respond effectively to evolving challenges and expectations.

We welcome your comments on the content in this report and on our website at Chevron.com/CorporateResponsibility.

Feedback can be sent to us at Chevron.com/Contact/EmailChevron.

The Chevron Way

The Chevron Way defines who we are, what we do and what we believe. At the heart of The Chevron Way is our vision...to be *the* global energy company most admired for its people, partnership and performance.

We make this vision a reality by consistently putting our values into practice. The Chevron Way values distinguish us and guide our actions so that we get results the right way. Our values are integrity, trust, diversity, ingenuity, partnership, protecting people and the environment, and high performance.

To read more about The Chevron Way, please visit Chevron.com/ChevronWay.

A Message From Our CEO



John S. Watson
Chairman of the Board and
Chief Executive Officer
May 2012

Affordable energy is a cornerstone of human progress and economic prosperity. We create value for our shareholders by providing that energy safely and reliably.

Many of our business operations involve risk, which we work tirelessly to mitigate. We use processes and tools guided by our Chevron Way values and designed with one goal in mind: zero incidents.

Over the past decade, our concerted efforts have helped us become an industry leader in safety. But, we're not yet incident-free. We work to learn from our incidents and those of others so that we can reach and maintain our goal of zero incidents. That is my personal commitment. And I know that the men and women of Chevron join me in committing to our world-class standards in Operational Excellence.

At the heart of our work is an ongoing focus on three areas critical to operating incident-free:

- process safety – a system to help recognize and reduce risks, from

the drawing board through daily operations;

- environmental stewardship – our means of reducing our impact on our operating environments;
- operational discipline – our approach to making certain that our employees and contractors perform every task the right way, every time.

Each falls under our Operational Excellence Management System, which guides how we manage risk throughout the company. I encourage you to read more about our approach to Operational Excellence in this report.

Managing risk well helps us maximize the value of the investments we make to find and produce energy. These investments are significant. Our capital and exploratory budget in 2012 is \$32.7 billion, which will be invested in energy projects that will produce for decades, generate tax revenue, help create local jobs and support local businesses.

In addition to these direct economic benefits, we also make significant social investments in the communities

where we operate. We apply the same fundamental approach to our social investments that we apply to our capital investments.

We work with our partners to identify and assess needs and to determine the scale and focus of investments. Our collaborative approach is rooted in business discipline and focused on outcomes. And our goal is to ensure that our social investments create measurable and enduring value, as they do in the case studies highlighted in this report.

Over the past six years, we've invested approximately \$1 billion in areas essential to sustainable communities, including health, education and economic development.

It's a matter of pride for us that our 57,000 employees strive to make Chevron the partner of choice by providing energy the right way and remaining a force for shared progress and prosperity.

A handwritten signature in blue ink that reads "John S. Watson". The signature is fluid and cursive, written on a light-colored background.

Operational Excellence and Risk Management

We focus on protecting the safety and health of people and the environment and conducting our operations reliably and efficiently. The systematic management of process safety, personal safety, health, the environment, reliability and efficiency to achieve world-class performance is how we define Operational Excellence.

To achieve Operational Excellence (OE), we created an Operational Excellence Management System (OEMS) more than a decade ago. It's part of our culture at all levels of our business. OEMS helps us identify, manage and reduce risk; improve performance; assure compliance; and sharpen our emergency response. It is a system that sets expectations for nearly everything we do operationally and goes beyond the scope of internationally recognized management systems for environmental as well as occupational health and safety (ISO 14001 and OHSAS 18001).

Our OEMS Tenets of Operation guide our workforce's daily decisions and activities. These tenets are founded on two key principles: "Do it safely or not at all" and "There is always time to do it right." For example, every person working at a Chevron facility has the authority and responsibility to stop work when witnessing any unsafe action or condition. Our goal is to have incident-free operations so that people remain safe and the environment is protected.

We strive to achieve Operational Excellence through our processes, standards and behavior with leadership action and the full involvement of our workforce. We are among the leaders in our industry in preventing incidents and injuries, as measured by the Total Recordable Incident Rate and the Days Away From Work Rate. Our OE platform provides us with a way to sustain high expectations and continual improvement.

To learn more, please read our OEMS brochure at Chevron.com/OEMS.

Tricia Padilla is an environmental specialist and Charles Odumah is a senior process engineer at Chevron's Richmond, California, refinery.



Striving to Achieve Operational Excellence

On any given day, more than 250,000 employees and contractors from varying cultural and educational backgrounds work on our projects and in our operations. Through disciplined implementation of our Operational Excellence Management System, our diverse workforce applies OE processes, procedures and behaviors in our daily operations. On the following pages, employees in leadership positions share their insights about Chevron's OEMS in action.



"It's been a seven-year journey to achieving zero incidents in Bangladesh – one that required a cultural 'paradigm shift.' We started with an environment that had low safety awareness. By establishing a strong leadership commitment to safety, significant oversight of contractors, continual training and effective implementation of standard processes – such as management of safe-work practices – we changed the safety culture. Now, we have accumulated more than 31 million workforce hours without a Days Away From Work injury."

Kinnesh Dalal, Manager of Operational Excellence/Health, Environment and Safety, Chevron Bangladesh

Reducing the Risk of Incidents



"We strive to reduce the risk of incidents by disciplined application of Chevron and industry process safety standards and best practices, with a particular focus on our Asset Integrity Management Program. In 2011, as part of this program, we verified the integrity of more than 8,700 critical components of our facilities, including key pressure vessels and piping. We use the Chevron Risk Management Process for regular reviews of all facilities and capital projects and for action planning to reduce health, environmental and safety risks across our operations."

Artur Custodio, Manager of Production Operations, Chevron Angola

Assuring Compliance



“It’s our job in the OE audit group to verify that we have the right people, processes and equipment in place to mitigate risks at all levels of our operations – from major capital projects to daily maintenance programs. These audits are conducted at an established frequency and involve hundreds of interviews, data collection and checks that systems are in place to reduce risks. Chevron operates to the same standards around the globe, and we are always looking for ways to improve upon what we are doing to reach our goal of operating incident-free.”

[Jane Fruin](#), General Manager of the Corporate OE Audit Group



“Members of my team go into the field to assess contractor knowledge and then provide immediate feedback. We collect data to help break the incident chain before incidents happen. We’ve conducted more than 14,000 safe-work-practice assessments over a two-year period, and this effort has helped us significantly reduce our Days Away From Work incidents.”

[Lane Blanchard](#), Contractor Management Advisor for Health, Environment and Safety, U.S. Gulf of Mexico



“In 2011, we welcomed the Australian government’s environmental approval for our Wheatstone Project in Western Australia. Because we have had unwavering support for comprehensive terrestrial and marine assessment and understanding of habitats and species, we have been able to show that Chevron can manage the environmental impacts and potential risks. Protecting the environment is a fundamental part of our Chevron Way values.”

[Andrew Mingst](#), Environmental Manager of the Wheatstone Project, Chevron Australia

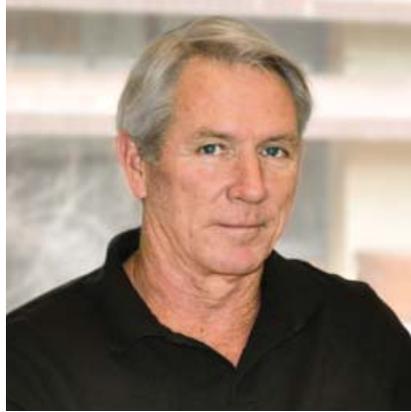


“Our ultimate goal is zero incidents, so it is important that we learn from the past and make improvements to prevent the same incident from being repeated. We conduct reviews of all incidents and major near misses throughout Chevron. We use a team of subject-matter experts to examine the root causes of the serious incidents and near misses in our annual Major Incident Study. This helps us look for common trends, determine where processes and procedures may need to be improved, and identify opportunities to strengthen our OE culture and leadership.”

[Todd Levy](#), Vice President of Chevron Upstream

Improving Performance

Preparing for Emergency Response



“Our first priority is to prevent emergencies, such as spills and releases, but we also need to be prepared to respond to them when they do occur. Our operating units develop site-specific emergency response and business-continuity plans that address and provide resources for all significant risks. We continually train our workforce and conduct drills to improve readiness. Our tiered emergency response system includes local incident command teams supported by corporate and external resources, which we recently deployed in Brazil and Nigeria.”

Jeff Patry, Manager of Emergency Response for Corporate Health, Environment and Safety

Response to Recent Incidents

In late 2011 and early 2012, Chevron faced two incidents. Extensive training and preparation helped the company respond quickly and effectively. In November 2011, during drilling operations at our Frade deepwater project in Brazil, hydrocarbons from the well-bore reached the seafloor through seep lines. Our response significantly reduced the size of the sheen and stopped the source of the seep flow within only four days of first detection. As a result, no oil reached any shoreline.

In January 2012, a fire started aboard the shallow-water jack-up drilling rig KS Endeavor, which was drilling a natural gas exploration well off the coast of Nigeria. The quick implementation of emergency response procedures resulted in the safe evacuation of 152 people in eight minutes. Tragically, however, the incident claimed two lives.



“Incidents such as these are vivid reminders of the risks we face in our business. Our Chevron values place the highest priority on the health and safety of our workforce and the environment, and our culture of Operational Excellence challenges us daily to learn and improve from every experience and observation. We continue to strive for incident-free operations and sending our entire workforce home without injury.”

Jim Swartz, General Manager of Corporate Operational Excellence

Chevron's OEMS Tenets of Operation

- 1 Always operate within design and environmental limits.
- 2 Always operate in a safe and controlled condition.
- 3 Always ensure safety devices are in place and functioning.
- 4 Always follow safe work practices and procedures.
- 5 Always meet or exceed customers' requirements.
- 6 Always maintain integrity of dedicated systems.
- 7 Always comply with all applicable rules and regulations.
- 8 Always address abnormal conditions.
- 9 Always follow written procedures for high-risk or unusual situations.
- 10 Always involve the right people in decisions that affect procedures and equipment.



**8.7
million**

people are served by
Chevron's geothermal
power operations
in Indonesia

108

farmers are partnering
with Chevron to restore
forests and improve
agricultural practices

30,200

trees have been planted
through Chevron-
supported environmental
programs

Bird-watchers observe bird species inside Salak operations. During this trip, they identified species that previously had not been recorded by the BirdLife Indonesia Association.

Indonesia: Partnerships in Conservation and Preservation

We work to increase environmental awareness in our operations and in the community.

Dayat Hidayat supports his three sons by growing chilis and long beans on a 1-acre (0.4-ha) plot within Indonesia's Mount Halimun Salak National Park, the largest rainforest on the island of Java, where farms, endangered species and Chevron's expansive Salak geothermal operations coexist. Our ability to work with the community to balance environmental stewardship, energy development and the community's needs demonstrates how our partnerships help protect the environment and sustain livelihoods.

Indonesia faces constant challenges to produce more crops on limited arable land without encroaching further on forestland. In areas in and around Mount Halimun Salak National Park, timber was harvested to clear new land for farming and for wood for other businesses. In Hidayat's village, three-quarters of the 2,000 residents are farmers. Hidayat and 107 farmers like him are working with us and our partners on a community-based environmental conservation program

to improve farming practices near the park and protect forests. We are also working with the farmers to preserve traditional techniques such as crop rotation and natural pest control, which are critical to sustaining crop production rates.

For Hidayat, the conservation program helps improve his business. "The farming training has widened my perspective and provided me with knowledge about environmental protection and better agricultural practices," he said. "Understanding organic farming by using available resources in the environment is part of this work, like using sheep's dung for fertilizer and learning good cattle-breeding practices." He said Chevron's assistance in establishing farming cooperatives helps him pool resources and stabilize his income.

Business and the Environment

Our ability to operate safely in unique environments such as Mount Halimun Salak National Park demonstrates our

commitment to environmental performance and helps us expand our business in Indonesia. We understand that people, the natural environment and our operations are interdependent. In all our major capital projects, we integrate biodiversity into our business decisions by using the environmental stewardship component of our Operational Excellence Management System (OEMS). We work closely with government agencies, nongovernmental organizations and community groups to manage our operational footprint in order to protect the unique environments where we are developing energy.

Mount Halimun Salak National Park is home to endangered species such as the Javan leopard, gibbon and hawk-eagle. These animals are often spotted inside Chevron's Salak geothermal operations areas. We partner with the national park and local, national and international wildlife groups to protect wildlife habitats and maintain nurseries to restore trees that were used to support local businesses.

In our day-to-day operations, we follow strict policies to leave wildlife undisturbed, and we design pipelines to accommodate animal crossings. We collaborated with government authorities to minimize tree removal during pipe and well installation that was completed before the start of commercial operation in 1994. We also planted 3,000 trees inside our Salak operations area as part of a regreening effort.

Planting
250,000
trees is a five-year
goal of the Green
Corridor Initiative

Building a Conservation Ethic

We have a long-term commitment to community-based environmental conservation programs in Indonesia. In 2002, we launched our partnership with the nonprofits Peduli Konservasi Alam Indonesia (PEKA Indonesia) and the Wildlife Trust to protect Salak Mountain's ecosystem. PEKA's work focused in part on environmental education and protection. At that time, PEKA reported that the illegal poaching and sale of several beetle species in and around our Salak geothermal area were destroying forests and threatening biodiversity and nearby communities' agricultural water supply.

Commitment Beyond Compliance: Zero Water Discharge

Starting in 2011, Chevron engineers successfully implemented a zero-water-discharge system at our Duri heavy oil fields in Sumatra. Every day, we produce approximately 1 million barrels of water as part of our oil operations there. More than 80 percent of the produced water is used in enhanced oil recovery operations, while the remainder is treated and put into government-approved reservoirs

that are approximately 1,000 feet (305 m) below the ground. Injecting the water into reservoirs is a preferred practice that eliminates any impact on natural canal systems. We plan to expand this zero-water-discharge practice to other fields in Indonesia.

"We are among the few oil and gas companies in Indonesia that implement a zero-discharge policy for

excess produced water," said Ferry Martin, Chevron general manager of Health, Environment and Safety in the region. "It's a good example of teamwork with the government and our commitment to managing our environmental footprint. The government has asked us to share our best practices and applications with other companies. We're proud to do that."

We continue to build upon conservation programs in areas near our Salak operations, including the rural farming communities in Bogor and Sukabumi. Unemployment is high in those communities, where 60 percent of the population in the Salak area are women and youth. We partner with the nonprofit Yayasan Bina Usaha Lingkungan (YBUL) to educate farmers like Hidayat about rabbit and goat breeding as well as other alternatives that will not degrade forests or deplete the communities'



Above: At its Salak geothermal operations, Chevron has a nursery that germinates seedlings of native species to plant and maintain within the operations area. The company also collaborates with a nearby tea plantation to plant trees along the plantation's access road.



Top: The Javan hawk-eagle has a safe home in the Mount Halimun Salak National Park, near Chevron's Salak geothermal operations.

Bottom: Chili is one of the crops planted by local farmers near Chevron's operations.

▶ To see more of our activities in Indonesia, watch the video at Chevron.com/CR2011/Indonesia.

agricultural supply. Also, YBUL encourages traders and craftspeople to switch from making furniture from park timber to environmentally friendly, income-generating work such as cultivating vegetables and fruits – a program that contributes to local food supplies. In 2011, these programs benefited more than 1,500 people.

“Chevron makes environmental protection and community their priority,” said Gita Gemilang of YBUL. “Shifting the community’s dependency from forest products to other sources of income generation that could become their alternative pillar of livelihood becomes crucial in this program. Chevron’s initiative is a path to sustainability for farmers.”

In late 2011, we continued our support of conservation efforts by launching the Green Corridor Initiative, with a goal of planting 250,000 trees over five years. This effort helps restore the degraded forest that connects more than 1,200 acres (486 ha) of the ecological zone of the Mount Halimun Salak National Park forest corridor. The initiative involves more than 1,500 people, the Mount Halimun Salak National Park, foundations, universities and local nongovernmental organizations. In December 2011, our employees, Mount Halimun Salak National Park representatives and community members planted the first 5,000 trees. This effort is part of a much larger one by the Indonesian government to rehabilitate the country’s damaged forests and replant barren lands.

In addition to our Green Corridor Initiative, in 2011 we worked with local schools, government agencies and nongovernmental agencies to plant 22,200 trees outside of the park but near our operations in Bogor and Sukabumi and in the Jayanegara tea plantation.

In 2011, the Indonesian Ministry of Environment honored Chevron Geothermal Salak and Chevron Geothermal Indonesia with the PROPER Gold and Green awards, respectively. The PROPER award is regarded as the most prestigious award in environmental stewardship in Indonesia. ■

Renewable Energy

Investing in renewable energy and energy efficiency is one of Chevron’s business strategies.

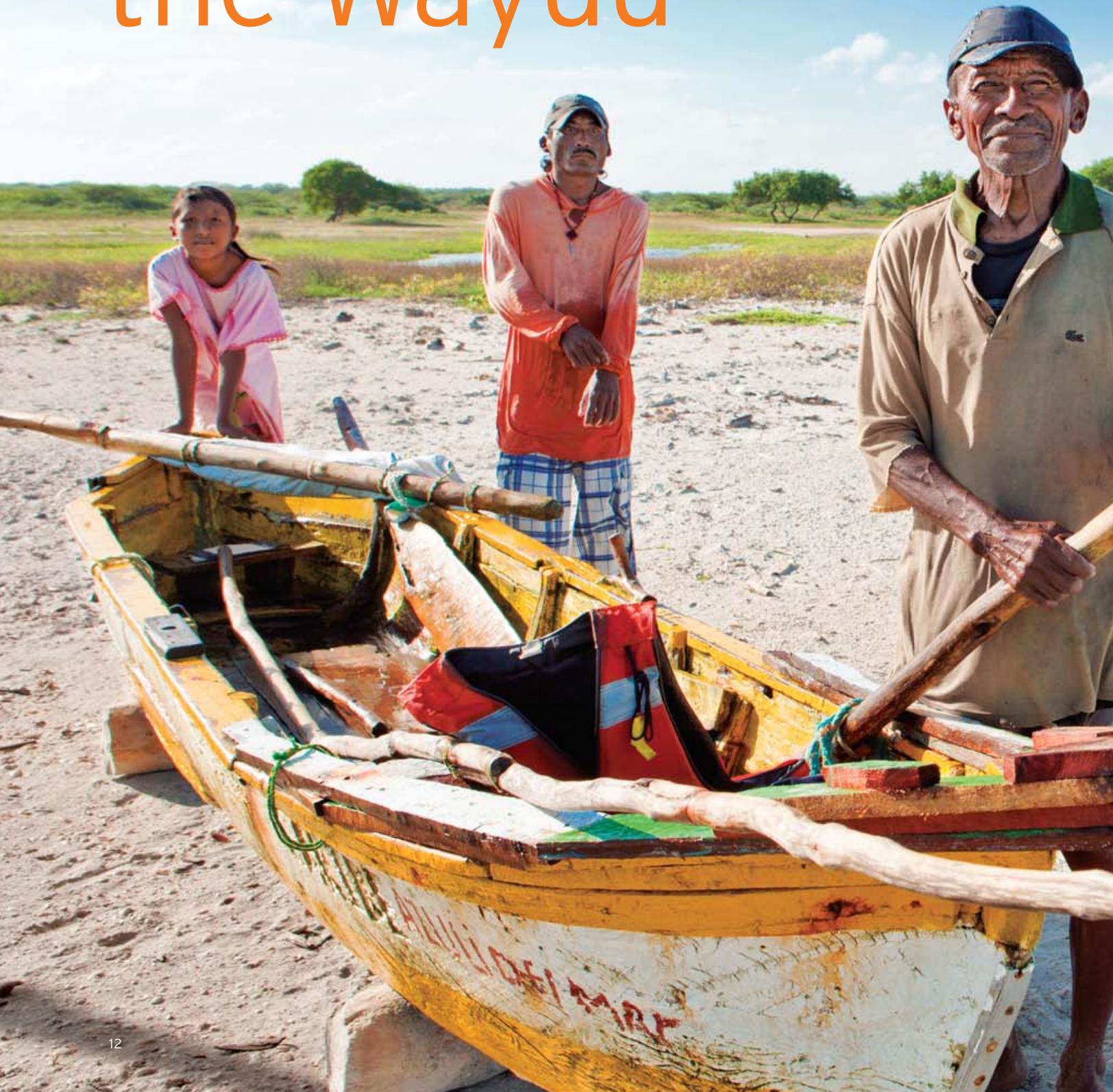
We take a pragmatic approach to investments, focusing on three key areas that leverage our core competencies and existing assets: our geothermal business; the profitable, commercial-scale development of next-generation biofuels; and the development of energy efficiency solutions.

Geothermal power is the most significant segment of our renewable energy portfolio. We are the world’s largest geothermal power producer and have maintained operations in Indonesia and the Philippines for 30 and 40 years, respectively. Our geothermal operations generate more than 1,250 megawatts of electricity per year – enough to meet the needs of 16 million people in these two countries.

Through our technology ventures business, we partner with others to increase our knowledge of biofuels and the technology needed to transform natural raw materials into profitable, high-quality transportation fuels.

Learn more at Chevron.com/EmergingEnergy.

Colombia: Working With the Wayúu



For 35 years, Chevron has worked with Wayúu communities in Colombia, producing energy, strengthening the communities' capabilities and respecting local customs. Our partnership blends our ethics of safety, environmental responsibility and shared progress with important values of the region's Wayúu people: kindness, friendliness and respect.

Jaime Epinayu (foreground) and his family are one of 600 families who participate in a Chevron-supported social investment program for fishermen in La Guajira in northern Colombia, where Chevron operates offshore and onshore natural gas fields in Wayúu indigenous territory.

4 million

households in Colombia are supplied with natural gas from Chevron's operations

172

Wayúu communities were consulted before Chevron began new exploration in 2010

22

farms were created through Chevron's pilot program launched in 2011

Paul Pinedo grew up in a clan among the indigenous Wayúu people of Colombia's coast and clearly remembers his first glimpse of an offshore drilling platform. "I was 10 years old and was fishing with my uncle. I asked him what it was, and he said, 'a construction from an alien civilization.' For us, we had never seen a building with electricity in the middle of the sea," Pinedo said.

Today, Pinedo is 27 and a Chevron engineer, and he understands fully how the platform functions. After high school, he was unsure how he would make a living, and talking to a friend helped him gain an interest in engineering. Upon completing his college engineering degree, Pinedo started with Chevron as an intern and was trained to work on the platform that he first saw with his uncle. He said he takes pride in bridging one of Colombia's oldest cultures and the modern world of energy development.

Pinedo's story is a small part of a much larger one of how Chevron partners with the Wayúu, the national oil company, the government and nongovernmental organizations to develop energy in La Guajira, a region between Colombia and Venezuela. Pinedo said most of those in his native Epinayu clan, which includes his 27 uncles and three brothers, are not interested in leaving their community. "They prefer fishing and farming," said Pinedo.

The Wayúu live in La Guajira and own land near our coastal operations in northern Colombia. Our relationship with the Wayúu reflects the way Pinedo bridges his two worlds. We respect local traditions, protect the environment, address community needs and advance economic opportunities. Our strong partnerships help us responsibly expand our operations, resulting in benefits to our business and quality-of-life improvements for



Above: Wayúu community leader Maria Luisa Ipuana and her neighbors partner with Chevron to expand their farming livelihoods and help improve their families' nutrition.

the people of La Guajira and the rest of Colombia.

A Long History, a Shared Future

Chevron first stepped foot in Colombia in the late 1920s to explore for oil, but it wasn't until the 1960s that we discovered both oil and natural gas. In partnership with Colombia's national oil company, Ecopetrol, Chevron operates and develops the offshore

Chuchupa gas field as well as the onshore Ballena and Riohacha gas fields in La Guajira. We have become Colombia's largest producer of natural gas, supplying approximately 4 million households. La Guajira supplies approximately 65 percent of the country's natural gas.

With natural gas reserves in decline in La Guajira, the national government

partnered with Chevron in 2010 to explore for new natural gas resources along 233 miles (375 km) between the La Guajira shoreline and deeper ocean.

“Because of our reputation for environmental responsibility and our longstanding relationship with the Wayúu, we were able to move forward with this important project,” said David Bantz, president of Chevron Colombia. “It’s critically important to us that our operations embody the respect we feel for the people and their land. Our efforts reflected that commitment.”

Before beginning our exploration work in 2010, we spent a year consulting with 172 Wayúu communities, each of which is considered an independent government entity. We invited Wayúu leaders to visit operations and talk about their culture and concerns. Our dialogue reaffirmed the foundation for a constructive relationship.

“The spoken word is important for us, and Chevron approached our communities like a neighbor who knocks on your door,” said Victor Manuel Epiayu, who grew up in a Wayúu clan and works for Chevron on community programs. “The Wayúu have a lot of respect for that great attitude.”

Following our initial outreach, we implemented our formal Environmental, Social and Health Impact Assessment (ESHIA) process to evaluate potential impacts on surrounding communities, natural resources, biodiversity, air quality, land use, waste management, noise and public health. The assessment was conducted in partnership with stakeholders to make sure that we captured and addressed community concerns about reactivating natural gas fields and drilling new-development gas wells.

From our discussions, we learned that we needed to change how we accessed

Increasing Opportunities for Education

Support for education in the communities where we operate is important to us. In La Guajira, we trained teachers, who have helped more than 1,500 students improve their national test scores.

Many Wayúu youth cannot go to school because they live too far away. Chevron helped finance the construction of the Laachon

Mayapo Ethno-Educational Center to serve communities in rural areas of the Manaure municipality. Now 1,200 children can receive education and boarding. Also, the center provides girls with greater access to formal education.

“Wayúu children are receiving top-level education both in Spanish and Wayúunaiki,” said Danis Cohen, an analyst

for Chevron who is Wayúu. “It is an excellent alternative for families to be able to send their children to this school. At Laachon, children are experiencing the best *Arijuna* (Western) education while keeping their ancestral background and culture.”



Above: To support the education of Wayúu children who live far from schools, Chevron helped fund the construction and operation of education centers, such as the Laachon Mayapo Ethno-Educational Center, seen here.

our exploration site. To help ensure safety, trucks and other vehicles heading to Chevron facilities were diverted from Wayúu water reserves and traditional pathways to the ocean. Cables used in the process were positioned to avoid culturally sensitive areas. Livestock were temporarily moved from our work locations, and

dirt roads were watered down to limit truck dust so that children riding bikes to school were not affected. Our exploration team also worked with local fishermen to reduce the impact of our work on their livelihoods.

We employed more than 360 local people, 60 percent of whom were



Above: Farmer Salvador Ipuana (foreground, left) and other Wayúu community farmers at the *rancheria* speak with Victor Manuel Epiayu (foreground, right), who grew up in a Wayúu clan and works for Chevron to help implement community programs.

▶ To hear from Wayúu people, watch the video at Chevron.com/CR2011/Colombia.

Wayúu, to assist with the ESHIA process. Then we added them to our exploration team to work on project support activities. The multicultural team shared safety principles and practices with each other in Spanish; the local dialect, Wayúunaiki; and English.

The seismic and drilling gas project was completed in 2011 without injury or incident. According to the national oil company, Ecopetrol, and the Ministry of the Interior and Justice, our consultation with the communities and the social and environmental processes we implemented have the potential to be a model for other, similar projects in Colombia.

Partners in the Community

We continue to work with Wayúu communities to identify their areas of need: infrastructure improvements, educational and health programs, sustainable agriculture and fishing industries, and support for an emerging tourism industry.

“Chevron understands that meaningful social projects are not short-term activities. They know it takes time and effort to achieve sustainable results,” said Gina Marcela Puentes of the Ecosfera Foundation, a nonprofit organization that works with the Wayúu on programs to improve their livelihood and preserve their culture. “I have seen other companies that don’t even bother to go to the *rancherías* (Wayúu villages) to talk with the Wayúu authorities. Chevron gives the proper importance to each one of the communities and the people, and that really makes a difference.”

To collaborate on finding new ways to improve the quality of life in La Guajira, Chevron became part of a 29-member Regional Commission for Competitiveness composed of unions, nongovernmental organizations and other members of civil society. We partnered with the Ecosfera Foundation to drill and develop eight drinking-water wells and improve sanitation in rural areas of the

municipalities of Riohacha and Manaure, benefiting 100,000 indigenous people.

In the Mayapo rural area located in La Guajira, Wayúu communities are vulnerable to food shortages and have limited access to water, sanitation and health centers, in part because of the arid terrain. According to the 2010 Colombia Demographic and Health Survey, the rate of children facing malnutrition in La Guajira is 10 times higher than in the rest of the country. To address these needs, we built six health clinics in 2010 and launched a pilot program in 2011 that created 22 farms. By combining participation of professional farm specialists with the ancestral wisdom of the Wayúu, the project promotes the conservation of native species, the control of pests, the planting of trees for timber and the development of foliage to provide shade.

The experimental farms have improved nutrition and income among participants. As a result, we are working with the local governments of the remaining 150 Wayúu communities to implement similar programs.

“Now we have options. We have food. Without the support of Chevron, we wouldn’t have this,” said Maria Luisa Ipuana, a Wayúu leader who benefited from the program.

Supporting a Way of Life

For Alberto Hernandez and his fellow Wayúu, fishing is a way of life. “Support by Chevron has been important for us and our families. Our fishing activities and our livelihoods are more developed and sustainable,” he said.

The platforms we built off the coast, the first in 1973 and the second in 1996, naturally became reefs where the Wayúu saw an opportunity to fish, but safety concerns prevented fishing



Above: Chevron engineer Paul Pinedo, who grew up in a traditional Wayúu community, studied petroleum engineering and is one of the few in his family to choose a nontraditional career. **Below:** Chevron provides training and marketing support to help the small businesses of traditional Wayúu artisans.

around active operations. To help fishermen like Hernandez sustain their fishing and develop commercial markets, we created artificial reefs in deep water away from our operations. Through supplying equipment such as global positioning systems, along with technical training and financial assistance, Chevron helped more than 640 fishermen in rural areas of the Manaure municipality in La Guajira.

We partner with the Wayúu to support other small business enterprises. The Wayúu have a tradition of producing colorful handmade bags, hammocks and blankets. We partnered with Jalianaya – a cooperative of Wayúu women from the Manaure municipality – to provide training and marketing support to more than 600 weavers to increase their income.

“Our women lived off salt extraction and fishing. They fed on boiled fish and ate once a day, until the Chevron-led program empowered us to commercially exploit our crafts and have a better life,” said Maria Cristina Gomez, a leader within the Wayúu community. ■

Human Rights

Our commitment to respecting human rights wherever we operate is grounded in The Chevron Way, which describes our vision and values.

We replaced our Human Rights Statement with a corporate policy in 2009 to foster greater awareness of human rights issues throughout the company and enhance our capabilities to manage them. Our Human Rights Policy covers four areas relevant to our business: employees, security providers, communities and suppliers. We began deploying the policy in 2010, with full implementation projected for 2013.

We formed an internal, cross-functional, global team to guide implementation and enable engagement from Human Resources; Global Security; Supply Chain Management; Policy, Government and Public Affairs; Law; and Health, Environment and Safety –

all of which have responsibilities for meeting our human rights commitments.

The team conducted an extensive review of Chevron’s existing policies and practices, and developed additional training and guidance to deepen the company’s collective understanding and capabilities. The Danish Institute for Human Rights provided external advice.

From 2010 to 2011, we conducted orientation sessions with select executives and staff. In 2012, we will focus on deploying the updated training and guidance to relevant parts of the business.

[Learn more at Chevron.com/HumanRights.](http://Chevron.com/HumanRights)



U.S. Northeast: Unlocking Potential in Pennsylvania





700,000

acres (283,300 ha) of the Marcellus Shale are leased by Chevron

446

Chevron employees work in western Pennsylvania

60

wells were drilled in the area by Chevron in 2011

At the site of a reclaimed natural gas field in western Pennsylvania, a producing well leaves a small footprint.

As Chevron enters western Pennsylvania to develop natural gas from the Marcellus Shale, the company is striving to be the partner of choice, with a focus on safe and responsible development that promotes economic growth.

In Fayette County, Pennsylvania, Bill Jackson owns a dairy farm that his family founded in 1940. It's not unusual for him to log 18-hour days tending to cattle and corn among the verdant rolling hills, rivers and forests typical of this rural area. A part of his farm is also leased for natural gas drilling.

"Natural gas is a resource that provides energy for the country. It's every bit as much a part of the farm as the hay-field or the cornfield that we see above the surface," he said.

Western Pennsylvania residents like Jackson share a strong work ethic. But with the decline of the steel and coal industries over the past four decades, the region has suffered economically and has seen a population decline.

In early 2011, Chevron acquired independent natural gas producer Atlas Energy, Inc., and began producing gas in southwestern Pennsylvania. Nearly all of the 366 employees who joined Chevron as a result of the acquisition continue to work with us today. With more than 700,000 acres (283,300 ha) under lease in the Marcellus Shale, Chevron is one of the state's largest leaseholders.



▶ To meet farmer Bill Jackson, watch the video at Chevron.com/CR2011/Pennsylvania.

Adding to Economic Growth

Marcellus natural gas can provide cleaner-burning, affordable energy, which supports energy security, regional jobs and economic growth for the United States and places like Fayette County. Chevron is helping ensure that the people of southwestern Pennsylvania benefit from this resource without compromising their communities or the environment.

A 2011 study by global information company IHS estimated that by 2015, approximately 270,000 new jobs will be created in the Marcellus region, which could also support 1.6 million jobs by 2035.

Chevron drilled 60 wells in 2011 and will continue to expand operations in ways that benefit local economies while limiting negative impacts. According to Jackson, "The Marcellus industry has provided a much-needed boost to the economy. The hotels and restaurants are full. It has provided jobs for well operators, truck drivers, drillers and excavators – a wide array of jobs."

Chevron's Trip Oliver grew up in Pittsburgh, Pennsylvania, and understands the importance of this opportunity. "The development of Marcellus natural



Above: Greg Hild (left), a Chevron business development manager, and Nate Calvert, a Chevron public affairs representative, review operations plans at the natural gas drilling site in Somerset County, Pennsylvania. **Below:** Bill Jackson has leased land on his dairy farm to Chevron for natural gas drilling.

gas has the potential to have the biggest impact on our region's economy in my lifetime," said Oliver, a government and public affairs manager for Chevron operations in the region. According to the Pennsylvania Department of Labor & Industry, from late 2009 to early 2011, 72,000 people were hired in the core and ancillary Marcellus industries.

To encourage long-term job growth, we are partnering with Carnegie Science Center of Pittsburgh to launch the new Chevron Center for STEM Education and Career Development, which supports science, technology, engineering and math (STEM) for students from preschool to high school in the region.

"We need talented professionals – engineers, geologists, geophysicists and information technology specialists," said Bruce Niemeyer, head of Chevron operations in the region. "This program will help enable the Pittsburgh area to remain competitive in a 21st-century global economy."

Protecting People and the Environment

Pennsylvania's history of oil and gas development dates back to 1859, when

Colonel Edwin Drake developed the world's first commercial oil well at a depth of 69 feet (21 m). The energy industry has long known about huge gas resources trapped in shale rock thousands of feet deep across the United States. But only in the past decade have energy companies combined two established technologies – hydraulic fracturing and horizontal drilling – to successfully unlock this resource in the face of increased energy demand.

“Permission to operate depends on our ability to do business responsibly. Protecting land, water and communities is our highest priority,” said Niemeyer. “After the decline of this region’s coal mining and steel industries, people here worked hard to clean up the environment. Western Pennsylvanians don’t want to give that up.”

To foster dialogue between the company and local communities, we began work in 2011 to create an external advisory council in Fayette County. The council was established in early 2012, and we have plans to create additional councils in other areas. We participate in informational meetings, display our exploration and production equipment at county fairs and other events, and offer media tours of well sites. Residents also can ask questions or express concerns through a community hotline.

After acquiring Atlas, Chevron moved quickly to share best safety and environmental practices with the new employees and contractors, using our Operational Excellence Management System and underscoring our commitment to safe and responsible operations. “We acquired Atlas on a Friday, and by Saturday morning, we sent an internal team of experts to meet with key contractors to discuss safety and environmental stewardship,” said Niemeyer. “During our first full week, we hosted Chevron environ-

mental and safety professionals from other operations to share best practices and identify opportunities for improvement.” Chevron currently is working with regulators to strengthen regulations and with other energy producers to establish and enhance safety practices.

Native Pennsylvanian Bryan Hajos worked for Atlas for four years and is now a safe-work advisor for Chevron. Hajos trains contractors and former Atlas employees in Chevron’s safety culture and procedures. One of our many tools used to drive safety performance is the five-step stop-work authority: Stop the unsafe or at-risk act, notify a supervisor, involve the right people in addressing the issue, resume work when the issue has been resolved and share what is learned.

“We used stop-work authority to halt a project to shore up a leased road, which delayed the project, but made the road safer,” said Hajos. “With stop-work authority, contractors and employees don’t need to explain lost productivity or time. New procedures, training and values are creating a positive experience where everyone is looking out for each other.”

Operating Responsibly

“It only takes 10 seconds to scare people about the perceived risks of energy development, but it takes months or years to correct those misperceptions,” said Oliver. “It’s critical to communicate with southwestern Pennsylvanians about our proven approach to unlocking natural gas from under their land.”

Producing gas from shale involves injecting water and special fluids into rock thousands of feet below the surface and the groundwater aquifers. A mixture of water and sand makes up more than 99 percent of the fluid, and chemical components are less than 1 percent. On FracFocus.org, a

The Environment

We recognize the value of fresh water as a fundamental environmental and economic resource.

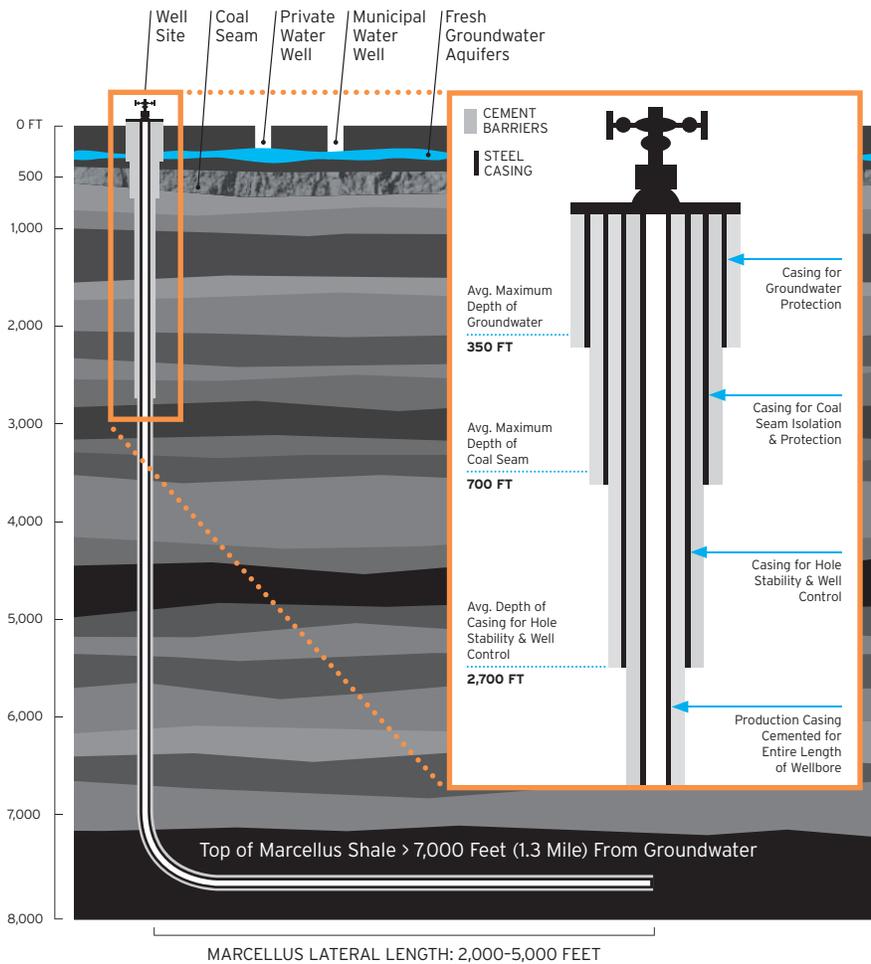
As users of this critical natural resource, we must manage water for the good of society, ecosystems and industry, which includes improving our water-use efficiency.

Chevron is committed to preventing groundwater contamination and spills, and meeting or surpassing all regulatory and compliance requirements.

To help enable the availability of safe and reliable freshwater resources, we developed an integrated corporatewide freshwater strategy that supports responsible water stewardship and management. This strategy begins with prevention and focuses on integrated practices that include well design and integrity, construction controls, water use, handling, recycling, and disposal.

[Read our freshwater position statement at Chevron.com/FreshWater.](http://Chevron.com/FreshWater)

Chevron Wells in Pennsylvania Are Designed to Safeguard Groundwater With up to Eight Layers of Protection



3,000 feet (914 m) of the proposed drilling location and provide test results to the owner of each well and to the Pennsylvania Department of Environmental Protection. To improve the industry's transparency on water quality monitoring, the Marcellus Shale Coalition is developing a public database in which companies will post results.

Bill Jackson has the understanding that we hope others will gain as we inform them about our safety measures. "Agriculture is our livelihood, and we wouldn't do anything to endanger that livelihood, whether it's the cows or the crops," he said. "Our cows are fed off a spring, which was one of our early concerns. We've had it tested regularly, and nothing has changed."

Chevron is also working to reduce truck traffic. A typical well needs approximately 1,200 truckloads of water for drilling and completions activities, which will increase truck trips over Pennsylvania's rural roads. We are recycling water to reduce the number of trucks and emissions, and truck drivers are undergoing safety training. We also work with local officials to determine the best routes.

"When we are finished at a well site, we leave the roads we used for access in the same condition as or better than when we arrived," Oliver said.

Many residents like Bryan Hajos hope Chevron can help reverse a decades-long trend in Pennsylvania. "In the past 20 years, you'd go to college here and go somewhere else to find a job. Now people like my friends and me, who grew up here, have a chance to go to school here, stay in the community and work for a world-class organization. Chevron is breathing new life into the community." ■

voluntary disclosure mechanism, we disclose the chemical additives of the fracturing fluids used in our wells. Our wells are designed, drilled and installed to protect the groundwater during hydraulic fracturing and over the life of the well, which can be 30 to 50 years long.

In Pennsylvania, we use a combination of up to eight layers of steel casing and cement, which forms a continuous barrier between the well and any groundwater. Groundwater aquifers

are typically no deeper than 350 feet (107 m), while hydraulic fracturing operations take place at approximately 7,500 feet (2,286 m) to 8,500 feet (2,591 m) below the surface. We conduct a series of tests over the life of the well to verify long-term integrity.

Our operations adhere to the company's position statement on fresh water to safely and responsibly manage fracturing fluids, wastewater and produced water. We test all private wells used for drinking water within

Executive Interview



Wes Lohec
Vice President for Health,
Environment and Safety

Why is natural gas from shale important to Chevron and world energy supplies?

Natural gas from shale is dramatically changing the gas supply landscape in the United States – boosting reserves and providing a supply of safe, clean, affordable energy.

It is the fastest-growing source of natural gas in the United States and could become a major global energy source. Natural gas from shale has grown to about 25 percent of U.S. gas production in just a decade, and according to the U.S. Energy Information Administration, it will be nearly 50 percent by 2035.

The development of this resource is creating thousands of jobs, improving energy security and lowering GHG emissions from electricity production.

Our U.S. investments have positioned us to become a leading developer of domestic shale gas. We also are exploring opportunities to develop natural gas from shale in Canada and central Europe.

What challenges does Chevron face?

Perhaps the biggest challenge is also our biggest opportunity – to improve community awareness and understanding about how we operate.

The discussion of natural gas from shale has been clouded by complex, conflicting and sometimes inaccurate information about the technologies we use.

Every day we work to build trust with communities and other stakeholders, knowing that trust can come only from operating safely and responsibly 24 hours a day, 365 days a year.

How is Chevron addressing these challenges?

Chevron may be new to the Marcellus Shale, but we have been using and advancing the foundation technologies for decades. From the day we acquired Atlas Energy, we have focused on applying our Operational Excellence Management System (OEMS) to our Marcellus operations.

This starts with our robust well design and drilling practices. We focus on water management, including working to recycle most of the water we use onsite. This reduces our freshwater consumption as well as our need for trucking and disposal. All of these practices aim to manage our environmental footprint and the impact of our activities on the community.

Stakeholder and community engagement is another core component of our OEMS. We are learning from local communities about their concerns and sharing information about our operations. In addition, we are committed to disclosing the chemical additives for all our new gas wells in the Marcellus Shale on the publicly available FracFocus (www.fracfocus.org) website.

South Africa: From Education to Employment

Our commitment to developing trade skills in the communities near our Cape Town, South Africa, refinery fosters social and economic opportunity.

For Thembakazi Sidumo, a welder-in-training from the disadvantaged community of Du Noon in Cape Town, South Africa, the new skills she is learning provide a way to forge a new life.

“Now that I am going to get my welding certificate, I feel like I can walk through any door and I can do the job,” said Sidumo, a contractor whose optimism belies her residence amid the estimated 100,000 living in Du Noon, where illiteracy is common. “It is very challenging out there for a woman. But women can do it,” she said with a smile, “as well as men can do it.”

The skills training programs that she and hundreds of other community members are participating in provide training for employment opportunities at refineries and other industries in the region. They are the result of a partnership between Chevron, government

entities and local community-based organizations. With unemployment estimated at 25 percent in South Africa and 50 percent in Du Noon, these programs provide value to residents throughout the region and are building blocks for a better life.

In 2011, Chevron South Africa celebrated milestones that encourage aspirations for the future. We marked 100 years of operations in the country, the Caltex brand commemorated 75 years and the Cape Town Refinery celebrated 45 years. During the past century, we have become a leading refiner and marketer of petroleum products in South Africa. We are one of the country's top five petroleum brands, and nearly one-quarter of Chevron's Caltex service stations are in the country. We have 1,000 employees in South Africa and have approximately 440 employees at our Cape Town Refinery. We also hire contractors, like

Sidumo, and many businesses that support refinery operations.

Our longevity in South Africa gives us an important stake in the community, as the nation's journey of social, political and economic change unfolds. Chevron was among the first supporters of the Sullivan Principles in 1977, which called for equal treatment of employees regardless of race. That year, 40 percent of our more than 700 black workers were moved into refinery jobs traditionally held by whites. Today, more than 75 percent of our employees at the refinery are black.

“We recognize that our business success is linked to society's progress,” said Steven Parker, general manager of Chevron's Cape Town Refinery. “For South Africa to achieve high levels of economic growth and address the challenges of poverty and inequality, it is vital that we help advance

100

years of operations in South Africa was celebrated by Chevron in 2011

98%

of Chevron employees in the country are South African

240

individuals participated in Chevron-supported training programs in 2011



Msingathi Camagu, a mechanical fitter trainee, is learning how to set a pump shaft in a center lathe for machining from Chevron machinist Francois Roux.

partnerships that share the vision of a skilled and capable workforce.”

Responding to Change

The country is undergoing a historic transition to address the systematic exclusion of the majority of South Africans from full participation in the economy, particularly black South Africans, people with disabilities and women. The South African government policy on these changes is called “transformation.”

“It’s important for all people in the community that companies like Chevron are doing the right thing when it comes to transformation. Everyone is aware that the whole nation is on a journey,” said Parker.

The South African government established the Broad-Based Black Economic Empowerment (BBBEE) Act in an attempt to improve economic opportunities. Companies must provide their audited BBBEE score card rating when bidding for business, and the rating directly influences the awarding of contracts and trading licenses. The score card measures companies’ performance in key areas, including skills training, employment equity, enterprise development, preferential procurement, socioeconomic development, ownership/shareholding and management.

The company was recognized for its commitment to transformation in the country. A 2011 independent BBBEE audit by Empowerdex found Chevron South Africa to be one of the leading companies redressing historical imbalances in the petroleum industry. Chevron South Africa places a strong emphasis on capacity building through proactive recruitment, development, coaching and internal promotion of people from diverse backgrounds.

In 2011, the refinery achieved **4.25 million** work hours without a Days Away From Work injury



Above, from top: Bongani Zuma and Thembakazi Sidumo are learning welding and other skills through a Chevron partnership with the government and community organizations to provide training in skills needed for the oil, gas and chemical industries.

▶ To meet the trainees, watch the video at Chevron.com/CR2011/SouthAfrica.

Transforming Turnarounds

Chevron is focused on being the partner of choice in the community by actively participating in the development of the country. Our Cape Town Refinery supports the community skills training programs for refinery “turnarounds” as a way to reverse inequities brought on by the apartheid system.

A turnaround is a planned, periodic shutdown of a refinery to perform maintenance, test and replace materials, and repair equipment. Turnarounds occur periodically at the Cape Town Refinery. They take months to plan and up to two months to complete. They are necessary to maintain safety, improve efficiency and reliability, and sometimes expand capacity. This type of maintenance requires 1,000 to 2,000 qualified contractors, depending on the work needed. Understanding Chevron’s safety culture and processes is essential to the work and helps build upon the refinery’s safety record. In 2011, there were no Days Away From Work injuries during 4.25 million hours on the job.

Contractors working on turnarounds undergo Chevron’s comprehensive safety training, which includes safe-work practices, hazard assessment, equipment training and many other elements. Contractors participate in our Fitness for Duty program, which confirms their ability to safely perform essential physical and cognitive requirements of the job without risk to themselves, others or the environment. And a safety “boot camp” is held for contractors on the day work begins.

Turnarounds are very visible to the local community. Many people approach Chevron asking for the opportunity to work, but very few have the basic skills necessary for

such work. The World Economic Forum's 2008-2009 Global Competitiveness Report cited an "inadequately educated workforce" as the primary problematic factor for doing business in South Africa.

To address this issue, the refinery's Community Advisory Panel – a Chevron-initiated and supported monthly forum in which the company and community leaders share information, define needs and plan social investment projects – helped develop the skills training programs designed for refinery turnarounds. To implement the training programs, we collaborated with community leaders to form a partnership between the government, the Chevron refinery and local organizations.

One program – a six-week apprenticeship course conducted by Empro Training Services Ltd., known as Emprotrain – was formed to assist in skills training for the oil, gas and chemical manufacturing industries. Students learn about safety principles and standards, rigging and piping, permitting, hand and power tools, and other aspects of turnaround work. Grants from Chevron and from the government's Chemical Industries Education and Training Authority (CHIETA) support this program. In 2011, 240 people participated.

"Chevron is very receptive to addressing the poor work readiness of the many unemployed youth in the country," said Roger Adriaanse, regional skills advisor at CHIETA. "They have opened their doors as a host employer for many young people leaving formal secondary and tertiary education and entering the labor market for the first time. The partnership has addressed the continuing skills shortages in the artisanal, technical and professional fields that



Above: Marilyn Jafta and other participants in the six-week-long Basic Trade Skills Program become qualified to apply for work on refinery maintenance shutdowns.

are fundamental to the development and growth of the economy."

Another partnership, with Northlink College, a nearby government-run college, provides a yearlong full-time course to train fully qualified artisans. This program includes three months of training at the Chevron refinery. Participants become skilled electricians, welders, steel fabricators or mechanical fitters. In early 2012, 23 graduates – including Sidumo, seven other women and 15 men – were hired by contractors to work on a Chevron refinery turnaround.

"The Northlink program provides young persons with an opportunity to learn skills that will enable them

to find employment at the refinery during shutdowns and further apply for work in an engineering environment. Chevron wants to play an active part in alleviating the skills shortage in South Africa," said Dion Miller, Northlink program manager.

"Chevron is a reputable organization in the industry, so the people who participate in the skills development initiatives become extremely marketable and sought after once they exit the programs," said Adriaanse. "Once gainfully employed, learners can provide for themselves without having to rely on others. They are now able to support their families, and their earnings are plowed back into the community in which they reside." ■

A group of students in white t-shirts are gathered around a table in a classroom, working on solar-powered robotic cars. The cars are blue and green, with solar panels on top. The students are looking at the cars with interest and excitement.

California, United States: Partnerships That Inspire

Our investment in science, technology, engineering and math (STEM) education is an investment in California's economic future.

**\$100
million**

is the approximate amount Chevron invested in education in the U.S. from 2009 to 2011

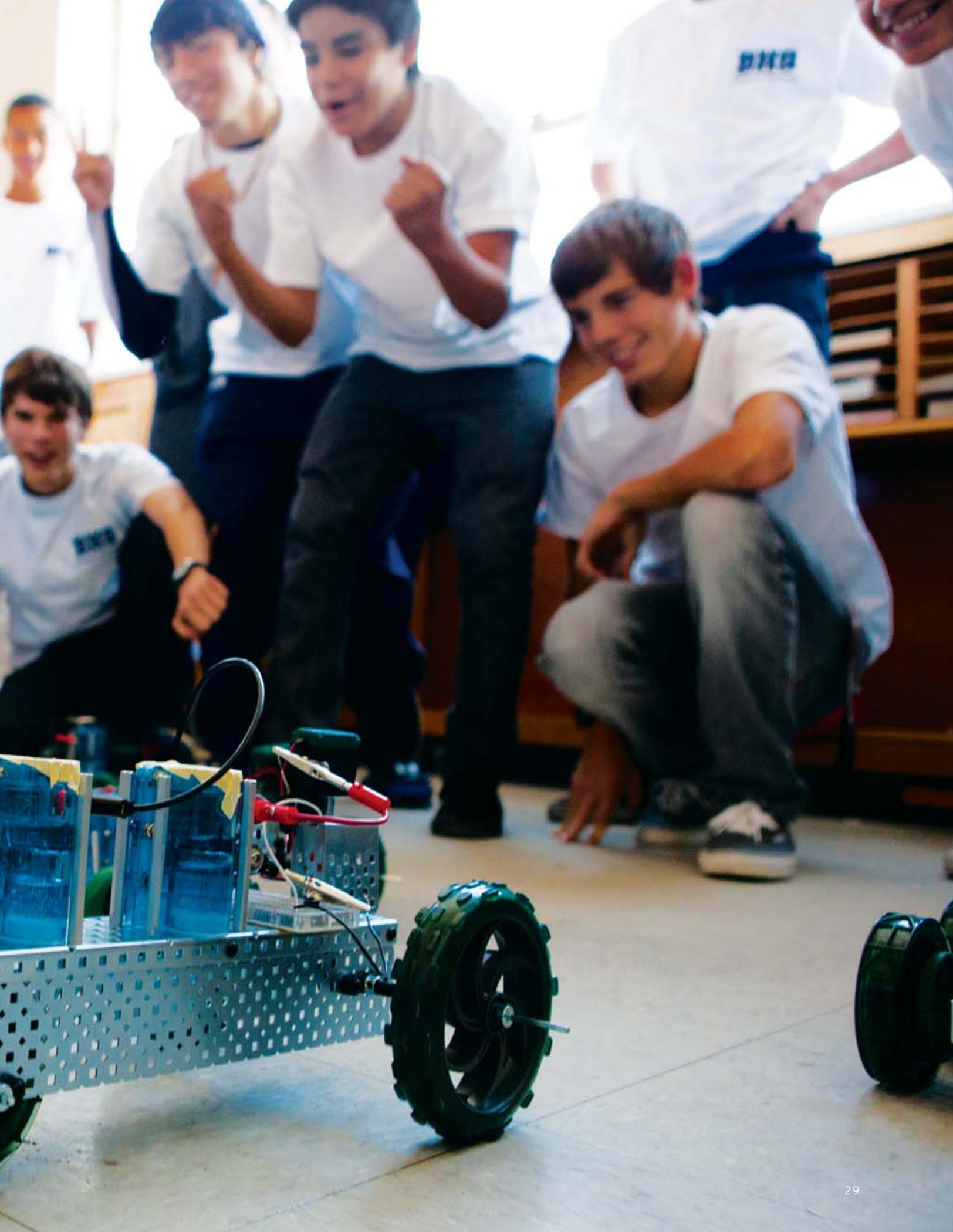
528,000

California students were reached by Chevron-supported STEM programs over the past two years

6,600

teachers benefited from Chevron-funded programs over the past two years

Sophomore students at Bakersfield High School in California cheer for their respective solar-powered, hydrogen-fuel-cell robotic cars in a test of the cars' effectiveness and speed. Through Chevron's partnership with Project Lead The Way, students apply academic engineering and technology concepts in real-world ways.





Above, top: During Chevron Engineering Camp in Bakersfield, California, students observe the water rockets that were launched to measure specific laws of physics, such as trajectory and velocity.

Bottom: Co-presenting sponsors Chevron and the University of California, San Francisco, supported more than a hundred events at the first weeklong, Bay Area-wide Science Festival.

After Bricen launched the rudimentary rocket he had built at Chevron Engineering Camp, the Fruitvale Junior High School student from Kern County, California, thrust his arms skyward in triumph.

“It went really good, better than I had expected,” he said with a smile. “At first the parachute wasn’t going to come out, but right at the last second, it came out and floated down really fast.”

The rocket launch was the culmination of a weeklong program involving local teachers and Chevron volunteers to generate excitement among young people about science, technology, engineering and math – collectively referred to as STEM. It is one example of how our investments in California’s future are producing results.

Partnering With Higher Education

Chevron’s University Partnership Program (UPP) works with colleges and universities around the world to provide scholarships, grants and departmental support. UPP funds faculty positions, builds labs, and helps its partners attract and develop talented students and teachers.

Our partnerships include an emphasis on engineering programs at schools such as the University of California, Davis (UC Davis), where Jim Davis, president of Chevron Energy Solutions Co., serves on the board of the university’s Energy Efficiency Center. In

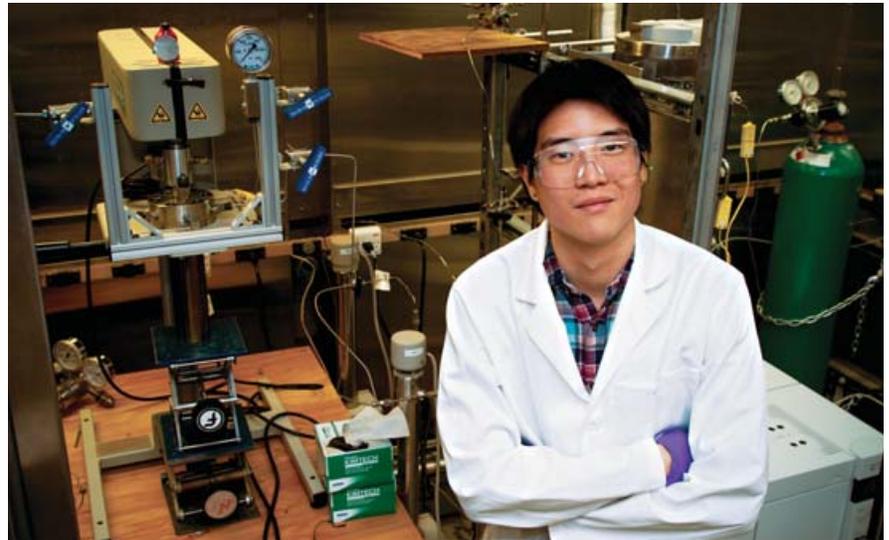
addition to yearly support reaching up to \$500,000, Chevron also provided a \$2.5 million endowment for a permanent energy efficiency chair to run the center.

“Chevron has been a critical partner in helping UC Davis attract and retain more students in STEM fields,” said Enrique Lavernia, dean of UC Davis College of Engineering. “They provide internship and job opportunities for our graduates. Their staff make frequent visits to campus, participating in employment and professional development opportunities, helping our students recognize the

real-world potential of their academic work.”

In the past five years, Chevron has hired 500 full-time employees and another 500 interns from California universities. Eighty percent of those hires were in the fields of science, technology, engineering and math – the STEM subjects. For us, supporting STEM is a business imperative.

Below: UC Davis doctoral candidate Tarit Nimmanwudipong studies the high-pressure reactor system in the catalysis research laboratory. The equipment is partially funded by Chevron.



Headquartered in California, Chevron is the state’s largest company and a critical driver of its economy. In California, we employ approximately 10,000 people full time. For every job we create, nearly six more jobs result, either directly related to the energy business or in other services.

We understand that the most important source of energy here is our people. Few factors are more critical to California’s – and Chevron’s – ability to compete in the global economy than nurturing talent in STEM. We recognize that education is a basic building block that contributes

to economic development and sustained prosperity.

“The most important challenge for California’s economy over the long term is making sure we create our own indigenous STEM human capital inside the state,” said Ross DeVol, chief economist with the Milken Institute, a California-based economic think tank. “That’s why programs like the ones Chevron funds are critically important.”

The need to invest in STEM education is growing across the United States. The U.S. Bureau of Labor Statistics projects that 15 of the 20 fastest-growing occupations in 2014 will require science or math knowledge. California matches that statistic for the 50 fastest-growing occupations. At the same time, the state ranks below the national average in per-student spending, has the highest number of students per teacher, and placed 47th out of 50 states in math scores among eighth-grade students.

In the United States, Chevron invested nearly \$100 million in education over the past three years alone. In California, more than half a million students and 6,600 teachers benefited from Chevron-funded STEM education programs in the past two years, including professional development programs for nearly 1,000 teachers. Our support also helped nonprofits introduce new STEM curriculum and hundreds of new STEM activities and programs into California’s public schools, and provided some 13,000 new STEM resources for students, including scholarships, science and robotics kits, computers, and lab equipment.

“We’re working to cultivate the next generation of mathematicians, scientists and innovators by forming partnerships, harnessing the power of human capital and implementing new approaches,” said Linda Padon,

Social Investment

Across our operations, we work with our stakeholders, building long-term partnerships that foster economic development and lasting benefits to communities.

The three main focus areas of our social investments are education, health and economic development. All three are key to improving the quality of life. The following are a few examples.

- Chevron’s Energy for Learning program has reached the educational lives of thousands of children and adults world-wide. We support education and training programs in China, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, South Africa, Thailand, the United Kingdom and the United States.
- In the area of health, Chevron has pledged \$20 million over five years to a global plan to eliminate mother-to-child transmission of HIV, taking our commitment to the fight against HIV/AIDS and our partnership with the Global Fund to Fight AIDS, Tuberculosis and Malaria to a new level. We support awareness, prevention, testing and treatment programs in Angola, Indonesia, Nigeria, the Philippines, South Africa and Thailand.
- In 2011, we initiated a five-year social investment program to support the people of Liberia.

The Chevron-Liberia Economic Development Initiative is designed to deliver sustainable benefits to women, children and youth through education, enterprise development and health. By year-end, we had helped fund 36 projects in hospitals, vocational training centers, schools and communities.

Chevron placed in the Top 10 in *Fortune* magazine’s March 2012 list of companies most admired for social responsibility, and first among its peers in the petroleum refining industry.

Social Investment Spending
In millions



Visit Chevron.com/SocialInvestment.

general manager of Corporate Public Policy for Chevron.

Supporting Nonprofit Organizations

In 2009, we created the California Partnership, an ongoing initiative to invest in economic development and STEM education, with a focus on underserved communities where we have operations across our home state. Nonprofit organizations and multiple public school districts across California benefit. Organizations that are selected to participate have demonstrated innovative approaches with proven track records for delivering economic and educational benefits to those in need.

One of the organizations we support within California and other U.S. states is Project Lead The Way, a national provider of rigorous STEM education for middle school and high school students. In California, the Project Lead The Way program has grown by about 35 percent in each of the past three years and now serves more than 30,000 students in 276 schools and 115 school districts.

“Ninety percent of students with experience in Project Lead The Way who enter a four-year engineering program graduate, whereas that rate is 50 percent for those who do not,” said Project Lead The Way’s Bruce Westermo. “Our partnership with Chevron works to increase the number and quality of engineers and technologists.”

Chevron supports Project Lead The Way in regions near company facilities in Bakersfield, El Segundo, Sacramento, Richmond and other parts of California. We invested in an expansion of Project Lead The Way curriculum from one school to eight schools near our Bakersfield facility in Kern County, benefiting nearly 700 students.

In California alone,
1.1 million
STEM-related
jobs will need to be
filled by 2018



Above: To interest students in engineering, Chevron facilities engineer Brande Hubbard explains how the skills the students learn in design and construction relate to her job at Chevron.

▶ Watch students build robotic cars at Chevron.com/CR2011/California.

At the heart of our efforts in California is a focus on multisector partnerships to improve STEM education. Chevron provides funding for the Young Innovators Club in Kern County. The after-school program is a collaboration between Taft College and Lincoln Junior High School that reinforces STEM concepts students learn in Project Lead The Way classes. Students use computer software for 3-D modeling; build robots and airplanes; and learn about energy, the environment and physics. Teachers at Lincoln have access to extra classroom resources thanks to Chevron’s statewide partnership with the online nonprofit DonorsChoose.org.

Inspiring Students Through Hands-on Experience

In Richmond, California, our California Partnership has brought new hands-on learning opportunities to students. Richmond High School used Chevron funding to introduce Project Lead The Way curriculum to their Engineering Academy. The city of Richmond, the West Contra Costa Unified School District and Chevron also collaborated to fund and install a computer lab at the school to support Project Lead The Way activities.

Bruce Harter, the West Contra Costa superintendent of schools, noted, “This computer lab is a great example of how the public and private sectors can work and cooperate with each other to have a huge impact on people’s lives. It will feed a real hunger among many of our students for advanced classes and training.”

We also invest in Richmond High School’s after-school robotics program. Students in the program participate in national competitions. At the 2011 Bay Area Science Festival, the students showcased Chompy the Robot to more than 15,000 visitors at the Chevron Exploration Village.

Beyond Chevron’s financial investments in education, the company matches employees’ contributions to nonprofits, and employees volunteer to help students through Chevron Humankind, our U.S. employee and retiree giving and volunteer program.

Chevron automation engineer Brandon Carey volunteers on STEM programs in Bakersfield. “I’m excited to get engaged with the younger students and get those individuals to see how fun it is to be involved in this type of work. Early engagement helps prepare them to be of great value to the community.” ■

Executive Interview



Joe Laymon
Vice President for Human Resources,
Medical and Security

What human resource challenges does Chevron face?

One of our challenges is getting people with the right skills in the right place at the right time.

The people who design and run the engineering marvels that bring us energy have one thing in common – they're strong in science, technology, engineering and math (STEM) skills. So it's a business imperative that we're dedicated to creating a pipeline for hiring and nurturing people with such talent.

Over the past five years, we've hired an average of 5,000 people a year, most of whom have been hired outside the United States. Once they're on board, we continue developing their experience and technical skills.

But our need for human capital requires us to look beyond our company and to our communities. Wherever we operate, we actively focus on the kind of education – the STEM subjects – that most directly leads to the highly skilled workers who help our business grow and prosper.

What will help meet this challenge?

Recent studies highlight that the success of STEM education will determine whether a country will have the needed technical capacity to meet challenges in areas such as energy, health, environmental protection and national security.

A healthy STEM education pipeline spanning preschool through higher education is critical to producing a workforce that can compete in the global marketplace. It will train the future scientists, engineers, mathematicians and innovators needed to develop ideas and products, and help improve economic standing.

These STEM workers will continue to be a vital part of all countries' economies.

How is Chevron addressing this challenge?

We believe three things are critical to advance STEM education.

First, we must work together through collaborative partnerships, such as our partnership with Project Lead The Way, which encourages the development of problem-solving skills, critical thinking, and creative reasoning through a rigorous STEM curriculum in middle and high schools.

Second, we believe in the power of human capital. In our partnership with Techbridge, a U.S. nonprofit that encourages young women to study science and engineering, Chevron employees serve as role models. We also help provide after-school and summer science curriculum.

Third, we believe in coordinated, integrated approaches. Chevron works across sectors – with nonprofits, governmental organizations, universities and regional forums – to increase STEM education opportunities for young people. We recognize that students, parents, businesses and government all have roles to play.

Nigeria: Transformative Investments

Multistakeholder partnerships are at the heart of our innovative, socioeconomic investment models in the Niger Delta.

Nigeria's complex socioeconomic challenges are as diverse as its coastal plains, tropical forests and rugged highlands. Chevron has been operating in Africa's most populous country for 50 years. During this time, we have forged successful partnerships and given support to address the problems of social instability, poverty and disease that have gripped the Niger Delta region, where we conduct the bulk of our operations in the country.

One of our longstanding social investments in the Niger Delta is our Global Memorandum of Understanding (GMOU) program with local communities. The GMOUs were initiated in 2005 to give communities greater roles in the management of their own development through the collective setting of priorities, identification of employment and contracting opportunities, and management of conflict.

Since their inception, the GMOUs we signed with eight Regional Development Committees (RDCs) in the Niger Delta have delivered

more than 200 projects in 425 communities, villages and chiefdoms, and have benefited some 850,000 people. Partnering with local non-governmental organizations has been essential in providing technical assistance and helping resolve conflicts in the communities. Through these participatory partnerships, Chevron has sponsored workshops on financial management, government budgeting, lobbying processes and community relations to improve the RDCs' effectiveness.

Raphael Nomiye, a leader of the Ilaje RDC, in a coastal area where many energy companies operate, said the GMOU process helped community leaders complete 30 projects in 2011, which was "in line with our cardinal objective to stimulate sustainable development in the Ilaje land." He pointed to microcredit lending as key for local business opportunities. "Many of those who could not meet the requirements for loans from commercial banks have benefited to improve their business or start up new ones," he said. The RDCs

have provided loans to 2,000 individuals in the Niger Delta region.

Along Nigeria's southwestern coast, our Escravos Gas-to-Liquids (EGTL) plant under construction is designed to produce cleaner-burning diesel fuel, liquefied petroleum gas and naphtha from natural gas. With a high rate of unemployment in the Delta, the EGTL project provides an opportunity for economic progress and job growth.

"We approached our GMOU communities to seek capable local suppliers and provide training," said Mick Kraly, EGTL project manager. "I've seen huge changes in confidence and capabilities in these companies, some of which went from a few employees to hundreds."

To date, more than 10,000 Nigerians, mostly from the Delta, have jobs at EGTL and were trained in international safety standards. More than 1,500 purchase orders have been placed with Nigerian vendors, and 500 contract companies are involved in EGTL. One of those companies is Biloritz Nigeria Ltd.,



90%

of Chevron's workforce in Nigeria are nationals

850,000

people have benefited from Global Memorandums of Understanding between Chevron, communities and state governments

\$50 million

is the amount Chevron pledged to the Niger Delta Partnership Initiative over five years

Preye Naiboken is a trader from Bayelsa State in the Niger Delta. She buys fresh fish from local fishermen, dries the fish and sells them alongside the road.



Above: Youths in Edo State operate a fish farm that hatches and grows catfish. Family members and friends provided initial startup capital, and PIND provided a water well and storage tank. Now the youths support themselves through their business.

▶ Watch a video about the NDPI at Chevron.com/CR2011/Nigeria.

Learning From the Angola Partnership Initiative

The NDPI/PIND model has roots of success in Angola. To help rebuild Angola after years of civil war, Chevron's pioneering work on the Angola Partnership Initiative began in 2002 in collaboration with international aid agencies, such as USAID and the United Nations Development Programme.

The Angola Partnership Initiative focused on development programs that sought stability and growth in the areas most affected by conflict, rather than on Chevron's business interests and operational areas. Together with our partners, we generated innovative results.

For example, we helped fund the establishment of Angola's first microfinance bank and subsidized improvements in commercial agriculture, such as a vegetable cooperative that grew into a sustainable enterprise that needed no subsidies.

a piping and engineering company that went from 46 employees in 2009 to 224 today.

"It takes a lot of work to build these relationships," said Kraly, "but once you get there, it's very special. The GMOU process builds hope, peace and a sustainable way of doing things."

NDPI: Moving Beyond Our Operations
Building on our foundation of participatory partnerships in Nigeria, in 2010 we launched the Niger Delta Partnership Initiative (NDPI) and announced our five-year, \$50 million endowment.

The NDPI involves a multisector commitment with local and international partners. It broadens our involvement because it addresses regional economic development outside our areas of operation.

"The approach is unique in that it not only addresses social and economic problems in the Niger Delta but also analyzes them to understand their root causes and identify sustainable solutions," said Chevron's Dennis Flemming, who has worked for 25 years on socioeconomic development programs in developing countries.

Two foundations were created to support this goal. The NDPI Foundation was established in the United States to coordinate development-project funding, while the Foundation for Partnership Initiatives in the Niger Delta (PIND) is in Nigeria and actively engages in the design, development and monitoring of the programs funded by the NDPI and other donor partners.

According to Bill Grant, an economic development specialist with Development Alternatives Inc., the NDPI's efforts recognize that there cannot be meaningful change in the Niger Delta without the creation of a more enabling and peaceful environment for economic growth.

"These socioeconomic challenges are complex," said Grant, "and require an understanding of how all the elements fit together. NDPI uses market-development thinking as its underlying strategy to drive economic growth. This is all supported by analyzing what is – and is not – working and building advocacy to drive the changes. By building a constituency of local partners interested in the same objectives, the approach is pragmatic and generates ownership and a common understanding of the challenges and the solutions."

The NDPI quickly generated interest among the international donor community. In February 2011, the U.S. Agency for International Development (USAID) committed \$25 million to jointly support a number of NDPI projects.

"The United States government, through USAID, is committed to working with the private sector in Nigeria to establish innovative and dynamic partnerships to promote socioeconomic development in the Niger Delta region, foster peace and stability, and improve the quality of life for residents," said Ray Kirkland, USAID's former mission



Above: Silva Ikpire from Rivers State earns a living by weaving palm fronds into products for fishing, which she sells to local fishermen.

director for Nigeria, during the signing of the agreement between the NDPI and USAID.

In 2011, the NDPI, along with the United Kingdom's Department for International Development and the German International Cooperation Agency (GIZ), analyzed potential high-growth commodities in the Delta, resulting in the identification of cassava, palm oil and farm-raised catfish as sectors having strong development potential. Analysis of the commodity value chains identified opportunities to address constraints on market development within those sectors. Initial pilot interventions are focusing on fish-farming associations and cooperatives operating from a cluster of more than 3,600 ponds in Ekpan, Delta State.

The NDPI intends to expand its network of organizations, businesses and consultants promoting economic development in the Niger Delta. PIND has awarded more than \$350,000 in small grants to local civil-society organizations and partnered with GIZ to train 42 individuals from Edo and Delta States as trainers in enterprise formation.

Professor Obafemi Ajibola is a member of the PIND board of trustees and CEO of the New Nigeria Foundation, a nonprofit organization that encourages sustainable development. He believes the NDPI approach can succeed "because it identifies and deals with the systemic constraints faced by many economically active poor persons, thus encouraging creative market solutions." ■

Diversity

The richness of our cultural diversity enhances our work environment.

Chevron operates in many countries, with different cultures and people. Having a workforce that is rich in diversity is essential.

We have made considerable progress in nationalizing our overall workforce. More than 90 percent of our workforce comprises nationals working in their home countries. We also track our progress in increasing the diversity of our senior-level leaders. In 2011, women and non-Caucasian men accounted for 27.5 percent of senior executives.

To support our values of diversity and inclusion, approximately 25,000 Chevron employees are members of employee networks – defined by gender, race, national origin, age, disability or sexual orientation – that foster communication among employees and cultivate links with communities.

We strive to expand relationships with minority and women suppliers. In 2011, we spent \$833.4 million with women- and minority-owned businesses in the United States. We spent more than \$2.1 billion on goods and services from U.S.-based small businesses.

Please visit Chevron.com/Diversity.

Progress Update

In 2011, we reached milestones in many of our operations and communities. Following are a few examples from regions covered in our previous reports.



In September 2011, students of the first graduating class at Politeknik Aceh celebrated. The polytechnic university awards degrees in applied engineering and technology fields. From left are graduates Cut Fitri Saumi, Al Mukhyar and Uci Zulfira Rahayu.

Indonesia

Politeknik Aceh graduated its first 140 students in September 2011. The polytechnic university was built by Chevron and its partners as part of the Chevron Aceh Recovery Initiative that followed the 2004 tsunami. Currently, 540 students are learning about mechatronics, industrial electronics engineering, accounting and other subjects that support long-term economic growth in Aceh.

In line with our commitment to support the education of Indonesia's youth, we designed the Chevron Earthquake Recovery Initiative in 2009 to rebuild educational facilities destroyed by the earthquakes. With \$1.8 million from employee donations and company funds, Chevron worked with the central government, local governments, nongovernmental organizations, civil society and school committees to restore and rebuild two schools in West Sumatra and another two schools in Sukabumi and Garut regencies, where Chevron has its Darajat and Salak geothermal operations. The buildings were designed to resist earthquakes, and the Padang Vocational High School can function as shelter for 2,200 people in case of a tsunami.



Australia

We're setting a new benchmark in the management of biosecurity risks through our quarantine management system on Barrow Island, home of the Gorgon liquefied natural gas project. Effective quarantine management is at the core of our commitment to safeguarding Barrow Island's unique species. The Western Australian Environmental Protection Authority has acknowledged that our system is likely to be the world's best practice. The system was developed with help from independent experts and applies innovative engineering solutions to ecological challenges.

We are also playing an important role in the large-scale demonstration of greenhouse gas storage technology through our Gorgon CO₂-injection project, an investment of approximately \$2.1 billion. We plan to separate CO₂, which occurs naturally in the Gorgon produced gas, and inject it into a deep containment reservoir 1.6 miles (2.6 km) beneath Barrow Island. The project has received support from many sectors and groups, including recognition from the international Carbon Sequestration Leadership Forum. The Australian government has also committed approximately \$62.7 million to the Gorgon Project as part of the Low Emissions Technology Demonstration Fund.

U.S. Gulf of Mexico

The drilling activity that had begun in March 2010 at the Moccasin prospect in the U.S. Gulf of Mexico was stopped that June, when the U.S. government imposed a moratorium on deepwater drilling in the Gulf. In March 2011, we were issued a deepwater permit by the U.S. Bureau of Ocean Energy Management, Regulation and Enforcement to resume drilling the Moccasin exploration well. In September, we announced a new oil discovery at the prospect.

Since the BP Macondo well incident, we have reviewed our processes, procedures and well-control contingency plans at our drilling operations worldwide to confirm our ability to operate safely and respond to any unforeseen incidents. Chevron is one of the sponsor companies of the Marine Well Containment Co. (MWCC), a nonprofit, independent organization committed to improving response capabilities for containing deepwater well-control incidents in the U.S. Gulf of Mexico. MWCC developed an interim oil-spill containment system that became available for use in February 2011.

Kazakhstan

As Kazakhstan celebrated its 20th anniversary of independence in 2011, Chevron continued to support new initiatives in the country. In addition to helping develop innovative projects in vocational training and earthquake preparedness for Almaty citizens, Chevron signed a partnership agreement with Nazarbayev University in the country's capital city, Astana, to provide funds to the Center for Energy Research for studies in energy, the environment and sustainable development, and to provide the Social Development Fund to support young researchers. Since its operations began in 1993, the Chevron-led joint-venture Tengizchevroil has invested \$700 million to fund social programs in the Atyrau region for its workforce and the community.

Angola

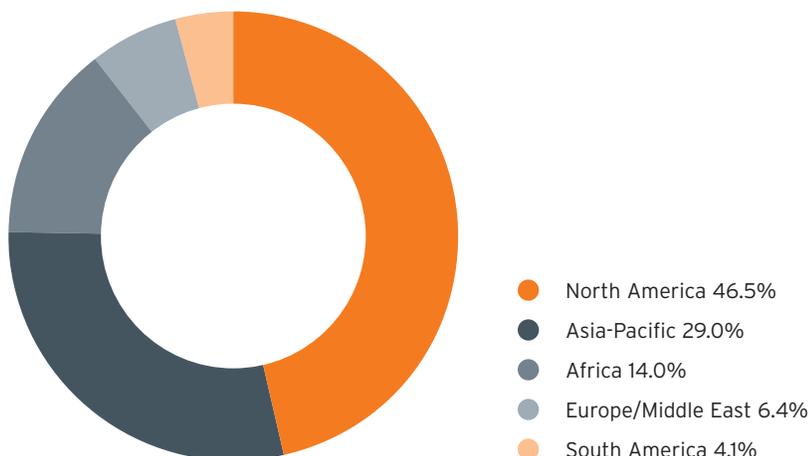
In 2011, we partnered with the Baylor College of Medicine, Texas Children's Hospital and the Republic of Angola on two health initiatives. Chevron has committed \$4 million over four years to support the Angola Sickle Cell Initiative, the country's first comprehensive sickle cell treatment program. Of the more than 6,000 babies who were screened in 2011, 85 were identified as having the disease and will receive treatment before they manifest symptoms. We also announced a \$6 million, five-year agreement to expand Texas Children's Hospital's Global Health Corps program, which provides lifesaving pediatric health care and treatment to medically underserved populations in Angola and Liberia.

Additional Information and Data

At Chevron, how we work is as important as what we do. Our success is driven by our people and their commitment to deliver reliable and affordable energy the right way – by operating responsibly, applying innovative technologies and performing with excellence.

Global Geographic Breakdown of Employees at Year-End 2011

At year-end 2011, Chevron's worldwide employee staffing was 57,376 (excluding 3,813 service station employees). This represents a decrease of 1.5 percent over the previous year. U.S. workers numbered 26,525, and approximately 11.2 percent were represented by unions.



33%

is the amount Chevron has reduced flaring and venting in operations since 2003

57,376

employees worked for Chevron at year-end 2011

100%

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

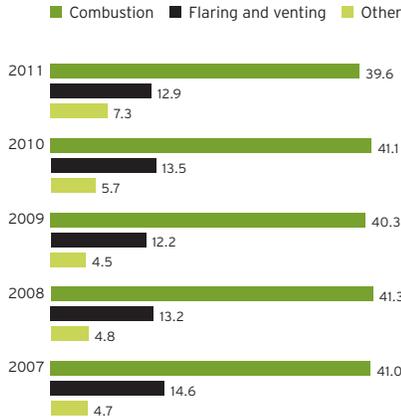
The generators behind operator Rashed Al-Yami create steam at the Wafra large-scale steam-flood project for the Saudi Arabian Chevron-Kuwait Gulf Oil Co. The joint operations in the onshore Partitioned Zone lie between Saudi Arabia and Kuwait.



Performance Data

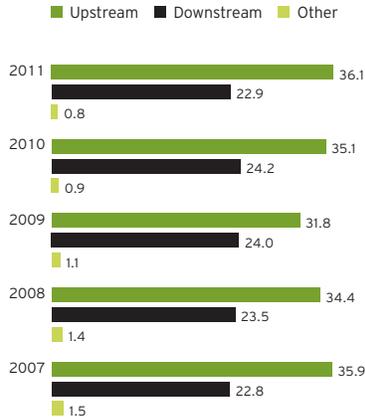
GHG Emissions by Source¹

Millions of metric tons of CO₂ equivalent



GHG Emissions by Sector¹

Millions of metric tons of CO₂ equivalent



Total GHG Emissions by Type^{1,2}

Millions of metric tons of CO₂ equivalent

	Direct	Indirect	Grid Credits	Net
2011	61.6	-1.8	0.0	59.8
2010	63.1	-2.9	0.0	60.2
2009	60.3	-2.4	-0.9	57.0
2008	62.7	-2.4	-1.0	59.3
2007	63.7	-2.9	-0.5	60.3

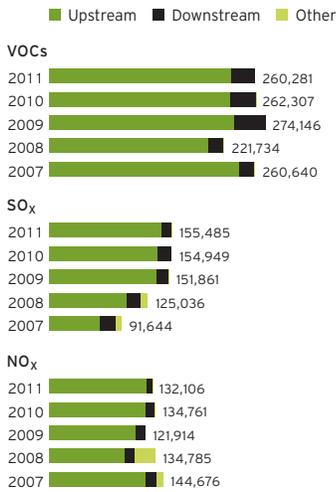
Energy Performance³

Percentage improvement since 1992 baseline



Air Emissions^{4,5}

Metric tons



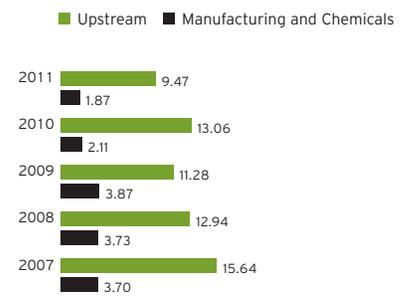
Air Emissions by Sector^{4,5}

Metric tons

		Upstream	Downstream	Other
VOCs	2011	230,107	30,148	26
	2010	229,113	33,174	21
	2009	234,243	39,871	32
	2008	201,209	18,648	1,878
	2007	240,716	18,788	1,136
SO _x	2011	141,601	13,849	35
	2010	137,005	17,902	42
	2009	135,393	16,339	130
	2008	97,731	18,496	8,810
	2007	63,223	20,451	7,970
NO _x	2011	122,781	8,373	952
	2010	121,627	12,155	979
	2009	109,320	12,453	142
	2008	95,717	12,282	26,785
	2007	121,378	14,041	9,257

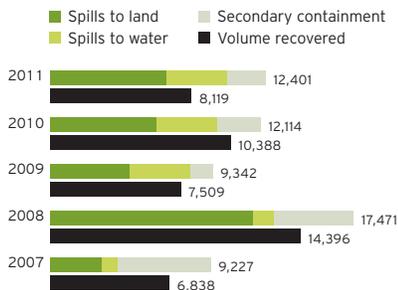
Average Oil Concentration in Discharges to Water⁶

Parts per million



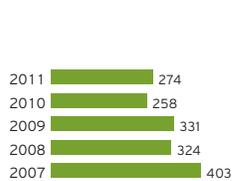
Petroleum Spills^{7,8}

Volume in barrels



Petroleum Spills⁸

Number of spills



Fines and Settlements⁹

Number of environmental, health and safety fines and settlements

YEAR	07	08	09	10	11
Total number	684	564	460	524	185

Footnotes are on page 45.

Greenhouse Gas Emissions

At Chevron, we are taking significant steps to address greenhouse gases (GHGs). The use of fossil fuels to meet the world's energy needs contributes to an increase in GHGs – mainly carbon dioxide (CO₂) and methane – in Earth's atmosphere. We made a long-term commitment to improve energy efficiency in our day-to-day activities, which will help us manage our carbon emissions. We inventory our emissions and use innovative technologies to continually improve the efficiency of energy use in our operations. We also assess GHG emissions in our capital projects.

For the sixth time since 2004, the Carbon Disclosure Project has featured us in their Leadership Index as an industry leader in disclosing GHG emissions management information. A score of 86 reflects our good, transparent data management and understanding of GHG management issues.

In 2011, emissions were 59.8 million metric tons of CO₂ equivalent, meeting our goal of 60.0 million tons.

Our emissions goal for 2012 is 60.5 million metric tons of CO₂ equivalent. Normal production levels and emissions are expected to resume in areas where disruptions and maintenance occurred in 2011, and emissions are expected from new facilities and facility expansions coming online in 2012. We will seek emissions reductions through energy efficiency improvements and reduced flaring and venting.

Combustion of our products resulted in emissions of approximately 396 million metric tons of CO₂ in 2011, approximately 5 percent less than the 418 million metric tons emitted in 2010. More details on flaring reduction and products combustion are provided in footnote 1 on page 45.

Greenhouse Gas Emissions Intensity

Our 2011 GHG emissions intensity was 34.9 metric tons of CO₂ equivalent per 1,000 barrels of Upstream operations net oil-equivalent production, up from 32.9 metric tons in 2010. Our Downstream intensity was 36.8 metric tons of CO₂ equivalent per 1,000 barrels crude oil refinery feed, up from 35.4 in 2010.

Air Emissions

2011 volatile organic compound (VOC) air emissions are estimated at similar levels to previous years.

2011 sulfur oxides (SO_x) emissions are at similar levels to 2010 and 2009. Changes in SO_x emissions over the years

are due to changes in sour gas production from a maturing Saudi Arabia/Partitioned Zone (SA/PZ) reservoir, and improved estimates of gas production and SA/PZ flare gas.

2011 nitrogen oxides (NO_x) emissions are lower than in 2010 due to the divestment of the Pembroke Refinery and a revised Hawaii Refinery estimate from source testing.

Oil Discharges to Water

In 2011, Chevron discharged 1,574 metric tons of oil to surface water, 31 percent less than in 2010. The chart on page 42 shows reduced oil concentration in water discharges for Upstream and Gas and for Manufacturing and Chemicals. The Upstream and Gas average oil concentration in discharges to water decreased in 2011 mainly due to improvements in Sumatra. The Manufacturing and Chemicals average oil concentration in discharges to water decreased due to the divestment of the Pembroke Refinery, improved El Segundo Refinery effluent-treatment system performance, and seasonal rainfall variation.

Hazardous Waste

The 2011 hazardous waste generated was 1.01 million metric tons, a decrease from the 1.10 million metric tons reported for 2010. This reduction is attributed to Manufacturing, where generation decreased due to decreased disposal of contaminated refinery soil, reporting changes to align with regulatory requirements, and the divestment of the Pembroke Refinery. The 2011 hazardous waste disposed of was 520,733 metric tons. The 2011 amount that was recycled, reused and recovered was 509,097 metric tons.

Petroleum Spills

We continually review and improve systems to prevent spills. In 2011, 274 petroleum spills released 12,401 barrels, a slight increase compared with 12,114 barrels released by 258 spills in 2010. Approximately 18 percent, or 2,236 barrels, of the total volume was spilled to secondary containment in 2011. Compared with 2005, there were 40 percent fewer spills, and spill volume was reduced by 70 percent.

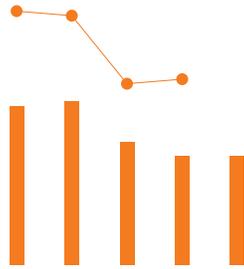
Fines and Settlements⁹

2011 environmental fines and settlements were \$89.4 million. This represents 3.32 percent of Chevron's total 2011 environmental expenditures.

Performance Data

Total Recordable Incident Rate¹⁰

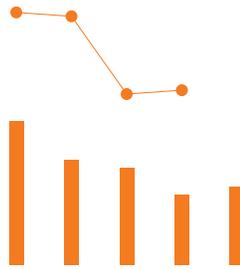
Incidents per 200,000 work hours



YEAR	07	08	09	10	11
Workforce	0.35	0.36	0.27	0.24	0.24
Benchmark	0.56	0.55	0.40	0.41	N/A
Employees	0.40	0.31	0.32	0.22	0.22
Benchmark	0.49	0.47	0.42	0.33	N/A
Contractors	0.34	0.37	0.26	0.24	0.24
Benchmark	0.61	0.59	0.39	0.45	N/A

Lost-Time Incident Frequency¹⁰

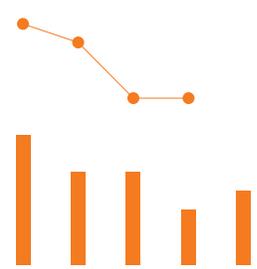
Days Away From Work incidents and fatalities per million work hours



YEAR	07	08	09	10	11
Workforce	0.37	0.27	0.25	0.18	0.20
Benchmark	0.65	0.64	0.44	0.45	N/A
Employees	0.48	0.33	0.33	0.17	0.29
Benchmark	0.57	0.57	0.52	0.44	N/A
Contractors	0.33	0.25	0.23	0.19	0.12
Benchmark	0.71	0.67	0.39	0.46	N/A

Days Away From Work Rate¹⁰

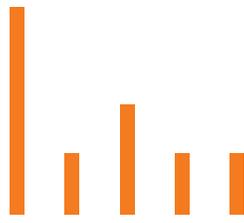
Incidents per 200,000 work hours



YEAR	07	08	09	10	11
Workforce	0.07	0.05	0.05	0.03	0.04
Benchmark	0.13	0.12	0.09	0.09	N/A
Employees	0.09	0.07	0.07	0.03	0.06
Benchmark	0.11	0.11	0.10	0.08	N/A
Contractors	0.06	0.05	0.04	0.03	0.03
Benchmark	0.14	0.13	0.07	0.09	N/A

Work-Related Fatalities

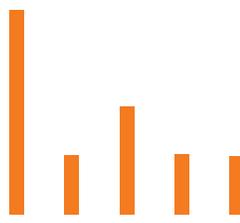
Number of fatalities



YEAR	07	08	09	10	11
Workforce	17	5	9	5	5
Employees	3	0	0	0	1
Contractors	14	5	9	5	4

Work-Related Fatal Accident Rate

Work-related employee or contractor fatalities per 100 million work hours



YEAR	07	08	09	10	11
Workforce	3.50	1.01	1.85	1.03	0.99
Employees	2.27	0.00	0.00	0.00	0.79
Contractors	3.96	1.40	2.54	1.40	1.05

Work-Related Fatal Incident Rate

Work-related incidents that led to at least one employee or contractor fatality per 100 million work hours



YEAR	07	08	09	10	11
Workforce	1.85	1.01	1.85	0.83	0.39
Employees	1.51	0.00	0.00	0.00	0.79
Contractors	1.98	1.40	2.54	1.12	0.26

Global Diversity

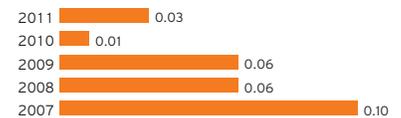
YEAR	10	11
Women in total workforce	23.1%	23.4%
Women represented at midlevel and above	11.8%	12.4%
Women and non-Caucasian men represented at senior executive levels	27.0%	27.5%

U.S. Equal Employment Opportunity Commission Statistics

YEAR	08	09	10	11
Minorities among total employees	35.3%	34.9%	35.4%	35.9%
Women among total employees	29.2%	28.9%	29.3%	29.3%
Minorities among executives and senior managers	11.0%	11.2%	11.1%	11.6%
Minorities among first- and midlevel managers	26.9%	27.5%	27.4%	27.7%
Women among executives and senior managers	15.0%	14.4%	15.3%	16.3%
Women among first- and midlevel managers	24.7%	27.4%	26.9%	27.4%
Minorities among professionals	30.6%	31.4%	31.7%	31.8%
Women among professionals	32.4%	32.4%	32.8%	32.2%

Motor Vehicle Safety¹¹

Company vehicle incidents per million miles driven



Footnotes are on page 45.

Process Safety¹²

In 2011, there were 92 loss-of-primary-containment incidents of significance (ANSI/API Recommended Practice 754 Tier 1) across the company, compared with 95 incidents in 2010. Of the 92 incidents, 63 occurred in Upstream and 29 in Downstream, which includes Manufacturing and Chemicals.

Notes to pages 42 and 43

1 Chevron continues to use the upgraded GHG and energy reporting system (CGERS), improved by adding reporting mechanisms for electronic reporting to the U.S. Environmental Protection Agency.

The 2010 emissions were restated to 60.2 metric tons of CO₂ equivalent, as several business units improved their data collection and accuracy, especially in the United States, where GHG emissions reporting became mandatory.

Increased production, new operations and increased flaring due to a disruption of operations in Angola drove some of the emissions increases. The Pascagoula Refinery and the Yeosu Refinery increased production, which increased their emissions. Production changes in Canadian Upstream interests also drove emissions increases. At the same time, the increased emissions were more than offset by decreases in emissions due to the divestment of the Pembroke Refinery and the North River Mine (U.S.), improvements in Chevron Shipping fleet efficiency, and decreased production at the El Segundo Refinery.

Chevron calculates product emissions based on total 2011 Upstream liquids, gas and coal production. The emissions factors used are from the American Petroleum Institute's *Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry* (2004, 2009). Based on the International Energy Agency's (IEA's) *Key World Energy Statistics* (2011), these emissions represent 1.3 percent of global CO₂ emissions from fossil fuels. This amount is lower than the 1.7 percent of global CO₂ emissions estimated in 2002.

The IEA's *Key World Energy Statistics* (2011) indicates 28,999 million metric tons of CO₂ from fossil fuel emissions. Chevron divides its products combustion number by 28,999 million to obtain its percentage of 1.3 percent.

Chevron participates in the Global Gas Flaring Reduction Partnership. Since 2003, we reduced flaring and venting by 33 percent (operated basis). In Nigeria and Angola (85 percent of Upstream flaring), we plan to reduce flaring and venting by 50 percent by 2014.

The 2011 flaring and venting emissions are based on flare gas volume of 898 million cubic feet per day plus venting of gas in CO₂ equivalent, which is 6 percent higher than in 2010. The increased flaring in 2011 is due to a disruption of operations in Upstream Angola.

Chevron's GHG emissions data are reported on an equity basis for all businesses in which Chevron has an interest, except as noted below. The following entities are not currently included in the Chevron corporate GHG inventory: Chevron Phillips Chemical Co. LLC, the Caspian Pipeline Consortium, the Chad-Cameroon pipeline joint venture, Caltex Australia Ltd.'s Lytton and Kurnell refineries, and other refineries in which Chevron has an equity interest of 16 percent or less. These are entities over which Chevron does not have full operational control or which do not generally follow Chevron's corporate GHG inventory protocol or a compatible protocol. At this time, GS Caltex Corp.'s Yeosu Refinery's emissions data are submitted separately from the CGERS system.

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

2 Direct emissions come from sources within a facility. Indirect emissions come from electricity and steam that Chevron imports, less the emissions credits from electricity and steam that Chevron exports. Grid credits account for electricity that Chevron exports and that is produced more efficiently than electricity from the regional or national grid. Per industry best practices, beginning in 2010, Chevron no longer accounts for grid credits in its power generation emissions.

3 Chevron uses an energy index to measure energy efficiency improvements across its global operations. As of 2011, that index has shown a 34 percent improvement since 1992. The Chevron Energy Index is a measure of the energy intensity of its operations based on the estimated improvement of energy technologies and operational performance. The total energy consumption of its operated assets in 2011 was 760 million gigajoules (or 720 trillion Btu), at a cost of \$7.0 billion.

4 Volatile organic compounds (VOCs) are derived primarily from fugitive emissions from equipment (such as valves, pumps and compressors), flaring, venting, and flashing gas. Nitrogen oxides (NO_x) and sulfur oxides (SO_x) are combustion byproducts.

5 2009 and 2010 VOC air emissions are restated in this report. Kazakhstan VOCs are revised to include additional compounds that are not required to be included by regulations.

"Other" includes Chevron Mining Inc.

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

6 Numbers shown on chart for Upstream are for Upstream and Gas operations.

7 Secondary containment volume – which is not released to the environment – is included in the total volume listed at the end of each bar.

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

9 Environmental expenditures were \$2.7 billion (\$1.0 billion capital, \$1.7 billion noncapital). Health and safety fines and settlements were 0.4 percent of total fines and settlements (\$0.32 million).

Notes to pages 44 and 45

10 American Petroleum Institute's *Benchmarking Survey of Occupational Injuries, Illnesses, and Fatalities in the Petroleum Industry* data are used as industry benchmarks. Occupational safety data include both injuries and illnesses. 2011 benchmark data were not available at the time of publication.

11 Data include catastrophic and major incidents only.

12 Loss-of-containment incidents are unplanned or uncontrolled releases resulting in consequences equivalent to those specified by the American National Standards Institute/American Petroleum Institute (ANSI/API) Recommended Practice 754.

Data from the former Atlas Energy, Inc., are included in Chevron's employment, Total Recordable Incident Rate, Lost-Time Incident Frequency, Days Away From Work Rate and Fatality charts.

GRI and API/IPECA Index

- This index refers to:**
- 2010 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), Version 3.1
 - American Petroleum Institute/International Petroleum Industry Environmental Conservation Association (API/IPECA) *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting*, 2nd edition, 2010

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

	GRI	API/IPECA	Where Reported
Profile Disclosures			
Strategy and Analysis	1.1 1.2		2-3
Organizational Profile	2.1 2.2 ² 2.3 ² 2.4 ² 2.5 ² 2.6 ² 2.7 ² 2.8 ² 2.9 ² 2.10		
Report Parameters	Report Profile 3.1 3.2 3.3 3.4		49
	Report Scope and Boundary 3.5 3.6 3.7 3.8 3.9 3.10 3.11		2, 40-49
	GRI Content Index 3.12		46
	Assurance 3.13		47
Governance, Commitments and Engagement	Governance 4.1 ³ 4.2 ³ 4.3 ² 4.4 ² 4.5 ² 4.6 ² 4.7 ² 4.8 ⁴ 4.9 ⁵ 4.10 ²	SE18 ²	1-7
	Commitments to External Initiatives 4.11 4.12 ² 4.13 ²		
	Stakeholder Engagement 4.14 ¹ 4.15 ^{1,5} 4.16 ¹ 4.17 ^{1,5}		
Economic			
	Economic Performance EC1 ³ EC2 ³ EC3 ³ EC4 ³ EC5 ³	SE13 ⁵	
	Market Presence EC6 ⁵ EC7 ⁶	SE4 SE7 ^{1,6}	34-37
	Indirect Economic Impacts EC8 ^{7,8} EC9 ^{1,7,8}		31
Environmental			
	Materials EN1 EN2		
	Energy EN3 EN4 EN5 ⁹ EN6 ¹⁰ EN7 ²	E2 E3 ¹⁰	11, 42-45
	Water EN8 EN9 EN10 ¹¹	E6	10, 21-23
	Biodiversity EN11 ¹² EN12 ¹² EN13 ¹² EN14 ¹² EN15 ¹²	E5 ¹²	9
	Emissions, Effluents and Waste EN16 EN17 EN18 ¹³ EN19 EN20 EN21 ¹¹ EN22 EN23 EN24 EN25	E8 E9 E1 E4 ¹³ E10 E7	42-43
	Products and Services EN26 ¹¹ EN27 EN29		
	Compliance EN28		43
	Overall EN30		
Social			
Labor Practices and Decent Work	Employment LA1 LA2 LA3	SE6	16, 19-20, 24-27, 34, 41, 44
	Employee Satisfaction	SE16	
	Labor/Management Relations LA4 ⁵ LA5		
	Occupational Health and Safety LA6 LA7 LA8 ¹⁴ LA9	HS1 HS2 ¹⁴ HS3 HS5	4-7, 21, 44
	Training and Education LA10 LA11 LA12	SE17	
	Diversity and Equal Opportunity LA13 ^{2,6} LA14 LA15		40, 44
Human Rights	Investment and Procurement Practices HR1 ¹⁵ HR2 HR3	SE8 ¹⁵ SE9 ¹⁵	13-17
	Nondiscrimination HR4	SE15 ⁶	37
	Freedom of Association and Collective Bargaining HR5		
	Child Labor HR6		
	Forced and Compulsory Labor HR7		
	Security Practices HR8 ¹⁵	SE10 ¹⁵	17
	Indigenous Rights HR9 HR10 HR11	SE2 ¹⁵	15
Society	Community SO1 ^{1,7} SO9 SO10	SE1 ¹ SE3 SE4 ^{1,7} SE5 ¹	9-17, 36-37
	Corruption SO2 SO3 ⁵ SO4	SE11 ⁵ SE12 ⁵	
	Public Policy SO5 ¹⁶ SO6 ⁵	SE14 ^{5,16}	
	Compliance SO7 SO8		
Product Responsibility	Customer Health and Safety PR1 ⁴ PR5	HS4 ^{4,17}	4-7
	Product and Service Labeling PR3 ¹⁷		
	Marketing Communications PR6		
	Compliance PR2 PR4 PR7 PR8 PR9		

Key to Indicators:
 Fully reported in 2011
 Partially reported in 2011
 Not covered in 2011

Information responsive to these indicators appears on our websites:

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

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

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

Assurance Statement

Terms of Engagement

This Assurance Statement has been prepared for Chevron U.S.A. Inc.

Lloyd's Register Quality Assurance, Inc. (LRQA) was commissioned by Chevron U.S.A. Inc., on behalf of Chevron Corporation (Chevron), to assure its processes used to produce the Corporate Responsibility Report (CRR) for the calendar year 2011 (hereafter referred to as "the CRR"). Our terms of engagement were to review the processes for reporting health, environmental, and safety (HES) performance indicators. Verifying the accuracy of data and information was not included in the assurance.

LRQA has reviewed Chevron's CRR reporting processes since 2008 (for the 2007 CRR).

Management Responsibility

Chevron's management was responsible for preparing the CRR and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the CRR in accordance with our contract with Chevron.

Ultimately, the CRR has been approved by, and remains the responsibility of, Chevron.

LRQA's Approach

Our verification has been conducted against the requirements of LRQA's Report Verification procedure. The objectives of the assurance engagement were to validate the integrity of Chevron's reporting processes and to evaluate consistency with the *IPIECA/API/OGP Oil and Gas Industry Guidance on Voluntary Sustainability Reporting (2010)*.

To form our conclusions, the assurance was undertaken as a sampling exercise and covered the following activities:

- Visiting 18 entities, including 16 operating units on five continents, and addressing Chevron's principal functional oil and gas, chemical and mining operations throughout 2011 to assess local understanding and implementation of Chevron's HES reporting requirements.
- Visiting Chevron Upstream and Gas headquarters in Houston, Texas, and Chevron Downstream and Chemicals headquarters in San Ramon, California, to assess business-unit understanding and implementation of Chevron's HES reporting requirements.
- Interviewing key personnel to identify and gain an understanding of Chevron's reporting requirements.

- Reviewing the documented reporting requirements to validate consistency of scope, definition and reporting for each of the HES performance indicators.
- Reviewing the processes used at the corporate level to aggregate data and information for inclusion in the final report.

Level of Assurance

The opinion expressed in this Assurance Statement has been formed on the basis of a reasonable level of assurance.

LRQA's Opinion

Based on LRQA's approach, it is our opinion that Chevron's reporting process was effective in delivering HES indicators that are useful for assessing corporate performance and reporting information consistent with the *IPIECA/API/OGP Oil and Gas Industry Guidance on Voluntary Sustainability Reporting (2010)*.

It should be noted that:

- Processes were in place that ensure that sites contributing to core HES metrics understood corporate reporting procedures and requirements.
- Methods used for calculating each HES performance metric were clearly defined and communicated.
- Chevron's reporting requirements for HES metrics were understood and carried out. Data collected at the site/local and business-unit levels were checked and aggregated into corporationwide metrics.
- Responsibility for annually reviewing and updating reporting guidelines was clear, with improvement in methodology regularly undertaken.

LRQA's Recommendations

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



Andrea M. Bockrath

On behalf of Lloyd's Register Quality Assurance, Inc.
1330 Enclave Parkway, Suite 200, Houston, Texas 77077
April 12, 2012

LRQA Reference: UQA4000679



This document is subject to the provisions below:

This Assurance Statement is only valid when published with the Report to which it refers.

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Because of the inherent limitations in any internal control, it is possible that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above, as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls was on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The English version of this statement is the only valid version. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.

Glossary

Aa

API

American Petroleum Institute

Bb

Biodiversity

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

Cc

Capacity building

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

The Chevron Way

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

Corporate responsibility

Putting The Chevron Way values into action across environmental, social, and governance issues and priorities.

Dd

Downstream

The industry term for operations related to refining crude oil into finished petroleum products, and for marketing crude oil and the many products derived from petroleum.

Ee

ESHIA

Chevron's Environmental, Social and Health Impact Assessment is a process designed to logically and consistently identify potentially significant project-related environmental, social and health impacts.

Ff

Flaring and venting

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

Gg

Geothermal energy

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

Greenhouse gases (GHGs)

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

Ii

IPIECA

International Petroleum Industry Environmental Conservation Association

ISO 14001:2004

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

Nn

Nongovernmental organization (NGO)

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

Oo

OGP

International Association of Oil & Gas Producers

OHSAS 18001:2007

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

Operational Excellence Management System (OEMS)

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

Pp

Partner

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

Rr

Renewable energy

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

Ss

Social investment

The resources Chevron provides with the objective of benefiting our external stakeholders, and building and maintaining relationships to support our business.

Stakeholder

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

Uu

Upstream

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

Renewable Energy

Near Chevron's molybdenum mine in Questa, New Mexico, the company has commissioned a 20-acre (8.2-ha) solar demonstration project. Chevron is using this existing asset to explore technologies to help operations become more efficient. This concentrating photovoltaic solar installation is one of the largest in the U.S.



We make significant social investments in the communities where we operate. To learn more, please visit Chevron.com/CorporateResponsibility.

About This Report

This report covers 2011 data and activities. We also occasionally mention activities that took place before 2011 and in early 2012 when they help provide a clearer picture of our performance. This report covers our owned or operated businesses and does not address the performance of our suppliers, contractors or partners unless otherwise noted. All financial information is presented in U.S. dollars unless otherwise noted. Our previous report was published in May 2011 and covers 2010 data and activities.

We continue to be informed by reporting frameworks and guidelines that include the Global Reporting Initiative (GRI) and the *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting*, 2nd edition, published in 2010 by the International Petroleum Industry Environmental Conservation Association (IPIECA) and the American Petroleum Institute (API). We included an index to help readers find information corresponding to the GRI and API/IPIECA indicators (see page 46).

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

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Cautionary Statement Relevant to Forward-Looking Information

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

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

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

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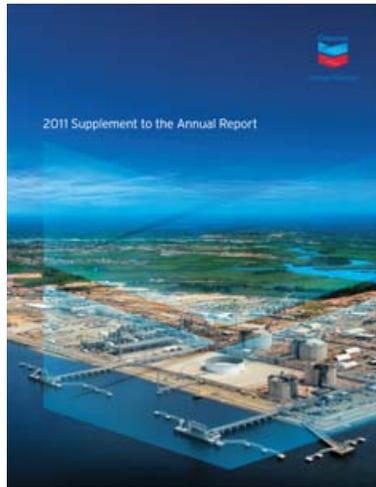
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2011 Corporate Responsibility Report

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

Design: Sequel, New York



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913-03861 5/12 (20M)

