

Shareholder Proposal Regarding Fiscal Transparency

WHEREAS:

Chevron paid more than \$40 billion in 2008 in taxes to governments around the world. If managed properly by these governments, these funds can contribute to higher and broader-based economic growth and reduced poverty. However, according to analyses by the World Bank, International Monetary Fund and leading economists, large increases in government revenues derived from oil, gas and minerals in resource-rich economies can increase the potential for government mismanagement, corruption and economic and political instability.

Citizens of resource-rich developing nations need adequate information to hold their governments accountable for the responsible investment of natural resource revenues. Responsible use of resource revenues can ultimately create a more stable and less risky operating environment for companies and their investors.

Chevron has endorsed the concept of revenue transparency, but does not fully disclose its revenue payments to governments on a country-by-country basis.

Chevron's 2008 corporate responsibility report states that "Chevron believes that disclosure of revenues received by governments and payments made by extractive industries to governments could lead to improved governance in resource-rich countries. The transparent and accurate accounting of these funds contributes to stable, long-term investment climates, economic growth and the well-being of communities." *Developing Partnerships*, p. 40.

Chevron has also played a leading role in the global Extractive Industries Transparency Initiative (EITI) and has thus demonstrated an understanding of the value of revenue transparency. While the EITI is widely recognized as an important step towards improving revenue transparency, implementation has been limited and EITI does not currently cover all countries in which Chevron operates including Angola, Chad and Cambodia. It also does not require disaggregated (company by company) country-level disclosure and thus does not provide the highest degree of transparency. Additionally, EITI's executive director Peter Eigen has stated that EITI "welcomes efforts to improve resource revenue transparency that are consistent with the goals of the EITI."

By fully disclosing its taxes, royalties, fees, production entitlements and bonuses on a disaggregated, country-by-country basis, Chevron can provide uniform, dependable and comprehensive information in all its countries of operation. In so doing, Chevron can continue to lead the industry in the area of transparency in advance of potential initiatives by the US Congress and the International Accounting Standards Board to develop country-by-country revenue disclosure requirements. Two of Chevron's competitors, Statoil and Talisman Energy, currently have disclosure policies regarding these kinds of payments.

RESOLVED: Shareholders request the Board of Directors to report by April 1, 2011, and on an annual basis thereafter, at reasonable cost and omitting proprietary information, all taxes, royalties, fees (including license and area fees), production entitlements and bonuses, broken out by country, paid in the preceding fiscal year to governments in which the company operates.

Supporting statement: Chevron should practice the highest possible degree of disclosure of payments from the company to host governments to maintain its industry leadership position on this critical issue and to ensure that its investments contribute to increased economic development and political stability.