

MBA 6315  
Prof. Young


# Chevron Corp. Executive Assessment



## Team 8

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# Chevron 2006 Corporate Responsibility Report

- Integrated energy company
  - 56,000 employees
  - Operations in more than 180 countries
  - Business strategy: Develop leading integrated positions in growth regions, develop renewable technologies
  - Processed 2 million barrels oil/day
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# Chevron Executive Assessment

## Section A – Fundamental Duties

### HIGHLIGHTS

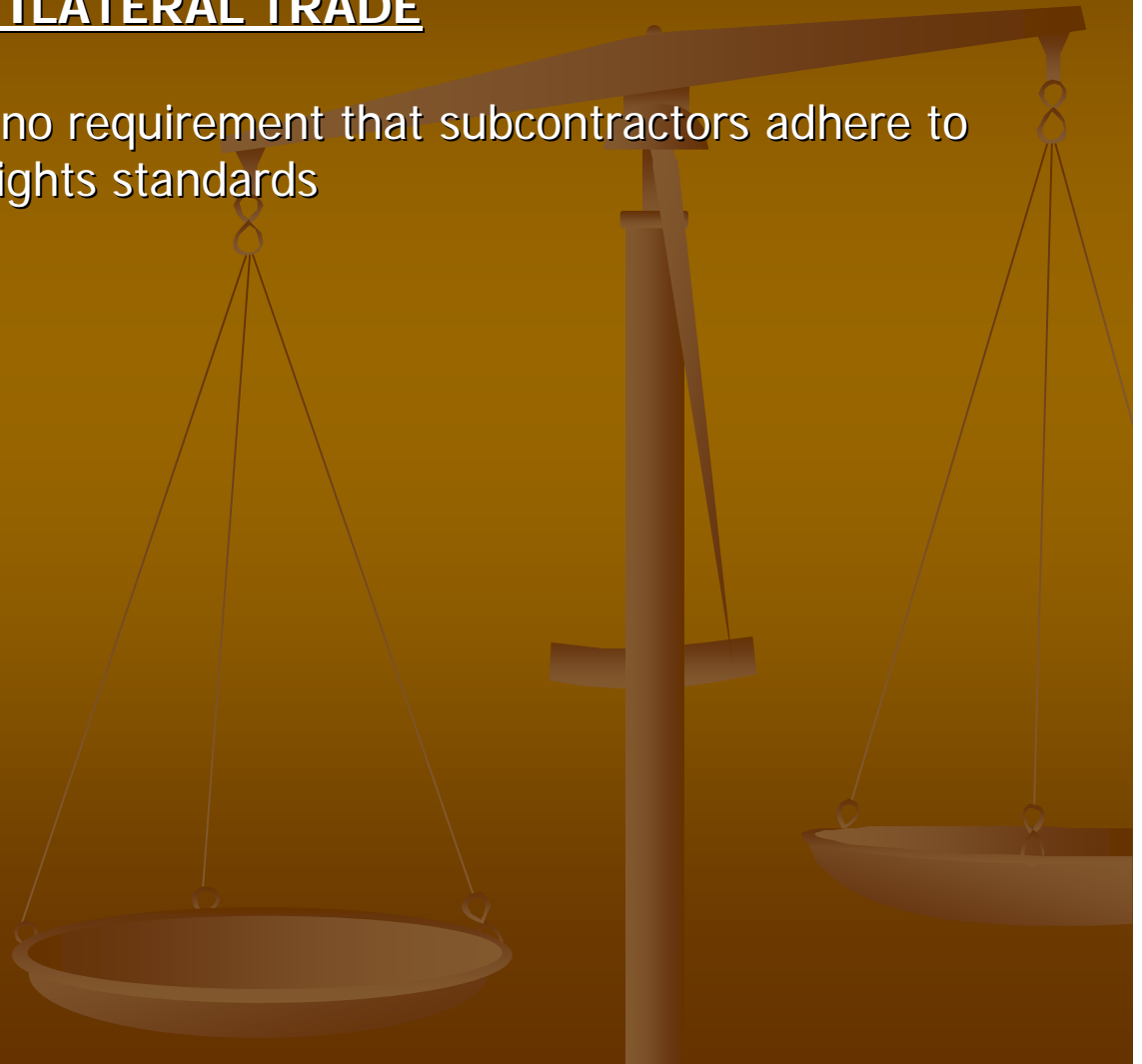
- **1A. BEYOND SHAREHOLDERS TOWARD STAKEHOLDERS - Points: 6**  
\$91 million invested in community engagement initiatives that provide education, career training, support for local businesses; 2004 Tsunami support.
- **2A. ECONOMIC/SOCIAL IMPACT OF BUSINESS - Points: 5**  
Provides assistance (management training, micro-lending) for development of small businesses in U.S., overseas; has established targets for purchasing from women-owned, minority-owned and small businesses
- **3A. BEYOND LETTER OF LAW TOWARDS SPIRIT OF TRUST - Points: 6**  
Revenue transparency; transparency of payments made to governments in resource-rich countries; political contributions comply with letter and spirit of all laws – strict internal approval process
- **4A. RESPECT FOR RULES - Points: 6**  
Employees obligated to obey laws of countries in which they operate (obligation reinforced by training); company's Human Rights Statement acknowledges support for ideals articulated in Universal Declaration of Human Rights and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work
- **6A. RESPECT FOR THE ENVIRONMENT - Points: 5**  
Greenhouse gas emissions profile evaluation required of all capital projects; commitment to development of renewable energy (power generation, alternative transport fuels); recognized for industry leadership
- **7A. AVOIDANCE OF ILLICIT OPERATIONS - Points: 6**  
Chevron's Business Conduct & Ethics code requires that instances of questionable conduct be reported to management, legal counsel, compliance committee or independently operated Chevron Hotline; whistle-blowers protected from retaliation

# Chevron Executive Assessment Section A – Fundamental Duties NEEDS IMPROVEMENT

- **5A - SUPPORT FOR MULTILATERAL TRADE**

**Points: 2**

Lack of competitive pricing; no requirement that subcontractors adhere to international labor, human rights standards



# Chevron Executive Assessment

## Section B - Customers

### HIGHLIGHTS

- **1B. BEYOND SHAREHOLDERS TOWARD STAKEHOLDERS - Points: 5**  
Contractor safety management program; customer service support offices; internal training of staff; U.S. consumer connection center
- **2B. ECONOMIC/SOCIAL IMPACT OF BUSINESS - Points: 5**  
Company initiatives aimed at community, not individual customers; customers viewed as comprising part of their community.
- **6B. RESPECT FOR THE ENVIRONMENT - Points: 6**  
E85 and hydrogen projects in California; bio-diesel investment; reduction of greenhouse gas emissions; Fourfold Plan of Action on climate change; strategic alliance with government, academics & others for new technologies
- **7B. AVOIDANCE OF ILLICIT OPERATIONS – Points: 5**  
Business ethics training mandate; operational excellence & certification; funds community career education and training; employee training program for enhancing understanding of human rights in the context of Chevron's role as a member of society

# Chevron Executive Assessment

## Section B - Customers

### NEEDS IMPROVEMENT

- **3B. BEYOND LETTER OF LAW TOWARDS SPIRIT OF TRUST - Points: 4**  
The Carbon Disclosure Project, ranked Chevron as in the top five in its Climate Leadership Index for taking "best in class" actions to address global climate change. Comprehensive disclosure report
- **4B. RESPECT FOR RULES - Points: 4**  
Written policies & code of conduct for operations & corporate giving. Political contributions comply with letter and spirit of the law.
- **5B. SUPPORT FOR MULTILATERAL TRADE - Points: 4**  
Supplier diversity and small business programs embrace a variety of peoples, ideas, and talent

# Chevron Executive Assessment

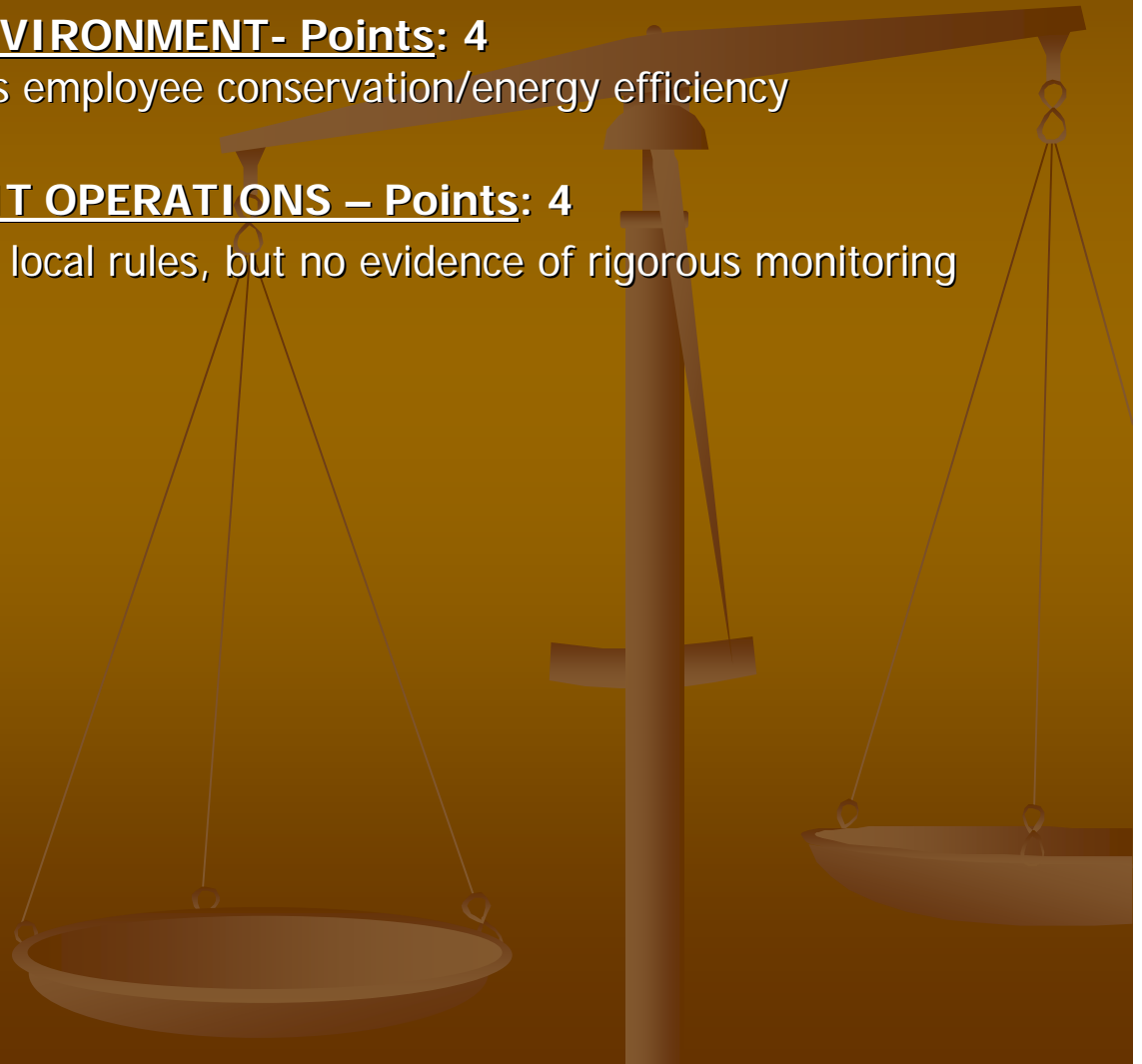
## Section C - Employees

### HIGHLIGHTS

- **1C – BEYOND SHAREHOLDERS TOWARD STAKEHOLDERS - Points: 6**  
Intense and extensive employee training; 3 programs based on tenure & job type; absenteeism trending downward; employee satisfaction with company is high.
- **2C – ECONOMIC/SOCIAL IMPACT OF BUSINESS - Points: 7**  
Board-monitored AlertLine program for anonymous whistle-blowing; focus on diversity; implementation of HIV/AIDS programs for employees; top-ranked US company for providing business opportunities to women business owners
- **3C – BEYOND LETTER OF LAW TOWARDS SPIRIT OF TRUST - Points: 6**  
Goal of Zero Accidents; 12 deaths last year - overall injury rate trending down
- **4C – RESPECT FOR RULES - Points: 5**  
Written policies and codes of conduct for employees, corporate giving etc.
- **5C SUPPORT FOR MULTILATERAL TRADE - Points: 6**  
HIV/AIDS awareness training and education; road safety training overseas - 90% reduction of traffic-related employee deaths

# Chevron Executive Assessment Section C - Employees NEEDS IMPROVEMENT

- **6C. RESPECT FOR THE ENVIRONMENT- Points: 4**  
No initiatives directed towards employee conservation/energy efficiency
- **7C. AVOIDANCE OF ILLICIT OPERATIONS – Points: 4**  
Employees instructed to obey local rules, but no evidence of rigorous monitoring





# Chevron Executive Assessment SUMMARY

- Chevron has strong practices geared towards recruiting, training and ethically supporting the communities in which it operates. However, there is room for improvement of Chevron's environmental practices and Chevron's management of labor subcontractors. Though Chevron tracks carbon use and is involved in environmental projects, it lobbies against environmentally friendly laws, fails to encourage stakeholders, customers or employees to maintain earth-friendly practices, and has failed to involve environmental groups in capital planning/resource management projects. Chevron can do a better job of ensuring that its subcontractors adhere to international standards regarding labor, human rights and environmental protection.



# Chevron Executive Assessment QUESTIONS

