



Operational Excellence Management System

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Chairman's Message



Dave O'Reilly
Chairman and CEO
of Chevron Corporation

I am a strong and tireless advocate for operational excellence. Operational excellence is not only consistent with our commitment to protect people and the environment, but it also makes good business sense. Safe, reliable, efficient and environmentally sound operations are key to our company's financial success. I expect that every job and every task can be completed every day without injury or incident.

Achieving operational excellence requires a systematic approach and a commitment to incident-free operations - always and everywhere. That's the power of the Operational Excellence Management System (OEMS).

OEMS provides a common process that can be used in our operations around the globe. It enables our businesses to manage their safety, health and environmental efforts and to continually improve the reliability and efficiency of their operations. Driven by leadership, it provides a system for adopting best practices and standards, helps ensure that our company attains world-class performance and delivers sustained value.

I ask you to develop your OE knowledge and skills, adopt and cascade the Tenets of Operation and apply the management system. By doing so, you will be creating a company that is safer, more reliable, more efficient and environmentally sound - a company that is a top performer and competitor in every sense of the word.

Operational Excellence

Vision and Values

Our vision for operational excellence directly supports our corporate vision "to be the global energy company most admired for its people, partnership and performance." With respect to operational excellence, our vision is "to be recognized and admired by industry and the communities in which we operate as world-class in safety, health, environment, reliability and efficiency."

Objectives

To better describe "world-class performance," the following corporate OE Objectives have been established. We will systematically manage OE in order to:

- Achieve an injury-free work place.
- Promote a healthy workplace and mitigate significant health risks.
- Eliminate spills and environmental incidents. Identify and mitigate key environmental risks.
- Operate incident-free with industry-leading asset reliability.
- Maximize the efficient use of resources and assets.

As a business and as a member of the world community, Chevron is committed to creating superior value for our investors, customers, partners, host governments, local communities and our employees. To succeed, we must deliver world-class performance and exceed the capabilities of our strongest competitors.

Operational excellence (OE) is a critical driver for business success and an enabling strategy for Chevron. Operational excellence is defined as "the systematic management of safety, health, environment, reliability and efficiency to achieve world-class performance."

To achieve and sustain high levels of performance, we must develop strong capability in operational excellence throughout Chevron. This requires active leadership and all employees to be engaged. We must develop a culture where everyone believes that all incidents are preventable and that "zero incidents" is possible. With engaged and committed leadership, world-class processes and an OE culture we can achieve our objectives in operational excellence.

This document provides an overview of the Operational Excellence Management System (OEMS), our standard approach for achieving world-class performance. It includes general guidance for the implementation and operation of the OEMS. More detailed guidance can be found on the Operational Excellence website and within the OE Standard Process documentation, the Leader's Guide to the OEMS and in the online OE Certification modules.

Operational excellence is the systematic management of safety, health, environ-



The Operational Excellence Management System (OEMS)

The Operational Excellence Management System consists of three parts:

Leadership Accountability
Management System Process
OE Expectations

With operations spread across the globe, we can improve performance more quickly and sustain our results efficiently if all our businesses follow a standard approach to OE.

Our Standard Approach

The OEMS is Chevron's standard approach for achieving world-class performance. Using a standard approach to systematically identify and close performance gaps, we can continually improve our OE results.

Operational excellence is not something separate from our business; it is how we must run our business to achieve our vision of success.

Using the OEMS, we effectively integrate OE objectives, plans, processes and behaviors into our daily operations and protect people and the environment today and in the future.



Operational excellence is not something separate from our business; it is how we must run our business to achieve our vision of success.



Leadership Accountability

Leadership is the single largest factor for success in OE. Leaders establish the vision and set objectives that challenge the organization to achieve world-class results. They direct the Management System Process, setting priorities and monitoring progress on plans that focus on the highest-impact items. Leaders visibly demonstrate their commitment through personal engagement with the workforce and showing a concern and caring for the health and safety of every individual.

Management System Process

A systematic approach used to drive progress toward world-class performance. The Management System Process (MSP) is linked to the business planning process and begins with defining a vision of success and setting objectives. Gaps between current performance and these objectives are uncovered during the assessment phase, then plans are developed to close the gaps, the plan is implemented and a review of plan implementation and performance is completed.

OE Expectations

Corporate Expectations for Operational Excellence are detailed under 13 elements. The OE Expectations are met through processes and programs put in place by local management. Many of these expectations are supported by corporate and operating company standard OE processes.



Leadership Accountability

The single largest factor for success in operational excellence is leadership. Leaders are accountable not only for getting results, but getting results in the right way and behaving in accordance with our values. Leaders are expected to establish a vision and set objectives for performance that challenge the organization to achieve world-class results. Leaders direct the Management System Process to drive improvement in OE results.

Leaders at every level are also expected to foster a culture grounded in operational excellence. By their actions, leaders must send the message that operational excellence is a priority throughout their organizations. Through personal example, they must demonstrate that zero incidents of any kind - whether related to safety, health, environmental, reliability or efficiency - is attainable.

Under the OEMS, leaders are responsible and accountable for:

Alignment Around OE Objectives

Leaders establish a vision and widely communicate world-class objectives, metrics and targets for their units. These are aligned with corporate OE Objectives and cascaded to all levels. They ensure that the OEMS is implemented and processes are put in place to satisfy all OE Expectations and that resources, roles, responsibilities and accountabilities are fully aligned throughout the organization.

Leaders should:

- Establish a vision and set clear, world-class OE objectives for their organization.
- Personally encourage and participate in benchmarking OE performance and OE processes with internal and external organizations.
- Widely communicate the performance objectives, metrics and targets to every level.
- Set objectives to improve leadership behaviors.
- Adopt and cascade the Tenets of Operation to the entire workforce, ensuring that the tenets are incorporated into decisions and behaviors (See page 16).
- Set objectives for OEMS implementation and development of processes to meet OEMS requirements.

Personal Involvement in the Management System Process

Leaders personally direct the Management System Process for continuous OE improvement and integrate operational excellence into business plans. Leaders prioritize OE plans to focus on the highest-impact items in alignment with vision and objectives. They provide resources and monitor progress on OE plans until a successful conclusion is reached.

Leaders should:

- Ensure that processes necessary to meet OE Expectations are identified and assessed for design and effectiveness.
- Ensure that assessed gaps are prioritized based on risk.
- Conduct a survey using the Leadership Behavior Assessment Tool (LBAT) and use the LBAT findings to develop action plans for improving leadership behaviors.
- Identify highest-impact items for focus and inclusion in three-year business plans.
- Direct development or improvement of processes to meet OE Expectations.
- Assign responsibility and direct and monitor the implementation of OE plans to their



Visible Leadership Engagement and Commitment

Leaders visibly demonstrate involvement and commitment to improve OE performance. They are fluent in the OEMS. They understand their roles, responsibilities and accountabilities as owners of operational excellence and seek to continually improve their personal and their organization's capabilities to achieve world-class OE performance.

Leaders should:

- Be fluent in the OEMS.
- Frequently visit their operations to reinforce OE performance and test OEMS effectiveness.
- Know their operations well enough to identify workplace hazards and reinforce critical OE processes.
- Sponsor and participate in critical processes necessary to meet OE Expectations.
- Actively follow through on incident investigations to ensure root causes are determined and mitigating actions are carried out.
- Actively engage in improvement of their personal and their organization's OE capability.
- Engage third parties to ensure alignment around OE Expectations.

Building an OE Culture Through Workforce Engagement

Leaders demonstrate that operational excellence is a personal core value, and they show concern and caring for the health and safety of every individual. They are equally committed to environmental protection and achieving world-class reliability and efficiency. Leaders understand and role model the Tenets of Operation and behaviors necessary to build an OE culture. They recognize and reward these behaviors in others. They continuously improve our OE culture by understanding the gaps and removing barriers to world-class OE performance.

Leaders should:

- Demonstrate a personal concern and caring for the health and safety of every individual and protection of the environment.
- Work to ensure that the entire workforce understands and expects that every job and every task can be completed every day without injury or incident.
- Reinforce The Chevron Way values in operational excellence through actions, behaviors and decisions.
- Model OE behaviors that support the Tenets of Operation and hold others accountable to do the same. Always "walk the talk."
- Engage the workforce in OE performance, and empower them to make OE improvements.
- Identify, understand and eliminate barriers to an OE culture and improved OE performance.
- Ensure every employee has an OE performance agreement in their performance plan.
- Hold people accountable for OE performance.

10 Things a Leader Can Do to Build an OE Culture

1. Engage in dialogue with members of the workforce (employees and contractors); inquire about their work and working conditions. Understand and recognize the value of each individual's contribution to incident-free operations.
2. Positively reinforce safe behaviors on the spot. Act immediately to mitigate unsafe or environmentally unsound conditions. Share personal examples of safety learnings and observations from both on- and off-the-job.

5. Sponsor and participate in critical OE processes; make safety observations, participate in a Job Safety Analysis (JSA) or an incident investigation to determine root causes.
6. Set clear, specific, measurable objectives for operational excellence. Communicate frequently with all members of the workforce on the objectives, measures, plans and progress. Regularly recognize progress on indicators and achievement of results.

8. Conduct field visits, ask questions about safety, environmental and reliability conditions and provide immediate pin-pointed feedback (both positive and constructive).
9. Hold yourself and others accountable for operational excellence performance. Include OE performance in ranking, salary and job selections.
10. Set high, specific standards for continuous improvement of critical OE processes. Share lessons learned and seek out and adopt processes that could improve

Management System Process

The Management System Process (MSP) is a systematic approach used to drive progress toward world-class performance. The MSP is linked to the business planning process. Driven by leadership, the MSP is used to integrate OE Objectives, plans and activities into daily operations. The MSP helps the corporation, operating companies and units establish OE priorities and plans and it guides the development of measures to monitor progress toward world-class results.

The Management System Process contains five steps:

Vision and Objectives

An OE vision is established, or validated, and specific objectives and measures for success are identified and cascaded to the workforce.

Vision and Objectives actions:

- Develop an OE vision, world-class objectives, metrics and targets. These are based on the corporate objectives, benchmarking data and other critical business drivers.
- Set objectives for OEMS implementation and the development of processes to meet OEMS requirements.
- Cascade OE vision, objectives, metrics and targets to all levels of the organization.
- Adopt and cascade the Tenets of Operation to the workforce.

Assessment

A comprehensive OEMS Self Assessment is completed annually to identify gaps in OE processes and performance against established objectives.

The leadership team is engaged in assessments and participates in prioritization of assessed gaps.

The highest priority OE processes are assessed annually and a full assessment of all processes is required at least every three years.

Assessment actions:

- Assess risks and gaps against objectives in:
 - » Leadership Accountability.
 - » Management System Process.
 - » OE Expectations and Processes.
 - » Facility risks and capability to achieve world-class performance.
 - » Workforce OE culture.
- Prioritize assessed gaps based on risk and opportunity.
- Identify future risks that could prevent world-class performance.

The Management System Process



Planning

A three-year plan is developed to manage the prioritized gaps. Plans are incorporated directly into business plans and accountabilities are assigned.

Planning actions:

- Develop OE metrics, targets and action plans with completion dates and milestones and incorporate into business plans.
- Identify and allocate resources to successfully complete the OE action plans.
- Communicate metrics, targets and action plans.
- Assign accountabilities and develop necessary performance agreements.

Implementation

Planned actions are implemented along with other business plan activities. OE networks are engaged to share lessons learned and seek out best practices and processes that can be adopted to achieve plan objectives.

Implementation actions:

- Execute plans along with other business plan activities.
- Maintain contacts with OE networks to share lessons learned and to seek out best practices and processes that can be adopted to achieve plan objectives.
- Monitor plan progress and OE performance at least monthly and adjust plans as necessary.
- Identify and manage new, unplanned actions not included in current business plans.

Review

An annual review of all OEMS activity is conducted to evaluate progress on performance and identify necessary adjustments to plans to achieve world-class results.

Review actions:

- Review progress against OE plans to determine whether they are effective and progress is on track to achieve world-class performance.
- Evaluate the organization's Management System Process activity for improvement.
- Identify possible plan adjustments based on emerging issues and changing business conditions.



Achieving World-Class Performance

Success in operational excellence requires discipline in both the planning and execution of work necessary to manage safety, health, environment, reliability and efficiency with world-class results.

The Management System Process (MSP) is a systematic approach used to drive progress toward world-class performance, integrating operational excellence into business plans. The MSP also provides a systematic means to manage and administer the many processes a unit has in place for operational excellence. Driven by leadership, the MSP is used to establish or validate the OE vision and set world-class objectives and targets for world-class performance. Using risk-based assessment and prioritization processes, gaps to achieving world-class results are identified. Plans to close gaps are incorporated into the three-year business plan, implemented and monitored to a successful conclusion. OE processes necessary to meet OEMS requirements are identified, developed, implemented and continually improved. Annually, overall OE performance and progress are reviewed and necessary plan adjustments are made.

OE Expectations

OE Expectations are organized under 13 elements and spell out specific requirements for the management of safety, health, environment, reliability and efficiency. The expectations are met through processes and programs put in place by local management. In many cases, a single process or program may fulfill the intent of one or more expectations. In some cases, one expectation may require several processes to be put in place.

Leaders are responsible for ensuring that processes and programs are established and working effectively to satisfy all expectations. Several expectations are supported by Chevron standard processes or operating company standard processes. A current list of Chevron standard processes is available on the Operational Excellence website.

Element 1: Security of Personnel and Assets

Provide a secure environment in which business operations may be successfully conducted.

- 1.1** A process is in place to actively engage employees in security awareness and vigilance to the security environment.
- 1.2** Risk-based security management plans are developed, implemented and maintained to address potential security threats to the business.
- 1.3** A process is in place to integrate security management plans with related plans for emergency management, business continuity and information protection.

Element 2: Facilities Design and Construction

Design and construct facilities to prevent injury, illness and incidents and to operate reliably, efficiently and in an environmentally sound manner.

- 2.1** The Chevron Project Development and Execution Process (CPDEP) and applicable tools and sub-processes such as Decision Analysis, OE Roadmap for Projects and Operations Assurance, are used to incorporate OEMS requirements in the design and construction of all new and modified facilities.
- 2.2** Consider reliability, operability, maintainability and total life-cycle cost trade-offs in making incremental capital investment decisions. This tradeoff analysis should use the criteria found in the Corporate Investment Analysis Manual.
- 2.3** A process is in place to comprehensively assess and evaluate safety, health and environmental risks; potential business and community impacts; and to develop associated mitigation plans for new and modified facilities. Assessments conducted in early project phases shall be re-evaluated during final detailed design to determine whether mitigation plans have been implemented. The HES Risk Management Corporate Standard Process and the Environmental, Social and Health Impact Assessment (ESHIA) Corporate Standard Process support this expectation.

- 2.4** Conduct pre-startup reviews on all new, modified or



Element 3: Safe Operations

Operate and maintain facilities to prevent injuries, illness and incidents.

3.1 Use the HES Risk Management Corporate Standard Process to periodically identify, assess and mitigate the safety and health risks related to facility operations and modifications.

3.2 A comprehensive safety program is in place for each location. Core elements of the program shall include:

- Written safe work practices. Safe work practices may include: permit to work, hot work, confined space entry, equipment isolation (lockout/tagout), opening equipment, excavation, working at heights, electrical work, simultaneous operations (SIMOPS), bypassing critical protections, lifting and rigging, and other applicable practices identified through risk assessment of local operations.
- A written job or task safety analysis process (JSA) to identify, eliminate or mitigate potential hazards prior to conducting work.
- Stop work authority.
- A repetitive stress injury (RSI) prevention process.
- A comprehensive road safety management process to minimize risk and promote motor vehicle safety.
- A hazardous materials communication (HAZCOM) process to manage and communicate hazards.
- A behavior-based safety process to provide for observation and commentary on worker behaviors, tracking and analysis of observations, and a process for identifying and implementing actions for improvement.

3.3 An occupational health program is in place for each location. Core elements of the program shall include:

- Occupational hygiene and medical surveillance programs appropriate for the location that include procedures for identification and control of workplace exposures, including infectious disease, and ongoing monitoring and surveillance of affected personnel.
- A process to determine whether employees are safely able to perform the essential physical, psychological and cognitive requirements of their job without risk to self, others or the environment and are not impaired by drugs, alcohol or disabling medical conditions.
- Health education programs to reinforce personal and facility hygiene to control workplace exposure and transmission of infectious diseases.

3.4 A process is in place to develop and maintain operating and maintenance procedures, process safety information. The process shall ensure that documents, procedures, records and other information are current and accessible. Procedures for document control including confidentiality and retention shall also be included.

3.5 A training program is in place to ensure that employees have the skills and knowledge to perform their jobs competently, in an incident-free manner and in compliance with all applicable laws, regulations, company policies and requirements.

The program shall include:

- Identification of training needs for leaders, supervisors and other employees

The Process Approach

Well designed and effectively implemented processes are necessary to deliver world-class results in operational excellence. Following a process approach, each unit identifies, develops, implements and continually improves OE Processes as necessary to meet the requirements of the OEMS.

For processes to be effective, they must be documented and incorporate in their design and operation the following **five component model**:

- Purpose, Scope and Objectives – defines the processes' boundaries and interfaces with other processes along with purpose and expected results.
- Procedures – describes the steps necessary to be performed and how they are to be accomplished.
- Resources, Roles and Responsibilities – defines who is responsible for doing the work, and for administering and maintaining the process (Process Ownership).
- Measurement and Verification – confirms that the objectives and results are being achieved and that the critical components of the process are adequately designed and are being executed.
- Continual Improvement – utilizes measurement and verification results and other input to evaluate how to improve the process and ensures actions are taken to improve process design and effectiveness.

The design and rigor of each process should be based on the risks associated with the unit's unique operations. A complex operation with many possible hazards or an operation in a sensitive environment might have a more rigorous process in place than a less complex operation in another location.

Corporate OE Reviews include an assessment of both the design and effectiveness of

OE Expectations

Element 4: Management of Change

Manage both permanent and temporary changes to prevent incidents.

4.1 A process is in place to manage changes to facilities, operations, products or the organization. The management of change process shall address:

- Both permanent and temporary changes.
- Authority for approving changes.
- Evaluation of health and safety hazards, environmental impacts and mitigation.
- Communication of the change.
- Training.

Element 5: Reliability and Efficiency

Reliability

Operate and maintain wells and facilities to sustain mechanical integrity and prevent incidents.

5.1 A process (Reliability Opportunity Identification [ROI] or other applicable process) is in place to identify and resolve the significant few facility and business unit-wide equipment, work process and/or human reliability opportunities that cause significant incidents or performance gaps. Failure analysis is used to determine causes of failures and actions are taken to resolve these causes.

5.2 A process is in place to identify critical structures, equipment and work processes. Possible failure modes and effects are analyzed and steps are taken to prevent the failure or mitigate the effects.

5.3 A process is in place to establish and use standardized equipment operation and surveillance duties for all critical structures, equipment and protection devices to ensure they operate properly.

5.4 A process is in place for condition monitoring (or time-based inspection and testing) to monitor and ensure mechanical integrity of all critical structures, equipment and protection devices.

5.5 A process is in place to prioritize, plan, schedule and complete necessary maintenance for all structures, equipment and protective devices. Process shall include:

- Proactive maintenance of equipment and protection devices through use of surveillance and condition monitoring results.



5.6 A process is in place to identify and resolve other repetitive or recurring failures, to improve reliability and reduce maintenance costs.

5.7 A process is in place to manage well reliability. Process shall include:

- Identification of critical wells or well types. Possible failure modes and effects are analyzed and steps are taken to prevent failures or mitigate failure effects for critical wells or well types.
- Standardized operation and surveillance duties for critical wells or well types.
- Use of surveillance, performance data and analysis to assess current well performance against expected well potential to identify and evaluate opportunities for improvement.
- Condition monitoring to ensure mechanical integrity of all critical wells or well types.
- Proactive maintenance programs utilizing available surveillance and condition monitoring results to correct abnormal conditions.
- Prioritization, planning and scheduling of well work.

Efficiency

Maximize efficiency of operations and conserve natural resources.

5.8 A process is in place to optimize operational processes and improve profitability through the efficient use of people, time and assets.

5.9 A process is in place to track and improve energy efficiency while reducing emissions (including greenhouse gases) per unit of production.

5.10 A process is in place to maintain inventories and plans for conservation of natural resources and for reducing use of raw materials by each facility and each process.

Element 6: Third-Party Services

Systematically improve Third-Party Service performance through conformance to Operational Excellence.

6.1 A process is in place to ensure that third-party service suppliers perform to safety, health, environment and reliability requirements consistent with those required of company employees when working on company property and when providing services for the company off company property in operational control.

6.2 A Contractor Safety Management (CSM) process is in place that clearly establishes accountabilities to include:

- Identification of company contract "owners" (or management sponsors) accountable for each contract.
- Active engagement of contractors in implementing and improving the CSM program.
- A contractor qualification and selection process which addresses safety performance.
- Pre-job work reviews and actions during work to verify scope of work, reinforce expectations and monitor compliance to requirements.
- Periodic evaluation of contractor safety performance and assessment of the CSM program.

Element 7: Environmental Stewardship

Strive to continually improve environmental performance and reduce impacts from our operations.

7.1 A process is in place to inventory all emissions, releases and wastes and to identify natural resources impacted by operations. (Natural resources include air, surface water, ground water, soil and geologic resources, and local biological diversity.) The inventory should include possible sources of unplanned releases and sources of potential contamination caused by past practices.

7.2 Processes are in place to identify, assess, mitigate and manage significant potential risks and impacts to human health and the environment (including natural resources) associated with operations, emissions, releases and wastes. The HES Risk Management Corporate Standard Process and the Environmental, Social and Health Impact Assessment (ESHIA) Corporate Standard Process support this expectation.

7.3 Use the HES Property Transfer Corporate Standard Process to identify and manage potential safety, health or environmental liabilities before transaction. The process shall include:

- Assessment of risk for identified liabilities.
- Management of risks based on current and likely future

Element 8: Product Stewardship

Manage potential health, environmental, safety (HES) and integrity risks of our products throughout a product's life cycle.

8.1 A process is in place to maintain and communicate information on potential hazards and exposures from products from conception and development through acquisition, manufacture, distribution, storage, use, recycling, potential release and disposal.

8.2 A process is in place to identify, assess and manage significant HES and integrity risks across the life cycle (manufacturing, storage, distribution, transportation, use, recycling, potential release and disposal) of each existing product, by-product, intermediate, or process stream. Process should ensure periodic re-evaluation as appropriate.

8.3 A process is in place to identify, assess and manage HES and product integrity impacts of manufacturing, distribution, storage, use, recycling, potential release and disposal when developing, formulating or altering products, by-products, and process intermediates. Assessment should be conducted early in each product's or project's development and for any changes in the product life cycle that may potentially alter the product.

8.4 A process is in place to identify, assess and manage risks posed through storage, handling, transportation and distribution of company products, materials and other commercial goods. Implement appropriate product quality control processes and product integrity risk-reduction measures.

8.5 Promote product stewardship practices with third parties, including suppliers, distributors, transporters, customers and other direct product recipients.



OE Expectations

Element 9: Incident Investigation

Investigate and identify root causes of incidents to reduce or eliminate systemic causes and to prevent future incidents.

9.1 A process is in place to report, record and investigate incidents and near misses and correct any deficiencies found. This process shall include:

- Management roles and responsibilities in incident investigation.
- Root-cause analysis for significant events and near misses.
- Annual evaluation of incident cause trends to determine where improvements in systems, processes, practices or procedures are warranted.
- Sharing of relevant lessons learned.
- Procedures for follow-up and closure of actions taken to resolve deficiencies.

Element 10: Community Awareness and Outreach

Reach out to the community and engage in open dialogue to build trust.

10.1 Foster ongoing two-way communication with employees, contractors, regulatory authorities and communities to address potential security, safety, health, environmental and other concerns related to operations, facilities, and products.

10.2 A process is in place to familiarize interested parties with the facility, its operations and products, as well as efforts to protect safety, health and the environment.

Element 11: Emergency Management

Prevention is the first priority, but be prepared to respond immediately and effectively to all emergencies involving Chevron wholly-owned or operated assets. For company products or interests such as common carriers, chartered vessels and facilities operated by others, be prepared to monitor the response and, if warranted, take appropriate actions.

11.1 Maintain a procedure consistent with corporate guidelines to ensure prompt notification of management of significant health, environmental, and safety incidents.

11.2 Maintain an emergency response plan that describes how emergencies will be managed and with what resources. Plans should address all credible and significant risks identified by site-specific risk and impact assessments.

11.3 Emergency response plans shall be:

- Documented in appropriate detail.
- Integrated with relevant business continuity and crisis management plans.
- Reinforced through establishment of a training program and an annual exercise program to train the emergency response team and to test the plan.
- Readily available to appropriate on-site personnel.
- Communicated to employees, on-site contractors, joint-venture partners, and appropriate government agencies and community groups.
- Reviewed and, where necessary, revised - in particular, after the occurrence of accidents or emergency situations.

11.4 Develop and implement a business continuity plan, in accordance with the Business Continuity Planning Corporate Standard Process, that addresses continuity





Element 12: Compliance Assurance

Verify conformance with company policy and government regulations. Ensure that employees and contractors understand their OE-related responsibilities.

12.1 A process is in place to:

- Identify and record all applicable laws, regulations, compliance requirements and OE-related policies.
- Assure that all employees and contractors understand and comply with identified requirements.
- Develop, prioritize and implement programs of control.

12.2 A self-audit process is in place to verify compliance with all OE-related company policies and standards and with the spirit and letter of all applicable laws and regulations, regardless of the degree of enforcement.

12.3 A process is in place that encourages employees and contractors to freely report existing or potential violations of law or company policy, without fear of retribution or any adverse company action because of his or her report. Processes must include an appropriate and timely investigation to address the report. Allowance must be made for anonymous reporting.

12.4 A process is in place to identify and report significant non-compliance issues and root causes to management in a timely manner and track corrective actions to closure.

Element 13: Legislative and Regulatory Advocacy

Work ethically and constructively to influence proposed laws and regulations, and debate on emerging issues.

13.1 A process is in place to identify, track, and comment on proposed legislation, regulations, and emerging policy issues.



OEMS Implementation

Everyone has a role to play in achieving success in operational excellence.

Regardless of role - mechanic, manager, office worker or operator - everyone contributes to success in operational excellence. As we carry out our roles, each of us is responsible for conducting ourselves according to the values expressed in The Chevron Way. By understanding our respective role and the behaviors necessary for success, we can build and sustain a culture for operational excellence. We can accelerate our progress through proactive sharing and adopting of effective processes and practices.

Who	What	How
Leaders, Leadership Team, Line Managers	<ul style="list-style-type: none"> * Align around objectives. * Direct the MSP. * Demonstrate leadership engagement and commitment. * Build an OE culture. 	<ul style="list-style-type: none"> * Establish and communicate clear vision and objectives for success. * Implement OEMS in unit. * Be accountable and hold others accountable for OE performance. * Participate in and ensure others follow OE Processes. * Role model and follow the Tenets of Operation. * Participate in assessment and prioritization of OE gaps.
OE Champion	Support leaders, leadership team and line management in OEMS implementation and operation.	<ul style="list-style-type: none"> * Help establish OEMS within each operating unit. * Coach leaders, leadership team and other line management in OE. * Help establish OE Processes, their prioritization, and governance. * Coordinate integration of OE plans into business plan and assist in monitoring and follow-up. * Coordinate local OEMS Self Assessments. * Follow the Tenets of Operation.
Health, Environment, Safety, Reliability and Efficiency teams and subject matter experts	<ul style="list-style-type: none"> * Assist leaders in establishing and deploying functional standards. * Provide subject matter expertise. * Support unit's development, implementation and improvement of OE Processes. 	<ul style="list-style-type: none"> * Provide HES and reliability support to line management. * Support OEMS implementation effort through functional expertise. * Plan and implement subject matter, audits and reports. * Provide technical support for HES and reliability improvements. * Follow the Tenets of Operation.
OE Process Sponsors	Provide resources and support to ensure success of a specific OE process.	<ul style="list-style-type: none"> * Serve as an advocate of the process to ensure that the process is accorded the appropriate priority and receives funding, personnel, and other resources. * Ensure that process effectiveness and efficiency are measured and verified at least annually. * Be accountable for progress on the Continual Improvement Plan. * Coordinate with other OE Process Sponsors and link with the business plan.
OE Process Advisors	Provide subject matter expertise for a specific OE process.	<ul style="list-style-type: none"> * Coordinate and lead efforts regarding the process. * Ensure that the OE process, documentation and records are kept current. * Coordinate or support process measurement and verification. * Conduct performance reporting and trend analysis. * Develop and implement the Continual Improvement Plan. * Maintain contact with: <ul style="list-style-type: none"> » Process Sponsor. » Other Process Advisors. » Subject matter experts. » End users.

Corporate OE Review Process

The Corporate OE Review Process plays an integral part in OEMS implementation. The process provides independent feedback to operations on good practices and gaps in OE processes and activities. It also updates executive management on the status of OEMS implementation throughout the corporation. OE Reviews provide an excellent learning opportunity to accelerate the understanding and performance of the OEMS within units.

The OE Review Process has two separate but related programs - OE Reviews and OE Focused Reviews. Both programs provide an opportunity to share successful practices and lessons learned.

OE Reviews

OE Reviews are designed to assess an organization's ability to meet Chevron's requirements for operational excellence including Leadership Accountability, Management System Process and OE Expectations. While these requirements for operational excellence remain the same across the corporation, individual units may address them differently. For example, different processes may be put in place to meet a given OE Expectation based upon the unique operating environment. OE Reviews assess and rate both the design and effectiveness of these processes in meeting OE requirements. The ratings utilized are Good, Satisfactory or Less-Than-Satisfactory.

OE Focused Reviews

OE Focused Reviews are intended to compliment the OE Reviews. OE Focused Reviews are most succinctly described as fit-for-purpose and may follow two primary courses. Reporting units may request a Focused Review to conduct an in-depth assessment of one or more OE processes. Other Focused Reviews will assess a unit's progress in closing gaps identified in the previous OE Review and assist the unit in addressing remaining gaps. They will typically be targeted at the unit level, but may also be based on a specific topic or across unit boundaries.

OE Rating Definitions

Good Rating

OE Process(es) reviewed provide a high degree of assurance of compliance with OE requirements. Identified weaknesses, if any, are relatively minor.

Satisfactory Rating

OE Process(es) reviewed provide reasonable assurance of compliance with OE requirements. Identified weaknesses require management attention to enhance overall effectiveness.

Less-Than-Satisfactory Rating

OE Process(es) reviewed do not provide reasonable assurance of compliance with OE requirements. Identified weaknesses represent a departure from these requirements and must be promptly corrected.

Areas of Concern

Significant weaknesses in specific systems, sub-processes or practices that represent a departure from OE requirements and must be promptly corrected.

Parameter	OE Review	OE Focused Review
Scope (content)	Assesses an organization's ability to meet the requirements of operational excellence. This includes the design and effectiveness of an organization's processes for meeting the OEMS requirements and how they are integrated into the business. Provides limited verification of specific compliance.	Reporting unit request to assess one or more OE processes. Assist unit in addressing action plan closure.
Applicability	Organization based (typically reporting unit level); all Chevron reporting units .	Usually reporting unit-based; may be cross-organizational depending on subject matter.

Tenets of Operation

To achieve and sustain our objectives, we must develop a culture where everyone believes all incidents and operating disruptions are preventable and that "zero incidents" is possible.

Tenets are a code of conduct used by employees and contractors as a tool to guide daily decisions. Leaders play an important role in reinforcing behaviors consistent with the tenets. The Tenets of Operation are based on two key principles:

1. Do it safely or not at all.
2. There is always time to do it right.

Each organization will deploy the Tenets of Operation to provide a foundation for an operational excellence culture at Chevron.

Always:

- Operate within design and environmental limits.
- Operate in a safe and controlled condition.
- Ensure safety devices are in place and functioning.
- Follow safe work practices and procedures.
- Meet or exceed customer's requirements.
- Maintain integrity of dedicated systems.
- Comply with all applicable rules and regulations.
- Address abnormal conditions.
- Follow written procedures for high-risk or unusual situations.
- Involve the right people in decisions that affect procedures and equipment.

Questions a leader can ask to ensure that the tenets are incorporated into decisions and behaviors:

- Do we know the limits of our facility or plant and equipment?
- Could this activity cause too much pressure, temperature, weight, flow, vibration or other abnormal condition that exceeds the design of the equipment?
- Will the task result in operating in an abnormal or alarm condition?
- Are safety devices in place for the work about to be performed? Are they working?
- Do we understand the safety procedures or safe work practices required for the task we are about to perform?
- Do we have a permit and appropriate job safety or hazard assessment for the work?
- Do we understand the risks associated with not following the procedure?
- Is this task going to compromise a safety system or process?
- Are we meeting or exceeding the requirements for this activity?
- Are we deviating from the normal process or expected conditions?
- Are we planning to follow the safe work practice or standard operating procedures for this work?
- Do we need to follow a management of change procedure for this work?
- Does the work have adequate supervision?
- Have we communicated with the appropriate people for this process?



Glossary

Management System Process

A systematic approach used to drive progress toward world-class performance. The Management System Process is linked to the business planning process.

Operational Excellence (OE)

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

OE Expectations

Enterprise-wide requirements for site-specific processes to control certain risks inherent to our business.

Operational Excellence Management System (OEMS)

A standard approach for achieving world-class performance in safety, health, environment, reliability and efficiency. The OEMS consists of three parts:

- Leadership Accountability
- Management System Process

OE Objectives

A description of OE performance businesses are striving to achieve. The corporation has established five Objectives (shown on page 1) that illustrate world-class performance. Individual units should align their objectives with the corporation's.

OE Processes

Interrelated or interacting activities undertaken to meet OE Expectations.

Each OE Process has five components:

- Purpose, Scope and Objectives
- Procedures
- Resources, Roles and Responsibilities
- Measurement and Verification
- Continual Improvement

Standard Processes

Specific process, procedure or performance requirements applicable to all units enterprise-wide. OE Standard Processes may also be specific to a sector or an operating company.

Operational Excellence

Operational Excellence is the systematic management of safety, health, environment, reliability and efficiency to achieve world-class performance.

OE Vision

To be recognized and admired by industry and the communities in which we operate as world-class in safety, health, environment, reliability and efficiency.

OE Objectives

- Achieve an injury-free work place.
- Promote a healthy workplace and mitigate significant health risks.
- Eliminate spills and environmental incidents. Identify and mitigate key environmental risks.
- Operate incident-free with industry-leading asset reliability.
- Maximize the efficient use of resources and assets.



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