



## Open letter to Chevron shareholders about voting at Annual General Meeting 2018 on Proposal 8 and Proposal 10

Dear shareholders,

on behalf of the Union of People Affected by Chevron-Texaco - UDAPT<sup>i</sup>, we reach out to you in view of the upcoming Annual General Meeting of Stockholders of Chevron Corporation to bring to your attention the **Stockholder Proposals** regarding **Independent Chairman** and **Special Meetings** ([Proposal 8](#) and [Proposal 10](#) on the Proxy Card).

We are writing to you because we believe that as a stockholder of Chevron, you have the **power and responsibility** to urge the company not only to ensure high economic performances, but most importantly to abide by the highest standards of care to the environment and respect of human rights. For this reason, we ask you to **vote FOR** these proposals, which highlight **Chevron's mismanagement** of the ongoing legal trial related to the **massive oil pollution** of Ecuadorian Amazon rainforest, as well as the company's **underestimation of huge financial risks** associated with it.

The extraction activities carried out by Texaco from 1964 until 1992 in the Lago Agrio oil fields caused **one of the largest environmental disasters in human history**, as an area of over **480,000 hectares** (more than the size of Rhode Island) was irreversibly contaminated by the dumping of some **650.000 crude oil barrels** and more than **16 billion gallons of toxic oil sludge** directly into the soil, streams and rivers. Such contamination was not due to unintentional spills: it was rather the **consequence of a planned business model** aiming at extracting oil at the least possible cost, avoiding the adoption of adequate forms of environmental precautionary measures and waste treatment.

The utter disdain for the surrounding ecosystem and the lives and health of the over **30,000 indigenous people and peasants living in the area** has caused inestimable damage. Our communities have been permanently exposed to contaminated water and land, which has led to the [arising of several diseases](#), including **cancer rates up to 10 times higher** than in the rest of the country.

In 1993, 75 affected people started an historical legal battle by filing a lawsuit against Texaco on behalf of the over 30,000 people living in the contaminated area. After a long trial, in 2011 the Ecuadorian Provincial Court of Sucumbiós ruled in favor of our plaintiffs, **condemning Chevron** (which in 2001 acquired Texaco) to a \$18 billion compensation. In 2013, the Supreme Court of Ecuador confirmed the condemnation and assessed the compensation to **\$ 9.51 billion**. Despite previously agreeing to abide by Ecuadorian courts' rulings, until now Chevron has refused to pay and has meantime removed all its assets in Ecuador. For this reason, the Ecuadorian plaintiffs have been undertaking **legal actions** in order to **seize the company's assets abroad**, in an effort to recover their financial due.

During this lapse of time, Chevron's conduct has been characterized by the use of **aggressive attacks against the plaintiffs**, dilatory actions and the spending of **hundreds of millions of dollars** for legal expenses in a desperate attempt to avoid payment and reparation. All of this has further worsened the company credibility and the opinion of several shareholders, who have repeatedly expressed their concerns about Chevron management of the case in **several resolutions** filed each year starting from 2003. Furthermore, Chevron same misbehavior used against the plaintiffs has been extended [to the company's own shareholders](#), in a reckless attempt to shut up critical voices.

In consideration of all of this, we are calling on you to carefully reflect on **whether it can be considered acceptable** to continue supporting the current way of managing this matter. Despite its advertising campaigns, the actions of Chevron's Board of Directors have repeatedly demonstrated the company **complete disdain for human rights and the environment**, not just in Ecuador but in [many other cases worldwide](#).

Moreover, we urge you to reflect also on the **operational and financial risks** that the poor management of the case may generate. A company acknowledged as irresponsible towards the environment and unfair in dealing with governments and local communities is likely not only to face growing opposition, but especially to lose more and more credibility. Four years ago, on the occasion of the World Economic Forum, Chevron saw its reputation badly influenced after receiving the famous [Public Eye Award](#) as the [most irresponsible company](#), due to the environmental disaster and related human rights violation caused in Ecuador.

As a shareholder of Chevron, you have the **power to influence the company behavior** by exercising its right to vote. For this reason, we reiterate our request to **vote for the proposals 8 and 10 on the Proxy Card**. Similar resolutions have gained **growing consensus** over the last years, up to an **outstanding 38,7%** (Item 8) and **32%** (Item 10) of votes in favor of the proposals presented in 2017.

Separating the roles of Chair of the Board of Directors and CEO ([Proposal 8](#)) would **markedly improve the governance model and overall transparency** of Chevron and **help avoid mismanagements** as the one related to the Ecuadorian case. Indeed, the decision of the former CEO and Chair Mr. Watson to consider this case as a personal challenge and continue a reckless litigation strategy for over two decades has caused **enormous costs** and important **reputational damage** to the company.

Giving holders of 10% of outstanding common stock the power to call special meetings ([Proposal 10](#)) would mean giving **increased opportunities** to **request clarifications** and **obtain more transparency** about the company activities and policies.

We hope therefore that your vote would help make it possible to **trespass the threshold of 50%**, which would be a milestone step not only in holding Chevron accountable for the pollution caused in the Amazon rainforest, but also in **giving shareholders a key role in enhancing the governance of the company** they are investing in and the possibility to **obtain more transparency** regarding its activities, as well as **improving Chevron ethics code** on the basis of human rights international conventions such as the Universal Declaration of Human Rights.

In conclusion, we would like to thank all the shareholders who through the support to these resolutions have backed our **fight to live in peace and dignity in a healthy environment**, a fight that our affected communities will not give up until justice has been reached. We do hope that you will decide to join these stockholders on the occasion of the upcoming Annual General Meeting in San Ramon.

Sincerely,



Willian Lucitante Criollo  
UDAPT Executive Coordinator

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<sup>i</sup> The Union of People Affected by Chevron-Texaco (UDAPT) represents the over 30,000 affected people living in the contaminated area, both peasant communities and six indigenous nationalities. i.e. the Siona, Siekopai, Cofán, Kichwa, Waorani, and Shuar. The UDAPT provides legal and political support to their struggle for justice against Chevron-Texaco related to the massive contamination of 480,000 hectares of Amazon rainforest.