

2006 SHAREHOLDER RESOLUTION TO CHEVRON CORPORATION ON ECUADOR

Submitted by Trillium Asset Management. Co-filed by New York State Common Retirement Fund, Amnesty International and ICCR members. ICCR is the Interfaith Center on Corporate Responsibility, national coalition of religious investors.

WHEREAS:

Between 1972 and 1992, a Texaco-Petroecuador joint venture extracted over 1.4 billion barrels of oil from the Ecuadorian Amazon. As operator, Texaco designed, built and managed all exploration, extraction and transportation facilities.

During this time, the trans-Ecuadorian pipeline spilled an estimated 19 million gallons of oil, near twice as great as the *Exxon Valdez*. Texaco disposed of an estimated 18.5 billion gallons of toxic wastewaters into open, unlined pits, waterways and wetlands although it was standard practice in the U.S. to re-inject such waters into the ground.

In 1998, Texaco completed a cleanup of 156 of the 627 unlined toxic waste pits pursuant to an agreement with the Ecuadorian government. Groundwater contamination, however, was not remediated.

The adequacy of the cleanup is being challenged in a third-party, class-action lawsuit in Ecuador representing 30,000 plaintiffs seeking billions of dollars of additional remediation.

Evidence gathered by both sides is showing total hydrocarbon soil contamination that greatly exceeds thresholds set by both Ecuador and the U.S. Some of these substances are carcinogenic or known to cause other serious health effects.

Independent studies of the contamination's health impacts on neighboring communities have found:

- Exposure to and consumption of the contaminated waters has led to numerous types of infections and cancers;
- Eight types of cancer in San Carlos, a community near former Texaco wells, far exceeding historical incidence rates;
- Children under 15 are three times more likely to contract leukemia in the area where Texaco operated than in other Amazonian provinces.

The controversy surrounding the trial is receiving growing attention in the U.S. and abroad. (See "Rainforest Jekyll and Hyde?" by Bob Herbert in *New York Times*, 10/20/05 and International Herald Tribune, 10/21/05; "Scientists Denounce Texaco's Academic Consultants in Ecuadorean Oil Dispute," *Chronicle of Higher Education*, 4/15/05; "The Hunt for Black Gold Leaves a Stain in Ecuador; As ChevronTexaco Faces a Major Lawsuit, Evidence Portrays a Company and a

Nation that For Years Showed Little Concern for the Environment,” *LA Times*, 11/30/03.
“Chevron Would Face \$5 Billion Tab For Amazon Cleanup, Expert Says,” *Wall Street Journal*, 10/30/03.

RESOLVED:

Shareholders request that the Board of Directors report by 10/01/06, at reasonable cost and excluding confidential information, the company’s (a) annual expenditures by category for each year from 1993 to 2005, for attorneys’ fees, expert fees, lobbying, and public relations/media expenses, relating in any way to the health and environmental consequences of hydrocarbon exposures and Chevron’s remediation of Texaco drilling sites in Ecuador and (b) expenditures on the remediation of the Ecuador sites.

SUPPORTING STATEMENT:

In numerous press releases, Chevron has categorically denied that the contamination that remains from Texaco’s drilling poses any risk to human health or the environment. In the shareholders opinion, Chevron is addressing these issues as a public relations problem rather than a serious health and environmental problem. We believe this damages Chevron’s reputation and credibility as an environmentally responsible corporate citizen, jeopardizes our ability to compete in the global marketplace, and may lead to significant financial costs.

Available online at:

<http://www.amnestyusa.org/business/sharepower/ChevronShareholderResolution.pdf>