SANFORD J. LEWIS, ATTORNEY

February 26, 2021
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to Chevron Corporation
on Behalf of Andrew Behar

Ladies and Gentlemen:
Andrew Behar is a beneficial owner of common stock of Chevron Corporation (the "Company") and has submitted a shareholder proposal (the "Proposal") to the Company. I have been asked by the Proponents to respond to the letters dated January 18, 2021 ("Company Letter") and February 17, 2021 ("Supplemental Letter") sent to the Securities and Exchange Commission by Elizabeth Ising. In those letters, the Company contends that the Proposal may be excluded from the Company's 2021 proxy statement.

Viewing the Proposal, as well as the letter sent by the Company, the Proposal is not excludable under Rule 14a-8 and must be included in the Company's 2021 proxy materials. A copy of this letter is being emailed concurrently to Elizabeth Ising.

SUMMARY

The Proposal requests that the Company's Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, as set forth in the International Energy Agency (IEA) Net Zero by 2050 (Net Zero) scenario, would affect its financial position and underlying assumptions. The supporting statement recommends that the report address information on assumptions, costs, estimates, and valuations that may be materially impacted by the scenario, the potential for widespread adoption of net-zero goals by governments and peers, and that the report be supported by reasonable assurance from an independent auditor.

The Company Letter claims that the Proposal is excludable pursuant to Rule 14a-8(i)(3), asserting that it is misleading to request the audited report, because there are no specific standards for an audit in line with the Proposal's requests. Yet, the Company contradicts this assertion in claiming substantial implementation, asserting that its internal audit department conducted a review of the IEA Sustainable Development (SDS) scenario consistent with audit standards, and even that its minimal discussion of the IEA Net Zero scenario was consistent with such standards.

The Proponent's request for an audited report reflects the convergence of shareholder concern and peer activities demonstrating that certain Company financial statements and reports lack appropriate review and disclosure of the impact of climate assumptions, including the impact of a more aggressive global policy response on asset and liability valuations; depreciation, depletion, and amortization; and evaluation of asset impairment. As the Company's own example shows, there are sufficient standards and strategies responsive to the request, that can be appropriately applied for purposes of an audit and verification of the requested report.

The Company Letter also asserts that the Proposal is misleading in requesting scenario analysis of a single scenario, rather than consideration of multiple scenarios. The Proposal does not suggest or require that the Company eliminate other scenarios in its business planning or publications, but only that it provide a focused and audited report on the IEA Net Zero scenario, which involves a more rapid drop in demand for oil and gas than scenarios analyzed by the Company. This analysis is important to investors in understanding the degree to which the Company may be affected by the convergence of world leaders, including government and business, in pursuit of worldwide net zero by 2050 greenhouse gas emissions targets. Therefore, the Proposal is not misleading nor excludable under Rule 14a-8(i)(3).

The Company Letter and Supplemental Letter next assert that new reporting by the Company substantially implements the Proposal for purposes of Rule 14a-8(i)(10). The reporting, however, does not implement the proposal nor its essential purpose. The limited and vague IEA SDS and Net Zero discussions do not satisfy the core concern of the Proposal — assessing and disclosing the impact of the Net Zero scenario on the Company's financial position, including value and impairment estimates.

The IEA Net Zero scenario is not analyzed in the Company's existing reporting and involves a steeper decline over the next decade in global fossil fuel demand than the SDS scenario analyzed by the Company in its reporting. The extent to which the company claims it has "implemented" the request of the Proposal amounts to a statement that the Net Zero scenario will involve more accelerated trends similar to SDS. Such a general conclusion is evident to shareholders, but far from the assessment requested by the Proposal. What is requested is an analysis by the Company of the impacts to its financial statements associated with this scenario. The proposal is not substantially implemented for purposes of Rule 14a-8(i)(10).

The Company Letter further asserts the Proposal substantially duplicates proposals submitted by Follow This and Benta B.V., but it does not. The other proposals are focused on "directing the Company's GHG emissions management program to reduce its GHG emissions," which is not a request of this Proposal. Therefore, the Proposal is not excludable under Rule 14a-8(i)(11).

Accordingly, the Proposal is not excludable.

\

BACKGROUND

Global Leaders and Investors Converge on Net Zero by 2050 - On January 27, 2021, the U.S. joined eight of the 10 highest-emitting nations in committing to seeking net zero greenhouse gas (GHG) emissions by 2050 (or 2060 for China). President Joseph Biden signed an executive order (EO) on that day to "put the United States on a path to achieve net-zero emissions, economy-wide, by no later than 2050." With this Executive Order, the United States rejoined the global community's push to meet the Paris Climate Agreement's temperature goals. **The EO brings the US in line with other governmental, corporate, and financial sector leaders who are adopting a net zero by 2050 target.**

A major portion of the financial community, in particular, has embraced the net zero goal. The day before release of the Executive Order, BlackRock's CEO Larry Fink issued his annual letter to corporate CEOs, calling on all investee companies to prepare a clear business plan in line with the transition to a net zero economy, "where global warming is limited to well below 2° C, consistent with a global aspiration of net zero greenhouse gas emissions by 2050…. We are asking you to disclose how this plan is incorporated into your long-term strategy and reviewed by your board of directors."[1]

The Fink letter followed other investor initiatives converging on net zero by 2050, including the Climate Action 100+, an initiative supported by investors with $52 trillion in assets under management, which has been seeking net zero by 2050 commitments from more than 165 of the largest corporate greenhouse gas contributors to the global economy.[2] Various alliances of asset owners and asset managers have further highlighted these net-zero commitments in public coalitions whose goals are to achieve institutional investor alignment of portfolios with a net-zero GHG outcome by 2050.[3]

International Energy Agency Net Zero 2050 Scenario - The International Energy Agency (IEA)

---

[1] https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

[22] On September 14, 2020, the CA100+ sent a letter to the CEOs & Board Chairs of 161 global companies calling on these firms to commit to net-zero business strategies. The initiative, a diverse, global coalition of over 500 institutional investors with over $52 trillion USD in assets under management, seeks to move high-emitting companies to adopt net-zero goals, disclose transition plans, and meet 10 key indicators of progress by disclosing to the Climate Action 100+ Net Zero Company Benchmark.
https://www.ceres.org/news-center/press-releases/climate-action-100-calls-net-zero-business-strategies-sets-out-benchmark

A Climate Action 100+ 2020 Progress Report highlighted the significant growth and evolution of the Climate Action 100+ request, and the growing demand for corporate progress in addressing the Paris Agreement net zero GHG emissions reduction goal. The report details company-level progress against the goals of the initiative. The report finds that:

- 43% of focus companies now have goals or commitments for net-zero emissions by 2050 or sooner, in some form.
- 10% of focus companies have net-zero targets that include coverage of their most material Scope 3 emissions.
- 194 new oil and gas projects sanctioned by Climate Action 100+ focus companies this year are misaligned with the Paris Agreement goals. Further, 68% of planned oil and gas capital expenditures were also inconsistent with these goals.

https://www.climateaction100.org/wp-content/uploads/2020/12/CA100-Progress-Report.pdf, (page 77)

[3] *See e.g.,* the U.N. Net Zero Asset Owner Alliance, https://www.unepfi.org/net-zero-alliance/.

has also acknowledged the net zero 2050 goal with the 2020 publication of the IEA NZE2050 scenario. The IEA, a global advisory entity established by governments and corporations to provide analysis in support of the energy sector worldwide,[4] has prepared a sector scenario based on the policies officially enacted by national governments pursuant to the Paris Agreement called the Stated Policies Scenario (SPS). This scenario provides relatively conservative estimates of the decline in fossil fuel demand, reflecting only those national commitments backed up by detailed policies. The IEA has also prepared a Sustainable Development Scenario (SDS), which includes a more ambitious framework reflecting the surge in clean energy policies and investment and the adoption by some nations and corporations of a commitment to net zero.[5] *The IEA indicated that the SDS would yield net zero by 2070, which exceeds the timeline needed to achieve the Paris 1.5 degree net zero goal.*

In 2020 the IEA, in recognition of government, business, and financial leaders' convergence on the net zero 2050 goal, established a scenario based on the potential for a global consensus and broader adoption of the goal of net zero by 2050.[6] The IEA NZE2050 focuses on the level of effort necessary over the next 10 years, to follow a trajectory consistent with achievement of net zero by 2050. The NZE2050 scenario assumes a world that is fully responsive to the climate emergency, and makes rapid adaptive changes, breakthroughs in both human behavior and technology. The IEA intends on releasing a full scenario through 2050 by date.

<u>The Current Proposal and Context of Company Opposition</u> - In light of the skepticism of many investors on the rigor and completeness of the Company's disclosures regarding the financial impacts of rapidly advancing global responses to climate change, this reporting Proposal seeks a more rigorous audited analysis of a scenario that is most closely aligned with the convergence of investors, governments, and policymakers on net zero by 2050, including the impact on the Company's financial position and taking account of costs, estimates, and valuations that may be materially impacted.

Given the groundswell of investor engagement on, and commitment to, widespread adoption of net zero by 2050 objectives by portfolio companies, the new scenario developed by the experts at

---

[4] The IEA describes its mission as providing "authoritative analysis, data, policy recommendations, and real-world solutions to help countries provide secure and sustainable energy for all." Created in 1974 to help coordinate a collective response to major disruptions in the supply of oil, the IEA has evolved into an "all-fuels, all-technology approach." The IEA examines the full spectrum of energy sources including renewables, oil, gas, and coal supply and demand; energy efficiency; clean energy technologies; electricity systems and markets; access to energy, demand-side management; and more."

[5] The IEA Sustainable Development Scenario reflects adoption of anticipated policies by countries, including integration of the several countries that have so far introduced targets to achieve net-zero emissions by 2050. The Sustainable Development Scenario, taking those country targets into account, led to a projection of global net zero emissions by 2070.

[6] The IEA notes that "increasingly attention is turning to what it would mean for the energy sector globally to reach net-zero emissions by 2050." It sets forth this scenario in its most recent Energy Outlook. The net zero scenario involves factors beyond fossil fuel reduction, including less reliance on carbon capture and sequestration, and more reliance on innovative technical breakthroughs. The scenario's fossil fuel related outcomes are grounded in changes in technology and markets where a rapid push is possible but challenging; a large reduction in industrial process CO2 emissions, including from the cement and chemical subsectors, yielding a significant drop in fossil fuel use for process heat; and a rapid growth in clean energy technologies for transportation through a major increase in battery manufacturing capacity for electric vehicles. The IEA scenario emphasizes the need for technology innovation, low carbon fuels, and integrated planning covering all parts of the energy system.

the IEA represents a logical target of investor interest at Chevron— an attempt to elicit rigorous analysis and financial disclosure by the Company on the scenario on which global leadership is converging, and against a backdrop of investor skepticism regarding the Company's climate disclosures regarding an industry transition to low-emitting energy sources.

PROPOSAL

CLIMATE CHANGE IMPACTS ON FINANCIAL POSITION AND ASSUMPTIONS

WHEREAS:

As evidence of the severe impacts from climate change mounts, policy makers, companies, and financial bodies are increasingly focused on the economic impacts[7] from driving greenhouse gas (GHG) emissions to well-below 2 degrees Celsius below pre-industrial levels (including 1.5° C ambitions), as outlined in the Paris Agreement.

This focus has led many Chevron peers (including BP, Eni, Equinor, Repsol, Royal Dutch Shell, and Total) to commit to major GHG reductions, including setting "net zero emission" goals by 2050.[8,9]

Investors are also calling for high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios,[10] and to provide investors insights about the potential impact on their financial statements.[11,12,13]

As of December 2020, Chevron Corporation had neither committed to net-zero emissions by 2050 across its value chain, nor disclosed how its financial assumptions would change from doing so.

In contrast, the audit reports for other high GHG-emitting companies clearly discussed this connection:

- BP: how climate change and a global energy transition impacted the capitalization of exploration and appraisal costs and risks that oil and gas price assumptions could lead to financial misstatements;
- Shell: how long-term price assumptions impacted by climate change could affect asset

7 https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf
8 https://www.reuters.com/article/climate-change-carbon-targets/factbox-big-oils-climate-targets-idUSL8N2HO1B4
9 https://carbontracker.org/reports/fault-lines/
10 https://www.iigcc.org/news/investor-groups-call-on-companies-to-reflect-climate-related-risks-in-financial-reporting/
11 https://www.unpri.org/sustainability-issues/accounting-for-climate-change
12 https://www.iigcc.org/download/investor-expectations-for-paris-aligned-accounts/?wpdmdl=4001&masterkey=5fabc4d15595d
13 https://cdn.ifrs.org/-/media/feature/news/2019/november/in-brief-climate-change-nick-anderson.pdf?la=en

values and impairment estimates;
- National Grid: noted estimates inconsistent with 2050 "net zero" commitments.

Additionally, in 2020, BP, Shell and Total reviewed their 2019 financial accounting practices in light of the accelerating low-carbon energy transition. All three subsequently adjusted critical accounting assumptions, resulting in material impairments, and disclosed how climate change affected the adjustments.

In October 2020, the International Energy Agency (IEA) issued a new “Net Zero 2050” scenario which describes what it would mean for the energy sector globally to reach net-zero GHG emissions by 2050. This more aggressive global action to curtail climate change is consistent with a 1.5°C temperature increase globally.[14]

RESOLVED: Shareholders request that Chevron’s Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.

SUPPORTING STATEMENT: Proponents recommend that in issuing the report, the company take account of information on:

- Assumptions, costs, estimates, and valuations that may be materially impacted; and
- The potential for widespread adoption of net-zero goals by governments and peers.[15]

Proponents recommend that the report be supported by reasonable assurance from an independent auditor.

ANALYSIS

I. <u>The Proposal may not be excluded under Rule 14a-8(i)(3) as it is neither false nor misleading and therefore not in violation of Rule 14a-9.</u>

The Company Letter asserts that the Proposal is misleading either because there is no applicable audit standard for the requested report, or because it recommends the evaluation of a specific scenario rather than a range of scenarios in assessing climate risk. Both of these amount to advocacy arguments by the Company, possibly appropriate ideas for the Company to present in an opposition statement accompanying the Proposal in the proxy, but not a basis for excluding the Proposal under Rule 14a-8(i)(3).

A. <u>The request to prepare an audited report is not misleading</u>

---

[14] https://www.iea.org/reports/world-energy-outlook-2020/achieving-net-zero-emissions-by-2050
[15] https://www.climatechangenews.com/2019/06/14/countries-net-zero-climate-goal/

Sufficient auditing norms are available

First, the Company asserts there is no audit standard applicable to the proposed report requested by Proponents. Contrary to the Company's assertion regarding audit standards, as we will discuss below, there are sufficient norms available, as demonstrated in part by the willingness of accounting firms to provide verification of sustainability accounting issues at companies.

In fact, the Supplemental Letter has a paragraph seeming to imply that the request for audit has been implemented through its **internal** auditing process, although that would seem to contradict Chevron's own argument that our request for an audit is false and misleading.

> "We also note that the Company's Corporate Audit Department, which performs the internal audit function at the Company, conducted an independent review of the reporting processes related to the Disclosures. This review was conducted in accordance with the principles espoused by the Institute of Internal Auditors. The Corporate Audit Department found that, in developing the SDS scenario disclosures, the Company's reporting processes were reasonably performed in accordance with the reporting process for the IEA's SDS scenario. Moreover, the Corporate Audit Department verified that the Company's procedures in developing the NZE2050 scenario statements followed applicable procedure to the extent developed to date by the IEA."

The Proponent uses the term "audited report" with intent, because there is significant concern among investors and experts that existing financial statements and audits are failing to integrate consideration of climate risks into the significant assumptions that go into asset and liability valuations and other critical findings. The Company's climate report is unaudited and not linked to the Company's financial statements. At least two former board members of the Public Company Accounting Oversight Board (PCAOB) have called for more auditor involvement in non-financial statement reporting.[16] Because such assurance is not mandatory today, and was not done in the case of Chevron's climate reporting, the Proposal communicates the desire of shareholders for an audited report on the financial impact of Net Zero economic assumptions as set forth in the IEA's Net Zero scenario.

It is reasonable to request independent assurance

Accounting firms have long offered audit services to clients seeking to obtain reasonable assurance as to specified assertions. As a recent report by the Center for Audit Quality explains, "Third-party assurance from an independent accounting firm can enhance the reliability of ESG information reported by companies, in a manner similar to the process that occurs with audits of financial statements and internal control over financial reporting."[17] This report also provides

[16] See Daniel L. Goelzer, Audit Oversight and Effectiveness: Understanding the Past and Looking Toward the Future, CPA Journal (February 2021) (calling to expand the PCAOB's mission beyond financial statement auditing) available at https://www.cpajournal.com/2021/02/22/audit-oversight-and-effectiveness/.
[17] Center for Audit Quality, ESG Reporting and Attestation: A Roadmap for Practitioners (Feb. 2021), page 2, available at https://www.thecaq.org/wp-content/uploads/2021/02/caq-esg-reporting-and-attestation-roadmap-2021-Feb_v2.pdf. The report further explains:

examples and standards that may be used for such assurance engagements.

The use of the term audit in the Proposal is not misleading. In context, it clearly implies a rigorous evaluation by an independent, trained third party of specified assertions by a Company, in this case a report of a climate-related scenario analysis that the Proponent seeks in order to better understand the sensitivity of the Company's financial statements and position to certain shocks set forth in a specified climate scenario. The Company already claims that it tested the (undisclosed) significant assumptions in its audited financial statements under more than 70 climate scenarios. The Proponent asks that the Company obtain and provide to investors similar reasonable assurance over the results of testing under the IEA's Net Zero scenario in order that investors can understand what the impact of such a scenario would be on the Company's financial position and results.

Climate assumptions vary widely; an independent audit would assure clarity and validation

Assessment of a more stringent scenario through an audited report is particularly apropos given the current understanding that significant assumptions made by companies and auditors related to climate change vary widely by organization, especially assumptions used to evaluate asset life and impairment of extremely long-lived property, plant, and equipment used in the hydrocarbon industry. Standard & Poor's recently reported that "a significant number of organizations conclude that [certain climate related] future cash flows are not even possible, but remote, and therefore the majority of issuers do not even disclose climate-risk-related contingent liabilities."[18]

Standard & Poor's contrasts this "remote" treatment of cash flow impact against some of Chevron's peers who are taking action today that leads to changes in assumptions and values in the financial statements:

> "We believe that this contrasts with many organizations in the oil and gas, transportation, and chemicals sectors making public commitments to achieve net-zero, or significantly reduce their greenhouse gas (GHG) emissions, within a timeframe that suggests at least some cash outflows are possible or even probable today."[19]

Climate is rising as key focus area for auditors

A review or examination level attestation from an independent accounting firm results in the issuance of an independent accountant's report that is designed to enhance the reliability of that information for the intended users of that attestation report by expressing a conclusion or opinion on that information (e.g., management assertions, data, and other disclosures made by management). Independent accounting firms adhere to robust requirements for independence, a firm system of quality control, and subject matter competency. Obtaining any level of assurance by practitioners involves the evaluation of processes, systems, and data, as appropriate, and then evaluating the evidence obtained and the results of the procedures in order to form a conclusion in a review engagement or an opinion in an examination engagement. Id. at 5.

[18] https://www.spglobal.com/ratings/en/research/articles/201204-reimagining-accounting-to-measure-climate-change-risks-11762634

[19] https://www.spglobal.com/ratings/en/research/articles/201204-reimagining-accounting-to-measure-climate-change-risks-11762634

More light has been shed on this impact on financial statements and relevance to audits through the recently established requirement for disclosure of Critical Audit Matters. Critical Audit Matters reflect a narrative discussion of the issues that required extra attention, reflection and care in the course of an auditor's work. The requirement has led a few companies, as cited in the Proposal, to identify climate change as a critical area of uncertainty that affects the valuations and assumptions underlying financial statements.

Jay Brown, as a member of the PCAOB[20] noted,

> … the discretion used to analyze the effects of climate change on the financial statements has narrowed. The days of optimistically thinking that the effects of climate change would be insignificant or modest appear to be over for many public companies. Climate change is accelerating and the likely impact on estimates and valuations is becoming more pronounced. Analyzing the impact, therefore, requires consideration of scenarios or models with increasingly severe outcomes. Simply assuming no effect or assuming the least disruptive effect will not in many cases be reasonable.

Brown went on to note that **"Increasingly, the failure to consider the impact of climate change or the unreasonable assumptions of the impact will make more and more difficult for firms the ability to obtain the necessary degree of assurance required for an audit."[21]**

B. Critical Audit Matters Reporting Inspires Current Proposal

In one company report on Critical Audit Matters that came to the attention of the Proponent, the auditor discussed management's estimates that were inconsistent with the 2050 "net zero" commitment.[22] The auditor observed that depreciating the assets in line with net zero targets would result in additional reductions to net income that were not reflected in the financial statements. The report also discussed how the auditor challenged management's assertion that carbon-emitting equipment could be used in alternative ways after a net-zero target date that supported management's estimate of operation until 2070. To the Proponent, this example demonstrates that auditors can and should consider the implications of net zero scenarios in current financial statements for high-emitting companies.

The Proponent believes that testing a scenario in which the global economy moves toward net-zero emissions by 2050 is important to understand the impacts on the significant assumptions that go into the Company's financial statements, regardless of whether the Company itself has committed to reduce its own greenhouse gas emissions to that level. This is because a global move toward net-zero emissions may affect demand for the Company's hydrocarbon products, thereby putting current financial statement conclusions into question, assuming that the Net Zero goal of global governments is implemented.

---

[20] Brown resigned from the PCAOB in January 2021.
[21] https://corpgov.law.harvard.edu/2020/11/19/revealing-esg-in-critical-audit-matters/
[22] *See* REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, *Form 20-F, National Grid, plc*, filed June 25, 2020. https://www.sec.gov/Archives/edgar/data/1004315/000100431520000053/nationalgrid20f2020redacdoc.htm

Standards are available, and Chevron is falling behind

At Chevron, a company that Proponent views as having lagged its peers in describing how its financial statements are affected by climate change scenarios, the current Proposal was crafted as the clearest way to ensure that shareholders receive appropriate information on critical assumptions that could impact the accuracy of its financial statements, particularly with regard to the growing global movement to achieve Net Zero emissions by 2050. Thus, the current Proposal represents a reasonable and appropriate attempt to ensure that such issue, which is being addressed by other companies' financial statements and Critical Audit Matters, is addressed by this Company.

We note that standards exist for auditing and verification outside of the financial statements. The Proponents' resolution did not request an audited financial statement with the suggested disclosures, but rather an "audited report." An audited report refers to the process by which an independent accounting firm would reach an opinion with reasonable assurance that management's assertions in the report are correct.

Standards are available for such an assessment. The International Auditing and Assurance Standards Board (IAASB) sets high-quality international standards for auditing, assurance, and quality control that strengthen public confidence in the global profession. The IAASB International Standard on Assurance Engagements 3000 Standard (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) is an assurance standard that provides guidance for assurance engagements other than audits or reviews of historical financial information. This standard is commonly applied to sustainability and greenhouse gas reporting matters.

Looking at the examples provided in the Proposal, it is clear that **other** companies have worked with their auditors to adjust their financial reporting to rigorously address anticipated decarbonization developments. As noted in the Proposal:

— [M]any Chevron peers (including BP, Eni, Equinor, Repsol, Royal Dutch Shell, and Total) [including committing] to major GHG reductions, including setting "net zero emission" goals by 2050;

— Investors are also calling for high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios, and to provide investors insights about the potential impact on their financial statements;

— As of November 2020, Chevron had neither committed to net-zero emissions by 2050 across its value chain, nor disclosed how its financial assumptions would change from doing so;

— In contrast, the audit reports for other high GHG-emitting companies clearly discussed this connection [in assessing and identifying critical audit matters]:

- BP: how climate change and a global energy transition impacted the capitalization of

exploration and appraisal costs and risks that oil and gas price assumptions could lead to financial misstatements;[23]
- Shell: how long-term price assumptions impacted by climate change could affect asset values and impairment estimates;[24]
- National Grid: noted estimates inconsistent with 2050 "net zero" commitments;[25]

— Additionally, in 2020, BP, Shell and Total reviewed their 2019 financial accounting practices in light of the accelerating low-carbon energy transition. All three subsequently adjusted critical accounting assumptions, resulting in material impairments, and disclosed how climate change affected the adjustments.

Thus, the Company's argument ultimately fails in asserting that it cannot issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero scenario, would affect its financial position and underlying assumptions. The absence of financial adjustments by Chevron, in contrast to its peers, has contributed to market reactions to the Company indicative of skepticism, including concerns that key risks are not being factored into financial reports.

Scenario limitations can be accounted for

It is not misleading to investors to request such a report. However, we would agree that it could be appropriate for the Company to describe any limitations on available standards for reporting in its opposition statement on the proxy statement.

In further contrast to the Company's assertion that an audited report is not possible, we note that PriceWaterhouseCoopers (PwC), the Company's financial statements auditor for many years, advertises its availability to conduct compliance and assurance activities on climate change matters. In particular, the Company notes that it "provides compliance and assurance services for all facets of the sustainability agenda."[26] In fact, PwC has committed to net zero GHG emissions by year 2030 for all of its global network. PwC notes:

---

[23] *See* REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, *Form 20-F, BP plc*, filed Mar. 3, 2020 (*available at* **https://www.sec.gov/Archives/edgar/data/313807/000162828020003753/a31122019bp20fdoc.htm**).

[24] *See* REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, *Form 20-F, Royal Dutch Shell, plc*, filed Mar. 12, 2020 (*available at* **https://www.sec.gov/ix?doc=/Archives/edgar/data/1306965/000130696520000014/royaldutchshell20-f2019.htm**).

[25] *See* REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, *Form 20-F, National Grid, plc*, filed June 25, 2020 (*available at* **https://www.sec.gov/Archives/edgar/data/1004315/000100431520000053/nationalgrid20f2020redacdoc.htm**.

[26] Examples cited by PWC include certified emissions reductions, life-cycle carbon and water footprints and stand-alone sustainability reports and sustainability portions of annual reports. https://www.pwc.com/gx/en/services/sustainability/compliance-and-assurance.html

> "Building on existing client work in sustainability and net zero transformation, PwC will infuse science-led climate analysis into its areas of service. For example, its Advisory practice is integrating climate risks into relevant engagements, providing clients with insights about climate risks and opportunities as well as helping them to transform their business processes. Another major focus area will be integrating climate-related and other ESG-related factors into mainstream corporate disclosures and governance, where PwC's Assurance practice will support the development of high-quality, aligned disclosure and measurement standards and help clients embed these into their reporting and governance. Across its Tax practice, PwC will be helping clients understand how net zero transformation will impact tax strategy, transparency and compliance obligations, subsidy and incentive opportunities, and revenue impacts for both public and private sector organisations."

It is apparent that the preparation of an audited report with appropriate descriptions by the auditor of the extent of verification, data and processes reviewed, aspects of verification, and any exceptions or critical considerations can be implemented, and it is not misleading to request such a report.

Proponents request verified disclosure to address a current failure

As an advocacy matter, the current request represents a reasonable private ordering attempt to address a failure of current disclosure requirements to prompt clear and effective disclosure by this large oil and gas company. The Proposal represents an appropriate initiative by investors to hone in on the areas where the Company is believed to be failing to provide sufficient clarity and accountability on material issues relevant to its financial statements.

The Company's position that the changes in valuation and assumptions are not auditable is contradicted not only by other companies having done so, but also by the commentary of a PCAOB expert that the type of assessment requested by the current Proposal is becoming a necessity for companies. Staff Legal Bulletin 14 B made it clear that, to the extent a word is not materially or objectively misleading, where the issue can be raised, as this one can, in the Company's statement in opposition, that is the appropriate remedy rather than excluding or requiring modification of the proposal.

Nonetheless, to the extent that the Staff is inclined to agree with the Company's argument that the term could be misleading, the Proponent is willing to omit the term from the Proposal, or substitute "verified" for "audited." In any event, we urge the Staff not to exclude the Proposal on the basis of this term.

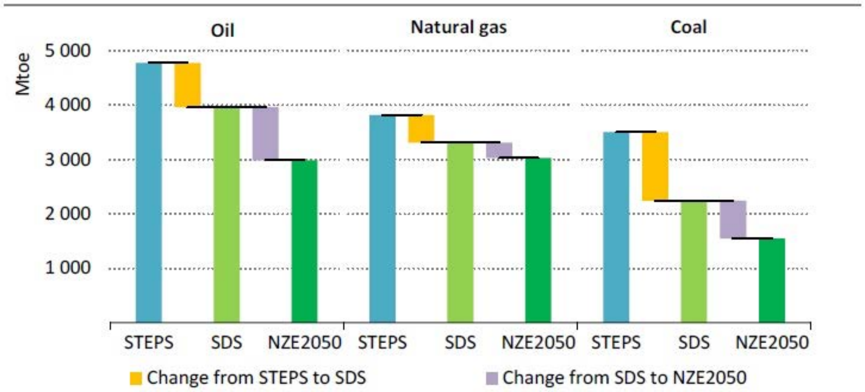
C. <u>The request to rigorously assess a specific scenario is not misleading</u>

The Company Letter next asserts that the Proposal is misleading because the TCFD guidance has indicated that companies (and investors) should evaluate scenarios that "cover a reasonable variety of future outcomes, both favorable and unfavorable."[27] The TCFD recommendation in no way requires a conclusion that the Proposal is misleading. The request to rigorously evaluate the specific Net Zero scenario omitted from the Company's reporting, which results in a significantly steeper decline in oil and gas demand over the next decade, is a logical and appropriate request that has material implications for the Company's future value.

As discussed further in the substantial implementation discussion below, the Proposal does not preclude the Company from continuing to analyze multiple scenarios but seeks a rigorous and verified analysis of the IEA Net Zero scenario, which the Proponents believe would provide greater transparency and accountability compared with current reporting.

Investors do not simply want disclosure on climate change, they want decision useful disclosures, and what is decision useful at present is seeing and understanding how integrated oil and gas companies like Chevron are positioned strategically for a swift-moving Net Zero energy transition.

Figure 4.5 ▷ Differences in fossil fuel demand in the scenarios in 2030



Declines in fossil fuel use in the SDS are further extended in the NZE2050. By 2030, coal use is 55% lower in the NZE2050 than the STEPS, oil is 40% lower and natural gas is 20% lower.

Source: IEA World Energy Outlook 2020, page 129.

The Proponents believe an audited analysis against the omitted Net Zero scenario would shed light on Chevron's future energy price assumptions, CAPEX strategies, impairment estimates, and other financial factors, especially over the next decade. Since many investors want to assess whether Chevron is prepared for a net zero energy transition, the Proposal seeks disclosure the IEA Net Zero scenario, which best approximates the impact to the Company of this more aggressive climate policy scenario. Such analysis is material and important to investors especially given the likely context in which financial institutions are less inclined to lend to,

[27] "The Company, as demonstrated in the 2021 ECS and recommended by TCFD, has analyzed a range of different scenarios to make its public disclosures regarding future demand changes and financial impacts, so as not to give the false and misleading impression that any one scenario predicts the future of the Company's operations and financial performance." Company Letter, page 3.

underwrite, or in other ways financially invest in high-emitting business activities.[28]

The current Proposal is not misleading in its request for an audited report that focuses on the IEA Net Zero scenario and is not excludable under Rule 14a-8(i)(3).

II. The Company has not substantially implemented the Proposal, thus it may not be excluded under Rule 14a-8(i)(10)

The Proposal asks the company to issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero scenario, would affect its financial position and underlying assumptions.

In the Staff's view, a determination that the Company has substantially implemented the Proposal depends upon whether its particular policies, practices and procedures compare favorably with the guidelines of the Proposal. *Texaco, Inc.* (Mar. 28, 1991). Substantial implementation under Rule 14a-8(i)(10) requires a company's actions to have satisfactorily addressed both the Proposal's guidelines and its essential objective. See, e.g., Exelon Corp. (Feb. 26, 2010). The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." Exchange Act Release No. 12598 (July 7, 1976). Substantial implementation under Rule 14a-8(i)(10) requires a company's actions to have satisfactorily addressed both the proposal's underlying concerns and its essential objective. In the present instance, the Company's reporting has done neither.

The proposal, in its whereas clauses, provides evidence that, in contrast to the Company, peers are addressing those steeper fossil fuel reduction climate scenarios and disclosing climate issues in audit reports, flagging the potential for altered price assumptions and potential misstatements with regard to asset values and impairment. The Proposal's whereas clauses further note that other oil and gas companies have undertaken climate related adjustments to critical accounting assumptions, resulting in material impairments. In contrast, Chevron has neither committed to net zero emissions across its value chain nor disclosed how that would change its financial assumptions.

The essential purpose of the resolution is for the company to provide clear analysis regarding how IEA Net Zero assumptions would affect its financial statement assumptions. The Company has failed to provide that information, so the Proposal has not been implemented. The Company continues to argue that its disclosures provide analysis about how such a significant transformation to its industry impacts its own strategy. But the Proponent fundamentally disagrees that what the Company has provided meets the essential purpose of the Proponent's request.

To put this in some industry perspective, integrated oil and gas companies have announced major

[28] https://www.marketwatch.com/story/bank-of-america-matches-efforts-by-morgan-stanley-jpmorgan-chase-with-net-zero-financing-goal-11613074045

changes to their businesses upon consideration and commitment to alignment with the Paris Agreement and a Net Zero 2050 pathway. BP has dramatically cut its CAPEX for oil discovery, reduced its oil reserves and reduced its oil production staff by 40% in recent months. Royal Dutch Shell has launched business strategies to transform itself into an energy-providing company by 2030, versus a fossil fuel exploration and production company. Occidental, the first U.S. company to commit to Net Zero by 2050, has already established a plan to meet that target where it includes emissions from customers using its fuels. The Proposal is not saying that the Company has to choose a similar path. The Proposal is concerned, however, that the changes taking place in the industry are so fundamental that if Chevron is reporting that it will have no stranded assets, and will remain largely unaffected by such changes, and that demand for its core fossil fuel products will not be impacted by the Paris Agreement's ultimate, net zero objective—then the filers want to see the data, energy price assumptions, and Company assessments that undergird those conclusions. Investors must make well-informed decisions about where to invest their assets. Being able to compare companies under a Net Zero scenario, as more and more nations, states, and localities adopt Net Zero goals, is a rational and reasonable request that will provide critical and material data to investors.

While Chevron notes at the beginning of its supplemental "IEA's SDS and NZE2050 Analysis Summary" (the "Summary") that it tests its portfolio, tests its investment strategies, and evaluates business risks to strive to deliver results under a range of potential futures, it shares almost none of this information with shareholders in this additional document.

The Summary provided by Chevron of the SDS scenario, and the even more minimal discussion of the IEA Net Zero by 2050 scenario, fail in the most basic sense to fulfill the request of the proposal -- one cannot tell from the summary provided how either scenario would affect the financial position of the company. In fact, different members of our team, after reading the summary, came away with completely opposing conclusions of whether and how the scenarios might affect the financial position of the company. One interpreted the summary to suggest that the company's financial position would decline, another that it would remain the same or grow.

There is simply insufficient information in the Summary for investors to understand anything more than one or two small points about the impact of the requested NZE2050 scenario. The Summary wholly failed to provide the requested ". . . . costs, estimates, and valuations that may be materially impacted, . . ." nor did it discuss its "assumptions about the potential for widespread adoption of net-zero goals by governments and peers."

A summary of deficiencies follows below. Importantly, the first set of statements pertaining to the SDS scenario are irrelevant, since the Proposal requested a comprehensive analysis of the NZE2050 scenario. However, we include an assessment of their utility, as the Company's statements on the NZE2050 scenario refer back to those regarding the SDS scenario.

Company Statement of SDS	Gap analysis as to how information	Useful

scenario Short-term impact (0–10 years) Upstream:	provided addresses Proposal's request for how the scenario will affect its financial position?	Information?
Today, much of our Upstream investment is focused on unconventional and brownfield assets.	Existing information.	Already disclosed to shareholders.
Our LNG assets in Australia will generate earnings and cash in an environment that lacks substantial price growth.	How much earnings? More than current earnings? Less? the same? Substantially less? This statement could mean anything from $1,000 in earnings and cash to hundreds of millions.	We are left to guess impact.
In a low-price environment like the SDS, operating costs decline across the portfolio.	Operating costs decline in this low price environment. But what material impact does this have? While operating costs may decline, revenue will also likely decline. What is the net outcome? Will Company's financial position be improved or decline?	Yes We are left to guess impact.
Company Statement of SDS scenario Short-term impact (0–10 years) Downstream & Chemicals:	**Gap analysis as to how information provided addresses Proposal's request for how the scenario will affect its financial position?**	**Useful Information?**
Although there is declining demand for transport fuels in the United States, the Downstream portion of our portfolio remains resilient due to actions we have taken over the past decade to enhance refinery competitiveness.	Not clear how the company defines "resilient" accept that presumably we are informed the downstream & chemicals sectors will still be in business. We are left to wonder how resilient? Will the units grow, remain stagnant, shrink? Does this imply that, unlike the downstream business, other business units will not be resilient?	Yes We are left to guess impact. We are left to guess impact.
Petrochemical demand continues increasing in the SDS, which will help maintain earnings from the	Earnings in petrochemical business will be maintained.	Maybe. Assuming they will be maintained at

chemicals business.		same level, which is unclear.
Company Statement of SDS scenario Long-term impact (10-plus years) Upstream:	**Gap analysis as to how information provided addresses Proposal's request for how the scenario will affect its financial position?**	**Useful Information?**
Production and cash generation from our existing assets plus select brownfield investments remain robust into the 2030s, even at SDS prices.	Production and cash generation from existing assets remains robust into the 2030. Not clear what this means to total financial picture. What happens after 2030? What about investments in new assets? This is the more important question as existing assets will generally expected to generate cash through their lifecycle.	Yes. We are left to guess impact. We are left to guess impact. We are left to guess impact.
Margins and cash flow settle at levels that ensure there is enough supply to meet the world's continued need for energy through the period.	Not sure what this means for the company's financial position? Seems to be a statement of macroeconomic impact. Generally, it is almost always the case that global markets will reach a level where energy needs are met. We assume that the world will continue to need energy and Chevron has already stated this in prior documents Chevron does not analyze or provide new information as to how those energy needs will be met? With oil & gas? With renewables? with energy efficiency? Or what this means for Chevron?	No. No. We are left to guess impact.
In this environment, we use our portfolio's scale, efficiency, diversity, and flexibility to maintain the business.	Chevron states it will maintain the business, but at what level? How will its financial position be affected? What will be altered?	We are left to guess impact.
Company statement of SDS scenario Long-term impact (10-plus years) Downstream	**Gap analysis as to how information provided addresses Proposal's request for how the scenario will affect its financial**	**Useful Information?**

& Chemicals:	**position?**	
Declining demand for all hydrocarbon transport fuels results in margins dropping globally.	Margins will drop. How much? When? how will this affect financial position?	Maybe. We are left to guess impact.
Refining investments remain curtailed,	Refining investments will be curtailed	Maybe, depending on impact
although select investments, including in petrochemicals, could continue.	How much will refining investments be curtailed? When? Are assets stranded at some point? Or just not invested? How does this impact the company's financial position? Select investments could continue, but which ones? How many of them? Where? Of what? For how long? What is the financial impact?	We are left to guess impact. We are left to guess impact.
Company Statement of Impact on the NZE2050 scenario	**Gap analysis as to how information provided addresses Proposal's request for how the <u>NZE2050 scenario</u> will affect its financial position?**	**Useful Information?**
The first 2 paragraphs simply re-state the assumptions set forth in the IEA's NZ by 2050 scenario. They do not provide any new or additional information.	No new or additive information.	No.
The NZE2050 scenario currently only provides demand implications through 2030.	No quantitative analysis of how the new scenario numbers impact Chevron through 2030.	No.
Certain assumptions such as details on demand profiles by region and fuel that extend beyond 2030 for the NZE2050 scenario are not yet available. These assumptions are needed to fully understand specific energy price and specific portfolio impacts similar to the SDS analysis.	We note that under Chevron's analysis of the SDS scenario, which presumably did provide information on assumptions through 2050, we received no information about impact by region or assets within regions. We further received no information about impacts by fuel type. We also did not receive any information about specific portfolio impacts. **If Chevron is already using this information for its own analysis, it can**	No. **No.**

	share such analysis with investors as requested in this proposal. It has not done so.	
Nevertheless, under the NZE2050 scenario, overall market and Chevron portfolio impacts are expected to be similar to those in the SDS scenario described above but on a more accelerated time horizon.	Since the impacts of the SDS are not adequately explained by Chevron, it is unhelpful to say that the expected impacts of the NZE2050 will be the same as the SDS, but on an accelerated time horizon. Even if we knew what impacts will be accelerated, how much of an acceleration? And what are the financial impacts to the company?	No

As noted in the Supplemental Letter, the Company claims to have answered the Proposal's request for *whether* it will be impacted by the IEA Net Zero 2050 scenario by stating: "that the Company expects that its 'financial position and underlying assumptions' *will be affected* as 'envisioned in the IEA Net Zero 2050 scenario'" (emphasis added). However, the high-level generalities it provides as to *how* its financial position and underlying assumptions will be impacted fall far short of meeting the Company's burden of proving substantial implementation pursuant to Rule 14a-8(i)(10). Additionally, the Proposal's request that the report be supported by reasonable assurance from an *independent* auditor has also not been addressed.

The Proponent respectfully asserts that the Company has neither implemented the guidelines nor the essential purpose of the Proposal, which would entail a rigorous assessment of its financial prospects against the IEA Net Zero scenario which involves a steeper decline in oil and gas demand than the scenarios highlighted in its current reporting. In a policy and investment environment in which there is skepticism about the Company's climate related disclosures, the guidelines of the Proposal are intended to bring more rigorous disclosure on a scenario material to investors, and implicitly, to ensure any disclosures issued by the Company in response to this Proposal are not misleading in their statements or omissions.

Notably, the Company has not asserted that the guidelines of the Proposal are inappropriate, only that it wishes to avoid fulfilling them based on its other reporting. The proposal is not substantially implemented for purposes of Rule 14a-8(i)(10).

III. <u>The Proposal may not be excluded under Rule 14a-8(i)(11) as it is not substantially duplicative of proposals submitted by Follow This or Benta B.V.</u>

The Company argues that the Proposal is substantially duplicative, separately, of the Follow This proposal and the Benta proposal, each of which the Company asserts were filed prior to the current Proposal.

Chevron's argument asserts that the Proposal has the same principal thrust and focus as each of the other proposals. To come to this conclusion, the Company's argument ignores the distinct subject matter of each proposal.

The principal thrust and focus of the Proposal at issue here is to address and disclose to investors material information on the financial risks posed by global success in achieving net zero greenhouse gas emissions by 2050.

In contrast, the principal thrust of the Follow This Proposal and the Benta Proposal, as previously characterized by the Company, are "directing the Company's GHG emissions management program to reduce its GHG emissions."

No shareholders can reasonably be expected to be confused about the difference between the current proposal and either of these other GHG related proposals. Accordingly, the current Proposal must be included in the proxy, even if one or both of the other proposals appears at the same time.

A. Proposals are not substantially duplicative if they do not have the same 'principal thrust' or 'focus.'

Rule 14a-8(i)(11) provides for exclusion of a proposal only if it "substantially duplicates another proposal previously submitted to the Company." The purpose of this Rule is to prevent shareholders having to consider two or more "substantially identical proposals" by proponents acting independently of each other. Exchange Act Release No. 12999 (November 22, 1976). The Staff has interpreted these provisions to only allow exclusion of proposals with the same subject matter and having the same "principal thrust" or "principal focus." See e.g. *Allstate Corporation* (March 12, 2014) (proposal requesting report of company expenditure on *lobbying* found not substantially duplicative, i.e., had different principal thrust, than proposal requesting disclosure of *political spending*.).

> **In its no action requests on the other proposals, the Company has characterized the principal thrust and focus of the Follow This Proposal and the Benta Proposal differently than the current Proposal.**

The standard that the Staff has traditionally applied for determining whether a proposal substantially duplicates an earlier received proposal is whether the proposals present the same "principal thrust" or "principal focus."

Chevron now claims in this Letter that "the principal thrust and focus of the Proposal here and the Follow This Proposal are the same: addressing the financial risks and impacts of climate change." Yet it is notable that in its separate no-action requests, the Company characterized the principal thrust of the Follow This Proposal as "directing the Company's GHG emissions management program to reduce its GHG emissions."

In another no-action request,[29] the Company again characterized the principal thrust and focus of

[29] https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2021/followchevron011821-14a8-incoming.pdf

the Follow This Proposal differently than that of the Proposal here, stating the "principal thrust and focus of the [Follow This] Proposal and the Taggart Proposal are the same: directing the Company's GHG emissions management program to reduce Scope 3 GHG emissions."

Chevron makes the same claim regarding the Proposal and the Benta Proposal, stating that "the principal thrust and focus of the Proposal and the Benta Proposal are the same: addressing the financial risks arising from widespread reductions in GHG emissions." However, in a separate no-action request[30] comparing the Benta Proposal to the Follow This Proposal, the Company stated that the principal thrust of the Benta Proposal was "directing the Company's GHG emissions management program to reduce its GHG emissions."

As set forth in its own papers, even the Company admits that these proposals have different principal thrusts and focuses. The Company should not be allowed to arbitrarily change the its portrayal of the principal thrust as convenient to suit its various arguments.

As demonstrated above, the Proposal is not excludable under Rule 14a-8(i)(11). Therefore, we request the Staff to inform the Company that the SEC proxy rules require denial of the Company's no-action request.

CONCLUSION

Based on the foregoing, we believe the Company has provided no basis for the conclusion that the Proposal is excludable from the 2021 proxy statement pursuant to Rule 14a-8.[31] As such, we respectfully request that the Staff inform the Company that it is denying the no action letter request. If you have any questions, please contact me at 413 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,

Sanford Lewis

cc:
Elizabeth Ising
Danielle Fugere

---

[30] https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2021/bentabvchevron011821-14a8-incoming.pdf

[31] In addition, we urge the Staff to consider the impetus of the January 20, 2021 Executive Order of President Joseph Biden on Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis. The president has noted, among other things, that it is the policy of the current administration to hold polluters accountable and to reduce greenhouse gas emissions and has directed all executive departments and agencies to immediately review and, as appropriate and consistent with applicable law, take action to address the promulgation of Federal regulations and other actions during the last four years that conflict with these important national objectives, and to immediately commence work to confront the climate crisis. Deciding against exclusion of the present proposal on any of the purported bases provides just such an opportunity.

GIBSON DUNN

Gibson, Dunn & Crutcher LLP

1050 Connecticut Avenue, N.W.
Washington, DC 20036-5306
Tel 202.955.8500
www.gibsondunn.com

Elizabeth Ising
Direct: 202.955.8287
Fax: 202.530.9631
EIsing@gibsondunn.com

February 17, 2021

VIA E-MAIL

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *Chevron Corporation*
Supplemental Letter Regarding Stockholder Proposal of Andrew Behar
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

On January 18, 2021, we submitted a letter (the "No-Action Request") on behalf of Chevron Corporation (the "Company") notifying the staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") that the Company intends to omit from its proxy statement and form of proxy for its 2021 Annual Meeting of Stockholders (collectively, the "2021 Proxy Materials") a stockholder proposal (the "Proposal") and statements in support thereof (the "Supporting Statement") received from As You Sow on behalf of Andrew Behar (the "Proponent"). *See* Exhibit A.

The Proposal states:

> **RESOLVED**: Shareholders request that Chevron's Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.
>
> **SUPPORTING STATEMENT**: Proponents recommend that in issuing the report, the company take account of information on:
> - Assumptions, costs, estimates, and valuations that may be materially impacted; and
> - The potential for widespread adoption of net-zero goals by governments and peers.
>
> Proponents recommend that the report be supported by reasonable assurance from an independent auditor.

BASIS FOR SUPPLEMENTAL LETTER

We write to supplement our request in the No-Action Request that the Staff concur in our view that the Proposal may properly be excluded from the 2021 Proxy Materials pursuant to Rule 14a-8(i)(10). As discussed below, the Company has published information on and the results of its 2020 climate change scenario analysis under the heading "IEA's SDS and NZE2050 Analysis Summary" (the "Disclosures"),[1] which were reviewed by the Board of Directors prior to publication and address the Proposal's essential objective—providing stockholders with disclosures regarding "whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect [the Company's] financial position and underlying assumptions."

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(10) Because The Company Has Substantially Implemented The Proposal.

A. Background On Rule 14a-8(i)(10).

Rule 14a-8(i)(10) permits the exclusion of a stockholder proposal "[i]f the company has already substantially implemented the proposal." The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was "designed to avoid the possibility of [stockholders] having to consider matters which already have been favorably acted upon by the management." *See* Exchange Act Release No. 12598 (July 7, 1976) (the "1976 Release"). Originally, the Staff narrowly interpreted this predecessor rule and granted no-action relief only when stockholder proposals were "'fully' effected" by the company. *See* Exchange Act Release No. 19135 (Oct. 14, 1982). By 1983, the Commission recognized that the "previous formalistic application of [the Rule] defeated its purpose" because proponents were successfully convincing the Staff to deny no-action relief by submitting stockholder proposals that differed from existing company policy by only a few words. Exchange Act Release No. 20091, at § II.E.6. (Aug. 16, 1983) (the "1983 Release"). Therefore, in 1983, the Commission adopted a revised interpretation to the rule to permit the omission of stockholder proposals that had been "substantially implemented." 1983 Release. The 1998 amendments to the proxy rules codified this position. *See* Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release"), at n.30 and accompanying text.

Under this standard, when a company can demonstrate that it already has taken actions to address the underlying concerns and essential objective of a stockholder proposal, the Staff has concurred that the stockholder proposal has been "substantially implemented" and may be excluded as moot. The Staff has noted that "a determination that the company has substantially

---

[1] *Available at* https://www.chevron.com/-/media/chevron/sustainability/documents/ieas-sds-and-nze2050-analysis-summary.pdf. *See also* Exhibit B.

implemented the proposal depends upon whether [the company's] particular policies, practices and procedures compare favorably with the guidelines of the proposal." *Texaco, Inc.* (avail. Mar. 28, 1991).

In applying this standard, a company need not implement a stockholder proposal in exactly the manner set forth by the proponent or in the manner that a stockholder may prefer. *See* 1998 Release at n.30 and accompanying text. Differences between a company's actions and a stockholder proposal are permitted as long as the company's actions satisfactorily address the stockholder proposal's essential objective.

As a result, the Staff has concurred with the exclusion under Rule 14a-8(i)(10) of numerous stockholder proposals related to climate change where the disclosures made by the company compared favorably with the requested disclosures. Moreover, the Staff recently concurred with the exclusion of a number of stockholder proposals similar to the Proposal as a result of disclosure similar to what is set forth in the Disclosures. In *Chevron Corp.* (avail. Mar. 20, 2020) ("*Chevron 2020*"), a stockholder proposal similar to the Proposal requested that the Company issue a report "describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement's goal of maintaining global temperature rise well below 2 degrees Celsius." The Company asserted that the disclosures published in its Climate Change Resilience Report (including a subsequent supplemental report) and disclosures on its website substantially implemented the proposal because those disclosures included information regarding the Company's related carbon-management compliance plan process, described how the Company plans its climate strategy with a view to additional policy developments (like the Paris Agreement), and explained how the Company's adoption of metrics and its climate strategy helped the Company align its operations and investments with the Paris Agreement. The Staff concurred with the exclusion of the proposal under Rule 14a-8(i)(10).

Likewise, in *Hess Corp.* (avail. Apr. 9, 2020), a stockholder proposal nearly identical to the proposal in *Chevron 2020* requested that the company issue a report regarding its plans to reduce climate change and align its investments with the Paris Agreement. The company asserted that its disclosures in its 2018 Sustainability Report, its response to the 2019 CDP Climate Change Questionnaire, and its investor presentation at the 2020 Goldman Sachs Energy Conference satisfied the essential objective of the proposal and "adequately described [the company's] plans to, and how it plans to, continue to reduce its contribution to climate change and align its operations and investments with the well below 2° C Goal." The Staff concurred with the exclusion of the proposal under Rule 14a-8(i)(10). *See also Exxon Mobil Corp.* (avail. Apr. 3, 2019) (concurring with the exclusion of a stockholder proposal requesting that the company issue a report "on how it can reduce its carbon footprint in alignment with greenhouse gas reductions necessary to achieve the Paris Agreement's goal of maintaining global warming well below 2 degrees Celsius" where the company addressed the proposal's essential objective even if it did not do so in the format requested (i.e., the company's report did not appear to clearly identify "benefits" and "drawbacks" for each of the actions identified in the supporting statement) under Rule 14a-8(i)(10)); *PNM Resources, Inc.* (avail. Mar. 30, 2018) (concurring with the exclusion of a proposal requesting that the company "prepare a public report identifying all generation assets that might become stranded due to global climate change within the next fifteen years, quantifying low, medium, and high financial risk associated with each asset" where the various company public disclosures made available on its sustainability website "compare[d] favorably with the guidelines of the [p]roposal" despite being in a different format than contemplated by the stockholder proposal); *Anthem, Inc.* (avail. Mar. 19, 2018) (concurring with the exclusion of a stockholder proposal requesting "a sustainability report describing the company's ESG performance including GHG reduction targets and goals" as substantially implemented by the company's existing disclosures); *The Dow Chemical Co.* (avail. Mar. 18, 2014, *recon. denied* Mar. 25, 2014) (concurring with the exclusion of a stockholder proposal requesting that the company prepare a report "assessing the short and long term financial, reputational and operational impacts" of an environmental incident in Bhopal, India, where the company's statements in a "Q and A" document relating to the Bhopal incident substantially implemented the stockholder proposal).

B. Background On The IEA SDS And NZE2050 Scenario Planning Models

The Company tests the competitiveness and resiliency of its assets against multiple scenarios developed by third parties that contemplate varying pathways for the energy sector to a low-carbon future. For example, the International Energy Association ("IEA") issued in November 2017 its Sustainable Development Scenario ("SDS"), which is an aggressive lower carbon scenario. As explained in the Disclosures, the SDS scenario "outlines one potential path to 2040 to meet the objectives of the Paris Agreement through assumptions about policies aimed at increasing efficiencies and renewable energy sources to limit energy demand growth." According to the IEA, the SDS scenario is fully aligned with the Paris Agreement.[2]

More recently, in its World Energy Outlook 2020 released in October 2020, the IEA for the first time included a scenario in which the world's energy sector would achieve net-zero emissions by 2050, the Net Zero 2050 ("NZE2050") scenario.[3] The NZE2050 scenario is a lower carbon scenario that "extends [the] SDS analysis."[4] As explained in the Disclosures, the NZE2050 scenario "puts the world (including countries and companies) on a pathway to achieve net-zero emissions by 2050 through different assumptions including a more rapid decline in demand due to an accelerated deployment of low-carbon energy technologies and significant behavioral changes that reduce energy use."

---

[2] *See* IEA World Energy Outlook 2020, *available at* https://www.iea.org/reports/world-energy-outlook-2020.

[3] *See* IEA World Energy Outlook 2020: Achieving net-zero emissions by 2050, *available at* https://www.iea.org/reports/world-energy-outlook-2020/achieving-net-zero-emissions-by-2050.

[4] *International Energy Agency World Energy Outlook 2020: Net Zero Emissions By 2050 Scenario*, by the Investor Group on Climate Change, *available at* https://igcc.org.au/wp-content/uploads/2020/11/IEA_NZE2050_BriefingNote_20201116.pdf (the "IGCC Report").

As described in the Disclosures:

> Chevron routinely uses long-term energy demand scenarios and a range of commodity prices to test our portfolio (which we believe will be the primary method in which a low-carbon future would impact the Company's financial position and related assumptions), test investment strategies, and evaluate business risks to strive to deliver results under a range of potential futures. We use external scenarios to both inform and challenge our internal views, including scenarios that keep global warming to well below 2° C above pre-industrial levels, as well as scenarios forecasting net zero emissions by 2050.

The SDS and the NZE2050 scenarios each include various assumptions, estimates and forecasts, including with respect to population levels, economic growth, energy intensity levels, and global oil demand, all of which contemplate a "significant reduction in fossil fuel demand" within the meaning of the Proposal. As summarized in the Disclosures, the Company then inputs these data points into its proprietary models (*e.g.*, with respect to supply and commodity prices) and tests the impact on the Company's portfolio (which includes analyzing the impact on the Company's underlying financial assumptions).[5]

The IEA has published significant data to enable companies in the energy sector to use the SDS scenario. The Company has used that information to test the application of the SDS scenario to its portfolio for several years,[6] and the Disclosures update that analysis as of 2020. Given that the NZE2050 scenario is new, the IEA continues to provide information to be used with the NZE2050 scenario.[7] However, based on the NZE2050 scenario assumptions available to date and building on the Company's testing of its portfolio under the SDS scenario, the Company was able to produce a report that substantially implements the Proposal's request with respect to the NZE2050 scenario for purposes of Rule 14a-8(i)(10), as described below.

C. The Company Has Substantially Implemented The Proposal Through Publication Of The Disclosures.

The Proposal's essential objective is for the Company to issue a Board-reviewed report on "whether and how a significant reduction in fossil fuel demand" envisioned by the IEA's NZE2050 scenario would affect the Company's portfolio. As discussed below, the Company has provided information in the Disclosures that compares favorably to each element of the Proposal. As a result, similar to the stockholder proposals in *Chevron 2020*, *Hess*, and the other no-action

---

5 Climate Change Resilience Report, *available at* https://www.chevron.com/-/media/shared-media/documents/climate-change-resilience.pdf.

6 *See* https://www.chevron.com/sustainability/environment/climate-change.

7 For example, as noted in the Disclosures, the IEA only has provided for the NZE2050 scenario reduction targets through 2030 and has not provided price assumptions or regional demand information.

letters cited herein, the Company has substantially implemented the Proposal by publishing the Disclosures.

We note at the outset that the Proposal does not ask the Company to conduct a scenario analysis using the NZE2050 scenario, which is not possible in advance of the IEA releasing additional information.[8] Instead, the Proposal requests reporting based on a future "significant reduction in fossil fuel demand, *envisioned in* the IEA Net Zero 2050 scenario" (emphasis added). To that end, the Disclosures explicitly (1) state that the Company expects that its "financial position and underlying assumptions" will be affected as "envisioned in the IEA Net Zero 2050 scenario" (which responds to the Proposal's request for "whether" it will have an impact) and (2) describe the ways in which the Company expects the NZE2050 scenario to impact its "financial position and underlying assumptions" (which responds to the Proposal's request for "how" it will have an impact).

Specifically, the Disclosures state: "[U]nder the NZE2050 scenario, overall market and Chevron portfolio impacts are expected to be similar to those in the SDS scenario described above but on a more accelerated time horizon." Reporting on the future "envisioned in" the NZE2050 scenario by comparing the impacts under the SDS scenario analysis is consistent with the Proposal, as well as the views of various investors.[9]

The references earlier in the Disclosures then provide context for these statements regarding "whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect [the Company's] financial position and underlying assumptions." For example, the Disclosures note at the outset: "[W]e believe our portfolio (including our LNG assets) should be resilient even under the SDS scenario, although some assets could be exposed if we took no action."

The Disclosures then discuss the various impacts on the Company's portfolio and financial position and their relative timing, including with respect to:

- the Company's earnings, cash, and operating costs related to its Upstream business (which currently accounts for a significant portion of the Company's revenues) in the

[8] For example, Climate Action 100+, of which As You Sow is a member, recognizes this fact: "The IEA has not yet provided their net-zero analysis at a more detailed, sectoral level – a requirement to assess companies' alignment across a range of sectors." *Available at* https://www.climateaction100.org/wp-content/uploads/2020/12/CA100-Progress-Report.pdf. In addition, the IGCC Report notes that in order "for companies to be able to use NZE2050 [scenario] [i.e., to conduct a full-blown scenario analysis] in their climate change reporting, IEA will need to extend the time frame to 2050" and take other steps such as "includ[ing] further detail."

[9] For example, the IGCC Report states: "[i]n the meantime, investors should encourage companies to consider the demand forecasts in comparison *with the most ambitious scenarios they are currently using*, and comment on the impact that a further reduction on fossil fuel demand would have on the resilience of their business" (emphasis added).

short-term (*e.g.*, "Our LNG assets in Australia will generate earnings and cash in an environment that lacks substantial price growth.") (0–10 years);

- demand for various of the Company's Downstream & Chemicals products in the short-term (*e.g.*, "Petrochemical demand continues increasing . . . .") (0–10 years);

- production, cash generation, margins, and cash flow in the Company's Upstream business over the long-term (*e.g.*, "Production and cash generation from our existing assets plus select brownfield investments remain robust into the 2030s . . . .") (10-plus years); and

- demand and margins globally (including the Company) for various of the Company's Downstream & Chemicals products in the long-term (*e.g.*, "Declining demand for all hydrocarbon transport fuels results in margins dropping globally.") (10-plus years).[10]

The Disclosures also address "whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect [the Company's] . . . *underlying assumptions*" as requested by the Proposal. For example, the Disclosures note:

- "Under both the SDS and NZE2050 scenarios, although oil and gas demand may fall below today's share, these commodities will still be required to satisfy global energy demand."

- "Putting the world on a net-zero 2050 path results in a more rapid decline in demand than depicted in the SDS scenario. For example, in 2030, oil and gas are expected to constitute approximately 50 percent of the primary energy mix in the NZE2050 scenario, compared to 66 percent in the SDS scenario. Oil demand in the NZE2050 scenario is expected to be nearly 25 percent below the SDS scenario levels in 2030, while gas demand is expected to be about 8 percent below the SDS scenario in 2030. Incremental upstream investment remains required in the IEA's NZE2050 scenario as mature field decline outpaces projected demand reductions. The more rapid demand decline in the NZE2050 scenario implies increased market competition for supply and rationalization of refining capacity."

While these assumptions are global in nature, they are part of the assumptions used in the Company's financial planning process and thus are among the assumptions that the Company

[10] The Company's business segments are the Upstream and the Downstream segments.

uses in evaluating the "significant reduction in fossil fuel demand" envisioned by the IEA's NZE2050 scenario.

Finally, since as noted above the NZE2050 scenario was recently released, certain assumptions such as details on demand profiles by region and fuel that extend beyond 2030 for the NZE2050 scenario are not yet available.[11] As a result, as noted in the Disclosures, "[t]hese assumptions are needed to fully understand specific energy price and specific portfolio impacts similar to the SDS analysis." However, the unavailability of these assumptions did not prevent the Company from reporting its expectations regarding "whether and how" the significant reduction in fossil fuel demand *envisioned by* the IEA's NZE2050 scenario will impact its portfolio.

Additionally, the Disclosures are responsive to both recommendations in the Supporting Statement:

- *The Disclosures take into account "[a]ssumptions, costs, estimates, and valuations that may be materially impacted" by a significant reduction in fossil fuel demand envisioned by the NZE2050 scenario.* For example, the NZE2050 scenario includes "different assumptions including a more rapid decline in demand due to an accelerated deployment of low-carbon energy technologies and significant behavioral changes that reduce energy use." In addition, as noted above, the Company's "underlying assumptions" are based on various global assumptions that the Disclosures explain were considered by the Company in evaluating the impact of the NZE2050 scenario.[12]

- *The Disclosures take into account "[t]he potential for widespread adoption of net-zero goals by governments and peers."* As reflected in the Disclosures, the NZE2050 scenario itself assumes that "[a] rising number of countries and companies are targeting net-zero emissions, typically by midcentury."[13] Thus, in evaluating the impact of the NZE2050 scenario, the Company took these factors into account. This is also articulated in the Disclosures: "These scenarios assume various facts, including implementation of governmental policies to achieve GHG reductions."

[11] For example, as noted in the Disclosures, "unlike the SDS model, which extends its analysis through 2040, the NZE2050 scenario currently only provides demand implications through 2030."

[12] "For example, in 2030, oil and gas are expected to constitute approximately 50 percent of the primary energy mix in the NZE2050 scenario, compared to 66 percent in the SDS scenario. Oil demand in the NZE2050 scenario is expected to be nearly 25 percent below the SDS scenario levels in 2030, while gas demand is expected to be about 8 percent below the SDS scenario in 2030. Incremental upstream investment remains required in the IEA's NZE2050 scenario as mature field decline outpaces projected demand reductions. The more rapid demand decline in the NZE2050 scenario implies increased market competition for supply and rationalization of refining capacity."

[13] IEA World Energy Outlook 2020.

For these reasons, the Disclosures substantially implement the Proposal as they compare favorably to the Proposal's request that the Company disclose "*whether and how* a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect" the Company's portfolio as well as the recommendations in the Supporting Statement.

The Proposal also refers to the requested disclosures being "audited," and later the Supporting Statement notes that the "Proponents recommend that the report be supported by reasonable assurance from an independent auditor." As discussed in the No-Action Request, it is materially false and misleading for the Proposal to assert that the Company can "issue an audited report" on the requested disclosures because the Auditing Standards of the Public Company Accounting Oversight Board (the "PCAOB") do not permit an audit of the prospective, future information that is set forth in the NZE2050 scenario. Thus, we continue to believe that the Proposal is excludable under Rule 14a-8(i)(3).

To the extent that the Staff does not concur that the Proposal is excludable under Rule 14a-8(i)(3), it is critical to consider the reference to an "audited report" in the context of the Proposal as a whole and given that the IEA does not currently provide sufficient assumptions under the NZE2050 scenario to even permit "reasonable assurance" to be provided. First and most importantly, we do not believe that these references are part of the essential objective of the Proposal, which is focused on eliciting disclosure that addresses "whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect [the Company's] financial position and underlying assumptions."[14] As described above, the Disclosures (which have been reviewed by the Board) fulfill this essential objective.

We also note that the Company's Corporate Audit Department, which performs the internal audit function at the Company, conducted an independent review of the reporting processes related to the Disclosures. This review was conducted in accordance with the principles espoused by the Institute of Internal Auditors. The Corporate Audit Department found that, in developing the SDS scenario disclosures, the Company's reporting processes were reasonably performed in accordance with the reporting process for the IEA's SDS scenario. Moreover, the Corporate Audit Department verified that the Company's procedures in developing the NZE2050 scenario statements followed applicable procedure to the extent developed to date by the IEA. Given the current status of the NZE2050 scenario and the Company's actions with respect to the Corporate Audit Department, the Company's actions compare favorably to the Proposal's recommendation that the Disclosures be independently reviewed.

---

[14] To the extent that the Staff disagrees and views the Company's actions as insufficient for purposes of Rule 14a-8(i)(10), the Company respectfully requests that the Staff also concur that the Proposal may be excluded under Rule 14a-8(i)(6) as beyond the Company's power to implement.

D. Conclusion.

Based on the disclosures in the Disclosures and the actions taken by the Company's internal audit team described above, the Company has substantially implemented the Proposal's request to issue a Board-reviewed report on "whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect [the Company's] financial position and underlying assumptions." As discussed above, and similar to the company disclosures related to stockholder proposals similar to the Proposal in *Chevron 2020* and *Hess*, the Disclosures and the actions taken by the Company's Board and internal audit team compare favorably to those requested by the Proposal and satisfy the essential objective. As a result, the Company's actions implementing the Proposal present precisely the scenario contemplated by the Commission when it adopted the predecessor to Rule 14a-8(i)(10) "to avoid the possibility of [stockholders] having to consider matters which already have been favorably acted upon by the management." 1976 Release. Accordingly, the Disclosures satisfy the essential objective of the Proposal and, for the reasons set forth above, the Proposal may properly be excluded from the Company's 2021 Proxy Materials under Rule 14a-8(i)(10).

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2021 Proxy Materials. In accordance with Rule 14a-8(j), a copy of this supplemental letter and its attachments is being sent on this date to the Proponent.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8287, or Christopher A. Butner, the Company's Assistant Secretary and Supervising Counsel, at (925) 842-2796.

Sincerely,

Elizabeth Ising

Elizabeth A. Ising

Enclosures

cc: Christopher A. Butner, Chevron Corporation
Lila Holzman, As You Sow

EXHIBIT A

CLIMATE CHANGE IMPACTS ON FINANCIAL POSITION AND ASSUMPTIONS

WHEREAS:

As evidence of the severe impacts from climate change mounts, policy makers, companies, and financial bodies are increasingly focused on the economic impacts[1] from driving greenhouse gas (GHG) emissions to well-below 2 degrees Celsius below pre-industrial levels (including 1.5° C ambitions), as outlined in the Paris Agreement.

This focus has led many Chevron peers (including BP, Eni, Equinor, Repsol, Royal Dutch Shell, and Total) to commit to major GHG reductions, including setting "net zero emission" goals by 2050.[2,3]

Investors are also calling for high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios,[4] and to provide investors insights about the potential impact on their financial statements.[5,6,7]

As of December 2020, Chevron Corporation had neither committed to net-zero emissions by 2050 across its value chain, nor disclosed how its financial assumptions would change from doing so.

In contrast, the audit reports for other high GHG-emitting companies clearly discussed this connection:

- BP: how climate change and a global energy transition impacted the capitalization of exploration and appraisal costs and risks that oil and gas price assumptions could lead to financial misstatements;
- Shell: how long-term price assumptions impacted by climate change could affect asset values and impairment estimates;
- National Grid: noted estimates inconsistent with 2050 "net zero" commitments.

Additionally, in 2020, BP, Shell and Total reviewed their 2019 financial accounting practices in light of the accelerating low-carbon energy transition. All three subsequently adjusted critical accounting assumptions, resulting in material impairments, and disclosed how climate change affected the adjustments.

In October 2020, the International Energy Agency (IEA) issued a new "Net Zero 2050" scenario which describes what it would mean for the energy sector globally to reach net-zero GHG emissions by 2050.

---

1 https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf
2 https://www.reuters.com/article/climate-change-carbon-targets/factbox-big-oils-climate-targets-idUSL8N2HO1B4
3 https://carbontracker.org/reports/fault-lines/
4 https://www.iigcc.org/news/investor-groups-call-on-companies-to-reflect-climate-related-risks-in-financial-reporting/
5 https://www.unpri.org/sustainability-issues/accounting-for-climate-change
6 https://www.iigcc.org/download/investor-expectations-for-paris-aligned-accounts/?wpdmdl=4001&masterkey=5fabc4d15595d
7 https://cdn.ifrs.org/-/media/feature/news/2019/november/in-brief-climate-change-nick-anderson.pdf?la=en

This more aggressive global action to curtail climate change is consistent with a 1.5°C temperature increase globally.[8]

RESOLVED: Shareholders request that Chevron's Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.

SUPPORTING STATEMENT: Proponents recommend that in issuing the report, the company take account of information on:

- Assumptions, costs, estimates, and valuations that may be materially impacted; and
- The potential for widespread adoption of net-zero goals by governments and peers.[9]

Proponents recommend that the report be supported by reasonable assurance from an independent auditor.

[8] https://www.iea.org/reports/world-energy-outlook-2020/achieving-net-zero-emissions-by-2050
[9] https://www.climatechangenews.com/2019/06/14/countries-net-zero-climate-goal/

EXHIBIT B

IEA’s SDS and NZE2050 Analysis Summary

Chevron routinely uses long-term energy demand scenarios and a range of commodity prices to test our portfolio (which we believe will be the primary method in which a low-carbon future would impact the Company’s financial position and related assumptions), test investment strategies, and evaluate business risks to strive to deliver results under a range of potential futures. We use external scenarios to both inform and challenge our internal views, including scenarios that keep global warming to well below 2° C above pre-industrial levels, as well as scenarios forecasting net zero emissions by 2050. These scenarios assume various facts, including implementation of governmental policies to achieve GHG reductions.

One example of a lower-carbon scenario against which we test our portfolio is the International Energy Agency’s (IEA) Sustainable Development Scenario (SDS). The SDS outlines one potential path to 2040 to meet the objectives of the Paris Agreement through assumptions about policies aimed at increasing efficiencies and renewable energy sources to limit energy demand growth. We use their demand projections to create the inputs for our proprietary models to test our portfolio against the new prices generated to meet the SDS level of demand.

Impact of the SDS scenario. We test our portfolio against projected prices under the SDS. Given our focus on the most competitive assets in our Upstream portfolio and actions to align Downstream & Chemicals around scaled, efficient, flexible, integrated, and higher-margin value chains, we believe our portfolio (including our LNG assets) should be resilient even under the SDS scenario, although some assets could be exposed if we took no action. Our processes for tracking leading indicators and managing these changes, combined with our asset mix, enable us to be flexible in response to potential changes in supply, demand and physical risk.

- **Short-term impact (0–10 years) Upstream:** Today, much of our Upstream investment is focused on unconventional and brownfield assets. Our LNG assets in Australia will generate earnings and cash in an environment that lacks substantial price growth. In a low-price environment like the SDS, operating costs decline across the portfolio.

- **Short-term impact (0–10 years) Downstream & Chemicals:** Although there is declining demand for transport fuels in the United States, the Downstream portion of our portfolio remains resilient due to actions we have taken over the past decade to enhance refinery competitiveness. Petrochemical demand continues increasing in the SDS, which will help maintain earnings from the chemicals business.

- **Long-term impact (10-plus years) Upstream:** Production and cash generation from our existing assets plus select brownfield investments remain robust into the 2030s, even at the SDS prices. Margins and cash flow settle at levels that ensure there is enough supply to meet the world's continued need for energy through the period. In this environment, we use our portfolio's scale, efficiency, diversity, and flexibility to maintain the business.

- **Long-term impact (10-plus years) Downstream & Chemicals:** Declining demand for all hydrocarbon transport fuels results in margins dropping globally. Refining investments remain curtailed, although select investments, including in petrochemicals, could continue.

Impact of the NZE2050 scenario. The IEA's Net Zero Emissions by 2050 (NZE2050) scenario puts the world (including countries and companies) on a pathway to achieve net-zero emissions by 2050 through different assumptions including a more rapid decline in demand due to an accelerated deployment of low-carbon energy technologies and significant behavioral changes that reduce energy use. Under both the SDS and NZE2050 scenarios, although oil and gas demand may fall below today's share, these commodities will still be required to satisfy global energy demand.

Putting the world on a net-zero 2050 path results in a more rapid decline in demand than depicted in the SDS scenario. For example, in 2030, oil and gas are expected to constitute approximately 50 percent of the primary energy mix in the NZE2050 scenario, compared to 66 percent in the SDS scenario. Oil demand in the NZE2050 scenario is expected to be nearly 25 percent below the SDS scenario levels in 2030, while gas demand is expected to be about 8 percent below the SDS scenario in 2030. Incremental upstream investment remains required in the IEA's NZE2050 scenario as mature field decline outpaces projected demand reductions. The more rapid demand decline in the NZE2050 scenario implies increased market competition for supply and rationalization of refining capacity.

Since the NZE2050 scenario was recently released, certain assumptions such as details on demand profiles by region and fuel that extend beyond 2030 for the NZE2050 scenario are not yet available. These assumptions are needed to fully understand specific energy price and specific portfolio impacts similar to the SDS analysis. For example, unlike the SDS model, which extends its analysis through 2040, the NZE2050 scenario currently only provides demand implications through 2030. Nevertheless, under the NZE2050 scenario, overall market and Chevron portfolio impacts are expected to be similar to those in the SDS scenario described above but on a more accelerated time horizon.

We plan to update our analysis of scenarios as information is released from the IEA.

GIBSON DUNN

Gibson, Dunn & Crutcher LLP

1050 Connecticut Avenue, N.W.
Washington, DC 20036-5306
Tel 202.955.8500
www.gibsondunn.com

Elizabeth A. Ising
Direct: +1 202.955.8287
Fax: +1 202.530.9631
Eising@gibsondunn.com

January 18, 2021

<u>VIA E-MAIL</u>

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *Chevron Corporation*
Stockholder Proposal of Andrew Behar
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, Chevron Corporation (the “Company”), intends to omit from its proxy statement and form of proxy for its 2021 Annual Meeting of Stockholders (collectively, the “2021 Proxy Materials”) a stockholder proposal, including statements in support thereof (the “Proposal”), submitted by As You Sow on behalf of Andrew Behar (the “Proponent”).

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2021 Proxy Materials with the Commission; and

- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that stockholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “Staff”). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

The Proposal states:

> RESOLVED: Shareholders request that Chevron's Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.

A copy of the Proposal, as well as related correspondence with the Proponent, is attached to this letter as Exhibit A.

BASES FOR EXCLUSION

For the reasons discussed below, we believe that the Proposal may be excluded from the 2021 Proxy Materials pursuant to:

- Rule 14a-8(i)(3) because the Proposal is materially false and misleading in violation of Rule 14a-9; and
- Rule 14a-8(i)(10) upon confirmation that the Company has published on the Company's website the requested "report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions" (the "Report").

Alternatively, if the Staff does not concur that the Proposal may be excluded pursuant to the other bases presented in this letter, we believe that the Proposal also may be excluded pursuant to Rule 14a-8(i)(11) because (1) the Proposal substantially duplicates two different stockholder proposals (from Follow This and from Benta B.V.) received by the Company before the Proposal (the "Follow This Proposal" and the "Benta Proposal"), (2) if the Staff does not concur with the exclusion of the Follow This Proposal pursuant to a separate no-action request, the Company expects to include the Follow This Proposal in the 2021 Proxy Materials, and (3) if the Staff does not concur with the exclusion of the Benta Proposal pursuant to a separate no-action request, the Company expects to include the Benta Proposal in the 2021 Proxy Materials.

ANALYSIS

I. The Proposal May Be Excluded Under Rule 14a-8(i)(3) Because It Is Materially False And Misleading In Violation Of Rule 14a-9.

Under Rule 14a-8(i)(3), companies may exclude a stockholder proposal if the proposal or supporting statement is contrary to any of the Commission's proxy rules or regulations, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials. Specifically, Rule 14a-9 provides that no solicitation shall be made by means of any proxy statement containing "any statement, which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading."

A proposal is materially false and misleading when implementation by the company could be significantly different from the actions envisioned by stockholders voting on it. *See, e.g., Fuqua Industries, Inc.* (avail. Mar. 12, 1991). And more recently, in SLB 14B, the Staff stated that exclusion under Rule 14a-8(i)(3) can be appropriate where "the company demonstrates objectively that a factual statement is materially false or misleading." The Staff consistently has allowed the exclusion under Rule 14a-8(i)(3) of stockholder proposals that are premised on materially false or misleading statements. *See Wal-Mart Stores, Inc.* (avail Apr. 2, 2001) (concurring with the exclusion of a proposal to remove "genetically engineered crops, organisms or products" because the text of the proposal misleadingly implied that it related only to the sale of food products); *McDonald's Corp.* (avail. Mar. 13, 2001) (concurring with the exclusion of a proposal to adopt "SA 8000 Social Accountability Standards" where the proposal did not accurately describe the standards).

The Proposal is comparable to other proposals the Staff has concurred are excludable under Rule 14a-8(i)(3) in that it falsely presumes that an audited report can be provided to stockholders on "whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions." For example, in *General Electric Co.* (avail. Jan. 6, 2009), the proposal requested that the company adopt a policy under which any director who received more than 25% in "withheld" votes would not be permitted to serve on any key board committee for two years. The Staff concurred that the proposal was false and misleading because the action requested in the proposal was based on the underlying assertion that the company had plurality voting and allowed stockholders to "withhold" votes when in fact the company had implemented majority voting in the election of directors and therefore did not provide a means for stockholders to "withhold" votes in typical elections. Likewise, in *Johnson & Johnson* (avail. Jan. 31, 2007), the Staff considered a stockholder proposal asking the company's board to adopt a policy that stockholders be given the opportunity to vote on an advisory management resolution to approve the company's compensation committee report. The proposal at issue implied that stockholders would be voting on the company's executive compensation policies. However, as a result of then-recently amended Commission rules, the compensation committee report would no longer contain that information. Accordingly, the Staff concluded that the proposal was materially false or misleading and concurred in the exclusion of the proposal under Rule 14a-8(i)(3). *See also WellPoint Inc.* (avail. Feb. 12, 2007) (same); *Sara Lee Corp.* (avail. Sept. 11, 2006) (same); *General Magic, Inc.* (avail. May 1, 2000) (concurring with the exclusion under Rule 14a-8(i)(3) as false and misleading of a proposal that requested the company make "no more false statements" to its stockholders because the proposal created the false impression that the company tolerated dishonest behavior by its employees when in fact, the company had corporate policies to the contrary).

Here, it is materially false and misleading for the Proposal to assert that the Company can "issue an audited report" on the requested matters. The Auditing Standards (the "Auditing Standards") of the Public Company Oversight Board (the "PCAOB") do not permit an audit of prospective, future information as contemplated in the Proposal. Further, although there is a concept in the Auditing Standards that allows an audit firm to conduct agreed-upon procedures or attest procedures on the assumptions that underlie financial projections, the assumptions themselves reflect objective, historical information (unlike as requested in the Proposal) and in any event, the Resolved clause refers to an "audited report."[1]

Moreover, the Proposal requests an audited reported based on future assumptions "envisioned in the IEA Net Zero 2050 scenario." The IEA Net Zero 2050 scenario puts the world on a pathway to achieve net-zero emissions by 2050 through more rapid deployment of low-carbon energy technologies and significant behavioral changes that reduce energy use:[2]

> Reaching net zero globally by 2050, as in the NZE2050, would demand a set of dramatic additional actions over the next ten years. Bringing about a 40% reduction in emissions by 2030 requires, for example, that low-emissions sources provide nearly 75% of global electricity generation in 2030 (up from less than 40% in 2019), and that more than 50% of passenger cars sold worldwide in 2030 are electric (from 2.5% in 2019).

[1] While the supporting statement separately recommends that an independent auditor provide "reasonable assurance," that is a distinctly separate process and does not clarify the materially false and misleading statement in the Resolved clause.

[2] *See* IEA World Energy Outlook 2020, *available at* https://www.iea.org/reports/world-energy-outlook-2020.

> Electrification, massive efficiency gains and behavioural changes all play roles, as does accelerated innovation across a wide range of technologies from hydrogen electrolysers to small modular nuclear reactors. No part of the energy economy can lag behind, as it is unlikely that any other part would be able to move at an even faster rate to make up the difference.

Although the IEA Net Zero 2050 scenario provides certain forecasts for up to 2030, the scenario does not currently provide forecasts for up to 2050, and it is not currently possible to perform an "audit" based on the IEA Net Zero 2050 scenario as the projected data regarding key areas such as demand projections beyond 2030, regional breakdown of demand, and price projections are not available.[3] Further, even when the IEA announces additional projected information in May 2021, the assumptions underlying the IEA Net Zero 2050 scenario will be so ethereal in nature that an audit consistent with the PCAOB Auditing Standards of the requested analysis will not be able to be conducted.

Moreover, the Proposal is materially false and misleading as the Company's issuance of the requested audited report on only this scenario would convey to investors that the IEA Net Zero 2050 scenario is the most likely scenario going forward. The Task Force on Climate Related Disclosures ("TCFD")[4] makes clear that no one scenario should be emphasized over others:[5]

> The purpose of scenario analysis is to consider and better understand how a business might perform under different future states (i.e., its resiliency/robustness). In the case of climate change, climate-related scenarios allow an organization to explore and develop an understanding of how the physical and transition risks and opportunities of climate change might plausibly impact the business over time. Scenario analysis, therefore, evaluates a range of hypothetical outcomes by considering a variety of alternative plausible future states (scenarios) under a given set of assumptions and constraints.

---

[3] On January 11, 2021, the IEA announced that it will release more information in May 2021 with regards to this currently unavailable projected information. *See Net zero by 2050 plan for energy sector is coming, available at* https://www.iea.org/commentaries/net-zero-by-2050-plan-for-energy-sector-is-coming.

[4] The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information.

[5] *See* TCFD, "The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities," *available at* https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Technical-Supplement-062917.pdf

Given TCFD guidance on the use scenarios in an analysis, the emerging nature of the IEA Net Zero 2050 Scenario, and because any such report could not be audited as requested by the Proposal, the Proposal is materially false and misleading.

As in *General Electric* and the other precedent cited above, the Proposal is premised on an underlying assumption that the Company can issue an audited report for the requested analysis. However, as discussed above, such an audit is not possible. Therefore, stockholders reading the Proposal will mistakenly believe that the Proposal is going to result in an audited report detailing "how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions," when in fact it is impossible for the Company issue such an audited report. Therefore, consistent with the precedents cited above, the Company requests the Staff's concurrence that it may omit the Proposal under Rule 14a-8(i)(3) because the Proposal is false and misleading in violation of Rule 14a-9.

II. The Proposal May Be Excluded Under Rule 14a-8(i)(10) As Substantially Implemented.

A. Background

Rule 14a-8(i)(10) permits a company to exclude a stockholder proposal from its proxy materials if the company has "substantially implemented" the proposal. The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." Exchange Act Release No. 12598 (July 7, 1976). Originally, the Staff narrowly interpreted this predecessor rule and concurred with the exclusion of a proposal only when proposals were "'fully' effected" by the company. *See* Exchange Act Release No. 19135 (Oct. 14, 1982). By 1983, the Commission recognized that the "previous formalistic application of [the Rule] defeated its purpose" because proponents were successfully avoiding exclusion by submitting proposals that differed from existing company policy in minor respects. Exchange Act Release No. 20091, at § II.E.6. (Aug. 16, 1983) ("1983 Release"). Therefore, in the 1983 Release, the Commission adopted a revised interpretation of the rule to permit the omission of proposals that had been "substantially implemented," and the Commission codified this revised interpretation in Exchange Act Release No. 40018, at n.30 (May 21, 1998). Applying this standard, the Staff has noted that "a determination that the company has substantially implemented the proposal depends upon whether [the company's] particular policies, practices and procedures compare favorably with the guidelines of the proposal." *Walgreen Co.* (avail. Sept. 26, 2013); *Texaco, Inc.* (avail. Mar. 28, 1991).

At the same time, a company need not implement a proposal in exactly the same manner set forth by the proponent. In *General Motors Corp.* (avail. Mar. 4, 1996), the company observed that the Staff has not required that a company implement the action requested in a proposal exactly in all details but has been willing to issue no-action letters under the predecessor of Rule 14a-8(i)(10) in situations where the "essential objective" of the proposal had been satisfied. The company further argued, "[i]f the mootness requirement [under the predecessor rule] were applied too strictly, the intention of [the rule]—permitting exclusion of 'substantially implemented' proposals—could be evaded merely by including some element in the proposal that differs from the registrant's policy or practice." For example, the Staff has concurred that companies, when substantially implementing a stockholder proposal, can address aspects of implementation on which a proposal is silent or which may differ from the manner in which the stockholder proponent would implement the proposal. *See, e.g., The Dow Chemical Co.* (avail. Mar. 18, 2014, *recon. denied* Mar. 25, 2014) (proposal requesting that the company prepare a report assessing short- and long-term financial, reputational, and operational impacts that the legacy Bhopal disaster may reasonably have on the company's Indian and global business opportunities and reporting on any actions the company intends to take to reduce such impacts); *Hewlett-Packard Co.* (avail. Dec. 11, 2007) (proposal requesting that the board permit stockholders to call special meetings was substantially implemented by a proposed bylaw amendment to permit stockholders to call a special meeting unless the board determined that the special business to be addressed had been addressed recently or would soon be addressed at an annual meeting); *Johnson & Johnson* (avail. Feb. 17, 2006) (proposal that requested the company to confirm the legitimacy of all current and future U.S. employees was substantially implemented because the company had verified the legitimacy of over 91% of its domestic workforce). Therefore, if a company has satisfactorily addressed the proposal's "essential objective," the proposal will be deemed "substantially implemented" and, therefore, may be excluded as moot. *See, e.g., Quest Diagnostics, Inc.* (avail. Mar. 17, 2016); *ConAgra Foods, Inc.* (avail. July 3, 2006); *The Gap, Inc.* (avail. Mar. 8, 1996).

B. Anticipated Publication Of The Report Will Substantially Implement The Proposal

The Report will substantially implement the Proposal because, as described above, the Report will address the Proposal's essential objective consistent with Rule 14a-8(i)(10). Moreover, because the Company cannot issue an audited report for the requested analysis for the reasons discussed in Part I, the Report will be reviewed by the Company's internal audit function.

The Company's Board of Directors and/or one of its committees is anticipated to review the Report at an upcoming meeting, and the Company expects to then promptly publish the Report thereafter by February 17, 2021.

C. Supplemental Notification

We submit this no-action request now to address the timing requirements of Rule 14a-8(j). We supplementally will notify the Staff and the Proponent after publication of the Report on the Company's website, which is expected to occur by February 17, 2021. The Staff consistently has granted no-action relief under Rule 14a-8(i)(10) where a company has notified the Staff of the actions expected to be taken that will substantially implement the proposal and then supplements its request for no-action relief by notifying the Staff after those actions have been taken. *See, e.g.*, *United Continental Holdings, Inc.* (avail. Apr. 13, 2018); *United Technologies Corp.* (avail. Feb. 14, 2018); *The Southern Co.* (avail. Feb. 24, 2017); *Mattel, Inc.* (avail. Feb. 3, 2017); *The Wendy's Co.* (avail. Mar. 2, 2016); *The Southern Co.* (avail. Feb. 26, 2016); *The Southern Co.* (avail. Mar. 6, 2015); *Visa Inc.* (avail. Nov. 14, 2014); *Hewlett-Packard Co.* (avail. Dec. 19, 2013); *Starbucks Corp.* (avail. Nov. 27, 2012); *DIRECTV* (avail. Feb. 22, 2011); *NiSource Inc.* (avail. Mar. 10, 2008); *Johnson & Johnson* (avail. Feb. 19, 2008) (each granting no-action relief where the company notified the Staff of its intention to omit a stockholder proposal under Rule 14a-8(i)(10) because the board of directors was expected to take action that would substantially implement the proposal, and the company supplementally notified the Staff of the board action).

III. Alternatively, The Proposal May Be Excluded Under Rule 14a-8(i)(11) Because It Substantially Duplicates Two Other Proposals That The Company Expects To Include In Its Proxy Materials.

A. Overview of Rule 14a-8(i)(11)

Rule 14a-8(i)(11) provides that a stockholder proposal may be excluded if it "substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting." The Commission has stated that "the purpose of [Rule 14a-8(i)(11)] is to eliminate the possibility of shareholders having to consider two or more substantially identical proposals submitted to an issuer by proponents acting independently of each other." Exchange Act Release No. 12999 (Nov. 22, 1976) (the "1976 Release").

The standard that the Staff has traditionally applied for determining whether a proposal substantially duplicates an earlier received proposal is whether the proposals present the same "principal thrust" or "principal focus." *See Pacific Gas & Electric Co.* (avail. Feb. 1, 1993). A proposal may be excluded as substantially duplicative of another proposal despite differences in terms or breadth and despite the proposals requesting different actions. *See, e.g.*, *Exxon Mobil Corp.* (avail. Mar. 13, 2020) (concurring with the exclusion of a proposal as substantially duplicative where the Staff explained "the two proposals share a concern for seeking additional transparency from the [c]ompany about its lobbying activities and how these activities align with the [c]ompany's expressed policy positions" despite the proposals requesting different actions); *Exxon Mobil Corp.* (avail. Mar. 9, 2017) (concurring with the exclusion of a proposal requesting a report on political contributions as substantially duplicative of a proposal requesting a report on lobbying expenditures); *Wells Fargo & Co.* (avail. Feb. 8, 2011) (concurring with the exclusion of a proposal seeking a review and report on the company's loan modifications, foreclosures and securitizations as substantially duplicative of a proposal seeking a report that would include "home preservation rates" and "loss mitigation outcomes," which would not necessarily be covered by the other proposal); *Bank of America Corp.* (avail. Feb. 24, 2009) (concurring with the exclusion of a proposal requesting the adoption of a 75% hold-to-retirement policy as subsumed by another proposal that included such a policy as one of many requests); *Ford Motor Co. (Leeds)* (avail. Mar. 3, 2008) (concurring with the exclusion of a proposal to establish an independent committee to prevent Ford family stockholder conflicts of interest with non-family stockholders as substantially duplicative of a proposal requesting that the board take steps to adopt a recapitalization plan for all of the company's outstanding stock to have one vote per share).

B. The Proposal May Be Excluded Under Rule 14a-8(i)(11) Because It Substantially Duplicates The Follow This Proposal, Which Was Received Earlier

The Proposal substantially duplicates the Follow This Proposal (together with the Proposal for the purposes of this Section B, the "Proposals"). *See* Exhibit B. Please note that the Company has separately submitted a no-action request asking the Staff to concur that the Follow This Proposal can be excluded for other reasons.

The Follow This Proposal states in relevant part:

> **RESOLVED:** Shareholders request the Company to substantially reduce the greenhouse gas (GHG) emissions of their energy products (Scope 3) in the medium- and long-term future, as defined by the Company.

The Company initially received the Follow This Proposal on December 4, 2020, which is before the Company received the Proposal on December 8, 2020. The Company intends to include the Follow This Proposal in its 2021 Proxy Materials if the Staff does not concur in the view that the Follow This Proposal may be excluded.

The principal thrust and focus of the Proposal and the Follow This Proposal are the same: addressing the financial risks and impacts of climate change. Although the requests are slightly different—the Follow This Proposal requests that the Company reduce the Scope 3 greenhouse gas ("GHG") emissions of its energy products, while the Proposal requests "whether and how" the Company would be financially impacted by "a significant reduction in fossil fuel demand" if "the energy sector globally [reached] net-zero GHG emissions by 2050"—the principal thrust and focus of each relates to addressing what the Proposals view as the significant financial risks arising from climate change. For example, the Follow This Proposal is supported by its proponent because "part of [its] fiduciary duty [as a stockholder is] to *protect all assets in the global economy from devastating climate change*" (emphasis added). Similarly, the Proposal is focused on climate change's financial impacts on the Company, as made clear by its title ("Climate Change Impacts on Financial Position and Assumptions") and request.

Moreover, other language in the Proposals demonstrates that they share the same focus:

- *Both Proposals seek reductions in the Company GHG emissions.* The Proposal asks the Company to analyze a scenario in which fossil fuel demand has been significantly reduced because "the energy sector globally [reached] net-zero GHG emissions by 2050." Because the Company is a part of the energy sector, it also would have reduced its GHG emissions in that scenario in order to reach net-zero GHG emissions by 2050. Similarly, the Follow This Proposal requests that the Company reduce certain GHG emissions.

- *Both Proposals express concern over the economic impacts and financial risks arising from climate change.* The Follow This Proposal's supporting statements assert that "[c]limate-related risks are a source of *financial risk*, and therefore limiting global warming is essential to *risk management and responsible stewardship of the economy*" (emphasis added). The Proposal's recitals mirror this concern, explaining how other "high GHG-emitting companies" have engaged in audits disclosing "how long-term price assumptions *impacted by climate change* could affect *asset values* and impairment estimates" and "*how climate change* and a global energy transition impacted" the capitalization of certain costs and risks. The Proposal then refers to disclosure by other companies of "how *climate change affected* [certain accounting] adjustments" made after reviewing "accounting practices in light of the accelerating low-carbon energy transition."

- *Both Proposals refer to investor pressure as a driver for action.* The Follow This Proposal notes that "a growing group of investors across the energy sector is uniting behind visible and unambiguous support for reductions of all emissions." The Proposal also notes that "[i]nvestors are . . . calling for high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios" and that "[a]s evidence of the severe impacts from climate change mounts, policy makers, companies, and financial bodies are increasingly focused on the economic impacts" from reductions in GHG emissions.

- *Both Proposals refer to the actions of BP, Total, Shell and other oil and gas companies.* Both Proposals note actions taken by BP, Total, and Shell regarding their GHG emissions, as the Proposal notes they have "commit[ted] to major GHG reductions," while the Follow This Proposal notes their adoption of "Scope 3 ambitions."

While the Proposal and the Follow This Proposal differ in terms and breadth—the Proposal requests that the Board report on "whether and how" a significant reduction in fossil fuel demand from the energy sector's achievement of net-zero emissions by 2050 would affect its financial position and underlying assumptions, while the Follow This Proposal requests that the Company reduce certain GHG emissions—that does not change the fact that they have the same principal focus.

In this regard, the Proposal and the Follow This Proposal are similar to the proposals at issue in *Ford Motor Co.* (avail. Feb. 19, 2004) ("*Ford Motor 2004*"), where the Staff concurred that Ford could exclude a proposal requesting that the company "*adopt* (as internal corporate policy) *goals concerning fuel mileage or [GHG] reductions* similar to those which would be achieved by meeting or exceeding the highest standards contained in recent congressional proposals" because it substantially duplicated a prior proposal requesting that the company "report to shareholders . . . (a) performance data from the years 1994 through 2003 and *ten-year projections* of estimated total annual [GHG] emissions from its products in operation; (b) how the company will ensure competitive positioning *based on emerging near and long-term GHG regulatory scenarios* at the state, regional, national and international levels; (c) how the [c]ompany can significantly reduce [GHG] emissions from its fleet of vehicle products (using a 2003 baseline) by 2013 and 2023" (emphasis added). Ford successfully argued that "although the terms and the breadth of the two proposals are somewhat different, the principal thrust and focus are substantially the same, namely to encourage the [c]ompany to adopt policies that reduce greenhouse gas emissions in order to enhance competitiveness." *See also Exxon Mobil Corp.* (avail. Mar. 8, 2017) ("*Exxon Mobil 2017*") (concurring with the exclusion of a proposal requesting that the company issue a report summarizing strategic options for aligning its business operations with a low carbon economy as substantially duplicative of a proposal requesting that the company push an "assessment of the long-term portfolio impacts of technological advances and global climate change policies," where the company argued the proposals "both ask[ed] the [c]ompany to provide a report on the impact to the [c]ompany's assets and operations due to a transition in the energy sector to lower carbon demands"); *Exxon Mobil Corp. (Neva Rockefeller Goodwin)* (avail. Mar. 19, 2010) (concurring with the exclusion of a proposal requesting a report on how reduced demand for fossil fuels would affect the company's long-term strategic plan as substantially duplicative of a proposal asking for a report to assess the financial risks associated with climate change where the company argued "both seek an assessment of and report on the risks that the [c]ompany faces as a result of climate change and the [b]oard's related activities").

Exclusion of the Proposal pursuant to Rule 14a-8(i)(11) is also appropriate because the analysis requested in the Proposal would be subsumed by the actions called for in the Follow This Proposal. The Follow This Proposal broadly requests that the Company substantially reduce certain GHG emissions of its energy products "in the medium- and long-term." This request is supported by its proponent because it believes it has a "fiduciary duty *to protect all assets in the global economy from devastating climate change*," as "[c]limate-related risks are *a source of financial risk*" and "limiting global warming is essential to *risk management* and *responsible stewardship of the economy*" (emphasis added). In implementing the Follow This Proposal, the Company would naturally and necessarily consider the financial risks from climate change "in the medium- and long-term" to its global operations and demand for its products when determining where and how to reduce the emissions of its energy products. Such an analysis of how the Company would be financially impacted by its reduction in GHG emissions is one that the Proposal expressly critiques the Company for not engaging in. In its recitals, the Proposal asserts that the Company has "neither committed to net-zero emissions by 2050 across its value chain,"—*i.e.*, reduced GHG emissions, which the Follow This Proposal seeks—"nor disclosed *how its financial assumptions would change from doing so*" (emphasis added). The Proposal then contrasts the Company with peers that have "clearly discussed this connection" by noting "how climate change," for example, impacted certain costs and "how long-term price assumptions impacted by climate change could affect asset values and impairment estimates."

The Staff has previously concurred that when the subject of a report requested in a later proposal would be encompassed within the scope of a report proposed in a prior proposal, exclusion under Rule 14a-8(i)(11) is permitted. For example, in *Chevron Corp.* (avail. Mar. 23, 2009, *recon. denied* Apr. 6, 2009) ("*Chevron 2009*"), the Company sought to exclude a proposal requesting that an independent committee prepare a report on the environmental damage that would result from the company's expanding oil sands operations in the Canadian boreal forest because it was substantially duplicative of a previously submitted proposal requesting the Company "adopt quantitative, long-term goals, based on current technologies, for reducing total greenhouse gas emissions from the Company's products and operations" and "report to shareholders . . . on its plans to achieve these goals." In this regard, the Company argued that, like the Proposal here, analysis of the matters raised in the later submitted proposal would be "naturally encompass[ed]" in its implementation of the earlier submitted proposal. Similarly, in *General Motors Corp.* (avail. Mar. 13, 2008), the Staff permitted General Motors to exclude a proposal requesting "that a committee of independent directors . . . assess the steps the company is taking to meet new fuel economy and [GHG] emission standards for its fleets of cars and trucks, and issue a report to shareholders" because it was substantially duplicative of a prior proposal requesting that "the [b]oard of [d]irectors publicly adopt quantitative goals, based on current and emerging technologies, for reducing total [GHG] emissions from the company's products and operations; and that the company report to shareholders." General Motors successfully argued that the report requested in the second proposal concerning new fuel standards would be covered in any report addressing GHG emissions generally. Because the actions requested in the Follow This Proposal would include the analysis requested in the Proposal, exclusion of the Proposal pursuant to Rule 14a-8(i)(11) is appropriate.

Finally, because the Proposal substantially duplicates the Follow This Proposal, if the Company were required to include both Proposals in its proxy materials, there is a risk that the Company's stockholders would be confused when asked to vote on both. As noted above, the purpose of Rule 14a-8(i)(11) "is to eliminate the possibility of shareholders having to consider two or more substantially identical proposals submitted to an issuer by proponents acting independently of each other." 1976 Release. Accordingly, the Company believes that the Proposal may be excluded as substantially duplicative of the Follow This Proposal.

C. Alternatively, The Proposal May Be Excluded Under Rule 14a-8(i)(11) Because It Substantially Duplicates The Benta Proposal, Which Was Received Earlier

Alternatively, the Proposal substantially duplicates the Benta Proposal (together with the Proposal for the purposes of this Section C, the "Proposals"). *See* Exhibit C. Please note that the Company has separately submitted a no-action request asking the Staff to concur that the Benta Proposal can be excluded for other reasons.

The Benta Proposal states:

> **RESOLVED:** Shareholders request the company to address the risks and opportunities presented by the global transition towards a lower emissions energy system by devising a method to set emissions reduction targets covering the greenhouse gas (GHG) emissions of the company's operations as well as their energy products (Scope 1, 2, and 3).

The Company initially received the Benta Proposal on December 4, 2020, which is before the Company received the Proposal on December 8, 2020. The Company intends to include the Benta Proposal in its 2021 Proxy Materials if the Staff does not concur in the view that the Benta Proposal may be excluded.

The principal thrust and focus of the Proposal and the Benta Proposal are the same: addressing the financial risks arising from widespread reductions in GHG emissions. Although the requests are slightly different—the Benta Proposal requests that the

Company respond to "the *global transition* towards a *lower emissions energy system*" by devising a method to reduce its GHG emissions, while the Proposal seeks an analysis of "whether and how" the Company's financials would be impacted if the *energy sector* reached *net-zero GHG emissions* by 2050—the principal thrust and focus of each relates to the Company addressing what the Proposals view as the significant financial risks arising from GHG emission reductions.

Moreover, other language in the Proposals demonstrates that they share the same focus:

- *Both Proposals contemplate reductions in the Company GHG emissions.* The Proposal asks the Company to analyze a scenario in which fossil fuel demand has been significantly reduced because "the energy sector globally [reached] net-zero GHG emissions by 2050." Because the Company is a part of the energy sector, it also would have reduced its GHG emissions in that scenario in order to reach net-zero GHG emissions by 2050. Similarly, the Benta Proposal requests that the Company reduce its GHG emissions.

- *Both Proposals address the potential financial risks to the Company associated with reduced GHG emissions.* The Benta Proposal notes "the *increasing business risks* to companies in the fossil fuel exploration and production sector" and suggests that "[c]ompanies that fail to reduce overall emissions will incur *substantial financial risks*" (emphasis added). Going further, the Benta Proposal asserts that "[r]educing emissions is one of the most simple and least prescriptive ways to *address financial risks and opportunities*" (emphasis added). The Proposal cites to a report entitled *Managing Climate Risk in the U.S. Financial System* and notes an increasing focus on the "economic impacts from" reducing GHG emissions.

- *Both Proposals reference targets under the Paris Agreement.* The Benta Proposal notes that "[b]acking from investors that *insist on Paris-consistent targets* . . . continues to gain momentum," whereas the Proposal references the emissions standards outlined in the Paris Agreement and how the International Energy Agency's Net Zero 2050 scenario would be "consistent with a 1.5°C temperature increase globally," which is included in the Paris Agreement.

- *Both Proposals refer to investor pressure as a driver for action.* The Benta Proposal notes that "[b]acking from investors that insist on Paris-consistent targets . . . continues to gain momentum" and that in Europe, an "unprecedented number of shareholders voted for climate targets resolutions." The Proposal similarly notes, "*[i]nvestors are also calling for* high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios, and to *provide investors insights* about the

> potential impact on their financial statements" and cites to a report entitled *Investor Expectations for Paris-aligned Accounts* (emphasis added).

Moreover, while the Proposal and the Benta Proposal request slightly different actions, that does not change the fact that they have the same principal focus. In this regard, the Proposal and the Benta Proposal are similar to the proposals at issue in *Exxon Mobil 2017*, which is discussed above, where the Staff concurred with exclusion of a proposal requesting that the company "summariz[e] strategic options or scenarios for aligning its business operations with a low carbon economy (such as International Energy Agency's 450 climate change scenario)" because it substantially duplicated a prior proposal requesting that the company publish an "annual assessment of the long-term portfolio impacts of technological advances and global climate change policies" that (i) "analyze[d] the impacts on [the company's] oil and gas reserves and resources under a scenario in which reduction in demand results from carbon restrictions and related rules or commitments adopted by governments," (ii) "assess[ed] the resilience of the company's full portfolio of reserves and resources through 2040 and beyond," and (iii) "address[ed] the financial risks associated with such a scenario." Exxon Mobil successfully argued that "although the [proposals] differ in their precise presentation of the issue, the principal thrust of each requests the [c]ompany to prepare and publish a report concerning the impact of lower demand on carbon resulting from climate change and related regulations on the [c]ompany's assets and operations." Similarly, in *Ford Motor 2004* discussed in the Follow This section, Ford successfully argued that "although the terms and the breadth of the two proposals are somewhat different, the principal thrust and focus are substantially the same, namely to encourage the [c]ompany to adopt policies that reduce greenhouse gas emissions in order to enhance competitiveness." *See also Exxon Mobil Corp. (Neva Rockefeller Goodwin)* (avail. Mar. 19, 2010).

Exclusion of the Proposal pursuant to Rule 14a-8(i)(11) is also appropriate because the analysis requested in the Proposal would be subsumed by the actions called for in the Benta Proposal. The Benta Proposal broadly requests that the Company set GHG emissions targets for its operations and energy products "to address the risks and opportunities presented by the global transition towards a lower emissions energy system." In implementing the Benta Proposal, which assumes and seeks a response to lower emissions across industries and businesses, the Company would naturally and necessarily consider the narrower impact of a transition within the energy sector alone to various lower emissions scenarios—including the one specified in the Proposal—and how such reduced emissions would impact the Company's financial performance. The Staff has previously concurred that when the subject of a report requested in a later proposal would be encompassed within the scope of a report proposed in a prior proposal, exclusion under Rule 14a-8(i)(11) is permitted. For example, in *Chevron 2009* discussed in the Follow This section, the Staff concurred with the exclusion of a proposal where the Company argued that, like the Proposal here, analysis of the matters raised in the later submitted proposal would be "naturally encompass[ed]" in its implementation of the earlier submitted proposal. *See also General Motors Corp.* (avail. Mar. 13, 2008) (concurring with the exclusion of a second proposal concerning new fuel standards because it would be covered in any report addressing GHG emissions generally). Because the actions requested in the Benta Proposal would include the analysis requested in the Proposal, exclusion of the Proposal pursuant to Rule 14a-8(i)(11) is appropriate.

Finally, because the Proposal substantially duplicates the Benta Proposal, if the Company were required to include both Proposals in its proxy materials, there is a risk that the Company's stockholders would be confused when asked to vote on both. As noted above, the purpose of Rule 14a-8(i)(11) "is to eliminate the possibility of shareholders having to consider two or more substantially identical proposals submitted to an issuer by proponents acting independently of each other." 1976 Release. Accordingly, the Company believes that the Proposal may be excluded as substantially duplicative of the Benta Proposal.

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2021 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8287, or Christopher A. Butner, the Company's Assistant Secretary and Supervising Counsel, at (925) 842-2796.

Sincerely,

Elizabeth Ising

Elizabeth A. Ising

Enclosures

cc: Christopher A. Butner, Chevron Corporation
Lila Holzman, As You Sow

EXHIBIT A

From:	Gail Follansbee
To:	Francis, Mary A. (MFrancis); Corporate Governance Correspondence; Butner, Christopher A (CButner)
Cc:	Lila Holzman; Danielle Fugere
Subject:	[**EXTERNAL**] Chevron - Shareholder Proposal
Date:	Tuesday, December 8, 2020 4:41:05 PM
Attachments:	Climate Change Lead- filing docs pkg.pdf Climate Change - CoFiler filing docs pkg.pdf

Dear Ms. Francis,

Attached please find filing documents submitting a shareholder proposal for inclusion in the company's 2021 proxy statement. A paper copy of these documents was delivered to your offices and signed for by your mailroom a few minutes ago.

It would be much appreciated if you could please confirm receipt of this email.

Thank you very much,
Gail

Gail Follansbee (she/her)
Coordinator, Shareholder Relations
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704
(510) 735-8139 (direct line) ~ (650) 868-9828 (cell)
gail@asyousow.org | www.asyousow.org

AS YOU SOW
2150 Kittredge St. Suite 450
Berkeley, CA 94704
www.asyousow.org
BUILDING A SAFE, JUST, AND SUSTAINABLE WORLD SINCE 1992

VIA COURIER & EMAIL

December 8, 2020

Mary A. Francis,
Corporate Secretary and Chief Governance Officer,
Chevron Corporation,
6001 Bollinger Canyon Road,
San Ramon, CA 94583- 2324
mfrancis@chevron.com

Dear Ms. Francis,

As You Sow is filing a shareholder proposal on behalf of Andrew Behar ("Proponent"), a shareholder of Chevron for inclusion in Chevron's 2021 proxy statement and for consideration by shareholders in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing *As You Sow* to act on its behalf is enclosed. A representative of the Proponent will attend the stockholder meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent's concerns.

To schedule a dialogue, please contact me at lholzman@asyousow.org. Please send all correspondence **with a copy to shareholderengagement@asyousow.org**.

Sincerely,

Lila Holzman

Lila Holzman
Energy Program Manager

Enclosures
- Shareholder Proposal
- Shareholder Authorization

cc: corpgov@chevron.com
CButner@chevron.com

CLIMATE CHANGE IMPACTS ON FINANCIAL POSITION AND ASSUMPTIONS

WHEREAS:

As evidence of the severe impacts from climate change mounts, policy makers, companies, and financial bodies are increasingly focused on the economic impacts[1] from driving greenhouse gas (GHG) emissions to well-below 2 degrees Celsius below pre-industrial levels (including 1.5° C ambitions), as outlined in the Paris Agreement.

This focus has led many Chevron peers (including BP, Eni, Equinor, Repsol, Royal Dutch Shell, and Total) to commit to major GHG reductions, including setting "net zero emission" goals by 2050.[2,3]

Investors are also calling for high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios,[4] and to provide investors insights about the potential impact on their financial statements.[5,6,7]

As of December 2020, Chevron Corporation had neither committed to net-zero emissions by 2050 across its value chain, nor disclosed how its financial assumptions would change from doing so.

In contrast, the audit reports for other high GHG-emitting companies clearly discussed this connection:

- BP: how climate change and a global energy transition impacted the capitalization of exploration and appraisal costs and risks that oil and gas price assumptions could lead to financial misstatements;
- Shell: how long-term price assumptions impacted by climate change could affect asset values and impairment estimates;
- National Grid: noted estimates inconsistent with 2050 "net zero" commitments.

Additionally, in 2020, BP, Shell and Total reviewed their 2019 financial accounting practices in light of the accelerating low-carbon energy transition. All three subsequently adjusted critical accounting assumptions, resulting in material impairments, and disclosed how climate change affected the adjustments.

In October 2020, the International Energy Agency (IEA) issued a new "Net Zero 2050" scenario which describes what it would mean for the energy sector globally to reach net-zero GHG emissions by 2050.

---

1 https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf

2 https://www.reuters.com/article/climate-change-carbon-targets/factbox-big-oils-climate-targets-idUSL8N2HO1B4

3 https://carbontracker.org/reports/fault-lines/

4 https://www.iigcc.org/news/investor-groups-call-on-companies-to-reflect-climate-related-risks-in-financial-reporting/

5 https://www.unpri.org/sustainability-issues/accounting-for-climate-change

6 https://www.iigcc.org/download/investor-expectations-for-paris-aligned-accounts/?wpdmdl=4001&masterkey=5fabc4d15595d

7 https://cdn.ifrs.org/-/media/feature/news/2019/november/in-brief-climate-change-nick-anderson.pdf?la=en

This more aggressive global action to curtail climate change is consistent with a 1.5°C temperature increase globally.[8]

RESOLVED: Shareholders request that Chevron's Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.

SUPPORTING STATEMENT: Proponents recommend that in issuing the report, the company take account of information on:

- Assumptions, costs, estimates, and valuations that may be materially impacted; and
- The potential for widespread adoption of net-zero goals by governments and peers.[9]

Proponents recommend that the report be supported by reasonable assurance from an independent auditor.

[8] https://www.iea.org/reports/world-energy-outlook-2020/achieving-net-zero-emissions-by-2050
[9] https://www.climatechangenews.com/2019/06/14/countries-net-zero-climate-goal/

December 8, 2020

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2021 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Andrew Behar

Company: Chevron

Annual Meeting / Proxy Statement Year: 2021

Subject: Request to improve climate related audit procedures

The Stockholder has continuously owned over $2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2021.

The Stockholder gives *As You Sow* the authority to address, on the Stockholder's behalf, any and all aspects of the shareholder resolution, including drafting and editing the proposal, representing Stockholder in engagements with the Company, entering into any agreement with the Company, and designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The Stockholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,

DocuSigned by:
ANDREW BEHAR
AE21D05EE57E4E1

Name: ANDREW BEHAR

Title: Shareholder

VIA COURIER & EMAIL

December 8, 2020

Mary A. Francis,
Corporate Secretary and Chief Governance Officer,
Chevron Corporation,
6001 Bollinger Canyon Road,
San Ramon, CA 94583- 2324
mfrancis@chevron.com

Dear Ms. Francis,

As You Sow is co-filing a shareholder proposal on behalf of the following Chevron shareholder for action at the next annual meeting of Chevron.

- Jeffrey M Schubiner INH IRA, Bene of Lorraine Schubiner

Shareholders is a co-filer of the enclosed proposal with Andrew Behar, who is the Proponent of the proposal. *As You Sow* has submitted the enclosed shareholder proposal on behalf of Proponent for inclusion in the 2021 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. *As You Sow* is authorized to act on Jeffrey M Schubiner INH IRA, Bene of Lorraine Schubiner's behalf with regard to withdrawal of the proposal.

A letter authorizing *As You Sow* to act on co-filers' behalf are enclosed. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required.

To schedule a dialogue, please contact me at lholzman@asyousow.org. Please send all correspondence **with a copy to shareholderengagement@asyousow.org**.

Sincerely,

Lila Holzman

Lila Holzman
Energy Program Manager

Enclosures

- Shareholder Proposal
- Shareholder Authorization

cc: corpgov@chevron.com
CButner@chevron.com

CLIMATE CHANGE IMPACTS ON FINANCIAL POSITION AND ASSUMPTIONS

WHEREAS:

As evidence of the severe impacts from climate change mounts, policy makers, companies, and financial bodies are increasingly focused on the economic impacts[1] from driving greenhouse gas (GHG) emissions to well-below 2 degrees Celsius below pre-industrial levels (including 1.5° C ambitions), as outlined in the Paris Agreement.

This focus has led many Chevron peers (including BP, Eni, Equinor, Repsol, Royal Dutch Shell, and Total) to commit to major GHG reductions, including setting "net zero emission" goals by 2050.[2,3]

Investors are also calling for high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios,[4] and to provide investors insights about the potential impact on their financial statements.[5,6,7]

As of December 2020, Chevron Corporation had neither committed to net-zero emissions by 2050 across its value chain, nor disclosed how its financial assumptions would change from doing so.

In contrast, the audit reports for other high GHG-emitting companies clearly discussed this connection:

- BP: how climate change and a global energy transition impacted the capitalization of exploration and appraisal costs and risks that oil and gas price assumptions could lead to financial misstatements;
- Shell: how long-term price assumptions impacted by climate change could affect asset values and impairment estimates;
- National Grid: noted estimates inconsistent with 2050 "net zero" commitments.

Additionally, in 2020, BP, Shell and Total reviewed their 2019 financial accounting practices in light of the accelerating low-carbon energy transition. All three subsequently adjusted critical accounting assumptions, resulting in material impairments, and disclosed how climate change affected the adjustments.

In October 2020, the International Energy Agency (IEA) issued a new "Net Zero 2050" scenario which describes what it would mean for the energy sector globally to reach net-zero GHG emissions by 2050.

---

1 https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf

2 https://www.reuters.com/article/climate-change-carbon-targets/factbox-big-oils-climate-targets-idUSL8N2HO1B4

3 https://carbontracker.org/reports/fault-lines/

4 https://www.iigcc.org/news/investor-groups-call-on-companies-to-reflect-climate-related-risks-in-financial-reporting/

5 https://www.unpri.org/sustainability-issues/accounting-for-climate-change

6 https://www.iigcc.org/download/investor-expectations-for-paris-aligned-accounts/?wpdmdl=4001&masterkey=5fabc4d15595d

7 https://cdn.ifrs.org/-/media/feature/news/2019/november/in-brief-climate-change-nick-anderson.pdf?la=en

This more aggressive global action to curtail climate change is consistent with a 1.5°C temperature increase globally.[8]

RESOLVED: Shareholders request that Chevron's Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.

SUPPORTING STATEMENT: Proponents recommend that in issuing the report, the company take account of information on:

- Assumptions, costs, estimates, and valuations that may be materially impacted; and
- The potential for widespread adoption of net-zero goals by governments and peers.[9]

Proponents recommend that the report be supported by reasonable assurance from an independent auditor.

[8] https://www.iea.org/reports/world-energy-outlook-2020/achieving-net-zero-emissions-by-2050
[9] https://www.climatechangenews.com/2019/06/14/countries-net-zero-climate-goal/

December 8, 2020

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2021 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Jeffrey M Schubiner INH IRA, Bene of Lorraine Schubiner

Company: Chevron

Annual Meeting / Proxy Statement Year: 2021

Subject: Request to improve climate related audit procedures.

The Stockholder has continuously owned over $2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2021.

The Stockholder gives *As You Sow* the authority to address, on the Stockholder's behalf, any and all aspects of the shareholder resolution, including drafting and editing the proposal, representing Stockholder in engagements with the Company, entering into any agreement with the Company, and designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The Stockholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,

DocuSigned by:
E94366E5A8C24C3

Name: JEFFREY M SCHUBINER

Title: Shareholder

From:	Butner, Christopher A (CButner)
To:	Lila Holzman
Subject:	Chevron
Date:	Wednesday, December 16, 2020 10:49:37 AM
Attachments:	Behar 12 16 20.pdf

Please see the attached.

Best regards,
Chris

Christopher A. Butner

Chevron Corporation
6001 Bollinger Canyon Road, Rm T-3188
San Ramon, CA 94583
(925) 842-2796--Direct
(415) 238-1172--Cell
cbutner@chevron.com

Chevron

Christopher A. Butner
Assistant Secretary and Securities/Corporate Governance Counsel

December 16, 2020

Sent via email and overnight delivery:

lholzman@asyousow.org

Lila Holzman
2150 Kittredge St. Suite 450,
Berkeley, CA 94704

Re: Stockholder Proposal

Dear Ms. Holzman,

On December 8, 2020, we received your letter submitting a stockholder proposal for As You Sow acting on behalf of Andrew Behar ("Proponent"), for inclusion in Chevron's proxy statement and proxy for its 2021 annual meeting of stockholders. By way of rules adopted pursuant to the Securities Exchange Act of 1934, the U.S. Securities and Exchange Commission has prescribed certain procedural and eligibility requirements for the submission of proposals to be included in a company's proxy materials. I write to provide notice of certain defects in your submission, as detailed below, and ask that you provide to us documents sufficient to remedy these defects.

First, your letter did not include sufficient documentation demonstrating that As You Sow had the legal authority to submit the proposal on behalf of the Proponent as of the date the proposal was submitted (December 8, 2020). In Staff Legal Bulletin No. 14I (Nov. 1, 2017) ("SLB 14I"), the SEC's Division of Corporation Finance ("Division") noted that proposals submitted by proxy, such as the proposal, may present challenges and concerns, including "concerns raised that stockholders may not know that proposals are being submitted on their behalf." Accordingly, in evaluating whether there is a basis to exclude a proposal under the eligibility requirements of Rule 14a-8(b), as addressed below, SLB 14I states that in general the Division would expect any stockholder who submits a proposal by proxy to provide documentation to:

- identify the stockholder-proponent and the person or entity selected as proxy;
- identify the company to which the proposal is directed;
- identify the annual or special meeting for which the proposal is submitted;
- identify the specific proposal to be submitted (e.g., proposal to lower the threshold for calling a special meeting from 25% to 10%); and
- be signed and dated by the stockholder.

The documentation that you provided with the proposal raises the concerns referred to in SLB 14I. Specifically, the proposal raises the concerns referred to in SLB 14I because the documentation from the Proponent purporting to authorize As You Sow to act on the Proponent's behalf does not identify the specific proposal to be submitted. To remedy these defects, the Proponent should provide documentation that confirms that as of the date you submitted the proposal, the Proponent had instructed or authorized As You Sow to submit the specific proposal to Chevron on the Proponent's behalf. The documentation should identify the specific proposal to be submitted.

Second, pursuant to Exchange Act Rule 14a-8(b), to be eligible to submit a proposal, the Proponent must be a Chevron stockholder, either as a registered holder or as a beneficial holder (i.e., a street name holder), and must have continuously held at least $2,000 in market value or 1% of Chevron's shares entitled to be voted on the proposal at the annual meeting for at least one year as of the date the proposal is submitted. Chevron's stock records for its registered holders do not indicate that the Proponent is a registered holder. Exchange Act Rule 14a-8(b)(2) and SEC staff guidance provide that if the Proponent is not a registered holder the Proponent must prove share position and eligibility by submitting to Chevron either:

1. a written statement from the "record" holder of the Proponent's shares (usually a broker or bank) verifying that the Proponent has continuously held the required value or number of shares for at least the one-year period preceding and including the date the proposal was submitted, which was December 8, 2020; or

2. a copy of a filed Schedule 13D, Schedule 13G, Form 3, Form 4, Form 5, or amendments to those documents or updated forms, reflecting Proponent ownership of the required value or number of shares as of or before the date on which the one-year eligibility period begins and any subsequent amendments reporting a change in ownership level, along with a written statement that the Proponent has owned the required value or number of shares continuously for at least one year as of the date the proposal was submitted (December 8, 2020).

Your letter did not include proof of the Proponent's ownership of Chevron stock. By this letter, I am requesting that you provide to us acceptable documentation that the Proponent has held the required value or number of shares to submit a proposal continuously for at least the one-year period preceding and including the December 8, 2020 date the proposal was submitted.

In this regard, I direct your attention to the SEC's Division of Corporation Finance Staff Legal Bulletin No. 14 (at C(1)(c)(1)-(2)), which indicates that, for purposes of Exchange Act Rule 14a-8(b)(2), written statements verifying ownership of shares "must be from the record holder of the shareholder's securities, which is usually a broker or bank." Further, please note that most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency that acts as a securities depository (DTC is also known through the account name of Cede & Co.), and the Division of Corporation Finance advises that, for purposes of Exchange Act Rule 14a-8(b)(2), only DTC participants or affiliates of DTC participants "should be viewed as 'record' holders of securities that are deposited at DTC." (Staff Legal Bulletin No. 14F at B(3) and No. 14G at B(1)-(2)). (Copies of these and other Staff Legal Bulletins containing useful information for proponents when submitting proof of ownership to companies can be found on the SEC's web site at: http://www.sec.gov/interps/legal.shtml.) You can confirm whether the Proponent's broker or bank is a DTC participant by asking the broker or bank or by checking DTC's participant list, which is available at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.pdf

Please note that if the Proponent's broker or bank is not a DTC participant, then you need to submit proof of ownership from the DTC participant through which the shares are held verifying that the Proponent has continuously held the requisite number of Chevron shares for at least the one-year period preceding and including the date the proposal was submitted (December 8, 2020). You should be able to find out or confirm the identity of the DTC participant by asking the Proponent's broker or bank.

Consistent with the above, if the Proponent intends to demonstrate ownership by submitting a written statement from the "record" holder of the Proponent's shares, please provide to us a written statement from the DTC participant record holder of the Proponent's shares verifying (a) that the DTC participant is the record holder, (b) the number of shares held in the Proponent's name, and (c) that the Proponent has continuously held the required value or number of Chevron shares for at least the one-year period preceding and including December 8, 2020, the date the proposal was submitted. Additionally, if the DTC participant that holds the Proponent's shares is not able to confirm individual holdings but is able to confirm the holdings of the Proponent's broker or bank, then the Proponent will need to satisfy the proof of ownership requirements by obtaining and submitting two proof of ownership statements verifying that, for at least the one-year period preceding and including the date the proposal was submitted (December 8, 2020), the requisite number of Chevron shares were continuously held. The first statement should be from the Proponent's broker or bank confirming the Proponent's ownership. The second statement should be from the DTC participant confirming the broker or bank's ownership.

Your response may be sent to my attention by U.S. Postal Service or overnight delivery at the address above or by email (cbutner@chevron.com). Pursuant to Exchange Act Rule 14a-8(f), your response must be postmarked or transmitted electronically no later than 14 days from the date you receive this letter.

Copies of Exchange Act Rule 14a-8 and Staff Legal Bulletin No. 14F are enclosed for your convenience. Thank you, in advance, for your attention to this matter.

Sincerely,

Christopher A. Butner

From:	Butner, Christopher A (CButner)
To:	Lila Holzman
Subject:	Chevron
Date:	Wednesday, December 16, 2020 10:47:05 AM
Attachments:	Schubiner 12 16 20.pdf

Please see the attached.

Best regards,
Chris

Christopher A. Butner

Chevron Corporation
6001 Bollinger Canyon Road, Rm T-3188
San Ramon, CA 94583
(925) 842-2796--Direct
(415) 238-1172--Cell
cbutner@chevron.com

Chevron

Christopher A. Butner
Assistant Secretary and Securities/Corporate Governance Counsel

December 16, 2020

Sent via email and overnight delivery:

lholzman@asyousow.org

Lila Holzman
2150 Kittredge St. Suite 450,
Berkeley, CA 94704

Re: Stockholder Proposal

Dear Ms. Holzman,

On December 8, 2020, we received your letter co-filing a stockholder proposal for As You Sow acting on behalf of Jeffrey M Schubiner INH IRA, Bene of Lorraine Schubiner ("Proponent"), for inclusion in Chevron's proxy statement and proxy for its 2021 annual meeting of stockholders. By way of rules adopted pursuant to the Securities Exchange Act of 1934, the U.S. Securities and Exchange Commission has prescribed certain procedural and eligibility requirements for the submission of proposals to be included in a company's proxy materials. I write to provide notice of certain defects in your submission, as detailed below, and ask that you provide to us documents sufficient to remedy these defects.

First, your letter did not include sufficient documentation demonstrating that As You Sow had the legal authority to submit the proposal on behalf of the Proponent as of the date the proposal was submitted (December 8, 2020). In Staff Legal Bulletin No. 14I (Nov. 1, 2017) ("SLB 14I"), the SEC's Division of Corporation Finance ("Division") noted that proposals submitted by proxy, such as the proposal, may present challenges and concerns, including "concerns raised that stockholders may not know that proposals are being submitted on their behalf." Accordingly, in evaluating whether there is a basis to exclude a proposal under the eligibility requirements of Rule 14a-8(b), as addressed below, SLB 14I states that in general the Division would expect any stockholder who submits a proposal by proxy to provide documentation to:

- identify the stockholder-proponent and the person or entity selected as proxy;
- identify the company to which the proposal is directed;
- identify the annual or special meeting for which the proposal is submitted;
- identify the specific proposal to be submitted (e.g., proposal to lower the threshold for calling a special meeting from 25% to 10%); and
- be signed and dated by the stockholder.

The documentation that you provided with the proposal raises the concerns referred to in SLB 14I. Specifically, the proposal raises the concerns referred to in SLB 14I because the documentation from the Proponent purporting to authorize As You Sow to act on the Proponent's behalf does not identify the specific proposal to be submitted. To remedy these defects, the Proponent should provide documentation that confirms that as of the date you submitted the proposal, the Proponent had instructed or authorized As You Sow to submit the specific proposal to Chevron on the Proponent's behalf. The documentation should identify the specific proposal to be submitted.

Second, pursuant to Exchange Act Rule 14a-8(b), to be eligible to submit a proposal, the Proponent must be a Chevron stockholder, either as a registered holder or as a beneficial holder (i.e., a street name holder), and must have continuously held at least $2,000 in market value or 1% of Chevron's shares entitled to be voted on the proposal at the annual meeting for at least one year as of the date the proposal is submitted. Chevron's stock records for its registered holders do not indicate that the Proponent is a registered holder. Exchange Act Rule 14a-8(b)(2) and SEC staff guidance provide that if the Proponent is not a registered holder the Proponent must prove share position and eligibility by submitting to Chevron either:

1. a written statement from the "record" holder of the Proponent's shares (usually a broker or bank) verifying that the Proponent has continuously held the required value or number of shares for at least the one-year period preceding and including the date the proposal was submitted, which was December 8, 2020; or

2. a copy of a filed Schedule 13D, Schedule 13G, Form 3, Form 4, Form 5, or amendments to those documents or updated forms, reflecting Proponent ownership of the required value or number of shares as of or before the date on which the one-year eligibility period begins and any subsequent amendments reporting a change in ownership level, along with a written statement that the Proponent has owned the required value or number of shares continuously for at least one year as of the date the proposal was submitted (December 8, 2020).

Your letter did not include proof of the Proponent's ownership of Chevron stock. By this letter, I am requesting that you provide to us acceptable documentation that the Proponent has held the required value or number of shares to submit a proposal continuously for at least the one-year period preceding and including the December 8, 2020 date the proposal was submitted.

In this regard, I direct your attention to the SEC's Division of Corporation Finance Staff Legal Bulletin No. 14 (at C(1)(c)(1)-(2)), which indicates that, for purposes of Exchange Act Rule 14a-8(b)(2), written statements verifying ownership of shares "must be from the record holder of the shareholder's securities, which is usually a broker or bank." Further, please note that most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency that acts as a securities depository (DTC is also known through the account name of Cede & Co.), and the Division of Corporation Finance advises that, for purposes of Exchange Act Rule 14a-8(b)(2), only DTC participants or affiliates of DTC participants "should be viewed as 'record' holders of securities that are deposited at DTC." (Staff Legal Bulletin No. 14F at B(3) and No. 14G at B(1)-(2)). (Copies of these and other Staff Legal Bulletins containing useful information for proponents when submitting proof of ownership to companies can be found on the SEC's web site at: http://www.sec.gov/interps/legal.shtml.) You can confirm whether the Proponent's broker or bank is a DTC participant by asking the broker or bank or by checking DTC's participant list, which is available at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.pdf

Please note that if the Proponent's broker or bank is not a DTC participant, then you need to submit proof of ownership from the DTC participant through which the shares are held verifying that the Proponent has continuously held the requisite number of Chevron shares for at least the one-year period preceding and including the date the proposal was submitted (December 8, 2020). You should be able to find out or confirm the identity of the DTC participant by asking the Proponent's broker or bank.

Consistent with the above, if the Proponent intends to demonstrate ownership by submitting a written statement from the "record" holder of the Proponent's shares, please provide to us a written statement from the DTC participant record holder of the Proponent's shares verifying (a) that the DTC participant is the record holder, (b) the number of shares held in the Proponent's name, and (c) that the Proponent has continuously held the required value or number of Chevron shares for at least the one-year period preceding and including December 8, 2020, the date the proposal was submitted. Additionally, if the DTC participant that holds the Proponent's shares is not able to confirm individual holdings but is able to confirm the holdings of the Proponent's broker or bank, then the Proponent will need to satisfy the proof of ownership requirements by obtaining and submitting two proof of ownership statements verifying that, for at least the one-year period preceding and including the date the proposal was submitted (December 8, 2020), the requisite number of Chevron shares were continuously held. The first statement should be from the Proponent's broker or bank confirming the Proponent's ownership. The second statement should be from the DTC participant confirming the broker or bank's ownership.

Your response may be sent to my attention by U.S. Postal Service or overnight delivery at the address above or by email (cbutner@chevron.com). Pursuant to Exchange Act Rule 14a-8(f), your response must be postmarked or transmitted electronically no later than 14 days from the date you receive this letter.

Copies of Exchange Act Rule 14a-8 and Staff Legal Bulletin No. 14F are enclosed for your convenience. Thank you, in advance, for your attention to this matter.

Sincerely,

Christopher A. Butner

From: Gail Follansbee <gail@asyousow.org>
Sent: Wednesday, December 30, 2020 4:34 PM
To: Butner, Christopher A (CButner) <CButner@chevron.com>
Cc: Lila Holzman <lholzman@asyousow.org>; Danielle Fugere <DFugere@asyousow.org>; Shareholder Engagement <shareholderengagement@asyousow.org>
Subject: [**EXTERNAL**] Chevron - Shareholder Proposal

Hello Chris-

Lila Holzman forwarded your deficiency notice to me to respond to.

Attached, please find documentation regarding Proof of Ownership as well as authorization confirmation for shareholder **Andrew Behar**.
Please note that the co-filer: **Jeffrey M Schubiner INH IRA, Bene of Lorraine Schubiner** will no longer be participating in this proposal.

Please confirm receipt and let us know if any deficiencies remain.

Best,
Gail

Gail Follansbee (she/her)
Coordinator, Shareholder Relations
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704
(510) 735-8139 (direct line) ~ (650) 868-9828 (cell)
gail@asyousow.org | www.asyousow.org

December 18, 2020

Gail Follansbee
Coordinator, Shareholder Relations
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Addendum to Authorization to File Shareholder Resolution

Dear Ms. Follansbee,

As an addendum to the previously provided shareholder authorization letter, this letter serves to confirm that as of 12/08/2020, the undersigned had authorized As You Sow (AYS) to file, co-file, or endorse the shareholder resolution identified below on Stockholder's behalf with the identified company, and that it be included in the proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder: Andrew Behar
Company: Chevron
Annual Meeting/Proxy Statement Year: 2021
Resolution Subject: Request to improve climate related audit procedures, specifically, requesting that Chevron provide a report that is supported by reasonable assurance from an independent auditor regarding the impact of a net zero scenario on the company's financial assumptions.

Sincerely,

DocuSigned by:
ANDREW BEHAR
AE21D05EE57E4E1

Name: Andrew Behar
Title: Shareholder

Wealth
Management

December 30, 2020

Andrew Behar
***
***

To Andrew:

RBC Capital Markets, LLC, acts as custodian for Andrew Behar.

We are writing to verify that our books and records reflect that, as of market close on December 8, 2020, Andrew Behar owned 35.4913 shares of Chevron (Cusip# 166764100) representing a market value of approximately $3,033.44 and that, Andrew Behar has owned such shares since 11/25/2011. We are providing this information at the request of Andrew Behar in support of its activities pursuant to rule 14a-8(a)(1) of the Securities Exchange Act of 1934.

In addition, we confirm that we are a DTC participant.

Should you require further information, please contact me directly at 415-445-8230

Sincerely,

Justin Klueger

Justin Klueger
Financial Manager

<u>EXHIBIT B</u>

From: Mark van Baal | Follow This <markvanbaal@follow-this.org>
Sent: Friday, December 04, 2020 5:23 AM
To: Francis, Mary A. (MFrancis) <MFrancis@chevron.com>; Butner, Christopher A (CButner) <CButner@chevron.com>
Cc: Rubio, Michael <MichaelRubio@chevron.com>; maartenvandeweijer@follow-this.org; Betsy Middleton <betsymiddleton@follow-this.org>
Subject: [**EXTERNAL**] Shareholder proposal for 2021 annual meeting

Dear Mary and Chris,

We hope this mail finds you well in these extraordinary times.

We hereby submit the attached shareholder resolution for inclusion in the proxy materials of the 2021 AGM.

Attached to this email are:
• One document containing a cover letter, the shareholder resolution, and proof of ownership from our broker.
• Digital signature logs for verification of the signed documents.

We look forward to hearing from you soon.

Kindly confirm receipt of this e-mail.

For now: have a nice weekend.

With best regards, Mark

Mark van Baal | Follow This | + 31 6 22 42 45 42

Follow this

04 December 2020

Mary Francis
Corporate Secretary
Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583, USA
cc: Christopher Butner, Michael Rubio

Re: Shareholder proposal for 2021 annual meeting

Dear Ms. Francis,

We submit the enclosed shareholder proposal for inclusion in the proxy statement that Chevron Corporation plans to circulate to shareholders in anticipation of the 2021 annual meeting. The proposal is being submitted in accordance with SEC Rule 14a-8 and relates to climate change policies.

Follow This is located at Anthony Fokkerweg 1, 1059 CM Amsterdam, The Netherlands. Follow This has beneficially owned more than $2,000 worth of Chevron common stock for longer than a year.

A letter from BinckBank, the record holder, confirming that ownership, is enclosed. Follow This intends to continue ownership of at least $2,000 worth of Chevron common stock through the date of the 2021 annual meeting, which a representative is prepared to attend.

We would be pleased to discuss the issues presented by this proposal with you. If you require any additional information, please advise.

Sincerely,

Mark van Baal

Mark van Baal
Founder-Director
Follow This

Attachments: Shareholder proposal, proof of ownership documentation

Resolution at 2021 AGM of Chevron Corporation ("the company")

Filed by Follow This

WHEREAS: We, the shareholders, must protect our assets against devastating climate change, and we therefore support companies to substantially reduce greenhouse gas (GHG) emissions.

RESOLVED: Shareholders request the Company to substantially reduce the greenhouse gas (GHG) emissions of their energy products (Scope 3) in the medium- and long-term future, as defined by the Company.

To allow maximum flexibility, nothing in this resolution shall serve to micromanage the Company by seeking to impose methods for implementing complex policies in place of the ongoing judgement of management as overseen by its board of directors.

You have our support.

SUPPORTING STATEMENT: The policies of the energy industry are crucial to curbing climate change. Therefore, shareholders support oil and gas companies to change course; to substantially reduce emissions.

Fiduciary duty

As shareholders, we understand this support to be part of our fiduciary duty to protect all assets in the global economy from devastating climate change. Climate-related risks are a source of financial risk, and therefore limiting global warming is essential to risk management and responsible stewardship of the economy.

We therefore support the Company to reduce the emissions of their energy products (Scope 3). Reducing emissions from the use of energy products is essential to limiting global warming.

An increasing number of investors insist on reductions of all emissions

Shell, BP, Equinor, and Total have already adopted Scope 3 ambitions. Backing from investors that insist on reductions of all emissions continues to gain momentum; in 2020, an unprecedented number of shareholders voted for climate resolutions. It is evident that a growing group of investors across the energy sector is uniting behind visible and unambiguous support for reductions of all emissions.

Nothing in this resolution shall limit the Company's powers to set and vary their strategy or take any action which they believe in good faith would best contribute to reducing GHG emissions.

We believe that the Company could lead and thrive in the energy transition. We therefore encourage you to reduce emissions, inspiring society, employees, shareholders, and the energy sector, and allowing the company to meet an increasing demand for energy while reducing GHG emissions to levels consistent with curbing climate change.

You have our support.

EXHIBIT C

From: McKenzie Ursch ***
Sent: Friday, December 04, 2020 7:48 AM
To: Francis, Mary A. (MFrancis) <MFrancis@chevron.com>; Butner, Christopher A (CButner) <CButner@chevron.com>; Rubio, Michael <MichaelRubio@chevron.com>
Subject: [**EXTERNAL**] Submission of shareholder resolution for 2021 AGM

Dear Ms. Francis, Mr. Butner and Mr. Rubio,

I hope this finds you all well, and that you all are safely away from the recently ignited wildfires in California. Dire times indeed.

I hereby submit the attached shareholder resolution on behalf of Benta B.V., who has authorized me to co-file, and otherwise act as representative.

Attached to this e-mail are the following:

- One document which includes a covering letter, the shareholder proposal, a letter authorizing me to file on behalf of Benta B.V., and a letter demonstrating proof of ownership of the requisite amount of shares
- Digital signature logs for all signed documents.

I look forward to hearing from you, and am open to discussing the resolution and strategy of Chevron.

As I have corresponded with Chevron on behalf of Follow This, it should be noted that I file this resolution on behalf of the shareholder without association to Follow This.

Kindly confirm receipt of this email.

Sincerely,

McKenzie Ursch

04 December 2020

Mary Francis
Corporate Secretary
Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583, USA
cc: Christopher Butner, Michael Rubio

Re: Shareholder proposal for 2021 annual meeting

Dear Ms. Francis,

On behalf of Benta B.V., I submit the enclosed shareholder proposal for inclusion in the proxy statement that Chevron Corporation plans to circulate to shareholders in anticipation of the 2021 annual meeting. The proposal is being submitted in accordance with SEC Rule 14a-8 and relates to climate change policies.

Benta B.V. is located at Sneekerpad 4, 8651 NE, IJlst , Friesland, The Netherlands. They have beneficially owned more than $2,000 worth of Valero common stock for over one year, and intend to continue ownership of these shares through the date of the 2021 annual meeting, which a representative is prepared to attend.

In addition to the proposal, two documents have been included with this letter. The first is a letter from Rabobank, the record holder, confirming the aforementioned ownership. The second is a letter from Benta B.V. authorizing me to file the resolution and otherwise act on their behalf.

We would be pleased to discuss the issues presented by this proposal with you. If you require any additional information, please advise.

Sincerely,

McKenzie Ursch

McKenzie Ursch
On behalf of Benta B.V.

Shareholder resolution at 2021 AGM of Chevron Corporation ("the company")

Filed on behalf of Benta B.V.

WHEREAS: In the coming decades, the world will reduce greenhouse gas (GHG) emissions to curb climate change. Companies that fail to reduce overall emissions will incur substantial financial risks, especially fossil fuel companies.

RESOLVED: Shareholders request the company to address the risks and opportunities presented by the global transition towards a lower emissions energy system by devising a method to set emissions reduction targets covering the greenhouse gas (GHG) emissions of the company's operations as well as their energy products (Scope 1, 2, and 3).

You have our support.

SUPPORTING STATEMENT: As responsible shareholders we perceive the increasing business risks to companies in the fossil fuel exploration and production sector. Fossil fuel companies are increasingly subject to GHG emission regulations, face climate change litigation, and encounter new competitors in the energy transition from fossil fuels to renewable energy. Meanwhile, the energy transition also provides great opportunities. Companies that are willing and able to engage in innovations and reforms are likely to survive and thrive.

We, the shareholders, therefore support Chevron in devising a method to reduce all emissions (Scope 1, 2, and 3). Reducing emissions is one of the most simple and least prescriptive ways to address financial risks and opportunities.

The global political pledge to curb climate change, the resulting future regulations for the fossil fuel industry to reduce their overall emissions, and the decreasing costs of renewable energy add to the risk that capital expenditures in fossil fuel projects will become stranded assets. Furthermore, fossil fuel companies are increasingly sued for their role in the climate crisis: not only for their Scope 1 and 2 emissions but also for their Scope 3 emissions.

Backing from investors that insist on Paris-consistent targets for all emissions (Scope 1, 2, and 3) continues to gain momentum; in Europe, in 2020, an unprecedented number of shareholders voted for climate targets resolutions.

Reducing absolute emissions from the use of energy products (Scope 3) is essential in curbing global warming. The company's financial performance currently depends greatly on the price of oil. Diversification in renewable energy is an increasingly viable opportunity to decrease risks.

Taking the above points into consideration, we encourage you to set targets that are inspirational for society, employees, shareholders, and the energy sector, allowing the company to meet an increasing demand for energy while reducing GHG emissions.

You have our support.