

March 3, 2021

FROM: Stewart Taggart
TO: SEC
Subject: *Chevron Shareholder Resolution*

Dear SEC

Please accept my response below to *Chevron's* March 1 *Additional Supplemental Letter Regarding Stockholder Proposal of Stewart Taggart Securities Exchange Act of 1934—Rule 14a-8*

“The future is bullish for Liquefied Natural Gas. It’s an exciting time to be a part of this industry.”
Mike Worth,
CEO, Chevron

“The February 22 Response, much like the Proponent’s letter on February 3, 2020, discusses **matters that are not relevant based on the express text of the Proposal** (such as claiming that the Proposal requires a discussion of “**what \$40/tonne carbon does to the economics of [the Company’s] LNG business, the subject of the resolution**”).”

The \$40/tonne carbon value is relevant because the *RESOLVED* portion of the resolution specifically mentions ‘carbon taxes,’ of which \$40 /tonne (using the *Social Cost of Carbon*)¹ is a reasonable default surrogate number.

Should *Chevron* believe the *Social Cost of Carbon* to be spurious, erroneous or biased high, *Chevron* can argue that to the SEC and allow the SEC to arbitrate its validity.

This proponent’s view is *Chevron’s* ‘support’ for carbon pricing coupled with its refusal to specify a number itself renders the widely-published and accepted *US Social Cost of Carbon*² a trustworthy proxy.

In any event, the presence or absence of a specific dollar number in the resolution *should not* prevent *Chevron* from addressing the broader issue: the tripartite contradiction between *Chevron* publicly *supporting* carbon pricing and using it internally,³ keeping that internal carbon price secret and arguing high *Scope Three* emission LNG can successfully compete for the coming half-century (or longer) against wind and solar with carbon emissions a square root of LNG.

Given the above, I used \$40 per tonne as *one* example of ‘paying carbon taxes.’ Given *Chevron* uses an internal price of carbon it doesn’t disclose, I find it difficult to believe that lack of disclosure should exclude using a template number to discuss implications.

Given *Chevron’s* participation in the *American Petroleum Institute*, it also

1 “The Social Cost of Carbon,” *US Environmental Protection Agency*, 2017

3 “Managing Carbon Risks: Business Planning,” *Chevron*

“LNG ranks among the most emission-intensive resource themes across the oil and gas sector. Significant emissions are released through the combustion of gas to drive the liquefaction process and any CO2 removed prior to entering the plant is often vented into the atmosphere.”
Wood-Mackenzie

“Exxon and Chevron should be more transparent and disclose long-term price forecasts and other information that investors need to assess their companies’ low-carbon transition plans. Without this information, investors cannot assess whether Exxon and Chevron are serious, or just paying lip service to the threat of climate change.”

Mark Johnson,
Office of the New York State Comptroller, overseer of the New York State Common Retirement Fund.

“At the heart of investor concern is that (oil and gas companies) are planning for a future that’s not likely to come to pass -- a future of high demand and high prices,”

Andrew Logan,
senior director of oil and gas, Ceres.
Bloomberg

looks disingenuous given the *API* is on the verge of releasing a statement supporting carbon pricing.^{4,5}

Surely *Chevron* doesn’t object using numbers to evaluate what ‘pay carbon taxes’ means in participating in discussions over carbon pricing with the *API*.

Given *Chevron* uses an internal carbon price⁶ it chooses not to disclose -- ostensibly for competitive reasons -- using hypothetical default numbers is defensible for analytical purposes. Given *Exxon* uses \$40 carbon⁷, it seems a reasonable number in the absence of something more specific from *Chevron*.

The Proponent Response articulates the Proponent’s disagreement with the Company’s continued investment in LNG because he believes that future write-downs of these investments will be necessary (“stranded assets”) due to his projections regarding the impact of future carbon pricing on LNG. This view is based on the Proponent’s insistence— despite well-researched market and other studies to the contrary—that it is impossible for demand for LNG to continue in the low-carbon future envisioned by the Paris Agreement.

A \$40 per tonne carbon price on .66 tonne of *Scope Three* emissions per mwhe equals a 2.6c/kwh carbon levy *alone* per kilowatt-hour on the electricity generated by LNG in 2050. That, in a year (2050) when offshore wind (for instance) is expected by experts to have fallen to *total* costs of around 3c/kwh.⁸

Given this, *Chevron’s* response looks disingenuous. Yes, there may be a residual role for legacy LNG in future marginal, shrinking ‘load-balancing’ markets. But there we’re talking about ‘demand for LNG’ in 2050 being a fraction of what’s currently online, being built and proposed assuming commitment broadens to 2050 net zero goals.

I pose to *Chevron* the question: if LNG hangs around until 2050 emitting .66 tonne/mwhe produced, where will offsets come from given *Gorgon* carbon capture and storage isn’t working as promised, direct air capture remains little more than plans and hopes on paper and 2050 carbon emissions are priced in excess of \$100 per tonne.

Absent demonstrably provable, highly-tangible, peer-reviewed, third-party accredited carbon reduction and negative emission technology that’s up and running, it’s hard to believe unsupported claims high emission LNG will

4 “Oil Trade Group Is Poised to Endorse Carbon Pricing,” *Wall Street Journal*, March 1, 2021

5 “U.S. oil industry lobby weighs support of carbon pricing: source,” *Reuters*, March 2, 2021

6 “Managing Carbon Risks,” *Chevron*, undated

7 “The Numbers Behind Exxon’s Support for a Carbon Tax,” *Bloomberg*, Oct 19, 2020

8 “Future of Wind,” *International Renewable Energy Agency*, 2019

"We have also now seen the delivery of the world's first **carbon-neutral** cargoes into several Asian markets."
Wood-Mackenzie

trounce low and zero emission wind and solar (to name two) in any scenario other than total regulatory capture.

And that's just one example. There's many others producing similar - if not even more striking - results. At the very least, it begs the reasonable question of LNG's sunk cost longevity in the long-term future of global energy markets.

It goes further. As recently reported, America's 'biggest oil companies' (including *Chevron*) are coming under increasing pressure to disclose long-term forecasts for crude oil -- a cousin industry similarly coming under increased economic longevity scrutiny.⁹

*The February 22 Response, much like the Proponent's letter on February 3, 2020, **discusses matters that are not relevant** based on the express text of the Proposal (such as claiming that the Proposal requires a discussion of "what \$40/tonne carbon does to the economics of [the Company's] LNG business, the subject of the resolution").*

The \$40 per tonne carbon is the *US Social Cost of Carbon*¹⁰ in 2020 published in 2017 (and the lowest of the estimates).

Pricing *Chevron's Scope One* (or internal) emissions at the *US Social Cost of Carbon*, for example, yields a number equal to nearly 15-25% of *Chevron's* net income, an uncounted negative externality obscuring *Chevron's* true financial performance. That makes it relevant. Investors need and deserve credible, holistic numbers to properly value future income streams discounted to the present that form the base of corporate valuation for investment purposes.

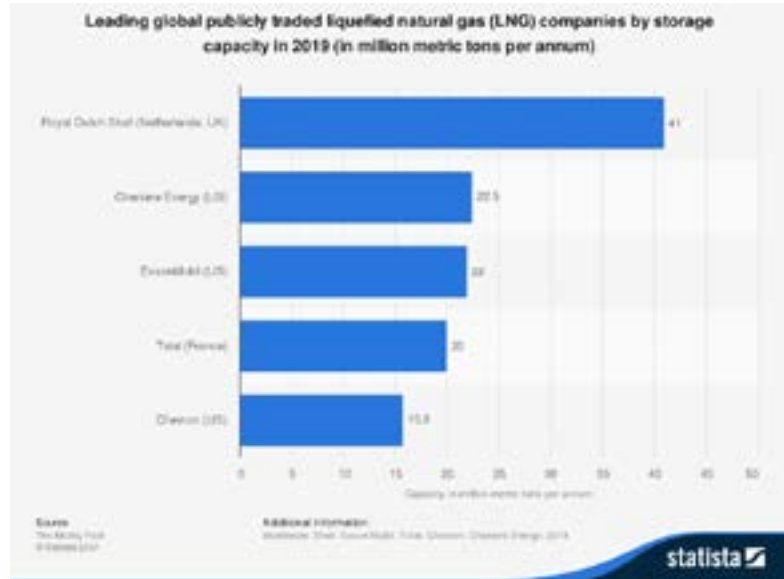
Leaving out *important* variables like carbon exposure is akin to arguing a company's debt level is irrelevant to corporate valuation and thus should be a discretionary disclosure by management.

Consider the below data from *Global Energy Monitor-Statista*, which estimates *Chevron* has ~16 million tonnes of LNG storage capacity in 2020, which *Statista* says can be considered a rough proxy for export capacity.

9 "Exxon Faces More Pressure Than Ever to Release a Private Outlook," *Bloomberg*, July 1, 2020

10 "The Social Cost of Carbon," *US Environmental Protection Agency*

“One of the most urgent things we can do to combat global warming is to **support carbon-emitting companies committed to getting to net zero,**”
 Bernard Looney,
 CEO, BP Plc,



Assuming all that LNG (for simplicity’s sake) is combusted for electricity, that amounts to ~228 million megawatt-hours equivalent -- in turn generating 150.6 million tonnes of Co2e based upon *Scope Three* emissions of .66/tonne which, if priced at US\$40 per tonne amounts to ~US\$4 billion of ‘negative externalities’ (in this case, carbon pollution).

Subtracting that \$4 billion of uncostered, unpaid negative externalities from *Chevron’s* earnings suggests a significant uncompensated negative externality generated from this portion of *Chevron’s* portfolio that’s large enough to significantly dent net earnings -- and in one year’s case -- significantly expand losses.

Year	Net Earnings (US\$ Billions)	Carbon Emissions: %Net Earnings
2017	9.2	65%
2018	14.8	41%
2019	2.9	207%
2020	-5.54	-108%

“LNG buyers in Asia are placing the carbon footprint of LNG under greater scrutiny, with **growing calls for carbon emissions to be detailed in tenders.**”
 Wood-Mackenzie

While admittedly rudimentary, the above exercise offers insight into an LNG negative externality ‘whale’ hiding in plain sight in *Chevron’s* (and other LNG companies’) portfolio that may not remain reliably hidden forever.

It begs the need for *Chevron* to discuss it all more openly with its owners, using less fluffy and more hard-headed calculations -- including evaluating inevitably rising nominal pricing of these negative externalities in the future (through, to name one reasonable inclusion, progressively application of the *Social Cost of Carbon* -- aka ‘full cost accounting’) so investors can better consider the bundle of embedded negatives of this industry to foster proper investment judgments absent much encouragement in this area from industry

“Over the past 4 years, the Trump administration **low-balled the “social cost of carbon”**”

The low estimate served to justify a permissive approach to regulating greenhouse gases, whether through power plant emissions rules or appliance efficiency standards.”

[American Association for the Advancement of Science](#)

Jan 21, 2021

incumbents.

Indeed, the Trump administration pretty much gave away the game in underscoring the importance of the *Social Cost of Carbon* during its tenure by lowering its price.¹¹ The *Biden Administration* changed that,¹² raising it shortly after taking office to \$51 per tonne, a number that should prevail for at least the next four years.

Such upward revaluation underscores the importance to investors of being able to use credible, disinterested third party metrics in their investment evaluations *in addition to those of corporates* -- in this case to evaluate the relative investment merits of fossil fuels vs. various renewables.

The benefit here is the enabling of shareholders to more aggressively challenge management on corporate deviations from such independent calculations and metrics to better weigh both on merits. Hence my resolution.

One sensible solution, of course, is for companies like *Chevron* to evaluate both in their communications to investors (requiring -- at most -- one more equation in *Excel*) and better explain why it prefers certain internal numbers for carbon values (for instance) to independent external ones -- and to evaluate the implications of both for the future value of the firm and the longevity of its markets.

Everyone would gain from this.

Sincerely,



Stewart Taggart

¹¹ “Trump downplayed the costs of carbon pollution. That’s about to change,” *American Association for the Advancement of Science*, Jan 22, 2021

¹² “Cost of Carbon Pollution Pegged at \$51 a Ton,” *Scientific American*, March 1, 2021

March 1, 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*
Additional Supplemental Letter Regarding Stockholder Proposal of Stewart
Taggart
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen

On February 17, 2021, we submitted a supplemental letter (the “Supplemental Letter”) to our no-action request dated January 18, 2021, submitted on behalf of Chevron Corporation (the “Company”) notifying the staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange 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 statement in support thereof received from Stewart Taggart (the “Proponent”). The Supplemental Letter demonstrates that the Proposal properly may be excluded from the 2021 Proxy Materials pursuant to Rule 14a-8(i)(10) because the Company published on its website disclosures regarding its Scope 3 emissions from its Liquid Natural Gas (“LNG”) operations and its plans to offset, pay carbon taxes on or remove via technology these emissions “to meet post-2050 Paris Accord carbon emission reduction goals to which Chevron is publicly committed” (the “Disclosure”).

On February 22, 2021, the Proponent submitted a letter to the Staff responding to the Supplemental Letter (the “February 22 Response”). The February 22 Response contends the Company did not “provide a specific link to the Liquid Natural Gas Scope Three emissions number.” However, as indicated in the Supplemental Letter, the Company provided these numbers in the Disclosure:

Chevron supports transparency and continues its long-standing practice of reporting Scope 3 emissions associated with the use of its products. Chevron calculates emissions from third-party use of our products in alignment with the three approaches in Category 11 of IPIECA’s Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions (2006). *Of the 2019 annual use of our*

Office of Chief Counsel
Division of Corporation Finance
March 1, 2021
Page 2

*product emissions reported in the chart generator above, Scope 3 associated with LNG is 43 million tonnes CO₂e under method 11a (use of product based on production) and 48 million tonnes CO₂e under method 11c (use of product based on sales).*¹ (emphasis added)

Further, the February 22 Response, much like the Proponent's letter on February 3, 2020, discusses matters that are not relevant based on the express text of the Proposal (such as claiming that the Proposal requires a discussion of "what \$40/tonne carbon does to the economics of [the Company's] LNG business, the subject of the resolution"). The February 22 Response does not change the Proposal's focus, which is for the Company to provide additional information on the Company's Scope 3 LNG emissions, including strategies for reducing these emissions in the context of the Company's support for Paris Agreement goals. As explained in our Supplemental Letter, the Disclosure addresses both elements of the Proposal, as it provides additional information on (i) the Company's Scope 3 LNG emissions, and (ii) how the Company plans to offset, pay carbon taxes on or remove via technology these Scope 3 LNG emissions to meet the Company's Paris Agreement-related commitments.

Based upon the foregoing analysis, and our arguments set forth in the Supplemental Letter, we respectfully reiterate our request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2021 Proxy Materials pursuant to Rule 14a-8(i)(10).

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 A. Ising

Enclosures

cc: Christopher A. Butner, Chevron Corporation
Stewart Taggart

¹ Available at <https://www.chevron.com/sustainability/performance/chart-generator> at footnote #5. See also Supplemental Letter at page 5 and Exhibit A hereto.

EXHIBIT A



build a customized chart

[environmental performance](#)

[supply chain](#)

[global employee diversity](#)

[US EEOC stats](#)

[health and safety performance](#)

display data as:

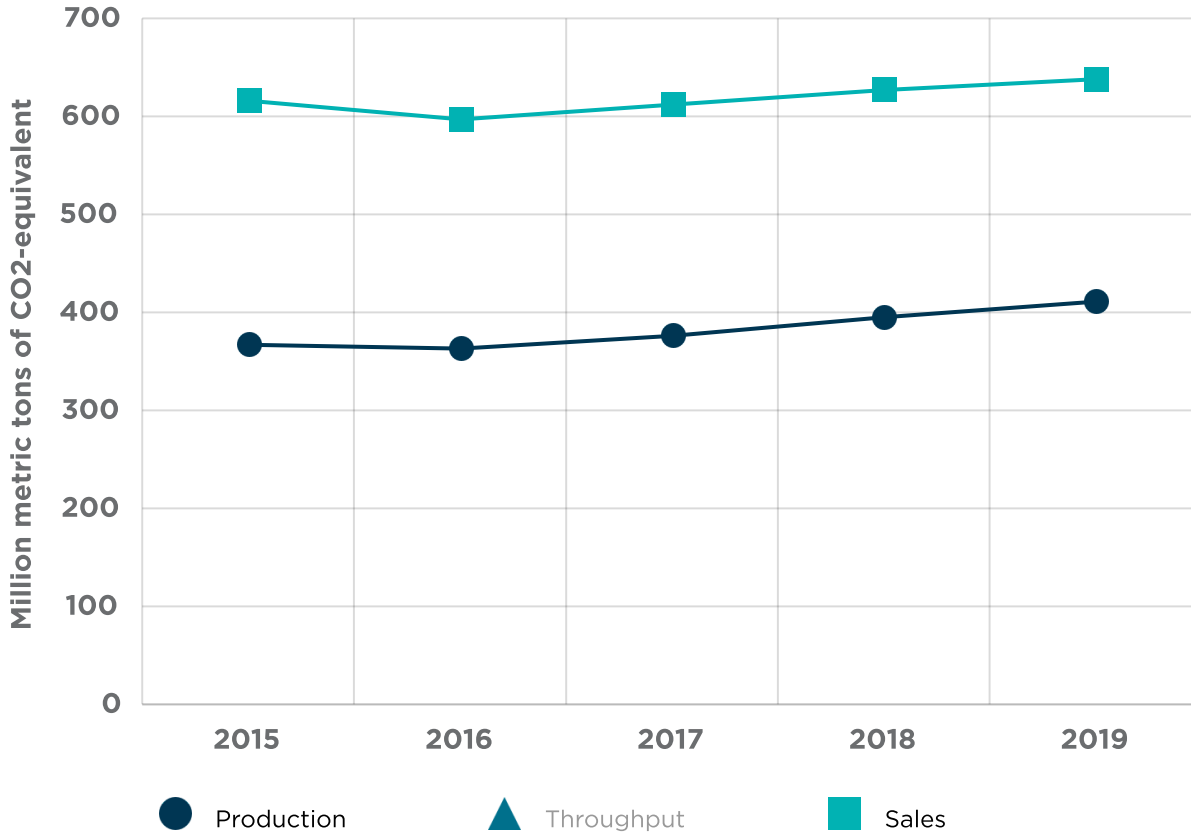
chart table

select data series:

[GHG emissions from](#)

[years](#) 

GHG emissions from third-party use of our products, equity basis (Scope 3)⁵



GHG emissions from third-party use of our products, equity basis (Scope 3)⁵

GHG emissions from third-party use of our products, equity basis (Scope 3) ⁵	2019	2018	2017	2016	2015
Production (Million metric tons of CO2-equivalent)	412	396	377	364	368
Throughput (Million metric tons of CO2-equivalent)	391	392	377	368	370

GHG emissions from third-party use of our products, equity basis (Scope 3) ⁵	2019	2018	2017	2016	2015
Sales (Million metric tons of CO2-equivalent)	639	628	613	598	617

chart style:

line chart

bar chart

chart view:

absolute

indexed

y-axis scale:

automatic

start at 0

save chart as:

pdf



download



for SASB and IPIECA index information, please [view the full chart](#)

Environmental performance ¹

Supply chain ^{17,18}

Global employee diversity ¹⁶

US Equal Employment Opportunity Commission statistics ¹⁶

Health and safety performance ^{19,20}

2017 direct GHG equity ²⁴

2017 VOCs ²⁴

1. Unless otherwise noted, this section reflects 2019 data collected as of April 16, 2020. All data are reported on an operated basis unless otherwise noted.
2. The World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard defines three “scopes” that Chevron uses to report GHG emissions. Scope 1 includes direct emissions from sources within a facility, and for 2019 has been updated to remove previously included

third-party vessels per industry guidance. Scope 2 includes indirect emissions from electricity and steam that Chevron facilities import. Scope 3 includes all other indirect emissions. Chevron reports information related to Scope 3 emissions from third-party use of our products.

All six Kyoto GHGs—carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride, perfluorocarbons and hydrofluorocarbons—are included in Chevron's Scope 1 emissions. CO₂, CH₄ and N₂O are accounted for in Chevron's Scope 2 emissions and in Chevron's Scope 3 emissions related to the electricity and steam that Chevron exports to third parties.

The following entities are not currently included in the 2019 Chevron corporate GHG inventory: Chevron Phillips Chemical Co., the Caspian Pipeline Consortium, and other nonoperated assets in which Chevron has an equity interest of 16 percent or less. Information regarding GHG emissions from Chevron Phillips Chemical Company LLC can be found at cpchem.com.

3. Direct GHG emissions related to production of energy in the form of electricity or steam exported or sold to a third party have been included in the reported Scope 1 emissions to conform to the 2015 IPIECA Reporting Guidance. 2019 direct GHG emissions decreased in part as a result of divestment of Cape Town Refinery and assets in IndoAsia Business Unit. Emissions from the nonoperated assets in Canada Business Unit have been revised for 2019 to reflect more site-specific data.
4. Restated indirect emissions and emissions from exported electricity and steam from 2015 to 2018. Scope 2 emissions are accounted using the market-based approach as described in the World Resources Institute's GHG Protocol Scope 2 Guidance.

5. Chevron calculated emissions from third-party use of our products in alignment with the three approaches in Category 11 of IPIECA's Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions (2006). The throughput approach includes refinery inputs, natural gas and natural gas liquids.

Chevron supports transparency and continues its long-standing practice of reporting Scope 3 emissions associated with the use of its products.

Chevron calculates emissions from third-party use of our products in alignment with the three approaches in Category 11 of IPIECA's Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions (2006). Of the 2019 annual use of our product emissions reported in the chart generator above, Scope 3 associated with LNG is 43 million tonnes CO₂e under method 11a (use of product based on production) and 48 million tonnes CO₂e under method 11c (use of product based on sales).

Chevron believes the world's demand for oil and gas should be supplied by the cleanest and most efficient producers. Chevron supports the Paris Agreement and its goal of "holding the increase in the global average temperature to well below 2° C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5° C above preindustrial levels," which per the IPCC implies reaching global net zero in the second half of this century. Our strategy to address our Scope 3 emissions (including LNG emissions) to meet post- 2050 Paris Accord emission reduction goals includes: (1) supporting a price on carbon through well-designed policies; (2) transparently reporting Scope 3 emissions and enabling customer tracking of carbon intensity across value chains, including lowering the carbon intensity of its operations and setting greenhouse gas emissions intensity reduction metrics; and (3) enabling customers to lower their emissions through increasing renewable products, offering offsets, and investing in low-carbon

technologies. With respect to offsets and technology development, we plan to: (1) provide offsets of our Scope 3 LNG emissions to the extent requested by our customers (for example, to enhance the global scaling of offset markets, we partner with associations like the Taskforce for Scaling Voluntary Carbon Markets); and (2) continue our efforts through the [Chevron Technology Ventures](#)' Future Energy Fund (our \$100 million low-carbon venture to invest in technology that reduces or removes GHG emissions from the atmosphere (such as Carbon Engineering, which is exploring direct air capture)). With respect to carbon taxes, the compliance burden with respect to use of LNG often falls on users of LNG.

6. Emissions reported are net (Scope 1) and (Scope 2). The emissions included in the metrics generally represent the equity-share of emissions, which are emissions from operated and nonoperated joint venture (NOJV) assets. The scope may include sources outside of traditional scoping of equity emissions, including captive emissions from processes like drilling and completions and tolling agreements up to the point of third-party custody transfer of the oil or gas product.

For oil and gas production intensity metrics, allocation of emissions between oil and gas are based on the fraction of production represented by liquids or gas. Production is aligned with values reported as net production in the Chevron Corporation Supplement to the Annual Report.

Flaring and methane intensities use the total of liquids and gas production. Oil and gas production intensities use liquids production and natural gas production, respectively.

7. For 2020 Chevron is reporting only on direct emissions, not intensity.
8. Total energy consumption decreased due primarily due to divestiture of Cape Town Refinery and removal of third-party vessels.

Refining energy performance is measured by the Manufacturing Energy

Index (MEI), which is calculated using the Solomon Energy Intensity Index methodology. MEI includes operated assets and nonoperated joint-venture refineries.

Energy performance for Oronite, Lubricants, Americas Products and International Products is measured by the Non-Manufacturing Energy Index, which is the energy required to produce Chevron products compared to the energy that would have been required to produce the same products in 1992 (the index's base year).

9. For compiling and reporting air emissions data, Chevron follows regulatory definitions of VOC. SO_x emissions include SO₂ and SO₃, reported as SO₂-equivalent. NO_x emissions include NO and NO₂ (reported as NO₂-equivalent) and exclude N₂O.

VOC, SO_x and NO_x emissions decreased in 2019 in part due to asset divestments, transfers of operatorship, ends of contract, and refinements made in data calculation methods.

10. Fresh water withdrawn from the environment is defined per local legal definitions. If no local definition exists, fresh water is defined as water extracted, directly or indirectly, from surface water, groundwater or rainwater that has a total dissolved solids concentration of less than or equal to 2,000 mg/L. Fresh water withdrawn does not include effluent or recycled/reclaimed water from municipal or other industrial wastewater treatment systems, as this water is reported under nonfresh water withdrawn.

Nonfresh water withdrawn could include: seawater; brackish groundwater or surface water; reclaimed wastewater from another municipal or industrial facility; desalinated water; or remediated groundwater used for industrial purposes.

Produced water is excluded from fresh water withdrawn, fresh water consumed and nonfresh water withdrawn.

Nonfresh water withdrawn totals increased in 2019 in part due to an

increase in well completions in the Midcontinental Business Unit, which use brackish water, as well as an increase in municipal reclaimed water use in Richmond Refinery.

11. Oil concentration is determined by the sampling of effluent streams, using methods required or recommended by regulatory agencies or authorities, where applicable. Chevron reports the total cumulative amount of oil discharged to surface water excluding spills, which are reported separately.
12. Chevron reports petroleum spills to land and water to conform to the 2015 IPIECA Reporting Guidance. Spills to land and water that are greater than or equal to one barrel are included. Spills to secondary containment, chemical spills and spills due to sabotage are excluded.
13. The seven (7) spills of significance that Chevron experienced in 2019 ranged in size from 0.02 to 0.4 thousand barrels. Of the one (1.14) thousand barrels spilled in total, 0.6 were spilled to secondary containment.

For purposes of conforming to the 2015 IPIECA Reporting Guidance, Chevron defines a spill of significance as a process safety Tier 1 loss-of-primary-containment (LOPC) event (as defined by American National Standards Institute/American Petroleum Institute [ANSI/API] Recommended Practice [RP] 754) with a consequence of a release of material greater than the threshold quantities described in Table 1 of ANSI/API RP 754 in any one-hour period. Spills to secondary containment, regardless of actual environmental impact, are included, as are chemical spills. Releases to air are excluded.

14. To conform to the 2015 IPIECA Reporting Guidance, and where appropriate information and data exist, our hazardous waste numbers starting in 2015 exclude remediation waste generated, disposed of and recycled.

Hazardous waste amounts are quantified using methods required or

recommended by regulatory agencies or authorities, where applicable. In other instances, similar methods are used, including direct measurement onsite or at the point of shipping, engineering estimates, and process knowledge. Chevron follows the regulatory definitions of hazardous waste applicable to the jurisdictions in which we operate, including *de minimis* specifications (below which hazardous waste quantities do not need to be reported).

15. The 2018 data have been restated. The 2019 data are based on information received from government entities and recorded internally prior to the publication of this report.
16. Global employee diversity data and data from the U.S. Equal Employment Opportunity Commission have been rounded to the nearest integer for 2019 and previous years, and ethnicity/gender combined has been rounded to one decimal place.
The Other Ethnicities category in the U.S. Equal Employment Opportunity Commission statistics includes Two or More Races, Native American or Alaska Native, and Native Hawaiian or Pacific Islander. U.S. Equal Employment Opportunity Commission statistics minority grouping includes ethnic diversity, both men and women.
17. This section reflects data collected as of February 20, 2019 for years 2015-2018 and data collected as of January 23, 2020 for year 2019.
18. Data exclude spend that is ultimately shared with our partners.
19. This section reflects Chevron data collected as of February 12, 2019.
20. Health and safety performance rates include both injury- and illness-related incidents. API's *Benchmarking Survey of Occupational Injuries, Illnesses and Fatalities in the Petroleum Industry* data are used as industry benchmarks.
21. The 2018 data have been restated.
22. Data include catastrophic and major incidents only.

23. Process safety Tier 1 (LOPC) events are unplanned or uncontrolled releases resulting in consequences equivalent to those specified by ANSI/API RP 754 and *International Oil & Gas Producers (IOGP) Report 456: Process Safety Recommended Practice on Key Performance Indicators*.
24. Updated to reflect prior restatement in 2018.

© 2001 – 2021 Chevron Corporation. All rights reserved.

[site map](#) [accessibility](#) [terms of use](#) [privacy](#)

February 22, 2021

From: Stewart Taggart, *Chevron* shareholder (email: ***)

To: *Securities and Exchange Commission*

Dear SEC:

Below please find my responses to *Chevron's* Feb 17 supplement to its *No Action* request regarding my shareholder resolution for the current year. My responses nearly all center on *Chevron's* assertion of 'substantial implementation' as characterized by, but not limited to, the below.

*"We hereby respectfully 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) upon confirmation that the Company **has published on the Company's website the requested report on its Scope Three emissions** from its Liquid Natural Gas Operations and its plans to offset, pay carbon taxes on or eliminate via technology these emissions (the "Report")."*

While *Chevron* claims it has substantially implemented actions/policies to address the concerns raised in the stockholder proposal, this shareholder disagrees.

Reasons:

"The company has published on its website disclosures regarding its Scope Three emissions from Liquid Natural Gas ("LNG") operations and its plans to offset, pay carbon taxes on or remove via technology these emissions "to meet post-2050 Paris Accord carbon emission reduction goal to which Chevron is publicly committed."

All the proponent can find on the *Chevron* website are overall omnibus Scope Three emissions with no breakdown differentiating LNG emissions from other emissions. This matters. Not all fossil fuels are as readily replaceable as LNG with renewable energy. The reason: LNG is primarily (if not exclusively) used for generating electricity.

Oil, by contrast, has a number of industrial uses in addition to producing energy. As a result, the shareholder resolution seeks to have *Chevron* defend -- specifically -- the value proposition of high Scope Three emission LNG energy against wind and solar, the two energy sources (at present) enjoying the biggest future emission and price gap advantage over LNG. Doing so leaves oil's broader use as a commodity outside the realm of the request.

Given specific LNG Scope Three data, the proponent and others can better see how these compare to data from credible, non financially-interested parties. It also allows pricing of the differentials to enable better comparison with renewable energy prices using simple equations providing black and white answers given solar, wind and LNG also all have the largely singular use of creating electricity.

On page 3, the company argues 'substantial implementation,' perhaps referring to its broader disclosures of overall Scope Three emissions. However, the micro economic arguments above justify more granulated disclosure because oil is used for a variety of end markets but LNG is produced exclusively for downstream combustion for electricity.

2. *"The Company has published on its website disclosures regarding its Scope 3 emissions from its Liquid Natural Gas ("LNG") operations and its plans to offset, pay carbon taxes on or remove via technology these emissions "to meet post-2050 Paris Accord carbon emission reduction goals to which Chevron is publicly committed" (the "Disclosure")."*

Chevron notes it has made 'website disclosures' of the above and helpfully provides a link.¹ But visiting that link yields no mention of Liquid Natural Gas, nor ways to calculate the Scope Three emissions of this subset of Chevron's operations. Look yourself. It provides only aggregate Scope Three information and mixes up LNG with all kinds of other fossil fuel products sold.

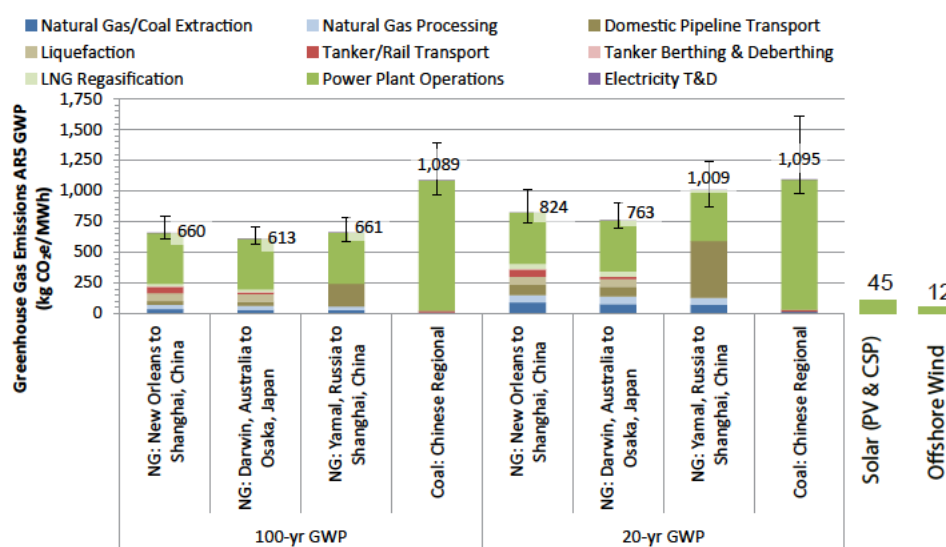
"The Disclosure addresses the two elements requested by the Resolved clause, as it provides additional information on (i) the Company's Scope 3 LNG emissions and (ii) how the Company plans to offset, pay carbon taxes on or remove via technology these Scope 3 LNG emissions to meet the Company's Paris Agreement-related commitments."

RESOLVED: Investors seek a report on **Scope Three emissions from Chevron's Liquid Natural Gas operations and how the company plans to offset, pay carbon taxes on or eliminate** via technology these emissions to meet post-2050 Paris Accord carbon emission reduction goals to which Chevron is publicly committed and fellow oil major British Petroleum has pledged to meet.

The company has been furnished with a copy of this letter and is requested to provide a specific link to the Liquid Natural Gas Scope Three emissions number from that link -- which I certainly can't find. Provided that specific data, I can tally the specific Scope Three emissions of Chevron's LNG operations, examine how they might be different (higher or lower) from generic .66 tonne mwh numbers (see below), and apply carbon pricing of \$40 per tonne (as most astute investors would). This helps create provocative longevity estimates on the company's LNG investments and trade and the resulting impact on the overall value of the company in the eyes of the investor.

LNG Life Cycle Greenhouse Gas Emissions

Figure 6-2: Life Cycle GHG Emissions for Natural Gas and Coal Power in Asia



The US Department of Energy estimates life-cycle emissions of natural gas shipped to market as LNG as only marginally lower than coal.

Source: "Life Cycle Greenhouse Gas Perspective On Exporting Liquefied Natural Gas From the United States, 2014," US Department of Energy

B. The Company Has Substantially Implemented The Proposal Through Publication Of The Disclosure. The Proposal's essential objective is for the Company to provide additional information on the Company's Scope 3 LNG emissions, including strategies for reducing these emissions in the context of the Company's support for Paris Agreement goals. Specifically, as set forth in the Resolved clause, the Proposal requests a report on (i) the Company's Scope 3 emissions from its LNG operations and (ii) how the Company plans to offset, pay carbon taxes on or remove via technology these Scope 3 LNG emissions to meet the Company's Paris Agreement-related commitments. Similar to the stockholder proposals in Chevron 2020, Hess, and the other no- action letters cited herein, the Company has substantially implemented the Proposal—here by publishing the Disclosure, which addresses the Proposal's essential objective and is directly responsive to the two specific requests set forth in the Resolved clause.

1 See: <https://www.Chevron.com/sustainability/performance/chart-generator>. See also Exhibit B at footnote #5.

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.

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.

Chevron has merely directed this shareholder to fuzzy aggregate numbers of emissions across its portfolio. This resolution focuses exclusively on Chevron's challengeable marketing of LNG as an economically and environmentally defensible 'transition fuel' from coal to renewables given US Department of Energy data like that shown in the image above indicating an enormous gap between the Scope Three emissions of Liquid Natural Gas and that of wind and solar.

Pricing these emissions differentials at US government 'social costs' (now being updated by the Biden Administration)² such numbers enhance clarity on relative value estimations affecting consumer preference and investor decisions regarding the longevity of the respective energy sources assuming a future of carbon emission restraint.

Simply lumping together Chevron's LNG and other emissions prevents investors from properly assessing Chevron's exposure to LNG obsolescence risk. Chevron, naturally, can argue it only compiles aggregated numbers (which is unlikely). But if that is the case, generic numbers must suffice with Chevron called upon to explain the implications without just dismissing generic numbers as wrong while declining to provide a substitute.

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 Disclosure. 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 proposal does not seek the above. The proposal asks the company to apply nominal Scope Three pricing to its LNG business alone to determine if that business is solvent when carbon emissions are counted and priced.

As the Scope One emissions data below shows (in the top data line), Chevron's 58 million metric tonnes of Co2 priced at \$40 per tonne equalled half its reported net income in 2015 (although lower in other years). Given this, it's hard to argue these emissions merely amount to a unimportant peripheral variable.

Chevron's Carbon Emissions: 2017 Corporate Responsibility Report

section 5 update

metrics

performance data from 2017 corporate responsibility report

Environmental performance ¹	2017	2016	2015	2014	2013
Greenhouse gas					
Equity basis					
Direct GHG emissions (Scope 1), equity basis (million metric tons of CO ₂ -equivalent) ^{2 3 4}	57*	58	58	56	57
GHG emissions from imported electricity and steam (Scope 2), equity basis (million metric tons of CO ₂ -equivalent) ^{2 4}	4	4	4	5	5
GHG emissions from exported electricity and steam, equity basis (a type of Scope 3 emissions) (million metric tons of CO ₂ -equivalent) ^{2 4}	4	4	5	5	5
GHG emissions from third-party use of our products, equity basis (a type of Scope 3 emissions) (million metric tons of CO ₂) ^{2 5}	376	364	368	358	363

Source: "Climate Change Resilience: A Framework for Decision," Chevron

² "Scientists explore how to recalculate the social cost of carbon," UPI, Feb 19, 2021

2017	2016	2015	2014	2013	
57	58	58	58	57	Direct GHG emissions
\$2,280	\$2,320	\$2,320	\$2,320	\$2,280	40
\$9,195	-\$497	\$4,587	\$19,241	\$21,423	Net Income (\$ millions)
25%	-467%	51%	12%	11%	Direct GHG emissions/Net Income

Admittedly, the math above is crude. But it points to a material, somewhat unpredictable ongoing business risk borne by *Chevron* bearing greater elaboration to shareholders. A big reason: *Chevron's* official corporate position climate change is not a problem it intends to help solve. Instead, *Chevron* instead plans to focus exclusively on producing low cost energy. A second big reason is *Chevron's* efforts to reduce its overall carbon emissions focus largely (if not exclusively) on as-yet unproven (see 'Gorgon') carbon capture and storage.

*From the Company's perspective, the "post 2050 Paris Accord carbon emissions reduction goals to which Chevron is publicly committed" means that "a decrease in overall fossil fuel emissions is not inconsistent with continued or increased fossil fuel production by the most efficient producers."*⁵

*"To that end, the Company's "strategy is to be among the most efficient producers" and the Company "support[s] market-based mechanisms and set[s] . . . performance measures . . . consistent with this strategy and [its] view of the Paris Agreement."*⁶

"Thus, as set forth in the Disclosure, the Company has a three-fold strategy to address its Scope 3 emissions (which include emissions from the Company's LNG operations) and as a result works to help achieve the global carbon emission reduction goals in the Paris Agreement: (1) support a price on carbon through well-designed policies as they incentivize the most efficient and cost-effective emission reductions; (2) transparently report Scope 3 emissions and enable customer tracking of carbon intensity across value chains, including lowering the carbon intensity of its operations and setting GHG emissions intensity reduction metrics; and (3) enable its customers to lower their emissions through increasing renewable products, offering offsets, and investing in low-carbon technologies."

In the above, *Chevron* makes my arguments for me:

1. If *Chevron* supports a price on carbon without specifying what level, the default price must then be the social cost: \$40 per tonne. I see no discussion in *Chevron's* materials regarding what \$40/tonne carbon does to the economics of its LNG business, the subject of the resolution.

If *Chevron* plans to offset its LNG operations' high emissions from elsewhere in *Chevron's* portfolio, *Chevron* should explain where, how and how much Scope Three emissions can be reduced assuming total LNG supply chain emissions of .66 tonne c02/mwhe as the baseline. This is what the resolution seeks from *Chevron*.

2. Meeting #1 *could* involve lowering emissions through *Chevron's* unproven and as-yet uninitiated geothermal investments.³ If so, details are needed. If offsets are used, this implies an entirely new business line similarly begging greater elaboration.

And then, of course, there's carbon capture and/or carbon removal through -- to name one -- direct air capture. Start with direct air capture:

"Chevron Technology Ventures' Future Energy Fund ([the Company's] \$100 million low-carbon venture to invest in technology that reduces or removes GHG emissions from the atmosphere (such as Carbon Engineering, which is exploring direct air capture))."

3 ["BP, Chevron invest in promising geothermal technology," Marketwatch, Feb 16, 2021](#)

Massachusetts Institute of Technology research has indicated the cost of direct air capture to be about \$100/tC and \$500/tC (\$27/tCO₂ - \$136/tCO₂).⁴

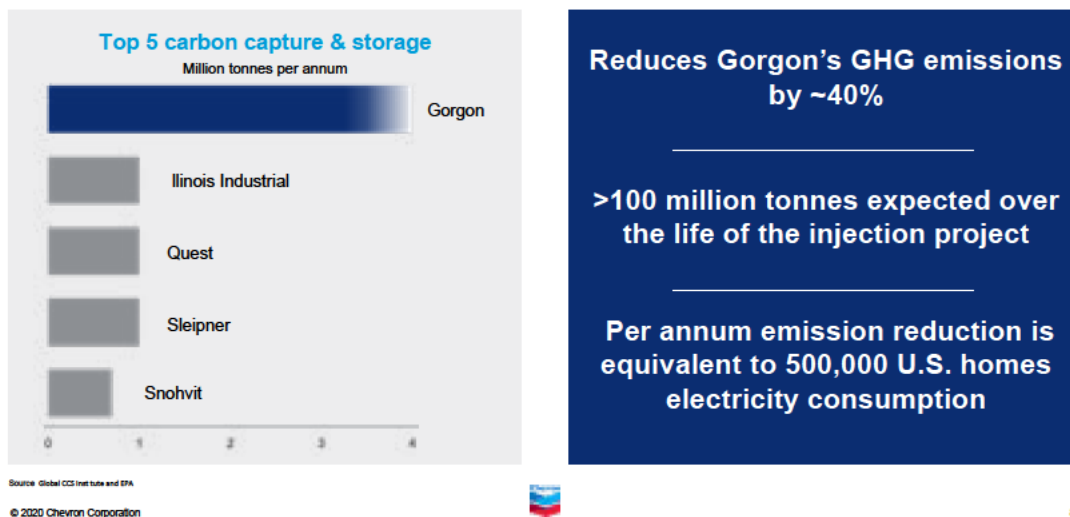
Yes, the prices may fall. But they have a long way to go before they come close to *born* low-emission wind and solar, which reduce carbon emissions at much lower cost. Naturally, blue sky silver bullets applied at conveniently indeterminate future dates may occur at attractively low prices. But other silver bullets (read: wind and solar) are *already* in entrenched price falls showing no sign of stopping, thus providing stiff competition.

Carbon Capture

Here, *Gorgon* LNG in Australia is the place to look, which *Chevron* claims is home to the world's largest carbon capture project -- an admirable effort.

Gorgon Carbon Capture and Storage Sequestration

Operating world's largest CO₂ sequestration at Gorgon



Source: "Chevron 2021 Investor Presentation," February 2021

However, things don't appear to be going to plan down there.

The *Sydney Morning Herald* (SMH)⁵ reports the organization *Boiling Cold*⁶ has discovered *Chevron's* *Gorgon* CCS operations leave much to be desired.

Quoting from the SMH:

"Boiling Cold has now obtained a document under Freedom of Information legislation showing the regulator told Chevron the total rate of carbon injection must not exceed 70 million standard cubic feet a day. This is 66 per cent less than the 210 million it's supposed to be injecting when fully operational, equalling four million tonnes per year on average.

It means up 2.64 million tonnes a year of additional pollution potentially entering the atmosphere, though this may be decreased as Chevron shuts down trains one at a time for repairs and maintenance.

So far, the company has spent \$3.1 billion, including \$60 million of taxpayer dollars, on the CCS system."

Applying US\$40 per tonne carbon prices to the 2.64 million tonnes of missed carbon injection at *Gorgon* amounts to about US\$105 million.

4 Source: "The Feasibility of Air Capture," *Carbon Sequestration Initiative*. MIT

5 Source: "WA's Gorgon project fails to deliver on pollution deal, adding millions of tonnes of carbon a year," *Sydney Morning Herald*, Feb 16, 2021

6 Source: "Gorgon emissions to soar until Chevron fixes restricted CO₂ injection," *Boiling Cold*, Feb 10, 2021

The *SMH* estimates *Chevron* has spent \$3.1 billion Australian dollars (~US\$2.3 billion) to date on the CCS system -- which begs the questions: is *Chevron* getting value for money here and is CCS reliable?

One big aim of my shareholder resolution is to get *Chevron* to enable investors to evaluate for themselves the 'missed opportunity' cost of such failure by having *Chevron* provide more detailed carbon emissions data shareholders can then apply their own equations to -- just as with other financial metrics.

According to the *SMH*, *Chevron* has invested A\$3.1 billion (~\$US2.4 billion) in a currently non-working system and may/will need to offset those if it's not fixed.

Making hypothetical 'reduce or pay' numbers available to investors allows them to better financially evaluate *either* scenario: getting *Gorgon's* CSS working or paying the financial penalties from failure, which are material.

One welcome initiative might be a carbon reduction 'produce or pay' arrangement (like 'take or pay') under which -- in the case of *Gorgon* -- could have meant *Chevron* paid \$120 million for such a CCS miss.

SUMMARY

*While the Proponent disagrees with the Company's continued investment in LNG, as indicated above and in the Disclosure, the Company disagrees with the Proponent's various assumptions and projections regarding LNG and believes that "a decrease in overall fossil fuel emissions is not inconsistent with continued or increased fossil fuel production by the most efficient producers."*⁹

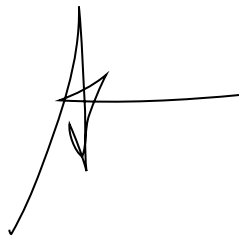
Given mid-century net zero goals widely accepted and accepted by *Chevron*, this seems an odd argument given a decrease in emissions is a different animal than reaching zero and indicates *Chevron's* presumption of a perpetual micro-economic, firm-level 'social license' to merely cut emissions while other firms are held to higher standards -- like reaching full net zero.

That, in turn, would tend to indicate a *Chevron* presumption it holds a universally-supported social license to 'go slow' while other carbon-emitters are held to higher standards. This shareholder struggles to find evidence backing such a corporate and civil society consensus.

What the shareholder *does* see is *Chevron's* duty to more credibly justify how uncounted or poorly counted Scope Three LNG emissions unproven along with (and, indeed, malfunctioning at *Gorgon*) carbon capture demonstrably out-competes currently operating, relentlessly falling cost *low emission wind and solar*.

This shareholder's resolution argues the burden of proof runs the other way, with *Chevron* shareholders entitled to more information enabling them to transparently evaluate the economically existential technology questions facing the company in a rapidly-changing energy market.

Sincerely

A handwritten signature in black ink, appearing to be 'Stewart Taggart', written in a cursive style with a long horizontal stroke extending to the right.

Stewart Taggart

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 Stewart Taggart
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 and statements in support thereof (the “Proposal”) received from Stewart Taggart (the “Proponent”). See Exhibit A.

The Proposal states:

RESOLVED: Investors seek a report on Scope Three emissions from Chevron’s Liquid Natural Gas operations and how the company plans to offset, pay carbon taxes on or eliminate via technology these emissions to meet post-2050 Paris Accord carbon emission reduction goals to which Chevron is publicly committed and fellow oil major British Petroleum has pledged to meet.

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 on its website disclosures regarding its Scope 3 emissions from its Liquid Natural Gas (“LNG”) operations and its plans to offset, pay carbon taxes on or remove via technology these emissions “to meet post-2050 Paris

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 2

Accord carbon emission reduction goals to which Chevron is publicly committed” (the “Disclosure”).¹

We note that the Proponent submitted a response to the No-Action Request on February 3, 2021, in advance of this supplemental letter and in advance of the publication of the Disclosure (the “Proponent Response”). The Proponent Response articulates the Proponent’s disagreement with the Company’s continued investment in LNG because he believes that future write-downs of these investments will be necessary (“stranded assets”) due to his projections regarding the impact of future carbon pricing on LNG. This view is based on the Proponent’s insistence—despite well-researched market and other studies to the contrary²—that it is impossible for demand for LNG to continue in the low-carbon future envisioned by the Paris Agreement. While the Company respectfully disagrees with the Proponent’s various assumptions and projections, we note that such matters are not relevant for purposes of the Proposal. As discussed below, the Proposal’s focus is for the Company to provide additional information on the Company’s Scope 3 LNG emissions, including strategies for reducing these emissions in the context of the Company’s support for Paris Agreement goals. These matters are addressed in the Disclosure. Specifically, the Disclosure addresses the two elements requested by the Resolved clause, as it provides additional information on (i) the Company’s Scope 3 LNG emissions and (ii) how the Company plans to offset, pay carbon taxes on or remove via technology these Scope 3 LNG emissions to meet the Company’s Paris Agreement-related commitments.

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).

¹ Available at <https://www.chevron.com/sustainability/performance/chart-generator>. See also Exhibit B at footnote #5.

² See, e.g., the Company’s *Update to Climate Change Resilience* (February 2019), available at <https://www.chevron.com/-/media/shared-media/documents/update-to-climate-change-resilience.pdf> (“Under credible third-party projections, all forms of energy, including oil and gas, will be required to meet the world’s growing energy demand. Even in a low-carbon scenario like the International Energy Agency’s (IEA) Sustainable Development Scenario, oil and gas would be approximately 48 percent of the world energy mix in 2040 (IEA, World Energy Outlook 2018).”).

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 3

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 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 Disclosure. 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

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 4

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. The Company Has Substantially Implemented The Proposal Through Publication Of The Disclosure.

The Proposal’s essential objective is for the Company to provide additional information on the Company’s Scope 3 LNG emissions, including strategies for reducing these emissions in the context of the Company’s support for Paris Agreement goals. Specifically, as set forth in the Resolved clause, the Proposal requests a report on (i) the Company’s Scope 3 emissions from its LNG operations and (ii) how the Company plans to offset, pay carbon taxes on or remove via technology these Scope 3 LNG emissions to meet the Company’s Paris Agreement-related commitments. Similar to the stockholder proposals in *Chevron 2020*, *Hess*, and the other no-action letters cited herein, the Company has substantially implemented the Proposal—here by publishing the Disclosure, which addresses the Proposal’s essential objective and is directly responsive to the two specific requests set forth in the Resolved clause.

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 5

i. The Disclosure Discusses The Company's Scope 3 Emissions From Its LNG Operations.

The Disclosure substantially implements the Proposal's first request seeking "a report on Scope Three emissions from [the Company's] Liquid Natural Gas operations." Specifically, the Disclosure states:

Chevron supports transparency and continues its long-standing practice of reporting Scope 3 emissions associated with the use of its products. Chevron calculates emissions from third-party use of our products in alignment with the three approaches in Category 11 of IPIECA's Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions (2006). Of the 2019 annual use of our product emissions reported in the chart generator above, Scope 3 associated with LNG is 43 million tonnes CO₂e under method 11a (use of product based on production) and 48 million tonnes CO₂e under method 11c (use of product based on sales).

We note that the Proposal, as well as its statements in support thereof, afford substantial leeway on how the Company should address the Proposal's first request, which is limited to seeking a report on "the Scope Three emissions from [the Company's] Liquid Natural Gas operations," and does not provide additional direction. The Disclosure provides information about all of the Company's Scope 3 LNG emissions from two key vantage points that allow stakeholders to analyze and assess these emissions: emissions related to production (using IPIECA's method 11a) and emissions related to sales (using IPIECA's method 11c). In addition to providing this comprehensive, standardized data on the Company's Scope 3 LNG emissions, the Disclosure also (as discussed below) discusses the Company's strategies to address these Scope 3 LNG emissions in light of the Company's Paris Agreement-related commitments. Thus, the Disclosure compares favorably to the Proposal's first request given that it reports on the Company's actual Scope 3 LNG emissions and in light of the discretion afforded by the Proposal based on its broadly worded request.

ii. The Disclosure Discusses How The Company Plans To Offset, Pay Carbon Taxes On Or Remove Via Technology These Scope 3 LNG Emissions From Its Liquid Natural Gas Operations To Meet The Company's Paris Agreement-Related Commitments.

The Disclosure substantially implements the Proposal's second request to report on "how the [C]ompany plans to offset, pay carbon taxes on or eliminate via technology these [Scope 3 LNG] emissions to meet post-2050 Paris Accord carbon emission reduction goals to which Chevron is publicly committed."

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 6

The Disclosure states in relevant part:

Chevron believes the world's demand for oil and gas should be supplied by the cleanest and most efficient producers. Chevron supports the Paris Agreement and its goal of "holding the increase in the global average temperature to well below 2° C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5° C above preindustrial levels," which per the IPCC implies reaching global net zero in the second half of this century. Our strategy to address our Scope 3 emissions (including LNG emissions) to meet post-2050 Paris Accord emission reduction goals includes: (1) supporting a price on carbon through well-designed policies; (2) transparently reporting Scope 3 emissions and enabling customer tracking of carbon intensity across value chains, including lowering the carbon intensity of its operations and setting greenhouse gas emissions intensity reduction metrics; and (3) enabling customers to lower their emissions through increasing renewable products, *offering offsets, and investing in low-carbon technologies*. With respect to *offsets and technology development*, we plan to: (1) provide *offsets* of our Scope 3 LNG emissions to the extent requested by our customers (for example, to enhance the global scaling of offset markets, we partner with associations like the Taskforce for Scaling Voluntary Carbon Markets); and (2) continue our efforts through the [Chevron Technology Ventures](#)' Future Energy Fund (our \$100 million low-carbon venture to invest in *technology* that reduces or removes GHG emissions from the atmosphere (such as Carbon Engineering, which is exploring direct air capture)). With respect to *carbon taxes*, the compliance burden with respect to use of LNG often falls on users of LNG. (emphases added)

At the outset, it is important to explain the Proposal's reference to the "post-2050 Paris Accord carbon emission reduction goals to which Chevron is publicly committed." The Company discloses on its website that it "accept[s] the findings of the Intergovernmental Panel on Climate Change and support[s] the Paris Agreement," which envisions a lower carbon future.³ The Disclosure also notes that the Company supports the Paris Agreement's "goal of 'holding the increase in the global average temperature to well below 2° C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5° C above preindustrial levels,' which per the IPCC implies reaching global net zero in the second half of this century." The Company also discloses that it "see[s] the Paris Agreement as an important step towards meeting the global challenge."⁴

Although the Paris Agreement is an agreement among countries, the Company believes that individual companies can contribute to achieving the goals of the Paris Agreement via their participation in policies that may be included in the Nationally Determined Contributions

³ The Energy Transition, available at <https://www.chevron.com/sustainability/environment/the-energy-transition>.

⁴ *Id.*

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 7

(“NDCs”) of the countries in which the companies operate. It is important to note, as described in the Disclosure, that the Company’s strategy differs somewhat from the specific actions addressed in the Proposal’s Resolved clause. From the Company’s perspective, the “post 2050 Paris Accord carbon emissions reduction goals to which Chevron is publicly committed” means that “a decrease in overall fossil fuel emissions is not inconsistent with continued or increased fossil fuel production by the most efficient producers.”⁵ To that end, the Company’s “strategy is to be among the most efficient producers” and the Company “support[s] market-based mechanisms and set[s] . . . performance measures . . . consistent with this strategy and [its] view of the Paris Agreement.”⁶ Thus, as set forth in the Disclosure, the Company has a three-fold strategy to address its Scope 3 emissions (which include emissions from the Company’s LNG operations) and as a result works to help achieve the global carbon emission reduction goals in the Paris Agreement: (1) support a price on carbon through well-designed policies as they incentivize the most efficient and cost-effective emission reductions; (2) transparently report Scope 3 emissions and enable customer tracking of carbon intensity across value chains, including lowering the carbon intensity of its operations and setting GHG emissions intensity reduction metrics; and (3) enable its customers to lower their emissions through increasing renewable products, offering offsets, and investing in low-carbon technologies.

Moreover, as demonstrated below, the Disclosure expressly details *how* the Company plans (building on the strategy above) to help achieve the Paris Agreement’s global carbon emission reduction goals with respect to the Company’s Scope 3 LNG emissions via each of the three specific actions listed in the Resolved clause:

- **“Plans to offset.”** The Disclosure discusses how the Company plans to “provide offsets of [its] Scope 3 LNG emissions to the extent requested by [its] customers (for example, to enhance the global scaling of offset markets, [the Company] partner[s] with associations like the Taskforce for Scaling Voluntary Carbon Markets).”
- **“Plans to . . . eliminate via technologies.”** The Disclosure discusses how the Company plans to help remove Scope 3 LNG emissions by “continu[ing] [its] efforts through the Chevron Technology Ventures’ Future Energy Fund ([the Company’s] \$100 million low-carbon venture to invest in technology that reduces or removes GHG emissions from the atmosphere (such as Carbon Engineering, which is exploring direct air capture)).” Per the International Energy Agency, “[d]irect air capture is a technology to capture CO₂ from the atmosphere. The CO₂ can be permanently stored in deep geological formations or used in the production of fuels, chemicals, building materials and other products containing CO₂. When CO₂ is geologically stored, it is permanently removed from the atmosphere, resulting in

⁵ Update to Climate Change Resilience.

⁶ *Id.*

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 8

negative emissions . . . Direct air capture is one of few technology options available to remove CO₂ from the atmosphere. Carbon removal is expected to play a key role in the transition to a net-zero energy system in which the amount of CO₂ released into the atmosphere is equivalent to the amount being removed.”⁷ Thus, direct air capture is a potential means for the Company to help remove Scope 3 LNG emissions.

- **“Plans to . . . pay carbon taxes.”** The Company’s three-fold strategy to address its Scope 3 emissions (which include emissions from the Company’s LNG operations) includes supporting a price on carbon, which could be in the form of a carbon tax. Moreover, the Disclosure explains that “[w]ith respect to carbon taxes, the compliance burden with respect to use of LNG often falls on users of LNG” instead of producers like the Company. The Disclosure, combined with the fact that governmental entities (not individual companies) determine how to impose carbon taxes, informs shareholders regarding the Company’s long-standing support for a carbon price (including a carbon tax or other measure) to help achieve the Paris Agreement’s global carbon emission reduction goals with respect to the Company’s Scope 3 LNG emissions.

The Proposal neither prescribes that the Company adopt GHG emission reduction goals nor that it individually meet the goals of the Paris Agreement through any combination of the three strategies identified in the Resolved clause. Rather, the Proposal simply asks *how* the Company plans to use any one of those three specific strategies to meet the goals of the Paris Agreement to which the Company has committed; in other words, to what degree does the Company plan to use those three strategies to reduce Scope 3 LNG emissions consistent with the Paris Agreement’s vision of a lower carbon future. In fact, instead of simply reporting on *one* such strategy, the Company addresses its plans with respect to each of the three strategies identified in the Resolved clause. The Disclosure addresses the manner in which the Company has and plans to continue to implement each of the three actions identified in the Proposal with respect to reducing its Scope 3 LNG emissions.

Finally, to the extent that the Proponent asserts in his correspondence that the Proposal also seeks information about the Proponent’s concerns about the Company’s risk with respect to stranding LNG assets, the Company separately has addressed such matters. As described on the Company’s website, the Company has tested the resilience of its portfolio (including its LNG assets) against the International Energy Association’s Sustainable Development Scenario (“SDS”) and determined that it should be resilient. Specifically, the Company has disclosed that:

Given our focus on the most competitive assets in our Upstream portfolio and actions to align Downstream & Chemicals around scaled, efficient, flexible,

⁷ See “Direct Air Capture,” available at <https://www.iea.org/reports/direct-air-capture>.

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 9

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.⁸ (emphasis added)

For these reasons, the Disclosure compares favorably to the Proposal's request as it addresses "how the [C]ompany plans to offset, pay carbon taxes on or eliminate via technology these [Scope 3 LNG] emissions to meet post-2050 Paris Accord carbon emission reduction goals."

Notably, a company and a proponent need not share the same views and assumptions regarding the substance of the proposal's request in order for the company's public disclosures to compare favorably with the proposal's request such that exclusion is warranted. The Staff has consistently concurred with the exclusion of stockholder proposals based on substantial implementation even where there was clear difference in views regarding climate change-related issues as between the company and the stockholder proponent. For example, in *Hess Corp.* (avail. Apr. 11, 2019) ("*Hess 2019*"), the proposal sought a report on how the company could reduce its carbon footprint, and it was clear from statements in the proposal, when taken as a whole, that the proponent desired action above and beyond the company's current approach. However, because the proposal was not prescriptive and deferred to the company to consider "how" it could reduce its carbon footprint, including whether or not it would, the company was able to demonstrate through its existing public disclosures that it had already substantially implemented the essential objectives of the proposal. It was also evident from the company's response that it did not share certain of the proponent's assumptions, noting its view that the "Paris Agreement does not require companies to curtail or reduce investments in the oil and gas sector, and, even upon the goals of the Paris Agreement being met, there will continue to be a need for investments in the oil and gas sector." Moreover, although the supporting statement suggested several actions for the company to consider, the proposal did not prescribe that any actions necessarily be taken.

Like in *Hess*, the Proposal is not prescriptive as it asks "how" the Company plans to reduce its Scope 3 LNG emissions in the context of the Company's support for Paris Agreement goals. While the Proponent disagrees with the Company's continued investment in LNG, as indicated above and in the Disclosure, the Company disagrees with the Proponent's various assumptions and projections regarding LNG and believes that "a decrease in overall fossil fuel emissions is not inconsistent with continued or increased fossil fuel production by the most efficient producers."⁹ Like in *Hess 2019*, the Company and the Proponent need not share the same views and assumptions in order for the Company to successfully demonstrate that its existing

⁸ Available at <https://www.chevron.com/-/media/chevron/sustainability/documents/ieas-sds-and-nze2050-analysis-summary.pdf>. See also [Exhibit C](#).

⁹ Update to Climate Change Resilience.

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 10

disclosure, through the Disclosure, compares favorably with the Proposal's request and is therefore excludable.

Finally, a report need not be a particular length or form in order to compare favorably to the guidelines of the proposal for purposes of Rule 14a-8(i)(10). *See, e.g., TECO Energy, Inc.* (avail. Feb. 21, 2013) (concurring with the exclusion of a proposal requesting a report on the environmental and public health effects of mountaintop removal operations, and the feasibility of mitigating measures, where the company had supplemented its sustainability report with a two-page report and four-page table on the topic); and *General Electric Co.* (avail. Jan. 18, 2011, *recon. granted* Feb. 24, 2011) (concurring with the exclusion of a proposal requesting a report on the company's process for identifying and prioritizing legislative and regulatory public policy advocacy activities, and such other information as prescribed by the proposal, where the company prepared and posted a 2.5-page political contributions report on its website). In this manner, the Disclosure is no different from the reports provided in *Dow Chemical* and *General Electric*, which spanned only a few pages but nonetheless addressed the essential objective of the proposal. Although the Disclosure is succinct, the discussion above demonstrates that its contents compare favorably to the Proposal's request.

C. Conclusion.

Based on the information in the Disclosure described above, the Company has substantially implemented the Proposal's essential objective of providing additional information on the Company's Scope 3 LNG emissions, including strategies for reducing these emissions in the context of the Company's support for Paris Agreement goals. The Disclosure achieves this by providing information that compares favorably to the two main requests of the Resolved clause, which are to provide information on (i) the Company's Scope 3 emissions from its LNG operations, and (ii) how the Company plans to offset, pay carbon taxes on or remove via technology these Scope 3 LNG emissions to meet the Company's Paris Agreement-related commitments. 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 essential objective of the Proposal has been satisfied 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.

GIBSON DUNN

Office of Chief Counsel
Division of Corporation Finance
February 17, 2021
Page 11

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 A. Ising

Enclosures

cc: Christopher A. Butner, Chevron Corporation
Stewart Taggart

EXHIBIT A

SHAREHOLDER RESOLUTION

WHEREAS: *Chevron* sees global Liquid Natural Gas demand rising by 130% to 2035, and is considering new investments lasting beyond mid century.

But Liquid Natural Gas faces displacement risk from falling cost renewable energy, financial risk from broadening carbon pricing and technology risk from (among others) hydrogen.

As an *Oil and Gas Climate Alliance* member publicly aligned with the *Paris Climate Accord*, *Chevron* is committed to accelerating industry's response to climate change, including reaching net zero emissions after 2050.

But -- to cite one example -- *Chevron's* US\$25 billion *Gorgon* Liquid Natural Gas project in Australia, one of the world's largest energy projects -- is expected to export fossil fuel until at least 2056, six years beyond 2050.

Meanwhile, *Chevron* is considering *new* LNG investments with operating life spans potentially stretching to 2100.

Liquid Natural Gas' Scope Three (or life cycle) carbon emissions amount to roughly .66 tonnes of carbon per megawatt-hour equivalent of electricity generated, according to the US *Department of Energy*.

While that is about 14 percent lower than coal's emissions of .8 tonnes per megawatt-hour equivalent, it is 16 times higher than solar's .04 and 66 times higher than wind's .01 tonnes per megawatt-hour equivalent, according to the *Union of Concerned Scientists*.

Those are large differences.

Pricing *Chevron's* Scope One (or internal) emissions at the US Social Cost of Carbon, for example, yields a number equal to nearly 15-25% a fifth of *Chevron's* net income, an uncounted negative externality obscuring *Chevron's* true financial performance.

Credible researchers (*Bloomberg New Energy Finance*, *Lazard*, the *International Energy Agency* and the *US Energy Department*, among others) now conclude wind and solar will out-compete Liquid Natural Gas by the mid-2030s in Scope Three carbon adjusted terms.

The *International Monetary Fund* now admonishes investors to take increasing heed of climate change in investment decisions.

Making things harder here is *Chevron's* refusal to set internal Scope Three targets, instead preferring unspecified internal carbon emission reduction incentives.

These appear inadequate to meet post-2050 net zero targets, suggesting *Chevron* views such targets as satisfiable either though unspecified future offsets or likely to prove retroactively non-binding.

RESOLVED: Investors seek a report on the Scope Three emissions from *Chevron's* Liquid Natural Gas operations and how the company plans to offset, pay carbon taxes on or eliminate via technology these emissions to meet post-2050 Paris Accord carbon emission reduction goals to which *Chevron* is publicly committed and fellow oil major British Petroleum has pledged to meet.

EXHIBIT B



build a customized chart

[environmental performance](#)

[supply chain](#)

[global employee diversity](#)

[US EEOC stats](#)

[health and safety performance](#)

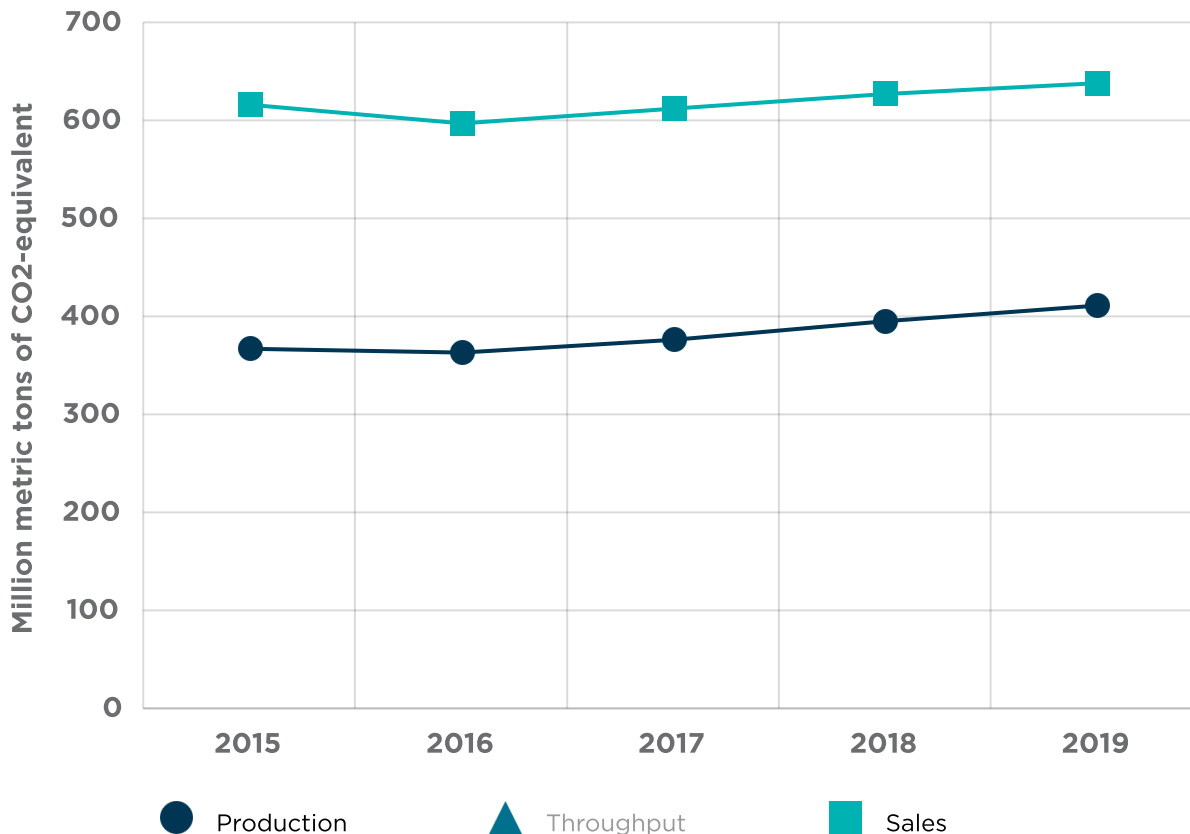
display data as:

chart table

select data series:

[GHG emissions from](#) [years](#)

GHG emissions from third-party use of our products, equity basis (Scope 3)⁵



GHG emissions from third-party use of our products, equity basis (Scope 3)⁵

GHG emissions from third-party use of our products, equity basis (Scope 3) ⁵	2019	2018	2017	2016	2015
Production (Million metric tons of CO2-equivalent)	412	396	377	364	368
Throughput (Million metric tons of CO2-equivalent)	391	392	377	368	370

GHG emissions from third-party use of our products, equity basis (Scope 3) ⁵	2019	2018	2017	2016	2015
Sales (Million metric tons of CO2-equivalent)	639	628	613	598	617

chart style:

line chart

bar chart

chart view:

absolute

indexed

y-axis scale:

automatic

start at 0

save chart as:

pdf



download



for SASB and IPIECA index information, please [view the full chart](#)

Environmental performance ¹

Supply chain ^{17,18}

Global employee diversity ¹⁶

US Equal Employment Opportunity Commission statistics ¹⁶

Health and safety performance ^{19,20}

2017 direct GHG equity ²⁴

2017 VOCs ²⁴

1. Unless otherwise noted, this section reflects 2019 data collected as of April 16, 2020. All data are reported on an operated basis unless otherwise noted.
2. The World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard defines three “scopes” that Chevron uses to report GHG emissions. Scope 1 includes direct emissions from sources within a facility, and for 2019 has been updated to remove previously included

third-party vessels per industry guidance. Scope 2 includes indirect emissions from electricity and steam that Chevron facilities import. Scope 3 includes all other indirect emissions. Chevron reports information related to Scope 3 emissions from third-party use of our products.

All six Kyoto GHGs—carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride, perfluorocarbons and hydrofluorocarbons—are included in Chevron's Scope 1 emissions. CO₂, CH₄ and N₂O are accounted for in Chevron's Scope 2 emissions and in Chevron's Scope 3 emissions related to the electricity and steam that Chevron exports to third parties.

The following entities are not currently included in the 2019 Chevron corporate GHG inventory: Chevron Phillips Chemical Co., the Caspian Pipeline Consortium, and other nonoperated assets in which Chevron has an equity interest of 16 percent or less. Information regarding GHG emissions from Chevron Phillips Chemical Company LLC can be found at cpchem.com.

3. Direct GHG emissions related to production of energy in the form of electricity or steam exported or sold to a third party have been included in the reported Scope 1 emissions to conform to the 2015 IPIECA Reporting Guidance. 2019 direct GHG emissions decreased in part as a result of divestment of Cape Town Refinery and assets in IndoAsia Business Unit. Emissions from the nonoperated assets in Canada Business Unit have been revised for 2019 to reflect more site-specific data.
4. Restated indirect emissions and emissions from exported electricity and steam from 2015 to 2018. Scope 2 emissions are accounted using the market-based approach as described in the World Resources Institute's GHG Protocol Scope 2 Guidance.

5. Chevron calculated emissions from third-party use of our products in alignment with the three approaches in Category 11 of IPIECA's Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions (2006). The throughput approach includes refinery inputs, natural gas and natural gas liquids.

Chevron supports transparency and continues its long-standing practice of reporting Scope 3 emissions associated with the use of its products.

Chevron calculates emissions from third-party use of our products in alignment with the three approaches in Category 11 of IPIECA's Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions (2006). Of the 2019 annual use of our product emissions reported in the chart generator above, Scope 3 associated with LNG is 43 million tonnes CO₂e under method 11a (use of product based on production) and 48 million tonnes CO₂e under method 11c (use of product based on sales).

Chevron believes the world's demand for oil and gas should be supplied by the cleanest and most efficient producers. Chevron supports the Paris Agreement and its goal of "holding the increase in the global average temperature to well below 2° C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5° C above preindustrial levels," which per the IPCC implies reaching global net zero in the second half of this century. Our strategy to address our Scope 3 emissions (including LNG emissions) to meet post- 2050 Paris Accord emission reduction goals includes: (1) supporting a price on carbon through well-designed policies; (2) transparently reporting Scope 3 emissions and enabling customer tracking of carbon intensity across value chains, including lowering the carbon intensity of its operations and setting greenhouse gas emissions intensity reduction metrics; and (3) enabling customers to lower their emissions through increasing renewable products, offering offsets, and investing in low-carbon

technologies. With respect to offsets and technology development, we plan to: (1) provide offsets of our Scope 3 LNG emissions to the extent requested by our customers (for example, to enhance the global scaling of offset markets, we partner with associations like the Taskforce for Scaling Voluntary Carbon Markets); and (2) continue our efforts through the [Chevron Technology Ventures](#)' Future Energy Fund (our \$100 million low-carbon venture to invest in technology that reduces or removes GHG emissions from the atmosphere (such as Carbon Engineering, which is exploring direct air capture)). With respect to carbon taxes, the compliance burden with respect to use of LNG often falls on users of LNG.

6. Emissions reported are net (Scope 1) and (Scope 2). The emissions included in the metrics generally represent the equity-share of emissions, which are emissions from operated and nonoperated joint venture (NOJV) assets. The scope may include sources outside of traditional scoping of equity emissions, including captive emissions from processes like drilling and completions and tolling agreements up to the point of third-party custody transfer of the oil or gas product.

For oil and gas production intensity metrics, allocation of emissions between oil and gas are based on the fraction of production represented by liquids or gas. Production is aligned with values reported as net production in the Chevron Corporation Supplement to the Annual Report.

Flaring and methane intensities use the total of liquids and gas production. Oil and gas production intensities use liquids production and natural gas production, respectively.

7. For 2020 Chevron is reporting only on direct emissions, not intensity.
8. Total energy consumption decreased due primarily due to divestiture of Cape Town Refinery and removal of third-party vessels.

Refining energy performance is measured by the Manufacturing Energy

Index (MEI), which is calculated using the Solomon Energy Intensity Index methodology. MEI includes operated assets and nonoperated joint-venture refineries.

Energy performance for Oronite, Lubricants, Americas Products and International Products is measured by the Non-Manufacturing Energy Index, which is the energy required to produce Chevron products compared to the energy that would have been required to produce the same products in 1992 (the index's base year).

9. For compiling and reporting air emissions data, Chevron follows regulatory definitions of VOC. SO_x emissions include SO₂ and SO₃, reported as SO₂-equivalent. NO_x emissions include NO and NO₂ (reported as NO₂-equivalent) and exclude N₂O.

VOC, SO_x and NO_x emissions decreased in 2019 in part due to asset divestments, transfers of operatorship, ends of contract, and refinements made in data calculation methods.

10. Fresh water withdrawn from the environment is defined per local legal definitions. If no local definition exists, fresh water is defined as water extracted, directly or indirectly, from surface water, groundwater or rainwater that has a total dissolved solids concentration of less than or equal to 2,000 mg/L. Fresh water withdrawn does not include effluent or recycled/reclaimed water from municipal or other industrial wastewater treatment systems, as this water is reported under nonfresh water withdrawn.

Nonfresh water withdrawn could include: seawater; brackish groundwater or surface water; reclaimed wastewater from another municipal or industrial facility; desalinated water; or remediated groundwater used for industrial purposes.

Produced water is excluded from fresh water withdrawn, fresh water consumed and nonfresh water withdrawn.

Nonfresh water withdrawn totals increased in 2019 in part due to an

increase in well completions in the Midcontinental Business Unit, which use brackish water, as well as an increase in municipal reclaimed water use in Richmond Refinery.

11. Oil concentration is determined by the sampling of effluent streams, using methods required or recommended by regulatory agencies or authorities, where applicable. Chevron reports the total cumulative amount of oil discharged to surface water excluding spills, which are reported separately.
12. Chevron reports petroleum spills to land and water to conform to the 2015 IPIECA Reporting Guidance. Spills to land and water that are greater than or equal to one barrel are included. Spills to secondary containment, chemical spills and spills due to sabotage are excluded.
13. The seven (7) spills of significance that Chevron experienced in 2019 ranged in size from 0.02 to 0.4 thousand barrels. Of the one (1.14) thousand barrels spilled in total, 0.6 were spilled to secondary containment.

For purposes of conforming to the 2015 IPIECA Reporting Guidance, Chevron defines a spill of significance as a process safety Tier 1 loss-of-primary-containment (LOPC) event (as defined by American National Standards Institute/American Petroleum Institute [ANSI/API] Recommended Practice [RP] 754) with a consequence of a release of material greater than the threshold quantities described in Table 1 of ANSI/API RP 754 in any one-hour period. Spills to secondary containment, regardless of actual environmental impact, are included, as are chemical spills. Releases to air are excluded.

14. To conform to the 2015 IPIECA Reporting Guidance, and where appropriate information and data exist, our hazardous waste numbers starting in 2015 exclude remediation waste generated, disposed of and recycled.

Hazardous waste amounts are quantified using methods required or

recommended by regulatory agencies or authorities, where applicable. In other instances, similar methods are used, including direct measurement onsite or at the point of shipping, engineering estimates, and process knowledge. Chevron follows the regulatory definitions of hazardous waste applicable to the jurisdictions in which we operate, including *de minimis* specifications (below which hazardous waste quantities do not need to be reported).

15. The 2018 data have been restated. The 2019 data are based on information received from government entities and recorded internally prior to the publication of this report.
16. Global employee diversity data and data from the U.S. Equal Employment Opportunity Commission have been rounded to the nearest integer for 2019 and previous years, and ethnicity/gender combined has been rounded to one decimal place.
The Other Ethnicities category in the U.S. Equal Employment Opportunity Commission statistics includes Two or More Races, Native American or Alaska Native, and Native Hawaiian or Pacific Islander. U.S. Equal Employment Opportunity Commission statistics minority grouping includes ethnic diversity, both men and women.
17. This section reflects data collected as of February 20, 2019 for years 2015-2018 and data collected as of January 23, 2020 for year 2019.
18. Data exclude spend that is ultimately shared with our partners.
19. This section reflects Chevron data collected as of February 12, 2019.
20. Health and safety performance rates include both injury- and illness-related incidents. API's *Benchmarking Survey of Occupational Injuries, Illnesses and Fatalities in the Petroleum Industry* data are used as industry benchmarks.
21. The 2018 data have been restated.
22. Data include catastrophic and major incidents only.

23. Process safety Tier 1 (LOPC) events are unplanned or uncontrolled releases resulting in consequences equivalent to those specified by ANSI/API RP 754 and *International Oil & Gas Producers (IOGP) Report 456: Process Safety Recommended Practice on Key Performance Indicators*.
24. Updated to reflect prior restatement in 2018.

© 2001 – 2021 Chevron Corporation. All rights reserved.

[site map](#) [accessibility](#) [terms of use](#) [privacy](#)

EXHIBIT C



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.

“Natural gas is not just a transition fuel, it is the fuel of the future.”

*John Watson
Chairman and CEO,
Chevron
(2010-2018)*

*“The future is bullish for liquefied natural gas (LNG). It’s an exciting time to be a part of this industry.”
the future is bullish for LNG.”
Mike Worth
Chevron*

*“Chevron is engaged in every aspect of the natural gas business – exploration, production, liquefaction, shipping, pipelines, marketing and trading, power generation, and gas-to-liquids.”
Chevron*

February 3, 2021

From: Stewart Taggart, *Chevron* shareholder (email: com)

To: *Securities and Exchange Commission*

Dear *SEC*:

Below please find my responses to *Chevron’s* submitted *No Action* request regarding my shareholder resolution for the current year. They nearly all center on *Chevron’s* assertion below.

*“We hereby respectfully 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) upon confirmation that the Company **has published on the Company’s website the requested report on its Scope Three emissions** from its Liquid Natural Gas Operations and its plans to offset, pay carbon taxes on or eliminate via technology these emissions (the “Report”).”*

CONFLICTING GOALS?

Chevron’s report referred to above is incomplete.

As a result, my resolution seeks more clarity regarding *what* the impact of implicit or explicit carbon pricing applied to *Chevron* LNG’s *Scope Three* emissions *may* do to the business longevity case for new and existing LNG capacity given increasing energy efficiency (less energy use), energy alternatives (renewables) emerging new storage opportunities (for instance, hydrogen), mid-century net zero goals and -- above all -- the seemingly unstoppable downward compounding of renewable energy prices with no end in sight.

It’s *this* bundle of future risk the shareholder resolutions seeks elaboration from *Chevron* management about given *Chevron’s* stated positions below:

1. *‘natural gas is **not just a transition fuel, but the fuel of the future,**’*
2. *‘the **future is bullish** for LNG’* and
3. *‘it’s an **exciting time** to be part of this (LNG) industry.’*

Given increasingly entrenched trends in the opposite direction, *Chevron’s* management needs to better elaborate to shareholders how the above positions are credible given they affect net present estimations for *CHV* shares.

The resolution requests *Chevron* better explain/defend the ‘business case’ for investment in the LNG sector given increasingly-granulated mid-century net-zero emissions targets, dramatic price falls of clean energy sources

(mostly wind and solar), energy efficiency gains, likely rising and expanded carbon pricing and clearly-rising climate change adaptation costs required to defend coastal LNG infrastructure from devastating future storms.

Chevron has committed to 2-5% reduction in emission intensity between 2016 and 2023

Given growing support for the *Paris Climate Accords'* mid-century net zero goals (which *Chevron* supports), investors will gain from learning more about how *Chevron* plans to reach such goals -- or get others to reach them for *Chevron*.

At present, *Chevron* has committed *only* to reducing greenhouse gas intensity by 2-5%¹ over the six year period 2016-2023, amounting to an annual improvement rate of 0.4-1% per year.

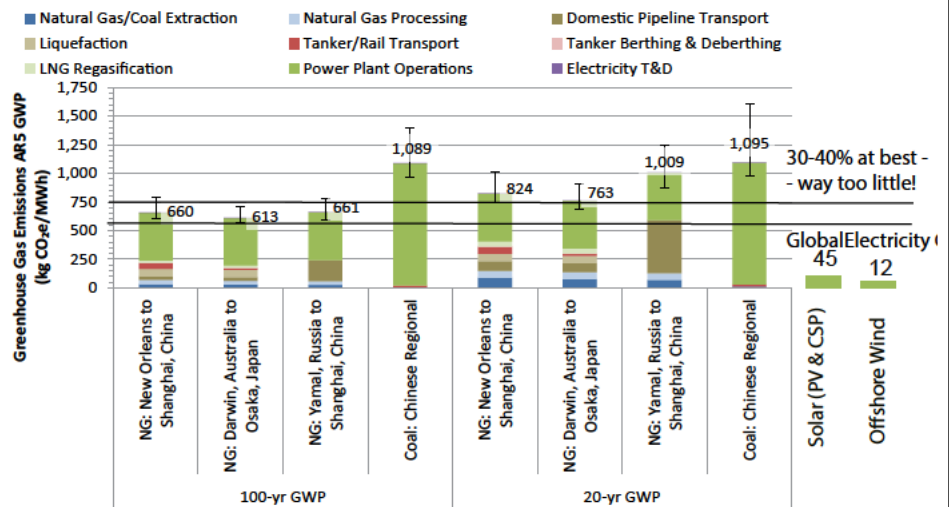
Given LNG emits Scope Three emissions of ~660 kilograms of carbon emissions per megawatt-hour equivalent of electricity generated (mwh-e), that means *Chevron* is committed to matching the *current* (and still falling) 45kg/mwhe Scope Three emissions intensity of solar by the year 2400 (!) and the 12kg/mwhe of wind somewhere around the year 2500 (!).

“(Chevron)intends to lower upstream oil net GHG emission intensity by 5 - 10 percent and upstream natural gas net GHG emission intensity by 2 - 5 percent from 2016 to 2023”

Chevron Sets New Greenhouse Gas Reduction Goals
Oct 3, 2019

Life-Cycle Emissions of Liquid Natural Gas In Asia

Figure 6-2: Life Cycle GHG Emissions for Natural Gas and Coal Power in Asia



Scope Three emissions of US Liquid Natural Gas shipped to Asia and combusted for electricity amounts to 660 kgs CO₂e/MWhe

Source: “Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States,” *US National Energy Technology Laboratory, 2014*

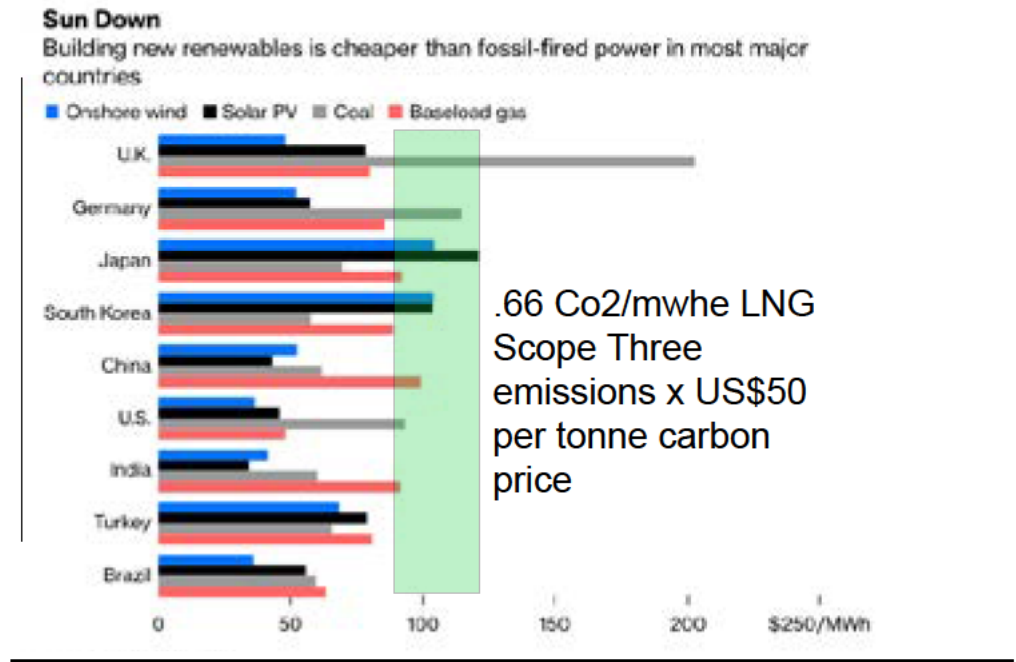
That might seem defensible were a large enough carbon-adjusted price gap existing in LNG’s favor compared to wind and solar. But given

¹ “Chevron Sets New Greenhouse Gas Reduction Goals.” *Chevron, Oct. 3, 2019*

ongoing, innovation-driven price reductions in wind and solar compared to base load gas -- that simply isn't the case.

As the chart below shows, base load gas struggles against new build wind and solar in even *without* implicitly or explicitly counting carbon *in 2021* -- let alone the years 2400-2500

Renewables Are Cheaper than Fossil Fuels for New Capacity in Many Markets



\$50 carbon prices applied to Scope Three LNG emissions significantly raises LNG-generated electricity costs compared to lower emission renewables like wind and solar based on levelized cost of energy figures for 2H 2019.

Source: [Bloomberg New Energy Finance](#)

Investors will benefit from more focused answers from *Chevron* how it can/ will close such a price and emissions gap between LNG (indeed any fossil fuel, even nuclear) and wind and solar.

Chevron, naturally, can argue technology moves quickly. It has: in renewables. Liquid Natural Gas, meanwhile, is a mature technology that's historically produced slow falls in price while routinely suffering cost overruns and delayed openings.

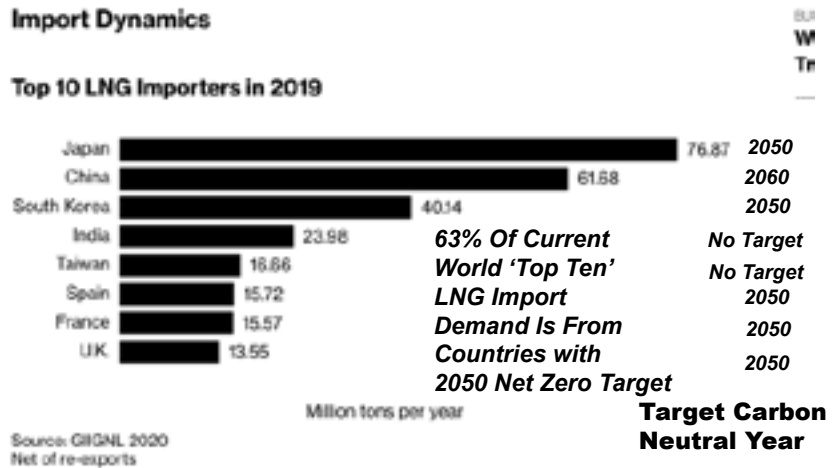
Lack of elaboration on the above may be one reason the *Union of Concerned Scientists*² argues *Chevron* -- along with *ExxonMobil* and *Conoco* -- remain behind the curve on climate change with emission reduction commitments considered 'grossly insufficient.'

2 "ConocoPhillips, ExxonMobil, and Chevron Climate Pledges and Actions Fall Short," *Union of Concerned Scientists*, Oct. 29, 2020

"ExxonMobil and Chevron, which have refused to even consider setting net-zero targets, receive scores of "grossly insufficient."
"Climate Accountability Scorecard,"
Union of Concerned Scientists,
Oct 29, 2020

On the demand side, LNG consuming nations are also becoming increasingly concerned about climate change. Nearly two-thirds of them have mid-century net zero targets certain to impact future LNG import demand.

LNG Importers' Net Zero Targets



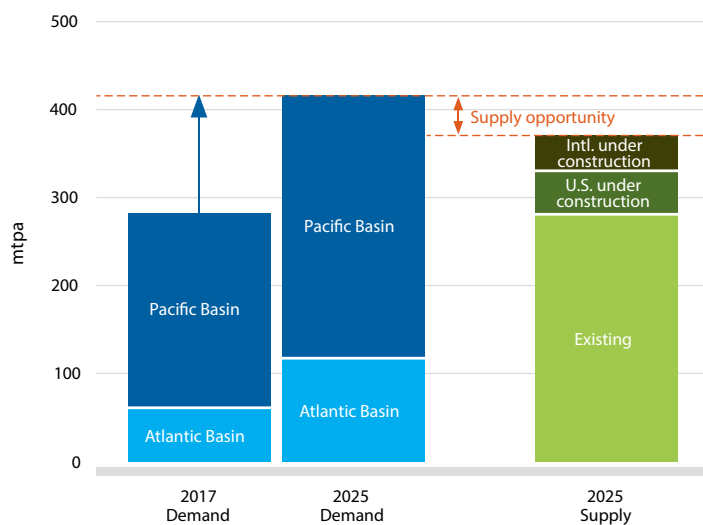
Roughly 63% of current world "Top Ten" LNG Import demand comes from countries with mid-century net zero targets
 Source: Bloomberg

"Chevron has solved some of the world's most complex energy challenges of the past. And, we continue to explore ever-cleaner energy solutions for the future."
 Michael Wirth,
 Chairman and CEO,
 Chevron

A good number of these are in the Pacific Basin where Chevron sees rising demand ahead. The key bet here, then, is which wins: 2050 net zero targets, or a long-lasting future market for LNG, with newly-constructed or planned LNG investments looking most at risk.

Despite This, LNG Industry Still Sees New Capacity Potential

LNG supply and demand



Source: Wood Mackenzie, Global LNG Outlook 4Q2017.
 mtpa = metric tonnes per annum

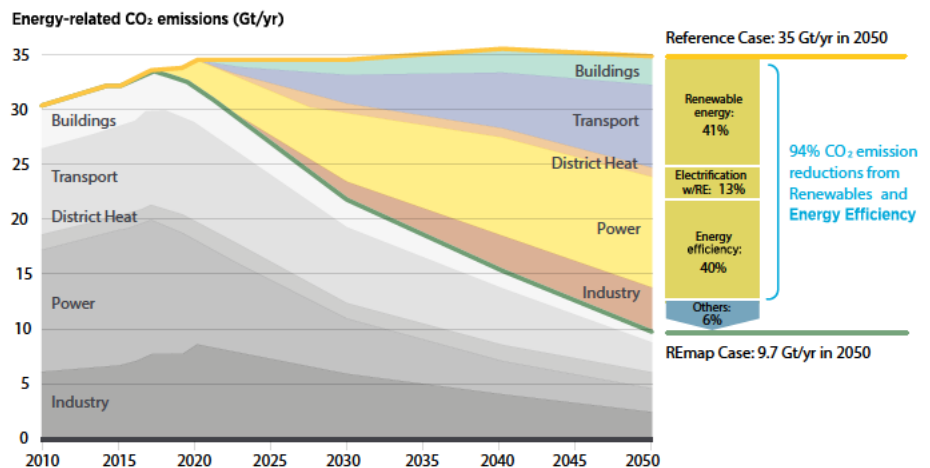
LNG Industry forecasters see potential for new LNG capacity during the 2020s that could last well past mid-century.
 Source: Wood Mackenzie

Against the backdrop above, *Chevron* continues to be a bull on LNG demand, particularly in the Pacific Basin, arguing LNG trade in the region will continue to grow to 2025, offering not only opportunity for future supply expansion but also a presumed 40-year operating lifespan taking new capacity's 40-year amortization period out past 2060, 10 years past mid-century net zero targets.

In a reasonable alternative case presented by the *International Renewable Energy Agency (IRENA)*, renewable energy coupled with improved energy efficiency, reduces emissions by nearly two-thirds by mid-century. Under this scenario, LNG may only benefit if it can achieve enormous emissions reductions.

IRENA'S Mid-Century Carbon Reduction Path

Figure 2. Renewable energy and energy efficiency can provide over 90% of the reduction in energy-related CO₂ emissions
Annual energy-related CO₂ emissions and reductions, 2015-2050 (Gt/yr)



IRENA sees energy efficiency coupled with expanded renewable energy production helping meet mid-century carbon emission reduction goals.

Source: "Global Energy Transformation: A Roadmap to 2050," *IRENA*

The shortened longevity implications of this for the heavy capital expenditure involved in LNG infrastructure and its potentially dramatically-shortened amortization period is a subject no LNG player I've come across has been able to provide a credible answer to.

SUBSTANTIAL IMPLEMENTATION

Chevron argues the below:

"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."

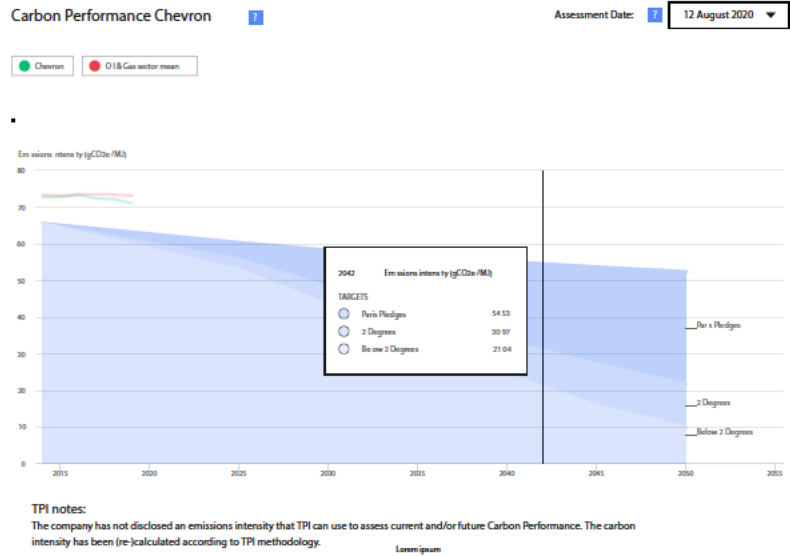
"Natural gas is not just a transition fuel, it is the fuel of the future."

John Watson
Chairman and CEO,
Chevron (2010-2018)

Walgreen Co. (avail. Sept. 26, 2013); Texaco, Inc. (avail. Mar. 28, 1991)

What *Chevron* calls 'substantial implementation' might alternatively be considered grossly inefficient by the highly-credible, non financially-interested *Transition Pathway Initiative*

Chevron's Carbon Performance



"The future is bullish for liquefied natural gas (LNG). It's an exciting time to be a part of this industry." the future is bullish for LNG
Michael Wirth,
Chairman and CEO,
Chevron

Chevron's emissions intensity, and its apparent reduction path, looks highly inadequate to meeting emission intensity reduction goals needed to minimize future destructive climate change.

Source: *Transition Pathway Initiative, Chevron*

DIALOGUE TO DATE

Following submission of the resolution, as well as 30-pages (a copy of which is included at the end of this response) of outlined issues with charts and supplemental references submitted to *Chevron* as talking points, *Chevron* arranged a conference call with me to discuss its contents, making it clear *Chevron* would not provide any similar response in writing and that everything had be done verbally, by phone.

This was not *my* preference. My belief is writing enables more substance.

In the event, the call went nowhere. The assembled brain trust advised no one in the group could address any of the issues raised in my 30 pages (copy on request) because company executives are/were limited in what they can say to material universally-available -- in this case on the website.

While admirable, it begged the question of what the utility value of the phone call was (I came away unsure). Directing me to the website was unhelpful

because my resolution was submitted precisely because the information was NOT on the website.

I appreciate the constraints any public company faces regarding selective briefings. However, the interaction did nothing to answer this shareholder's reasonable LNG longevity questions that resulted in submission of this resolution.

CARBON CAPTURE

Like many fossil fuel companies, *Chevron* (and others) appear to place high store in carbon capture and storage (CCS) as a climate panacea. The problem, though, is CCS remains costly, unproven and conveniently limited to very long term investment that rewards delay (unlike renewables).

The problem, thus, is one of technological innovation and the increasingly likely outcome of totally missing out on already-proven renewables as carbon capture deployments struggle for credibility.

In the *International Energy Agency's Sustainable Development Scenario (SDS)* below, achievement of mid-century net zero targets are 80% achieved through increased efficiency and deployment of renewable energy.

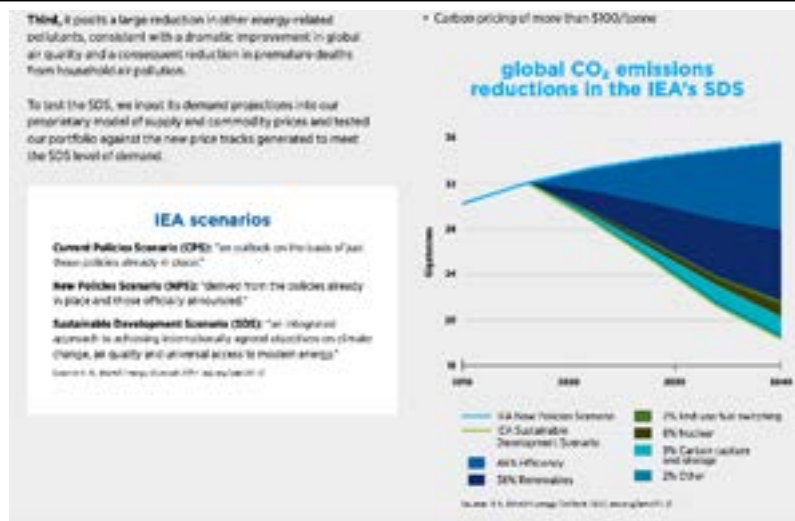
Carbon capture, by contrast, amounts to nine percent. This suggests blinkered vision regarding where real opportunity lies (ie in energy efficiency and renewables). It's particularly so given no estimate I've seen for carbon capture and storage comes close to the low (and continually falling) costs of renewables, nor the long-term management challenges (and responsibility) for ensuring sequestered carbon stays sequestered.

A rough legacy comparison can be made with the inattentive handling of 20th Century nuclear waste, another long-tail storage problem nobody likes to talk about during the sexy initial investment and ribbon cutting phases of such technologies.

IS LNG/CCS Really The Right Technology To Be Chasing?

As the graphic below shows, *Chevron's* chasing a 9% emissions reductions 'market' of carbon capture while ignoring the 82% combined emissions reduction 'market' of efficiency and renewables. *Chevron's* owners (us shareholders) would benefit from a clearer defense of this strategy from management.

Future Emissions Reductions Under IEA Scenarios



Under various IEA scenarios, carbon capture offers only small reductions in carbon emissions compared to energy efficiency and renewables, suggesting Chevron's chasing the wrong market.

Source: International Energy Agency

Chevron's Climate Change Policies

Chevron's Climate Change policies as reproduced below.

chevron's policy principles for addressing climate change

Chevron shares the concerns of governments and the public about climate change. We recognize the findings of the Intergovernmental Panel on Climate Change (IPCC) that the use of fossil fuels to meet the world's energy needs contributes to the rising concentration of GHGs in Earth's atmosphere, which contribute to increases in global temperatures. As we work to address climate change, we must create solutions that balance environmental objectives with global economic growth and our aspirations for a better quality of life for people across the world.

The following four principles have guided our actions and policy views on climate change for the past decade:

Principle One: Reducing greenhouse gas emissions is a global issue that requires global engagement and action.

Principle Two: Policies should be balanced and measured to ensure that long-term economic, environmental and energy security needs are all met; that costs are allocated in an equitable, gradual and predictable way; and that actions consider both GHG mitigation and climate change adaptation.

Principle Three: Continued research, innovation and application of technology are essential to enable significant and cost-effective mitigations to climate change risks over the long term.

Principle Four: The costs, risks, trade-offs and uncertainties associated with GHG reduction and climate change adaptation efforts must be transparent and openly communicated to global consumers.

Below are my comments:

Principle 1: *Reducing greenhouse gas emissions is a given, and the emerging science-based global engagement and action is to reach net zero around mid-century. That's the global response. How will Chevron meet the global engagement to net zero at the corporate level through long-lasting Scope Three carbon emissions of 660kg/mwhe Liquid Natural Gas?*

Principle 2: "Balanced and measured" may just as well be called 'pricing and applying.' Given this ***Chevron should put a publicly-disclosed price on its carbon and provide estimates how such pricing affects the longevity of its LNG industry investments*** against lower emission energy sources.

Principle 3: Continued research is great. But ***'cost effective mitigations' are already available. They're called Scope Three-adjusted wind and solar.***

Principle 4: Agreed. *Chevron* needs to be transparent and open about the ***Scope Three emissions cost-adjusted competitiveness of LNG*** compared to ***wind, solar and other lower emission energy*** sources.

MAGIC BULLETS

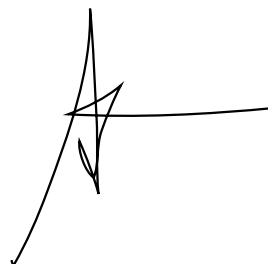
One way to square the circle above is to consider *Chevron* may have a zero emission panacea up its sleeve for carbon removal, or possibly a secret position in hydrogen.

If so, shareholders would be well advised to cross their fingers it's the latter. Hydrogen is sexy. *Chevron* admits that.

But if so, investors would benefit from knowing more. Given grey and green hydrogen, investors would benefit from greater elaboration from *Chevron* ***how making hydrogen either from petroleum or coal, sequestering the carbon and making hydrogen*** creates a bundle of investment and technology problems simpler and ***cheaper than solar, wind*** or other falling cost, low emission energy sources.

Needless to say, it may be reasonable to expect *Chevron's* future share price to move more in the future on its potential post-petroleum plans than on band aids (like carbon capture) applied to increasingly obsolete energy sources being rapidly priced out of future markets.

Sincerely,



Stewart Taggart

"Our support for the Hydrogen Council reflects our view that **hydrogen can play a role in a lower carbon future as a transportation fuel, an industrial feedstock and an energy storage medium.**"

Mike Worth,
chairman and CEO.
Chevron.

January 18, 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*
Stockholder Proposal of Stewart Taggart
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 Stewart Taggart (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.

Office of Chief Counsel
Division of Corporation Finance
January 18, 2021
Page 2

THE PROPOSAL

The Proposal states:

RESOLVED: Investors seek a report on the Scope Three emissions from Chevron’s Liquid Natural Gas operations and how the company plans to offset, pay carbon taxes on or eliminate via technology these emissions to meet post-2050 Paris Accord carbon emission reduction goals to which Chevron is publicly committed and fellow oil major British Petroleum has pledged to meet.

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

BASIS FOR EXCLUSION

We hereby respectfully 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) upon confirmation that the Company has published on the Company’s website the requested report on its Scope Three emissions from its Liquid Natural Gas Operations and its plans to offset, pay carbon taxes on or eliminate via technology these emissions (the “Report”).

ANALYSIS

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

Office of Chief Counsel
Division of Corporation Finance
January 18, 2021
Page 3

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).

Office of Chief Counsel
Division of Corporation Finance
January 18, 2021
Page 4

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). 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).

Office of Chief Counsel
Division of Corporation Finance
January 18, 2021
Page 5

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposals 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 A. Ising

Enclosures

cc: Christopher A. Butner, Chevron Corporation
Stewart Taggart

EXHIBIT A

Office of the Corporate Secretary
Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Phone: (925) 842 1000

Stewart Taggart

MAF
JUN 29 2020

June 19, 2020

Dear Secretary

Enclosed please find a resolution below to be submitted to a vote by shareholders at the company's 2021 Annual General Meeting.

The resolution seeks elaboration on the competitive longevity of the company's Liquid Natural Gas (LNG) investments given the *Paris Accords*' objective of attaining 'net zero' global emissions post 2050. Such elaboration is critical for investors to make long-term fair value assessments for the company's shares if investors consider carbon emissions relevant to corporate valuation.

An expanding number of credible, independent parties routinely quantify 'social costs' of carbon. There's also an expanding history of traded market costs such as those from the *European Union Emissions Trading Scheme*, the *California Cap and Trade* system, the *US Regional Greenhouse Gas Initiative* and others.

What's missing is detailed discussion from companies in the Liquid Natural Gas industry how these credible and rising carbon price estimates generate substitution risk from renewable energy led by falling wind and solar prices, government mandated emissions reductions and/or civil society divestment pressure.

At the *Federal Energy Regulatory Commission (FERC)*, commissioner Richard Glick and commissioner Cheryl LaFleur (during her time at *FERC*) both have stressed the merits of broadening *FERC*'s focus from *Scope One* emissions to *Scopes Two* and *Three* in evaluating LNG projects. To this investor, it looks like writing on the wall.

Central bankers, multilateral institutions and ratings agencies also care. The *Bank of France* has created the *Network for Greening the Financial System*. The *International Monetary Fund* advises investors to take heed of climate change risks in investment decisions. *Moody's* warns climate change threatens fossil fuel producer creditworthiness.

If central bankers, *FERC*, the *IMF* and *Moody's* see issues, shareholders would be dilatory not see a few, too. Such shared interest between monetary and regulatory bodies as well as individual and institutional investors (like *Blackrock*) demonstrates resolutions like this are *not* efforts at 'micro-management' or frivolous interference.

They represent legitimate, existential longevity concerns requiring answers *in detail* and *with numbers*.

In sum, I seek more information about declining-value and obsolescence risks to the company's sunk and/ or proposed LNG investments as markets inevitably shift away from the company's LNG product over time.

Finally, given how early I have submitted this resolution, I may present a revised version later in the year depending upon events.

I have already contacted my share custodian. I will be confirming my shareholding in coming days date-marked after your *Fedex* receipt of this letter and the resolution. The *only* way to reach me is via email.

Sincerely,



Stewart Taggart

WHEREAS: *Chevron* sees global Liquid Natural Gas demand rising by 130% to 2035, and is considering new investments lasting beyond mid century.

But Liquid Natural Gas faces displacement risk from falling cost renewable energy, financial risk from broadening carbon pricing and technology risk from (among others) hydrogen.

As an Oil and Gas Climate Alliance member publicly aligned with the Paris Climate Accord, *Chevron* is committed to accelerating industry's response to climate change, including reaching net zero emissions after 2050.

But -- to cite one example -- *Chevron's* US\$25 billion Gorgon Liquid Natural Gas project in Australia -- one of the world's largest energy projects -- is expected by *Chevron* to export fossil fuel until at least 2056, six years beyond 2050.

Meanwhile, *Chevron* is still considering *new* LNG investments with operating life spans potentially stretching to 2100.

Liquid Natural Gas' Scope Three (or life cycle) carbon emissions amount to roughly .66 tonnes of carbon per megawatt-hour equivalent of electricity generated, according to the US Department of Energy.

While that is roughly one-fifth lower than coal's Scope Three emissions of .8 tonnes per megawatt-hour equivalent, it is 16 times higher than solar's Scope Three emissions of .04 tonnes per megawatt-hour and 66 times higher than wind's Scope Three emissions of .01 tonnes per megawatt-hour, according to the *US Energy Department*, the *Union of Concerned Scientists* and others.

Those are large differences.

Pricing *Chevron's* Scope One (or internal) emissions at the US Social Cost of Carbon yields a number equal to a fifth of *Chevron's* net income, representing an uncounted negative externality that flatters *Chevron's* true financial performance.

Credible researchers (*Bloomberg New Energy Finance*, *Lazard*, the *International Energy Agency* and the *US Energy Department*, among others) now conclude wind and solar will out-compete Liquid Natural Gas by the mid-2030s in Scope Three carbon adjusted terms.

This matters because the *International Monetary Fund* now admonishes investors to take increasing heed of climate change in investment decisions.

Making things harder here is *Chevron's* refusal to set internal Scope Three targets, instead preferring unspecified internal carbon emission reduction incentives.

These look inadequate to meet post-2050 net zero targets, suggesting *Chevron* views such targets as either satisfiable though unspecified future offsets or likely to prove retroactively non-binding.

RESOLVED: Investors seek a report on the Scope Three emissions from *Chevron's* Liquid Natural Gas operations and how the company plans to offset, pay carbon taxes on or eliminate via technology these emissions to meet post-2050 Paris Accord net zero carbon emission goals to which *Chevron* has publicly committed and fellow oil major British Petroleum has pledged to meet.

From: Butner, Christopher A (CButner) <CButner@chevron.com>
Sent: Tuesday, July 7, 2020 4:12 PM
To: ***
Subject: Chevron Corporation
Attachments: Chevron.pdf; DefectLetterTail.pdf

Mr. Taggart, please see the attached and feel free to call me at (415) 238-1172 if you have any questions.

Respectfully,
Chris Butner



Christopher A. Butner
Assistant Secretary and Managing Counsel

July 7, 2020

Sent via email: ***

Stewart Taggart

Re: Stockholder Proposal

Dear Mr. Taggart

On June 29, 2020, we received your letter, dated June 19, 2020, submitting a stockholder proposal, 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 that we need to receive your proof of ownership of Chevron stock.

Under Exchange Act Rule 14a-8(b), to be eligible to submit a proposal, you 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 you are a registered holder. Exchange Act Rule 14a-8(b)(2) and SEC staff guidance provide that if a 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 June 19, 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 (June 19, 2020).

Your letter did not include the required proof of ownership of Chevron stock. By this letter, I am requesting that you provide to us acceptable documentation that you have held the required value or number of shares to submit a proposal continuously for at least the one-year period preceding and including the June 19, 2020 date the proposal was submitted.

If helpful, 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/interp/legals.html>.) You can confirm whether your 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 your 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 you have continuously held the requisite number of Chevron shares for at least the one-year period preceding and including the date the proposal was submitted (June 19, 2020). You should be able to find out the identity of the DTC participant by asking your broker or bank. If the broker is an introducing broker, you may also be able to learn the identity and telephone number of the DTC participant through your account statements, because the clearing broker identified on the account statements will generally be a DTC participant. If the DTC participant that holds your shares is not able to confirm individual holdings but is able to confirm the holdings of your broker or bank, then you can 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 (June 19, 2020), the requisite number of Chevron shares were continuously held. The first statement should be from your broker or bank confirming your ownership. The second statement should be from the DTC participant confirming the broker or bank's ownership.

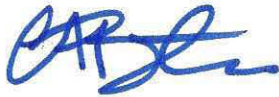
If you intend to demonstrate ownership by submitting a written statement from the "record" holder of your shares, please provide to us a written statement from

the DTC participant record holder of your shares verifying (a) that the DTC participant is the record holder, (b) the number of shares held in your name, and (c) that you have continuously held the required value or number of Chevron shares for at least the one-year period preceding and including the June 19, 2020 date the proposal was submitted.

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,

A handwritten signature in blue ink, appearing to read 'C. Butner', is written over a horizontal line.

Christopher A. Butner

Stewart Taggart

July 6, 2020

MAF:

JUL 08 2020

Office of the Corporate Secretary
Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583

Dear Secretary,

Enclosed please find confirmation of my required shareholding for the required length of time to file a shareholder resolution.

I plan to hold the shares – which I have owned for more than a year – to beyond the date of the company's next Annual General Meeting.

Sincerely,

A handwritten signature in black ink, appearing to be 'Stewart Taggart', written over a horizontal line.

Stewart Taggart

J.P.Morgan

Kevin Thompson
Vice President
Corporate & Investment Bank

June 25th, 2020

To whom it may concern,

This letter is to confirm that Fiduciary Trust Company International held in custody account *** at JPMorgan 30 units of Chevron, CUSIP 166764100 as of 6/20/2018 and continually held until this day of proposal 6/25/2020.

Sincerely,

Kevin Thompson
Vice President

From: Stewart Taggart ***
Sent: Friday, July 10, 2020 10:34 AM
To: Butner, Christopher A (CButner) <CButner@chevron.com>
Subject: [**EXTERNAL**] Re: Chevron Corporation

Apologies. Please know I'm still working on this shareholder proof stuff.

The issue at this point is that my financial organization (Fiduciary Trust, owned by Franklin Resources) in turn has my shares actually held by custodian JP Morgan.

But JP Morgan advises it operates under an 'omnibus structure' preventing JP Morgan from seeing or knowing the underlying beneficial owners of stocks it is custodian of. That in turn means Franklin Resources probably has to make the confirmation.

Given the above, a letter from Franklin specifying my retail holdings with them held by JP Morgan in an omnibus structure may be about as good as we can get.

Would that be OK?

I'm not sure there's much else we can do...

Advice?

On Jul 8, 2020, at 8:05 AM, Butner, Christopher A (CButner) <CButner@chevron.com> wrote:

Stewart, please feel free to send me an email with the pdf of the proof of ownership to save time. Let me know if you have trouble getting it but it should be fairly simple. Feel free to call me if you have any questions.

Best,
Chris

From: Stewart Taggart ***
Sent: Wednesday, July 08, 2020 10:33 AM
To: Butner, Christopher A (CButner) <CButner@chevron.com>
Subject: [**EXTERNAL**] Re: Chevron Corporation

Christopher,

Apologies for this.

I had given the most detailed instructions I could to my custodian, but the request seems to have disappeared down a garbled rabbit hole of counterparties, leading to incomplete output.

If your deadline for submission for proof of ownership (which I've substantially done) can be a bit forgiving, I'm confident I can get a new and proper letter produced from the custodial depths ASAP.

The issue: I should have written the wording, and just given it to my upstream counterparties to confirm, copy, paste and sign.

My other alternative is to withdraw and refile (one reason I did all this early), leading to a whole new daisy chain of communication.

Question: how flexible can you be?

I have little doubt it's >90% clear to both of us I'm eligible to file and can produce the goods.

The question is how much paperwork and Fedex need we go through...

From: Butner, Christopher A (CButner) <CButner@chevron.com>
Sent: Monday, July 13, 2020 11:07 PM
To: Stewart Taggart
Subject: Chevron Corporation
Attachments: Scan 2020-7-13 23.00.05.pdf; DefectLetterTail.pdf

Mr. Taggart, please see the attached.

Respectfully,
Chris

Christopher A. Butner

Chevron Corporation
6001 Bollinger Canyon Road, Rm T-3180
San Ramon, CA 94583
(925) 842-2796--Direct
(415) 238-1172--Cell
(925) 842-2846—Fax
cbutner@chevron.com

This message may contain privileged and/or confidential information; please handle and protect it appropriately. If you are not the intended recipient, or the person responsible for delivering it to the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is STRICTLY PROHIBITED. If you have received this message in error, please notify me immediately, and destroy the original message, including any attachments, without reading them.



Christopher A. Butner
Assistant Secretary and Managing Counsel

July 13, 2020

Sent via email: ***

Stewart Taggart

Re: Stockholder Proposal Follow-Up

Dear Mr. Taggart

This letter follows up on my email on July 7, 2020, notifying you that we need to receive your proof of ownership of Chevron stock ("July 7 Deficiency Notice") in connection with your letter, dated June 19, 2020, submitting a stockholder proposal for inclusion in Chevron's proxy statement and proxy for its 2021 annual meeting of stockholders.

It appears that you did not receive the July 7 Deficiency Notice until after you had mailed us additional materials on July 6, 2020, which we did not receive until July 8, 2020 (the "July 6 Additional Materials"). The July 6 Additional Materials enclosed a letter from JPMorgan dated June 25, 2020, that did not identify you and stated, "[t]his letter is to confirm that Fiduciary Trust Company International held in custody account*** at JPMorgan 30 units of Chevron, CUSIP 166764100 as of 6/20/2018 and continually held until this day of proposal 6/25/2020." On July 8 and July 10, 2020, we exchanged emails regarding the July 6 Additional Materials and the July 7 Deficiency Notice, and in your July 10, 2020 email, you wrote "[t]he issue at this point is that my financial organization (Fiduciary Trust, owned by Franklin Resources) in turn has my shares actually held by custodian JP Morgan."

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 follow up on our July 7 Deficiency Notice to provide notice that, despite your July 6 Additional Materials, we still need to receive adequate proof of your ownership of Chevron stock.

As noted in the July 7 Deficiency Notice, under Exchange Act Rule 14a-8(b), to be eligible to submit a proposal, you 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 you are a registered holder. Exchange Act Rule 14a-8(b)(2) and SEC staff guidance provide that if a proponent is not a registered holder, the proponent must prove share position and eligibility by submitting to Chevron one of two forms of proof, including 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 June 19, 2020.

The July 6 Additional Materials did not identify you as the holder of the referenced shares. As a result, the July 6 Additional Materials do not provide acceptable documentation that you have held the required value or number of Chevron shares to submit a proposal continuously for at least the one-year period preceding and including the June 19, 2020 date the proposal was submitted.

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.). The SEC's 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/interp/legals.shtml>.) You can confirm whether your broker or bank, which you appear to have identified as "Fiduciary Trust, owned by Franklin Resources," 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 your 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 you have continuously held the requisite number of Chevron shares for at least the one-year period preceding and including the date the proposal was submitted (June 19, 2020). You should be able to find out the identity of the DTC participant by asking your broker or bank. If the broker is an introducing broker, you may also be able to learn the identity and telephone number of the DTC participant through your account statements, because the clearing broker identified on the account statements will generally be a DTC participant.

Note also that if the DTC participant that holds your shares is not able to confirm individual holdings but is able to confirm the holdings of your broker or bank, which may be the case based on the language in the July 6 Additional Materials and your subsequent emails, then you can 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 (June 19, 2020), the requisite number of Chevron shares were continuously held. One statement should be from your broker or bank, which you have identified as "Fiduciary Trust, owned by Franklin Resources," confirming your ownership. The second statement should be from the DTC participant (which may be JPMorgan) 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). Under 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: Stewart Taggart ***
Sent: Monday, July 27, 2020 4:18 PM
To: Butner, Christopher A (CButner)
Subject: [**EXTERNAL**] Re: Chevron Corporation

Christopher,

Thanks for following up. I apologise for not getting back to you.

The upshot here is that JPMorgan is willing only to say it does custody using 'an omnibus structure in which it can't confirm individual holdings' and said FTCI is the only party that can do that.

Given that I chased my tail on this for weeks, the prudent thing now that I've missed the proof of ownership deadline is to withdraw the resolution and refile, which I'll do in the next week or so. At that point, FTCI will provide a letter confirming my required holdings.

At that point, Chevron can write its SEC deficiency letter and I'll also write the SEC outlining my headache experience. The SEC can then go on the record deciding anyone with custody holdings at JP Morgan is excluded from filing shareholder resolutions (which makes for an interesting story) or the SEC can come up with/impose with some kind of solution.

Once again, I apologise for the extra paperwork this has caused you.

I just hadn't anticipated such a runaround...

On Jul 27, 2020, at 12:43 PM, Butner, Christopher A (CButner) <CButner@chevron.com> wrote:

Mr. Taggart, have you been able to obtain the proper proof of ownership? Please feel free to call me if you have any questions.

Best regards,
Chris Butner
(925) 842-2796

From: Butner, Christopher A (CButner) <CButner@chevron.com>
Sent: Wednesday, July 29, 2020 10:58 PM
To: Stewart Taggart
Subject: RE: **[**EXTERNAL**]** Re: Chevron Corporation
Attachments: Scan 2020-7-13 23.00.05.pdf; DefectLetterTail.pdf

Mr. Taggart, there is no need for you to withdraw your proposal. However, in order to meet the SEC's requirements, you must send a statement from your broker or bank, which you have previously identified as "Fiduciary Trust, owned by Franklin Resources." As detailed in our July 13, 2020 letter (attached), this statement from your broker or bank must confirm your continuous ownership of Chevron shares for the one-year period preceding and including the date the proposal was submitted.

Thanks,
Chris

From: Stewart Taggart ***
Sent: Monday, July 27, 2020 4:18 PM
To: Butner, Christopher A (CButner) <CButner@chevron.com>
Subject: **[**EXTERNAL**]** Re: Chevron Corporation

Christopher,

Thanks for following up. I apologise for not getting back to you.

The upshot here is that JPMorgan is willing only to say it does custody using 'an omnibus structure in which it can't confirm individual holdings' and said FTCI is the only party that can do that.

Given that I chased my tail on this for weeks, the prudent thing now that I've missed the proof of ownership deadline is to withdraw the resolution and refile, which I'll do in the next week or so. At that point, FTCI will provide a letter confirming my required holdings.

At that point, Chevron can write its SEC deficiency letter and I'll also write the SEC outlining my headache experience. The SEC can then go on the record deciding anyone with custody holdings at JP Morgan is excluded from filing shareholder resolutions (which makes for an interesting story) or the SEC can come up with/impose with some kind of solution.

Once again, I apologise for the extra paperwork this has caused you.

I just hadn't anticipated such a runaround...

On Jul 27, 2020, at 12:43 PM, Butner, Christopher A (CButner) <CButner@chevron.com> wrote:

From: Stewart Taggart ***
Sent: Thursday, July 30, 2020 8:31 AM
To: Butner, Christopher A (CButner) <CButner@chevron.com>
Subject: [**EXTERNAL**] Re: Chevron Corporation

Chris,

I apologize for the bother and extra work this has caused you.

To play it safe given ambiguous information about what's accepted given limited time to prove ownership after filing a resolution, I just opted to Fedex an identical new resolution to you which — coupled with the letter below dated one day later -- should prevent new kerfuffles over proof of share ownership and required post-resolution dating of it.

I really appreciate your contact and helpfulness.

Thanks!

Corporate Secretary
Chevron Corp
6001 Bollinger Canyon Road
San Ramon, CA 94583, USA
Telephone: +1 925.842.1000

MAF
AUG 05 2020

Stewart Taggart

Dear Secretary

Please accept the resolution below for a vote by shareholders at the company's 2021 Annual General Meeting. It will replace the one I filed recently but missed a deadline for proving share ownership.

The resolution seeks the company's views on the competitive longevity of the Liquid Natural Gas (LNG) industry and the company's LNG investments given the Paris Accord's 2C objective of attaining 'net zero' emissions after 2050.

Such insight is critical for investors to develop long-term fair value assessments for the company's shares should investors deem carbon emissions relevant to corporate valuation.

In coming days I will send confirmation of my company share holdings from *Fiduciary Trust Company International*. *JP Morgan*, DTC Participant #902, acting as custodian for *FTCI*, holds the shares in an 'omnibus structure' that does not allow identification of individual share holdings. As such, *JP Morgan* advises *FTCI* is the only party that can confirm my holding of the required number of shares for the required amount of time.

Should this prove insufficient, please include that in your no action request to the SEC. That way, the SEC can rule whether shares held by *JP Morgan* as custodian are ineligible for use in shareholder resolutions. It's an important clarification for investors to know.

I commit to holding my existing shares through the next Annual General Meeting and beyond. Given its early submission, I may update the resolution between now and the resolution filing deadline.

The best – and ONLY way -- to contact me is by email at ***

Sincerely



Stewart Taggart

SHAREHOLDER RESOLUTION

WHEREAS: *Chevron* sees global Liquid Natural Gas demand rising by 130% to 2035, and is considering new investments lasting beyond mid century.

But Liquid Natural Gas faces displacement risk from falling cost renewable energy, financial risk from broadening carbon pricing and technology risk from (among others) hydrogen.

As an *Oil and Gas Climate Alliance* member publicly aligned with the *Paris Climate Accord*, *Chevron* is committed to accelerating industry's response to climate change, including reaching net zero emissions after 2050.

But -- to cite one example -- *Chevron's* US\$25 billion *Gorgon* Liquid Natural Gas project in Australia, one of the world's largest energy projects -- is expected to export fossil fuel until at least 2056, six years beyond 2050.

Meanwhile, *Chevron* is considering *new* LNG investments with operating life spans potentially stretching to 2100.

Liquid Natural Gas' Scope Three (or life cycle) carbon emissions amount to roughly .66 tonnes of carbon per megawatt-hour equivalent of electricity generated, according to the US *Department of Energy*.

While that is about 14 percent lower than coal's emissions of .8 tonnes per megawatt-hour equivalent, it is 16 times higher than solar's .04 and 66 times higher than wind's .01 tonnes per megawatt-hour equivalent, according to the *Union of Concerned Scientists*.

Those are large differences.

Pricing *Chevron's* Scope One (or internal) emissions at the US Social Cost of Carbon, for example, yields a number equal to nearly 15-25% a fifth of *Chevron's* net income, an uncounted negative externality obscuring *Chevron's* true financial performance.

Credible researchers (*Bloomberg New Energy Finance*, *Lazard*, the *International Energy Agency* and the *US Energy Department*, among others) now conclude wind and solar will out-compete Liquid Natural Gas by the mid-2030s in Scope Three carbon adjusted terms.

The *International Monetary Fund* now admonishes investors to take increasing heed of climate change in investment decisions.

Making things harder here is *Chevron's* refusal to set internal Scope Three targets, instead preferring unspecified internal carbon emission reduction incentives.

These appear inadequate to meet post-2050 net zero targets, suggesting *Chevron* views such targets as satisfiable either though unspecified future offsets or likely to prove retroactively non-binding.

RESOLVED: Investors seek a report on the Scope Three emissions from *Chevron's* Liquid Natural Gas operations and how the company plans to offset, pay carbon taxes on or eliminate via technology these emissions to meet post-2050 Paris Accord carbon emission reduction goals to which *Chevron* is publicly committed and fellow oil major British Petroleum has pledged to meet.

Stewart Taggart

August 4, 2020

MAF

AUG 12 2020

Corporate Secretary
Chevron Corp
6001 Bollinger Canyon Road
San Ramon, CA 94583, USA
Telephone: +1 925.842.1000

Dear Corporate Secretary,

On Friday, you received a revised shareholder resolution from me for presentation to the 2021 Annual General Meeting. Enclosed is a Federal Express tracking number and delivery record.

That shareholder resolution replaces one I filed earlier but missed the deadline for providing proof of company share ownership.

That occurred because of delays in getting confirmation of share holdings from *JP Morgan*, the share custodian for my retail financial institution *Fiduciary Trust Co. Inc.*

The issue involved arcane share custody technicalities. *JP Morgan*, the custody institution, uses an 'omnibus structure' which -- translated -- means individual share holdings can't be individually identified.

That, in turn, makes *FTCI* the sole party able to provide such verification.

It took a while for me to all this straightened out after submitting my initial resolution. The result: I missed the window (14 days as I remember) to submit proof of share ownership.

My resubmitted resolution delivered late last week followed in short order by this share holding confirmation should square all this away.

Sincerely,



Stewart Taggart



Fiduciary Trust International
280 Park Avenue
New York, NY 10017
tel (212) 632-3323
fiduciarytrust.com

Wednesday, July 29, 2020

Corporate Secretary
Chevron Corp.
6001 Bollinger Canyon Road
San Ramon, CA 94583
United States of America

Subject: Shareholder Confirmation Letter

Dear To Whom it May Concern, Chevron Corp.

Stewart Taggart, as trustee of the Stewart and Rebecca Taggart Revocable Trust held by Fiduciary Trust Company International (FTCI), has owned continuously to this day without interruption 30 shares of Chevron Corp. since 6/18/2018 date.

The shares are held on Fiduciary's behalf by JP Morgan, a DTC participant number 902, in an omnibus structure that does not allow JP Morgan to see or know the name(s) of the underlying beneficial owner account at Fiduciary.

As a result, Fiduciary is the only party that can confirm the claimed share numbers of Chevron Corp stock are held on behalf of Stewart and Rebecca Taggart in the specified account, and we confirm the continuous holdings above.

Sincerely,

A handwritten signature in black ink that reads "Nicholas J. Imbriale".

Nicholas Imbriale
VP, Relationship Manager