

Vote Bulletin – Chevron Corporation

Meeting Type – Annual

Meeting Date – 05/25/2022

Key Issues – Climate Change & Diversity

Vote Decisions – State Street Global Advisors voted AGAINST the climate-related shareholder proposals requesting the adoption of GHG targets and an audited net-zero scenario analysis, FOR the proposal requesting a report on methane emissions, and FOR the proposal requesting a third-party audit and report on the racial impacts of the company’s policies, practices, and products.

Shareholder Resolutions

Item number	Item description	Management recommendation	SSGA vote
5	Adopt Medium and Long-Term GHG Emissions Reduction Targets	AGAINST	AGAINST
6	Issue Audited Net-Zero Scenario Analysis Report	AGAINST	AGAINST
7	Oversee and Report on Reliability of Methane Emission Disclosures	FOR	FOR
9	Oversee and Report a Racial Equity Audit	AGAINST	FOR

Voting Rationale

Against – Item 5 – Adopt Medium and Long-Term GHG Emissions Reduction Targets

This year’s “Adopt Medium and Long-Term GHG Emissions Reduction Targets” resolution was similar to the proposal that the proponent filed last year which we voted in favor of and ultimately received around ~60% support from shareholders. Chevron has since adopted a portfolio carbon intensity target which includes Scope 3 emissions which we had encouraged during our engagements with the company. We voted against this year’s proposal given the company’s responsiveness to our engagement as well as last year’s shareholder vote.

Against – Item 6 – Issue Audited Net-Zero Scenario Analysis Report

Prior to the 2022 proxy season we published our “[Disclosure Expectations for Effective Climate Transition Plans](#)”. We leveraged this guidance to help inform our proxy voting decisions at companies, especially those with high greenhouse gas emissions, that received shareholder resolutions related to enhancing climate risk disclosure. This proposal contains three asks 1) conduct an IEA NZE 2050 scenario analysis 2) obtain an audit of the report and 3) report on how the scenario would affect assumptions and estimates underlying its financial statements including carbon pricing, asset valuations and retirements, capex, etc. Through our research and engagement we found that Chevron has substantially fulfilled the first two expectations.

Regarding the third expectation of the proposal, we recognize the growing investor interest in such disclosure and evolving market practice. Recent frameworks such as the IIGCC Net Zero Investment framework include expectations around incorporating climate risk into financial accounts and the SEC proposed rule has raised this topic as well. European peers including BP Plc, Shell Plc, and TotalEnergies SE, as well as some domestic oil and gas companies disclose information raised by the proposal such as commodity price assumptions used in impairment testing and impacts of climate scenarios on asset values in their financial statements. However, we view the disclosure of climate risk in financial statements as an emerging topic and recognize that consistent standards for reporting such information is not yet available. Regarding carbon pricing, Chevron fails to meet our expectation to disclose the average or range of carbon

price assumptions used for project/business decisions. We are optimistic that our advocacy of this issue has resonated with the company and we will continue to engage the company on this topic.

We voted against the proposal due to Chevron's responsiveness to a similar proposal that was filed last year, the company's continued improvement in disclosure aligned with our expectations, and the quality of our recent engagements.

For – Item 7 – Oversee and Report on Reliability of Methane Emission Disclosures

We view methane emissions management as a critical component of effective climate transition planning for the oil and gas industry. We recognize the growing reputational, regulatory, and financial risks related to managing methane emissions and believe that addressing methane is essential in ensuring the viability of natural gas as a transition fuel. This proposal is the first to address the direct measurement of methane emissions, a topic gaining increased attention from investors globally. We support the use of direct measurement for calculating methane emissions as opposed to relying solely on engineering estimates to ensure stronger transparency and accountability. A growing number of U.S. oil and gas companies are taking leadership on methane measurement and verification and companies including Occidental Petroleum recently joined the UN-backed Oil and Gas Methane Partnership 2.0¹, committing to its leading methane measurement and reporting framework.

We voted FOR this proposal as we are supportive of Chevron enhancing disclosure on direct measurement efforts as well as regarding its methane detection, monitoring, reduction initiatives. We will continue to engage the company on this important topic.

For – Item 9 – Oversee and Report a Racial Equity Audit

We are supporting the racial equity audit proposal to encourage greater oversight and management of racial equity-related risks at Chevron. The company is not fully aligned with [our diversity disclosure expectations](#), most notably the lack of diversity, equity, and inclusion-related goals. We will continue to engage the company on this issue and advocate for enhanced disclosure that aligns with our expectations in this area.

¹ <https://www.ogmpartnership.com/join-ogmp-20>

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4769259.1.1.GBL.RTL Exp. Date: 06/30/2023