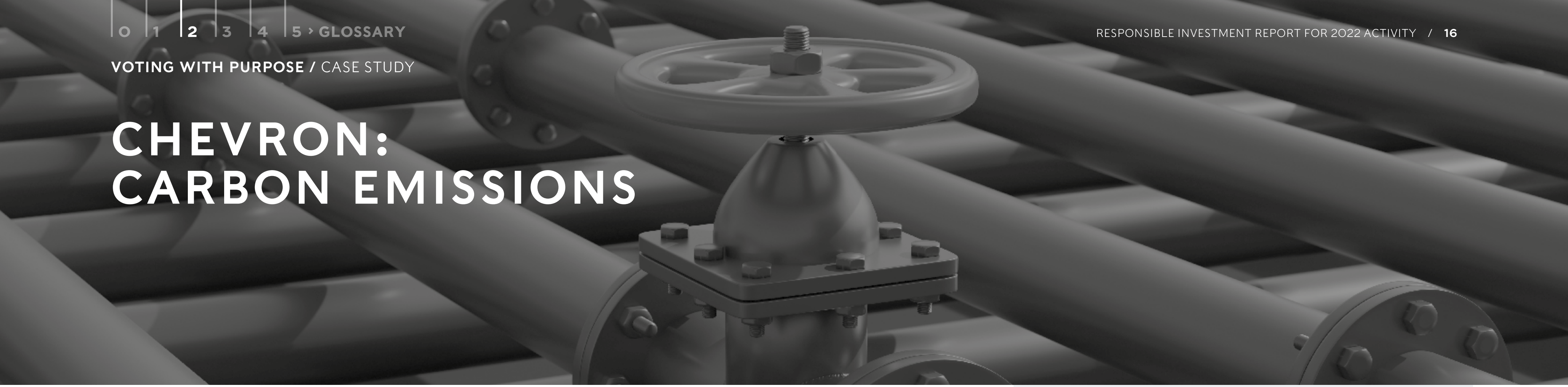


CHEVRON: CARBON EMISSIONS

1 ISSUE

We support an initiative led by investors called Climate Action 100+ (CA100+). It operates a benchmark designed to enable investors to assess the robustness of companies' business plans in a range of climate scenarios, based on what they've disclosed. This benchmark assesses the performance of companies against 10 indicators, as 'yes', 'no' or 'partial'. The more yesses and fewer noes the company scores, the better prepared it has shown itself to be in responding to climate change. At the time of its 2022 AGM, Chevron either scored 'no' or 'partial' on a majority of the 10 indicators. These included an ambition to reach net zero greenhouse gas emissions by 2050 and aligning capital spending with decarbonisation - reducing the release of carbon into the atmosphere.

Looking at this in more detail, Chevron hasn't disclosed how its targets align with the International Energy Agency's (IEA's) Net Zero by 2050 pathway. This sets out what the energy industry needs to do, and by when, to achieve net zero. Chevron's Scope 3 emission targets also need clarity. Scope 3 covers emissions not directly generated by the company or associated with energy it buys. In Chevron's case, this predominantly means the combustion by end users of the fossil fuels it produces. Moreover, the board had failed adequately to respond to climate-related shareholder proposals filed at previous AGMs, despite considerable support.

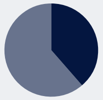
2 PROCESS

We decided to vote against the re-election of the combined CEO and chair, lead independent director and public policy and sustainability committee chair. We concluded that stronger independent oversight and board management of climate risks at the company were necessary. We also supported two separate climate shareholder resolutions. One called for the company to adopt medium and long-term greenhouse gas emissions reduction targets. The second pressed it to issue an independently audited report showing how the IEA's Net Zero by 2050 scenario would affect the assumptions and estimates underlying its financial statements.

3 OUTCOME

There was a 7.6% vote against the CEO/chair, with 12.7% opposition to the lead independent director and 2.4% to the public policy and sustainability committee chair. We were pleased to see dissatisfaction with board members reach double digits in two cases. The first and second climate resolutions received 32.6% and 39.7% support respectively, showing that they raised key issues for shareholders. Our voting decisions don't show a desire for a completely new strategy. We're interested, rather, in filling in gaps in the approach to net zero.

Without a credible net zero commitment aligned with the Paris Agreement's goal of limiting global warming to 1.5°C, shareholders cannot feel confident about the effective management and mitigation of stranded assets and other climate risks at the company. Stranded assets are those that suffer devaluation or writedowns because they prematurely reach the end of their useful life. This can be caused by a variety of factors, such as shifts in the demand for fossil fuels or regulation in response to climate change.



SUPPORT FOR RESOLUTION ON NET ZERO SCENARIO

38.7%