

Benefit Corporation

Whereas: Our Company’s Chairman and Chief Executive Officer, in 2019, signed a “Statement on the Purpose of a Corporation,” committing our Company to all stakeholders, including “protect[ing] the environment by embracing sustainability practices across our businesses.”

Yet, inconsistent with our Company’s “embrace” of sustainability, Chevron has declined to develop business goals consistent with limiting global temperature rise to 1.5 degrees and, unlike peers, has not set “net zero emissions” goals for 2050.

“Climate change poses a major risk to the stability of the U.S. financial system and to its ability to sustain the American economy” according to the United States’ Commodity Futures Trading Commission. The National Bureau of Economic Research warns if greenhouse gases are not cut in line with the Paris Accord, United States’ GDP could be cut 10.5 percent by 2100. The United Nations Environment Programme Finance Initiative and Principles for Responsible Investment reports in the paper “Universal Ownership” that over 50 percent of companies’ earnings are at risk from climate costs, creating systemic risk for diversified investors.

“Universal investors”—those with highly-diversified portfolios representative of the broad economy—are exposed to growing and widespread climate costs generated by some companies, including Chevron, and ultimately incurred by other companies. The Proponent is quoted in “Universal Ownership:”

“A portfolio investor benefiting from a company externalizing costs might experience a reduction in overall returns due to these externalities adversely affecting other investments in the portfolio, and hence overall market return. For a diversified investor, there is no place to hide from these costs: they come back into the portfolio as taxes, insurance premiums, inflated input prices and the physical cost of disasters.” (Seitchik)

It is in investors’ interest to reduce climate externalities to protect long-term returns. In contrast, Chevron appears to prioritize our Company’s financial returns over the impact of climate change on global markets.

The State of Delaware has adopted and recently amended a law allowing our Company to become a Public Benefit Corporation (PBC) by amending our Company’s Certificate of Incorporation to establish a public purpose, such as promoting a sustainable global economy, consistent with our CEO’s statement to commit our company to all stakeholders; and

In the opinion of the proponent, the approach of this law seems consistent with our CEO’s commitment to the Statement, providing the opportunity for the board to legally articulate the purpose of our corporation in a manner that would reconcile its accountability to all stakeholders, be it therefore

Resolved, that shareholders request the board of directors to approve an amendment to the company’s Restated Certificate of Incorporation to become a Public Benefit Corporation (PBC) pursuant to Delaware law, and to submit the proposed amendment to shareholders for our approval. Such a change would enable the company to operate in a responsible and sustainable manner that balances the stockholder’s pecuniary interests, and the best interests of those materially affected by the corporation’s conduct.