



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

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

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

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

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

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

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

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

BE IT RESOLVED: Shareholders request that Chevron’s Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel



demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.

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

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

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