WHEREAS: In the aggregate, upstream oil and gas assets are moving from operators with stronger climate commitments to operators with weaker climate targets and disclosures.[1] Transferring emissions from one company to another may reduce balance sheet emissions, but it does not mitigate company or stakeholder exposure to climate risk or contribute to the goal of limiting global temperature rise to 1.5 degrees Celsius (1.5°C). The Glasgow Financial Alliance for Net Zero warns that divestment from high-emitting assets can "have the unintended consequence of prolonging the life of high-emitting assets and even worsen emissions profiles."[2] It is, therefore, essential that oil and gas operators adhere to industry-wide best climate practices for asset transfers and acquisition, such as reporting transferred emissions and working with buyers to ensure transferred assets retain climate standards.

Between 2016 and 2022, Chevron reports a 5.2% reduction in its portfolio carbon intensity.[3] However, between 2017 and 2021, Chevron sold more assets than any other American oil and gas company, ranking third globally among sellers.[4] Although Chevron shows in a graph that a portion of its operational greenhouse gas (GHG) emissions reductions comes from divestments,[5] Chevron provides no further information relating to its divested assets, including whether the purchasing entity has climate standards or emissions disclosures. This reporting gap leaves investors with an incomplete understanding of Chevron's actions to mitigate the Company's contribution to climate change.

To address this issue, Chevron should follow best practices for divestitures, including conducting climate-related due diligence on acquirers, such as emissions reporting practices and emission reduction targets. This assessment may allow for screening out of acquirers that would increase the likelihood that transferred assets lead to higher global emissions to ensure that buyers maintain or enhance existing climate standards for divested assets.[6]

By increasing transparency and reporting of GHG-related disclosures from asset transfers, Chevron can position itself as a leader on climate change, increase the

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[1] https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf, p.17
[2] https://assets.bbhub.io/company/sites/63/2022/10/GFANZ-2022-Progress-Report.pdf, p. 36
[3] https://www.chevron.com/-/media/chevron/sustainability/documents/2021-climate-change-resilience-report.pdf, p.58; https://www.chevron.com/-/media/chevron/sustainability/documents/climate-change-resilience-report.pdf, p.66
[4] https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf, p. 22
[5] https://www.chevron.com/-/media/chevron/sustainability/documents/climate-change-resilience-report.pdf, p.39
[6] https://business.edf.org/wp-content/blogs.dir/90/files/Climate-Principles-Asset-Transfer.pdf, p.3

legitimacy of the Company's climate targets, and provide essential information to its investors about Chevron's efforts to mitigate climate risk.

BE IT RESOLVED: Shareholders request that Chevron annually report on divestitures of assets with material climate impact, including whether each asset purchaser discloses its GHG emissions and has 1.5°C-aligned or other greenhouse gas reduction targets.