Chevron Shareholders with $7.75 Billion in Stock Vote to Increase Dividends to Protect Investor Capital in the Face of Risky Investments in Costly Carbon Reserves

Avoiding "An Economically Unsustainable Path": Message to Chevron Board About Shareholder Concerns

SAN RAMON, CA – May 27 2015 – An As You Sow and Arjuna Capital shareholder resolution calling on Chevron to increase dividends to shareholders in light of continued outsized spending on high-cost, high-carbon projects -- including Arctic drilling, tar sands, and other "unconventional" fossil fuels that are increasingly uneconomical and likely to be stranded -- drew the support of shareholders with $7.75 billion of the company's stock (4 percent). The resolution was co-filed by Zevin Asset Management.

The vote underscores shareholders growing concerns about Chevron's snowballing outlay of capital despite weakening company fundamentals, changing energy markets, and growing climate change impacts. The resolution also goes a step further than recent greenhouse gas transparency and reporting resolutions at BP and Shell, which garnered record-high shareholder support, asking the company to take the steps necessary to protect shareholder value. The filers view today's Chevron annual meeting vote as an extremely encouraging outcome for a first-time resolution addressing a new and timely issue and shareowners intend to increase the pressure on Chevron and other oil majors in 2016 to respond to shareowners' concerns.

Speaking to shareholders, Danielle Fugere, president and chief counsel at As You Sow, said: "The era of finding cheap oil has come and gone. Chevron's focus on finding new reserves at almost any cost creates tremendous risk to the company and to shareowners. These high-priced reserves must compete not only with cheaper national producers, but against increasingly effective efficiency measures, and plummeting costs of renewable energy. Last year, more capacity for renewable power was added across the world than coal, natural gas, and oil combined. And much of the oil that Chevron is producing is also higher in carbon, despite the fact that two-thirds of proven fossil fuel reserves must stay in the ground if we are to avoid the worst consequences of climate change. Oil that stays in the ground is valueless; and the massive investments made to find and develop that fuel is wasted capital."

Commenting on the vote today, As You Sow CEO Andrew Behar said: "It is critically important to ask the tough questions of the board and shareholders about whether Chevron is on an economically unsustainable path. Chevron has lost money in 9 of the last 10 quarters due to poor capital investment decisions. The bottom line is that, based on Chevron's current course, we don't think we have a climate competent board capable of innovative thinking, therefore the capital is better spent as dividends than wasted by stranding more assets."

The As You Sow/Arjuna Capital resolution focuses on the urgent need for action. The International Energy Agency (IEA) has cautioned: "No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 if the world is to achieve the 2 degrees Celsius goal needed to avoid catastrophic climate change."

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"Profitability is suffering now as Chevron spends unprecedented amounts of investor capital looking for expensive, high carbon oil in remote corners of the earth," said Natasha Lamb, director of Equity Research & Shareholder Engagement at Arjuna Capital. "Big Oil will not make money the same way it did last century. Chevron faces two inescapable truths -- there is only so much easy-to-get oil in the ground and only so much carbon we can pump into the air. The next hundred years will be defined by these limits. Winning companies will focus on shareholder value, returning a greater percentage of profits to shareholders rather than risk investor capital chasing every last drop."

Despite increasing concern about the risk of stranded assets, Chevron and other oil majors collectively spend over $700 billion annually to find and develop new fossil fuel reserves -- and they are finding fewer barrels of oil at higher cost. Goldman Sachs notes: "In the past two years no major new oil project has come on-stream with production costs below $70 per barrel, with most in the $80-100 dollar range, raising the risk of stranded, or unprofitable, assets."

According to a 2014 Carbon Tracker Initiative (CTI) report, 26 percent of Chevron's future project portfolio (2014-2050), representing $87 billion, requires at least $95 per barrel for a break-even price, and 14 percent requires a price of $115 per barrel. By the end of 2025, CTI's report projected that high-cost, unconventional projects at Chevron would represent 36 percent of its potential future production.

Shareholders are concerned that, as Chevron digs deep to replace its oil and gas reserves, it is increasingly putting its profits in jeopardy. Profitability has been decreasing in recent years. From 2011 to 2013, while capital and exploratory expenditure increased 44 percent, Chevron's net income dropped 20 percent. During that same time, Chevron's debt more than doubled from $10.15 billion to $20.43 billion. Chevron's spending surge has even drawn the attention of the Securities and Exchange Commission, which demanded disclosure from Chevron about whether its recent capital expenditure jump will increase and affect the company's liquidity.

For the full text of the As You Sow/Arjuna Capital shareholder resolution, go to: http://www.asyousow.org/wp-content/uploads/2014/12/CHEVRON-carbonbubble-2015.pdf.

A detailed background memo on the resolution is available online at: http://www.asyousow.org/wp-content/uploads/2015/04/chevron-2015-carbon-asset-risk-proxy-memo.pdf.

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As You Sow is a nonprofit organization that promotes environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies. For more information visit www.asyousow.org.

Arjuna Capital is the sustainable wealth management platform of Baldwin Brothers Inc., an SEC-registered independent financial advisory firm established in 1974. For more information visit www.arjunacapital.com.