



WHEREAS: A global transition toward a low carbon economy is occurring and trends to reduce global demand for carbon-based energy are accelerating. Major oil companies face unprecedented disruption to their business model driven by global imperatives to limit global warming to well below 2 degrees Celsius and a resulting growth in low- and non-carbon-emitting technologies and energy sources.

Goldman Sachs pegs the low carbon economy at a \$600 billion-plus revenue opportunity, estimating that solar PV and wind will add more to the global energy supply between 2015 and 2020 than shale oil production did between 2010 and 2015.

Low carbon market forces, including competition from electric cars, will be a “resoundingly negative” threat to the oil industry. The CEOs of Statoil and Shell have predicted that peak oil demand may occur as early as the 2020s. Citigroup estimates the value of unburnable fossil fuel reserves could reach \$100 trillion through 2050. In 2016, Fitch Ratings urged energy companies to plan for “radical change.”

A failure to plan for this transition may place investor capital at substantial risk. Carbon Tracker (CTI) estimates 30 to 40 percent of Chevron’s potential upstream capex through 2035 is outside the Paris Agreement’s goal of less than 2 degrees global warming. CTI notes 2.3 trillion of industry-wide upstream projects are inconsistent with global commitments to limit climate change and rapid advances in clean technologies.

While Chevron has recently slowed capital expenditures in the face of lower oil prices, a decade of historic spending on high cost, high carbon assets has made our company vulnerable¹ to further downturns in demand and falling oil prices. Global climate action and low carbon technological advancements make it vital that our company transition its business plan to remain successful in an increasingly decarbonizing economy.

Peers including Total, Shell, and Statoil have already begun investing in clean energy projects including wind, solar, and renewables storage. In 2016, oil major investments in clean energy more than doubled. Total has a stated goal to increase renewable and low carbon businesses to 20 percent of the company’s portfolio and made the largest number of investments in clean energy companies in 2016. By 2020, Shell plans to spend approximately 1 billion dollars annually to adapt to the transition toward renewable power and electric cars. Statoil has established a new energy unit to capitalize on the growing renewable energy sector.

BE IT RESOLVED: With board oversight, shareholders request Chevron issue a report (at reasonable cost, omitting proprietary information) describing how the Company could adapt its business model to align with a decarbonizing economy by altering its energy mix to substantially reduce dependence on fossil fuels, including options such as buying, or merging with, companies with assets or technologies in renewable energy, and/or internally expanding its own renewable

¹ See https://www.asyousow.org/ays_report/unconventional-risks-the-growing-uncertainty-of-oil-investments/



AS YOU SOW

2018 Shareholder Resolution
Chevron Corporation
Request: Report on Low-Carbon Business Model
Co-lead Filer: Arjuna Capital

energy portfolio, as a means to reduce societal greenhouse gas emissions and protect shareholder value.