

Chevron 2020 annual stockholders meeting – additional questions

May 28, 2020

We addressed as many questions during the meeting as time permitted. Responses to other questions are below. We appreciate hearing from our investors.

With work at home apparently taking hold permanently, has Chevron calculated the effect of oil/gas demand and the effect on the bottom line?

Covid-19 has impacted the way we are all currently living and working and there could be longer-term impacts, but we expect that demand for our products will ultimately recover. We are seeing some positive signals that the market may have found a bottom. We're not seeing demand erode even further at this time, and, in some places, we're beginning to see signs that demand is coming back a bit, but it's still well below where it was prior to the pandemic.

Chevron has seen downturns before and is well positioned for a low-price environment. While most industries have been put on hold and the market continues to ebb and flow, we expect conditions to eventually improve – and Chevron to be ready once they do.

We were well positioned with a very strong balance sheet as the current economic challenges began. We have a very flexible capital program which we've intentionally reshaped in recent years from one that was heavily dependent on long cycle projects to one that is now much more flexible.

What is Chevron's break even price for WTI?

We have not historically provided a breakeven price for WTI as we believe that Brent is a more accurate benchmark to consider given our global portfolio.

In 2019, our dividend breakeven was \$55 per barrel for Brent. We are taking actions intended to reduce the dividend breakeven given the current market environment.

We've shown in our first quarter earnings call that under a very challenging scenario of \$30 Brent for two years, we are resilient and expect to weather this downturn by reducing share repurchases, reducing capital, reducing operating expenses, and leaning on the balance sheet, so that we can protect the dividend to our shareholders, which is our top financial priority.

After the Office of Environmental Health Hazard Assessment of 2019 identified the numerous toxic contaminants coming from California refineries, what has Chevron done to assess and curb emitting contaminants such as: ammonia, xylene, formaldehyde, methanol, benzene, hexane, hydrogen and numerous others?

Our Richmond refinery has reduced criteria air emissions by 86 percent over the last 40 years. Since 2013, the Richmond refinery has funded an independently operated community air monitoring program designed to provide air quality readings to the public and educate the community about what is in the air. The community monitoring system provides near real-time data to the public, 24 hours a day, at www.richmondairmonitoring.org. To date, there have been no refinery-related emissions above health-based standards of California's very strict environmental laws for the monitored substances. The parameters of the monitoring system were selected through a robust stakeholder process that included the local community, air monitoring experts, the city of Richmond, and Chevron.

Our El Segundo refinery has reduced air emissions by over 55% since 2002 and on a per barrel basis its emissions are the lowest of any refinery in Southern California. The El Segundo refinery has also reduced its safety flare sulfur oxide emissions by more than 80% over the past decade. Also, effective January 1, 2020 the South Coast Air Quality Management District (SCAQMD) Rule 1180 went into effect, requiring one of the most technologically advanced air quality “fence line” monitoring systems that exists anywhere in the world. Air emission measurements take place via a network of 12 “open path” and 6 “point-source” monitoring systems that record data for 17 air emissions in near real time, which is available to the public at <https://elsegundo1180.com> and www.scaqmd.org. <https://elsegundo1180.com> and www.scaqmd.org.

Happy to see Chevron published a 2019 SUSTAINABILITY report, is now talking openly in-house and on their website about sustainability and has made Bruce Niemeyer VP of Strategy AND Sustainability. Can you say more about your vision for sustainability at Chevron?

One of the key sustainability issues we all face is addressing climate change. We have three main areas of focus.

The first focus area is to lower our carbon intensity. We have four reduction metrics, and we're the first among our peer group to set our targets based on equity ownership, not operatorship. Across the company, we're tackling the most cost-efficient opportunities, to reduce the most carbon at the lowest cost.

In 2019, Chevron established four greenhouse gas (GHG) reduction metrics, using net GHG intensity, by commodity, on an equity basis. This approach normalizes for company size and portfolio and is consistent with how production is reported on an equity basis. Our intensity reduction measures for the upstream are 2-5% in natural gas, 5-10% in oil, 20-25% in methane emissions, and 25-30% flaring. (See also response to last question below.) We use a timeline of 2016-2023 to align with the period between the ratification of the Paris Agreement and the Agreement's first “stocktake.” Performance is tied to the variable compensation of nearly 45,000 employees.

Second, we're increasing renewables in support of our business. This is an important distinction. We're not pursuing renewables as a separate business because we see more value in connecting renewables with our core operations. So, whether it's wind power in the Permian or solar to our steam floods or biofuels in California, our renewable activities support our primary upstream and downstream businesses and do so economically.

The third focus area is our investment in future technologies. Successfully addressing climate change will require technology breakthroughs, and we're doing our part with Chevron's \$100 million Future Energy Fund and our participation in the Oil and Gas Industry Climate Initiative (OGCI)'s \$1 billion fund. Beyond making venture investments, we're proud that in Australia, we operate three CO₂ injection trains.

Environmental, social and governance (ESG) issues management is integrated into how we conduct our business every day. More information is available [online here](#).

We also work to advance the UN's sustainable development goals as part of our commitment to enable human progress around the world. Learn more [online here](#).

Why did the audio of the Chevron 2020 shareholder meeting stop with 2 questions left to be answered?

We regret that you had technical problems. The company that provided the service for the virtual meeting confirms that the audio streamed until the conclusion/formal adjournment of today's meeting. They said this issue was most likely an isolated incident on the end user's side.

There were several questions about the possibility of relocating Chevron's corporate headquarters from California.

We have no plans to move our corporate headquarters located in San Ramon, California. Chevron is a California-based company and has continued to be an important part of the state's economy and growth for more than 140 years.

Can you please print out the whole name of directors? Currently there are only initials and no indication of Mr. Ms. Mrs, etc. When I vote online, I don't see that information other than Jr or III, etc.

Thank you for noting this. We will consider making the requested change for future years. You can read more about each of our directors on our website and in our proxy statement, which is available [online here](#).

Are all the Director positions uncontested elections?

Yes.

Is there any way that the petro companies can do testing on the leftover unrecycled trash hanging around the world and find a way to brake [sic] that down and possibly reuse or turn into fuel?

We are increasing our use of renewables to power our operations. Efforts include renewable power purchase agreements for 65 megawatts of wind power in West Texas and 29 megawatts of solar power in Southern California. We work with partners like Novvi and the San Francisco International Airport to deploy renewables to blend with our fuels and to develop renewable base oils for lubricants to reduce greenhouse gas emissions. We also collaborate with Pacific Ethanol, Waste Management and CalBio to provide renewable transport fuels. In addition, we evaluate potential feedstocks such as algae, woods, grasses and trees that may be used as cleaner sources of fuel in the future.

Chevron believes advanced biofuels can help meet the world's future energy needs if they are scalable, sustainable and affordable for consumers. That is why we are working to develop solutions that meet those criteria under an effective policy framework.

Chevron is actively evaluating options for biomass processing as part of our transportation fuels businesses, particularly in California. To date, our work, as well as that of others, to produce second-generation biofuels that are economical at scale without subsidies has not been successful. This included creating a joint venture with Weyerhaeuser, then the largest landowner in the United States, to try to commercialize cellulosic biofuels. We are exploring leveraging our current manufacturing facilities to produce biofuels along with our traditional petroleum products.

Our joint venture company Chevron Phillips Chemical is a founding member of the Alliance to End Plastic Waste, which is investing \$1.5 billion over 5 years to address the issue. One of the areas they are exploring is pyrolysis (chemical recycling) to reuse plastic.

Fifty years ago the concern was were we going to 'run out' of oil and gas? Now we have electric utilities, other businesses, and some policy makers pushing toward 'carbon zero' in less than fifty years. What does Chevron see as the future of oil and gas, ten, twenty, fifty years in the future? Is there an energy source that could replace oil and gas? What is it? Is Chevron looking to invest in 'new' energy sources?

Most energy experts agree oil and natural gas will account for about half of global energy consumption for at least the next 2 decades under almost any market scenario, even when government policies increasingly attempt to cut GHG emissions. We are lowering the company's carbon intensity cost efficiently, increasing the use of renewable energy in our business and investing in future breakthrough technologies.

Will Chevron commit to not pursue drilling in the Arctic National Wildlife Refuge?

We support access to federal lands for responsible exploration and development of oil and natural gas resources, including the Arctic National Wildlife Refuge Coastal Plain.

Given the current oversaturation of oil in the markets and its accompanying market disruption, are you nonetheless pursuing projects that involve substantial upfront costs? How are you assessing riskier investment opportunities during this uncertain economic time?

Chevron has in its past and is continuing to make long-term investments in projects that we believe will generate competitive returns over the long-term. Our portfolio has shifted to more short-cycle investments, which has enabled some of the flexibility in our capital program that we have demonstrated with the recent capital reductions.

What advantage do you see for your company in lagging far behind its competitors on climate action?

We don't control demand, but we must be accountable for how we are efficiently and effectively providing the energy the world needs. We will continue to work with governments and other stakeholders to encourage thoughtful dialogue that produces meaningful solutions to climate change. Effectively reducing scope 3 emissions (emissions generated by the use of products like oil and natural gas) requires a combination of well-designed policies and carbon-pricing mechanisms, as noted in the Vatican statement on carbon pricing, to which Chevron is a signatory. We help our customers meet their energy demands with less carbon intensity by developing biofuels, deploying technologies like the CalBio dairy digester, supplying natural gas for power generation, and adding renewable energy sources, like wind and solar.

Leading and Competitive Performance is an improvement on our past efforts to maintain continuous focus on reducing costs and keeping things simple. How do we help Chevron continue to work to sustain the culture of value focused after we exit the low price cycle environment?

We are working to meet one of humanity's greatest opportunities: delivering the affordable, reliable, ever-cleaner energy a growing world requires to meet its essential needs, while also achieving its environmental goals. Rising to this challenge requires us to perform at the highest level and inspires us to strengthen a culture where we continually raise performance standards. Today, the world is facing extraordinary events, with volatile markets and an evolving global pandemic. While we cannot predict the future, we can do what we do best: provide the energy that society depends upon. Chevron is well prepared to meet this challenge. Our unwavering commitment to the health and safety of our workforce, operating reliably, and capital and cost discipline are core principles that will serve us well as we work to meet the vital energy needs of the world.

How will Chevron demonstrate to shareholders that it will change course and take seriously this call to reduce Scope 1-3 emissions to net zero to protect shareholder value?

In the short- term and long- term, we're committed to being part of the solution to reach the goals of the Paris Agreement. At this time, our board and executive team felt it was most prudent to align our targets with the Paris agreed-upon global stocktake in 2023. This will enable us to be a constructive partner with governments around the world. The metrics we have set for the company are to:

- reduce methane emissions intensity by 20 to 25 percent
- reduce flaring intensity by 25 to 30 percent
- reduce upstream oil net GHG emission intensity by 5 to 10 percent
- reduce upstream natural gas net GHG emission intensity by 2 to 5 percent

cautionary statement and legal notice

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This document contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words or phrases such as "anticipates," "expects," "intends," "plans," "targets," "forecasts," "projects," "believes," "seeks," "schedules," "estimates," "positions," "pursues," "may," "could," "should," "will," "budgets," "outlook," "trends," "guidance," "focus," "on schedule," "on track," "is slated," "goals," "objectives," "strategies," "opportunities," "poised," "potential" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this document. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: changing crude oil and natural gas prices and demand for our products; crude oil production quotas or other actions that might be imposed by the Organization of Petroleum Exporting Countries and other producing countries; public health crises, such as pandemics (including coronavirus (COVID-19)) and epidemics, and any related government policies and actions; changing economic, regulatory and political environments in the various countries in which the company operates; general domestic and international economic and political conditions; changing refining, marketing and chemicals margins; the company's ability to realize anticipated cost savings, expenditure reductions and efficiencies associated with enterprise transformation initiatives; actions of competitors or regulators; timing of exploration expenses; timing of crude oil liftings; the competitiveness of alternate-energy sources or product substitutes; technological developments; the results of operations and financial condition of the company's suppliers, vendors, partners and equity affiliates, particularly during extended periods of low prices for crude oil and natural gas during the COVID-19 pandemic; the inability or failure of the company's joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude oil and natural gas development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of the company's operations due to war, accidents, political events, civil unrest, severe weather, cyber threats, terrorist acts, or other natural or human causes beyond the company's control; the potential liability for remedial actions or assessments under existing or future environmental regulations and litigation; significant operational, investment or product changes required by existing or future environmental statutes and regulations, including international agreements and national or regional legislation and regulatory measures to limit or reduce greenhouse gas emissions; the potential liability resulting from pending or future litigation; the company's future acquisitions or

dispositions of assets or shares or the delay or failure of such transactions to close based on required closing conditions; the potential for gains and losses from asset dispositions or impairments; government-mandated sales, divestitures, recapitalizations, industry-specific taxes, tariffs, sanctions, changes in fiscal terms or restrictions on scope of company operations; foreign currency movements compared with the U.S. dollar; material reductions in corporate liquidity and access to debt markets; the receipt of required Board authorizations to pay future dividends; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; the company's ability to identify and mitigate the risks and hazards inherent in operating in the global energy industry; and the factors set forth under the heading "Risk Factors" on pages 18 through 21 of the company's *2019 Annual Report on Form 10-K* and in subsequent filings with the U.S. Securities and Exchange Commission. Other unpredictable or unknown factors not discussed in this document could also have material adverse effects on forward-looking statements.

Certain terms, such as "unrisked resources," "unrisked resource base," "recoverable resources" and "original oil in place," among others, may be used in this document to describe certain aspects of the company's portfolio and oil and gas properties beyond the proved reserves. For definitions of, and further information regarding, these and other terms, see the "glossary of energy and financial terms" on pages 54 and 55 of the *2019 Supplement to the Annual Report*.

As used in this document, the term "project" may describe new upstream development activity, individual phases in a multiphase development, maintenance activities, certain existing assets, new investments in downstream and chemicals capacity, investments in emerging and sustainable energy activities, and certain other activities. All of these terms are used for convenience only and are not intended as a precise description of the term "project" as it relates to any specific governmental law or regulation.

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