

## **COMMUNICATIONS COMMITTEE NEWS / TIDBITS**

### **Chevron Reinforces Plan to Deliver Higher Returns, Lower Carbon Targets**

**Mar. 9, 2021-- At its annual investor meeting today, Chevron Corporation announced plans to increase return on capital employed and lower carbon intensity to enable superior distributions to shareholders.**

**“Chevron’s message to investors is summarized in four words – higher returns, lower carbon,” said Michael Wirth, Chevron’s chairman and CEO. “We’re building on our track record of capital and cost discipline to deliver higher returns. And we’re taking action to advance a lower carbon future.”**

#### **Higher Returns**

**Chevron will continue to drive a disciplined capital and cost program to deliver higher returns for shareholders in line with this objective. The company announced it has: Reaffirmed its 2021-2025 guidance for organic capital and exploratory expenditures of \$14 billion to \$16 billion. Doubled its initial estimate of Noble synergies to \$600 million, which contributes to an expected reduction in 2021 operating expenses of 10% from 2019.**

**The combination of a more capital efficient investment program and lower costs is expected to result in a doubling of the company’s return on capital employed and 10% CAGR of free cash flow by 2025 at \$50 Brent.**

**“The path to increase return on capital employed is straightforward – invest in only the highest-return projects and operate cost efficiently,” said Pierre Breber, Chevron’s CFO. “Capital discipline and cost efficiency always matter. We have the portfolio and investments that position us to increase returns and grow free cash flow.”**

**Over the next five years, as capital is expected to decrease for its major expansion in Kazakhstan, the company expects to increase its investment in a number of Chevron’s attractive assets, including its world class position in the Permian.**

**“Our Permian Basin asset is advantaged relative to others. The long-term outlook is positive and capital efficiency is improving,” said Jay Johnson, executive vice president, Upstream. “We expect to grow production while generating strong free cash each year along the way.” In Kazakhstan, the FGP-WPMP project is 81% complete and remobilization of project staff continues to progress. “We remain focused on sustaining our pandemic mitigation measures and increasing productivity at Tengiz, Johnson said. ” “Executing our 2021 work program, amidst the pandemic, will be an important signpost for the project’s budget and schedule.”**

### **Lower carbon**

**The company exceeded its 2023 upstream carbon intensity reduction targets three years ahead of schedule and today announced lower 2028 targets and zero routine flaring by 2030. The new targets align with the second stock-take period under the Paris Agreement and include all of Chevron’s production on an equity-basis:**

**24 kg COe / boe for oil and gas GHG intensity; a combined 35% reduction from 2016**

**3 kg COe / boe for overall flaring intensity; 65% lower than 2016**

**2 kg COe / boe for methane intensity; 50% lower than 2016**

**“Our energy transition strategy is focused on actions that are good for both society and shareholders,” said Bruce Niemeyer, vice president of Strategy & Sustainability, “Achieving our 2028 goals is expected to keep Chevron a top quartile oil and gas producer in terms of carbon intensity.”**

**In addition, the company updated plans to increase renewable energy and carbon offsets and to invest in low-carbon technologies such as hydrogen and carbon capture, utilization and storage. Over the past several weeks, Chevron launched its second Future Energy Fund with an initial commitment of \$300 million and announced a new bioenergy partnership in California with Schlumberger and Microsoft, designed to qualify as carbon negative.**

**“We released our third TCFD-aligned climate report today, which details how Chevron plans to deliver long-term value in a lower carbon future,” Wirth said. “We expect to invest more than \$3 billion in the coming years to advance our energy transition strategy.”**

### **Upside leverage and downside resilience**

**With its industry leading balance sheet and flexible capital program, Chevron is positioned to reward investors in any environment. At a Brent oil price average of \$60 per barrel, the company expects to earn double-digit return on capital and generate cash, above its dividend and capital spending, greater than \$25 billion over the next five years. At a Brent oil price average of \$40 per barrel over the next 5 years, the company expects its net debt ratio to peak around 35% while sustaining the dividend.**

**“Even through these challenging times, Chevron maintained its financial strength and capital discipline,” Wirth concluded. “Our strategy positions Chevron to return cash to shareholders today and into the future.”**