permian basin

2.2M
net acres

one of the largest net acreage positions in the Permian Basin, which is located in West Texas and southeast New Mexico

100%

of the MCBU drill rig fleet is equipped as of 2021 to utilize natural gas or the grid for primary power, which is expected to reduce emissions intensity and well costs

99%

of water used in 2021 was from brackish or recycled sources

Photo: The company's most significant holdings in the Mid-Continent business unit (MCBU) are in the Permian Basin, where Chevron has been active since 1920. We understand the importance of protecting the region's resources – both the environment and the community. We've made notable progress in water use, flaring minimization, renewable energy and community involvement.

Original release May 2022; update June 2022, page 45 (revised first bullet list in Highlights from 2021 column).

a force for shared progress

Our success is driven by our people and their commitment to deliver affordable, reliable and ever-cleaner energy. Our strategy is clear – we are leveraging our strengths to deliver lower carbon energy to a growing world. By operating responsibly and performing with excellence, we strive to make Chevron the partner of choice and aim to be a force for shared progress and prosperity. Our success rests on a culture true to our Chevron Way values – getting results the right way.

message from our chairman and CEO

As the global energy system evolves to meet the demands of a growing world, we are focused on delivering affordable, reliable and ever-cleaner energy.

Achieving a more sustainable future for Chevron means drawing on our culture of human ingenuity to solve problems and deliver solutions. It also means being an outstanding partner with businesses around the world and with the communities we call home.

These priorities inspire us to build trust through collaboration and to nurture the diverse talent necessary to accomplish our goals. Getting results the right way isn't always easy, but at Chevron we know it's the sustainable way.

reducing our carbon intensity

While conversation about the energy transition often focuses on future actions, we are making progress today. We have identified nearly 100 GHG abatement projects to reduce the carbon intensity of our operations, and expect them to deliver approximately 4 million tonnes of emissions reductions per year when completed. In 2021, we started 36 decarbonization projects and completed five. In 2022, we are more than doubling the number of projects to 75 and expect to spend approximately $2 billion total on similar projects through 2028.

leading in methane management

We continue to lead in methane management in our U.S. operations, particularly in the Permian, where our methane intensity is 85% lower than the basin average. Chevron is on track to meet our 2028 target to reduce enterprise methane emissions intensity by more than 50% from 2016 levels and eliminate routine flaring by 2030.

To continue making progress, we're expanding methane detection capabilities. In addition to traditional ground-based sensors, we're deploying detection technology using satellites, aircraft and drones for broader coverage. Better methane detection is critical to reducing carbon intensity, and our work with industry and academic partners contributes to improving the accuracy and credibility of global methane reporting.

new opportunities, new partnerships

Reducing carbon emissions today requires partnership and collaboration, because no one company, industry or nation – acting alone – can meet the world's energy and climate goals.

This is particularly true with harder-to-abate sectors, such as manufacturing, agriculture, aviation and heavy-duty transportation. We are working with innovators around the globe to develop breakthrough technologies and building new partnerships to scale lower carbon solutions.

In this spirit, we formed Chevron New Energies, leveraging our unique capabilities, assets and customers. We're working to grow production of products such as renewable diesel, sustainable aviation fuel, renewable natural gas, biodiesel and renewable base oil. Our El Segundo Refinery was the first refinery in the U.S. to co-process biofeedstock to make transportation fuels with renewable content and a lower lifecycle carbon intensity. This capital-efficient project leveraged existing assets, enabled by patented, Chevron-developed technology.

Chairman's letter continues on page 4

Photo: Mike Wirth speaks with workforce during worldwide employee town hall.

2021 awards and recognition

- 100% rating: Human Rights Campaign Foundation's 2022 Corporate Equality Index (17th consecutive year)
- 100% on the Disability Equality Index for the Best Places to Work for Disability Inclusion (3rd consecutive year)
- JUST Capital Best Company for Workers in the Oil & Gas industry
- EGYPS (Egypt Petroleum Show) Employer of the Year Championing Inclusion, Diversity and Equality
- Corporation Leader of the Year award by Women Leaders in Data and Artificial Intelligence
- Women's Forum of New York Corporate Champion: more than 40% of Board seats are held by women
- *Forbes*' Just 100 and Best Employers For New Grads lists
- Top Veteran-Friendly Company by *U.S. Veterans Magazine*
- 5-star rating by The Hispanic Association on Corporate Responsibility's Corporate Inclusion Index in areas of Employment and Governance

“getting results the right way isn’t always easy, but at chevron we know it’s the sustainable way”

– mike wirth

In addition, we are making great progress in growing our capabilities to produce lower carbon intensity fuels through agreements with Bunge, CalBio, Brightmark, Gevo and Renewable Energy Group.

contributing to a more prosperous world

In this year’s report, we have included our contribution to Ipieca’s SDG Roadmap for the oil and gas sector. Chevron supports the United Nations Sustainable Development Goals through our day-to-day operations, partnership initiatives and social investments. Tengizchevroil in 2021 supported Kazakhstani companies with the highest percentage of total spend since 2010 – an example of how we can use our supply chain to create opportunities for local businesses. Chevron’s water management practices utilize several methods to reduce operational demand for fresh water. We continue to partner with organizations like the World Business Council on Sustainable Development and are contributing to the Global Water Solutions Project to develop new tools to strive to make more fresh water available for communities where we operate. Many more such examples are noted in this report.

human ingenuity drives it all

We invest to develop the full potential of people, believing this offers the best path to a better future for all.

In 2021, we made strong progress on our Racial Equity strategy and continued executing our $15 million commitment to address racial inequality in the United States.

The health and safety of our workforce is core to The Chevron Way. We strive to provide effective health and education programs to employees and to residents of the communities where we operate. We understand that self-care, mental health and emotional well-being are integral to employee health, safety and productivity.

Through our commitment to operational excellence, dedication to partnership, and support for developing the potential of our people, Chevron is focused on what it takes to lead the right way.

We proudly embrace our role and go forward with confidence and determination, committed to making vital contributions on the journey ahead.

Thank you for your engagement, trust and partnership.

Sincerely,

Michael K. Wirth
Chairman of the Board
and Chief Executive Officer

2021 ESG highlights

protecting the environment

>35% GHG reduction target

set for Upstream carbon intensity (Scope 1 and 2) by 2028 from our 2016 baseline

2050 net zero aspiration

adopted for Upstream GHG emissions (Scope 1 and 2); see page 15 for more details

portfolio carbon intensity metric

developed encompassing Scope 1, 2 and 3 GHG emissions

launched Chevron New Energies

50%

reduced flaring since 2016

top quartile performance

maintained in Upstream oil and gas GHG intensity

empowering people

Forbes 2021 THE BEST EMPLOYERS FOR NEW GRADS POWERED BY STATISTA

#64 out of top 250

Forbes 2021 WORLD'S BEST EMPLOYERS POWERED BY STATISTA

#172 out of top 750

HUMAN RIGHTS CAMPAIGN FOUNDATION 2022 BEST PLACES TO WORK for LGBTQ+ Equality 100% CORPORATE EQUALITY INDEX

top marks for 17th consecutive year

DEI DISABILITY EQUALITY INDEX℠ Best Place To Work For Disability Inclusion

100% for 3rd consecutive year

getting results the right way

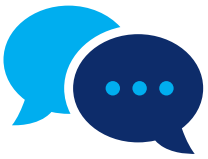
$21.1B

record free cash flow in 2021 – 25% greater than our previous high

34 years

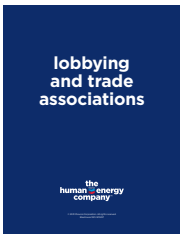
in a row of increasing annual dividend payout per share

directly linked Chevron Incentive Plan to achieving energy transition milestones



100+ engagements

carried out with investors and stakeholders in 2021



furthered commitment to transparency by disclosing all contributions to trade associations and publishing list twice a year

in this report

we focus our sustainability efforts on addressing environmental, social and governance issues, including implementing strong environmental stewardship, putting people at the center of everything we do and achieving results the right way

for complete reporting, visit chevron.com/sustainability

board of directors

Michael K. (Mike) Wirth
Chairman of the Board
and Chief Executive Officer

Enrique Hernandez, Jr.
(3, 4)

Dambisa F. Moyo
(1)

Wanda M. Austin
(2, 3)

Marillyn A. Hewson
(1)

Debra Reed-Klages
(1)

John B. Frank
(1)

Jon M. Huntsman Jr.
(3, 4)

Ronald D. Sugar
(2, 3)

Alice P. Gast
(2, 4)

Charles W. Moorman
(2, 3)

D. James Umpleby III
(2, 4)

Committees of the Board

[1] Audit: Debra Reed-Klages, Chair
[2] Board Nominating and Governance: Wanda M. Austin, Chair
[3] Management Compensation: Charles W. Moorman, Chair
[4] Public Policy and Sustainability: Enrique Hernandez, Jr., Chair

board insight

a conversation with debra reed-klages

Independent Director Debra Reed-Klages had a virtual sit-down with Vanessa Teran, an employee network specialist in our Diversity, Inclusion, and Ombuds organization. Mrs. Teran is a proud member of Somos (Spanish for "We are"), one of Chevron's 12 employee networks that promote diversity and inclusion. Somos provides leadership development, promotes inclusive behaviors, and helps create meaningful connections with Latin American and Hispanic employees at Chevron.

Their discussion covered a wide range of topics – from expectations regarding the pace of the energy transition to the role diversity can play in managing organizational change. Ms. Reed-Klages shared her thoughts on Chevron's role in a lower carbon future and the thoughtful approach we have taken thus far to advance an orderly transition.

Debra Reed-Klages, Audit Committee Chair

Vanessa Teran, Employee Network Specialist

Teran: Can you reflect on how Chevron is managing the energy transition?

Reed-Klages: Chevron's approach to the energy transition balances ambition and reality. It recognizes that the energy transition is exactly that – a transition. The world needs energy, and advancing to a lower carbon future should not leave anyone behind. We are driving down the carbon intensity of our oil and natural gas production today and investing to develop lower carbon energy solutions for tomorrow. A diversity of approaches toward achieving a lower carbon future is essential. Chevron is targeting the sectors of the economy that are difficult to decarbonize – manufacturing, aviation and heavy-duty transportation – because they are much more difficult to electrify than light-duty transportation. Chevron has the capabilities, assets and customers to drive change and innovation in these critical sectors, but such innovation will require ambitious government policies designed to align goals, create viable markets and serve as a catalyst for action.

Teran: Can you share how the Board approached the launch of Chevron New Energies (CNE)?

Reed-Klages: I am really excited about CNE. Our portfolio of energy technologies is expected to evolve over time as we advance toward a lower carbon future. Chevron recognized that to be a future leader, we needed to create an organization with a singular focus on pursuing lower carbon businesses. CNE builds on Chevron's competitive advantages and provides a platform to accelerate lower carbon business activities in harder-to-abate sectors. For example, Chevron's experience in operating complex refineries supports our hydrogen efforts; our experience in drilling helps us be leaders in carbon capture, utilization and storage; and our customer base in harder-to-abate sectors benefits from our ability to develop lower carbon products and solutions. In addition, Chevron is a goal-oriented organization, and CNE's launch has helped focus the business on achieving the hydrogen and carbon capture targets we have set for ourselves.

Teran: What have you learned about Chevron's culture since you joined the Board?

Reed-Klages: I've been particularly struck by the pride employees take in their jobs and the variety and length of their careers at Chevron. As employees move through different roles, they learn the implications of decisions on other parts of the business and build a robust picture of what drives value. Employees care about colleagues and business performance because they want to be a part of Chevron's future. I've also been struck by the themes of caring and doing the right thing that permeate Chevron's culture. For example, Chevron discloses GHG emissions data and established carbon intensity reduction targets on an equity basis – covering GHG emissions from company-operated and nonoperated joint ventures. Despite having less control over nonoperated joint ventures, transparently communicating our progress toward achieving global GHG emissions reduction goals is the right thing to do.

Teran: How does the Board embrace diversity and why does diversity matter?

Reed-Klages: In November 2021, Chevron was recognized by the Women's Forum of New York for having more than 40% of our Board seats held by women. Overall, the Board seeks to achieve diversity of age, gender and ethnicity and recognizes it's important to refresh Board membership and committee chair positions to introduce fresh ideas and perspectives. This multidimensional diversity enables the Board to challenge itself and management from different points of view. Chevron believes innovative solutions to our most complex challenges emerge when diverse people, ideas and experiences come together in an inclusive environment. I believe diversity brings not only new ideas and perspectives, but also resilience through change. Inclusion cultivates authenticity and a sense of belonging that can foster meaningful connections among employees. These connections can give people the strength they will need as our business evolves and we advance a lower carbon future.

"I believe diversity brings not only new ideas and perspectives, but also resilience through change"

– debra reed-klages

our purpose

we develop the affordable, reliable, ever-cleaner energy that enables human progress

our vision

to be the global energy company most admired for its people, partnership and performance

Photo: Employees at Tengizchevroil in Kazakhstan are working to start up the Future Growth Project and Wellhead Pressure Management Project.

focusing on what matters

stakeholder engagement and issue prioritization

Our sustainability reporting focuses on environmental, social and governance (ESG) issues that matter to our business and our stakeholders. Thoughtful engagement around priority issues (sometimes called "material issues" in the context of ESG reporting frameworks[1]) helps us assess and, where necessary, refresh our ESG strategy and commitments and validate priorities in relation to business risk and opportunities.

The content for our *Corporate Sustainability Report* (2021) was identified through issue prioritization processes and engagements with internal and external stakeholders throughout the year. To gain insight into ESG issues and reporting trends, we engage with numerous third-party groups, including: World Business Council for Sustainable Development, World Economic Forum, Business for Social Responsibility and Ipieca. In addition, we benchmark and obtain third-party reviews of our prior year's *Sustainability Report* and send questionnaires to more than 100 internal subject matter experts and stakeholders to test our thinking. In 2021, we had more than 100 engagements with investors and other stakeholders in which a wide range of issues was discussed, such as climate change, corporate culture, cybersecurity, water, human capital management and employee mental health following COVID-19. As part of our reporting cycle, we provide relevant members of the Executive Leadership Team and senior management, the Global Issues Committee, and the Board's Public Policy and Sustainability Committee with the opportunity to review and provide input to the planned content for our voluntary *Sustainability Report*.

Since 2020, we have partnered with Datamaran, an ESG risk identification and monitoring software company that uses a comprehensive data-driven process to identify, prioritize and monitor ESG issues. Its business intelligence tool aims to leverage artificial intelligence to incorporate a wide array of inputs, including corporate reports, global regulations, Sustainability Accounting Standards Board (SASB) metrics, social media and online news. We believe this tool is one of many useful inputs into our overall process for assessing the relevance of ESG issues and trends and that it helps us evaluate our alignment with diverse and sometimes competing stakeholder interests.

Commitment to transparency

We demonstrate our commitment to transparency by reporting metrics and performance data annually. To determine which metrics to include, we consider the reporting guidance, indicators and terminology of the SASB, Task Force on Climate-related Financial Disclosures (TCFD), *Sustainability Reporting Guidance for the Oil and Gas Industry* (2020) by Ipieca, the International Association for Oil & Gas Producers and the American Petroleum Institute, as well as other leading reporting frameworks. We have also disclosed our ESG data, including GHG emissions data, in the IHS Markit ESG Reporting Repository to enable investors and other stakeholders to efficiently compare ESG data across sectors and reporting frameworks in the absence of consistent mandatory reporting requirements.

Responding to our stakeholders

Our stakeholder engagement process has resulted in action in our business and enhancements to our reporting. These are but a few examples:

- In 2021, in response to a proxy proposal and investor feedback, we created an updated lobbying and trade association webpage that includes additional transparency on both lobbying and political contributions.
- Discussions with investors have shaped our reporting and led us to utilize SASB and TCFD frameworks for sustainability disclosures. Beginning in 2019, we enhanced our reporting by aligning our performance data table with the recommendations of the SASB voluntary framework, as reflected in our SASB index column. In 2020, we began considering how our data related to the core Stakeholder Capitalism metrics developed by the World Economic Forum. These enhancements help provide comparable information for investors and other stakeholders.

1 With respect to the use of the term *material*, individual companies are best suited to determine which information is material under the long-standing U.S. Supreme Court definition of that term, and whether to disclose this information in U.S. Securities and Exchange Commission financial filings.

- Employees regularly express their thoughts and concerns to management through many formal and informal channels, including town hall meetings, employee pulse surveys and our Workplace platform. A recurring theme has been transparency and equity in job selection processes. Chevron identifies leaders to participate in our internal job selection meetings who act as a neutral third party focused on recognizing unconscious bias. The goal is to facilitate open discussions and bring more transparency to our decision-making processes.

The table below highlights how we engage with our key stakeholder groups and what topics we typically discuss.

stakeholder engagement

stakeholders	what do we discuss?	how do we engage?
stockholders	• Climate change and the energy transition • Environmental impacts • Executive compensation • Governance • Risk management • Social issues and human rights	• Annual Meeting of Stockholders • Disclosure alignment with SASB and TCFD reporting frameworks • ESG engagements • Quarterly analyst calls • Securities and Exchange Commission filings • Stockholder communication
employees	• Career development and advancement • Climate change and the energy transition • Compensation, benefits and equal opportunity • Health, safety and the environment • Well-being and stress management	• Employee networks • Employee surveys • Global Office of Ombuds • Town halls • Workplace by Facebook – an internal and informal social platform
suppliers and contractors	• Climate change and the energy transition • Health, safety and the environment • Local employment and contracting opportunities • Supplier diversity in the United States	• Advanced supplier relationship and service quality programs, which focus on collaborative improvement of mutual goals • Contractor Health, Environment and Safety Management process, which includes forums, meetings and audits • Engagements with local suppliers • Support and participation in various woman- and minority-owned supplier diversity councils
communities	• Asset retirement and environmental remediation • Health, safety and the environment • Land use • Local workforce and career training • Project and operational impacts • Social investment	• Community feedback hotlines • Grievance mechanisms • Local staff dedicated to community engagement • Regional development committees/strategic partnerships • Town halls • Volunteering • Websites, media and social media
governments	• Climate change and the energy transition • Cultural heritage management • Economic benefit and jobs • Energy supply and security • Health, safety and the environment • Social issues and human rights	• Engagement with all levels of government • Industry and trade association policymaking and advocacy • Promoting Chevron's Statement on Human Rights Defenders and expectations of suppliers, contractors and business partners to comply • Regulatory rulemaking • Respect for Indigenous rights through Chevron Resettlement Guidance and Indigenous Peoples' Guidance
NGOs	• Climate change and the energy transition • Economic development • Social issues and human rights • Transparency	• Participation in international climate initiatives and reporting frameworks • Participation in the Extractive Industries Transparency Initiative • Participation in United Nations' working groups and other multistakeholder initiatives • Partnerships for environmental research
customers	• Environmental management • Health and safety performance • Lower carbon • Product and service quality • Social issues and human rights • Supply chain oversight • Timely delivery • Training	• Chevron Consumer Connection Center with support as needed from relevant corporate affairs departments and leadership • Customer questionnaires • Local customer service centers and support teams • Regular customer engagements • Regular engagement between sales teams and our business customers

protecting the environment

We work to deliver the energy the world needs while protecting the environment.

Photo: Tanks at our El Segundo Refinery in California store biofeedstocks, which can be converted into renewable fuels. In this section, learn more about our approach to climate change.

climate change

driving energy progress essential to a growing, dynamic world

higher returns, lower carbon

Chevron has a long history of producing oil, natural gas and other products that enable human progress, which we proudly continue today as we help evolve the energy future. Our primary objective is to deliver higher returns, lower carbon and superior shareholder value in any business environment. Many published outlooks conclude that fossil fuels will remain a significant part of the energy system for years to come and that the energy mix will increasingly include lower carbon intensity sources. The world's energy demands are greater now than at any time in human history.

Affordable, reliable, ever-cleaner energy is essential to achieving a more prosperous world. Our strategy is clear – leverage our strengths to deliver lower carbon energy to a growing world. Our capabilities, assets and customers are distinct advantages. We are building on these strengths as we aim to lead in lower carbon intensity oil, products and natural gas and to advance new products and solutions that reduce the carbon emissions of major industries. We're driving energy progress essential to a growing, dynamic world.

our objective

higher returns, lower carbon

our strategy

leverage our strengths to deliver lower carbon energy to a growing world

we aim to lead in lower carbon intensity oil, products and natural gas and to advance new products and solutions that reduce the carbon emissions of major industries

$8B

in lower carbon investments by 2028

We believe growth in renewable fuels, hydrogen, carbon capture and offsets may enable 30 million tonnes of CO_2e reductions by 2028.

$2B

in carbon reduction projects by 2028

We have identified nearly 100 GHG abatement projects and plan to spend more than $300 million in 2022.

our 2028 carbon intensity targets:

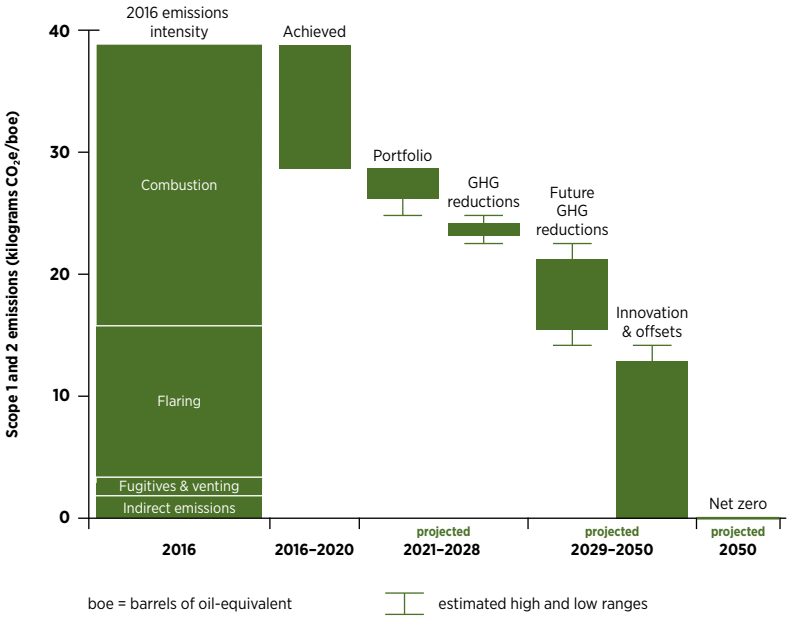
upstream carbon intensity
(Scope 1 and 2): 24 kg CO_2e/boe

refining carbon intensity
(Scope 1 and 2): 36 kg CO_2e/boe

portfolio carbon intensity
(Scope 1, 2 and 3): 71 g CO_2e/MJ

boe = barrels of oil-equivalent MJ = megajoules

upstream net zero 2050 aspiration



potential scope 1 and 2 reduction opportunities 2029–2050

source type	reduction strategies	supporting policy
Direct energy use: combustion	Energy management, e.g., efficiency improvements, fuel switching to lower carbon sources, CCUS, offsets	Carbon pricing, carbon-related reporting, innovation support for technologies like CCUS, offsets
Flaring	Gas market development, operational best practices, e.g., flow assurance	Infrastructure support for gas market development
Fugitives & venting	Methane management, e.g., leak detection and repair, pressure-management systems	Equipment performance standards
Indirect energy use: imported electricity & steam	Energy management, e.g., efficiency improvements, fuel switching to lower carbon sources, CCUS, offsets	Carbon pricing, carbon-related reporting, innovation support for technologies like CCUS, offsets

achieving net zero at least cost to society

We aspire to achieve net zero Upstream emissions (Scope 1 and 2) by 2050. Accomplishing this aspiration depends on continuing progress on commercially viable technology; government policy; successful negotiations for carbon capture, utilization and storage (CCUS) and nature-based projects; the availability of cost-effective, verifiable offsets in the global market; and the granting of necessary permits by governing authorities.

An economically efficient approach to GHG abatement
An economically efficient approach to GHG abatement is to prioritize efforts that curtail emissions at the lowest cost per tonne, irrespective of the sectors in which those abatements occur. Marginal Abatement Cost Curves (MACCs) provide Chevron with a methodology to identify and prioritize a portfolio of the most promising GHG abatement opportunities across operations. This MACC approach has provided other companies and governments with investment insights that focus on achieving the greatest volume of GHG reductions at the least cost to society.

Reduce carbon intensity of our own operations
Our target for Upstream oil and natural gas intensity is 24 kg CO_2e/boe. To reduce the carbon intensity of our own operations, we have identified nearly 100 projects and plan to spend more than $300 million in 2022. In 2021, we made progress on 36 projects and completed five. We expect to spend approximately $2 billion total on similar projects through 2028. When completed, the projects are expected to deliver approximately 4 million tonnes of emissions reductions per year. In the years beyond 2028 in our MACC portfolio planning, we have identified opportunities that have the potential to further lower our Upstream carbon intensity to the mid-teens, helping us get closer to our net zero Upstream aspiration. Significant technology advancements and the development of large offsets markets could enable reductions to net zero by mid-century.

using carbon price as the primary policy tool

In 2020, more than 60% of our total Scope 1 and Scope 2 equity GHG emissions were in regions with existing or developing carbon-pricing policies. Equity emissions include emissions from operated and nonoperated joint-venture assets based on Chevron's financial interest. To reduce emissions, we believe a price on carbon is the most efficient mechanism for public policy because it harnesses market forces. For example, our Eastern Mediterranean business unit supported Israel's adoption of a price on carbon as the primary policy tool for fulfilling the state's carbon reduction goals. By adopting a market-based approach to carbon reduction, Israel has shown it's at the forefront of countries around the world in addressing global climate change.

We use carbon prices and derived carbon costs in business planning, investment decisions, impairment reviews, reserves calculations, and assessment of carbon reduction and new energy opportunities.

developing a balanced and measured approach

A balanced and measured approach aims to meet long-term economic, environmental and energy-security needs; allocate costs in an equitable, gradual and predictable way; and consider both GHG mitigation and climate change adaptation. Policies should promote market-based mechanisms that create a level playing field, do not pick winners or losers, and eliminate inefficient, higher-cost direct regulations. As a California-based company with significant operations and investment in the state, we have a long history of engagement and advocacy both directly and through our trade associations. This has included engagement and advocacy regarding California's cap-and-trade program, the first economywide carbon-pricing program in the United States. This program uses several key design elements of balanced and measured climate policy by covering all sectors of the economy, leveraging carbon pricing and crediting additional emissions offsets outside its cap.

supporting promising technologies

Well-designed climate policy supports research, development and early-stage deployment of promising technologies. At the federal level in the United States, Chevron supported the Bipartisan Infrastructure Investment and Jobs Act's inclusion of critical provisions encouraging development of carbon capture, utilization and storage and hydrogen technologies.

Early-stage federal investment can help the United States become a leader in developing emerging technologies that the world's leading energy and climate experts deem critical to addressing climate change.

engaging globally

Climate change requires global engagement and action. We believe market-based mechanisms applied across the broadest possible coverage of emissions are the most effective and efficient way to reduce emissions. As a member of the International Emissions Trading Association (IETA), Chevron has supported IETA's mission to be the trusted business voice on market-based climate solutions. Through IETA and other business groups, Chevron remains engaged as official observers to the United Nations Framework Convention on Climate Change, which seeks to build global consensus on cooperative approaches between governments, NGOs, research organizations and other stakeholders to achieve the long-term goals of the Paris Agreement.

In addition, well-designed policy should enable linking with other markets to build a globally coordinated system. Linking to other jurisdictions directly or through flexible market mechanisms such as offsets can create opportunities for global coordination while avoiding unintended trade and investment impacts and the risk of offshoring jobs and emissions.

climate change policy framework

our overarching vision:

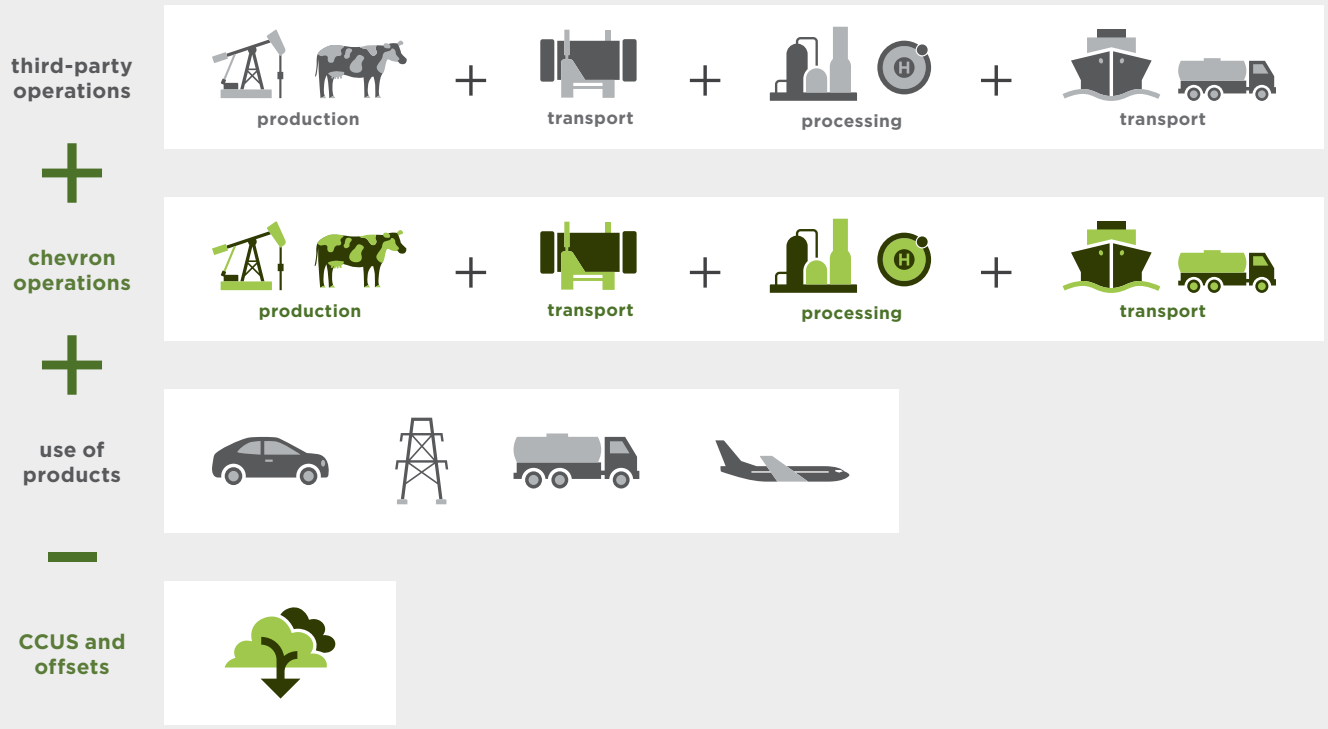
we support policy that enables the realization of a lower carbon future at least cost to society

we believe policymakers should:

- **ensure global engagement and action**
- **encourage investment in technology, research and innovation**
- **take a balanced and measured approach**
- **promote transparency and equity**

elements of well-designed policy:

- Include all sectors of the economy
- Complement and reinforce rather than hinder market efficiency
- Utilize a price on carbon as the primary policy tool
- Enable linking with other markets
- Recognize and account for negative emissions technologies and offsets
- Support early-stage pre-commercial activity and research and development for breakthrough technologies



chevron's portfolio carbon intensity (PCI)

The PCI metric, which includes Scope 1, 2 and 3, represents the carbon intensity across the full value chain associated with bringing products to market.

supporting transparency

Consistent and comparable climate reporting

We aim to lead the industry in transparent climate change-related reporting and support efforts to enhance the comparability and consistency of such information in public disclosures. We have voluntarily reported our greenhouse gas emissions, including Scope 3 emissions from the use of our products, for nearly two decades. In 2018, Chevron was among the first oil and gas companies to publish a report aligned with the Task Force on Climate-related Financial Disclosures, and we issued a fourth update in October 2021. We helped the American Petroleum Institute develop a voluntary template for oil and gas companies to report core GHG emissions data to enable greater comparability in climate-related reporting.

Full value chain carbon accounting

We believe transparent data and policies enable consumer choice and the most efficient GHG reductions. In addition, verifiable, full value chain carbon intensity data can enable price discovery, a comparison of the "green premium," and a supply chain of affordable, reliable and ever-cleaner products. In 2021, we introduced a portfolio carbon intensity (PCI) metric that represents the carbon intensity across the full value chain associated with bringing products to market, including Scope 3 emissions. This methodology is **available on our website** for anyone to use and compare energy companies. In our case, Scope 3 emissions result principally from customers' use of the products we sell and are the largest category of emissions associated with Chevron's activities. Our PCI target for 2028 is 71 g CO_2e/MJ, a >5% decrease from 2016.

Responsible lower carbon energy

In collaboration with Pavilion Energy and QatarEnergy, we jointly developed a liquefied natural gas (LNG) carbon-footprinting methodology for delivered cargoes to help advance a standard for GHG product-level accounting. This methodology is expected to improve accuracy and build stakeholder confidence in data reliability. In early 2022, we announced a one-year pilot with Project Canary to enhance our ability to demonstrate transparency in how we are lowering methane emissions in our operations. Project Canary will use its comprehensive TrustWell™ Certification program to review and analyze the environmental and social performance aspects of individual wells and facilities in Colorado and Texas.

lowering the methane intensity of our operations

Chevron's efforts to achieve our 2028 Upstream methane intensity target of 2.0 kg CO_2e/boe include facility design, GHG reduction projects and exploring emerging technology to identify opportunities to further lower emissions. Our planned GHG reduction projects include opportunities to reduce venting, such as a nitrogen blanket system for the tank farm at Tengizchevroil (TCO), and to reduce flaring, which also reduces methane emissions. Our standard facility design in the Permian Basin includes methane emission controls, such as vapor recovery units at central tank batteries and pneumatic controllers that utilize compressed air instead of natural gas. We are committed to further improving methane detection and direct measurement through our global methane detection campaign, which focuses on scaling up proven and emerging detection technologies and modes of deployment, such as satellites, aircraft and drones. To date, we have completed campaigns in Argentina, the Denver-Julesburg Basin, the Gulf of Mexico, the Permian Basin and TCO.

We are active participants in multiple partnerships and associations focused on methane emissions. Chevron is a founding member of the Collaboratory to Advance Methane Science (CAMS), a joint industry project to conduct peer-reviewed research around methane emissions. Recent CAMS projects include an aerial survey to understand sources in the Permian Basin and the first measurement study of methane emissions from LNG transport activities. Chevron is also a founding partner of the Environmental Partnership, an industry initiative aimed at accelerating the adoption of practices that reduce methane emissions. To date, companies in this initiative have conducted more than 770,000 leak detection surveys and replaced more than 27,000 pneumatic controllers with lower- or non-emitting technologies. Recently, the Environmental Partnership collaborated with several aerial survey technology providers, including the NASA Jet Propulsion Laboratory/University of Arizona, GHGSat, Bridger Photonics and Kairos Aerospace.

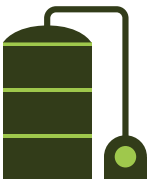
leading methane intensity performance in the permian basin

We're investing to reduce methane emissions and flaring. Improving methane detection, rethinking facility designs, optimizing equipment and deploying new operational practices are a few examples of the projects underway to lower emissions.

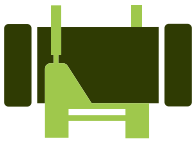
Our Mid-Continent business unit has piloted eight advanced methane detection solutions since 2016 and selected an aerial laser-based methane scanning technology for broader deployment in the Permian. Aircraft-based solutions help us and other nearby operators cost-effectively screen assets for methane emissions across a wide geographic footprint in the Permian.

Completion operations flow back to permanent facilities that have equipment to capture entrained gas.

Since 2011, standard facility designs have included compressed air for pneumatic controllers, which eliminate natural gas venting for that application.



Standard designs for tank batteries and compressor stations include Vapor Recovery Units, which gather emissions that can be reused onsite or sold to third parties.



Flaring intensity was 79% less than Permian Basin average in 2020 due to infrastructure planning to create gas-takeaway capacity.

eliminate routine flaring

Chevron endorses the World Bank's Zero Routine Flaring by 2030 initiative.

Jesse Sandlin

Lead Operational Excellence Management System (OEMS) Specialist, Rockies Business Unit

employee spotlight

Early in 2021, I was asked to serve as project manager for Chevron's methane detection campaign, which is tasked with deploying methane detection technology to cover 80% of our equity emissions.

Our team works with business units across Chevron's asset classes to design tailored methane detection solutions to accommodate operational needs, policy concerns and regulatory protocols. We are experimenting with a variety of technologies to expand our methane detection capabilities, including deploying airborne sensors using satellites, aircraft and drones. In addition to working within Chevron's business units, we also collaborate with regulators, universities and other operators to evaluate equipment and share best practices.

I'm especially proud of our work with the Gulf of Mexico business unit, where we became one of the first operators to deploy a methane detection solution offshore using drones. Offshore is especially challenging because ocean water can confuse detection technology and create false readings. In addition, platforms have layered equipment, which can make it difficult to identify the source of emissions from overhead sensors alone. To solve this challenge, we combined emissions detection equipment from our San Joaquin Valley business unit with drones used offshore and developed a new flight procedure to detect methane emissions from the platforms. After identification, the business units work to remove or mitigate the emissions source.

Methane reduction is a global challenge, and there is not a one-size-fits-all solution. I am inspired by the level of expertise within our company and our culture of innovation and experimentation.

reducing flaring

We flare natural gas only when necessary for safety and operational purposes and in areas where pipelines and other alternatives for transporting gas do not exist. Our 2028 Upstream carbon intensity target includes a specific target for flaring intensity of 3.0 kg CO_2e/boe, which is a 66% reduction from our 2016 baseline. Chevron endorsed the World Bank's Zero Routine Flaring by 2030 initiative, which brings together governments, oil companies and development institutions to cooperate to eliminate routine flaring by no later than 2030. Chevron is an active participant in the World Bank's Global Gas Flaring Reduction (GGFR) voluntary partnership. GGFR recently partnered with the Payne Institute for Public Policy at the Colorado School of Mines to develop a transparent web platform to support real-time mapping and tracking of global gas flaring data. Chevron supported this partnership through our membership in the Oil and Gas Climate Initiative.

applying world-class capabilities

Future progress will require applying our world-class capabilities as we aim to deliver higher returns in a lower carbon world. Our capabilities, assets and customers are distinct advantages. Chevron Technology Ventures targets external innovation and transformational technology. The Chevron Technical Center develops and deploys technology across the entire business, including integrating low-carbon technology into our operations. In 2021, we formed Chevron New Energies, a new organization dedicated to growing hydrogen, CCUS, offsets and other emerging energies. Chevron Strategy and Sustainability continues to steward the company's long-term strategy by integrating climate change, energy transition and other sustainability themes into macroeconomic forecasting, supply-and-demand forecasting, price forecasting, portfolio modeling and competitor intelligence.

houston CCS

Chevron and more than 10 industry partners have agreed to support large-scale deployment of carbon capture and storage (CCS) to help decarbonize industrial facilities in Houston, Texas, one of the largest concentrated sources in the United States. The organizations are considering using CCS technology at facilities that generate electricity and manufacture everyday products such as plastics, motor fuels and packaging. The collaboration could lead to capturing and storing up to 50 million metric tons of CO_2 per year by 2030 and about 100 million metric tons by 2040.

chevron new energies

Our New Energies organization seeks to accelerate lower carbon solutions for our customers such as those in the aviation, marine, heavy-duty transportation and industrial sectors, so they can achieve their emissions reduction goals.

Hydrogen, CCUS and offsets, and renewable fuels are at the core of this strategy and are an important part of addressing climate change. These businesses support Chevron's efforts to reduce GHG emissions and are also expected to become high-growth opportunities with the potential to generate accretive returns. We bring a unique set of capabilities to each of these areas. Our existing assets span the value chain and are in areas where we can grow demand based on cost-competitive supply combined with appropriate policy support. We have strong relationships with key customers and partners, which will be critical in developing economic projects that can scale quickly across a complex value chain.

2030 targets

150,000
tonnes
hydrogen per year*

25
million tonnes
carbon capture per year

40
billion BTUs
renewable natural gas per day

100,000
barrels
renewable fuels production capacity per day

* Chevron's approach to hydrogen envisions the use of green, blue and gray hydrogen.
BTUs = British thermal units

In early 2022, Chevron announced an agreement with Iwatani to co-develop and construct 30 hydrogen fueling sites in California by 2026.

developing hydrogen as a fuel source

Chevron's approach to hydrogen envisions the use of green, blue and gray hydrogen. We believe the use of blue and green hydrogen as a fuel source can help reduce the amount of GHG emissions entering the atmosphere. Although gray hydrogen is viewed as not directly supporting decarbonization of the energy sector, we believe that early-use cases of gray hydrogen can provide key opportunities to minimize the risks of technology; enable development of supporting infrastructure, including fueling stations; and contribute to lessons learned. Chevron holds more than 75 patents in hydrogen from early commercial ventures that are applicable to our future development plans.

We have agreements in place with Toyota, Cummins and Caterpillar to explore commercially viable hydrogen opportunities. These agreements cover an array of topics, from public policy to hydrogen-powered transportation to infrastructure.

In 2021, we announced an investment in Hydrogenious, a potential bulk hydrogen storage and transportation technology. In addition, Chevron announced in early 2022 an agreement with Iwatani to co-develop and construct 30 hydrogen fueling sites in California by 2026.

CATERPILLAR®

TOYOTA

hydrogenious LOHC TECHNOLOGIES

Cummins®

growing our carbon capture business

Achieving net zero Upstream emissions by 2050 is unlikely without scaled deployment of CCUS and other CO_2 removal technologies. We see CCUS opportunities in two areas: reducing the carbon intensity of our existing assets and growing our carbon capture business, primarily through hubs with third-party emitters as partners and customers. Our initial carbon capture projects have been focused on decarbonizing existing assets – such as our Gorgon facility, one of the largest sequestration projects in the world, with the capacity to store up to 4 million tonnes of CO_2 per year – providing us with key operational experience. Enterprisewide, we are targeting 25 million tonnes of CO_2 per year in equity storage by the end of this decade.

To achieve these ambitions, we're exploring several hub opportunities in the United States and abroad, each including multiple large customers and with facility nameplate capacities of between 5 million and 20 million tonnes of CO_2 per year. We are advancing collaborative efforts with the U.S. Department of Energy and Svante to help develop innovative new technology to potentially reduce carbon capture costs. In addition, Chevron invested in Blue Planet to leverage carbon capture to produce low-carbon construction materials and to reduce the carbon intensity of industrial operations. In early 2022, we announced an increased investment in Carbon Clean, a U.K.-based company with advantaged capture technology that is designed to reduce the costs and physical footprint required for carbon capture, minimizing site disruption and facilitating faster permitting. This partnership is an important step toward growing our future large-scale CCUS business.

investing in scalable, nature-based solutions

Offsets are expected to make up a notable portion of global reductions, especially in sectors that are harder to abate or do not have cost-effective reduction opportunities. We are investing directly in scalable, nature-based solutions – like soil carbon storage, reforestation and mangrove restoration. In addition, we plan to monetize excess high-quality credits. We expect to be a portfolio supplier of offsets by providing more customers with offset-paired products. In March 2022, we announced an agreement with Restore the Earth Foundation for a reforestation project for up to 8,800 acres of property in St. Charles Parish, Louisiana, U.S.

Chevron's experience in developing and using offsets dates back nearly two decades and is an important part of our operations in Australia, Canada, Colombia and California. We have a global carbon trading organization and actively participate in multiple registries and exchanges. Chevron is a founding member of the Markets for Natural Climate Solutions (NCS) Initiative. NCS markets provide a potentially cost-effective form of carbon management that can contribute to the goals of the Paris Agreement. In addition, Chevron is a consultative group member of the Institute of International Finance Taskforce on Scaling Voluntary Carbon Markets (TSVCM). TSVCM brings together experts across the carbon market value chain to help build consensus on how best to scale up voluntary carbon markets. Chevron has invested in Boomitra, a startup developing an agricultural technology to enable farm carbon sequestration and monetization that has the potential to cost-effectively grow the supply of carbon offsets.

carbon-negative renewable natural gas

Under the California Low Carbon Fuel Standard, renewable natural gas (RNG) produced from dairy biomethane can qualify as carbon negative on a lifecycle basis. Chevron intends to participate across the full renewable natural gas value chain using existing capabilities in marketing, sales, distribution, brands and infrastructure to maximize margin.

10X increase

we are targeting a tenfold increase in RNG production by 2025 versus 2020 levels and intend to produce over 40 billion BTUs per day by 2030

partnerships

We're partnering with CalBio Energy, Brightmark and dairy farmers to market and produce RNG, which can be converted to compressed natural gas (CNG).

existing pipeline infrastructure

The dairy projects are designed to send bio-methane to a processing facility, where it will be upgraded to meet quality specifications and transported through existing pipelines.

expanding retail network

We are targeting opening or rebranding more than 30 CNG stations by 2025, which included opening our first Chevron-branded CNG site in Napa, California, in June 2021. To expand our retail presence outside California, we announced a joint venture with Mercuria Energy to own and operate Beyond6 and its network of 60 CNG stations across the United States.

expanding commercial network

We are partnering with Clean Energy to provide CNG to truck operators at the ports of Los Angeles and Long Beach, California. We provide funding for truck operators to subsidize the cost of buying CNG-powered trucks through the Adopt-a-Port program.

reducing the carbon intensity of fuels

We are complementing the strength of our traditional products business with new lower carbon intensity products. Renewable fuels are important products that can help reduce the lifecycle carbon intensity of transportation fuels while meeting the world's growing energy needs. To establish a reliable supply chain from farmer to fueling station, we announced a joint venture with Bunge North America Inc. to secure renewable feedstocks. We also intend to collaborate with Gevo Inc. to jointly produce sustainable aviation fuel (SAF) and renewable blending components for motor gasoline. We tested a batch of SAF with Delta Air Lines and Google and tracked emissions data using cloud-based technology. The companies hope to create a common, more transparent model for analyzing potential GHG reductions that could be adopted by others.

In February 2022, Chevron announced a definitive agreement to acquire Renewable Energy Group, Inc. (REG). REG is an international producer of lower carbon intensity fuels and utilizes a global integrated procurement, distribution and logistics network to operate 11 biorefineries. The acquisition seeks to combine REG's growing renewable fuels production, leading feedstock capabilities and organizational expertise in the renewable fuels industry with Chevron's large manufacturing, distribution and commercial marketing position. Chevron expects this transaction to accelerate progress toward our goal to grow our renewable fuels production capacity to 100,000 barrels per day by 2030 and position us to create an even stronger renewable fuels business that meets evolving customer needs. The proposed acquisition is subject to REG stockholder approval and other customary closing conditions.

To learn more, visit **chevron.com/climatechange**.

environmental risk management

protecting the environment takes commitment,
effective processes, leading technologies and dedicated people

2021 highlights

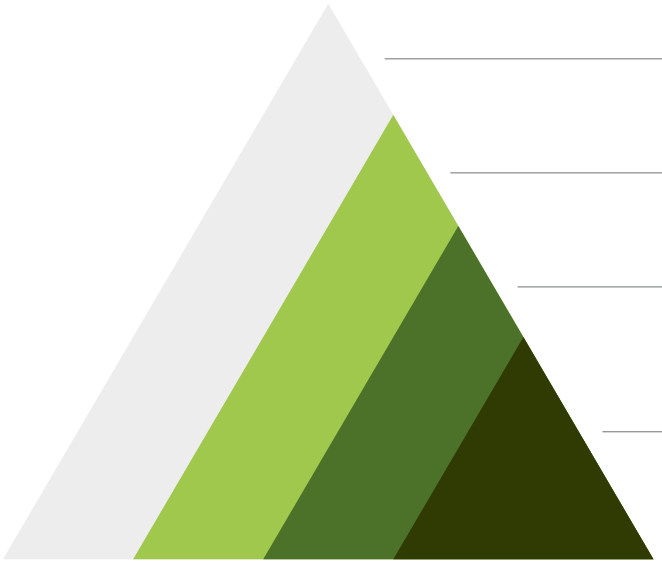
- Commenced deployment of the Environment Risk Management Process to integrate how we manage and mitigate environmental risk with community, health and social impacts
- Deployed the Environment Focus Area Strategy to drive improvements in environmental performance throughout Chevron
- Supported business units through research, technology and capability development to streamline reporting, assure effectiveness of safeguards and mitigate environmental risks

At Chevron, we seek to design and maintain an Operational Excellence Management System (OEMS) that recognizes the potential impact of many factors on the environment. This recognition is operationalized through our recently deployed Environment Focus Area (EFA) Strategy and Environment Risk Management Process (ERMP). This process seeks to go above and beyond local regulatory requirements, to strengthen our safeguards and apply lessons learned across Chevron. These updates provide an improved risk-based, data-driven approach to manage and mitigate environmental risks associated with our operations and incorporate Chevron's priorities of environmental stewardship and responsible operations into business decisions.

Our EFA Strategy provides an integrated vision for achieving our goal of protecting the environment while providing affordable and reliable energy. The strategy helps us clarify our environmental expectations, including:

- Preventing and mitigating the consequences of accidental releases
- Reducing air emissions, including GHGs
- Conserving and protecting water and biodiversity
- Managing waste and wastewater
- Conserving energy
- Retiring idle assets and reclaiming sites with residual environmental impacts

embedding environmental stewardship in our business

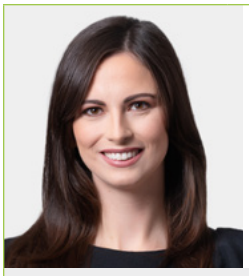


the chevron way: who we are, what we believe, how we achieve and where we aspire to go

OEMS: framework to manage and improve our health, safety and environmental performance

environment focus area strategy: strategy to drive improvements in environmental performance throughout Chevron

environment risk management process: process to identify and manage environmental risks, including those with community health and social impacts, across asset lifecycles



Janelle Lewis

Lead Environmental Specialist,
Chevron Pipeline and Power

employee spotlight

At Chevron, I've had the opportunity to help develop a more holistic waste management strategy, recognizing that waste is intertwined with other factors that can impact the environment. In this capacity, I identified opportunities to optimize business units' waste reporting practices and trained data reporters across the enterprise to align with our data reporting expectations. I'm proud of my role in improving the quality of our waste data because a robust data set enables us to make better decisions on how to optimize our waste management approach.

I've also served as a technical resource across the company, helping solve complex waste challenges and share best practices. I've helped develop new methods to increase waste recovery that can mitigate risk, reduce cost and reduce our environmental footprint. For example, I managed a project that developed a new approach to removing surface scales from scrap metal using a fiber laser beam delivery system. This approach has the potential to increase recycling options for scrap metal and reduce the creation of secondary waste streams when compared with other methods.

I'm encouraged by Chevron's approach to waste management through our implementation of the Third-Party Waste Stewardship standard that establishes a consistent approach for how we select and set expectations for third-party-owned facilities that handle waste generated from Chevron operations. This process demonstrates how we work to influence the companies with whom we collaborate and illustrates Chevron's commitment to our core values, which include protection of human health, safety and the environment.

ipieca

As a member of the Ipieca Environment Group Impact Assessment Task Force, Chevron collaborated with the Climate Change Group to analyze guidance and approaches for integrating climate change risks into existing environmental, social and health impact assessments.

The ERMP provides a framework to identify, assess, mitigate and manage environmental risks, including those involving community health and social risks, across the lifecycle of an asset. The process is designed to be fit-for-purpose so that it can be applied to activities with a broad range of complexity, including large projects and ongoing operations. The ERMP leverages the principles of our former Environmental, Social and Health Impact Assessment (ESHIA) process and requires each business unit to address a broad scope of relevant environmental impacts. Though it is recommended that all new projects and activities apply the ERMP, business units have until year-end 2023 for full implementation.

digital solutions

Future environmental solutions rely on a strong foundation of standardized workflows, data automation, analytics and process integration. First deployed in 2020 at the Richmond Refinery, our Integrated Waste Solution (IWS) creates a digital interface between the personnel managing operations that generate waste and the environmental personnel responsible for waste handling and management. The solution automates and standardizes waste requests, approvals, tracking and payment, which saves time and puts in place safeguards. Through the development of IWS and related technologies, we seek to streamline our reporting, reduce waste management storage time and align with our Third-Party Waste Stewardship standard designed to mitigate waste disposal risks.

innovation

The Chevron Technical Center (CTC) supports Chevron's businesses through research, technology and capability development. The CTC also helps bridge the gap between business unit needs and externally developed emerging technology solutions such as technologies to generate biodiversity baselines, uninhabited aerial systems for environmental monitoring, real-time measurement tools for site assessment, and lower carbon solutions for environmental remediation.

Through research and development conducted in the Chevron Richmond Technology Center, we piloted the use of an infrared gun to rapidly measure total petroleum hydrocarbons in soil and drill cuttings at sites in California, Colorado and Michigan and deployed at full scale a similar commercially available device within our IndoAsia business unit. The technology eliminates the need to use any chemicals for sample extraction and analysis, and when used at scale, it enables faster turnaround and improved decision making in the field, which has resulted in notable cost savings.

examples of how we are working to reduce plastic waste in the environment	
advanced recycling	In 2021, Chevron worked with Chevron Phillips Chemical Company (CPChem) to process pyrolysis oil, a liquid feedstock made from post-use plastics, through the Pascagoula Refinery. CPChem uses the resulting materials to manufacture a product called Marlex® Anew™ Circular Polyethylene, a circular polymer that can be used to make a wide variety of products, from automotive parts to kayaks. Both Chevron and CPChem hold certifications through International Sustainability and Carbon Certification PLUS, a globally recognized sustainability certification system for renewable feedstocks. CPChem and Chevron are evaluating future collaborative opportunities to reinforce both companies' sustainability-related efforts and to support CPChem's annual production target of 1 billion pounds of Marlex Anew Circular Polyethylene by 2030, estimated to divert 1.5 billion pounds per year of plastic from ending up in landfills.
reducing plastic packaging	Chevron Products Company makes the Havoline Brand of advanced passenger car motor oils. Havoline utilizes two different motor oil package styles that use recyclable cardboard to reduce plastic waste. PitPack® is a 6-gallon package used in fast lube and mechanic shops, while Havoline Smart Change® is a 6-quart package found on retail shelves and online for those who prefer to change their own oil. The PitPack reduces plastic waste by 89%, while the Smart Change package reduces plastic waste by 70% vs. the equivalent traditional plastic bottles. In 2021, we added an ultra-premium product to our Havoline motor oil portfolio with Havoline® PRO-RS™, which will be available in both packaging styles. In addition, this is Chevron's first renewable passenger car motor oil and is made with 25% sustainably sourced plant-based oils manufactured by Novvi.
innovation	Through Chevron Technology Ventures, Chevron invested in GR3N, a Swiss-based startup that is developing plastics recycling technology to enable chemical recycling of PET-based waste generated from plastics widely used in single-use food and beverage packaging. GR3N has the potential to help reduce the carbon intensity of plastics manufacturing while supporting a broader global circular economy related to plastics.

Another innovation is Hottpad, a cost-efficient remediation technology that has a lower carbon intensity than traditional thermal methods. First used at the Chevron Batangas terminal in the Philippines, Hottpad has been piloted within the San Joaquin Valley business unit in California, with a full-scale deployment underway for Wafra Joint Operations in the Partitioned Zone between Saudi Arabia and Kuwait.

growing workforce capability

In 2021, 16 business units and 11 other stakeholder teams user-tested the new environment and stakeholder risk management tool, which collects baseline data for developing business unit risk profiles and assessing enterprise risk. We also hosted trainings to build competency with our qualified environmental facilitators, and these trainings included risk assessment workshops in Bangladesh and the Mid-Continent business unit.

addressing plastic waste

Plastics are an essential part of modern life, and plastic waste should not end up in unintended places in the environment like rivers and oceans. We are taking steps to address plastic waste and support a circular economy in which post-use plastic is recycled, reused or repurposed. In 2019, CPChem became one of the founding members of the Alliance to End Plastic Waste, a nonprofit organization committed to reducing plastic waste globally. CPChem is a 50-50 joint venture between Chevron and Phillips 66.

To learn more, visit **chevron.com/sustainability/environment#enhancingenvironmentalstewardship**.

water

using water responsibly is integral to our values, environmental policy and practices

2021 highlights

- Continued to strengthen responsible water stewardship through the deployment of the Environment Focus Area Strategy and the Environment Risk Management Process
- Completed water stress analysis for Chevron operations to generate data insights to inform strategy to reduce freshwater withdrawals in areas of high water stress
- Leveraged technology to increase reuse and recycling of wastewater and produced water in lieu of fresh water

In 2021, Chevron used the World Resources Institute (WRI) Aqueduct tool to map our operated assets in water-stressed areas as defined by WRI. Six out of 15 Upstream assets are in areas of high or extremely high water stress, and one out of five refineries and one Oronite facility are also in areas of high or extremely high water stress. Our assets do not share the same physical attributes and would not be impacted in the same way across our portfolio. In 2021, out of the total amount of fresh water withdrawn by Chevron, 19% was extracted in areas classified by WRI as having high or extremely high water stress.

our approach to water management

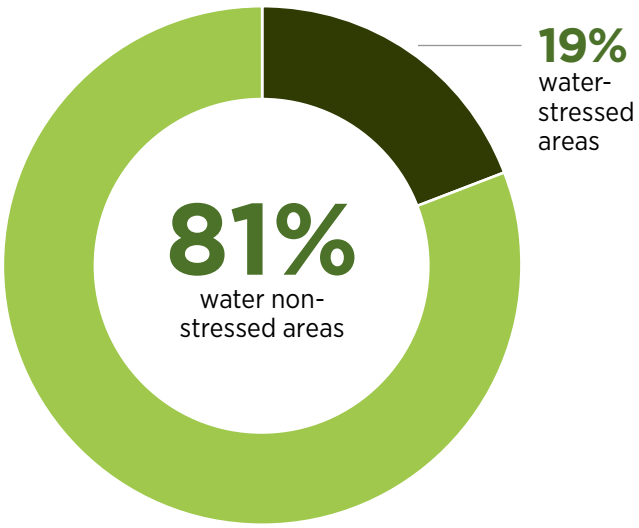
Chevron continues to strengthen our water management practices, underscoring our recognition that using water responsibly is integral to The Chevron Way values and our environmental policy and practices. We seek to protect this natural resource through our risk-based management systems, processes and standards, including:

- Applying a risk-based approach to understand, prioritize and manage water risks across the lifecycle of our assets
- In areas of high water stress, where water scarcity makes availability and access to this resource more challenging, utilizing water management concepts, such as efficient and responsible water use, reuse, recycling and conservation, and applying industry-standard practices to reduce water withdrawals for our operations, such as leveraging water of lower quality in lieu of fresh water and recycling and reusing wastewater and produced water
- Establishing metrics to measure the effectiveness of our water management practices, which enables us to report our performance to stakeholders on a meaningful and regular basis
- Applying the Stakeholder Engagement and Issues Management process to identify and manage social risks and potential social impacts to the community, including access to water resources where applicable

mid-continent business unit's surface water use philosophy

In 2021, the Mid-Continent business unit (MCBU) water demand in the Permian Basin was satisfied with 99% brackish or recycled sources, which included utilizing no fresh water for hydraulic fracturing. This performance conformed to the goals of our Surface Water Use philosophy, which provides that, whenever possible, MCBU uses brackish water resources and recycled produced water instead of fresh water. In addition, MCBU participated in the New Mexico Produced Water Research Consortium to explore long-term

percent of total fresh water withdrawn in stressed vs. non-stressed areas



alternatives to beneficially reuse produced water beyond what the operation requires for business needs. The consortium was formed in 2019 to help meet New Mexico's water needs. In 2021, MCBU was actively involved in the consortium's pilot program to identify potential produced-water treatment technologies that will guide the state's future actions regarding beneficial reuse.

el segundo refinery increases use of reclaimed water

Strong water management practices and innovative use of digital technology have enabled our El Segundo Refinery to increase use of reclaimed water by 8% in three years – from 70% in 2018 to 78% in 2021. Through recycling efforts, the amount of fresh water that was saved is enough to meet the daily water needs of 80,000 to 90,000 people in the Los Angeles Basin. In 2020, the refinery began using Plant Information Vision, a digital monitoring dashboard that tracks daily water use in cooling tower systems and alerts operators of optimization opportunities. This helps increase the use of recycled water in operations, thereby decreasing the use of fresh water. Innovative technology also helped conserve water during a recent tank inspection. Normally, the tank would need to be taken out of service and fully drained of its 1.8 million gallons of recycled water. But by using a robotic system, the refinery was able to complete its inspection without draining the tanks, preventing the waste of a valuable resource while performing a task that is critical to maintaining the integrity of our equipment.

singapore refinery reduces water use

Over the past five years, our joint-venture Singapore Refining Company (SRC) has increased the recycling and reuse of its process water. In 2018, Singapore's national water agency presented SRC with the agency's inaugural Water Efficiency Award and Watermark Award in the Refining category for efforts in water recycling. SRC's journey to reducing water use in refining operations began in 2016 with the completion of the Effluent Treatment Recovery Plant (ETRP), the first of its kind in Singapore. Using flat-sheet ceramic membranes and a two-stage reverse osmosis process to remove suspended solids, oil, grease and other contaminants, the ETRP treats water that would otherwise be discharged to the sea. The ETRP increased SRC's capability to recycle water by up to 50%. Government incentives and technological advances have driven SRC's recycling initiatives, and greater advances in water recycling are ahead.

Prakhar Prakash

Heavy Oil and Water Treatment Specialist, Chevron Technical Center, San Joaquin Valley Business Unit

employee spotlight

I am passionate about my work as a water treatment specialist. My concern for cleaner water began when I was growing up in a poor part of India where the water had the highest fluoride levels in the world. After getting my Ph.D. in environmental engineering from Lehigh University, water management was the logical field for me to pursue.

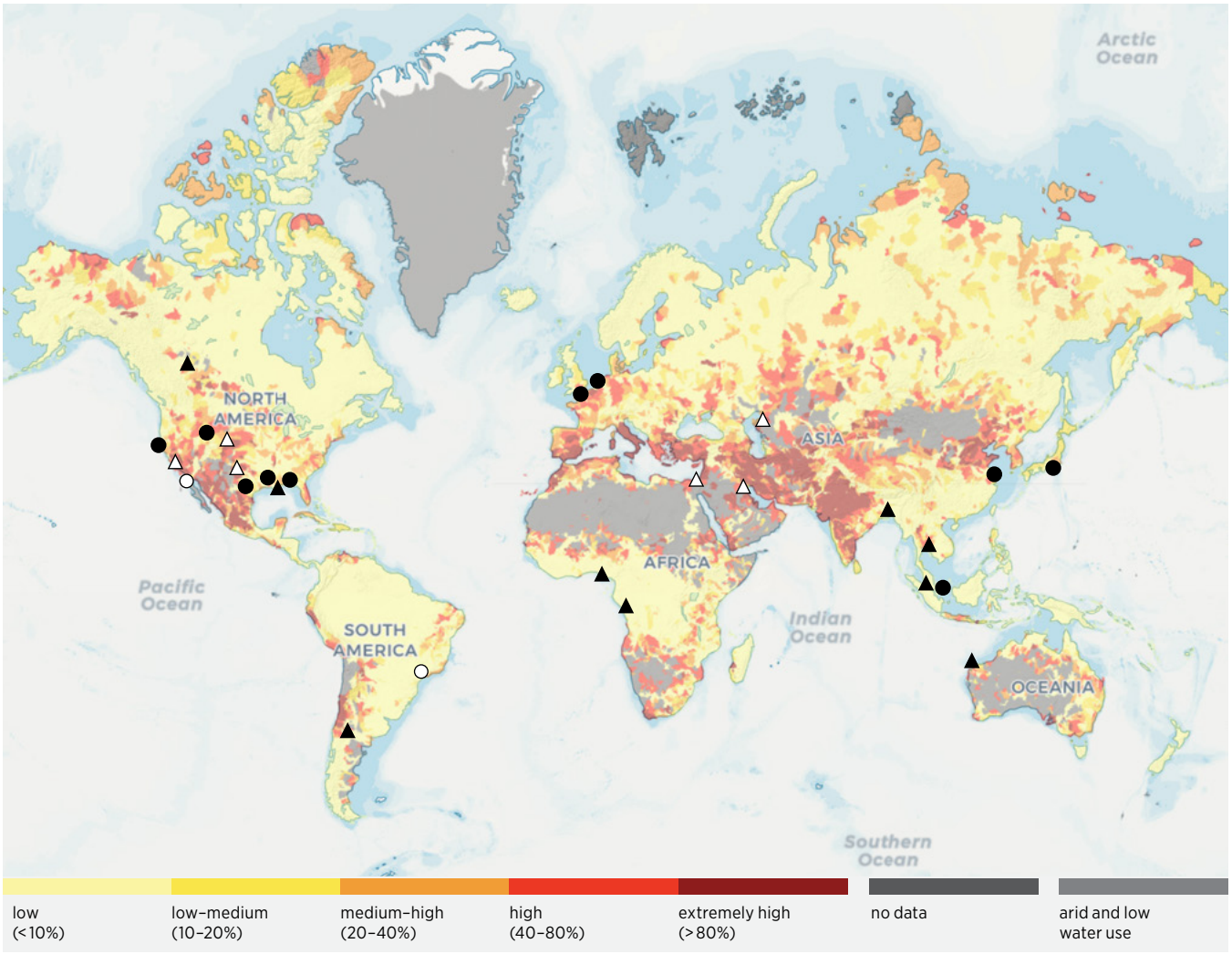
I started at the Richmond Technology Center conducting research on water treatment, and over the years, I have published several technical papers and have developed water treatments that resulted in patents. When I joined the San Joaquin Valley business unit (SJVBU), I took my research experience to the field. It has been fascinating to work with the process engineers, trying new concepts in water technology to improve efficiency while maintaining the reliability of our facilities. The SJVBU has been an ideal laboratory for this work.

I'm proud of our collaboration with Veolia, which engineered a produced-water desalination plant in San Ardo. The produced water is treated in a multistep process that contains a number of safeguards to verify that the water meets the permit requirements to recharge the local groundwater aquifer. In 2021, produced water met approximately 98% of the San Ardo Field's water needs, and more than 1,000 acre-feet of treated water from the field were returned for groundwater aquifer recharge.

As the son of two professors, I have carried on their tradition by teaching and mentoring engineers and water specialists all over the world. I'm especially inspired by my conversations with members of the next generation because they recognize, as I do, that water is universally important to us all.

Through recycling efforts at our El Segundo Refinery, the amount of fresh water that was saved is enough to meet the daily water needs of 80,000 to 90,000 people in the Los Angeles Basin.

chevron operations in water-stressed areas



Source: WRI Aqueduct, accessed on February 22, 2022, at **aqueduct.wri.org**.

Operations and water stress level

- ▲ Upstream, 0–40% (low to medium-high)
- △ Upstream, 40–100% (high to extremely high)
- ● Downstream & Chemicals, 0–40% (low to medium-high)
- ○ Downstream & Chemicals, 40–100% (high to extremely high)

WBCSD

In 2021, Chevron joined the Global Water Solutions Project of the World Business Council for Sustainable Development (WBCSD). Through this project, we contribute to deliverables and tools developed by WBCSD's water stewardship workstreams, which includes providing input to the development of the Wastewater Impact Assessment Tool. Participation enables us to assess how we might apply these water stewardship concepts and principles to our refinery operations. In addition, the tool can help assess the potential impacts of wastewater on biodiversity and on fresh water at both the facility and supplier level.

WRI's definition of "water stress": Baseline water stress measures the ratio of total water withdrawals to available renewable surface and ground-water supplies. Water withdrawals include domestic, industrial, irrigation and livestock consumptive and nonconsumptive uses. Available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability. Higher values indicate more competition among users.

Water withdrawn data cover only operated assets.

Our Fuels & Lubricants business and the Technology, Projects and Services (TP&S) organization were not included in this analysis. Freshwater withdrawals for the Fuels & Lubricants business and TP&S are minimal (0.7% of the total) compared with the overall use in the corporation.

MCBU's entire freshwater consumption is considered as being withdrawn from a high-stressed or extremely high-stressed arid area even though parts of MCBU are not in a high-water-stressed area.

Data are full-year 2021 for freshwater use.

To learn more, visit **chevron.com/water**.

biodiversity

we work to protect biodiversity through our operating practices and innovative solutions

2021 highlights

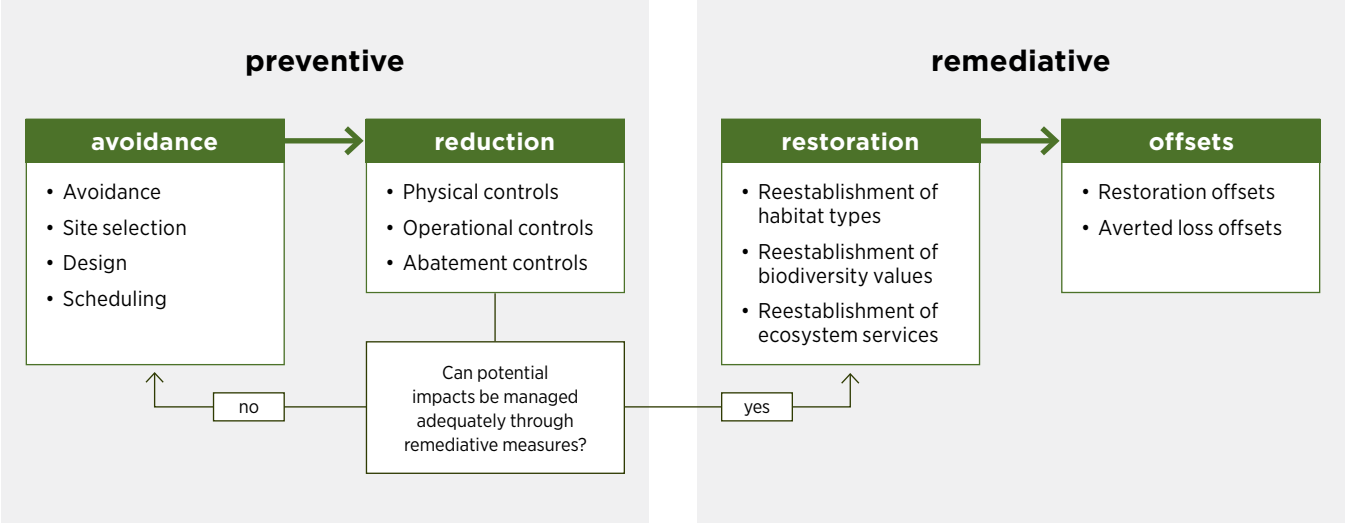
- Continued applying the mitigation hierarchy to evaluate opportunities for avoiding, reducing, restoring and offsetting potential impacts to biodiversity from our assets
- Invested in scientific research and development to improve data quality and identify new technologies to manage biodiversity
- Collaborated with governments and conservation groups to implement innovative solutions that protect, promote and preserve biodiversity

"Biodiversity" is the variation in living things in different regions on Earth, including the ecosystems and ecological processes that support them. Chevron recognizes the importance of protecting and conserving a region's biodiversity, and we have a long history of working in collaboration with communities, industry groups, regulators and conservation groups to identify and protect biodiversity in parts of the world where we operate.

Given the variation in biodiversity and the complexities of our operations, our Environment Risk Management Process (ERMP), under our Operational Excellence Management System, is designed to operationalize a risk-based approach to identify, assess and manage potential risks to the environment across the lifecycle of our assets, including those related to biodiversity. The ERMP screening step is designed to align with the Biodiversity Indicators for Site-Based Impacts, a third-party methodology for aggregating biodiversity impact/benefit and performance data at the site level to provide indicators of biodiversity management performance at the corporate level. The ERMP also facilitates Chevron's Protective by Design concept, which applies the mitigation hierarchy, to avoid, reduce, restore or offset potential impacts to the environment, including on biodiversity. This includes the restoration of habitats, ecosystems and ecosystem services. Though it is recommended that all new projects and activities apply the ERMP, business units have until year-end 2023 for full implementation.

When evaluating whether to operate in protected or ecologically sensitive areas, we consider the characteristics of the area, the type and proximity of the proposed operation, our ability to meet or exceed regulatory requirements, and our capability to avoid or manage potential impacts by using appropriately protective operating practices. When we engage in asset retirement and divestitures, we prioritize and mitigate asset retirement risks through timely planning and execution. When possible, we mitigate risks for residual

mitigation hierarchy implementation



site impact by implementing beneficial site reuse with the aim of restoring the sites and their biodiversity to function with the surrounding habitat.

innovative solutions to protect biodiversity

We invest in scientific research and develop and implement new technologies to manage biodiversity on and surrounding our assets. An example is Chevron's Mustang comprehensive drilling plan (CDP), which covers nearly 100 square miles in northern Colorado. It was the first CDP approved by the Colorado Oil and Gas Conservation Commission (COGCC). Colorado Parks and Wildlife designated some of the Mustang area as high-priority habitat for Eastern Plains native fish, nesting areas for hawks and bald eagles, and winter range-land for pronghorn and mule deer. This designation led Chevron to develop the area in a way that avoided identified nesting sites and wetland areas. By reducing or avoiding development in floodplains and wetlands, we seek to maintain the ecosystem support that a floodplain and associated wetlands provide, including water flow regulation and flood attenuation, water quality improvement, and other ecological functions that enhance biodiversity.

Innovative solutions in the Mustang CDP helped reduce noise, air emissions, the surface footprint and truck traffic while avoiding sensitive habitat in northern Colorado.

To improve facility design, COGCC agreed to extend drilling permits from two years to six years to provide more time to build infrastructure ahead of development. Installed pipelines now enable the elimination of storage tanks and emission control flare stacks, which reduces the potential for spills and avoids more than 152 million miles of truck traffic associated with hauling oil and water. This also enabled the upgrade of sub-facilities and the installation of new high-line power to electrify engines used for drilling and production compression, which has reduced noise and nearly eliminated combustion-related air emissions.

The plan also includes the reclamation of 1,471 legacy vertical wells, tank batteries and associated roads in the development area, which is expected to reduce Chevron's surface footprint by 95% when compared to past practices and will return thousands of acres to other uses such as agriculture, rangeland and wildlife habitat. Recognizing the success of the Mustang CDP, in March 2020, COGCC approved a second 40,000-acre comprehensive plan, the Wells Ranch CDP, that will utilize similar field design and facility innovation. Chevron's approach has become a model for development in Colorado.

152
million miles

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Chevron Thailand worked to evaluate alternatives for retiring offshore platform jackets, revealing the potential environmental and social value of transforming the platform jackets into an artificial reef rather than removing them. To accomplish this, after removing the production equipment, seven jackets were lifted from their offshore location and laid on the seafloor near the shore, forming a reef more than 1,600 feet long. Creation of the artificial reefs enabled Chevron not only to reduce asset retirement costs, but also to provide habitat for marine life and recreational diving opportunities, benefiting local fishers and communities and enabling scientists to further study artificial reef science and the value of such infrastructure in the Gulf of Thailand.

Chevron is working with Chulalongkorn University in Thailand and Curtin University in Australia to monitor the artificial reef over a three-year period, examining fish, benthic communities, sediment, plankton, and a range of water quality aspects and overall ecosystem value. In collaboration with the Scottish Association of Marine Science, we piloted a new technology in 2021, Structure from Motion 3D Photo-grammetry, to collect and analyze video images from the artificial reef. The technology integrated the video images into geospatial software to create a 3D computer model that was analyzed to quantify 3D ecological characteristics of marine growth on the reef site.

INSITE

Chevron, as a member of the INfluence of Structures In The Ecosystem (INSITE) program, has contributed to building a legacy of scientific investigation into the potential influence of marine structures on the ecosystem. INSITE is a public/private partnership with the U.K. govern-ment, academia and industry that leads research projects and a Ph.D. scholarship program. The objective is to provide stakeholders with independent science-based studies to better understand the influence of man-made structures on the ecosystem of the North Sea.

Through our membership in the United Nations World Conservation Monitoring Centre Proteus Partnership, Chevron contributes to the development of the World Database on Protected Areas, which is now included as a key component of the Integrated Biodiversity Assessment Tool (IBAT). We utilize information from the IBAT to screen projects for proximity to the International Union for Conservation of Nature (IUCN) Protected Management Area Categories I–IV, the IUCN red list of threatened and endangered species, and the World Database of Key Biodiversity Areas. Access to this data in the early stages of project planning helps us utilize our Protective by Design concept and apply the mitigation hierarchy.

Lee Higgins
Senior HSE Specialist,
Mid-Continent Business Unit

employee spotlight

For the past four years, my team and I have provided environmental support for the Mid-Continent business unit, working with multiple cross-functional development teams in Texas and New Mexico. For these projects, we've utilized Chevron's Protective by Design concept to inform our decision making when developing new sites.

For example, in the East Texas Deadwood Development Area, we use field surveys and Geographic Information System data to plan flowlines and well pad locations that reduce potential impacts within the development area and to plan construction schedules to reduce vegetation removal during the nesting season that potentially could impact migratory birds.

The Delaware Ranch Development Area in Texas straddles the Delaware River and is identified as potential habitat for the protected Texas hornshell mussel. The project team selected a plan to separate operations on either side of the river that avoids impacting the mussel's potential habitat. When planning development for the Dagger Lake Development Area in New Mexico, we strategically selected well pad locations that would avoid disturbing a designated habitat area for the lesser prairie chicken while still being able to access oil and natural gas utilizing horizontal drilling. We are also placing perching deterrents on taller facilities near the habitat area to ward off predators of the lesser prairie chicken.

I feel fortunate to work for a company that is proactive and places a high value on incorporating environmental considerations into our construction and operations. Establishing Chevron's approach up front enables further implementation of our Protective by Design concept.

Collaboration
We collaborate with governments, industry peers, academia, environmental NGOs and local communities to help us better characterize and manage biodiversity, identify areas to positively affect biodiversity, support development of credible and meaningful environmental solutions and industry standards, and shape relevant policy. For more than 15 years, Chevron has worked with Conservation Volunteers Australia, and in 2021, Chevron Australia announced a new initiative to support nature-based solutions to climate change. The initiative will result in 10 wetland locations across Australia receiving critical restoration. Wetlands can reduce the impacts of floods, offer notable ecosystem services and improve water quality. They are also home to a wide variety of native animals, fish and plants. The initiative will also contribute to innovative blue carbon research.

15+ years

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During construction of the Angola LNG (ALNG) facility, we became aware that Olive Ridley sea turtles had begun using the area as a nesting site. In response, ALNG engaged the Wildlife Conservation Society to implement a turtle conservation program. A community education program was established within local communities about the importance of protecting sea turtles. Data were collected on local turtle populations, and risks to nesting turtles from construction activities were mitigated. In addition, nests were monitored in place or relocated to a protected hatchery. The conservation program started in 2006 with the support of local fishermen and community members, and by the end of 2020, more than 105,000 turtle hatchlings had been released from the hatchery. In 2021, ALNG signed a memorandum of understanding with Kitabanga Project that included a commitment to fund and monitor the ongoing conservation program.

To learn more, visit **chevron.com/biodiversity**.