

**HEARING BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND REFORM**

**Testimony of Michael K. Wirth
Chairman of the Board and Chief Executive Officer
Chevron Corporation**

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I. Introduction

Chairwoman Maloney and Ranking Member Comer, Subcommittee Chairman Khanna and Ranking Member Norman, Members of the Committee: thank you for the opportunity to speak with you today. My name is Michael Wirth, and I am the Chairman of the Board and Chief Executive Officer of Chevron.

For more than 140 years, Chevron has proudly delivered energy that drives the world forward. We began our American journey more than five years before the first patent was filed for a vehicle powered by a gas engine, and since that time, we have developed and witnessed exciting and life-changing advancements in the energy sector.

In many ways, our story and that of our industry track the history of human progress. We started as a small company and have spent the last 14 decades innovating, transforming, and serving our customers. Throughout that period, we have seen a dramatic change in how energy is used and in the role Chevron can play to provide reliable, affordable, and ever-cleaner energy for millions of people.

Today, we are one of the world's leading integrated energy companies, and we contribute to the communities where we live and work by creating jobs, sourcing from local suppliers, employing local workforces, and giving back to the community. We support approximately 36,000 direct jobs globally, more than half of which are here in the United States. We have also invested more than \$60 billion in U.S.-based businesses that provide goods and services to support our operations, including nearly \$3 billion in woman- and minority-owned businesses and more than \$8.5 billion in small businesses. We have also invested approximately \$1 billion in global social programs over the past six years. While we operate around the world, we have been and will remain a proudly American company, and we believe deeply that American leadership in all forms of energy is critical for the U.S. economy, our national security, and our independence.

We continue to believe in the power of human ingenuity to solve problems, overcome obstacles, and find responsible solutions for meeting the world's growing energy needs and delivering a better future for all. That is why we work every day to provide the energy that powers the world while caring for the environment, our employees, and the communities we serve.

The issue we are here to discuss today—climate change—is one of the biggest challenges of our time, and we are working to be a part of the solution. We believe the future of energy is lower carbon, and we are committed to being a leader in making that future a reality. We've set ambitious

targets for our own carbon emissions. Earlier this month, we announced a net zero aspiration for our upstream operations. Our commitment is evident in the billions of dollars we intend to invest in new technologies to grow lower-carbon businesses. I look forward to sharing with you the actions we are taking in each of these areas.

I also welcome a thoughtful discussion about the path ahead and how we can help achieve a lower-carbon energy future, while avoiding supply disruptions and preserving American leadership in energy. Most published outlooks conclude that, even under the most aggressive carbon reduction scenarios, the world will continue to need oil and gas for the foreseeable future, and it's important to have American companies as part of that supply mix. I hope to meaningfully engage with you today on what that means for our country and our Company.

Finally, I want to address directly a concern expressed by some of those calling for today's hearing: while our views on climate change have developed over time, any suggestion that Chevron is engaged in a coordinated effort to spread disinformation and mislead the public on these complex issues is simply inaccurate. We have accepted the scientific consensus on climate change, which has changed throughout the last several decades. And today we are focused on being part of the solution for the decades to come.

II. Chevron's Role in Meeting America's Energy Needs and Ensuring a Transition That Works for All

Energy is essential to modern life, and, at Chevron, we collaborate each day to solve the world's most complex energy challenges. In recent years, conversations about climate have intensified, innovation and technology advancement have accelerated, and the energy system that underpins our global economy has continued to evolve. So has Chevron. People often ask me what the future of energy holds, what it means for our Company, and how we can work to help address climate change. I tell them that solutions start with problem solving, which is exactly what the people of Chevron do—and what we have excelled at for over 140 years.

Achieving change at scale requires partnership and collaboration throughout the global energy system. It calls for advancements in science, engineering, and infrastructure; leaps in technology; and smart evolution of policy. Succeeding in this future means continuing to make energy ever-cleaner and—to bring all of society forward—affordable and reliable on a global scale.

Transitioning to a lower carbon future provides opportunity for our Company and our customers. Essential industries that have helped build modern society, like transportation, agriculture, and manufacturing, desire to find viable ways to lower the carbon intensity of their operations. Our work to create fuels of the future—like hydrogen, renewable diesel, and sustainable aviation fuel—seeks to lower the carbon intensity of these products and support our customers' efforts to reduce their greenhouse gas (“GHG”) emissions. Opportunity also exists for surface and subsurface storage of carbon, a critical enabler of global net zero ambitions.

Chevron's strategy is straightforward: Be a leader in efficient and lower-carbon production of traditional energy, in high demand today and for years to come, while growing lower-carbon businesses that will be a bigger part of the future. That is how we view our role in the energy

landscape. We must continue to be a leader in providing energy for progress based on developed technologies that can be deployed at sufficient scale to meet the world's growing demands. And, just as importantly, we must also work to make energy and global supply chains more sustainable to help industries and customers who use our products advance a lower-carbon future.

The world's energy demands are greater now than at any time in human history, and we are committed to continuing to build an energy economy that works for all, including the most vulnerable. We recognize that energy demand is growing and that the world needs lower-carbon solutions to keep up. We are dedicated to that effort. But the undeniable reality is that oil and gas remain an important part of the energy equation. Honest, thoughtful climate policy discussions should account for that.

The energy we and others in our industry find and supply has improved quality of life and enabled the benefits of modern society for communities across the globe. It also supports thousands of well-paying jobs here in the United States and abroad. It fuels our hospitals, our offices, and the farms that produce our food supply. It powers our homes, our schools, and our cars. And it protects our national security by reducing dependence on foreign energy. Here in the United States and around the world, it is also important to recognize that our communities are different—rural and urban, technologically advanced and still emerging, richer and poorer. Energy strategy and policy need to take this diversity into account and cannot be fairly driven solely from the perspectives of the most prosperous and advanced communities.

Chevron is a proud American company. We're leaders in working in extremely difficult environments, and we have major operations in some of the world's most important oil and gas regions. Just as we are investing billions in lower-carbon technologies, we are also making significant contributions to developing natural resources that will help fuel the world's growth for years to come. And this ongoing oil and gas production is critical to ensuring an orderly and predictable energy transition that works for all.

III. Chevron's Commitment to a Lower-Carbon Future

Chevron believes that reducing the carbon intensity of the energy on which billions of people rely every day is a tremendous opportunity to make progress toward the global net zero ambitions of the Paris Agreement. To help advance a lower-carbon future, we are focused on lowering the overall carbon intensity of our traditional operations and investing in low-carbon technologies that enable commercial solutions. These actions seek to make energy and supply chains more sustainable, helping industries and Chevron's customers realize their own lower-carbon goals.

A. Lowering the Carbon Intensity of Our Traditional Operations

A key focus for Chevron is our own carbon efficiency, an area where we can have the biggest impact and one that we are uniquely positioned to address. We have a disciplined approach to reduce carbon emissions consisting of activities across the spectrum—from operational practices to design standardization to deployment of new technologies.

When the Paris Agreement went into effect in 2016, the carbon intensity of our oil production was near the global industry average. Since that time, we've taken steps to reduce our Upstream Scope 1 and 2 carbon intensity, and in 2020, we achieved first-quartile performance for both oil and gas. Our goal is to maintain our position in the first quartile of all upstream producers in producing energy at a carbon intensity well below the average of the global system.

To communicate our progress in lowering the overall carbon intensity of our traditional operations and growing lower carbon business lines to help address Scope 3 emissions, we have introduced a portfolio carbon-intensity metric. ("PCI"). Our new PCI target for 2028 sets a more than 5 percent reduction from 2016 and covers the carbon intensity across the full value chain associated with scope 1, 2, and types of scope 3 emissions. And it is replicable for company comparisons.

We also introduced a net zero aspiration for Upstream Scope 1 and 2 emissions. Achieving this will require continued partnership and progress in technology, policy, regulations, and offset markets. Chevron seeks to continually develop partnerships to share best practices.

Additionally, earlier this year, we established 2028 carbon-intensity targets, aligned with the second Paris Agreement stocktake. These targets will result in a 35 percent reduction from our upstream baseline in 2016. These targets build on goals we originally set for 2023 and exceeded three years ahead of schedule. Our targets for 2028 include: 2 kg CO₂e/boe for methane (a 53 percent reduction from 2016), 24 kg CO₂e/boe for oil (a 40 percent reduction from 2016), and 24 kg CO₂e/boe for gas (a 26 percent reduction from 2016). We have also targeted zero routine flaring by 2030 and 3 kg CO₂e/boe for overall flaring (a 66 percent reduction from 2016). Our efforts have further led us to a reduced methane intensity that is 86 percent lower than the U.S. industry average.

These concrete steps to reduce carbon intensity work in tandem with our ambitious, achievable metrics on carbon-emissions reductions and our view on Scope 3 emissions. To enable others to track our performance, we aim to lead the industry on transparent carbon-emissions reporting, aligning metrics by commodity based on equity interest. Chevron has established targeted carbon intensities for oil, gas, flaring, and methane to communicate our targeted performance transparently. In alignment with the Paris Agreement requirement that governments report their performance in five-year stocktakes, we have set metrics for 2023 and 2028 and intend to do so for every five years thereafter. Our metrics, coupled with our view of Scope 3—which includes supporting a price on carbon through well-designed policies; transparently reporting emissions from use of our products for nearly two decades; and enabling customers to lower their emissions through Chevron's efforts aimed at increasing renewable products, offering offsets, and investing in low-carbon technologies—help support a global effort to achieve the goals of the Paris Agreement as efficiently and cost-effectively as possible.

We recognize that there are some who believe this is not enough. They say that we should do more faster, that aspirations should be obligations, and that our efforts today are long overdue. We appreciate those voices and are prepared to engage in a responsible dialogue about the choices we and others have made. But we reject any suggestion that our path has not been a responsible one, both for the communities we serve and for our shareholders. The human progress enabled in part

by our industry is extraordinary and undeniable. And we believe the most constructive dialogue is one that acknowledges that progress and focuses on the future progress we can drive together.

B. Investing in Lower-Carbon Technologies to Enable Commercial Solutions

Chevron is constantly innovating, including by supporting new lower-carbon technologies. This includes supporting innovation and venture capital investment, deploying technologies that could be a part of a lower-carbon future, and developing new commercial opportunities. We recently tripled our commitment to \$10 billion through 2028 to advance these efforts. Overall, we expect growth in renewable fuels, hydrogen, and carbon capture to enable some 30 million tons of annual CO₂ equivalent emission reductions by 2028.

We will continue to be responsive to our customers who will increasingly need renewable fuels and products like renewable natural gas, renewable diesel, sustainable aviation fuel, and renewable base oils and lubricants. By 2025, we expect to grow renewable base oils and lubricants 20 times, renewable natural gas ten times, and renewable diesel and sustainable aviation fuel three times.

Additionally, we have a long history of supporting innovation through research and development, innovation ecosystems, and university partnerships. Additionally, our global businesses support lower-carbon research and development within their markets, such as partnerships with the U.S. Department of Energy and the Singapore National Research Foundation.

Relatedly, Chevron Technology Ventures' investments target technology in areas such as carbon capture, utilization, and storage ("CCUS"), hydrogen, energy optimization, digitization, energy storage and management, and emerging power technologies. We have more than two decades' experience with venture investing, with eight funds that have supported more than 100 startups and worked with more than 200 co-investors. We have committed \$100 million to our Future Energy Fund, \$300 million to our Future Energy Fund II, and \$100 million to the Oil and Gas Climate Initiative's ("OGCI") Climate Investments Fund. This brings our total lower-carbon funds commitment to \$500 million, along with the more than \$300 million invested in our Core Venture Fund. In addition to our own managed funds, Chevron makes investments indirectly through funds such as the OGCI Climate Investments fund, targeting the decarbonization of oil and gas, industry, and commercial transportation; Emerald Ventures, targeting energy, water, industrial IT, advanced materials, and more; and HX Venture Fund, targeting Houston high-growth startups.

We also recently announced the creation of Chevron New Energies, which will be dedicated to growing businesses in carbon capture, hydrogen, and offsets. This initiative will complement the work that we have been doing in these areas.

For instance, we are advancing hydrogen opportunities through strategic partnerships and by investing in demonstration projects and technologies related to production, transport, and storage. Chevron is positioned to develop a profitable, lower-carbon hydrogen ("H₂") business by leveraging our existing capabilities, assets and operations. We currently produce approximately one million tons of gray hydrogen per year through our traditional business and have experience in retail hydrogen dating back to 2005. We also have patents from early commercial ventures that

are applicable to our future development plans. We plan to develop a scalable H2 hub in California by initially leveraging gray hydrogen from the Richmond refinery.

We are also a board member of the California Fuel Cell Partnership. The organization supports a long-term vision for hydrogen in California and will be expanding across the United States in 2021. And we have partnered with the Department of Energy on a hydrogen study that is exploring the potential of RNG to manufacture hydrogen. We also joined the Hydrogen Council, the industry's leading international trade association, gaining access to industry best practices and becoming better positioned to explore hydrogen opportunities. Additionally, we are a member of the OGCI transportation workstream focusing on hydrogen as a fuel.

We also participated in the California Energy Commission's Clean Transportation Program and, as a result, plan to develop hydrogen stations. Chevron is also collaborating with companies like Toyota, Cummins, and other equipment manufacturers to build out new hydrogen value chains, particularly for heavy-duty trucks.

In addition, Chevron has a unique set of capabilities to develop a profitable CCUS business across the full value chain. We believe that CCUS is a critical enabler of global net zero, and to scale it, our strategy is to deploy CCUS to lower the carbon intensity of our existing assets and grow our CCUS business primarily through hubs targeting third-party emitters as partners and customers. We are investing across capture, transport, and storage. This approach allows us to enable CCUS hubs, where Chevron expects to collaborate in the development of these complex projects.

For example, Chevron is leveraging existing and building new commercial relationships with technology companies, pipeline companies, power providers, refiners, and other emitters to advance CCUS in key geographies. We have invested more than \$1 billion in CCUS research, development, and deployment opportunities to reduce our GHG emissions intensity. These investments support projects that are expected to reduce GHG emissions by nearly five million tons per year, approximately equivalent to the GHG emissions from the average annual electricity usage in 660,000 U.S. homes.

We also plan to grow a carbon offsets business to help lower our portfolio carbon intensity and provide a way for our customers to achieve their emission reduction goals. Our carbon offsets priorities are to use offsets to supplement and accelerate our efforts to reduce the carbon intensity of our operations; become a portfolio supplier of offsets by providing customers with offset-paired products; and invest in scalable, nature-based solutions like soil carbon storage, reforestation, and mangrove restoration and monetize excess high-quality credits.

IV. Chevron's Support for Well-Designed Climate Policy and Rigorous Debate

Chevron supports the Paris Agreement and is committed to addressing climate change while continuing to deliver energy that supports society. We believe that climate policy should achieve emissions reductions as efficiently and effectively as possible, at the least cost to economies.

In our view, the optimal approach to reduce greenhouse gas emissions is through a well-designed price on carbon— either in the form of a tax or a cap-and-trade system—that is applied as widely

and broadly as possible to all sectors. Such a market-based approach promises to meet the Paris Agreement's ambitions of reaching net zero by 2050 while maintaining flexibility. It will also provide the incentive to unleash American ingenuity to meet the challenge before us.

We are engaging policymakers directly, in the U.S. and across our global business, to support an economy-wide price on carbon. And we are making progress toward that goal. We have worked with stakeholders in California for more than a decade on the state's cap and trade program, including by providing technical expertise to help with the program's successful implementation. We also currently maintain successful operations in numerous jurisdictions that have some form of price on carbon, and we believe similar mechanisms can be implemented here.

We think prioritizing efforts that curtail emissions, irrespective of where the emissions occur or in which sector the emissions abatements are made, is the most economically efficient approach. We support building an integrated global carbon market to incentivize the lowest-cost emissions abatement on the widest scale possible.

We also welcome reasonable efforts to gather data to inform good policy. As we see it, access to reliable, verifiable data on the carbon intensity of the entire value chain from drilling and completions to refining, shipping, and use of our products is key for informed decision-making and advancing the goals of the Paris Agreement. Accordingly, we are taking steps to track and reduce our carbon intensity through the value chain. We are also working with other committed stakeholders, independent industry bodies, and technology companies to develop the methodological and technical infrastructure required to create such transparency.

Additionally, we recognize that minimizing methane emissions is another important aspect of achieving a lower carbon future. We support appropriate and properly enacted regulation of methane to enable cost-effective lower carbon opportunities and have been actively engaged in methane-reduction initiatives. For example, we are a member of OGCI, which is committed to industry-leading methane performance. We are also the co-founder and chair of The Environmental Partnership, which advances a voluntary industry effort to curtail methane emissions by conducting leak detection surveys and replacing pneumatic controllers with low- or non-emitting technologies.

As part of our support for these ideas, we engage policymakers and collaborate with trade associations to advocate for effective, responsible, and non-partisan energy and climate policy. Our climate lobbying activities are designed to support our commitment to deliver affordable, reliable, and ever-cleaner energy. We strive to maintain positive, constructive relationships with policymakers and their staffs, engaging on policy matters regarding the economy, climate change, energy security, international issues, and research and energy development—all vital to help advance the goals of the Paris Agreement.

While we rarely agree 100 percent with any trade association, we believe participation across a spectrum of issues is important to the informed exchange of views on important issues. Collaborating with industry trade associations provides our company access to a range of perspectives and creates important opportunities to shape positions that align to our corporate values and with the interests of our employees, stakeholders, and shareholders. While there are

times when our views diverge from those of other trade association members, we aim to engage often with industry partners, believing an open, rigorous examination of the issues helps to promote stronger progress for all.

In all of these efforts, we are committed to compliance, transparency, and accountability. Likewise, we support an open dialogue that encompasses a range of viewpoints. This means sharing our perspective, listening to others, respecting differences, and seeking workable solutions.

V. Chevron’s Dedication to Maintaining American Leadership in the Energy Sector

Energy issues are national security issues, and the climate policy debate should reflect that. Disruptions in energy supplies can affect the resilience of our economy and our communities. Particularly as the world faces rising energy costs, it is important that the United States have a prominent seat at the table to ensure that we remain on sound footing for the future. America should not cede leadership in the global energy arena—neither with respect to oil and gas nor in the development and production of lower-carbon technologies.

Just this month, National Security Advisor Jake Sullivan noted that the United States has “a fundamental interest in seeing global energy supplies in both gas and oil at sufficient levels to support the global economic recovery and not to stall.” We agree, and we look forward to being a part of the effort to ensure sufficient supply.

Chevron is dedicated to maintaining American energy prominence. We continue to produce reliable, affordable energy that keeps communities across our country running, and we are aggressively pursuing lower-carbon solutions. As the geopolitical calculus shifts and changes to energy policy are explored, we must account for the important role that American companies like Chevron play in protecting the interests of the United States and other friendly countries.

VI. Conclusion

Chevron will continue to be an industry leader in reducing our emissions intensity and driving innovative solutions to achieve a lower-carbon future. We look ahead with optimism to advancing these goals. Thank you, and I look forward to your questions.