Ladies and Gentlemen:

This letter is the proponent response to the no-action letter from Chevron Office of Chief Counsel, dated January 17, 2020, hereafter referred to as the Letter.

Introduction

This Proposal deals with action to address climate change. This is a significant area of interest. Based on company publications\(^1\), Chevron is clearly concerned about the problem of climate change. According to the latest Yale Program on Climate Change Communication survey\(^2\), 58% of Americans are now either “Alarmed” or “Concerned” about climate change. As evidenced by the recent annual letter by BlackRock\(^3\) asset management firm and the report from the Davos 2020 conference\(^4\) from the Founding Director of the Columbian Center on Global Energy Policy, Jason Bordoff, investors worldwide are also concerned about the issue. Addressing the problem is challenging, urgent and consequential. It will require all businesses to make changes, none more significant than fossil fuel companies. Because of the changes needed by Chevron, bringing certain decisions related to these changes to the shareholders is appropriate. This Proposal is prompted by this dilemma.

The Letter requests that the Proposal be omitted from the 2020 Proxy Materials, based on Rule 14a-8(i)(7), because the Proposal “relates to the Company’s ordinary business operations generally and seeks to micromanage the Company by replacing management’s judgment with that of the stockholders.” We respectfully disagree with this request and request that the Proposal be included in the 2020 Proxy Materials. This letter explains our reasoning.

Discussion
Re: Analysis section of the Letter

The Letter, in the Analysis section on page 2 states that “the Proposal focuses on ordinary business matters and restricts the Company’s discretion to address the complexities of climate change.” While the Proposal does concern the traditional major area of business of the Company (procuring, refining and selling fossil fuel) this cannot be confounded with “ordinary business” as that phrase is used in Rule 14a-8-(i)(7). Rule 14a-8-(i)(7) allows for exclusion of proposals that relate to a company’s day-to-day business. The Proposal is not seeking a routine or “ordinary” change in the day-to-day operation of the business. The Proposal is for a substantial and unprecedented acknowledgment by the Company that a major policy change – significant climate action - is very important. Supporting significant climate action is something that no major oil company has done. While the Proposal involves a traditional aspect of Chevron business, it is not ordinary business.

Regarding “restrict[ing] “the Company’s discretion to address the complexities of climate change”, also in the Analysis on page 2 of the Letter, the Proposal clearly and intentionally avoids restrictively limiting the Company’s discretion in its actions. The Proposal asks to support legislator and legislation that promote significant climate action. Supporting legislators and legislation is commonplace in the industry and is a common method to influence government action. Chevron routinely lobbies government officials through various means including contracting with lobbying organizations and through support of industry groups of which they are a member, such as the American Petroleum Institute and the Oil and Gas Climate Initiative. What specific policies Chevron might choose to act on based on this Proposal passing would be the decision of the Company management and the board of directors.

The Proposal offers a representative suggestion, that of supporting a pricing structure on carbon, but that specific action is not dictated by the Proposal. We would be willing to change “would” to “could” in the following sentence of the Proposal to make this more clear. That change would be as follows: “Supporting significant climate action would could include supporting a pricing structure on carbon at levels that make would result in significant reductions in carbon dioxide emissions.”

(Note: We would like to correct a typographical error in this same sentence of the Proposal by removing the word “make” as shown below. So the final result would be:

“Supporting significant climate action would could include supporting a pricing structure on carbon at levels that make would result in significant reductions in carbon dioxide emissions.”

The Letter states “we believe that the Proposal is therefore excludable under Rule 14a-8(i)(7) because it focuses on involving the Company in specific political and lobbying activities concerning the Company’s business, not on the Company’s general political activities, and seeks to micromanage the Company’s actions to address the complex
issue of climate change.” [Emphasis added]. While the Proposal must obviously have some meaning, i.e. must have some sort of focus, it does not restrict actions to only specific political or lobbying activities. Examples of specific requirements might include the requirement to support a particular candidate or organization or choose a particular division of Chevron to do certain work or suggest forming or redirecting a particular part of the Company to do climate work or a myriad of other possibilities that could be described as specific activities. Rather, the Proposal merely attempts to acknowledge at a high level that supporting significant action on behalf of the climate should be a priority for the Company.

Further, the Proposal does not seek “to micromanage the Company’s actions to address the complex issue of climate change.” The Proposal does seek to offer shareholders the opportunity to influence a shift in the Company from a complacent commitment, to a more clear and meaningful commitment to climate action.

Given the nature of the climate situation it would be ineffective and uncompetitive to propose that Chevron restrict its climate actions to only actions internal to the Company. Hence the reference to legislators and legislation in the Proposal.

The “A. Overview Of Rule 14a-8(i)(7)” section of the Letter refers to the Exchange Act Release No. 40018 (May 21, 1998) (the “1998 Release”), which warns against a Proposal that probes “too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment”. At first look this has merit as a rationale for exclusion of the Proposal, but there are a few reasons that disqualify this as a reason to exclude the Proposal.

First, while climate change is a complex topic at the very detailed level, certain basic facts are commonly known and available. These include that the planet is warming due to fossil fuel use and that this warming contributes to many undesirable effects and that avoiding the worst effects of climate change requires significant reductions in fossil fuel use. While an understanding of the intricacies of how many, different climate factors interact may be too complex for most shareholders to understand, the overall cause and effect is not. As with many issues and decisions, a detailed understanding of the complexity is not necessary to make an informed judgment. For example, an exact understanding of how a physician might treat a patient’s disease might be too complex for the patient to understand in a reasonable time, but expecting a sufficient understanding of the treatment options to make an informed decision as to whether or not to undergo the treatment is reasonable and customary. Likewise in many areas of shareholder’s lives, they understand the different principles, but not necessarily the intricacies of everything that happens behind the scenes. In this case, the decision of whether the Company should support legislators and legislation that promote significant climate action is a decision that a shareholder can reasonably be expected to make. The particular action to take based on the Proposal passing is left to the wisdom and judgment of the Company management and the board of directors.
Second, the Proposal deals with a matter that impacts every person on the planet. Because of this the general public is rapidly becoming educated on the science of climate change, its relationship to the emission of carbon dioxide and the effects of those emissions. Unfortunately for our and coming generations, this is a science topic that is of interest not only to a few scientists, but has worldwide, substantial impacts and will provide ongoing reasons for all people across the planet to learn more about it. Because the widespread understanding of climate change is progressing so rapidly, issues that once might have been considered complex and understood by only a few, are becoming clear to many.

One indicator of this change in public understanding can be seen by recent data from the Yale Program on Climate Change Communication which shows that between 2014 and 2019 the percentage of people in the U.S. who are “Alarmed” about climate change has grown from 11% to 31%.

The Proposal does not expect a vast degree of knowledge by the voting shareholder. The Proposal refers to taking significant action on climate change. To know that taking significant action on climate change is significant to the business of Chevron is a reasonable expectation. The “B. Proposals Directed At Involving A Company In The Political Or Legislative Process On A Specific Issue Related To Its Business Are Excludable Under Rule 14a-8(i)(7)” section of the Letter cites multiple examples of allowed proposal exclusions from other companies. Below we address these and their lack of applicability.

The Letter cites a WEC Energy Group, Inc. (avail. Jan. 10, 2017), stockholder proposal which requested that the company “publicly endorse federal legislation that place[d] an initially low but steadily rising fee on fossil-carbon-based fuels, adjust[ed] the fee at the border to protect domestic manufacturers from countries where such a policy [did] not exist and return[ed] all revenue collected to households." This goes well beyond the specificity of the present Proposal. Publicly endorsing specific federal legislation of the type mentioned in this example is certainly one way to execute the intent of the Proposal were it to pass. But the current Proposal is not that specific. There are many ways to “support legislators and legislation that promote significant climate action”. The Proposal is not intended to unnecessarily restrict the Company, but rather to allow input from shareholders to influence their decisions.

Other examples such as the Duke Energy proposal requesting to “vigorously lobby state and national legislatures and regulators to remove obstacles to development of renewable sources of energy” and “install and own wind generators and solar installations to be operated for the profit of Duke Energy stockholders”, the Johnson and Johnson example of a proposal “asking that the company stop funding efforts to oppose legislation that would require a prescription for a specific pharmaceutical product”, the General Motors example of a proposal requesting that the company “petition the [U.S. government] for radically improved [corporate average fuel economy] standards for light duty trucks and cars, lead an effort to develop non-oil based transportation system, and spread this technology to other nation”, the General Electric proposal requesting that “the company refrain from the use of
company funds to oppose specific citizen ballot initiatives...", and the General Motors example of a proposal requesting that the "the company cease all lobbying and other efforts to oppose legislation that would increase automobile fuel economy standards" all include a degree of specificity beyond the current Proposal (bolding emphasis added).

In the BellSouth Corp. (avail. Jan. 17, 2006) example, Bellsouth argues that it is in the best interest of stockholders "and an important part of its business operations, to be actively involved in the electoral process."

Rule 14-8(i)(7) does not unconditionally allow exclusion of a proposal that includes involvement with the electoral process, legislation and legislators. By nature, legislation and the electoral process are an important part of company and industry governance. This involvement could or could not be part of ordinary business process.

The Letter on page 5 describes the scope of business in which Chevron is involved. It is true that there is significant complexity in the business. This complexity however does not preclude shareholders from having enough understanding to make a choice to direct the company to take "significant climate action". As described above, the inner workings of the business are best left to the management and board of directors, but providing guidance to the Company by shareholders is appropriate.

The Letter on page 6 states that the proposal would “require support for any carbon pricing policy.” This is not the case and is not evident in the wording of the Proposal.

Further, adopting the Proposal would not, as stated on page 6 in the Letter, “limit[s] the Company’s ability to engage effectively in support of well-designed carbon pricing policy in diverse political environments across its global business", nor does it restrict “its discretion to focus its efforts on the policy or legislators it believes to be in the best interests of the Company and its stakeholders” (emphasis added). To the contrary, the Proposal encourages these activities.

The Proposal does describe a particular pricing structure that would fall under “significant climate action", but the Proposal does not stipulate or limit what actions the Company might choose to satisfy the Proposal.

Determining what exactly meets the standard of “significant” climate action in the Proposal will undoubtedly lead to discussion within the Company. We see that discussion as an expected outcome of adopting the Proposal and an activity that would be considered part of “ordinary business operation” per Rule 14a-8(i)(7) and intentionally beyond the scope of the Proposal.

Further on page 6 the Letter cites an allowed exclusion of a PepsiCo, Inc. (avail. Mar. 3, 2011) proposal. It is clear from the supporting statement in the original proposal that the proposal requests specific action on a topic (cap and trade) and is thus excludable. In
contrast the Proposal does not seek overly restrictive specific action but only an increased emphasis on significant climate action.

Page 7 and 8 of the Letter include additional references to proposals that were excluded due to their being overly prescriptive, which is not the case for the present Proposal and has been addressed above for this Proposal.

Further on page 8 of the Letter there is a reference again to the Proposal being overly limiting in “the Company’s discretion in achieving that goal”. In this way the Letter is attributing more specificity to the Proposal than is actually the case.

Page 9 of the Letter expresses that the Company is already committed to addressing climate change. This is also apparent from Company publications. One of the reasons for this Proposal is that Company plans for this area need to take in to account shareholder input in this rapidly changing area. The asset management firm BlackRock, with $7 trillion dollars under management, announced for the first time on January 14, 2020 that they will make sustainability and climate change a more central part of their management strategy. This is a sign that climate change should be on the mind of investors. And when investor changes such as by BlackRock may have a significant effect on share value it is appropriate to allow some influence by shareholders in the form of this Proposal.

Further on page 9, the Letter implies, incorrectly, that the Proposal calls for “supporting every carbon pricing policy”. This is not the case. As mentioned above, the decisions of what actions for the Company to take based on the Proposal are left to the judgment of the Company management and board of directors.

Implicit in the Proposal is the premise that individual action limited to only Chevron may not be the best action by Chevron. Changes by Chevron independent of other companies may put Chevron in a less competitive position. Influencing industry policy and legislation may be preferable. In any case, by the wording of the Proposal, these decisions are left to management and the board of directors. The Proposal does offer the flexibility for the company to act in ways that will lead to policies that are transparent and apply to more companies than just Chevron.

The Proposal is intended to keep Chevron ahead of public opinion and public demand for action. The reason for voting for the Proposal is to ensure Chevron is seen as a leader in corporate responsibility.

SEC Shareholder Proposals: Staff Legal Bulletin No. 14K (CF) dated October 16, 2019, Section 3 warns against a Proposal “imposing a specific method for implementing a complex policy” as this could be excludable on the grounds of micromanagement. This Proposal requests a general direction, “to support legislators and legislation that promote significant climate action” and does not prescribe specific or restricting action. Some suggestions are provided for actions that would qualify as “supporting legislators and legislation that promote
significant climate action”, such as supporting a carbon fee and dividend at price levels described in the Proposal. The Proposal does not limit the Company to only these suggestions as a means to satisfy the Proposal. Other actions could include supporting legislators or legislation that support increased regulation on carbon dioxide emissions by users of fossil fuels or by supporting a formation of a philosophy within the Company for how to have the Company thrive in a less carbon-intensive economy or to support reforestation projects or to fund organizations that seek to implement policies that promote significant climate action. These are a few disparate ideas to illustrate that the Proposal does not restrict the Company to a particular plan of action or limit the judgement of the Company’s management or board of directors in complying with the Proposal. The overall concept is that shareholders deserve to provide input on this topic at this high level because an unprecedented, pervasive worldwide threat has been identified – anthropogenic climate change – and dealing with this threat is going to have a significant, long term effect on the Company and on shareholder value.

Conclusion

We recognize that the change to a carbon neutral economy is extremely complex and extremely challenging, especially for a company that has been as been as innovative and has invested as much as Chevron in being the best company possible. But our current knowledge of the effects of fossil fuel use compels us to make this move. As making industry-leading steps, such as those in the Proposal, is a large change for Chevron, it makes sense to bring this to the shareholders for their input.

Sincerely,

Clark E. McCall
Active Home LLC


“In prior years, energy and climate change were important but largely relegated to the sidelines relative to other global economic and geopolitical issues. This year, climate change was squarely at the heart of the entire event, permeating nearly all panel discussions and private meetings”; Letter from the Founding Director: Reflections from Davos 2020, https://energypolicy.columbia.edu/letter-founding-director-reflections-davos-2020, accessed 1/26/2020.

Cc: Chevron Corporation
January 17, 2020

**VIA E-MAIL**

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: *Chevron Corporation*  
Stockholder Proposal of Active Home LLC  
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, Chevron Corporation (the “Company”), intends to omit from its proxy statement and form of proxy for its 2020 Annual Meeting of Stockholders (collectively, the “2020 Proxy Materials”) a stockholder proposal (the “Proposal”) received from Active Home LLC (the “Proponent”).

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2020 Proxy Materials with the Commission; and

- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that stockholder proponents are required to send companies a copy of any correspondence that the proponent elects to submit to the Commission or the staff of the Division of Corporation Finance (the “Staff”). Accordingly, we are taking this opportunity to inform the Proponent that if it elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.
THE PROPOSAL

The Proposal states:

With this resolution Chevron commits to support legislators and legislation that promote significant climate action. Supporting significant climate action would include supporting a pricing structure on carbon at levels that make would result in significant reductions in carbon dioxide emissions. Supporting a pricing structure such as that in the 2019 U.S. House bill HR763 - $15 per metric ton fee on carbon equivalent at the introduction and an increase of $10 per metric ton each year, or other legislation supporting a similar carbon pricing structure, would make Chevron a leader in climate change.

A copy of the Proposal and related correspondence with the Proponent is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2020 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal both relates to the Company’s ordinary business operations generally and seeks to micromanage the Company by replacing management’s judgment with that of the stockholders.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Deals With Matters Related To The Company’s Ordinary Business Operations

The Proposal directs the Company to support specific legislators and legislation as part of the Company’s efforts to address climate change. By focusing on particular political activities and setting an inflexible lobbying strategy, the Proposal focuses on ordinary business matters and restricts the Company’s discretion to address the complexities of climate change. As discussed below, the Staff has concurred that proposals seeking to direct a company’s involvement in the political and legislative process on a specific issue related to the company’s business can be excluded as related to the company’s ordinary business operations. Further, the Staff has excluded proposals as micromanaging the company where they direct specific actions with regard to complex policy matters and restrict the discretion or flexibility of the company’s management or board to act on those matters.

Under well-established precedent, we believe that the Proposal is therefore excludable under Rule 14a-8(i)(7) because it focuses on involving the Company in specific political and lobbying
activities concerning the Company’s business, not on the Company’s general political activities, and seeks to micromanage the Company’s actions to address the complex issue of climate change.

A. Overview Of Rule 14a-8(i)(7)

Pursuant to Rule 14a-8(i)(7), a stockholder proposal may be excluded if it “deals with a matter relating to the company’s ordinary business” operations. According to the Commission’s release accompanying the 1998 amendments to Rule 14a-8, the term “ordinary business” refers to matters that are not necessarily “ordinary” in the common meaning of the word, but instead the term “is rooted in the corporate law concept [of] providing management with flexibility in directing certain core matters involving the company’s business and operations.” Exchange Act Release No. 40018 (May 21, 1998) (the “1998 Release”). In the 1998 Release, the Commission explained that the underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting,” and identified two central considerations that underlie this policy. The second consideration relates to “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” Id. (citing Exchange Act Release No. 12999 (Nov. 22, 1976)). For the reasons discussed below, the Proposal implicates both of the ordinary business considerations described in the 1998 Release.

B. Proposals Directed At Involving A Company In The Political Or Legislative Process On A Specific Issue Related To Its Business Are Excludable Under Rule 14a-8(i)(7)

The Staff distinguishes between proposals that relate to a company’s general political activities and those directed at specific public policy matters. Stockholder proposals relating to a company’s “general political activities” typically are not excludable under Rule 14a-8(i)(7). See, e.g., Devon Energy Corp. (avail. Mar. 27, 2012) (declining to concur in the exclusion of a stockholder proposal requesting a report on the policies, procedures, and expenditures regarding direct and indirect lobbying and grassroots lobbying at federal, state, and local levels not excludable because it focused on the company’s “general political activities”); Archer-Daniels-Midland Co. (avail. Aug. 18, 2010) (declining to concur with the exclusion under Rule 14a-8(i)(7) of a stockholder proposal requesting a policy prohibiting the use of corporate funds for any political election or campaign purposes because it focused on the company’s general political activities).
In contrast, the Staff has consistently concurred with the exclusion under Rule 14a-8(i)(7) of stockholder proposals that, like the Proposal, seek to direct a company’s involvement in the political or legislative process on a specific issue related to the company’s business. For example, in *WEC Energy Group, Inc.* (avail. Jan. 10, 2017), the stockholder proposal requested that the company “publicly endorse federal legislation that place[d] an initially low but steadily rising fee on fossil-carbon-based fuels, adjust[ed] the fee at the border to protect domestic manufacturers from countries where such a policy [did] not exist and return[ed] all revenue collected to households.” The company argued that the legislation it was directed to support “would directly impact [its] generation resourcing planning process and related regulatory rate structure, matters that are core business operations of the [c]ompany” and that the stockholder proposal “not only [sought] to cause the [c]ompany to become involved in the political process and to direct the [c]ompany’s position, but also [sought] to direct the [c]ompany’s specific method of participation in the legislative process – public advocacy.” The Staff concurred with exclusion under Rule 14a-8(i)(7), noting that “the proposal appear[ed] directed at involving [the company] in the political or legislative process relating to an aspect of the company’s operations.” See also *Duke Energy Corp.* (avail. Jan. 19, 2017) (concurring with the exclusion of a stockholder proposal instructing that management “vigorously lobby state and national legislatures and regulators to remove obstacles to development of renewable sources of energy” and “install and own wind generators and solar installations to be operated for the profit of Duke Energy stockholders”); *Johnson & Johnson* (avail. Jan. 23, 2014) (concurring with the exclusion of a stockholder proposal asking that the company stop funding efforts to oppose legislation that would require a prescription for a specific pharmaceutical product); *General Motors Corp.* (avail. Apr. 7, 2006) (concurring with the exclusion of a stockholder proposal requesting that the company “petition the [U.S. government] for radically improved [corporate average fuel economy] standards for light duty trucks and cars, lead an effort to develop non-oil based transportation system, and spread this technology to other nation”); *General Electric Co. (Flowers)* (avail. Jan. 29, 1997) (concurring with the exclusion of a stockholder proposal requesting that the company refrain from the use of company funds to oppose specific citizen ballot initiatives, including initiatives related to the company’s nuclear reactor products); *General Motors Corp.* (avail. Mar. 17, 1993) (concurring with the exclusion of a stockholder proposal requesting that the company cease all lobbying and other efforts to oppose legislation that would increase automobile fuel economy standards).

Here, the Proposal does not relate to the Company’s general political activities. Instead, like the stockholder proposals in *WEC Energy, Duke Energy, Johnson & Johnson* and related precedent, the Proposal seeks to involve the Company in public policy efforts regarding energy policy and climate change by specifically directing the Company “to support . . . legislation *that promote[s] significant climate action,*” and dictating that such action entails “supporting a pricing structure on carbon at levels that [] would result in significant reductions in carbon dioxide emissions . . .
such as [the carbon pricing structure] in the 2019 U.S. House bill HR763 . . . or other legislation supporting a similar carbon pricing structure” (emphasis added).

The Proposal further directs the Company “to support legislators . . . that promote significant climate action” (emphasis added). The Proposal is also therefore excludable under Rule 14a-8(i)(7) because, as demonstrated in this quote from the Proposal, it relates to the Company’s contributions to specific recipients, including political candidates and organizations that engage in political or public policy issues. For example, in BellSouth Corp. (avail. Jan. 17, 2006), the stockholder proposal urged the board “[t]o make no financial contributions either real or in kind . . . from the [c]ompany to any legal fund used in defending any and all politicians, now or in the future.” The company argued that because it operated in a highly regulated industry, it was “significantly affected by the actions of elected officials at the local, state and national levels” and therefore believed it to be in the best interests of stockholders “and an important part of its business operations, to be actively involved in the electoral process.” The Staff concurred in the proposal’s exclusion as relating to the company’s ordinary business operations. Similarly, in Verizon Communications, Inc. (avail. Jan. 25, 2005), the Staff concurred with the exclusion of a proposal requesting the board “establish a policy precluding future financial support of Jesse Jackson,” specific organizations, “and/or any other nonprofit organization founded, headed or primarily identified with Jesse Jackson.” The Staff noted in its decision that the proposal related to “contributions to specific organizations.” See also The Walt Disney Co. (avail. Nov. 20, 2014) (concurring with the exclusion of a stockholder proposal urging stockholders “preserve the policy of acknowledging the Boy Scouts of America as a[] charitable organization to receive matching contributions (grants) under the ‘Ears to You’ program”); PepsiCo, Inc. (avail. Feb. 24, 2010) (concurring with the exclusion of a stockholder proposal instructing the board to prohibit support “either financial or by any other means” of any organization or philosophy that rejected or supported homosexuality); Minnesota Mining and Manufacturing Co. (avail. Jan. 3, 1995) (concurring with the exclusion of a stockholder proposal requiring a company to “make charitable or political contributions to organizations or campaigns defending unborn persons’ rights”).

The Proposal’s focus on involving the Company in advocacy specifically related to energy policy and climate change matters means that it focuses on matters related to the Company’s ordinary business operations. The Company is a global energy company with a diverse portfolio of products and investments: the Company’s upstream organization finds, develops, and produces oil and gas resources; its midstream business provides safe and reliable infrastructure and services; its downstream and chemicals organization grows its chemical and lubricant portfolios; and the Company’s major capital projects around the world relate to natural gas, heavy oil, liquefied natural gas and shale, among others. Legislative and regulatory initiatives related to climate change are complex, particularly regarding how new or proposed laws and regulations could impact the Company’s business operations. Individual decisions regarding
whether and which climate change-related legislative initiatives or sponsors to support require a detailed understanding of the Company’s business, including its products, future business models, strategies and operations, as well as the industries and markets in which the Company operates. This process involves the study of a number of factors, including the likelihood that lobbying efforts will be successful and the anticipated effect of specific regulations on the Company’s financial position and stockholder value.

The Proposal would require blanket support for any carbon pricing policy. It also not only limits the Company’s ability to engage effectively in support of well-designed carbon pricing policy in diverse political environments across its global business, it restricts its discretion to focus its efforts on the policy or legislators it believes to be in the best interests of the Company and its stakeholders. In directing the specific legislators and legislation the Company should support, the Proposal seeks stockholder oversight of an area of ordinary business operations that is “fundamental to management’s ability to run a company on a day-to-day basis” and most appropriately handled by management. 1998 Release.

Finally, the Staff has consistently concurred that a proposal directed at a company’s involvement in political and lobbying activities on a specific issue related to its ordinary business operations may be excluded under Rule 14a-8(i)(7) even where the specific activities concern a significant policy issue. For example, as discussed above, the proposals in WEC Energy and Duke Energy specifically concerned addressing climate change. Moreover, in PepsiCo, Inc. (avail. Mar. 3, 2011), the proposal requested a report on the company’s process for identifying and prioritizing legislative and regulatory public policy advocacy activities. While the resolved clause related to the company’s general political activities, the supporting statement focused extensively on the company’s support of cap and trade climate change legislation. Thus, the company argued that “[t]he resolution [was] neutral, but the supporting statement [made] clear the thrust of the [p]roposal [was] directed toward the Company’s involvement with a specific legislative initiative.” In concurring that the proposal could be excluded, the Staff agreed with the company, noting that “the proposal and supporting statement, when read together, focus[ed] primarily on PepsiCo’s specific lobbying activities that relate to the operation of PepsiCo’s business and not on PepsiCo’s general political activities.”

For these reasons, the Proposal implicates the Company’s ordinary business operations, and it therefore may be excluded under Rule 14a-8(i)(7).

C. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Seeks To Micromanage The Company

The Proposal is also excludable under Rule 14a-8(i)(7) because the prescriptive nature of the Proposal means that it impermissibly seeks to micromanage the Company’s actions to address
climate change through an inflexible, defined lobbying strategy. Specifically, the Proposal would require the Company “to take additional action” by “support[ing] legislators and legislation that promote significant climate action,” which “would include supporting a pricing structure on carbon at levels that make would result in significant reductions in carbon dioxide emissions.” The Proposal focuses on specific actions that the Company’s management or board of directors must undertake without affording the Company sufficient flexibility or discretion in addressing the complexities of climate change.

As described above, the 1998 Release indicated that the second consideration in Rule 14a-8(i)(7) relates to “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” The Staff elaborated on this consideration in Staff Legal Bulletin No. 14J (Oct. 23, 2018) (“SLB 14J”), where the Staff explained that “[u]nlike the first consideration [of the ordinary business exclusion], which looks to a proposal’s subject matter, the second consideration looks only to the degree to which a proposal seeks to micromanage. Thus, a proposal that may not be excludable under the first consideration may be excludable under the second if it micromanages the company.” SLB 14J also explained that under Rule 14a-8(i)(7) a stockholder proposal that seeks to micromanage a company’s business operations is excludable even if it involves a significant policy issue.

Recently, in Staff Legal Bulletin No. 14K (Oct. 16, 2019) (“SLB 14K”), the Staff further clarified that “a proposal, regardless of its precatory nature, that prescribes specific timeframes or methods for implementing complex policies . . . may be viewed as micromanaging the company.” Moreover, “the precatory nature of a proposal does not bear on the degree to which a proposal micromanages.” Id. Instead, the Staff assesses the “level of prescriptiveness of the proposal,” and “if the method or strategy for implementing the action requested by the proposal is overly prescriptive, thereby potentially limiting the judgment and discretion of the board and management, the proposal may be viewed as micromanaging the company.” Id. In considering arguments for exclusion based on micromanagement, the Staff noted that it “look[s] to whether the proposal seeks intricate detail or imposes a specific strategy, method, action, outcome or timeline for addressing an issue, thereby supplanting the judgment of management and the board.” Id.

This guidance is reflected in Staff responses consistently permitting exclusion of shareholder proposals, like the Proposal, that attempt to micromanage a company by substituting shareholder judgement for that of management with respect to complex day-to-day business operations. For example, in Intel Corp. (avail. Mar. 15, 2019), the proposal requested that the company include a specific policy statement—that “Intel affirms and believes all that the Pride flag and Gay Pride movement it is associated with represent or assert to be right and true”—in its Global Human Rights Principles, as well as certain company websites and communications.
argued the proposal attempted to micromanage the company by dictating both a specific policy position on a complex matter and how the company communicated that position. The Staff concurred with the exclusion of the proposal as relating to the company’s ordinary business operations, as, in its view, “the [p]roposal [sought] to micromanage the [c]ompany by dictating that the [c]ompany must adopt a specific policy position and prescribing how the [c]ompany must communicate that policy position.” See also MGE Energy, Inc. (avail. Mar. 13, 2019) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal requesting the company prepare a public report describing how it “can provide a secure, low cost energy future for [its] customers and shareholders by eliminating coal and moving to 100% renewable energy by 2050 or sooner” as “seek[ing] to micromanage the [c]ompany by imposing specific methods for implementing complex policies in place of the ongoing judgments of management as overseen by its board of directors”); Amazon.com, Inc. (avail. Jan. 18, 2018, recon. denied Apr. 5, 2018) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal instructing the company to list WaterSense showerheads before the listing of other showerheads and to provide a short description of the meaning of WaterSense showerheads as “seek[ing] to micromanage the [c]ompany by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment”); SeaWorld Entertainment, Inc. (avail. Mar. 30, 2017, recon. denied Apr. 17, 2017) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal requesting the replacement of live orca exhibits with virtual reality experiences as “seek[ing] to micromanage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment”).

Here, the Proposal seeks to have the Company take “significant action to address climate change” in order to avoid the impact of negative public perception and “be a leader in transitioning the world to a carbon neutral economy.” But the Proposal then limits the Company’s discretion in achieving that goal. As the Staff explained in SLB 14K, “[w]hen a proposal prescribes specific actions that the company’s management or the board must undertake without affording them sufficient flexibility or discretion in addressing the complex matter presented by the proposal,” the proposal is excludable based on micromanagement. The phrasing of the Proposal, which plainly requests the Company to “support legislators and legislation that promote significant climate action,” including “supporting a pricing structure on carbon at levels that make would result in significant reductions in carbon dioxide emissions” affords the Company no discretion to determine how best to address the concerns raised by the Proposal. Instead, as in the precedent cited above, the Proposal prescribes the action to be taken as a substitute for the judgment of management.
The Company is already committed to addressing climate change. 1 Through the Company’s Board of Directors and management, it has determined its strategy for how: by taking prudent, practical, and cost-effective action and supporting well-designed climate policies. Regarding carbon pricing, the Company bases its support for specific policies on the individual policy’s design and jurisdiction-specific considerations, as the Company is already subject to certain jurisdiction-specific carbon pricing regimes and more than 50% of its equity emissions are in areas with existing or developing carbon pricing policies. Informed by its operations, the Company believes that a well-designed carbon price should be applied across all sectors of the global economy to maximize environmental benefits, mitigate economic costs, and provide the most efficient, cost-effective emissions reduction. A poorly designed policy, by contrast, can cause significant harm to the economy, consumers, and business, as well as the long-term prospects for actions to address climate change. To the Company, supporting well-designed carbon pricing therefore does not equate to supporting every carbon pricing policy because not all carbon pricing policies will meet its goals. The Company’s existing engagement on carbon policy provides the Company with the flexibility to respond and engage accordingly with governments around the world. The Proposal, if adopted, would remove this discretion and require a shift in the Company’s strategy. Instead of assessing carbon pricing policies based on the particular jurisdiction and design, the Company would be forced to support any legislation meeting the Proposal’s particular time and price constraints (i.e., “$15 per metric ton fee on carbon equivalent at the introduction and an increase of $10 per metric ton each year, or other legislation supporting a similar carbon pricing structure”). In doing so, the Proposal impermissibly “imposes a specific strategy, method, [and] action . . . for addressing an issue, thereby supplanting the judgment of management and the board.” SLB 14K.

The Proposal does not request that the Company consider how to amend its policies to “be a leader in transitioning the world to a carbon neutral economy.” Instead, it seeks to dictate what actions the Company must take in order to satisfy the Proponent. The stockholder proposal process is not intended to provide an avenue for shareholders to impose requirements of this sort in areas that are appropriately addressed through management’s informed processes. Decisions about how to address these concerns are appropriately left to the Company, as they involve details and complex considerations that are beyond the appropriate purview of stockholders. Thus, as with the stockholder proposals in the precedents cited above, the Proposal is properly excludable under Rule 14a-8(i)(7).

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2020 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8287, or Christopher A. Butner, the Company’s Assistant Corporate Secretary and Managing Counsel, at (925) 842-2796.

Sincerely,

Elizabeth A. Ising

Enclosures

cc: Christopher A. Butner, Chevron Corporation
    Clark McCall, Active Home LLC
RE: Chevron shareholder proposal

December 10, 2019

Mary A. Francis
Corporate Secretary and Chief Governance Officer
Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583-2324

Dear Ms. Francis,

Attached is a shareholder proposal being submitted by Active Home, LLC for the 2020 Chevron annual meeting.

Active Home purchased $4,000.00 of Chevron stock in November of 2018 and still owns this stock. They will continue to hold this stock through 2020. A letter from Computershare documenting their ownership of this stock since November 2018 has been requested. I will send it to the same address as this letter.

Please let me know of any other documentation that might be needed along with this proposal.

Sincerely,

[Signature]

Clark McCall
Owner, Active Home LLC
Account Number ***
416 W. Huron St. Suite #11
Ann Arbor, MI 48103
clarkem55@gmail.com
Shareholder proposal – climate change action

According to the letter from the chairman and CEO in Chevron publication Managing Climate Change Risks, "Chevron shares the concerns of governments and the public about climate change risks and recognizes that the use of fossil fuels to meet the world’s energy needs contributes to the rising concentration of greenhouse gases in Earth’s atmosphere."1

Unfortunately, our company faces a threat similar to that faced by tobacco companies in the 1960s and 70s. In the case of our company, the product that Chevron legally sells and relies on for most of its revenue, has been determined, when used for the purpose for which it is sold, to have detrimental effects on the welfare of the users of the product as well as all of the residents of the planet. The severity of the climate crisis becomes better understood with each passing day. The urgency of taking significant action increases with each day of business-as-usual green house gas emissions. In coming years these facts can be expected to become more and more clear in the minds of the public.

Intangible assets, which include a company’s brand recognition and reputation, now account for 84% of a company’s value2. This percentage has been steadily increasing since the 1970s.

In order to avoid the effects on Chevron brought about by negative public perception, Chevron understands the need to take additional action so it can be seen to be a leader in transitioning the world to a carbon neutral economy and thus avoid the impacts to the value of the company due to negative public perception of the company regarding significant action to address climate change.

With this resolution Chevron commits to support legislators and legislation that promote significant climate action. Supporting significant climate action would include supporting a pricing structure on carbon at levels that make would result in significant reductions in carbon dioxide emissions. Supporting a pricing structure such as that in the 2019 U.S. House bill HR763 - $15 per metric ton fee on carbon equivalent at the introduction and an increase of $10 per metric ton each year, or other legislation supporting a similar carbon pricing structure, would make Chevron a leader in addressing climate change.

Responsible citizens throughout the world including Chevron shareholders, support the need for significant action to reduce our green house gas emissions.

We urge shareholders to vote FOR this proposal.


Submitted by Active Home LLC, Ann Arbor, MI, owner of 33 shares of Chevron stock, December 10, 2019.
From: Butner, Christopher A (CButner) <CButner@chevron.com>
Sent: Monday, December 23, 2019 3:31 PM
To: clarkem55@gmail.com
Subject: FW: Chevron

My apologies, we had the wrong address on the letter. Please see the attached.

Best,
Chris

________________________________________
From: Butner, Christopher A (CButner)
Sent: Thursday, December 19, 2019 9:22 AM
To: clarkem55@gmail.com
Subject: Chevron

Please see the attached.

Best regards,
Chris

Christopher A. Butner
Chevron Corporation
6001 Bollinger Canyon Road, Rm T-3180
San Ramon, CA 94583
(925) 842-2796—Direct
(415) 238-1172—Cell
(925) 842-2846—Fax
cbutner@chevron.com

This message may contain privileged and/or confidential information; please handle and protect it appropriately. If you are not the intended recipient, or the person responsible for delivering it to the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is STRICTLY PROHIBITED. If you have received this message in error, please notify me immediately, and destroy the original message, including any attachments, without reading them.
December 23, 2019

Sent via email and overnight delivery:

clarkem55@gmail.com

Clark McCall
416 W. Huron St. Suite #11,
Ann Arbor, MI 48103
Re: Stockholder Proposal

Dear Mr. McCall,

On December 12, 2019, we received your letter dated December 10, 2019 submitting a stockholder proposal for Active Home LLC ("Proponent"), for inclusion in Chevron’s proxy statement and proxy for its 2020 annual meeting of stockholders. By way of rules adopted pursuant to the Securities Exchange Act of 1934, the U.S. Securities and Exchange Commission has prescribed certain procedural and eligibility requirements for the submission of proposals to be included in a company’s proxy materials. I write to provide notice of certain defects in your submission, specifically proof of ownership of Chevron stock.

Pursuant to Exchange Act Rule 14a-8(b), to be eligible to submit a proposal, the Proponent must be a Chevron stockholder, either as a registered holder or as a beneficial holder (i.e., a street name holder), and must have continuously held at least $2,000 in market value or 1% of Chevron’s shares entitled to be voted on the proposal at the annual meeting for at least one year as of the date the proposal is submitted. Chevron’s stock records for its registered holders do not indicate that the Proponent is a registered holder. Exchange Act Rule 14a-8(b)(2) and SEC staff guidance provide that if the Proponent is not a registered holder the Proponent must prove share position and eligibility by submitting to Chevron either:

1. a written statement from the "record" holder of the Proponent’s shares (usually a broker or bank) verifying that the Proponent has continuously held the required value or number of shares for at least the one-year period preceding and including the date the proposal was submitted, which was December 10, 2019; or

2. a copy of a filed Schedule 13D, Schedule 13G, Form 3, Form 4, Form 5, or amendments to those documents or updated forms, reflecting Proponent ownership of the required value or number of shares as of or before the date on which the one-year eligibility period begins and any subsequent amendments
reporting a change in ownership level, along with a written statement that the Proponent has owned the required value or number of shares continuously for at least one year as of the date the proposal was submitted (December 10, 2019).

Your letter did not include the sufficient proof of the Proponent's ownership of Chevron stock. By this letter, I am requesting that you provide to us acceptable documentation that the Proponent has held the required value or number of shares to submit a proposal continuously for at least the one-year period preceding and including the December 10, 2019 date the proposal was submitted.

In this regard, I direct your attention to the SEC's Division of Corporation Finance Staff Legal Bulletin No. 14 (at C(1)(c)(1)-(2)), which indicates that, for purposes of Exchange Act Rule 14a-8(b)(2), written statements verifying ownership of shares "must be from the record holder of the shareholder's securities, which is usually a broker or bank." Further, please note that most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency that acts as a securities depository (DTC is also known through the account name of Cede & Co.), and the Division of Corporation Finance advises that, for purposes of Exchange Act Rule 14a-8(b)(2), only DTC participants or affiliates of DTC participants 'should be viewed as 'record' holders of securities that are deposited at DTC." (Staff Legal Bulletin No. 14F at B(3) and No. 14G at B(1)-(2)). (Copies of these and other Staff Legal Bulletins containing useful information for proponents when submitting proof of ownership to companies can be found on the SEC's web site at: http://www.sec.gov/interps/legal.shtml.) You can confirm whether the Proponent's broker or bank is a DTC participant by asking the broker or bank or by checking DTC's participant list, which is available at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.pdf

Please note that if the Proponent's broker or bank is not a DTC participant, then you need to submit proof of ownership from the DTC participant through which the shares are held verifying that the Proponent has continuously held the requisite number of Chevron shares for at least the one-year period preceding and including the date the proposal was submitted (December 10, 2019). You should be able to find out or confirm the identity of the DTC participant by asking the Proponent's broker or bank.

Consistent with the above, if the Proponent intends to demonstrate ownership by submitting a written statement from the "record" holder of the Proponent’s shares, please provide to us a written statement from the DTC participant record holder of the Proponent’s shares verifying (a) that the DTC participant is the record holder, (b) the number of shares held in the Proponent’s name, and (c) that the Proponent has continuously held the required value or number of Chevron shares for at least the one-year period preceding and including the December 10, 2019 date the proposal was submitted. Additionally, if the DTC participant that holds the Proponent’s shares is not able to confirm individual holdings but is able to confirm the holdings of the Proponent's broker or bank, then the Proponent will need to satisfy the proof of ownership requirements by obtaining
and submitting two proof of ownership statements verifying that, for at least the one-year period preceding and including the date the proposal was submitted (December 10, 2019), the requisite number of Chevron shares were continuously held. The first statement should be from the Proponent’s broker or bank confirming the Proponent’s ownership. The second statement should be from the DTC participant confirming the broker or bank’s ownership.

Your response may be sent to my attention by U.S. Postal Service or overnight delivery at the address above or by email (cbutner@chevron.com). Pursuant to Exchange Act Rule 14a-8(f), your response must be postmarked or transmitted electronically no later than 14 days from the date you receive this letter.

Copies of Exchange Act Rule 14a-8 and Staff Legal Bulletin No. 14F are enclosed for your convenience. Thank you, in advance, for your attention to this matter.

Sincerely,

Christopher A. Butner
From: clark mccall <clarkem55@gmail.com>
Sent: Thursday, January 02, 2020 8:09 AM
To: Butner, Christopher A (CButner) <CButner@chevron.com>
Subject: [**EXTERNAL**] Stockholder proposal response

Dear Mr. Butner,

This letter is in response to your postal letter to me of December 23, 2019.

Active Home LLC has owned more than $2,000 of Chevron stock for at least one year prior to the date of submission of this proposal on December 10, 2019. I have requested written documentation from my “record” holder, Computershare, to show Active Home LLC’s ownership records for Chevron stock for 2018 and 2019. Computershare said this would be mailed on January 3, 2020. I will send that to your office as soon as it arrives.

Best Regards,

Clark McCall
Owner, Active Home LLC
416 W. Huron St.
Suite #11
Ann Arbor, MI 48103