UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 29, 2024

Elizabeth A. Ising
Gibson, Dunn & Crutcher LLP

Re: Chevron Corporation (the "Company")
Incoming letter dated January 19, 2024

Dear Elizabeth A. Ising:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by the As You Sow Foundation Fund and co-filer for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal request that the Company report on divestitures of assets with material climate impact, including whether each asset purchaser discloses its GHG emissions and has 1.5°C-aligned or other greenhouse gas reduction targets.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal seeks to micromanage the Company. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(7).

Copies of all of the correspondence on which this response is based will be made available on our website at https://www.sec.gov/corpfin/2023-2024-shareholder-proposals-no-action.

Sincerely,

Rule 14a-8 Review Team

cc: Luke Morgan
As You Sow

GIBSON DUNN

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January 19, 2024

VIA ONLINE SUBMISSION

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Chevron Corporation
Stockholder Proposal of the As You Sow Foundation Fund et al.
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 2024 Annual Meeting of Stockholders (collectively, the "2024 Proxy Materials") a stockholder proposal (the "Proposal") and statement in support thereof (the "Supporting Statement") received from As You Sow on behalf of the As You Sow Foundation Fund and the Lisette Cooper 2015 Trust (the "Proponents").

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 2024 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponents.

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 proponents elect 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 Proponents that if the Proponents elect to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of such 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:

> RESOLVED: Shareholders request that Chevron annually report on divestitures of assets with material climate impact, including whether each asset purchaser discloses its GHG emissions and has 1.5°C aligned or other greenhouse gas reduction targets.

A copy of the Proposal 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 properly may be excluded from the 2024 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations and the Proposal seeks to micromanage the Company.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because The Proposal Relates To The Company's Ordinary Business Operations.

The Company actively manages its portfolio through, among other actions, mergers, acquisitions, and divestments. The Company discloses information about the impact of its divestments on the Company's overall greenhouse gas ("GHG") emissions to the extent such information relates to the Company's operations. To be responsive to interest from some stakeholders, the aggregate impact of divestments in lowering the Company's carbon intensity is shown in the Company's Climate Change Resilience Report.[1]

Among the factors the Company considers when selling assets is finding a counterparty with suitable financial strength to acquire and operate the asset, as well as meet their future financial and other obligations. The Company does not divest assets solely in order to reduce its greenhouse gas emissions. Moreover, it is the Company's expectation that these acquiring entities will comply with applicable laws and regulations, including providing potential disclosures on climate-related issues.

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[1] *Available at* https://www.chevron.com/-/media/chevron/sustainability/documents/climate-change-resilience-report.pdf (the "Climate Change Resilience Report").

A. Background

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a stockholder proposal that relates 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 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 stated 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. *Id.* The first of those considerations is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." *Id*. The Commission stated that examples of tasks that implicate the ordinary business standard include "the management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers." *Id*.

The second consideration relates to "the degree to which the proposal seeks 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." *Id.*, *citing* Exchange Act Release No. 12999 (Nov. 22, 1976) (the "1976 Release"). The Proposal implicates both considerations.

Moreover, when assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. *See* Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005) ("In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole.").

Finally, a stockholder proposal being framed in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the proposed report is within the ordinary business of the issuer. *See* Exchange Act Release No. 20091 (Aug. 16, 1983); *Johnson Controls, Inc.* (avail. Oct. 26, 1999) ("[w]here the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7)."); *see also Ford Motor Co.* (avail. Mar. 2, 2004) (concurring with the exclusion of a proposal requesting that the company publish a report about global warming/cooling, where the report was required to

include details of indirect environmental consequences of its primary automobile manufacturing business).

B. The Proposal Is Excludable Because It Relates To Non-Extraordinary Transactions

Consistent with the first consideration described in the 1998 Release that certain matters "are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight," the Staff has consistently concurred with the exclusion of proposals addressing non-extraordinary transactions as they relate to a company's ordinary business operations. For example, in *General Electric Co.* (avail. Jan. 22, 2001), the Staff concurred with the exclusion of a stockholder proposal providing that "GE take steps to divest itself of NBC." The Staff noted in particular that the proposal "relat[ed] to ordinary business operations (i.e., the disposition of a business or assets not related to GE's core products and services)." Similarly, in *PepsiAmericas Inc.* (avail. Feb. 11, 2004), the Staff concurred with the exclusion of a proposal urging the company to consider "examining ownership alternatives for $ 270 million of [the company's] value destroying European assets . . . [and] returning [the company] to the market for control," finding that the proposal "relat[ed] to ordinary business matters, (i.e., maximizing shareholder value, general compensation matters, and transactions involving non-core assets)." Furthermore, in *Associated Estates Realty Corp.* (avail. Mar. 23, 2000), the proposal requested that the company's board institute a business plan that may include the "[d]isposition of non-core businesses and assets" as part of a plan to maximize stockholder value. The Staff concurred with the exclusion of the proposal under Rule 14a-8(i)(7) "because the proposal relates in part to ordinary business operations (e.g., the disposition of non-core businesses and assets)." In *Pinnacle West Capital Corp.* (avail. Mar. 28, 1990), the Staff concurred with the exclusion of a proposal requesting divestment of the company's banking, real estate and other assets in order to enhance stockholder value, noting that the proposal "appears to deal with matters relating to the conduct of the [c]ompany's ordinary business operations (i.e., the decision to separate [c]ompany assets not directly related to electric power production)."

The Staff also has consistently concurred that proposals that implicate *both* extraordinary and non-extraordinary transactions fall within a company's ordinary course of business and therefore are excludable under Rule 14a-8(i)(7). For example, in *Bank of America Corp.* (avail. Feb. 26, 2019), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company "begin an orderly process of retaining advisors to study strategic alternatives and empower a committee of its independent directors to evaluate those alternatives with advisors in exercise of their fiduciary responsibilities to maximize shareholder value," with the Staff noting that the Proposal related to "both extraordinary transactions and non-extraordinary transactions." Similarly, in *Telular Corp.* (avail. Dec. 5,

2003), a proposal requested the appointment of a committee of independent directors "to explore strategic alternatives for maximizing shareholder value . . . including, but not limited to, a sale, merger, spinn-off [sic], split-off or divestiture of the [c]ompany or a division thereof." The Staff concurred with the proposal's exclusion, noting that it "appears to relate in part to non-extraordinary transactions." Likewise, in *Sears, Roebuck and Co.* (avail. Feb. 7, 2000), the Staff concurred with the exclusion of a proposal under Rule 14a-8(i)(7) because the proposal "appears to relate in part to nonextraordinary transactions," where the proposal requested that the company "hire an investment banking firm to arrange for the sale of all or parts of the [c]ompany" and the company argued that its board of directors could implement the proposal by "follow[ing] a course of action that is part of the usual or regular business operations of the [c]ompany: a sale of part of the [c]ompany." *See also Mid-Southern Bancorp, Inc.* (avail. Apr. 9, 2021) (concurring with the exclusion of a proposal under Rule 14a-8(i)(7) requesting that the company "hire a nationally known investment banking firm" to investigate selling or merging the company where the proposal was not expressly limited to extraordinary transactions); *FPL Group, Inc. (Recon.)* (avail. Mar. 17, 1989) (concurring with the exclusion of a proposal under the predecessor to Rule 14a-8(i)(7) requesting that the board take steps to separate certain subsidiaries from all of the company's other subsidiaries, with the Staff noting that the proposal "appears to deal with a matter relating to the conduct of the [c]ompany's ordinary business operations (i.e., the decision to divest operating units)").

In contrast, a proposal is not excludable under Rule 14a-8(i)(7) if it relates *solely* to an extraordinary transaction. *See, e.g.*, *Viacom Inc.* (avail. Mar. 30, 2007) (declining to concur with the exclusion of a proposal requesting a media company to divest a major film and television production and distribution studio "via sale or other extraordinary transaction"); *First Franklin Corp.* (avail. Feb. 22, 2006) (declining to concur with the exclusion of a proposal to engage the services of an investment banking firm to take all necessary steps to actively seek a sale or merger of the company); *Allegheny Valley Bancorp, Inc.* (avail. Jan. 3, 2001) (declining to concur with the exclusion of a proposal to retain an investment bank in order to solicit offers for the company's stock or assets and "present the highest cash offer to purchase the [company's] stock or assets to the shareholders for their acceptance or rejection of such offer"); *Quaker Oats Co.* (avail. Dec. 28, 1995) (declining to concur with the exclusion of a proposal requesting a food and beverage company to effect a transaction splitting the food and beverage businesses into "two separate and independent publicly owned corporations").

Here, the Proposal requests that the Company "annually report on divestitures of assets with material climate impact." As noted above, the Company routinely engages in divestments of various degrees of magnitude when managing its portfolio. Notwithstanding the Proposal's request for a report pertaining to "divestitures . . . with a material climate impact," the vast majority, if not all, of these divestitures are non-extraordinary transactions, and thus are part

of the Company's ordinary course business operations. This is evidenced by the fact that the Company does not need stockholder approval for them pursuant to Delaware law or under the Company's governing documents. Like the proposals addressed in *PepsiAmericas*, *General Electric*, *Associated Estates Realty*, and *Pinnacle West Capital*, all of which the Staff concurred were excludable under Rule 14a-8(i)(7) because they addressed the divestiture of non-core businesses or assets, the Proposal does not concern only extraordinary divestitures. Moreover, even if the Staff viewed the Proposal as implicating some extraordinary transactions, as noted above the Proposal still also concerns non-extraordinary transactions because the vast majority, if not all, of the Company's divestments are ordinary course business transactions. Finally, the reference to "divestitures . . . with a material climate impact" does not transform these transactions into extraordinary transactions. As noted in *General Electric* and the other precedent above, the test is whether a proposal related to the disposition of a business or assets is solely related to a company's core products and services, which is not the case with all Company divestitures that may have "a material climate impact." Thus, as with the proposals in *Bank of America*, *Telular Corp.* and *Sears, Roebuck & Co.* that the Staff found to be excludable because they related to both extraordinary and non-extraordinary transactions, the Proposal is not limited to extraordinary transactions and may properly be excluded under Rule 14a-8(i)(7).

C. The Proposal Does Not Focus On A Significant Social Policy Issue That Transcends The Company's Ordinary Business Operations

In the 1998 Release, the Commission reaffirmed the standards for when proposals are excludable under the "ordinary business" provision that the Commission had initially articulated in the 1976 Release. In the 1998 Release, the Commission also distinguished proposals pertaining to ordinary business matters that are excludable under Rule 14a-8(i)(7) from those that "focus on" significant social policy issues. The Commission stated, "proposals relating to [ordinary business] matters but focusing on sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." 1998 Release.

In Staff Legal Bulletin No. 14L (Nov. 3, 2021) ("SLB 14L"), the Staff stated that it "will realign its approach for determining whether a proposal relates to 'ordinary business' with the standard the Commission initially articulated in [the 1976 Release], which provided an exception for certain proposals that raise significant social policy issues, and which the Commission subsequently reaffirmed in the 1998 Release." In addition, the Staff stated that in administering Rule 14a-8(i)(7), the Staff "will instead focus on the social policy significance of the issue that is the subject of the shareholder proposal" and "consider

whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company." *Id.*

The Proposal relates to the information the Company reports regarding its ordinary course business transactions and therefore does not raise an issue with a "broad societal impact." As noted above, the Company already discloses information about the impact of its divestitures on the Company's overall GHG emissions to the extent such information relates to the Company's operations. The Proposal does not "transcend the ordinary business of the [C]ompany" because the Proposal's stated concerns relate to information about the policies, goals and disclosures of third-party asset purchasers involved in the Company's ordinary course business transactions. The Proposal does not actually relate to the Company's GHG emissions reporting, disclosures or targets.

Exclusion of the Proposal under Rule 14a-8(i)(7) is consistent with precedent where the Staff has concurred that proposals touching on topics that might raise significant social policy issues—but that do not focus on or have only tangential implications for such issues—are not transformed from an otherwise ordinary business proposal into one that transcends ordinary business, and as such, remain excludable under Rule 14a-8(i)(7). For example, in *PetSmart, Inc.* (avail. Mar. 24, 2011), the proposal requested that the board require the company's suppliers to certify that they had not violated "the Animal Welfare Act, the Lacey Act, or any state law equivalents." The Staff concurred with exclusion, noting that "[a]lthough the humane treatment of animals is a significant policy issue, we note your view that the scope of the laws covered by the proposal is 'fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping.'" *See also Amazon.com, Inc.* (*Domini Impact Equity Fund)* (avail. Mar. 28, 2019) (concurring with the exclusion of a proposal requesting that the board annually report to stockholders "its analysis of the community impacts of [the company's] operations, considering near- and long-term local economic and social outcomes, including risks, and the mitigation of those risks, and opportunities arising from its presence in communities," noting that "the [p]roposal relates generally to 'the community impacts' of the [c]ompany's operations and does not appear to focus on an issue that transcends ordinary business matters"); *Dominion Resources, Inc.* (avail. Feb. 3, 2011) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal asking that the company promote "stewardship of the environment" by initiating a program to provide financing to home and small business owners for installation of rooftop solar or renewable wind power generation because the proposal related to "the products and services offered for sale by the company").

While the Staff has viewed some proposals focusing on climate-related matters as transcending ordinary business because they raise a significant social policy issue with a broad societal impact, merely referring to climate change in a proposal does not lead to that result. The Proposal's stated concerns relate to information about the policies, goals and

disclosures of third-party asset purchasers involved in the Company's ordinary course business transactions. The Proposal does not actually relate to the Company's GHG emissions reporting, disclosures, or targets. For these reasons, the Proposal fails to focus on a significant policy issue with respect to the Company and does not "transcend the ordinary business of the [C]ompany." SLB 14L. Thus, the Proposal may be excluded under Rule 14a-8(i)(7).

D. The Proposal Is Excludable Because It Seeks To Micromanage The Company

As explained above, the second consideration described in the 1998 Release states that micromanagement "may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific . . . methods for implementing complex policies." In SLB 14L, the Staff clarified that not all "proposals seeking detail" constitute micromanagement, and that going forward the Staff "will focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management." Specifically, in assessing whether a proposal micromanages by seeking to impose specific methods for implementing complex policies, the Staff evaluates not just the wording of the proposal but also the action called for by the proposal and the manner in which the action called for under a proposal would affect a company's activities and management discretion. *See Deere & Co.* (avail. Jan. 3, 2022) and *The Coca-Cola Co.* (avail. Feb. 16, 2022) (each concurring with the exclusion of proposals with a broadly phrased request that required detailed and intrusive actions to implement). And in evaluating whether a proposal probes matters "too complex" for stockholders, as a group, to make an informed judgment, it may consider "the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic." SLB 14L. The Staff has stated that this "approach is consistent with the Commission's views on the ordinary business exclusion, *which is designed to preserve management's discretion on ordinary business matters* but not prevent shareholders from providing high-level direction on large strategic corporate matters." SLB 14L (emphasis added).

The Staff has applied this guidance to concur with the exclusion of proposals requesting the adoption of specific approaches to address climate change matters, with the extent to which the proposal permits the board or management to retain discretion being particularly relevant. In SLB 14L, the Staff indicated that when reviewing such proposals, it "would not concur in the exclusion of . . . proposals that suggest targets or timelines so long as the proposals *afford discretion to management as to how to achieve such goals*." (Emphasis added). SLB 14L cites *ConocoPhillips Co.* (avail. Mar. 19, 2021) as an example of its application of the micromanagement standard, noting that the proposal at issue did not micromanage the

company because it requested that the company address a particular issue but "did not *impose a specific method* for doing so." (Emphasis added).

Here, the Proposal first seeks to expand the scope of the Company's GHG emissions reporting beyond the Company's operations, as well as its customers' and suppliers' operations, to encompass entities with which the Company engages in routine, arm's-length divestiture transactions. As a result, "the level of granularity sought in the [P]roposal" means that the Proposal impermissibly micromanages the Company.

The Company already provides extensive disclosure related to its efforts at lowering the carbon intensity of its operations.[2] Indeed, as the Supporting Statement acknowledges, the Company even discloses information "show[ing] . . . that a portion of its operational greenhouse gas (GHG) emissions reductions comes from divestments." Put differently, the Company discloses information about the impact of its divestitures on the Company's overall GHG emissions to the extent such information relates to the Company's operations. The Proposal, however, seeks to expand the scope of the Company's GHG emissions reporting by seeking granular information about Company divestitures and the specific disclosures and policies of third-party entities with which the Company engages in arm's-length transactions. Notably, these entities are not necessarily customers or suppliers of the Company, such that this information would fall outside the reach of even Scope 3 GHG emissions reporting.

Developing appropriate GHG emissions reporting parameters requires complex principles, tradeoffs, and business goal considerations. For example, in *Amazon.com, Inc.* (avail. Apr. 7, 2023*, recon. denied* Apr. 20, 2023), the Staff concurred with the exclusion of a proposal requesting that the company measure and disclose Scope 3 GHG emissions where the proposal defined Scope 3 emissions to include the company's "full value chain inclusive of its physical stores and e-commerce operations and all products . . . sold by third party vendors." The company argued that the proposal addressed a complex, multifaceted issue by dictating a prescriptive standard for defining the company's Scope 3 emissions inventory that differed from both the approach the company believed to be best suited to the nature of its operations and the standards set forth in established frameworks. *See also Chubb Limited (Green Century)* (avail. Mar. 27, 2023) (concurring with the exclusion of a stockholder proposal requesting that the company adopt a policy for the timebound phase out of underwriting of new fossil fuel exploration and development projects because it inappropriately sought to interfere with the discretion of management and the board to implement the approach that in their business judgment would be the most effective manner for the company to holistically align itself with its climate-related goals).

[2] *See, e.g.*, the Climate Change Resilience Report.

Like the proposal in *Amazon*, the Proposal would replace the judgment of the Company's management about the approach to GHG emissions reporting related to the Company's divestitures with the Proposal's prescriptive request for information about the disclosures and policies of third-party entities outside the Company's value chain. In this regard, the Proposal's prescriptive approach seeks information that is inconsistent with established frameworks that focus on GHG emissions *within* a company's value chain. As such, the Proposal does not provide the Company "high-level direction on large strategic corporate matters." Instead, just as with the proposal in *Amazon*, the Proposal addresses a complex, multifaceted issue by imposing a prescriptive standard that both differs from the approach the Company believes is best suited to the nature of the Company's operations and seeks information outside of the reporting boundaries of Scope 1, 2, and 3 as articulated in established frameworks for GHG emissions reporting.

Furthermore, the Proposal also seeks to dictate specific due diligence practices and factors that the Company must consider when evaluating ordinary course business divestitures. Specifically, the Proposal seeks to limit management's discretion in evaluating these divestitures by requiring the Company to "conduct[] climate-related due diligence on acquirers" so that the Company "screen[s] out acquirers that would increase the likelihood that transferred assets lead to higher global emissions." The Proposal thus eliminates the management-level discretion the Commission sought to preserve with the ordinary business exclusion by "impos[ing] a specific method" in how the Company conducts its ordinary business.

In applying the micromanagement prong of Rule 14a-8(i)(7), the Staff consistently has concurred that stockholder proposals that, like the Proposal, seek to micromanage a company by providing a specific method for implementing a proposal as a substitute for the judgment and discretion of management are excludable under Rule 14a-8(i)(7). For example, in *Rite Aid Corp.* (avail. Apr. 23, 2021, *recon. denied* May 10, 2021), the Staff concurred with the exclusion of a proposal that asked the board to adopt a policy that would prohibit equity compensation grants to senior executives when the company common stock had a market price lower than the grant date market price of any prior equity compensation grants to such executives. There, the company argued that the proposal prescribed specific limitations on the ability of its compensation committee "to make business judgments, without any flexibility or discretion," and restricted the compensation committee from "making any equity compensation grants to senior executives in certain instances without regard to circumstances and the [c]ommittee's business judgment." *See also SeaWorld Entertainment, Inc.* (avail. April 20, 2021) (concurring with exclusion of a proposal seeking a report on specific changes to the company's business to address animal welfare concerns); *SeaWorld Entertainment, Inc.* (avail. Mar. 30, 2017, *recon. denied* Apr. 17, 2017) (concurring with the exclusion 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").

Similarly, in *The Coca-Cola Co.* (avail. Feb. 16, 2022), the proposal requested that the company submit any proposed political statement to stockholders at the next stockholder meeting for approval prior to issuing the subject statement publicly. The company argued that the proposal thereby "dictate[d] the content of and process by which the [c]ompany may make certain public statements by interfering with and impermissibly limiting the fundamental discretion of management to decide upon and exercise the corporate right to speech, and instead impose[d] a time-consuming and unnecessary process." The Staff concurred with the proposal's exclusion, as it "micromanage[d] the [c]ompany." In *Texas Pacific Land Corp. (Recon.)* (avail. Oct. 5, 2021), the Staff granted exclusion of a proposal that would have required that the company "establish a goal of achieving a 95% profit margin." Though no Staff response letter was issued, the company argued that "the profit margin strategy of the [c]ompany" was a "matter fundamental to management's choices relevant to its revenues and expenditures in the context of the broader strategy of the [c]ompany," and that the proposal, by "mandating a very specific strategic goal" that was not informed by a "deep understanding of the [c]ompany's operations, growth opportunities and the industry as a whole," would "circumvent[] management's expertise and fiduciary duties," ultimately micromanaging the company.

Like the precedents discussed above, implementation of the Proposal would involve replacing management's judgments and decisions on matters that are intimately tied to the Company's business goals and operations with a process dictated by the Proposal. The Supporting Statement expressly states that in order to address the Proposal, the Company "should follow best practices for divestitures, including conducting climate-related due diligence on acquirers, such as emissions reporting practices and emission reduction targets." As discussed above, the Company routinely engages in ordinary course divestitures. The Company's decisions about its due diligence practices and the appropriate information to consider and disclose in connection with these many complex and multifaceted transactions around the globe are direct functions of management's business judgment and expertise and deep understanding of the Company's operations, growth opportunities and the industry as a whole. Like the proposal in *Coca-Cola*, the Proposal "dictates the content of and process by which" the Company may exercise a fundamental corporate business function. As such, the attempt by the Proposal to prescribe the Company's due diligence practices, information considered as part of these transactions and the content of its disclosures implicates issues that are fundamental to Company strategy and therefore not appropriate for direct stockholder oversight. These are exactly the types of day-to-day operational decisions that the 1998 Release and SLB 14L recognized as appropriate for exclusion under Rule 14a-8(i)(7).

CONCLUSION

Based upon the foregoing analysis, the Company intends to exclude the Proposal from its 2024 Proxy Materials, and we respectfully request that the Staff concur that the Proposal may be excluded under Rule 14a-8.

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 Secretary and Senior Counsel, at (925) 842-2796.

Sincerely,

Elizabeth A. Ising

Enclosures

cc: Christopher A. Butner, Chevron Corporation
Danielle Fugere, As You Sow
Parker Caswell, As You Sow
Lisette Cooper

EXHIBIT A

www.asyousow.org
BUILDING A SAFE, JUST, AND SUSTAINABLE WORLD SINCE 1992

VIA FEDEX & EMAIL

December 13, 2023

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

Dear Ms. Francis,

As You Sow® is submitting the attached shareholder proposal using shares owned by the As You Sow Foundation Fund ("Proponent"), a shareholder of Chevron Corporation, for a vote at Chevron's 2024 annual shareholder meeting. This proposal requests that Chevron annually report on divestitures of assets with material climate impact, including whether each asset purchaser discloses its GHG emissions and has 1.5°C aligned or other greenhouse gas reduction targets

The As You Sow Foundation Fund meets Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934 requirements including the continuous ownership of over $25,000 worth of Company stock, with voting rights, which the As You Sow Foundation Fund has held continuously for over one year and will continue to hold through the date of the Company's annual meeting in 2024.

The As You Sow Foundation Fund supports this proposal and a representative of *As You Sow* will attend the stockholder meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent's concerns. Danielle Fugere, President and Chief Counsel, at and Parker Caswell, Climate & Energy Associate at are the contact persons on behalf of *As You Sow* for this proposal. Ms. Fugere and Mr. Caswell, are available for a meeting with the Company regarding this shareholder proposal at the following days/times: January 5, 2024 at 9:00am Pacific Time or January 9, 2024 at 1:30pm Pacific Time.

Please also send all correspondence regarding this proposal to
.

Sincerely,

Andrew Behar
CEO, *As You Sow*

Enclosures

- Shareholder Proposal

cc:

www.asyousow.org
BUILDING A SAFE, JUST, AND SUSTAINABLE WORLD SINCE 1992

VIA FEDEX & EMAIL

December 13, 2023

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

Dear Ms. Francis,

As You Sow® is co-filing a shareholder proposal on behalf of the following Chevron Corporation shareholders for action at the next annual meeting of Chevron:

- Lisette Cooper 2015 Trust
- Yagan Family Foundation

Shareholders are co-filers of the enclosed proposal with As You Sow Foundation Fund who is the Proponent of the proposal. *As You Sow* has submitted the enclosed shareholder proposal on behalf of Proponent for inclusion in the 2024 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. Co-filers will either: (a) be available on the dates and times offered by the Proponent for an initial meeting, or (b) authorize *As You Sow* to engage with the Company on their behalf, within the meaning of Rule 14a-8(b)(iii)(B).

As You Sow is authorized to act on Lisette Cooper 2015 Trust's or Yagan Family Foundation's behalf with regard to withdrawal of the proposal. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required.

Letters authorizing *As You Sow* to act on co-filers' behalf is/are enclosed.

We are hopeful that the issue raised in this proposal can be resolved. To schedule a dialogue, please contact Danielle Fugere, President and Chief Counsel, at and Parker Caswell, Climate & Energy Associate at Please send all correspondence **with a copy to** .

Sincerely,

Andrew Behar
CEO, *As You Sow*

Enclosures

- Shareholder Proposal
- Shareholder Authorization

cc:

WHEREAS: In the aggregate, upstream oil and gas assets are moving from operators with stronger climate commitments to operators with weaker climate targets and disclosures.[1] Transferring emissions from one company to another may reduce balance sheet emissions, but it does not mitigate company or stakeholder exposure to climate risk or contribute to the goal of limiting global temperature rise to 1.5 degrees Celsius (1.5°C). The Glasgow Financial Alliance for Net Zero warns that divestment from high-emitting assets can "have the unintended consequence of prolonging the life of high-emitting assets and even worsen emissions profiles."[2] It is, therefore, essential that oil and gas operators adhere to industry-wide best climate practices for asset transfers and acquisition, such as reporting transferred emissions and working with buyers to ensure transferred assets retain climate standards.

Between 2016 and 2022, Chevron reports a 5.2% reduction in its portfolio carbon intensity.[3] However, between 2017 and 2021, Chevron sold more assets than any other American oil and gas company, ranking third globally among sellers.[4] Although Chevron shows in a graph that a portion of its operational greenhouse gas (GHG) emissions reductions comes from divestments,[5] Chevron provides no further information relating to its divested assets, including whether the purchasing entity has climate standards or emissions disclosures. This reporting gap leaves investors with an incomplete understanding of Chevron's actions to mitigate the Company's contribution to climate change.

To address this issue, Chevron should follow best practices for divestitures, including conducting climate-related due diligence on acquirers, such as emissions reporting practices and emission reduction targets. This assessment may allow for screening out of acquirers that would increase the likelihood that transferred assets lead to higher global emissions to ensure that buyers maintain or enhance existing climate standards for divested assets.[6]

By increasing transparency and reporting of GHG-related disclosures from asset transfers, Chevron can position itself as a leader on climate change, increase the legitimacy of the Company's climate targets, and provide essential information to its investors about Chevron's efforts to mitigate climate risk.

RESOLVED: Shareholders request that Chevron annually report on divestitures of assets with material climate impact, including whether each asset purchaser discloses its GHG emissions and has 1.5°C-aligned or other greenhouse gas reduction targets.

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[1] https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf, p.17
[2] https://assets.bbhub.io/company/sites/63/2022/10/GFANZ-2022-Progress-Report.pdf, p. 36
[3] https://www.chevron.com/-/media/chevron/sustainability/documents/2021-climate-change-resilience-report.pdf, p.58; https://www.chevron.com/-/media/chevron/sustainability/documents/climate-change-resilience-report.pdf, p.66
[4] https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf, p. 22
[5] https://www.chevron.com/-/media/chevron/sustainability/documents/climate-change-resilience-report.pdf, p.39
[6] https://business.edf.org/wp-content/blogs.dir/90/files/Climate-Principles-Asset-Transfer.pdf, p.3

February 22, 2024

VIA ONLINE SUBMISSION

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

Email: shareholderproposals@sec.gov

Re: Shareholder Proposal to Chevron Corporation Regarding Climate Asset Divestiture Disclosures on Behalf of As You Sow Foundation Fund

Ladies and Gentlemen:

As You Sow Foundation Fund (the "Proponent"), a beneficial owner of common stock of Chevron Corporation (the "Company" or "Chevron"), has submitted a shareholder proposal (the "Proposal") requesting that Chevron make certain annual disclosures with respect to the divestiture and transfer of assets with material climate impact. The Proponent has designated *As You Sow* to act as its representative with respect to the Proposal, including responding to the Company's January 19, 2024 "No Action" letter (the "Company Letter").

The Company Letter contends that the Proposal may be excluded from the Company's 2024 proxy statement because, the Company argues, the Proposal relates to the Company's ordinary business operations and seeks to micromanage it. Proponent's response demonstrates that the Company has no basis under Rule 14a-8 for exclusion of the Proposal. As such, the Proponent respectfully requests that the Staff inform the Company that it cannot concur with the Company's request.

A copy of this letter is being emailed concurrently to the Company and its counsel.

SUMMARY

Between 2016 and 2022, Chevron reduced its portfolio carbon intensity by around five percent. However, Chevron was also the third-largest seller of assets among oil and gas companies globally, and the largest seller among American oil and gas companies. Divesting and transferring assets to a new operator does not result in real-world emissions reductions because such assets remain operational — and in fact may *increase* emissions when sold to purchasers with lower environmental standards. As the World Investment Report 2023[1] notes:

> Buyers of assets sold by energy majors typically aim to make that asset generate the highest possible returns. This often means . . . pushing for increased output or extending lifetimes. Another concern is that buyers often have lower or no emission-reduction goals and weaker climate reporting standards, as in the case of private (unlisted) or smaller companies.

[1] https://unctad.org/system/files/official-document/wir2023_en.pdf#page=70, p.48.

Investors interested in understanding Chevron's actual emission reductions, as well as their own climate-related portfolio risk, require information about such divestitures. To enable that analysis, the Proposal seeks a relatively modest disclosure from Chevron: that for asset divestitures with material climate impact, the Company report on whether the purchaser discloses its emissions and has 1.5°C-aligned greenhouse gas reduction targets.

Chevron argues that the Proposal can be excluded from the Company's proxy statement because it relates to the Company's ordinary business operations and seeks to micromanage the Company. Neither argument is persuasive.

First, Chevron argues that the Proposal relates to the company's ordinary business insofar as it concerns non-extraordinary transactions. However, the Proposal concerns the significant issue of climate change which transcends the Company's ordinary business. Moreover, the precedent upon which Chevron relies deals exclusively with proposals asking companies to *undertake* transactions, not with proposals requesting disclosure about transactions that impact climate.

Second, Chevron argues that the Proposal micromanages it by seeking granular information and limiting management and board discretion. However, the Company does not meet its burden of demonstrating that the disclosure requested by the Proposal probes too deeply, nor does it credibly show that the Proposal limits Company discretion in any meaningful way. The Proposal requests a simple, yes-or-no disclosure about the existence of climate disclosures and targets by asset purchasers and is limited to transactions with material impact. Other than limiting the Company's discretion *not to disclose* the requested information, the Proposal does not infringe on Company discretion at all. Investors should be able to request the disclosure of information they deem material.

THE PROPOSAL

WHEREAS: In the aggregate, upstream oil and gas assets are moving from operators with stronger climate commitments to operators with weaker climate targets and disclosures.[1] Transferring emissions from one company to another may reduce balance sheet emissions, but it does not mitigate company or stakeholder exposure to climate risk or contribute to the goal of limiting global temperature rise to 1.5 degrees Celsius (1.5°C). The Glasgow Financial Alliance for Net Zero warns that divestment from high-emitting assets can "have the unintended consequence of prolonging the life of high-emitting assets and even worsen emissions profiles."[2] It is, therefore, essential that oil and gas operators adhere to industry-wide best climate practices for asset transfers and acquisition, such as reporting transferred emissions and working with buyers to ensure transferred assets retain climate standards.

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[2] https://assets.bbhub.io/company/sites/63/2022/10/GFANZ-2022-Progress-Report.pdf, p. 36
[3] https://www.chevron.com/-/media/chevron/sustainability/documents/2021-climate-change-resilience-report.pdf, p.58; https://www.chevron.com/-/media/chevron/sustainability/documents/climate-change-resilience-report.pdf, p.66
[4] https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf, p. 22

portion of its operational greenhouse gas (GHG) emissions reductions comes from divestments,[5] Chevron provides no further information relating to its divested assets, including whether the purchasing entity has climate standards or emissions disclosures. This reporting gap leaves investors with an incomplete understanding of Chevron's actions to mitigate the Company's contribution to climate change.

To address this issue, Chevron should follow best practices for divestitures, including conducting climate-related due diligence on acquirers, such as emissions reporting practices and emission reduction targets. This assessment may allow for screening out of acquirers that would increase the likelihood that transferred assets lead to higher global emissions to ensure that buyers maintain or enhance existing climate standards for divested assets.[6]

By increasing transparency and reporting of GHG-related disclosures from asset transfers, Chevron can position itself as a leader on climate change, increase the legitimacy of the Company's climate targets, and provide essential information to its investors about Chevron's efforts to mitigate climate risk.

RESOLVED: Shareholders request that Chevron annually report on divestitures of assets with material climate impact, including whether each asset purchaser discloses its GHG emissions and has 1.5°C-aligned or other greenhouse gas reduction targets.

ANALYSIS

I. THE PROPOSAL TRANSCENDS THE COMPANY'S ORDINARY BUSINESS

A. The ordinary business standard

Rule 14a-8 generally permits the exclusion of proposals that "deal[] with a matter relating to the company's ordinary business operations." Rule 14a-8(i)(7). Proposals fall within this exclusion if they interfere with "tasks . . . so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." SEC, *Release No. 34-40018* (May 21, 1998) ("1998 Release"). Not every shareholder proposal that touches in any way upon a company's business operations is excludable, however. A proposal transcends ordinary business if it raises a "sufficiently significant social policy issue[]" that "transcend[s] the day-to-day business matters" of the company, 1998 Release, or raises "an important issue that is appropriate for stockholders to address at a meeting," *Broadridge Financial Solutions, Inc.* (Sept. 22, 2021).

Under this rule, "a proposal may transcend a company's ordinary business operations even if the significant policy issue relates to the 'nitty-gritty' of its core business." Staff Legal Bulletin No. 14H (Oct. 22, 2015). For example, proposals relating to workforce management are ordinarily excludable, but if such a proposal raised a "significant discrimination matter[]," it "generally would not be considered to be excludable." Staff Legal Bulletin No. 14L (Nov. 3, 2021). Likewise, proposals dealing with the climate impacts of an insurance company's underwriting

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[5] https://www.chevron.com/-/media/chevron/sustainability/documents/climate-change-resilience-report.pdf, p.39
[6] https://business.edf.org/wp-content/blogs.dir/90/files/Climate-Principles-Asset-Transfer.pdf, p.3

practices or an oil and gas company's products have been found to transcend ordinary business. *See, e.g.*, *The Travelers Companies, Inc.* (Mar. 30, 2023); *Exxon Mobil Corp.* (Mar. 28, 2019).

B. The Proposal, which seeks important climate related disclosure, transcends the company's ordinary business

The Company Letter asserts that the Proposal relates to the Company's ordinary business because it concerns non-extraordinary transactions. *See* Company Letter at 4-6. However, the Proposal's focus on the significant social policy issue of climate change transcends the Company's ordinary business.

The Staff has consistently recognized climate change as a significant issue of social policy that transcends companies' ordinary business. *See, e.g.*, *Amazon.com, Inc.* (Apr. 3, 2023) (proposal requested report on climate risk in Company's 401(k) plans); *Comcast Corp.* (Apr. 10, 2023) (same); *The Travelers Companies* (Mar. 30, 2023) (proposal requested company report on if and how it intended to bring its Scope 3 emissions in line with the Paris Agreement); *Morgan Stanley* (Mar. 25, 2023) (proposal requested company adopt policy to end support for new fossil fuel development). The Staff declined to exclude these proposals despite the companies' objections that the proposals related to their ordinary business, because each proposal "transcended" the company's ordinary business.

This Proposal is no different. The Proposal is clearly focused on the risks posed to investors by climate change. In its first sentence, the Proposal warns that "upstream oil and gas assets are moving from operators with stronger climate commitments to operators with weaker climate targets and disclosures." As a result, such transfers "do[] not mitigate company or stakeholder exposure to climate risk." Indeed, they may worsen climate risk by "prolonging the life of high-emitting assets and even worsen emissions profiles." Thus, the Proposal seeks information from Chevron about its "actions to mitigate the Company's contribution to climate change," and, more specifically in this instance, whether it is conducting "climate-related due diligence on acquirers" to determine if they have "emissions reporting practices and emission reduction targets." The Proposal is sufficiently focused on climate change so as to transcend the Company's ordinary business.

The Company's argument to the contrary is unpersuasive. It claims that the Proposal is like others the Staff has previously permitted the exclusion of because it "touch[es] on topics that might raise significant social policy issues—but that do not focus on or have only tangential implications for such issues." Company Letter at 7. In so arguing, the Company misreads the Proposal and misapplies prior Staff precedent.

The Proposal's focus on climate change is far from "tangential." It does not "merely refer[] to climate change." Company Letter at 7. Its underlying concern is that by selling assets with material climate impact, Chevron may in fact be worsening the climate crisis and, with it, the systemic climate risk facing investors. The requested information will provide investors with important information about Chevron's contribution to climate change and the impact that Chevron's divestitures may be having.

The Company claims that the Proposal's concerns "relate to information about the policies, goals and disclosures of third-party asset purchasers" and "do[] not actually relate to the Company's

GHG emissions reporting, disclosures or targets." Company Letter at 7, 8. This is argument not only reads Chevron's actions out of the Proposal, but avoids the question of whether the Proposal is sufficiently focused on the significant social policy issue of climate change. For the reasons described in the Proposal, the greenhouse gas goals and climate disclosures of the entities to which Chevron sells oil and gas assets with material climate impact are relevant to climate change and systemic climate risk facing investors. Further, this information provides critical information to investors about Chevron's claimed emission reductions and its climate contributions.

The Company's argument also misapplies Staff precedent. For example, the Company Letter cites to *Amazon.com, Inc.* (Mar. 28, 2019), in which the proposal requested that Amazon report on its analysis of "the community impacts of the Company's operations." The Staff concluded that the proposal "relates generally to 'the community impacts' of the Company's operations and does not appear to focus on an issue that transcends ordinary business matters." In other words: the issue was not that the Proposal tangentially raised but did not sufficiently focus on a significant social policy issue, but that "the community impacts" of the Company's activities was too generic a topic to even constitute a significant social policy issue. By contrast, here, as discussed above, climate change is well established as a significant issue of social policy.

In *Dominion Resources, Inc.* (Feb. 3, 2011), also cited by the Company Letter, the proposal requested that the utility provide financing to home and small business owners for installation of rooftop solar or wind power renewable generation. Although the Staff cited ordinary business in its decision to exclude and did not refer to a "tangential reference" reasoning, the proposal in that case clearly would qualify: the proposal and its supporting rationale *barely mentioned* environmental concerns, instead focusing on the "production and transmission losses" of coal power, the fact that Dominion was "making no profit from customers who are transitioning to be renewable energy generators," the potential "[j]ob creation" benefits, and the mitigation of peak demand. This is in stark contrast to the Proposal's focus on climate change. The Proposal also differs significantly from that in *Dominion* in that it requests disclosure of information, rather than the much more intrusive demand that the Company create an entirely new financing program.

Finally, the Company Letter cites *PetSmart, Inc.* (Mar. 24, 2011), a *sui generis* case from which there is little guidance to be gained. There, the proposal requested that the company require that its suppliers certify that they were not violating laws regarding the humane treatment of animals. The Staff took the relatively unusual step of noting that its decision was based on the company's argument that "the scope of laws covered by the proposal is 'fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping,' which suggests a vagueness rationale. Once again, there is no basis for concluding that the Staff excluded the Proposal based on the "tangential reference" standard. Further, the Company Letter does not explain what resemblance this bears to the Proposal here. The Proposal addresses Chevron's asset divestitures and requests disclosure of two metrics: whether purchasers of such assets have climate disclosures and whether they have greenhouse gas reduction targets, both of which can be answered with a yes or no response. Thus, there is no risk of the overinclusion that doomed the *PetSmart* proposal.

C. The Precedent cited by the Company is inapposite because it concerns proposals requesting that companies *undertake* non-extraordinary transactions, not that companies disclose non-granular information about the significant social policy implications of such transfers

The Company's primary argument is that the Proposal is excludable because the asset divestitures about which it seeks disclosures either entirely or mostly constitute non-extraordinary transactions. *See* Company Letter at 4-6. The Company points to a number of Staff precedents purportedly demonstrating that proposals concerning non-extraordinary transactions, or a mix of extraordinary and non-extraordinary transactions, are excludable under the ordinary business rule.

However, in every single precedent cited by the Company Letter, the proposal asked the company *to engage in* a non-extraordinary transaction, i.e., an ordinary business action, or otherwise implement some policy that would cause it to engage or not engage in such a transaction. *See General Electric Co.* (Jan. 22, 2001) (proposal requested that "GE take steps to divest itself of NBC"); *PepsiAmericas Inc.* (Feb. 11, 2004) (proposal requested that company "focus[] its business planning and execution on available value creating strategies" such as "[e]xamining ownership alternatives for $270 million of PAS' value destroying European assets" and "[e]xploring with Pepsico the desirability and feasibility of returning PAS to the market for control"); *Associated Estates Realty Corp.* (Mar. 23, 2000) (proposal requested board adopt business plan to maximize stockholder value by "[d]ispos[ing] of non-core businesses and assets"); *Pinnacle West Capital Corp.* (Mar. 28, 1990) (proposal requested company divest of banking, real estate, and other assets); *Bank of America Corp.* (Feb. 26, 2019) (proposal requested company "begin an orderly process . . . to study strategic alternatives . . . to maximize shareholder value"); *Telular Corp.* (Dec. 5, 2003) (proposal requested that company appoint committee of independent directors to "explore strategic alternatives for maximizing shareholder value" such as sale, merger, spin-off, or divestiture"); *Sears, Roebuck & Co.* (Feb. 7, 2000) (proposal requested company hire investment banking firm to arrange for sale of all or parts of company); *Southern Bankcorp, Inc.* (Apr. 9, 2021) (same); *FPL Group, Inc.* (Mar. 17, 1989) (proposal requested board take steps to separate certain subsidiaries from other subsidiaries).

None of the proposals were a disclosure request, and in particular, none of the proposals requested disclosure concerning a significant social policy issue. Therefore, these precedents have little bearing on this Proposal. By contrast, the Staff has regularly permitted disclosure proposals even where the proposals requested individual, case-by-case disclosure of non-extraordinary, i.e., ordinary business actions by the company. *See, e.g.*, *The Walt Disney Co.* (Jan. 12, 2023) (proposal requested that company "consider listing on the Company website any recipient of $10,000 or more of direct contributions"); *The Kroger Co.* (Apr. 25, 2023) (same); *International Business Machines Corp.* (Jan. 24, 2011) (proposal requested company disclose lobbying contributions). Similarly, the Staff has permitted disclosure proposals where the disclosure requests involved matters that implicated the company's ordinary business, so long as the proposals also raised a significant social policy issue that transcended ordinary business. *See Eli Lilly & Co.* (Mar. 10, 2023) (proposal requested that company disclose hiring, retention, and promotion data in order to allow shareholders to judge success of company's DEI programs, Staff declined to concur in company's ordinary business argument).

II. THE PROPOSAL DOES NOT MICROMANAGE THE COMPANY

A. Micromanagement standard

Rule 14a-8(i)(7) allows the exclusion of proposals seeking to "micromanage" companies 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." 1998 Release. Staff Legal Bulletin No. 14L (Nov. 3, 2021) provides guidance on the scope of the micromanagement exclusion. In SLB 14L, the Staff notes that "proposals seeking detail or seeking to promote timeframes or methods do not per se constitute micromanagement." Rather, the Staff looks at:

> [T]he level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management. We would expect the level of detail included in a shareholder proposal to be consistent with that needed to enable investors to assess an issuer's impacts, progress towards goals, risks or other strategic matters appropriate for shareholder input.

Staff Legal Bulletin No. 14L.

Finally, the Staff has provided guidance on the standards it uses to judge the appropriate level of granularity in a proposal, noting that the Staff "may consider the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic" as well as "references to well-established national or international frameworks when assessing proposals related to disclosure . . . as indicative of topics that shareholders are well-equipped to evaluate." *Id.*

B. The Proposal, which asks for disclosure of two yes-or-no questions relating to asset divestitures, does not limit Company discretion

The Company's primary micromanagement argument is that "[d]eveloping appropriate GHG emissions reporting parameters requires complex principles, tradeoffs, and business goal considerations." Company Letter at 9. For example, the Company argues that implementation of the Proposal would require "specific due diligence practices and factors that the Company must consider when evaluating ordinary course business divestitures." Company Letter at 10. The Company Letter manufactures requirements that do not exist in the Proposal.

The Proposal asks the Company to answer and report to investors on two simple questions for each asset divestiture with material climate impact: whether the purchasing company has: (1) climate goals and (2) makes climate disclosures. These questions bear on whether the purchasing company is likely to operate the acquired assets in a manner that increases emissions. Companies without climate targets and emission reduction reporting are not demonstrably focused on emissions reductions. Chevron has methane reduction goals, so transferring assets to a company that lacks similar emissions reduction goals will mean higher emissions than if those assets were retained by Chevron. This information does not require Chevron to change its actions; rather, it provides information to investors about Chevron's contribution to climate change. Investors cannot readily obtain such information on their own.

The relevant question under Rule 14a-8(i)(7) is whether the Proposal's request is appropriately made by shareholders based on the discretion it leaves to the company's management. *See* Staff Legal Bulletin No. 14L. Since the Proposal asks the Company to report on these two simple issues, and does not otherwise constrain its activities, the Company Letter does not meet its burden of demonstrating that the Proposal goes too far in inappropriately limiting the discretion of management or the Board. The SEC's long-standing position is that investors can seek reliable information from companies to make informed investment decisions about material risk, consistent with the SEC's core mandate to protect investors.

It is not enough to argue, as the Company does, that the Proposal would require some minor change in how the Company approaches "due diligence" in its divestitures. *See* Company Letter at 10. The question under Rule 14a-8(i)(7) is whether the request goes *too far* in dictating the specifics of what the Company must do. The Company does not persuasively argue that the Proposal runs afoul of this line. The supposed "due diligence practices" required by the Proposal — determining whether the purchasing company has emissions disclosures and targets — are hardly onerous in the context of a transaction involving an asset with material climate impact.

The Company is incorrect in asserting that the Proposal would "dictate . . . factors that the Company must consider when evaluating ordinary course business divestitures." Company Letter at 10. The Proposal does not require the consideration of any factor or dictate any outcome with regard to asset divestitures. It requests a modest disclosure about the purchaser after a transaction has been completed. The Company makes much of the Proposal's Whereas Clause's reference to "screening out" acquirers with harmful climate policies. But, as the Proposal makes clear, engaging in best practices for divestitures, to include acquiring information about their climate practices, "***may allow*** for screening out." In other words, the Company may, in the future, in its exercise of business judgment, take such information into account, especially if it knows that investors will receive such information. The Proposal does not, however, require, request, or even suggest that the Company do so as part of implementing this Proposal.

The Staff precedents relied upon by the Company demonstrate the weakness in its argument. The Company relies heavily on *The Coca-Cola Co.* (Feb. 16, 2022), which involved a proposal requesting that the company submit every proposed political statement for stockholder approval prior to issuing the statement. The Company suggests that the Proposal is like that in *Coca-Cola* because it "'dictates the content of and process by which' the Company may exercise a fundamental corporate business function." Company Letter at 11. The basis for exclusion in *Coca-Cola* is obvious: literal micromanagement, in which the Company would have been required to seek shareholder approval any time it wanted to make a public statement. This bears no resemblance whatsoever to the Proposal, which requests that the Company modestly supplement its annual disclosures with two pieces of basic information about the asset divestitures with material climate impact.

Contrast the decision in *Coca-Cola* with numerous others, in which the Staff has declined to concur with company arguments that boiled down to: the proposals would require them to do something. It is the *nature* of the Proposal's request that matters, and the disclosure request in the Proposal here is less prescriptive than many that have survived micromanagement challenges.

See, for example, *Morgan Stanley* (Mar. 25, 2022), in which the proposal requested that the bank "adopt a policy . . . committing to proactive measures to ensure that the Company's lending and underwriting do not contribute to new fossil fuel development." There can be no question that implementation of the proposal in *Morgan Stanley* would affect the company's business goals and certain of its operations related to climate outcome. *See* Company Letter at 11. Similarly, lending and underwriting practices undoubtedly raise "tradeoffs and business goal considerations." *See* Company Letter at 9. Certainly the company argued as much. But these are not successful micromanagement arguments because proponents are allowed to request company action — as such proposals are precatory — so long as they do not go too far in constraining management discretion in implementation.[2]

The Company Letter also relies heavily on *Amazon.com, Inc.* (Apr. 7, 2023), in which the proposal requested that the company measure and disclose Scope 3 greenhouse gas emissions from its full value chain inclusive of its physical stores and e-commerce operations and all products that its sells directly. and those sold by third party vendors. That proposal was excluded because the Staff concluded that it delved too deeply into the specific elements the Company must include in its emissions reporting under the Greenhouse Gas Protocol, including what stores, sales, and products it should measure. Although it is important to address the full range of a company's emissions, the specific implementation instructions of the *Amazon* proposal differ significantly from the Proposal here, which requests that the Company disclose two simple pieces of information for asset divestitures with a material impact – does the acquiring company have greenhouse gas disclosures and climate targets.

More directly on point than any precedent cited by the Company Letter is *Eli Lilly & Co.* (Mar. 10, 2023). There, the proposal requested that the Company disclose "quantitative metrics for hiring, retention, and promotion of employees, including data by gender, race, and ethnicity" so that investors could judge the effectiveness of the company's DEI programs. As the Company does here, the company argued that the proposal "limit[ed] the Company's discretion in preparing the requested report by dictating the metrics and data the report must contain" with respect to a "complicated topic that is core to management's ability to run the business." The Staff declined to concur in the company's micromanagement argument. The proposal in *Eli Lilly* demanded significantly more granular information and would require more effort in collection than the Proposal here. The Company's micromanagement argument based on management discretion is unpersuasive.

C. The disclosure requested by the Proposal is not too granular for investor consideration

The Company also argues that the information sought by the Proposal is too granular for investor consideration, insofar as it "seeks to expand the scope of the Company's GHG emissions

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[2] *Morgan Stanley* is not an outlier. *See, e.g.*, *Chubb Ltd.* (Mar. 27, 2023) (no exclusion where proposal requested company disclose medium- and long-term Scope 3 emissions reduction targets); *J.P. Morgan Chase & Co.* (Mar. 25, 2022) and *Citigroup Inc.* (Mar. 7, 2022) (same proposal as *Morgan Stanley*); *J.P. Morgan & Chase Co.* (Feb. 28, 2020) (proposal requested company issue report describing how it intended to reduce Scope 3 emissions).

reporting" by requiring information about third parties and information that goes beyond Scopes 1, 2, and 3 emissions. Company Letter at 9, 10.

The information requested by the Proposal is simple, informative, and easily understood by investors, who have made it clear that climate disclosures are critical. The most often sought information by investors is climate-related disclosures. Investors also commonly seek climate targets. Contrary to the Company Letter's suggestion, the Proposal is not too granular as to third-party information. The Proposal does not require that the Company disclose the identity of the purchaser, the disclosed emissions of the purchaser, the nature and scope of the purchaser's targets, or any other information — just whether or not the purchaser has disclosures or targets. The Company Letter is therefore wrong to suggest that the Proposal "seek[s] *granular information*" about the policies of asset purchasers. Company Letter at 9 (emphasis added).

Nor is it significant that the requested information "would fall outside the reach of even Scope 3 GHG emissions reporting." Company Letter at 9. It is fallacious to compare the requested information to emissions disclosure Scope 1-3 reporting. With regard to climate, shareholders are not limited to seeking emissions reporting or a subset thereof. The Proposal aims to capture a different kind of climate information. When the Company disposes of assets with material climate impact, the emissions associated with those assets disappear from the Company's emissions inventory but not from the atmosphere. Information about the climate policies of purchasers can help investors judge whether such transactions may in fact *increase* the climate risk they face.

The Company Letter does not compare the Proposal to any prior Staff precedent based on granularity, but it does cite to *Deere & Co.* (Jan. 3, 2022), a precedent that is instructive in this respect. *See* Company Letter at 8. There, the proposal requested that the company disclose *every* piece of employee training material, written or oral, offered to *all* of the company's employees or of which the company played *any* role in producing. The Staff concluded that the Proposal "prob[ed] too deeply . . . by seeking disclosure of intricate details." By contrast, here, the Proposal cannot reasonably be described as "seeking disclosure of intricate details" by requesting yes-or-no answers to two basic climate-related pieces of information for transactions with material climate impact.

Once more, comparison to *Eli Lilly & Co.*, *supra*, is instructive. The company, like Chevron does here, argued that it "already provide[d] extensive DEI disclosure" and that the Proposal "require[d] complex principles, tradeoffs, and business goal considerations." *See* Company Letter at 9. But Proponent successfully argued that the data provided was insufficient to demonstrate *effectiveness* of the company's DEI programs because it consisted of "snapshot" data showing employees in certain employment positions by gender, race, and ethnicity, at a given time. It did not, however, provide information on whether employees, once hired, are successfully retained and promoted by the company. Proponent there reaffirmed that it was seeking specific data on hiring, retention, and promotion rates over time. Despite the detailed request of the proposal, the Staff concluded that it did not micromanage the Company. Here, the Proposal seeks significantly less detailed disclosures from the Company, on a matter — the effect that its actions have on the climate — that is appropriate for investor interest.

CONCLUSION

Based on the foregoing, we believe that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2024 proxy statement pursuant to Rule 14a-8. We urge the Staff to deny the no action request.

Sincerely,

Luke Morgan
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cc:

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