Union of Concerned Scientists

FACT SHEET

THE 2018 CLIMATE ACCOUNTABILITY SCORECARD

Climate Accountability at Chevron

HIGHLIGHTS

In this update to our 2016 Climate Accountability Scorecard, *the Union of Concerned Scientists (UCS) has found that Chevron responded to pressure by improving its disclosures of global warming emissions and political contributions. The company, however, misrepresents climate science in its public statements, continues to hold leadership positions in trade and industry groups that spread climate disinformation and seek to block climate action, and avoids doing its part to bring about a world free from carbon pollution.*

Since the Union of Concerned Scientists (UCS) issued its inaugural *Climate Accountability Scorecard* in 2016, the fossil fuel industry has faced mounting shareholder, political, and legal pressure to stop spreading climate disinformation and dramatically reduce global warming emissions from its operations and the use of its products. This follow-up study of eight major oil, gas, and coal companies (Arch Coal, BP, Chevron, ConocoPhillips, CONSOL Energy, ExxonMobil, Peabody Energy, and Royal Dutch Shell) found that they are responding to these growing mainstream expectations.

However, our analysis also found that these companies' actions, on the whole, remain insufficient to prevent the worst effects of climate change. None of these companies have demonstrated a level of ambition consistent with keeping global temperature rise within the Paris climate agreement limits that some of them claim to support, many downplay or misrepresent climate science, and all continue to spread climate disinformation through trade and industry groups.

In 2018, we evaluated the same eight companies on 28 metrics that are largely the same as those we assessed in 2016 (Mulvey et al. 2016). The study focused on the period from July 2016 through June 2018. The metrics and criteria are separated into four broad subject areas: renouncing disinformation on climate science and policy, planning for a world free from carbon pollution, supporting fair and effective climate policies, and fully disclosing climate risks. For each area, we gave each company a score, ranging from "advanced" (which means that the company is demonstrating best practices) to "egregious" (which means that the company is acting very irresponsibly). Chevron's scores changed on several metrics, but its overall scores stayed the same in all four areas.

TABLE 1. Chevron Company Overview

Chevron	Global producer, refiner, and marketer of oil and natural gas
Location of Headquarters	San Ramon, CA
CEO and Executive Chairman	Michael K. Wirth
2017 Annual Revenues	$141.722 Billion
2017 Annual Profit	$9.195 Billion

SOURCE: CHEVRON CORPORATION 2017A.

Scorecard Highlights

- Chevron has improved its emissions disclosure, including both direct global warming emissions from operations and indirect emissions of heat-trapping gases from downstream activity (Chevron Corporation 2018a).
- The company has a detailed policy governing its corporate political expenditures, an easily accessible web page dedicated to political disclosure, and a policy requiring senior managers to oversee all corporate political spending. The company also discloses its public policy positions that become the basis for its spending decisions with corporate funds (CPA 2017).
- In financial disclosures, Chevron has provided a detailed analysis of existing and proposed climate change laws and regulations and their possible effects on the company, including potential financial impacts (Chevron Corporation 2018b).

Scorecard Lowlights

- In its public statements and reports on climate change, Chevron downplayed the role of human activity and the need to reduce emissions of heat-trapping gases, stressed uncertainties regarding climate impacts, and continued to insist that only global climate action is constructive or effective (Chevron Corporation 2018a; Chevron Corporation 2018c).
- The company has not taken steps to distance itself from the positions of trade associations and other industry groups that have a well-documented role in spreading disinformation on climate science and have used disinformation in opposing recent climate policy proposals. Chevron holds leadership positions in the American Legislative Exchange Council (ALEC), the American Petroleum Institute (API), and the Western States Petroleum Association (WSPA), and it is a member of the National Association of Manufacturers (NAM) and the US Chamber of Commerce (US Chamber) (WSPA 2016; Chevron Corporation n.d.; SourceWatch n.d.).
- Chevron has no plan or targets for reducing emissions of heat-trapping gases from its operations or from the use of its products (CDP 2017).
- Chevron attempted to block climate-related shareholder proposals in 2017 and 2018 and recommended that shareholders vote against all climate-related resolutions in both years (As You Sow 2018; As You Sow n.d.).
- Chevron has not expressed support for federal or state policy action on climate change (Chevron Corporation 2018c).
- In financial disclosures, Chevron does not specify potential impacts of shifting climate change market risks and opportunities on the company, nor does it explicitly mention the climate-related lawsuits in which the company is a defendant (Chevron Corporation 2018b).

Recommendations

CHEVRON SHOULD:

- definitively acknowledge climate change risks and the need for swift and deep reductions in emissions of heat-trapping gases, instead of stressing uncertainties regarding climate impacts and insisting that only global climate action is constructive or effective;
- leave ALEC, publicly citing inconsistencies between the group's position on climate change and that of Chevron;
- use its leadership positions within the API and WSPA to demand an end to their disinformation on climate science and policy, and speak publicly about these efforts;
- publicly distance itself from the positions taken by NAM and the US Chamber on climate science and policy;
- develop and publicly communicate a company-wide plan to bring Chevron's emissions of heat-trapping gases from its operations and from the use of its products to net zero by mid-century, which would be consistent with the Paris climate agreement's global temperature goal;
- explicitly endorse the Paris climate agreement's global temperature goal and consistently support public policies and/or regulations to advance it;
- consistently call for US policy action on climate change, identify specific federal and/or state legislation that the company supports, and advocate publicly and transparently for those policies; and
- analyze and fully disclose to shareholders the potential risks related to the climate liability lawsuits in which the company is a defendant.

Detailed Scoring

Chevron's scores across all metrics, separated by area, are detailed on the following pages in Tables 2–5. For each metric and area, companies are scored on a five-point scale. In descending order, the possible scores are Advanced, Good, Fair, Poor, and Egregious. Arrows indicate a change in score from the 2016 scorecard. Please see the methodology and data appendices online at *www.ucsusa.org/climatescorecard* for additional details.

TABLE 2. Renouncing Disinformation on Climate Science and Policy

Metric	2016 Score	2018 Score	Rationale
Consistently accurate public statements on climate science and the consequent need for swift and deep reductions in emissions from the burning of fossil fuels	Poor	Egregious ▼	Chevron downplayed the role of human activity and the need to reduce emissions of heat-trapping gases, stressed uncertainties regarding climate impacts, and continued to insist that only global climate action is constructive or effective. Chevron's 2018 climate risk report mischaracterized the Intergovernmental Panel on Climate Change finding that humans are "extremely likely" to be the dominant cause of global warming since the mid-20th century, admitting only that warming of the climate system is "due in part" to human activity (Chevron Corporation 2018a; Chevron Corporation 2018c).
Affiliations with trade associations and other industry groups that spread climate science disinformation and/or block climate action			
American Legislative Exchange Council (ALEC)	Egregious	Egregious	Chevron was a "Director Level" sponsor of the 2017 ALEC Annual Meeting and has not taken any steps to distance itself from climate disinformation spread by the group (SourceWatch n.d.).
American Petroleum Institute (API)	Egregious	Egregious	Chevron CEO Michael Wirth is on the board of API as of 2018, and the company has not taken any steps to distance itself from climate disinformation spread by the group (Chevron Corporation 2018a).
National Association of Manufacturers (NAM)	Fair	Poor ▼	Chevron is a member of NAM as of 2018 and has not taken any steps to distance itself from climate disinformation spread by the group (NAM n.d.).
US Chamber of Commerce (US Chamber)	Poor	Poor	Chevron is a member of the US Chamber as of 2018 and has not taken any steps to distance itself from climate disinformation spread by the group (Chevron Corporation n.d.).
Western States Petroleum Association (WSPA)	Egregious	Egregious	Chevron global vice president of joint ventures and affiliates, Brant Fish, was on the board of directors of WSPA as of 2016, and the company has not taken any steps to distance itself from climate disinformation spread by the group (WSPA 2016).
Policy, governance systems, and oversight mechanisms to prevent disinformation	Poor	Poor	Chevron has no policy or commitment on record to avoid direct or indirect involvement in spreading climate science disinformation.
Support for climate-related shareholder resolutions	Egregious	Egregious	Chevron attempted to block climate-related shareholder proposals in 2018, including one filed by As You Sow and Arjuna Capital calling for a company plan on possible transition to a low-carbon economy and another by As You Sow asking for a report on efforts to reduce methane emissions. The company's board recommended that shareholders vote against all climate-related shareholder resolutions in 2017 and 2018 (As You Sow 2018; As You Sow n.d.).
Area score	**Egregious**	**Egregious**	

Note: Arrows indicate a change in score from the 2016 scorecard.

DATA SOURCES: COMPANY WEBSITES FROM JULY 1, 2016, THROUGH JULY 31, 2018. COMPANY REPORTS, PROXY STATEMENTS, US SECURITIES AND EXCHANGE COMMISSION FILINGS, AND SUBMISSIONS IN CLIMATE LIABILITY LITIGATION; PUBLIC STATEMENTS BY COMPANY REPRESENTATIVES; TRADE ASSOCIATION AND INDUSTRY GROUP WEBSITES; AND THIRD-PARTY SHAREHOLDER AND WATCHDOG GROUP WEBSITES FROM JULY 1, 2016, THROUGH JUNE 30, 2018; TRADE ASSOCIATION FEDERAL FILINGS FROM 2016.

TABLE 3. Planning for a World Free from Carbon Pollution

Metric	2016 Score	2018 Score	Rationale
Company-wide commitments and targets to reduce greenhouse gas emissions	Poor	Egregious ▼	Chevron has no plan or targets for reducing greenhouse gas emissions from its operations or from the use of its products (CDP 2017).
Use of an internal price on carbon in investment decisions	Poor	Poor	Chevron uses an internal price on carbon, but it pertains only to direct emissions and is not publicly disclosed. The company does not disclose either a specific price or range of prices, stating only that it varies by geographical location depending on existing levels of regulation (CDP 2017).
Commitment and mechanism to measure and reduce carbon intensity of supply chain	Poor	Poor	Chevron has publicly joined a group designed to share best practices and information on reducing emissions of heat-trapping gases, but it has not made any time-bound or quantitative commitments (Chevron Corporation 2017b).
Disclosure of investments in low-carbon technology research and development	Poor	Poor	Chevron provides some information on low-carbon research and development, but it does not provide an annual breakdown of specific low-carbon investments (Chevron Corporation 2018a).
Disclosure of greenhouse gas emissions reduction plans	Poor	Poor	Chevron does not disclose details of its greenhouse gas emissions reduction plans to shareholders.
Disclosure of how company manages greenhouse gas emissions and associated risks	Fair	Poor ▼	Chevron makes generic claims about greenhouse gas management but does not provide details of actions it is taking to reduce, offset, or limit its own greenhouse gas emissions and associated risks (Chevron Corporation 2017b).
Disclosure of greenhouse gas emissions	Fair	Good ▲	Chevron provides information about direct greenhouse gas emissions from its operations and indirect greenhouse gas emissions from downstream activity. However, the company has not disclosed adequate data from the entire fuel production supply chain to estimate life cycle greenhouse gas emissions (Chevron Corporation 2017b).
Area score	**Poor**	**Poor**	

Note: Arrows indicate a change in score from the 2016 scorecard.

DATA SOURCES: 2017 AND 2018 US SECURITIES AND EXCHANGE COMMISSION 10-K OR 20-F FILINGS, CDP DISCLOSURES, SUSTAINABILITY REPORTS, AND ANNUAL REPORTS; COMPANY WEBSITES AND COMPANY PRESS RELEASES FROM JULY 1, 2016, THROUGH JUNE 30, 2018.

TABLE 4. Supporting Fair and Effective Climate Policies

Metric	2016 Score	2018 Score	Rationale
CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Disclosure	Fair	Good ▲	The company publicly discloses corporate contributions to political candidates, committees, and parties; payments to politically active tax-exempt groups; payments made to influence the outcome of ballot measures; and the positions and/or titles of company senior managers with authority over political spending decisions (CPA 2017).
CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Policy	Advanced	Advanced	The company has a detailed policy that governs its political expenditures from corporate funds and that serves as the basis for its spending decisions. Chevron policy states that the board of directors must regularly oversee corporate political activity. The company also publicly discloses its public policy positions that become the basis for its spending decisions with corporate funds (CPA 2017).
CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Oversight	Good	Good	The company has a specific board committee that oversees corporate political expenditures (CPA 2017).
Engagement with Congress on federal climate policies or legislation	Fair	Fair	Chevron did not publicly engage with Congress on climate policies during the study period.
Consistent support for US policy action to reduce emissions	Poor	Poor	Chevron has not expressed support for federal or state policy action on climate change, and its public statements warn against the unintended consequences of unilateral action by any country or jurisdiction (Chevron Corporation 2018a).
Support for Paris Climate Agreement*	N/A	Poor	Chevron has made a general statement of support for policies to advance the Paris climate agreement, but it has not explicitly endorsed its global temperature goal (Chevron Corporation 2018a).
Company influence through international or national business alliances or initiatives that are supportive of specific climate policies	Fair	Fair	Chevron has not signed onto any international or national business alliances or initiatives supportive of specific climate policies.**
Area score	**Fair**	**Fair**	

Note: Arrows indicate a change in score from the 2016 scorecard.

* Metric regarding Paris Climate Agreement moved from the Planning for a world free from carbon pollution Area to the Supporting fair and effective climate policies Area because nations have begun to craft and enact policies to implement their Paris Climate Agreement commitments. 2018 scores not compared with those from 2016.

** Chevron joined the Oil and Gas Climate Initiative in September 2018, outside our study period.

DATA SOURCES: 2017 AND 2018 US SECURITIES AND EXCHANGE COMMISSION 10-K OR 20-F FILINGS, CDP DISCLOSURES, SUSTAINABILITY REPORTS, AND ANNUAL REPORTS; COMPANY WEBSITES AND COMPANY PRESS RELEASES FROM JULY 1, 2016, THROUGH JUNE 30, 2018.

TABLE 5. Fully Disclosing Climate Risks

Metric	2016 Score	2018 Score	Rationale
Disclosure of regulatory risks	Good	Good	Chevron has provided a detailed analysis of existing and proposed laws and regulations relating to climate change and their possible effects on the company, including potential financial impacts (Chevron Corporation 2018b).
Disclosure of physical risks	Poor	Poor	Chevron generally acknowledges physical risks it faces (such as changes in air and water temperature, sea level rise, and storm severity and frequency) and specifies which operations would be affected. However, it has not discussed climate change as a contributor to those risks (Chevron Corporation 2018b).
Disclosure of market and other indirect risks and opportunities	Fair	Poor ▼	Chevron has broadly mentioned shifting market risks and opportunities related to climate change, particularly renewable fuel penetration, but it does not specify the potential impacts on the company. It acknowledged in its 2017 financial filing that "increasing attention to climate change risks has resulted in an increased possibility of governmental investigations and additional private litigation against the company," but it did not in 2018 explicitly mention that Chevron had been named as a defendant in multiple climate liability lawsuits (Chevron Corporation 2018b).
Disclosure of corporate governance on climate-related risks by board and senior management*	Egregious	Poor ▲	Chevron mentions that the board provides oversight and guidance on environmental matters but does not specifically describe climate-related corporate governance (Chevron Corporation 2018b).
Area score	**Fair**	**Fair**	

Note: Arrows indicate a change in score from the 2016 scorecard.

* Company scores may have improved because proxy statements were considered as a source in 2018 if referenced in the SEC 10-K/20-F governance disclosure.

DATA SOURCES: 2018 US SECURITIES AND EXCHANGE COMMISSION (SEC) 10-K OR 20-F FILINGS; PROXY STATEMENTS AND CDP DISCLOSURES, ONLY IF DISCUSSED IN SEC 10-K/20-F.

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FIND THE FULLY REFERENCED VERSION, FULL REPORT, AND METHODOLOGY ONLINE:
www.ucsusa.org/climatescorecard

The Union of Concerned Scientists puts rigorous, independent science to work to solve our planet's most pressing problems. Joining with people across the country, we combine technical analysis and effective advocacy to create innovative, practical solutions for a healthy, safe, and sustainable future.

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