Video transcript Mike Wirth, chairman and CEO, Gastech keynote speech

Gastech 2024

Mike Wirth, Chevron chairman and CEO: It's an honor to help kick off Gastech here in Houston, Texas, the heart of the global energy economy and as John just mentioned, soon to be my new home.

Gastech 2024 comes at a critical moment. Natural gas has never been more vital to society. LNG imports helped prevent an energy crisis in Europe following Russia's invasion of Ukraine. Natural gas is driving down carbon emissions worldwide as more countries displace coal in electricity generation. And natural gas will help power the rapid growth of Artificial Intelligence – with its insatiable demand for reliable electricity, which means AI's advance will depend not only on the design labs of Silicon Valley, but also on the gas fields of the Permian Basin.

Yet today, we also stand at an inflection point. We're nearly 10 years after the 2015 Paris Agreement. The world's developed countries seek to decarbonize vast segments of their advanced economies. At the same time, nearly three billion people living in less developed countries in parts of Africa, Asia and Latin America demand and deserve the rising living standards delivered by an escape from energy poverty.

These forces are driving the need for a more robust, resilient global energy system one that can meet both objectives. Given the magnitude of this challenge, we face a choice: We can double down on the "either/or" approach that dominates today's discourse, which too often pits people and solutions against each other. Or we can evolve toward an "all-in" approach that recognizes many solutions are needed. One that acknowledges the desire for economic prosperity, energy security and environmental protection is an achievable goal, not a zero-sum struggle. An approach based on the belief that we can make more progress through collaboration and consensus than through polarization and partisanship.

The energy choices we make will impact the course of geopolitics, influence the fate of national economies, and shape the lives of billions of people worldwide. These choices should be informed by realistic science and impartial data untainted by advocacy agendas. They need to reflect the real world; the one we live in today. And they should respect the simple and universal human desire for a better quality of life.

To lead us in a more productive direction, we need a more balanced conversation about the future of energy: a better, more optimistic conversation than the one we're having today.

I believe the starting point of that conversation rests on three pillars: An agreement that we all want a lower carbon future, a recognition that progress is being made, and an understanding that the energy transition requires unprecedented innovation and collaboration.

Let me briefly explain each of these and how they'll put the world's conversation about energy on a more constructive and realistic path. First, an agreement that we all want a lower carbon future. Our industry shares the world's ambition for reducing emissions, a challenge that's larger than what any one company, industry or country can achieve alone.

We all have an important role to play. But if we start by ruling solutions out, we're never going to achieve our goals. Instead, we need to begin by ruling options in—meaning any viable technology that can move the needle on reducing emissions should be part of the solution set.

Natural gas is a key enabler of a lower carbon future. The proof is in the pudding. A recent McKinsey report—using EIA data—calculated that switching from coal to gas in U.S. power generation reduced carbon emissions by over half a billion metric tons—more than double the reduction from all additions of wind and solar power over the past 15 years.

And these potential benefits are not only limited to the United States. This makes natural gas a critical solution for an electrifying world, a key component of net zero strategies in many nations, and a viable solution for countries working to transition away from coal.

According to the IEA, in 2022, coal combustion generated approximately 15 billion metric tons of CO2 worldwide. That's more than a third of total global greenhouse gas emissions. Cutting these emissions by switching from coal to natural gas could represent the single greatest carbon reduction initiative in history. These reductions are achievable and not disruptive to national economies or individual lives.

The U.S. has an abundance of natural gas: a reliable, affordable resource the world needs today. In fact, the case for natural gas is so strong that only politics can get in the way.

Energy producers need a stable, predictable policy environment to ensure natural gas remains a reliable source now and in the future. But the administration's LNG permitting pause elevates politics over progress. The DOE's own findings show that on a life cycle basis U.S. LNG can deliver substantial greenhouse gas reductions compared to coal in both Europe and Asia. So, when it comes to advancing economic prosperity, energy security and environmental protection, an LNG permitting pause fails on all three.

It raises energy costs by taking potential supply off the market. It threatens reliable supplies of LNG, undermining energy security for our allies. And it slows the transition from

coal to natural gas, meaning more emissions not less. Instead of halting new permits for LNG exports, the administration should stop the attacks on natural gas and embrace the benefits it's already delivering around the world.

The second pillar of a balanced conversation is a recognition that progress is being made, and that it will occur at different speeds in different parts of the world and in different sectors of the economy.

The complexity of the global energy system is hidden by the effortless way energy is integrated into our daily lives, especially in the developed world. We flip a switch and expect the lights to come on. We pay little attention to the intricate supply chain that makes this possible from distant drilling pads and wind turbines to pipelines and transmission systems and local distribution. Compared to other challenges we face in creating a lower carbon future, incorporating renewables into the grid is relatively straightforward, especially with natural gas providing the baseload to solve the intermittency challenge.

But many key manufacturing processes that enable modern life can't be readily electrified. We'll need to develop lower carbon methods for producing steel, cement, plastics and fertilizer. Not to mention evolving how we power shipping, aviation, agriculture, mining, and long-haul trucking. The good news is a variety of technologies are making advances. Policy support is growing and needs to be sustained. Yet, simple economics and common sense tell us that the solutions, scale and speed of the energy transition will be determined by how quickly lower carbon substitutes match or surpass today's sources in cost, efficiency and usefulness.

Pledges can be important in setting direction. Supportive policies can help encourage new solutions. But real progress takes place by developing and testing innovative technologies in real world applications, overcoming engineering challenges in the field achieving breakthroughs that can be scaled globally, mobilizing capital, engineering and construction manpower and making solutions viable in the marketplace. That's a call to leadership for our industry and our partners.

And it brings me to the third pillar of a balanced conversation: an understanding that the energy transition requires unprecedented innovation which demands unprecedented collaboration.

Existing technologies can make a huge dent in emissions if we work together. The IEA estimates that 70% of the methane emissions from the energy sector could be reduced with tools and technologies we have today. This is critical to unlocking the full potential of natural gas.

At Chevron, we've reduced the methane intensity of our upstream operations by more than 50% since 2016. That puts us in the top quartile based on IEA data, and we're not done yet. But many technologies essential to meeting our climate ambitions haven't been fully developed or deployed at scale. Doing so requires creative partnerships and bold collaboration. Partnerships at all levels: among private companies, between the private and public sectors, and government-to-government. Partnerships that reduce the cost and risk of investment, unlock needed capital, improve efficiency, speed up integration, and ensure new energy solutions are supported in their early days but ultimately compete on a level playing field.

I believe our industry has a leading role to play—perhaps the leading role. We have the capabilities, assets and global relationships to help advance the lower carbon energy system of the future.

We need to apply these core competencies in new and innovative ways. Here's just one example: In Utah, Chevron is teaming with Mitsubishi Power and the Intermountain Power Agency to create an innovative hydrogen project as part of replacing an aging coal-fired power plant. We're leveraging our subsurface and reservoir management capabilities to mine geological salt caverns to create massive energy storage capacity.

We plan to produce hydrogen from water and excess wind and solar power and store it safely underground. That stored hydrogen will then be co-fired along with natural gas to generate lower carbon intensity power. Existing high-voltage transmission lines will transport this power to Southern California, providing lower carbon intensity electricity to cool homes and run businesses. This project demonstrates the kind of problem-solving skill our industry thrives on and the lower carbon solutions we're capable of delivering.

And there's another way we can lead. That's in shifting the tone of the conversation about the future of energy. Infusing it with a more hopeful mindset and the can-do spirit that has always defined our industry. Pessimism clouds today's energy conversation, fueling climate anxiety on one end and climate apathy on the other. Pessimism erodes confidence, saps creativity, and induces fatalism, all of which are barriers to progress. It creates a mindset that polarizes the discussion about energy and leads some to conclude that we can only meet our climate goals by imposing economic austerity depriving people of affordable, reliable energy and denying the universal human aspiration for a better quality of life.

A better, more balanced conversation about energy rejects pessimism and embraces optimism. Optimism reflects humanity's incredible advances during the last century of energy abundance and our prospects for an even brighter future. Optimism fosters a

shared sense of purpose, inspires confidence in the power of human ingenuity to solve our biggest challenges, sustains us during inevitable setbacks and generates the spirit of cooperation we need today. This is the fuel of progress. We're all privileged to work in an industry vital to human prosperity. We share a responsibility to provide the energy the world demands and to lessen its environmental impact.

I'm confident we will meet this challenge. We will help achieve a lower carbon future. And we will continue delivering the affordable, reliable, ever-cleaner energy that drives human progress. Thank you all very much.