

In conversation with...



Tracey Gardiner,

Vice President, Base Oils, Chevron Corporation

You have an impressive 20-year history working with Chevron; what first attracted you to the company, and 20 years later, what still appeals?

My first job with Chevron was in New Zealand as the Caltex commercial development manager. It was a fantastic job serving many of the key industries there: fishing, agriculture, forestry and road transport.

Fuel and lubricants are a key ingredient of most businesses that make things. I really enjoy the variety of businesses that we serve and the human and economic connection of our business. I like that our products help ensure energy efficiency and protect the working life of equipment. As a New Zealander you grow up with a sustainability filter, I remember my very first school teachers talking to us about the importance of sustainability; repair and reuse is a part of the Kiwi culture.

Another aspect of our business that really appeals to me is the scale of what we do. We operate at a scale that makes our work have huge impact. The size and scale of our manufacturing capability is incredible; just standing next to a tank in a plant gives you an appreciation of the industrial scale required to do our work, filling tanks, ships, rail cars. The amount of product and the amount of movement to get it to market is an amazing orchestration.

That scale applies even to the extent of Chevron's community contributions - In the last 5 years Chevron has given more than a billion dollars to community and social programs, more than half of that to help education. Supporting education is important to me and my family, and as well as their big global programs Chevron even matches the contribution we make to my boys local schools. It is a great company to work for. I thought I was being hired for a couple

of years, but now, more than 20 years later there is still much to learn and I am fortunate to be leading the base oil organisation in a dynamic and changing time. Increasing technical demands and specifications, the need for ever cleaner energy and more sustainable practices and the changes that IMO 2020 will bring to our business are all creating the need for change.

Chevron base oils is well prepared for those changes with the right products from an expanding number of hubs and the formulations and business tools to help make it easy for our customers to do business with us.

You've worked across multiple market sectors, in different capacities and on different continents; what are the most significant industry challenges you've seen during this time and what has been their impact?

The narrative around energy has changed a lot over the last 20 years We have gone from talking about peak oil to talking of peak demand, but truly the underlying challenge has long been the same, providing the energy the world needs to advance standards of living and doing it in ever cleaner and more sustainable ways.

We all deserve the comforts that reliable energy brings to our lives. Energy means children can read at night and advance their education, clothes can be washed by machine and not hand, and automation can take the place of human labour.

Every piece of moving machinery needs effective lubrication to operate at its best for its longest possible life. Good effective lubrication has a role to play in energy efficiency and sustainability.

How is Chevron specifically, and the industry generally, adapting to the challenges it faces, for example, sustainability, digitization, regulation, supply chain security, renewable base-oil sources...?

Personally I am excited by the opportunities that all these drivers are bringing. We are adapting by finding the areas that serve us and our customers, shareholders and stakeholders. I think all these factors help us be better and ensure our future.

One of the things we are working on is digitization, the scale of our business means that small improvements in efficiency can have massive pay outs. The smart use of proven technologies is being applied in Chevron to great results. Whether it is the use of augmented reality to help field operators, cloud computing to scale business processes or machine learning to predict events, we are using technology to help improve our business and results.

In Chevron base oils we are using digital technologies to allow us to have more time with our customers and less time on paperwork. We also want to make it easier for our customers to find key information. This time next year we should have completed our first wave of digital initiatives and I hope our customers are even happier to be doing business with us.

Renewable base oil is another area I am really excited about. Chevron has an investment in Novvi, and the combination of Novvi's technology with Chevron's Isodewaxing technology has created a very high performance base oil from plant-based feedstocks. This new type of base oil that innovatively combines established technologies with renewable feeds creates finished lubricants that have levels of performance that we have not seen from conventional base oils.

As an industry, how ready are we for the technological revolution that is coming? What more could we be doing? How will blockchain impact global logistics, security and supply chain?

I believe the way we adopt and use technology is more important than the technology itself. I have been working on digitizing business process for more than 7 years. San Ramon is next door to Silicon Valley

so it has been a great location to get access to talent and ideas. The rate of improvement in the technology is exponential but you need the organisational capability and capacity to adopt and keep changing to create value from it. In my experience all digitization projects are about people and change management, more than they are about technology.

Business will do well when we adopt agile and interactive processes and measure results, doing more of what works and less of what doesn't. Our industry will evolve our business into a different technology landscape that is powered by the cloud; AI, and maybe block chain, is indeed about evolution of our business process rather than revolution to fit a technology. We will participate and adopt new technology where we can see benefit for our business and our customers.

How is Chevron harnessing its partnerships and alliances to fulfil the need to reduce global greenhouse emissions?

We are very proud of the work that we are doing in emission reductions. Chevron published our third climate change report in February this year. As well as measuring and reducing emissions of our own business activities we have also commitments to reduce methane emissions intensity by 20 to 25 percent and flaring intensity by 25 to 30 percent from 2016 – 2023, aligned with the timing of milestones in the Paris Agreement.

Chevron has invested about \$1.1 billion in two carbon capture projects in Canada and Australia. And earlier this year we launched our Future Energy Fund under our venture technology group to invest in new breakthrough technologies including carbon capture.

Chevron has come a long way from the Pacific Coast Oil Company of 1879; can you tell us about any future expansion plans?

Chevron turned 140 years old this year which is a pretty amazing thing, when the average age of an S&P company is 20 years. In that 140 years Chevron has navigated a lot of change and business cycles and now we will embrace and be part of this next cycle

of change. I can tell you that Chevron's tradition of harnessing technology and creating value continues strongly. You can expect to see Chevron will improve current sources and scale future solutions to deliver greater benefits with less environmental impact. Chevron has successfully navigated the energy transitions and changing customer demand over the last 140 years and we will continue into the future.

In Chevron base oils we are committed to providing the products that our customers need to deliver value to their end users. We are looking forward to continuing to grow our business by providing excellent service to our customers through the security of supply that we achieve with our 3 plants and 16 supply hubs.

We are excited to be adding a new supply point in Morocco, and a new distributor relationship with Quantiq in Brazil, to help serve our customers who are increasingly using our premium Group II base oils to meet market needs. We also add value through the many approvals we have in place and the work we do to reduce complexity for our customers through our deep understanding of formulations and global logistics, and with our Nowvi investment we not only have solid supply on our customer's needs, we are also preparing for the future.

Our customers are interesting people doing interesting things. We enjoy helping them achieve their goals and they are in turn helping businesses achieve their goals. We are part of a link in a chain that provides the components needed for economic production. The work we do is important and we really value the opportunity to serve our customers.

Chevron base oils is committed to a process of continuous improvement to even better serve our customers, so you can expect to see lots more news from us this year and beyond.

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