PROXY PAPER

EXXON MOBIL CORPORATION

GLASS LEWIS

NYSE: **XOM**

ISIN: **US30231G1022**

MEETING DATE: 31 MAY 2023

RECORD DATE: 05 APRIL 2023

PUBLISH DATE: 11 MAY 2023

INDEX MEMBERSHIP: RUSSELL 1000; S&P GLOBAL 100; RUSSELL 3000; S&P 500; S&P 100

SECTOR: ENERGY

INDUSTRY: OIL, GAS AND CONSUMABLE FUELS

COUNTRY OF TRADE: UNITED STATES

COUNTRY OF INCORPORATION: UNITED STATES

HEADQUARTERS: TEXAS

VOTING IMPEDIMENT: NONE

COMPANY DESCRIPTION

Exxon Mobil Corporation explores for and produces crude oil and natural gas in the United States and internationally. It operates through Upstream, Energy Products, Chemical Products, and Specialty Products segments.

2023 ANNUAL MEETING

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Election of Directors	FOR	**FOR**	
1.01	Elect Michael J. Angelakis	FOR	**FOR**	
1.02	Elect Susan K. Avery	FOR	**FOR**	
1.03	Elect Angela F. Braly	FOR	**FOR**	
1.04	Elect Gregory J. Goff	FOR	**FOR**	
1.05	Elect John D. Harris II	FOR	**FOR**	
1.06	Elect Kaisa H. Hietala	FOR	**FOR**	
1.07	Elect Joseph L. Hooley	FOR	**FOR**	
1.08	Elect Steven A. Kandarian	FOR	**FOR**	
1.09	Elect Alexander A. Karsner	FOR	**FOR**	
1.10	Elect Lawrence W. Kellner	FOR	**FOR**	
1.11	Elect Jeffrey W. Ubben	FOR	**FOR**	
1.12	Elect Darren W. Woods	FOR	**FOR**	
2.00	Ratification of Auditor	FOR	**FOR**	
3.00	Advisory Vote on Executive Compensation	FOR	**FOR**	
4.00	Frequency of Advisory Vote on Executive Compensation	1 YEAR	**1 YEAR**	

5.00	Shareholder Proposal Regarding Formation of Decarbonization Risk Committee	AGAINST	**AGAINST**	
6.00	Shareholder Proposal Regarding Retention of Shares Until Normal Retirement Age	AGAINST	**AGAINST**	
7.00	Shareholder Proposal Regarding Report on Carbon Capture and Storage	AGAINST	**AGAINST**	
8.00	Shareholder Proposal Regarding Methane Emission Disclosures	AGAINST	**FOR**	• **Additional information on reliability of methane emissions provides useful context**
9.00	Shareholder Proposal Regarding Medium-Term Scope 3 Target	AGAINST	**AGAINST**	
10.00	Shareholder Proposal Regarding Report on Guyanese Operations	AGAINST	**FOR**	• **Production of report would allow for better understanding of how risks are being mitigated in Guyana**
11.00	Shareholder Proposal Regarding Recalculated Emissions Baseline	AGAINST	**FOR**	• **Additional disclosure will allow greater insight into existing climate targets**
12.00	Shareholder Proposal Regarding Audited Report on Asset Retirement Obligations	AGAINST	**FOR**	• **Adoption of this non-binding proposal could provide decision-useful information for investors**
13.00	Shareholder Proposal Regarding Addressing Virgin Plastic Demand	AGAINST	**AGAINST**	
14.00	Shareholder Proposal Regarding Environmental Litigation	AGAINST	**AGAINST**	
15.00	Shareholder Proposal Regarding Report on Tax Transparency	AGAINST	**FOR**	• **Additional disclosure could help mitigate regulatory and reputational risks**
16.00	Shareholder Proposal Regarding Just Transition Reporting	AGAINST	**FOR**	• **Additional disclosure on Just Transition planning would benefit shareholders and stakeholders**
17.00	Shareholder Proposal Regarding Report on Exploration and Production in the Arctic Refuge	AGAINST	**ABSTAIN**	• **Proposal withdrawn by proponent**

POTENTIAL CONFLICTS

As of October 2021, U.S. and Canadian companies are eligible to purchase and receive Equity Plan Advisory services from Glass Lewis Corporate, LLC ("GLC"), a Glass Lewis affiliated company. More information, including whether the company that is the subject of this report used GLC's services with respect to any equity plan discussed in this report, is available to Glass Lewis' institutional clients on Viewpoint or by contacting compliance@glasslewis.com. Glass Lewis maintains a strict separation between GLC and its research analysts. GLC and its personnel did not participate in any way in the preparation of this report.

DISCLOSURE NOTES

EXPLANATION FOR REPUBLICATION: 15 May 2023. We have updated the Board Changes table note for Director Burns in Proposal 1.00 to clarify that she is not standing for election at this year's annual meeting, as noted elsewhere in the analysis.

ENGAGEMENT ACTIVITIES

Glass Lewis held the following engagement meetings within the past year:

ENGAGED WITH	MEETING DATE	ORGANIZER	TYPE OF MEETING	TOPICS DISCUSSED
Issuer	01 February 2023	Issuer	Teleconference/Web-Meeting	Shareholder Proposal,Climate Change and Greenhouse Gas (GHG) Emissions
Issuer	07 March 2023	Issuer	Teleconference/Web-Meeting	Shareholder Proposal,Climate Change and Greenhouse Gas (GHG) Emissions

Shareholder Proponent	01 March 2023	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Shareholder Proposal
Shareholder Proponent	21 March 2023	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Shareholder Proposal
Shareholder Proponent	28 March 2023	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Shareholder Proposal
Shareholder Proponent	04 April 2023	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Shareholder Proposal

For further information regarding our engagement policy, please visit http://www.glasslewis.com/engagement-policy/.

ISSUER DATA REPORT: Exxon Mobil Corporation participated in Glass Lewis' Issuer Data Report program (IDR) for this meeting. The IDR program enables companies to preview the key data points used by Glass Lewis' research team, and address any factual errors with Glass Lewis prior to the publication of the Proxy Paper to Glass Lewis' clients. No voting recommendations or analyses are provided as part of the IDR. For more information on the IDR program, please visit https://www.glasslewis.com/issuer-data-report/

REPORT FEEDBACK STATEMENT: The Company submitted a Report Feedback Statement (RFS) on 17 May 2023, which can be accessed by clicking on the COMPANY FEEDBACK button on the front page of this Proxy Paper.

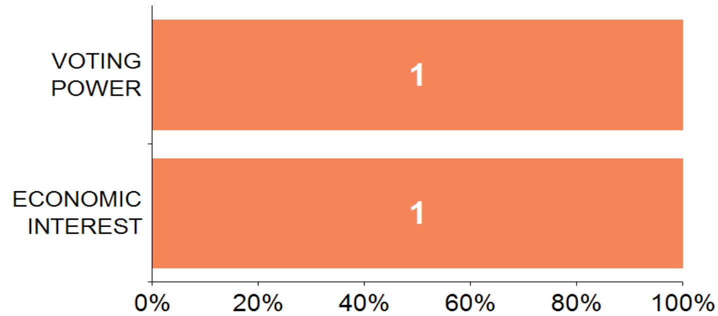
The RFS enables companies and shareholder proponents to submit their comments on Glass Lewis proxy research and have them transmitted to Glass Lewis' institutional investor clients. For more information on the RFS, please visit https://www.glasslewis.com/report-feedback-statement/.

SHARE OWNERSHIP PROFILE

SHARE BREAKDOWN

	1
SHARE CLASS	Common Shares
SHARES OUTSTANDING	4,043.0 M
VOTES PER SHARE	1
INSIDE OWNERSHIP	0.10%
STRATEGIC OWNERS**	0.10%
FREE FLOAT	99.90%

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 11-MAY-2023



TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	The Vanguard Group, Inc.	9.12%	United States	Traditional Investment Manager
2.	BlackRock, Inc.	7.20%	United States	Traditional Investment Manager
3.	State Street Global Advisors, Inc.	5.52%	United States	Traditional Investment Manager
4.	FMR LLC	2.96%	United States	Traditional Investment Manager
5.	Geode Capital Management, LLC	1.81%	United States	Traditional Investment Manager
6.	BNY Mellon Asset Management	1.27%	United States	Traditional Investment Manager
7.	Norges Bank Investment Management	1.17%	Norway	Bank/Investment Bank
8.	Northern Trust Global Investments	1.13%	United Kingdom	Traditional Investment Manager
9.	Capital Research and Management Company	1.07%	United States	Traditional Investment Manager
10.	J.P. Morgan Asset Management, Inc.	1.03%	United States	Traditional Investment Manager
11.	T. Rowe Price Group, Inc.	1.01%	United States	Traditional Investment Manager
12.	GQG Partners LLC	0.81%	United States	Traditional Investment Manager
13.	Morgan Stanley, Investment Banking and Brokerage Investments	0.79%	United States	Bank/Investment Bank
14.	State Farm Insurance Companies, Asset Management Arm	0.75%	United States	Traditional Investment Manager
15.	Dimensional Fund Advisors LP	0.72%	United States	Traditional Investment Manager
16.	Charles Schwab Investment Management, Inc.	0.72%	United States	Traditional Investment Manager
17.	UBS Asset Management AG	0.58%	Switzerland	Traditional Investment Manager
18.	Legal & General Investment Management Limited	0.57%	United Kingdom	Traditional Investment Manager
19.	Strategic Advisers LLC	0.56%	United States	Traditional Investment Manager
20.	Amundi Asset Management	0.52%	France	Traditional Investment Manager

**COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 11-MAY-2023*
***CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.*

SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD[1]
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	N/A	15.00%
VOTING POWER REQUIRED TO ADD AGENDA ITEM	$2,000[2]	$2,000[2]
VOTING POWER REQUIRED TO APPROVE A WRITTEN CONSENT	N/A	50.00%

[1]N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.
[2]UNLESS GRANDFATHERED, SHAREHOLDERS MUST OWN SHARES WITH MARKET VALUE OF AT LEAST $2,000 FOR THREE YEARS. ALTERNATIVELY, SHAREHOLDERS MUST OWN SHARES WITH MARKET VALUE OF AT LEAST $15,000 FOR TWO YEARS; OR SHARES WITH MARKET VALUE OF $25,000 FOR AT LEAST ONE YEAR.

COMPANY PROFILE

FINANCIALS

	1 YR TSR	3 YR TSR AVG.	5 YR TSR AVG.
XOM	*87.4%*	*23.5%*	*11.4%*
S&P 500	*-18.1%*	*7.7%*	*9.4%*
PEERS*	*63.7%*	*20.3%*	*10.3%*

MARKET CAPITALIZATION (MM $)	454,248
ENTERPRISE VALUE (MM $)	478,950
REVENUES (MM $)	402,217

*ANNUALIZED SHAREHOLDER RETURNS. *PEERS ARE BASED ON THE INDUSTRY SEGMENTATION OF THE GLOBAL INDUSTRIAL CLASSIFICATION SYSTEM (GICS). FIGURES AS OF 31-DEC-2022. SOURCE: CAPITAL IQ*

EXECUTIVE COMPENSATION

TOTAL CEO COMPENSATION $35,909,231

1 YR CHANGE IN CEO PAY	*52%*	**CEO TO MEDIAN EMPLOYEE PAY RATIO**	*210:1*
SAY ON PAY FREQUENCY	*1 Year*	**COMPENSATION GRADE 2022**	*C*
GLASS LEWIS STRUCTURE RATING	*Fair*	**GLASS LEWIS DISCLOSURE RATING**	*Good*
SINGLE TRIGGER CIC VESTING	*No*	**EXCISE TAX GROSS-UPS**	*No*
CLAWBACK PROVISION	*Yes*	**OVERHANG OF INCENTIVE PLANS**	*2.40%*

CORPORATE GOVERNANCE

ELECTION METHOD	*Majority w/ Resignation Policy*	**CEO START DATE**	*January 2017*
CONTROLLED COMPANY	*No*	**ALLOWS PROXY ACCESS**	*Yes*
MULTI-CLASS VOTING	*No*	**VIRTUAL-ONLY MEETING**	*Yes*
STAGGERED BOARD	*No*	**AVERAGE NED TENURE**	*3 years*
COMBINED CHAIR/CEO	*Yes*	**% OF GENDER DIVERSITY ON BOARD**	*25.0%*
INDIVIDUAL DIRECTOR SKILLS MATRIX DISCLOSED	*Yes*	**COMPANY-REPORTED % OF RACIAL/ETHNIC DIVERSITY ON BOARD (IF DISCLOSED)**	*15.0%*

ANTI-TAKEOVER MEASURES

POISON PILL	*No*
APPROVED BY SHAREHOLDERS/EXPIRATION DATE	*N/A; N/A*

AUDITORS

AUDITOR: PRICEWATERHOUSECOOPERS	**TENURE:** 89 YEARS
MATERIAL WEAKNESS(ES) OUTSTANDING	*No*
RESTATEMENT(S) IN PAST 12 MONTHS	*No*

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

COMPANY REPORTS TO SASB/EXTENT OF DISCLOSURE: No; Not Applicable

CURRENT AS OF MAY 11, 2023

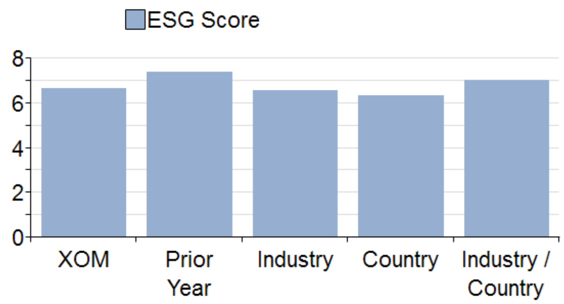
GLASS LEWIS ESG PROFILE

GLASS LEWIS ESG SCORE: **6.7 / 10**

ESG SCORE SUMMARY

Board Accountability Score:	*7.4 / 10*	**ESG Transparency Score:**	*6.7 / 10*
Targets and Alignment Score:	*7.0 / 10*	**Climate Risk Mitigation Score:**	*6.0 / 10*

SCORE BREAKDOWN



PRIOR YEAR ESG SCORE*	7.42
CHANGE IN ESG SCORE	-0.75
INDUSTRY	*6.6* (0.07)
COUNTRY	*6.4* (0.30)
INDUSTRY / COUNTRY	*7.0* (-0.35)

*As of our Proxy Paper for the Annual Meeting on 25-May-22

BOARD ACCOUNTABILITY (7.4 / 10)

Average NED Tenure	*3 years*	**Director Independence**	*92%*
Board Oversight of ESG	*Yes*	**Board Oversight of Cyber**	*Yes*
Board Oversight of Human Capital	*Yes*	**Compensation Linked to E&S Metrics**	*No*
Lowest Support for Directors in Prior Year	*88.8%*	**Percent Gender Diversity**	*25%*
Prior Year Say on Pay Support	*90.0%*	**Annual Director Elections**	*Yes*
Inequitable Voting Rights	*No*	**Pay Ratio**	*210:1*
Diversity Disclosure Assessment	*Good*	**Failure to Respond to Shareholder Proposal**	*No*

ESG TRANSPARENCY (6.7 / 10)

Comprehensive Sustainability Reporting	*Yes*	**GRI-Indicated Report**	*Yes*
Reporting Assurance	*Yes*	**Reporting Aligns with TCFD**	*Yes*
Discloses Scope 1 & 2 Emissions	*Yes*	**Discloses Scope 3 Emissions**	*Yes*
Reports to CDP	*No*	**CDP Climate Score**	*N/A*
CDP Forest Score	*N/A*	**CDP Water Score**	*N/A*
Reports to SASB	*No*	**Extent of SASB Reporting**	*Not Applicable*
Discloses EEO-1 Report	*Yes*	**CPA-Zicklin Score**	*62.9*

ESG TARGETS AND ALIGNMENT (7.0 / 10)

Has Scope 1 and/or 2 GHG Reduction Targets	*Yes*	**Has Scope 3 GHG Reduction Targets**	*No*
Has Net Zero GHG Target	*Yes*	**Reduction Target Certified by SBTi**	*N/A*
UNGC Participant or Signatory	*No*	**Human Rights Policy Aligns with UDHR or ILO**	*Yes*
Has Biodiversity Policy	*Yes*		

CLIMATE RISK MITIGATION (6.0 / 10)

TPI Management Quality Score	*4*	**Board Oversight of Climate**	*Yes*
TPI Carbon Performance Score	*Not Aligned*	**Just Transition Disclosure**	*No*
Climate Lobbying Statement	*Yes*	**Quality of TCFD Reporting**	*Poor*
Discloses Results of Scenario Analysis	*Below 2 Degrees*	**Compensation Linked to Climate**	*Yes*

For further details about our methodology and data included in this page please refer to our methodology documentation here.

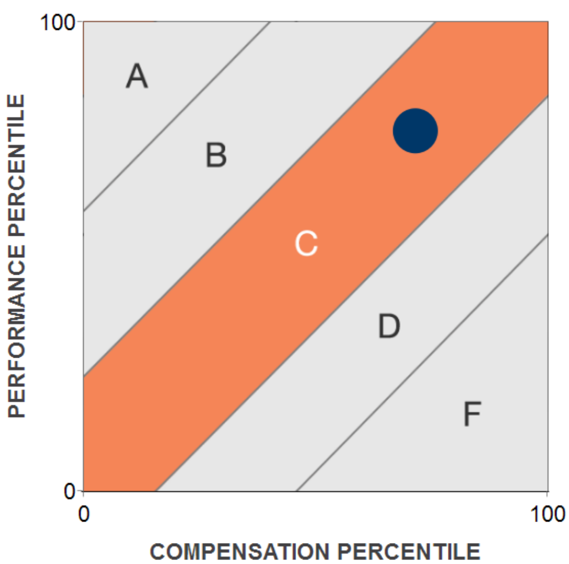
PAY-FOR-PERFORMANCE

Exxon Mobil's executive compensation received a **C** grade in our proprietary pay-for-performance model. The Company paid more compensation to its named executive officers than the median compensation for a group of companies selected based on Glass Lewis' peer group methodology and Diligent Intel's company data.The CEO was paid more than the median CEO compensation of these peer companies. Overall, the Company paid more than its peers and performed better than its peers.

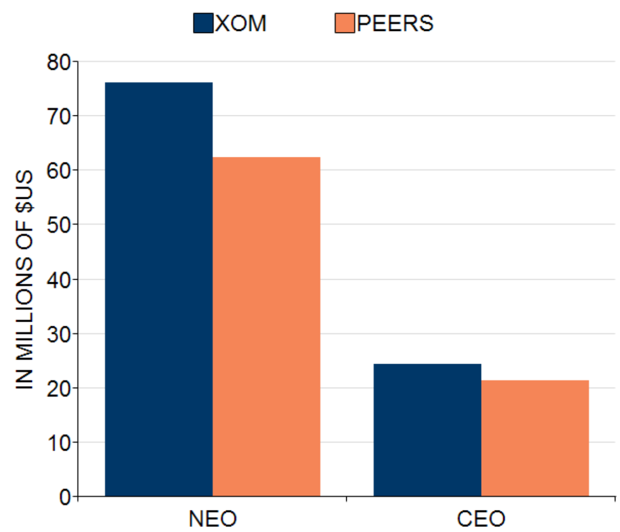
HISTORICAL COMPENSATION GRADE		
	FY 2022:	C
	FY 2021:	B
	FY 2019:	C

FY 2022 CEO COMPENSATION		
	SALARY:	$1,703,000
	GDFV EQUITY:	$25,051,500
	NEIP/OTHER:	$6,760,868
	TOTAL:	$33,515,368

FY 2022 PAY-FOR-PERFORMANCE GRADE



3-YEAR WEIGHTED AVERAGE COMPENSATION

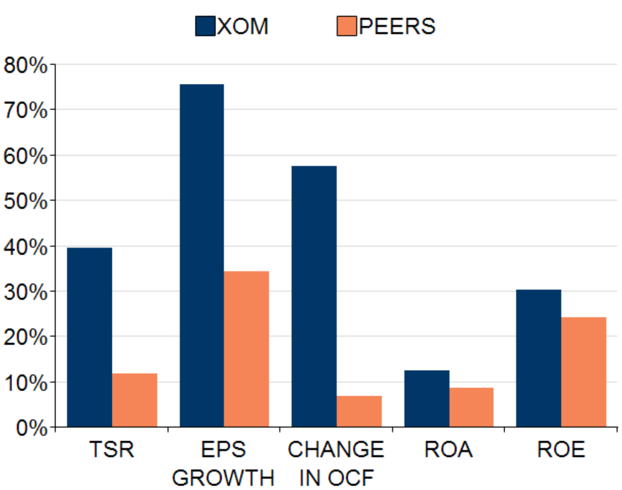


GLASS LEWIS PEERS VS PEERS DISCLOSED BY COMPANY

GLASS LEWIS	XOM
Chevron Corporation* The Procter & Gamble Company* Johnson & Johnson* The Boeing Company* ConocoPhillips AT&T Inc.* International Business Machines Corporation* Pfizer Inc.* Marathon Petroleum Corporation Verizon Communications Inc.* Ford Motor Company* Intel Corporation Microsoft Corporation Walmart Inc. Alphabet Inc.	Raytheon Technologies Corporation General Motors Company General Electric Company

ALSO DISCLOSED BY XOM

SHAREHOLDER WEALTH AND BUSINESS PERFORMANCE



Analysis for the year ended 12/31/2022. Performance measures, except ROA and ROE, are based on the weighted average of annualized one-, two- and three-year data. Compensation figures are weighted average three-year data calculated by Glass Lewis. Data for Glass Lewis' pay-for-performance tests are sourced from Diligent Compensation & Governance Intel and company filings, including proxy statements, annual reports, and other forms for pay. Performance and TSR data are sourced from Capital IQ and publicly filed annual reports. For Canadian peers, equity awards are normalized using the grant date exchange rate and cash compensation data is normalized using the fiscal year-end exchange rate. The performance metrics used in the analysis are selected by Glass Lewis and standardized across companies by industry. These metrics may differ from the key metrics disclosed by individual companies to meet SEC pay-versus-performance rules.

Glass Lewis peers are based on Glass Lewis' proprietary peer methodology, which considers both country-based and sector-based peers, along with each company's disclosed peers, and are updated in February and August. Peer data is based on publicly available information, as well as information provided to Glass Lewis during the open submission periods. The "Peers Disclosed by Company" data is based on public information in proxy statements and on companies' submissions. Glass Lewis may exclude certain peers from the Pay for Performance analysis based on factors such as trading status and/or data availability.

For details on the Pay-for-Performance analysis and peer group methodology, please refer to Glass Lewis' Pay-for-Performance Methodology & FAQ.

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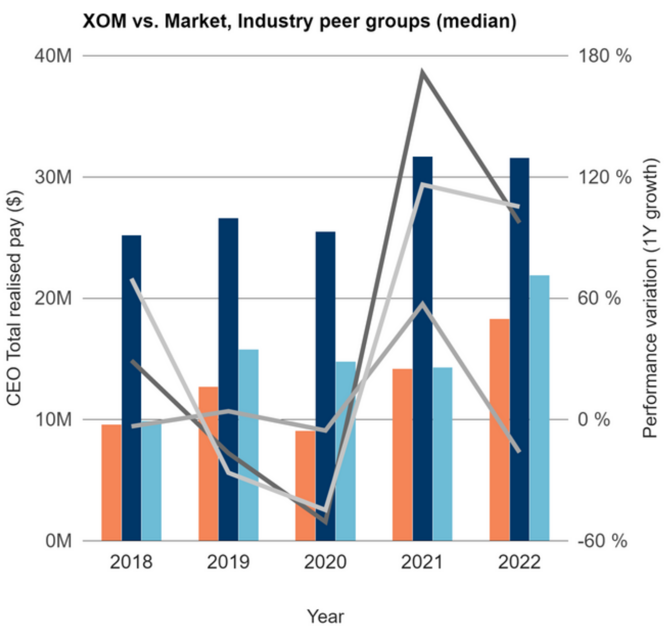
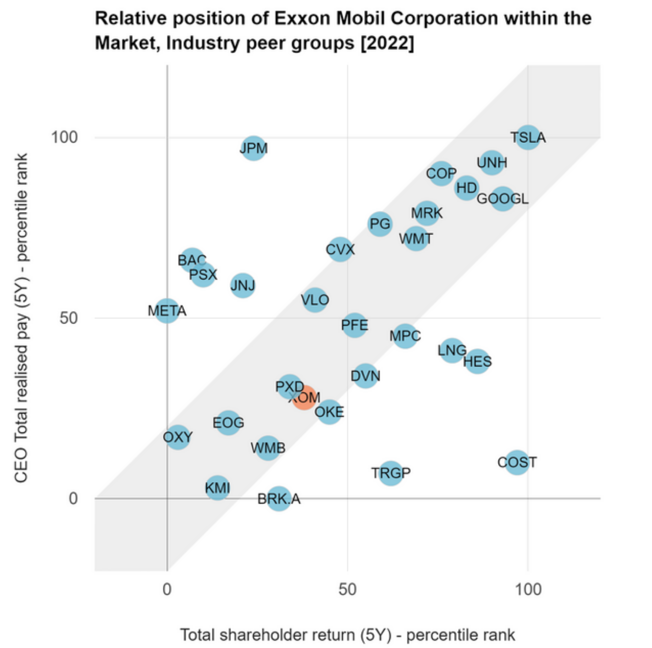
COMPENSATION ANALYSIS



Source: Diligent Intel



Source: Diligent Intel

Total realised pay (XOM)	Total realised pay (Market)	Total realised pay (Industry)	EBITDA (XOM)	EBITDA (Market)	EBITDA (Industry)

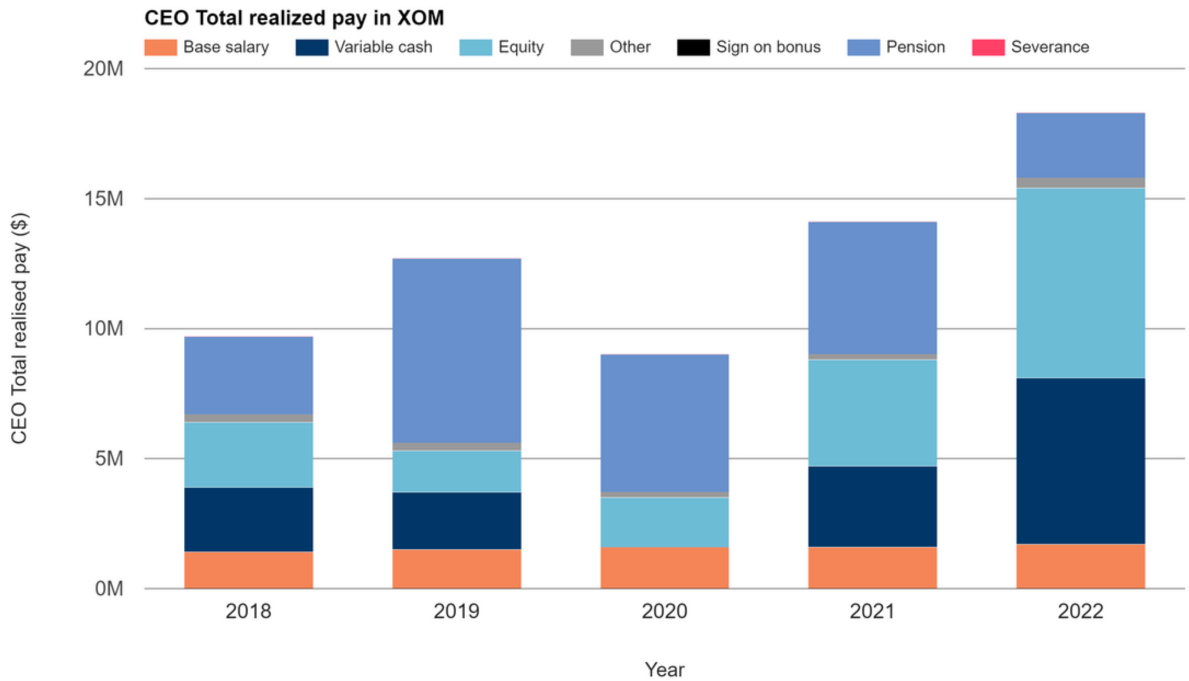
** All financial metrics are plotted at fiscal year growth rates in the graphs above. Absolute values are found in the tables below.*

	Total realised pay ($)*			EBITDA ($)*			ROA			ROIC		
Year	XOM	Market (Median)	Industry (Median)	XOM	Market (Median)	Industry (Median)	XOM	Market (Median)	Industry (Median)	XOM	Market (Median)	Industry (Median)
2022	18.3	31.6	21.9	91,128.0	26,150.0	11,305.0	12.6%	9.9%	11.7%	18.7%	16.0%	16.7%
2021	14.2	31.7	14.3	46,187.0	31,220.6	5,507.0	5.0%	8.0%	5.3%	7.2%	13.2%	6.2%
2020	9.1	25.5	14.8	17,016.0	19,873.0	2,547.2	-0.7%	5.9%	-0.2%	-1.0%	11.4%	-0.3%
2019	12.7	26.6	15.8	34,443.0	21,014.0	4,610.0	2.7%	7.4%	3.3%	4.0%	12.3%	4.3%
2018	9.6	25.2	9.9	41,312.0	20,182.0	6,258.0	4.2%	7.3%	4.2%	6.1%	11.4%	5.3%

** Values provided in millions.*

List of companies

Market peer group	Alphabet Inc. (GOOGL), Bank of America Corporation (BAC), Berkshire Hathaway Inc. (BRK.A), Chevron Corporation (CVX), Costco Wholesale Corporation (COST), Johnson & Johnson (JNJ), JPMorgan Chase & Co. (JPM), Merck & Co., Inc. (MRK), Meta Platforms, Inc. (META), Pfizer Inc. (PFE), Tesla, Inc. (TSLA), The Home Depot, Inc. (HD), The Procter & Gamble Company (PG), UnitedHealth Group Incorporated (UNH), Walmart Inc. (WMT)
Industry peer group	Cheniere Energy, Inc. (LNG), Chevron Corporation (CVX), ConocoPhillips (COP), Devon Energy Corporation (DVN), EOG Resources, Inc. (EOG), Hess Corporation (HES), Kinder Morgan, Inc. (KMI), Marathon Petroleum Corporation (MPC), Occidental Petroleum Corporation (OXY), ONEOK, Inc. (OKE), Phillips 66 (PSX), Pioneer Natural Resources Company (PXD), Targa Resources Corp. (TRGP), The Williams Companies, Inc. (WMB), Valero Energy Corporation (VLO)



Source: Diligent Intel

Year	Total realised pay ($)	Base salary ($)	Variable cash ($)	Equity ($)	Other ($)	Sign on bonus ($)	Pension ($)	Severance ($)
2022	18,282,371	1,703,000	6,382,000	7,312,140	378,868	0	2,506,363	0
2021	14,205,519	1,615,000	3,142,000	4,138,256	173,110	0	5,137,153	0
2020	9,097,531	1,615,000	0	1,893,195	240,700	0	5,348,636	0
2019	12,739,317	1,500,000	2,216,000	1,616,238	336,482	0	7,070,597	0
2018	9,608,974	1,400,000	2,464,000	2,479,437	288,040	0	2,977,497	0

For further information on the peers and methodology, or to submit feedback, please see our FAQs.

The Compensation Analysis is based on Glass Lewis' proprietary methodology using Diligent Intel proprietary platform. The intellectual property rights to the platform are vested exclusively in Diligent Compensation & Governance Intel, the brand under which Diligent Corporation operates and provides these services. Compensation figures are standardized and calculated by Diligent Intel based on information disclosed by the Company and its peers in their disclosures and proxy materials. For realizable pay reported for European and Australian companies, equity awards are normalized using the vesting date share price or when not disclosed by the Company using the year end share price. For U.S. and Canadian companies, realized pay is recorded as publicly disclosed in company proxy statements. Financial data deployed within the Diligent Intel platform is normalized and based on information provided by Capital IQ. The performance metrics used in the analysis are selected by Glass Lewis and standardized across companies by industry. Pertaining to U.S. companies, these metrics may differ from the key metrics disclosed by individual companies to meet SEC pay-versus-performance rules. Diligent Intel is a specialist provider of governance research and data analytics. It provides real time data and powerful analytical tools, for independent analysis of corporate governance practices of leading listed companies across the globe, in a single convenient solution. Diligent Corporation and/or its affiliates and suppliers do not make any representation or warranty, express or implied, of any nature, and do not accept any responsibility or liability of any kind, including with respect to the accuracy, completeness or suitability for any purpose of the information contained herein arising from the use of the Diligent Intel platform in connection with this Proxy Paper in any manner whatsoever.

COMPANY UPDATES

RESPONSE TO MAJORITY SUPPORTED SHAREHOLDER PROPOSAL

At last year’s annual meeting, a shareholder proposal requesting that the Company issue an audited report on the impacts of the IEA Net Zero 2050 scenario received the affirmative vote of approximately 51% of the voting shares (excluding abstentions and broker non-votes). In response to this proposal, the Company states that the board, management and subject-matter experts engaged with shareholders on this topic in the second half of 2022. The Company discloses in its 2023 proxy statement that interest coalesced around certain key items, and, in response, it updated its Advancing Climate Solutions 2023 Progress Report with enhanced content and expanded disclosures reflecting the proposal and shareholder input.

Considering the Company's disclosure on its engagement and response, we refrain from recommending that shareholders vote against any directors on the basis of failure to implement a majority supported shareholder proposal at this time. For further information on this topic, please see Proposal 12.00.

ACTIVITIES AND OPERATIONS IN RUSSIA

As noted in last year's Proxy Paper, the Company has business in Russia. In its annual report for fiscal year 2022, the Company provides updates on its Russia risk exposure, disclosing that effective October 14, 2022, the Russian government unilaterally terminated the Company's interests in the Sakhalin consortium project, transferring operations to a Russian operator. The Company had previously announced that it was beginning the process to discontinue operations and developing steps to exit the Sakhalin-1 venture in March 2022. The Company is not investing in new developments in Russia.

ADVANCE NOTICE PROVISIONS AMENDED

On October 1, 2022, the Company disclosed in a Form 8-K that the board had amended the Company's bylaws to alter the advance notice requirements for shareholders wishing to bring items (including board nominees) to a vote at shareholder meetings.

Advance notice provisions and related disclosure requirements are commonplace at public companies. Notably, in November 2021, the SEC adopted rules to require the use of universal proxy cards by management and shareholders soliciting proxy votes for their own candidates in contested director elections. These requirements became effective for all shareholder meetings involving a director election from August 31, 2022.

In response, numerous companies amended their bylaws to ensure compliance with the new rules as well as to adjust the requirements of their advance notice provisions, including the Company. In this case, the board has increased the burden on shareholders who wish to bring items to a vote at shareholder meetings. However, following review, we do not believe any of the Company's new requirements are unduly burdensome or unreasonable.

EXEMPT SOLICITATION

On April 18, 2022, Majority Action, filed an exempt solicitation urging shareholders to vote against chair and CEO Darren Woods, lead director Joseph Hooley and chair of the environment, safety and public policy committee Susan Avery. Majority Action cited the following as immediate concerns:

- Exxon's failure to set a robust net zero by 2050 target that includes its scope 3 greenhouse gas emissions ;
- Exxon's failure to align capital allocation with limiting warming to 1.5°C ; and
- Exxon's failure to commit to conduct all of its lobbying in line with the goals of the Paris Agreement, and its general opposition to U.S. federal and state climate policy.

1.00: ELECTION OF DIRECTORS

FOR

PROPOSAL REQUEST: Election of twelve directors

ELECTION METHOD: Majority w/ Resignation Policy

RECOMMENDATIONS & CONCERNS:

FOR: **D. Woods** ; **M. Angelakis** ; **S. Avery** ; **A. Braly** ; **G. Goff** ; **J. Harris II** ; **K. Hietala** ; **J. Hooley** ; **S. Kandarian** ; **A. Karsner** ; **L. Kellner** ; **J. Ubben**

PROPOSAL SUMMARY

Shareholders are being asked to elect 12 nominees to each serve a one-year term.

BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	DIVERSE+	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWN**	COMMITTEES					TERM START	TERM END	YEARS ON BOARD
								AUDIT	COMP	GOV	NOM	E&S^			
✔	Darren W. Woods* ·*CEO* ·*Chair*	58	M	N/D	Insider [1]	Not Independent	Yes						2016	2023	7
✔	Michael J. Angelakis	59	M	N/D	Independent	Independent	Yes	✔X					2021	2023	2
✔	Susan K. Avery	73	F	N/D	Independent	Independent	Yes			✔	✔	C	2017	2023	6
✔	Angela F. Braly	61	F	No	Independent	Independent	Yes		C			✔	2016	2023	7
✔	Gregory J. Goff	66	M	N/D	Independent	Independent	Yes	✔					2021	2023	2
✔	John D. Harris II	62	M	Yes	Independent	Independent	Yes	✔	✔				2023	2023	0
✔	Kaisa H. Hietala	52	F	N/D	Independent	Independent	Yes	✔					2021	2023	2
✔	Joseph L. Hooley ·*Lead Director*	66	M	N/D	Independent [2]	Independent	Yes		✔	C	C		2020	2023	3
✔	Steven A. Kandarian	71	M	N/D	Independent	Independent	Yes		✔	✔	✔		2018	2023	5
✔	Alexander A. Karsner	56	M	No	Independent	Independent	Yes			✔	✔	✔	2021	2023	2
✔	Lawrence W. Kellner	64	M	N/D	Independent	Independent	Yes			✔	✔	✔	2023	2023	0
✔	Jeffrey W. Ubben	61	M	N/D	Independent	Independent	Yes					✔	2021	2023	2

C = Chair, * = Public Company Executive, X = Audit Financial Expert, = Withhold or Against Recommendation

1. Chair, president and CEO.
2. Lead director.

+Reflects racial/ethnic diversity reported either by the Company or by another company where the individual serves as a director. Only racial/ethnic diversity reported by the Company will be reflected in the Company's reported racial/ethnic board diversity percentage listed elsewhere in this Proxy Paper, if available.
***Percentages displayed for ownership above 5%, when available*
^Indicates board oversight responsibility for environmental and social issues. If this column is empty it indicates that the Company has not provided explicit disclosure concerning the board's role in overseeing environmental and social issues.

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
Darren W. Woods	Yes	Yes	None
Michael J. Angelakis	Yes	No	(3) TriNet Group, Inc.; Clarivate Plc; Bowlero Corp.
Susan K. Avery	Yes	No	None
Angela F. Braly	Yes	No	(2) Brookfield Asset Management Inc.; The Procter & Gamble Company
Gregory J. Goff	Yes	No	(1) Avient Corporation
John D. Harris II	N/A	No	(3) Flex Ltd.; Cisco Systems, Inc.; Kyndryl Holdings, Inc.
Kaisa H. Hietala	Yes	No	(2) Smurfit Kappa Group plc; Rio Tinto Group
Joseph L. Hooley	Yes	No	(1) Aptiv PLC
Steven A. Kandarian	Yes	No	(1) Jackson Financial Inc. C
Alexander A. Karsner	Yes	No	(1) Applied Materials, Inc.
Lawrence W. Kellner	N/A	No	(1) The Boeing Company C
Jeffrey W. Ubben	Yes	No	(2) Enviva Inc.; Vistry Group plc

C = Chair

MARKET PRACTICE

INDEPENDENCE AND COMPOSITION	XOM*	REQUIREMENT	BEST PRACTICE
Independent Chair	No	No[1]	Yes[5]
Board Independence	92%	Majority[2]	66.7%[5]
Audit Committee Independence	100%	100%[3]	100%[5]
Compensation Committee Independence	100% ; Independent Chair	100%[2]	100%[5]
Nominating Committee Independence	100% ; Independent Chair	100%[2]	100%[5]
Percentage of gender diversity on board	25.0%	N/A[4]	N/A[4]
Directors' biographies	Proxy Statement		

** Based on Glass Lewis Classification*

1. *NYSE Listed Company Manual*
2. *Independence as defined by NYSE listing rules*
3. *Securities Exchange Act Rule 10A-3 and NYSE listing rules*
4. *No current marketplace listing requirement*
5. *CII*

Glass Lewis believes that boards should: (i) be at least two-thirds independent; (ii) have standing audit, compensation and nomination committees comprised solely of independent directors; and (iii) designate an independent chair, or failing that, a lead independent director.

PAST VOTING RECOMMENDATIONS ON DIRECTORS

A director's past conduct may be indicative of future conduct and performance. We have seen directors with a history of overpaying executives or serving on boards where avoidable disasters have occurred serving on the boards of companies with similar problems. Glass Lewis uses its proprietary database of directors serving at tens of thousands of publicly traded companies around the world to track directors across companies and reports certain past concerns for consideration.

DIRECTOR	PAST CONCERNS IDENTIFIED*
Lawrence W. Kellner	Other or unique governance issue (4 times between 2019 and 2022)

*(i) The concern(s) identified above are reported for informational purposes and reflect instances in which Glass Lewis, based on all relevant facts and circumstances, identified a reportable reason to recommend against the individual's election to a board based on our then-applicable benchmark guidelines; (ii) as further explained in our policy guidelines, only certain concerns that prompted such a recommendation are reported for these purposes; these may be viewed here (iii) where multiple concerns are identified, such concerns may or may not be the same issue at the same company and therefore may not necessarily be more noteworthy or relevant than a single instance of a particular issue ; (iv) this analysis is only generated where at least one of the aforementioned concerns occurred in the last five (5) full calendar years that precede the year in which the meeting subject to this Proxy Paper took place; e.g. between 1 Jan 2018 through 31 December 2022 for meetings in 2023.

With regard to director Kellner, we note that the prior unique issues of concern relate to risk management and assessment oversight at The Boeing Company during the development and certification of 737 MAX aircrafts.

CLIMATE ACTION 100+ COMPANY

Shareholders should be aware that the Company has been identified as a focus company by Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas ("GHG") emitters take necessary action on climate change. The Climate Action 100+, founded in 2017, currently represents 700 investors, responsible for over $68 trillion in assets under management. The Company is one of 166 companies that comprise up to 80% of global corporate industrial GHG emissions and has been selected for engagement by the initiative.

GLASS LEWIS ANALYSIS

We believe it is important for shareholders to be mindful of the following:

BOARD CHANGES

We note the following board changes, which have occurred (or will occur) between the publication of our last annual meeting Proxy Paper and this year's annual meeting.

DIRECTOR	BOARD ROLE	NOTES
Ursula M. Burns	Outgoing Independent Director	Retiring at annual meeting
John D. Harris II	Independent Director	Appointed January 2023
Lawrence W. Kellner	Independent Director	Appointed January 2023

DIVERSITY POLICIES AND DISCLOSURE

FEATURE	COMPANY DISCLOSURE
Director Race and Ethnicity Disclosure	Aggregate
Diversity Considerations for Director Candidates	Gender and race/ethnicity
"Rooney Rule" or Equivalent	Commitment
Director Skills Disclosure (Tabular)	Matrix
***Overall Rating: Good**	
Company-Reported Percentage of Racial/Ethnic Minorities on Board: 15.0%	

*For more information, including detailed explanations of how Glass Lewis assesses these features, please see Glass Lewis' *Approach to Diversity Disclosure Ratings*.

The Company has provided good disclosure of its board diversity policies and considerations. Areas to potentially improve this disclosure are as follows:

Race and Ethnicity Disclosure - The Company has not disclosed the racial/ethnic diversity of directors in a way that is delineated from other diversity measures and on an individual basis. Glass Lewis believes that shareholders benefit from clear disclosure of racial/ethnic board diversity on an individual basis.

"Rooney Rule" - The Company has not disclosed a policy requiring women and minorities to be included in the initial pool of candidates when selecting new director nominees (aka a "Rooney Rule"). Glass Lewis believes that policies requiring the consideration of minority candidates are an effective way to ensure an appropriate mix of director nominees. However, the Company states that the board affairs committee has instructed its executive search firm to include diversity as part of the candidate search criteria and as part of the search process for new candidates, considers highly qualified candidates, including women and minorities.

BOARD GENDER DIVERSITY

Following the retirement of director Ursula Burns at the 2023 annual meeting, the Company's board will be 25**%** gender diverse. Glass Lewis recognizes that a diversity of skills, thought and experience benefits companies by providing a broad range of perspectives and insights. When a board does not consist of sufficient gender diversity, we believe that it is the responsibility of the nominating and governance committee to disclose a sufficient rationale for the board's lack of gender diverse members, or a timeline for addressing the issue.

In this case, considering the departure of Ms. Burns will bring the board's gender diversity to below 30%, we believe the board should be afforded time to appoint a gender diverse director. We also note that the nominating and governance committee instructs search firms to include diversity as part of the candidate search criteria. As such, we refrain from recommending against any directors on the basis of insufficient gender diversity at this time. We will continue to monitor this issue going forward and may consider recommending against the nominating and governance committee chair in future if the board is not at least 30% gender diverse in coming years.

For more information, including empirical studies concerning gender diversity on corporate boards, please see Glass Lewis' *In-Depth: Board Gender Diversity*.

RECOMMENDATIONS

We do not believe there are substantial issues for shareholder concern as to any of the nominees.

We recommend that shareholders vote **FOR** all nominees.

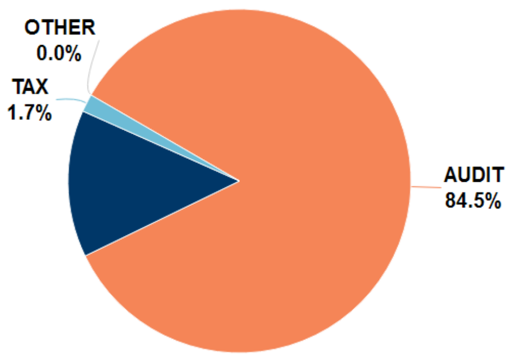
2.00: RATIFICATION OF AUDITOR

FOR

PROPOSAL REQUEST:	Ratification of PricewaterhouseCoopers
PRIOR YEAR VOTE RESULT (FOR):	96.5%
BINDING/ADVISORY:	Advisory
REQUIRED TO APPROVE:	Majority of votes cast
AUDITOR OPINION:	Unqualified

RECOMMENDATIONS & CONCERNS:

FOR- No material concerns



AUDITOR FEES

	2022	2021	2020
Audit Fees:	$35,400,000	$34,100,000	$35,900,000
Audit-Related Fees:	$5,800,000	$5,800,000	$4,700,000
Tax Fees:	$700,000	$1,000,000	$1,200,000
All Other Fees:	$ 0	$ 0	$ 0
Total Fees:	$41,900,000	$40,900,000	$41,800,000
Auditor:	Pricewaterhouse Coopers	Pricewaterhouse Coopers	Pricewaterhouse Coopers
1-Year Total Fees Change:		2.4%	
2-Year Total Fees Change:		0.2%	
2022 Fees as % of Revenue*:		0.010%	

* Annual revenue as of most recently reported fiscal year end date. *Source: Capital IQ*

Years Serving Company:	89
Restatement in Past 12 Months:	No
Alternative Dispute Resolution:	No
Auditor Liability Caps:	No
Lead Audit Partner:	Charles Chang
Critical Audit Matter:	1
	• The Impact of Proved Oil and Natural Gas Reserves on Upstream Property, Plant and Equipment, Net

GLASS LEWIS ANALYSIS

The fees paid for non-audit-related services are reasonable and the Company discloses appropriate information about these services in its filings.

We recommend that shareholders vote **FOR** the ratification of the appointment of PricewaterhouseCoopers as the Company's auditor for fiscal year 2023.

3.00: ADVISORY VOTE ON EXECUTIVE COMPENSATION

FOR

PROPOSAL REQUEST:	Approval of Executive Pay Package	**PAY FOR PERFORMANCE GRADES:**	**FY 2022** C **FY 2021** B **FY 2020** N/A
PRIOR YEAR VOTE RESULT (FOR):	90%	**RECOMMENDATION:**	FOR
STRUCTURE:	Fair		
DISCLOSURE:	Good		

EXECUTIVE SUMMARY

SUMMARY ANALYSIS

While shareholders shoud be aware of the unusual and largely non-formulaic nature of the compensation program, we recognize the Company's extensive disclosure as to the rationale underlying the compensation structure and determination of pay levels. We also note the sustained alignment between pay and performance. In light of these factors, we believe shareholders may support the proposal at this time.

COMPENSATION HIGHLIGHTS

- STI: Largely discretionary; most recent awards paid out above prior year
- LTI: Time-based
  - Awards under the plan are subject to extensive service-based vesting requirements
  - Grant values for equity awards increased significantly over the last year, although the actual number of granted shares increased only marginally as a result of higher Company share prices at grant date
- One-time: None granted during the past fiscal year

SUMMARY COMPENSATION TABLE

NAMED EXECUTIVE OFFICERS	BASE SALARY	BONUS & NEIP	EQUITY AWARDS	TOTAL COMP
Darren W. Woods *Chairman and CEO*	$1,703,000	$6,382,000	$24,939,000	$35,909,231
Kathryn A. Mikells *Senior Vice President; CFO*	$1,100,000	$4,376,000	$13,744,160	$20,013,825
Neil A. Chapman *Senior Vice President*	$1,100,000	$4,035,000	$12,369,744	$21,184,594
Jack P. WIlliams *Senior Vice President*	$1,100,000	$4,206,000	$13,056,952	$22,221,894
Karen T. McKee *President, ExxonMobil Product Solutions*	$908,500	$3,617,000	$11,205,924	$19,955,805

CEO to Avg NEO Pay: 1.72: 1

CEO SUMMARY

	2022 DARREN W. WOODS	2021 DARREN W. WOODS	2020 D. W. WOODS
Total CEO Compensation	$35,909,231	$23,572,488	$15,639,061
1-year TSR	87.4%	57.6%	-36.2%
CEO to Peer Median *	1.7:1	1.0:1	0.7:1
Fixed/Perf.-Based/Discretionary **	6.2% / 0.0% / 93.8%	9.7% / 0.0% / 90.3%	18.0% / 0.0% / 82.0%

* Calculated using Company-disclosed peers. ** Percentages based on the CEO Compensation Breakdown values.

CEO COMPENSATION BREAKDOWN

FIXED	**Cash**		**$2.1M**
	Salary		$1.7M
	Benefits / Other		$378,868
		Total Fixed	$2.1M

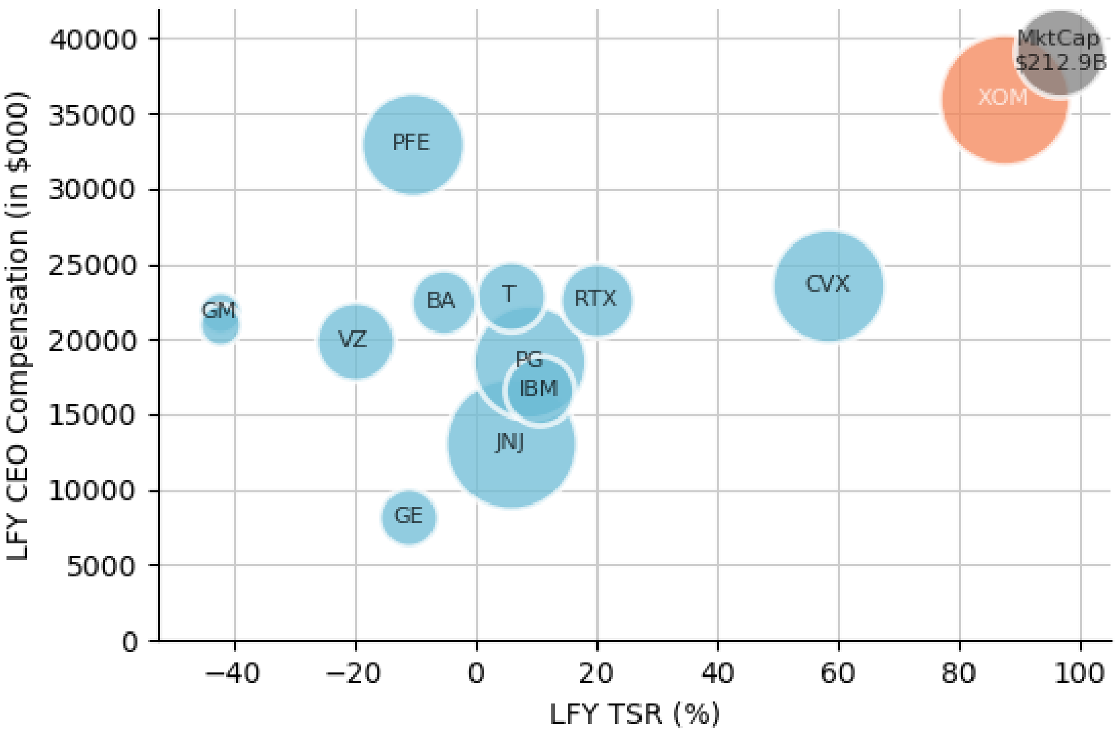
TIME-VESTING/ DISCRETIONARY	**RSUs**		**$24.9M**
	Long-term Incentive Plan		$24.9M
	Vesting / Deferral Period	10 years (ratable)	
	Cash		**$6.4M**
	Short-term Incentive Plan		$6.4M
	Metrics	Annual Earnings (bonus pool); Committee Discretion (individual)	
	Vesting / Deferral Period	-	
		Total Time-Vesting/Discretionary	$31.3M

Awarded Incentive Pay	**$31.3M**
Total Pay Excluding change in pension value and NQDCE	**$33.4M**

PEER GROUP REVIEW [1 2 3 4]

The Company benchmarks NEO compensation to a peer group consisting of 12 companies. Total NEO compensation is targeted at the 50th percentile of the peer group.

	MARKET CAP	REVENUE	CEO COMP	1-YEAR TSR	3-YEAR TSR	5-YEAR TSR
75th PERCENTILE OF PEER GROUP	$316.3B	$146.8B	$22.8M	9.9%	10.9%	10.5%
MEDIAN OF PEER GROUP	$139.9B	$97.6B	$21.4M	0.2%	7.8%	3.2%
25th PERCENTILE OF PEER GROUP	$102.5B	$71.8B	$17.6M	-15.5%	-5.4%	-2.4%
COMPANY	$454.2B (95th %ile)	$402.2B (Highest)	$35.9M (Highest)	87.4% (Highest)	23.5% (Highest)	11.4% (76th %ile)



1 Market capitalization figures are as of fiscal year end dates. *Source: Capital IQ*

2 Annual revenue figures are as of fiscal year end dates. *Source: Capital IQ*

3 Annualized TSR figures are as of fiscal year end dates. *Source: Capital IQ*

4 Annual CEO compensation data based on the most recent proxy statement for each company.

EXECUTIVE COMPENSATION STRUCTURE - SYNOPSIS

FIXED

Base salaries did not increase significantly during the past fiscal year.

SHORT-TERM INCENTIVES

STI PLAN

AWARDS GRANTED (PAST FY)	*Cash*
TARGET PAYOUTS	*Not disclosed*
MAXIMUM PAYOUTS	*Not disclosed*
ACTUAL PAYOUTS	*$6,382,000 for the CEO and up to $4,376,000 for the other NEOs*

Performance is measured over one year.

The bonus pool is funded if the following hurdle is met. However, individual payouts for NEOs are determined on a discretionary basis.

Individual grants are based on pay grade and individual performance.

The committee established the overall size of the bonus program, set as a percentage change from the prior year bonus program, proportionally adjusted by two-thirds of the change in annual earnings. The fiscal 2022 program was set at +95 percent versus 2021, reflective of earnings performance.

BONUS POOL METRICS		ANNUAL EARNINGS
		Absolute
	Weighting	100%
	Actual Performance	Not clearly disclosed

LONG-TERM INCENTIVES

LTI PLAN

AWARDS GRANTED (PAST FY)	*RSUs*
TIME-VESTING PAYOUTS	*225,000 shares for the CEO and up to 124,000 shares for the other NEOs*

Time-vesting awards vest over 10 years.

The compensation committee may, at its discretion, consider certain metrics in determining awards.

Awards are granted based on a non-formulaic assessment of progress towards strategic objectives and financial metrics over the past 10 years. Considerations include safety and environmental impact, return on average capital employed (10-year average), cash flow from operations and asset sales (10-year average) and TSR (10-year average). Awards are settled in stock.

RISK-MITIGATING POLICIES

CLAWBACK POLICY	*Yes - Limited*
ANTI-HEDGING POLICY	*Yes*
STOCK OWNERSHIP GUIDELINES	*Yes - all NEOs*

SEPARATION & CIC BENEFITS

HIGHEST SEVERANCE ENTITLEMENT	*None*
CIC EQUITY TREATMENT	*Double-trigger acceleration*
EXCISE TAX GROSS-UPS	*No*

OTHER FEATURES

LFY CEO TO MEDIAN EMPLOYEE PAY RATIO	*210:1*
E&S METRICS FOR THE CEO	*None*

BENCHMARK FOR CEO PAY	*50th percentile*

OTHER COMPENSATION DISCLOSURES

COMPENSATION ACTUALLY PAID (YEAR-END CEO)	*$89,747,677 for FY2022 and $40,080,212 for the prior fiscal year*
REPORTED TSR*	*$188 for FY2022 and $101 for the prior fiscal year*
KEY PVP METRICS	*TSR, earnings, cash flow from operations and asset sales, return on capital employed, safety performance, environmental performance and corporate-wide operated asset GHG emissions intensity*

**Reported TSR reflects the year-end value of an initial fixed $100 investment at the start of the required reporting period under SEC Pay Vs Performance (PVP) disclosure rules.*

GLASS LEWIS ANALYSIS

This proposal seeks shareholder approval of a non-binding, advisory vote on the Company's executive compensation. Glass Lewis believes firms should fully disclose and explain all aspects of their executives' compensation in such a way that shareholders can comprehend and analyze the company's policies and procedures. In completing our assessment, we consider, among other factors, the appropriateness of performance targets and metrics, how such goals and metrics are used to improve Company performance, the peer group against which the Company believes it is competing, whether incentive schemes encourage prudent risk management and the board's adherence to market best practices. Furthermore, we also emphasize and evaluate the extent to which the Company links executive pay with performance.

PROGRAM FEATURES [1]

POSITIVE

- Alignment of pay with performance
- STI-LTI payout balance
- No single-trigger CIC benefits
- Anti-hedging policy
- Clawback policy for NEOs
- Executive stock ownership guidelines for NEOs

NEGATIVE

- No performance-vesting LTI awards
- STIP awards are largely discretionary

1 Both positive and negative compensation features are ranked according to Glass Lewis' view of their importance or severity

AREAS OF FOCUS

VARIABLE COMPENSATION

Performance Determination for Short- and Long-Term Incentive Awards
Policy Perspective: When compensation committees retain a significant degree of discretion over final payouts under the long-term incentive plan, the resultant flexibility may allow for payouts which are not fully aligned with a company's overall performance.

Analyst Comment: Our concerns in this regard are somewhat mitigated when considering the lengthy vesting periods for equity awards, as well as the limited potential for acceleration. We also note the Company's disclosure as to performance considerations taken into account when determining grant levels, as well as the consistent and continuing alignment between pay and performance, which indicates that the committee is exercising its discretion appropriately.

Incentive Limits on Short-Term Awards
Policy Perspective: A lack of disclosed caps on short-term incentive plan payouts runs contrary to best practices and shareholder interests, as management may receive excessive compensation that is not strictly tied to Company performance. We believe that such caps provide an important assurance for shareholders around executive pay levels and certain risks generated by incentive plans.

Analyst Comment: We acknowledge the use of prior-year earnings as a benchmark and indirect limit on the size of the overall bonus program. However, we continue to believe that stated caps on pay can assuage potential shareholder concerns regarding opaque upper bounds for payout amounts.

2022 PAY FOR PERFORMANCE: C

Policy Perspective: "C" grades in the Glass Lewis pay-for-performance model indicate an adequate alignment of pay with performance, where the gap between compensation and performance rankings is not significant.

CONCLUSION

We recommend that shareholders vote **FOR** this proposal.

4.00: FREQUENCY OF ADVISORY VOTE ON EXECUTIVE COMPENSATION

1 YEAR

PROPOSAL REQUEST:	To determine the frequency of future advisory votes on executive compensation	**RECOMMENDATIONS & CONCERNS:**	
BINDING/ADVISORY:	Advisory	**1 YEAR-**	No material concerns
REQUIRED TO APPROVE:	Plurality		

PROPOSAL SUMMARY

Shareholders may indicate whether they want the advisory vote to occur every one, two or three years. Under Section 14A(a)(2) of the Exchange Act, companies are required to submit for shareholder consideration resolutions on the frequency of such votes at least once every six years.

This is a non-binding vote, meaning that the board may decide that it is in the best interest of shareholders to hold the vote more or less frequently.

BOARD'S PERSPECTIVE

The board asks shareholders to support a frequency of every one year for future advisory votes on executive compensation.

GLASS LEWIS ANALYSIS

Glass Lewis believes that the advisory vote on executive compensation serves as an effective mechanism for promoting dialogue between investors and company management and directors, enhancing transparency in setting executive pay, improving accountability to shareholders, and providing for a more effective link between pay and performance. In cases where shareholders believe the Company’s compensation packages may be excessive, we believe such a vote may compel the board to re-examine, and hopefully improve, its compensation practices.

In our view, shareholders should be allowed to vote on the compensation of executives annually. We believe that the time and financial burdens to a company with regard to an annual vote are outweighed by the benefits to shareholders and the increased accountability. Implementing biennial or triennial votes on executive compensation limits shareholders’ ability to hold the board accountable for its compensation practices through means other than voting against the compensation committee. For this reason, unless a company provides compelling arguments otherwise, we will generally recommend that shareholders support the holding of advisory votes on executive compensation every year.

In this case, we agree with the board that an annual advisory vote on executive compensation is in the best interests of shareholders.

We recommend that shareholders vote for the advisory vote on executive compensation frequency of **ONE YEAR**.

5.00: SHAREHOLDER PROPOSAL REGARDING FORMATION OF DECARBONIZATION RISK COMMITTEE

AGAINST

PROPOSAL REQUEST:	That the Company establish a decarbonization risk board committee	**SHAREHOLDER PROPONENT:**	Bahnsen Family Trust
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:
AGAINST - Not in the best interests of shareholders

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- We are not convinced that the proponent has demonstrated that adoption of this proposal is necessary to ensure that the Company properly mitigates the risks associated with decarbonization issues, as the Company already provides board-level oversight of this matter; and
- Decisions regarding the formation of board committees and policies related thereto are typically best left to management and the board, absent a showing of egregious or illegal conduct that might threaten shareholder value.

PROPOSAL SUMMARY

Text of Resolution: *Be It Resolved: Shareholders request the Board of Directors charter a new Board Committee on Decarbonization Risk to evaluate ExxonMobil's strategic vision and responses to calls for ExxonMobil decarbonization on activist-established timelines. The charter should require the committee to engage in formal review and oversight of corporate strategy, above and beyond matters of legal compliance, to assess the company's responses to demands for such decarbonization schedules, including the potential impacts on the Company from flaws in activists' climate models, the possibility that the U.S. will not force decarbonization according to such schedules, thus obviating 'stranded asset' calculations, the possibility that other countries will not adopt similar targets, thus making Company efforts meaningless, concerns about technological or economic infeasibility, and other relevant considerations*

Proponent's Perspective

- From publicly available information, it does not appear that the Company has fully considered the risk involved with attempting decarbonization to achieve net-zero carbon emissions by 2050;
- The U.S. government has not mandated net-zero by statute or authorized regulatory action and is unlikely to do so, which contravenes the assumptions of "stranded asset" analysis; and
- If decarbonization is neither required nor technologically feasible, the Company may lose significant markets and revenues to private equity firms and others, which may result in harm to shareholders.

Board's Perspective

- The board and several of its committees actively oversee the development of the Company's strategy, including all matters related to decarbonization efforts;
- Forming a new committee solely for the narrow purpose of reviewing what the full board and several of its committees already spend significant time and effort engaged in is unnecessary and redundant;
- The board recognizes that there is risk in pursuing or foregoing investment opportunities, whether in the base business or in new areas, and thus, investment decisions are informed by a number of considerations to test for resiliency; and
- The "decarbonization risk" outlined by the proponent is one of many risks already incorporated into the rigorous risk oversight framework and processes overseen by the board and the relevant committees, and also well disclosed in Company materials.

THE PROPONENT

The Company states that the proponent, the Bahnsen Family Trust is the beneficial owner of 1,310 shares in the Company's stock.

GLASS LEWIS ANALYSIS

Glass Lewis believes that decisions regarding the formation of board committees and policies related thereto are typically best left to management and the board, absent a showing of egregious or illegal conduct that might threaten shareholder value. We view attention to and expertise on sustainability issues as positive attributes of a diverse board of directors, particularly at a widely known firm with global operations, such as the Company. However, we believe that the board is in the best position to determine and recommend which specialized committees are desirable in light of the Company's unique needs. Shareholders can hold board members accountable for their decisions on these issues through the election of directors.

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas; manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products; and pursuit of lower-emission business opportunities including carbon capture and storage, hydrogen, and biofuels. Affiliates of the Company conduct extensive research programs in support of these businesses (2022 10-K, p.1).

BOARD OVERSIGHT OF DECARBONIZATION RISK

The Company has six board committees: (i) audit; (ii) compensation; (iii) nominating and governance; (iv) finance; (v) environment, safety, and public policy; and (vi) executive. The environment, safety, and public policy committee assists the board in overseeing the Company's positions and practices regarding safety, security, health, and the environment (including but not limited to climate, emissions, and sustainability) and also provides oversight on the Company's overall contributions strategies, objectives, and policies. Further, the committee annually reviews the Company's energy transition strategy and approach, including updates to climate science and energy transition technologies. The board oversees and provides guidance on the firm's strategy and planning, which include opportunities and risks related to climate change and the energy transition. The board, collectively and through its environment, safety, and public policy committee, regularly engages with senior management on climate matters and environmental approach and performance, including briefings with internal and external experts, which can cover elements of scientific and technical research, public policy positions, GHG emission-reduction performance, and new technology developments (p.54).

In response to this proposal, the Company states that the board and several of its committees actively oversee the development of the Company’s strategy, including all matters related to decarbonization efforts. Further, the Company states that the “decarbonization risk” outlined by the proponent is one of many risks already incorporated into the rigorous risk oversight framework and processes overseen by the board and the relevant committees, and also well disclosed in Company materials (2023 DEF 14A, p.79).

Oversight at Peer Companies

To compare, **Chevron Corporation** (NYSE: CVX) has four board committees: (i) audit; (ii) nominating and governance; (iii) management compensation; and (iv) public policy and sustainability. The public policy and sustainability committee provides oversight and guidance on, and receives reports regarding, environmental matters, including those related to sustainability and climate change, in connection with the firm's projects and operations. The committee also develops recommendations to the board in order to assist in formulating and adopting basic policies, programs, and practices concerning a range of public policy issues, which include but are not limited to sustainability, climate change, and environmental protection. The audit committee assists the board in overseeing sustainability and climate change risks, as they relate to financial risk exposures. The management compensation committee of the board considers the relative alignment of Chevron's compensation policies and practices with respect to sustainability and climate change risks and opportunities. The management compensation committee of the board considers the relative alignment of the compensation policies and practices with respect to sustainability and climate change risks and opportunities.

Chevron also states that the full board oversees strategic planning and risk management, both of which include climate change issues, and regularly receives briefings on climate-related issues, including policies and regulations, technology, and adaptation. It adds that, given the nature of climate change and its relevance to its business, the entire board addresses climate change–related issues, with each of the board’s committees focused on certain aspects (p.5). Further, it states that in 2021, it started 36 decarbonization projects and completed five. In 2022, Chevron more than doubled the number of projects to 75 and expects to spend approximately $2 billion total on similar projects through 2028 (p.2).

To further compare, **ConocoPhillips** (NYSE: COP) has five board committees: (i) executive; (ii) audit and finance; (iii) human resources and compensation; (iv) committee on directors' affairs; and (v) public policy and sustainability committee. The firm states that the audit and finance committee facilitates appropriate coordination among the committees to ensure that the risk management processes, including those related to climate change, are functioning properly to foster a culture of prudent decision-making throughout the firm. The public policy and sustainability committee assists the board in identifying, evaluating, and monitoring political, operational, technical, sustainable development (social and environmental) and climate-related trends and risks that could affect the firm's business activities and performance. The committee also periodically reviews and makes recommendations to the board on, and monitors the firm's compliance with, the firm's policies, programs, and practices with regard to: health, safety, security (excluding cybersecurity) and environmental protection; sustainable development and climate-related trends and risks; and operations risk management, among others. The firm also states that the full board oversees the position on climate change and related strategic planning and risk management policies and procedures, including those for managing climate-related risks and opportunities. It adds that the board reviews sustainable development risk management processes, corporate strategy and climate risk strategy, enterprise risk management policy and output, energy transition scenarios, GHG emissions intensity target and progress, and low carbon technologies plans.

ConocoPhillips also states that over the last year it has made early investments in enabling hydrogen technologies and continued its support of academic and industry research conducted to advance decarbonization efforts (p.50). Further, it states that it recognizes the important role that carbon capture and storage and hydrogen could play in decarbonizing the global economy and that it intends to apply the firm's disciplined growth approach to development of these new opportunities through clear investment criteria and a focused strategy (p.49).

Summary	
Peer Comparison	We find that the Company is relatively aligned with its peers in that they all maintain board-level oversight of decarbonization and sustainability-related matters.
Analyst Note	We find that the Company provides adequate disclosure concerning the board's oversight of decarbonization issues.

RECOMMENDATION

Overall, we are not convinced that the proponent has demonstrated that adoption of this proposal is necessary to ensure that the Company properly mitigates the risks associated with decarbonization issues, particularly given the oversight already afforded to these issues, as outlined by the Company.

Especially in cases where we do not have evidence that the board has acted in an egregious or illegal manner with respect to the management of such issues, we believe that directors should maintain flexibility in ensuring appropriate oversight of environmental and social matters, which it appears has been done in this case. As such, we do not believe that the proponent has clearly demonstrated that additional oversight is necessary at the Company or that its current level of oversight has been ineffective with respect to this issue. Given the above, we believe that adoption of this resolution is too prescriptive and would not serve shareholders' best interests at this time.

We recommend that shareholders vote **AGAINST** this proposal.

6.00: SHAREHOLDER PROPOSAL REGARDING RETENTION OF SHARES UNTIL NORMAL RETIREMENT AGE

AGAINST

PROPOSAL REQUEST:	That the Company adopt a policy requiring executives to retain 50% of stock acquired through equity pay programs until reaching normal retirement age	**SHAREHOLDER PROPONENT:**	Kenneth Steiner
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:
AGAINST - Not in the best interests of shareholders

GLASS LEWIS REASONING

- The Company has share ownership and compensation guidelines that sufficiently encourage long-term focus and help align executive and shareholder interests; and
- Severely restricting executives' ability to exercise a significant portion of equity awards until normal retirement age may hinder the ability of the compensation committee to attract and retain executive talent.

PROPOSAL SUMMARY

Text of Resolution: *Shareholders urge that our executive pay committee adopt a policy requiring senior executives to retain 50% of stock acquired through equity pay programs until reaching normal retirement age and to report to shareholders regarding the policy in our Company's next annual meeting proxy. For the purpose of this policy, normal retirement age would be an age of at least 60 and be determined by our executive pay committee.*

Proponent's Perspective

- Requiring senior executives to hold a significant portion of stock obtained through executive pay plans would focus Company executives on the Company's long-term success;
- The policy should prohibit hedging transactions for shares subject to this policy, which are not sales but reduce the risk of loss to the executive;
- The policy should supplement any other share ownership requirements that have been established for senior executives and should be implemented without violating current Company contractual obligations or the terms of any current pay or benefit plan; and
- The board is encouraged to obtain waivers of any current pay or benefit plan for senior executives that might delay implementation of this proposal.

Board's Perspective

- The board recognizes the importance of tying executive compensation to the Company's long-term success, but this proposal is unnecessary as the Company's executive compensation program is already designed with that goal in mind;
- Through the Company's executive compensation program, stock ownership for senior executives far exceeds the requirements of this proposal;
- Retaining 50% of awards only until retirement, as stated in this proposal, would result in accelerated vesting, thus undermining the intent of the program and misaligning the interests of the Company's senior executives with those of the Company's long-term shareholders;
- The Company's senior executives have a significant percentage of their wealth represented in shares, and their interests are well aligned with those of shareholders well into retirement; and
- The Company's policies already prohibit hedging awards granted under its program, and adopting this proposed vesting schedule would result in a shortening of senior executive award retention, which would be detrimental to the intent of the program and shareholder interests.

THE PROPONENT

Kenneth Steiner

Kenneth Steiner is a private investor who has been submitting shareholder proposals for several decades. He continues in the same line of shareholder activism once pursued by his father, William Steiner. In the first half of 2022, Kenneth Steiner submitted 37 shareholder proposals that received an average of 37.5% support, with five proposals receiving majority support. These proposals tend to focus on governance-related issues, such as requesting companies adopt a special meeting right or that boards appoint an independent chair of the board.

The Company states that the proponent is the beneficial owner of at least 500 shares in the Company's stock.

Engagement with Proponent:

We note that the Company states in its response to this proposal that it "attempted to engage the proponent and explain that this proposal would result in a reduction of stock ownership into retirement, but he declined to speak with us."

GLASS LEWIS ANALYSIS

Glass Lewis believes that executives should be encouraged to retain shares granted under companies' executive compensation programs to ensure they act in the best long-term interests of shareholders. However, Glass Lewis does not believe shareholders should be directly involved in the design and negotiation of compensation packages. Such matters should be left to the board's compensation committee, which can be held accountable for its decisions through the election of directors. While we believe shareholders should be afforded the opportunity to cast a nonbinding vote on executive compensation, we generally do not believe shareholders should support the implementation of specific compensation restrictions. This proposal seeks to grant shareholders a role in the setting of executive compensation policy, which we believe is a task more appropriately exercised by the board.

In this case, the Company states that Half of the performance shares vest five years from grant date, while the remaining half vest 10 years from grant date. Vesting is not accelerated at retirement; rather, vesting continues up to 10 years after a senior executive retires and awards remain at risk of forfeiture while unvested. As a result, its executives currently hold a significant amount of shares, as follows:

- CEO: 91 times base salary; and
- All other NEOs: 32 to 76 times base salary.

(2023 DEF 14A, p.53)

Additionally, the Company states that its policies already prohibit hedging awards granted under its executive compensation program (2023 DEF 14A, pp.47,80). Glass Lewis believes that compensation guidelines, such as these, sufficiently encourage long-term focus and help to align executive and shareholder interests.

While we strongly support the linking of executive pay to the creation of long-term sustainable shareholder value, we do not believe that proposals such as this one are the most effective or desirable way to induce change at target companies. Rather, we believe that severely restricting executives' ability to exercise such a significant portion of equity awards until normal retirement age may hinder the ability of the compensation committee to attract and retain executive talent. Otherwise qualified and willing candidates may be dissuaded from employment at the Company if they believe that their compensation could be dramatically affected by financial results completely unrelated to their own personal performance or tenure at the Company. Further, as contemplated under the terms of this proposal, executives could be forced to wait for decades to realize the gains from their equity grants depending on the age of the executive and the determination of what constitutes normal retirement age.

Further, we have significant concerns regarding the Company's statement that the proponent refused engagement with the Company on this matter. We believe that it is crucial that both companies and shareholder proponents engage in open and constructive dialogue in order to address the proponents' concerns, ideally prior to the submission of a shareholder resolution. We are concerned that failing to engage in such a dialogue results in less-than-ideal outcomes for all parties involved, including the shareholders who are charged with evaluating and determining a course of action on how to vote on the proposed matter. We believe that collaborative dialogue between proponents and issuers almost always results in better outcomes for both sides than simply submitting a proposal and allowing it to go to a vote without a deeper understanding of a company's views and perspectives, or a company's willingness to address the proponent's concerns prior to a proposal ever going to a vote.

In this instance, it is not clear that the proponent has worked in good faith to engage in a dialogue with the Company prior to this proposal going to a vote. Accordingly, we are not of the view that shareholders should support this resolution at this time.

We recommend that shareholders vote **AGAINST** this proposal.

7.00: SHAREHOLDER PROPOSAL REGARDING REPORT ON CARBON CAPTURE AND STORAGE

AGAINST

PROPOSAL REQUEST:	That the Company annually report the net amount of CO2 stored underground as a result of its enhanced oil recovery activities	**SHAREHOLDER PROPONENT:**	Steve Milloy
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:
AGAINST - Not in the best interests of shareholders

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- Given the Company's extensive disclosures and existing goals, we are unconvinced that adoption of this proposal is necessary at this time.

PROPOSAL SUMMARY

Text of Resolution: *Resolved: Shareholders request that, beginning in 2023, ExxonMobil report annually to shareholders, omitting any confidential business information, the net amount of carbon dioxide (CO2) stored underground as a result of the company's enhanced oil recovery (EOR) activities, including:*

1. *The total amount (in tons) of captured CO2 stored underground during EOR for the year;*
2. *The total amount of oil (in barrels) produced through CO2-based EOR for the year; and*
3. *The difference (in tons) between the CO2 stored underground during EOR and the expected CO2 emissions produced by the burning of the oil produced by EOR, as calculated using EPA greenhouse gas equivalencies (i.e., 0.43 tons of CO2 per barrel of oil, https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references) or other reasonable means.*

Proponent's Perspective

- The Company stated that it is relying on carbon capture for use in enhanced oil recovery ("EOR") to underpin its ambitions for permanent geologic sequestration of GHG;
- It is not clear whether CO2 capture for EOR results in a net storage of CO2;
- In the event that more CO2 is emitted as a result of EOR than is stored, it would be false and misleading to imply that EOR reduces CO2 in the atmosphere, and such false and misleading information could make the Company subject to government enforcement actions, other lawsuits, and reputational harm that would adversely affect shareholder value; and
- Shareholders have a right to know whether the Company is making claims about carbon capture that cannot be substantiated.

Board's Perspective

- This proposal does not recognize that the Company currently provides extensive information on its annual carbon capture and storage metrics in its Advancing Climate Solutions Progress Report and other communications;
- The Company has more than 30 years of experience capturing and storing CO2 and has cumulatively captured more anthropogenic CO2 than any other company;
- Since formally launching its low carbon solutions business in 2021, the Company has significantly grown its emission-reduction opportunities, including opportunities in carbon capture and storage;
- The proponent is implying that there is no emissions benefit associated with the use of CO2 injection for enhanced oil recovery ("EOR") production, citing an article from 2016 that does not account for full life cycle analysis;
- The Company plans to invest approximately $17 billion from 2022 through 2027 on initiatives to lower GHG emissions; and
- The additional disclosures requested by the proponent are unwarranted as CO_2-EOR is broadly recognized for its economic and GHG benefits and the disclosures requested would provide no meaningful insight into the Company's efforts to reduce its

emissions intensity and assist customers in doing the same.

THE PROPONENT

Steve Milloy

The proponent of this proposal, Steve Milloy, has "advocated as a corporate shareholder against climate alarmism during the 2000s," according to his biography on Burn More Coal, a group that he co-leads. Burn More Coal is a "pro-coal electric utility shareholder activist group dedicated to promoting the increased use of coal as a fuel for electricity generation" and was established to be "an activist shareholder to persuade electric utilities that burning more coal is best for their shareholders, ratepayers, and the environment." The group's intention is to "Make Coal Cool Again." Aside from Milloy, the group is also co-led by Fred Palmer, a former SVP of government relations at Peabody Energy, who has been affiliated with a number of coal-related groups such as the National Coal Council and World Coal Association. Milloy also authored an opinion piece in the *Wall Street Journal* in November 2020 out of fears stemming from Joe Biden's promise to rejoin the Paris Agreement, titled "How to Stop the Paris Climate Accord."

Based on companies that provided disclosure concerning the identity of their shareholder proponents, during the first half of 2022, Milloy submitted four shareholder proposals that received average shareholder support of 3%.

The Company states that the proponent is the beneficial owner of 100 shares in the Company's stock.

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that management and reporting of environmental and social issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas; manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products; and pursuit of lower-emission business opportunities including carbon capture and storage, hydrogen, and biofuels. Affiliates of the Company conduct extensive research programs in support of these businesses (2022 10-K, p.1). Given the nature and scope of the Company's operations, it could be subject to significant risks with respect to both climate change and the regulatory implications or investor pressures that come as a result of climate change.

For more information concerning climate change conventions and regulations, please see *Glass Lewis' In Depth: Climate Change*.

THE COMPANY'S CARBON CAPTURE AND STORAGE PROCESS

The Company states that carbon capture and storage is the process of capturing CO2 emissions from industrial activity or power plants at the source and injecting it into deep underground geologic formations for safe, secure, and permanent storage. The injected CO2 is held in place by thick, impermeable seal rocks thousands of feet underground, which are similar to the rocks that have kept oil, natural gas, and naturally occurring CO2 underground for millions of years. Carbon capture and storage on its own, or in combination with hydrogen production, is among the few proven technologies that could enable significant CO2 emission reductions from high-emitting and hard-to-decarbonize sectors, such as power generation and heavy industries, including manufacturing, refining, steel, cement, and petrochemicals (p.60). The Company further states that carbon capture and storage is also recognized as critical to enabling removal of CO2 from the atmosphere when combined with bio-energy or direct air capture (p.61), as well as that an important aspect of any carbon capture and storage project is having an adequate amount of geologic storage to safely and securely store CO2 (p.62).

COMPANY DISCLOSURE

In its response to this proposal, the Company states that it has more than 30 years of experience capturing and storing CO2 and has cumulatively captured more anthropogenic CO2 than any other company. It also states that its LaBarge facility has the capacity to capture up to 7 million metric tons of CO2 a year, the largest of any industrial facility in the world, and that the Company has plans underway to expand this facility by up to 1.2 million more metric tons per year beginning in 2025. In addition, the Company states that it continues to evaluate and progress potential future projects around the world. Further, the carbon capture and storage component of its announced blue hydrogen facility at Baytown has the potential to transport and store up to 10 million metric tons of CO2 per year, more than doubling the Company's current carbon capture capacity. The Company also states that it would be its initial contribution to a broad, cross-industry effort to establish a Houston carbon capture and storage hub with an initial goal of about 50 million metric tons of CO2 per year by 2030 and 100 million metric tons by 2040 (2023 DEF 14A, p.82).

The Company also affirms that CO2-enhanced oil recovery ("EOR") is broadly recognized for its economic and GHG benefits through the use of a closed loop CO2 injection system. It also states that on a life cycle basis, which includes global oil market impacts, 63% of all CO2 stored through EOR is a net reduction in CO2 emissions, and that compared to conventional oil, every barrel of CO2-EOR oil emits 37% less CO2 (2023 DEF 14A, p.82).

The Company states that it plans to invest approximately $17 billion on lower-emission initiatives from 2022 through 2027, which is an increase of nearly 15% as compared to the amount it previously announced. Of its total investment, approximately 60% is focused on reducing the Company's own emissions and approximately 40% is directed toward building the Company's lower-emissions business with third-party customers (p.58), through commercializing and scaling carbon capture and storage, hydrogen, and biofuels. It also states that it has consistently advocated for sound government policies like enhanced incentives for carbon capture and storage and hydrogen (p.6). The Company additionally states that it grew and strengthened its low carbon solutions business by focusing on competitively advantaged opportunities in carbon capture and storage, hydrogen, and biofuels, which included tripling the organization's size and signing the largest commercial agreement of its kind to capture and store CO2 (p.4). Its 2030 GHG emissions-reduction plans include deploying carbon capture and storage, hydrogen, and lower-emission fuels in its operations (p.12).

As part of its net-zero ambition, the Company confirms that it has identified more than 100 potential modifications to reduce emissions across all upstream asset types, including energy efficiency measures and equipment upgrades, which include carbon capture and storage at operations in the U.S., Australia, and Canada (p.16). It also states that its emission-reduction plans consider carbon capture and storage projects in Houston, Rotterdam, Scotland, and Antwerp (p.18). In the longer term through 2050, the Company states that the carbon price and demand for decarbonization options would continue to grow rapidly in the IEA NZE scenario, leading to a significant shift in the Company's capital spend to further scale carbon capture and storage and hydrogen (p.33).

With respect to its partnerships, the Company states that it is collaborating with FuelCell Energy on fundamental research into a novel technology that uses proprietary carbonate fuel cells to concentrate CO2 from large-scale industrial and power plants while generating power, thus lowering the effective capture cost. The Company is exploring options to conduct a pilot test of this next-generation fuel cell carbon capture solution at its Rotterdam facility (p.82).

Finally, it supports a policy and regulatory framework for carbon capture and storage that would:

- Sustain long-term government support for research and development;
- Provide standards to ensure safe and secure CO2 storage;
- Allow for fit-for-purpose CO2 injection well design standards;
- Provide legal certainty for geologic storage ownership;
- Ensure a streamlined permitting process for carbon capture and storage facilities;
- Provide access to CO2 storage capacity owned or controlled by governments; and
- Allow for high-quality offsets generated from carbon capture and storage, low-carbon, and carbon-removal projects.

(p.85)

Regarding oversight, the board oversees and provides guidance on the Company's strategy and planning, which include opportunities and risks related to climate change and the energy transition. The board, collectively and through its environment, safety, and public policy committee, regularly engages with senior management on climate matters and environmental approach and performance, including briefings with internal and external experts, which can cover elements of scientific and technical research, public policy positions, GHG emission-reduction performance, and new technology developments. Additionally, the board also reviews and discusses technology deployment within the business lines and research on new technology to further Scope 1 and 2 emission reductions for the Company's operated assets (p.54). The environment, safety, and public policy committee assists the board in overseeing the Company's positions and practices regarding safety, security, health, and the environment (including but not limited to climate, emissions, and sustainability) and also provides oversight on the Company's overall contributions strategies, objectives, and policies. Further, the committee annually reviews the Company's energy transition strategy and approach, including updates to climate science and energy transition technologies.

For a full analysis of the Company's climate policies and disclosures, please see our analysis of Proposal 9.

RECOMMENDATION

This proposal requests that the Company report annually to shareholders the net amount of carbon dioxide (CO2) stored underground as a result of the Company’s enhanced oil recovery ("EOR") activities. However, in our view, the Company's existing reporting sufficiently addresses the issues raised by the proponent and we are not convinced that adoption of this proposal would meaningfully add to shareholders' understanding of how the Company is approaching this matter.

In its response to this proposal, the Company states that it has more than 30 years of experience capturing and storing CO2 and has cumulatively captured more anthropogenic CO2 than any other company. It also states that it plans to invest approximately $17 billion on lower-emission initiatives from 2022 through 2027, which is an increase of nearly 15% as compared to the amount it previously announced. Of its total investment, approximately 60% is focused on reducing the Company's own emissions and approximately 40% is directed toward building the Company's lower-emissions business with third-party customers, through commercializing and scaling carbon capture and storage, hydrogen, and biofuels. The Company further states that it has consistently advocated for sound government policies like enhanced incentives for carbon capture and storage and hydrogen.

Given the above, we currently do not believe that the proponent has provided sufficient evidence to demonstrate that the Company is not working in good faith toward its stated climate commitments or that the Company's existing disclosures do not allow shareholders to understand its goals and actions with regard to its carbon capture and storage. Accordingly, we are unconvinced that support for this resolution is warranted at this time.

We recommend that shareholders vote **AGAINST** this proposal.

8.00: SHAREHOLDER PROPOSAL REGARDING METHANE EMISSION DISCLOSURES

FOR

PROPOSAL REQUEST:	That the Company report on the reliability of its methane disclosures	**SHAREHOLDER PROPONENT:**	Sisters of St. Francis Charitable Trust, lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Additional information on reliability of methane emissions provides useful context

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- Though we acknowledge the Company has taken a number of steps to mitigate its methane emissions, we believe that these emissions represent a material financial, reputational, regulatory, and legal risk, and that shareholders would benefit from enhanced disclosure concerning the reliability of the Company's methane emissions disclosures.

PROPOSAL SUMMARY

Text of Resolution: *Resolved, shareholders request that ExxonMobil issue a report analyzing the reliability of its methane emission disclosures. The report should:*

- *Be made public, omit proprietary information, and be prepared expeditiously at reasonable cost; and*
- *Summarize the outcome of efforts to directly measure methane emissions, using recognized frameworks such as OGMP; and whether those outcomes suggest a need to alter the Company's actions to achieve its climate targets.*

Supporting Statement: At management's discretion, the proponents recommend that the report:

- Describe the types of source- and site-level measurements used;
- Describe any material difference between its own or third-party direct measurement results and the Company's reported methane emissions;
- Describe plans to validate emissions estimates and disclosure through third-party audit or evaluation; and
- Describe plans to improve emission estimates over time, consistent with frameworks such as OGMP.

Proponent's Perspective

- Methane is at least 80 times more potent than carbon dioxide over a 20-year period, and the Environmental Protection Agency ("EPA") reports that 32% of U.S. methane emissions from human activities comes from natural gas and petroleum systems;
- The EPA methodology used to estimate methane emissions fails to capture many major leaks, wasting valuable product worth $2 billion per year;
- Studies have found actual emissions to be 50% to 100% higher than reported emissions and, in certain basins, emissions are more than ten times industry-disclosed figures, and, therefore, oil and gas industry Scope 1 emissions may be significantly higher than reported;
- Methane emissions estimates improve when direct measurement

Board's Perspective

- The Company has publicly reported methane emissions on an annual basis since 2014, and the data is based on internationally recognized methodologies;
- Since receiving this proposal, the Company has published its Advancing Climate Solutions 2023 Progress Report, which includes its methane emissions data and describes efforts to continuously improve the reliability of its methane reporting;
- Since 2019, the Company has voluntarily used airplane-based surveys as enhanced leak detection in the Permian Basin, and is installing technology across its 1.8 million-acre Permian position to continuously monitor and detect methane leaks by integrating data from ground sensors, aerial flyovers, and satellite images, and it has begun 24/7 monitoring of certain ground sources in the

methodologies are used, when emissions are identified by source type and at a site or facility level, and then reconciled, as shown by the Oil and Gas Methane Partnership 2.0 ("OGMP");
- The U.S. joined the Global Methane Pledge, committing to using the best available inventory methodologies to quantify methane emissions, and several companies across the world have joined the OGMP, committing to improving methane data quality and consistency; and
- Companies that do not adequately manage methane emissions risk their reputation and license to operate, and the Company has not taken the important step to reduce shareholder concerns by reporting on its methane emission measurements.

The proponent has filed an exempt solicitation urging support of this proposal.

field, and expects the system to be fully operational by 2025;
- The Company aims to continually improve emission estimates over time by applying the best available technology and protocols, and support utilizing frameworks similar to the Oil and Gas Methane Partnership 2.0 ("OGMP 2.0");
- Significant challenges remain with the Company joining OGMP 2.0, and using the framework established by OGMP 2.0, as quantification technologies are still emerging and do not currently provide consistent, repeatable results at the site/point-source level;
- The Company is continuing to collaborate with the UN Environment Programme and OGMP 2.0 leadership and to improve the quality of methane emissions reporting, and it recently joined the Gas Technology Institute-led Project Veritas with 30 other leading organizations to develop and implement a standardized, science-based, technology-neutral, measurement-informed approach to reporting methane emissions;
- The Company is actively progressing the elimination of many sources of methane emissions as part of its commitment to OGCI's Aiming for Zero Methane Emissions Initiative; and
- The Company eliminated routine flaring in its Permian Basin operated assets at year-end 2022 and plans to eliminate routine flaring across its global operated upstream assets by 2030 in line with the World Bank Zero Routine Flaring Initiative.

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that management and reporting of environmental and social issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas; manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products; and pursuit of lower-emission business opportunities including carbon capture and storage, hydrogen, and biofuels. Affiliates of the Company conduct extensive research programs in support of these businesses (2022 10-K, p.1). Given that methane emissions can contribute to climate change, lost profits, and regulatory risks, it is crucial that companies are managing this evolving issue. For more information regarding this issue as well as risks and regulations regarding natural gas extraction, more generally, please see Glass Lewis' *In Depth: Natural Gas Extraction*.

METHANE EMISSIONS

Fugitive methane emissions have come under recent scrutiny from investors and regulators. By many estimates, the use of natural gas is less detrimental to the environment than other energy sources, such as coal and petroleum. However, some have questioned whether the lifecycle greenhouse gas emissions from natural gas may be higher than that produced from coal, mainly as a result of fugitive methane emissions. Methane is a far more potent greenhouse gas than carbon dioxide, comprises most of the chemical composition of natural gas, and is emitted at various stages of hydraulic fracturing operations and also during equipment leaks, transport, distribution, processing, and liquid unloading (James Conca. " Fugitive Methane Caught in the Act of Raising GHG." *Forbes*. July 15, 2012). According to the EPA, natural gas systems were the second-largest anthropogenic source of methane emissions in the U.S. in 2020 (behind enteric fermentation, i.e. cattle). Further, methane accounted for 11% of all emissions, making it the second-largest portion of GHGs after CO2 (p.2). However, issues related to methane emissions could be more critical than previously indicated by the EPA. In August 2015, a study was published in the journal *Environmental Science & Technology* that found that natural gas gathering facilities, which collect from multiple wells, lose approximately 100 billion cubic feet of natural gas annually, a figure that is eight times as much as the estimates used by the EPA (John Schwartz. " Methane Leaks in Natural-Gas Supply Chain Far Exceed Estimates, Study Says." *New York Times*. August 18, 2015). More recently, a study published in *Science* in 2018 found that in 2015, methane emissions were approximately 60% higher than the EPA estimate (Alvarez et. al. "Assessment of Methane Emissions from the U.S. Oil and Gas Supply Chain." *Science*. July 13, 2018).

The first time that methane from an oil or gas incident was both detected and quantified occurred in 2019 via satellite during a routine global survey. A 2018 leak at a natural gas well in Ohio owned by XTO Energy, a subsidiary of the Company, was found to have leaked more methane in the 20 days it took to stop the leak than all but three European nations emit over an entire year. Scientists gauge that the leak released 60 kilotons of methane into the atmosphere, five times the amount estimated by ExxonMobil. Previously, the largest accidental release of methane in the U.S. was attributed to the 2015 Aliso Canyon incident in California which lasted four months (Steven Mufson."A Blowout Turned an Ohio Natural Gas Well into a Methane 'Super-Emitter'." *The Washington Post*. December 16, 2019).

Measuring methane on a global scale is also challenging, as many countries do not report their emissions data. Countries of concern include Iraq, Angola, and Libya, all of which have never reported their methane emissions to the UN (" Methane Leaks: A Dirty Little Secret." *The Economist*. July 23, 2016).

Not only do increased emissions levels pose environmental risks, but there may also be significant financial incentives for companies to mitigate the losses experienced through fugitive methane emissions. According to a March 2014 study commissioned by the Environmental Defense Fund, companies may see annual savings of at least $150 million if they reduce methane emissions 40% below current 2018 projections, with the cost of many reduction measures having relatively short payback periods, sufficient enough to meet many companies' investment criteria ("Economic Analysis of Methane Emission Reduction Opportunities in the U.S. Onshore Oil and Natural Gas Industries." ICF International. March 2014. p.1-1).

Natural gas and liquid fuels pipelines fall under hazardous materials transportation laws and are regulated by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA"), which is responsible for regulating and ensuring the safety of pipelines through a system of permitting, reporting inspection, and enforcement. Companies with pipeline operations are required to provide the PHMSA with certain safety information, such as risk management and incident reporting.

Methane Control Legislation

In April 2012, the EPA released rules that would limit methane emissions from existing natural gas wells. The EPA stated that its intent in setting standards for hydraulically fractured gas wells was to "require reduced emissions completions," more commonly known as "green completions," by using special equipment to prevent fugitive emissions. In September 2015, the EPA proposed rules to directly address and reduce pollution from methane and other volatile organic compounds ("VOCs") in the oil and natural gas industry. In August of that year, the Obama administration proposed the first federal regulations requiring oil and gas companies to cut methane emissions as part of its goal to reduce and capture lost gas and were expected to reduce methane emissions by 20-30%. However, these rules would only have applied to new and modified equipment. Although the measures would have led to costs borne by certain companies, they could have also resulted in significant savings for other companies. A cost assessment found that the proposed regulations could have cost the oil and gas industry $420 million to implement before 2025, however, the expected savings from the measures could be as much as $550 million, resulting in a net benefit of $150 million (Gardiner Harris, Coral Davenport. " EPA Announced New Rules to Cut Methane Emissions." *New York Times*. August 18, 2015).

In May 2016, the EPA released final rules to limit methane and VOC emissions. The finalized rules updated a number of aspects that increase climate benefits and the EPA stated that the final standards for new and modified sources "are expected to reduce 510,000 short tons of methane in 2025" and "the final rule will yield climate benefits of $690 million in 2025, which will outweigh estimated costs of $530 million in 2025." Additionally, in January 2016, the Interior Department announced draft regulations that were aimed at accidental gas leaks and flaring from oil and gas wells on public lands. The proposed regulation would require companies to use equipment to both capture leaked gas and to limit the process of releasing and flaring the gas. These rules would also increase the royalties on flared gas paid by oil and gas companies when they drill on public lands, ensuring that the Interior Department can increase royalty rates above the current rate of 12.5% of the value of production. Despite these increased fees, the Interior Department estimates that the rule's net benefits could range from $112-188 million annually. However, it should be noted that this won't affect the vast majority of oil and gas operations; about 5% of America's oil supply and about 11% of its natural gas supply are extracted from approximately 100,000 federal onshore oil and gas wells (Coral Davenport. " U.S. Moves to Limit Emissions of Planet-Warming Methane." *New York Times*. January 22, 2016).

Some federal measures designed to control methane emissions may be on shaky ground; in March 2017 the EPA withdrew its information request to the oil and gas industry, which would have required the companies to provide the EPA with information regarding their methane emissions. The EPA under President Trump proposed a two-year delay for the methane rule but a federal court ruled that the EPA must move forward in the rule's implementation (Rene Marsh. "EPA Ordered to Enforce Obama-Era Methane Pollution Rule." *CNN Politics*. August 1, 2017). The rule's funding later faced opposition from the House (Devin Henry. "House Votes to Block Funding for EPA Methane Pollution Rule." *The Hill*. September 13, 2017).

On March 1, 2018, the EPA announced amendments to two narrow provisions of the New Source Performance Standards ("NSPS"), and stated that it is "…reconsidering certain aspects of the NSPS and intends to look broadly at the rule during that time." On September 11, 2018, the EPA proposed additional amendments to the NSPS which, among other changes, would cut the frequency of required leak inspections on drilling equipment and double the amount of time that a company could wait before repairing a methane leak. One of the other critical amendments proposed by the EPA in its September announcement would be to allow energy companies to follow state-level methane standards instead of federal standards in states with their own standards (Coral Davenport. "Trump Administration Wants to Make It Easier to Release Methane Into Air." *New York Times*. September 10, 2018). In August 2019, the EPA proposed amendments to the 2012 and 2016 NSPS. To remove "unnecessary regulatory duplication," the EPA has proposed two primary actions. First, it proposed the exemption of sources in the transmission and storage segment of the oil and gas industry to regulation. Second, it proposed the rescission of methane emission limits from the production and processing segments of the industry, while keeping emissions limits for volatile organic compounds; the EPA argues that the controls to reduce VOCs also reduce methane, making methane limitations redundant (Umar Ali. " EPA Proposes Rollbacks to US Methane Regulations." *Offshore Technology*. August 30, 2019). In August 2020, the EPA issued its final rules regarding the 2012 and 2016 NSPS, effectively rolling back much of the Obama administration's work on curbing methane emissions. The Company, Shell, and BP had urged the Trump administration to keep the rules in place out of concerns that unrestricted methane leaks could undermine their marketing around natural gas and impact demand. Meanwhile, smaller, independent oil companies supported the measures in the context of a difficult economic environment (Coral Davenport. "Trump Eliminates Major Methane Rule, Even as Leaks Are Worsening." *New York Times*. April 28, 2021).

Nevertheless, methane control legislation has even received support from the energy industry. On December 17, 2018, the Company submitted a letter to the EPA in support of its efforts to make "comprehensive rule-making more cost-effective, encourage new leak detection technologies and maintain the overall methane emission reduction goals." The letter was submitted shortly after it had received a letter signed by investors representing approximately $1.9 trillion, that urged 30 oil and gas exploration companies to publicly oppose the EPA's efforts to roll back regulation (David Wethe. "Investors Press Oil Industry to Oppose Trump Methane Rollbacks." *Bloomberg*. December 5, 2018).

Although the fate of federal methane legislation is still unclear, there could potentially be more regulation of methane emissions at the state and local level. For example, in February 2014, Colorado became the first state to implement regulations directly controlling the emission of methane (Eli Stokols. "Colorado Approves Historic Air Quality Rules for Oil and Gas Industry." *FOX31 Denver*. February 23, 2014). Further, during the 2018 elections, a number of states that elected progressive candidates may act more aggressively in regulating methane emissions (Jennifer Hiller. "New Mexico Oil Producers Brace for Tighter Regulation as Output Jumps." *Reuters*. December 27, 2018; Bill O'Toole. "EPA Rollback of the Clean Water Act Could Impact Us, but PA Lawmakers Push Back on Other Fronts." *NEXTpittsburgh*. December 13, 2018).

Risks for Natural Gas Distributors

In addition to the aforementioned risks borne by companies in the natural gas extraction industry, natural gas distributors must manage their own unique set of risks. In September 2017, residents of Merrimack Valley, Massachusetts, experienced a series of explosions stemming from the local natural gas distribution system. At least five homes were destroyed, one person was killed, and over 20 people were injured. In November 2018, the National Transportation Safety Board released its Safety Recommendation Report, which revealed why the incident occurred. The local gas company, Columbia Gas of Massachusetts, was undertaking a cast-iron distribution main replacement project, although its crew left the old main with its regulator-sensing lines still inside. The regulators responded to the disconnected old mains by flooding them with high-pressure gas, so gas was delivered to customers "at pressure well above the maximum-allowable operating pressure," resulting in residential fires and explosions. Although Massachusetts does not currently require a registered professional engineer to sign off on public utility engineering plans, the incident pointed to the necessity for this additional layer of oversight to help prevent similar incidents in the future (Merrit Kennedy. " Federal Investigators Pinpoint What Caused String of Gas Explosions in Mass." *NPR*. November 16, 2018).

While it appears that human error was largely to blame for the Massachusetts incident, the explosions drew national attention to the country's aging pipeline infrastructure. Cast iron and untreated steel pipes are problematic because they corrode over time, although many are still active. According to a *USA Today* investigation, by the end of 2017 there were roughly 71,000 miles of these pipes still in use (Gregory Korte, Nick Wooten. "Pipeline Peril: Natural Gas Explosions Reveal Silent Danger Lurking in Old Cast Iron Pipes." *USA Today*. November 12, 2018). September 2018 PHMSA data indicates that there have been 646 accidents, 221 fatalities, and 967 injuries from gas-distribution pipeline systems over the past 20 years (" Factbox: Gas Distribution Line-Related Accidents in the United States." *Reuters*. September 13, 2018). Natural gas explosions in gas distributions reported to the PHMSA since 1990 have cost at least $1.2 billion (Gregory Korte, Nick Wooten. "Pipeline Peril: Natural Gas Explosions Reveal Silent Danger Lurking in Old Cast Iron Pipes." *USA Today*. November 12, 2018).

Industry Efforts at Reducing Methane Emissions

As of the writing of this report, at least 15 companies have signed the Guiding Principles on reducing methane emissions across the natural gas value chain, which are designed to address methane emissions related to venting, fugitive (unintended) emissions, and incomplete combustion, including during flaring. The principles were developed collaboratively by a coalition of industry, international institutions, NGOs, and academics. The signatories of the Guiding

Principles have agreed to: (i) continually reduce methane emissions; (ii) advance strong performance across gas value chains; (iii) improve the accuracy of methane emissions data; (iv) advocate sound policy and regulations on methane emissions; and (v) increase transparency. Further, signatories have agreed to action items associated with each principle. IPIECA, the International Gas Union, and the International Oil and Gas Producers are also associate signatories to the principles. As such, while they do not have a mandate to enjoin their members, they will "play an important role in encouraging the application of the principles."

The oil and gas industry is also collaborating to address methane emissions through The Collaboratory for Advancing Methane Science ("CAMS"), an industry-led research consortium. CAMS states that will draw personnel from industry, academia, and government agencies to "deliver factual data that can be used to inform regulations and policy development." Its studies will focus on detection, measurement, and quantification of methane emissions with the goal of finding reduction opportunities. Its member companies include Cheniere, Chevron, Exxon, and Pioneer, among others.

The Oil & Gas Methane Partnership

As mentioned by the proponent, the Oil & Gas Methane Partnership 2.0 ("OGMP 2.0") is the UN Environment Programme's ("UNEP") flagship oil and gas reporting and mitigation program. Described as a comprehensive, measurement-based reporting framework for the oil and gas industry that improves the accuracy and transparency of methane emissions reporting, the OGMP allows for tracking and comparing progress and performance across companies. As of the writing of this report, nearly 100 companies with assets in more than 60 countries on five continents, representing over 35% of the world's oil and gas production, over 70% of liquefied natural gasflows, nearly 25% of global natural gas transmission and distribution pipelines, and over 10% of global gas storage capacity, have joined OGMP 2.0. Its data is one of the key components of UNEP's International Methane Emissions Observatory, which is a key implementing partner of the Global Methane Pledge.

To join OGMP 2.0, companies sign a Memorandum of Understanding with UNEP to formally express their adherence to the OGMP 2.0 Reporting Framework, which was developed to provide a 'gold standard' for methane emissions reporting and performance. The framework follows the following principles:

- Companies report their Scope 1 methane emissions from all assets under operational control and assets within non-operated joint ventures consistent with the OGMP's definition of materiality;
- Assets along the whole of the oil and gas value chains are in scope excluding end users. Methane emissions from oil product manufacturing (i.e. refineries and chemical plants) are excluded, as they are end users, but may be considered for inclusion in a later phase;
- Recognizing that operated and non-operated ventures present different challenges, the reporting framework provides flexibility in terms of timing to accommodate these challenges;
- Reporting is done confidentially by "reporting unit", with public disclosure on a consolidated corporate basis or using the OGMP's methodological levels; and
- If companies are not permitted to share data from any of their operated or non-operated venture assets, they will provide evidence of why this is the case, together with descriptions of the steps they are taking to obtain these permissions.

The OGMP 2.0 Reporting Framework also requires companies to report the following data:

- List of operating partners for non-operated ventures;
- Individual asset reporting;
- Methane intensity; and
- Methane absolute reduction.

Member companies also must announce their own methane reduction targets to the OGMP that are consistent with the overall targets for the industry as a whole. In line with the common objective to continuously reduce GHG, these targets must be reviewed by companies on a periodic basis, but companies may modify their methane targets during these reviews as necessary to stay aligned with evolving industry best practices.

The Company is not among the members of this initiative. Specifically, it states of this initiative:

> *However, significant challenges remain with us joining, and using the framework established by, OGMP 2.0. Quantification technologies are still emerging and do not currently provide consistent, repeatable results at the site/point-source level. In many countries where we have operations, there are significant access and security issues, as well as a limited number of providers to support measurement and quantification technologies. In addition, the framework requires the execution of a memorandum of understanding that we believe poses onerous legal obligations, including a requirement for us to indemnify the United Nations. We are continuing to collaborate with the United Nations Environment Programme (UNEP) and OGMP 2.0 leadership and to improve the quality of methane emissions reporting.*

GLOBAL METHANE PLEDGE

President Biden and German President Von der Leyen announced the Global Methane Pledge ("GMP") in September 2021. Launched at COP 26 in November 2021 and signed by 150 countries, the pledge commits participants to collectively reduce global methane emissions by at least 30% from 2020 levels by 2030, and thus eliminate over 0.2°C of warming by 2050. Participating countries also commit to improving the accuracy, transparency, consistency, comparability, and completeness of national GHG inventory reporting, and to provide greater transparency in key sectors, as well as move towards using the highest tier Intergovernmental Panel on Climate Change good practice inventory methodologies.

The U.S. Department of State issued an update on the GMP in November 2022, stating that, as of that time, more than 50 participating countries had developed national methane action plans or were in the process of doing so. The Department of State also provided updates on the GMP Energy Pathway, which was launched in June 2022 along with the EU and 11 other countries to accelerate methane emissions reductions in the fossil energy sector. Recent developments include:

- The UNEP International Methane Emissions Observatory, a core implementing partner of the GMP, launched the Methane Alert and Response System to scale up detection of major emission events, notify relevant stakeholders, and support and track mitigation progress;
- The World Bank Global Gas Flaring Reduction Partnership will launch the next phase of its trust fund in 2023 to become the Global Flaring and Methane Reduction Partnership and address all methane emissions across the oil and gas value chain; and
- The U.S., EU, UK, and four other countries issued a Joint Declaration from Energy Importers and Exporters on Reducing Greenhouse Gas Emissions from Fossil Fuels, committing them to working towards the creation of an international market for fossil energy that minimizes flaring, methane, and CO2 emissions across over half of global gas import volumes and over one-third of global gas production to the fullest extent possible.

Additionally, the Department of State announced a number of landmark national policies and actions taken as part of the GMP Energy Pathway by participating countries, including:

- The U.S. published a supplemental proposal on reducing harmful emissions and energy waste that will achieve 87% reductions in methane emissions from covered sources by 2030 from 2005 levels and will also include the creation of a "super emitter response program," complemented by $1.55 billion in financial and technical assistance from the EPA and a "waste emissions charge";
- Nigeria became the first African country to regulate methane emissions from its oil and gas sector;
- Colombia became the first South American country to regulate methane emissions from its oil and gas sector, and, at COP27, endorsed the GMP Energy Pathway;
- Ecuador finalized regulations to support achievement of zero routine flaring commitments and to shut down all flares located near human settlements;
- Canada published its proposed regulatory framework to achieve at least a 75% reduction from the oil and gas sector by 2030 relative to 2012;
- In Mexico, PEMEX will develop and release a plan for methane and flaring reduction activities by the first half of 2023, with technical support from the U.S. EPA;
- Malaysia's national oil company and regulator, PETRONAS, announced a target to reduce methane emissions 50% by 2025, as well as its participation in the Oil and Gas Methane Partnership 2.0; and
- Egypt launched an Oil and Gas Methane Roadmap framework with core elements of a comprehensive methane reduction approach and will complete a specific Oil and Gas Methane Roadmap for Egypt in 2023.

COMPANY AND PEER ANALYSIS

Company Name	Exxon Mobil Corporation (XOM: XOM)	Chevron Corporation (NYSE: CVX)	ConocoPhillips (NYSE: COP)
	The board oversees and provides guidance on the Company's strategy and planning, which include opportunities and risks related to climate change and the energy transition. The board, collectively and through its environment, safety, and public policy committee, regularly engages with senior	The board oversees strategic planning and risk management, both of which include climate change issues, and regularly receives briefings on climate-related issues, including policies and regulations, technology, and adaptation. Given the nature of climate change and its relevance to the firm's business, the	The board oversees the position on climate change and related strategic planning and risk management policies and procedures, including those for managing climate-related risks and opportunities. It reviews sustainable development risk management processes, corporate strategy and

Board Oversight	regularly engages with senior management on climate matters and environmental approach and performance, including briefings with internal and external experts, which can cover elements of scientific and technical research, public policy positions, GHG emission-reduction performance, and new technology developments. Additionally, the board also reviews and discusses technology deployment within the business lines and research on new technology to further Scope 1 and 2 emission reductions for the Company's operated assets (p.54). The environment, safety, and public policy committee assists the board in overseeing the Company's positions and practices regarding safety, security, health, and the environment (including but not limited to climate, emissions, and sustainability) and also provides oversight on the Company's overall contributions strategies, objectives, and policies. Further, the committee annually reviews the Company's energy transition strategy and approach, including updates to climate science and energy transition technologies.	relevance to the firm's business, the entire board addresses climate change–related issues, with each of the board's committees focused on certain aspects (p.5). The public policy and sustainability committee provides oversight and guidance on, and receives reports regarding, environmental matters, including those related to sustainability and climate change, in connection with the firm's projects and operations. The committee also develops recommendations to the board in order to assist in formulating and adopting basic policies, programs, and practices concerning a range of public policy issues, which include but are not limited to sustainability, climate change, and environmental protection. The audit committee assists the board in overseeing sustainability and climate change risks, as they relate to financial risk exposures. The management compensation committee of the board considers the relative alignment of the firm's compensation policies and practices with respect to sustainability and climate change risks and opportunities.	climate risk strategy, enterprise risk management policy and output, energy transition scenarios, GHG emissions intensity target and progress, and low carbon technologies plans. The audit and finance committee facilitates appropriate coordination among the committees to ensure that the risk management processes, including those related to climate change, are functioning properly to foster a culture of prudent decision-making. The public policy and sustainability committee assists the board in identifying, evaluating, and monitoring political, operational, technical, sustainable development, and climate-related trends and risks that could affect the firm's business activities and performance. The committee also periodically reviews and makes recommendations to the board on, and monitors compliance with, the firm's policies, programs, and practices with regard to: health, safety, security (excluding cybersecurity) and environmental protection; sustainable development and climate-related trends and risks; and operations risk management, among others.
Has Prepared Sustainability Report	Yes	Yes	Yes
Sustainability Report is GRI-Indicated	Yes	No	Yes
Methane Emissions Disclosure	Yes (p.90)	Yes	Yes (p.160)
	States that through 2021, it reduced methane emissions intensity from all operated assets by more than 40% and absolute methane emissions by nearly half since 2016. Also states that it is reducing methane	Discusses improving detection to prevent methane emissions and states that its goal is to keep methane in the pipe, which starts with designing and operating facilities to prevent methane emissions and includes deploying technologies to validate performance, inform repairs, and improve inventories. States that it	Discusses methane detection in its U.S. operations and provides examples of technologies currently in use, such as informal inspections, audio visual olfactory inspections, instrument-based Method 21 inspections, optical gas imaging camera inspections, and airborne systems (p.42). Additionally, states that it has implemented monitoring

Methane and Venting/Flaring Management Disclosure	that it is reducing methane emissions intensity by enhancing operations protocols and developing plans for implementation of a comprehensive methane-monitoring and leak-detection program, as well as through design improvements, including electrifying operations and enhancing the reliability of storage tank facilities, and elimination of high-bleed, natural gas-driven pneumatic devices across its U.S. unconventional operated assets (pp.69-70). Discusses methane emissions measurement and reporting using methane detection methodology in space, in the air, and on the ground (pp.71-72). In response to this proposal, states that it is working to eliminate all natural gas driven pneumatic devices by 2025 in its key U.S. unconventional operated assets and to accelerate the phase-out of these devices across all of its global operated assets where technically feasible. Further states that it eliminated routine flaring in its Permian Basin operated assets at year-end 2022 and plans to eliminate routine flaring across its global operated upstream assets by 2030 in line with the World Bank Zero Routine Flaring Initiative (2023 DEF 14A, p.84).	improve inventories. States that it has taken proactive steps, from the surface to the sky, to expand methane detection capabilities and identify emissions reduction opportunities and that it is using satellites, aircraft, facility-scale periodic monitoring (drone or mobile lab), facility-scale near-continuous monitoring (fixed cameras, sensors, etc.) and manual leak detection such as handheld screening like optical gas imaging and Method 21 (pp.7-11). Also discusses its outreach to stakeholders regarding methane metrics, targets, reductions, and academic research (p.12). States that it tracks progress against its targets using current best available emissions inventories, which primarily rely on emission factors to estimate methane emissions, and that it is working toward establishing measurement-informed inventories while at the same time making meaningful progress by executing emissions reduction projects. Further states that its methane-intensity targets are set on an equity basis, meaning that the emissions performance of both operated and non-operated joint venture assets are included in its reporting (p.14). Discloses its actions designed to lower methane intensity in its operations including facility design, operating practices, and advanced technology (p.15).	systems to monitor for leaks on a continuous basis, including collaborating with Scientific Aviation and using Systematic Observations of Facility Intermittent Emissions sensors. Further states that it continues to test and deploy new methane detection technologies, including continuous monitoring, and that its reported emissions for the U.S. continue to be based on the EPA-mandated methodology for reporting GHG emissions (p.43). With respect to flaring, states that it has reduced flaring by utilizing closed-loop completions, central gas gathering systems, vapor recovery units, directing condensate to sales pipelines, and improving uptime through operational excellence (p.44). Discloses its climate change action plan and states that it supports enactment of cost-effective federal methane regulations on new and existing sources that would preserve a state's ability to adapt implementation to local conditions. Further, states that it has been exploring new technology solutions and facility improvements to meet methane and flaring reduction targets (p.16). Also discloses its investment amounts for methane detection and reduction for the period 2018 to 2021 (p.19), as well as its efforts to reduce methane emissions through leak detection and repair (p.36).
	Maintains an aim to to reach near-zero methane emissions from its operated oil and gas assets by 2030. Also maintains 2030 GHG reduction plans, which include a 70% to 80% reduction in corporate-wide methane intensity compared to 2016 levels. States that its plans include actions that	Maintains 2028 targets to reduce its upstream carbon intensity (Scope 1 and 2) to 24 kg CO2e/boe for oil (40% reduction from 2016), 24 kg CO2e/boe for gas (26% reduction from 2016), 2 kg CO2e/boe for methane and a global methane-detection campaign (53%	Maintains a near-term target to reduce methane emissions intensity 10% by 2025 from a 2019 baseline and to achieve zero routine flaring

Methane Emissions Reduction Goals	are expected to cut corporate-wide absolute methane emissions by an estimated 70% compared to 2016 levels and achieve net-zero GHG emissions (Scope 1 and 2) from its unconventional operated assets in the Permian Basin. Additionally states that its plans are consistent with the Global Methane Pledge and the U.S. Methane Emissions Reduction Action Plan (p.70).	methane-detection campaign (55% reduction from 2016), and 0 routine flaring by 2030 and 3 kg CO2e/boe for overall flaring (66% reduction from 2016) (p.46). Also maintains 2028 target to reduce its refining carbon intensity (Scope 1 and 2) to 36 kg CO2e/BOE for global refineries (2-3% reduction from a 2016 baseline) (p.48).	and to achieve zero routine flaring by 2025 (p.2). Also maintains medium-term target to reduce its GHG emissions intensity by 40-50% by 2030 from a 2016 baseline (p.35).
OGMP Member	No	No	Yes

Summary	
GRI/SASB-Indicated Sustainability Disclosure	GRI
Peer Comparison	The Company and its peers provide relatively commensurate disclosure with respect to their methane emissions. However, only ConocoPhillips has signed onto the OGMP framework.
Analyst Note	The Company discloses its methane emissions, discusses its methane management, and has set a methane emissions reduction goal. However, it has not signed onto the OGMP framework.

RECOMMENDATION

The proper management and containment of methane emissions is a significant issue, with legal, regulatory, financial and environmental implications for companies with operations related to natural gas. As such, we believe that the Company should make efforts to ensure that it is both mitigating fugitive methane emissions to the best extent possible and that it is providing investors with sufficient disclosure regarding this issue so that they may be able to fully assess the risks posed to the Company in this regard. As potential fugitive emissions represent lost product, and, thus, lost revenue, we believe a best effort should be made in ensuring that, at a minimum, the Company has a solid understanding of these emissions. Although we recognize the Company has taken a number of steps with regard to the measurement and mitigation of its methane emissions, we also appreciate the notorious difficulty and unreliability of the measurement of these emissions.

We recognize that the proponent specifically requests that the Company use "recognized frameworks such as OGMP," and that the Company has listed reasonable objections to joining this group. Namely, that the framework requires the execution of a memorandum of understanding that the Company believes poses onerous legal obligations, including a requirement for it to indemnify the United Nations. However, given this is a precatory proposal and the proposal, as written, provides latitude with regard to how the outcomes of its efforts are summarized, we are not convinced that this overshadows the broad request of the proposal, which is to provide a report analyzing the reliability of the Company's methane emission disclosures. While challenging to ascertain, we believe that the production of such information is important for shareholders who use Company's methane emissions disclosure to inform their investment decisions.

Further, this proposal does not ask the Company to alter its current business practices in any way and would grant the board considerable latitude with respect to the contents of the report. Given the existing and potential regulation regarding mitigating methane emissions, the potential for lost revenue if fugitive emissions are not properly addressed, and the increased local and national attention regarding this issue, we believe shareholders could benefit from enhanced disclosure concerning the reliability of the Company's methane emissions reporting.

In sum, although we recognize the Company has taken laudable efforts to minimize and mitigate its methane emissions, and that there are significant difficulties in accurately measuring methane emissions, we believe that a report to better allow shareholders to assess the reliability of the Company's methane emissions disclosure would provide important context for shareholders.

We recommend that shareholders vote **FOR** this proposal.

9.00: SHAREHOLDER PROPOSAL REGARDING MEDIUM-TERM SCOPE 3 TARGET

AGAINST

PROPOSAL REQUEST:	That the Company set a medium-term reduction target covering its GHG emissions of Scope 3 use of energy products consistent with the Paris Agreement	**SHAREHOLDER PROPONENT:**	Follow This, Anthony Fokkerweg
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:
AGAINST - Not in the best interests of shareholders

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

At the Company's 2022 annual meeting, a proposal requesting the Company to set and publish medium- and long-term targets to reduce the greenhouse gas of the Company's operations and energy products (Scope 1, 2, and 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C received 27.1% shareholder support, excluding abstentions and broker non-votes.

GLASS LEWIS REASONING

- Given the Company's existing targets and disclosures, as well as the complexity and uncertainty in setting Scope 3 emissions reduction targets, we do not believe that support for this resolution is warranted at this time.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: Shareholders request the Company to set a medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.*

The strategy for how to achieve this target is entirely up to the board.

You have our support.

Proponent's Perspective

- Setting a Paris-aligned medium-term target covering Scope 3 is paramount, because the medium-term is decisive for the Company and the Paris Accord and because Scope 3 accounts for around 90% of total Scope 1, 2, and 3 emissions;
- The Company is one of the few oil majors that has not set Scope 3 targets at the time of filing this proposal;
- It is in the Company's and its shareholders' best interest to pursue the opportunities the energy transition presents which will also pre-empt risks of losing access to capital markets, policy interventions, litigation, liability for the costs of climate change, disruptive innovation, and stranded assets;
- Backing from shareholders determined to achieve Paris remains strong, and in 2022, 28% of shareholders in the Company and up to 39% of shareholders in other oil majors voted in favour of the proponent's climate resolutions requesting Paris-aligned targets;
- Shareholders understand this proposal to be their fiduciary duty to

Board's Perspective

- The Company has increased investments by nearly 15%, to approximately $17 billion from 2022 through 2027, to advance a number of initiatives to reduce GHG emissions in its own operations and help others reduce their emissions;
- Setting Scope 3 targets can have significant unintended consequences for society and is the wrong basis for evaluating a company's progress in supporting the goals of the Paris Agreement;
- Calculating Scope 3 emissions at a macro level can provide useful insights into sources of emissions and opportunities for an economy to improve, but applying Scope 3 targets to an oil and gas company incentivizes asset divestments or reduced production of products needed by society;
- The Company is taking a full life-cycle approach that uses intensity metrics and allows for a more meaningful view of its progress and contributions to society across products and

secure the long-term interest of the Company and to protect all shareholder assets in the global economy from climate change; and

- By investing in alternatives, a global integrated energy company like the Company could decrease emissions without ultimately shrinking business.

The proponent has filed an exempt solicitation urging support of this proposal.

industries;

- The Company has modeled and disclosed its expected lifecycle emission reductions by 2030 (a 6% reduction in intensity and an 18% reduction in absolute emissions versus 2016); and
- This proposal is overly prescriptive and incorrectly applies a metric that is intended to measure society's progress in reducing emissions to an individual company.

THE PROPONENT

Follow This

Follow This is a Dutch company registered as an organization for public benefit and a not-for-profit organization. In its early days as an organization, the group appeared to solely focus on Shell, where it filed its first resolution in 2016 under the premise that the only effective way to change a company's practices is via its shareholders. It states that it now has a growing group of more than 9,500 responsible shareholders in oil and gas companies, and since 2016 it has filed climate resolutions supporting major oil companies to set Paris-aligned targets for all emissions (Scope 1, 2, and 3). In order to file and build support for its resolutions, it invites visitors to support Follow This' mission by buying shares in oil companies, including Shell, TotalEngergies, Chevron, ExxonMobil, and BP, allowing it to put climate targets proposals on the agenda of their annual general meetings. It votes these shares on behalf of its members and requests that members donate the dividends from their shares to the organization.

It notes that, in 2023, it refined its focus companies to four "super-majors": Shell, BP Exxon, and Chevron, "which are some of the largest, most influential companies with significant impact on global emissions." The organization states:

> "*These companies consistently fail to set meaningful targets for their Scope 3 emissions (approximately 90% of their emissions) – as such, our 2023 shareholder climate resolutions request medium-term Scope 3 emission reductions. Support for Paris aligned targets will provide these companies with a shareholder mandate to lead the energy transition, causing an industry-wide ripple effect.* "

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2022, Follow This submitted four shareholder proposals to U.S. companies that received an average of 30.4% support (excluding abstentions and broker non-votes), with none of its proposals receiving majority support.

The Company states that the proponent is the beneficial owner of 37 shares in the Company's stock. We also note that the Company provides the following narrative regarding the proponent in its response to this proposal:

> *The proponent is an anti-oil and gas activist group using environmental, social, and governance objectives to diminish the important role ExxonMobil plays in the energy industry.*
>
> *The group's founder openly admitted in a TED Talk, which is available on its website, that its shareholder proposals use alignment with the Paris Climate Agreement 1.5°C as a "Trojan horse" to force companies to eliminate oil and natural gas investments. Forcing investment decisions based on this scenario, before the technology and policies exist, would have clear consequences for energy security, consumer pricing, and standards of living for people in the U.S. and around the world by creating supply shortages that drive prices up and harm vulnerable populations. The proposal does nothing to further shareholder interests.*

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that management and reporting of environmental and social issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas; manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products; and pursuit of lower-emission business opportunities including carbon capture and storage, hydrogen, and biofuels. Affiliates of the Company conduct extensive research programs in support of these businesses (2022 10-K, p.1). Given the nature and scope of the Company's operations, it could be subject to significant risks with respect to both climate change and the regulatory implications or investor pressures that come as a result of climate change.

For more information concerning climate change conventions and regulations, please see *Glass Lewis' In Depth: Climate*

Change.

SCOPE 3 EMISSIONS

This proposal requests that the Company set a medium-term reduction target covering the GHG emissions of the use of its energy products (Scope 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

Scope 3 emissions are defined as GHG emissions, other than Scope 2 GHG emissions, that are consequences of the Company's activities but arise from GHG sources that are owned or controlled by other organizations. Setting Scope 3 targets, therefore, can be extremely challenging for companies that operate in the energy sector, as these companies are essentially selling carbon emissions. As a result, if not carefully considered, the adoption of such a target could significantly affect the way in which the Company operates, as, by necessity, it would mean that the Company would likely need to scale back its operations, which in no way would benefit its shareholders. We, therefore, very carefully review proposals of this nature to ensure that the ultimate request of the proposal makes sense for the Company and its shareholders, albeit in the context of a dynamic regulatory environment and a significant likelihood that companies will need to take steps to dramatically cut their emissions to meet goals set by market and regulatory initiatives. For more information concerning Scope 3 emissions, please see Glass Lewis' *Scope 3 Emissions - Investor Primer*.

REGULATIONS CONCERNING COMPANIES' CLIMATE-RELATED DISCLOSURE

Under the Biden administration, there has been a significantly increased focus on corporate disclosures concerning companies' climate risks. For example, in February 2021, the SEC announced the creation of a new role of Senior Policy Advisor for Climate and ESG in the office of Acting Chair Allison Herren Lee. The following month, the SEC announced the creation of a Climate and ESG Task Force in the Division of Enforcement, which will develop initiatives to proactively identify ESG-related misconduct. Its initial focus will be to identify any material gaps or misstatements in issuers' disclosure of climate risks under existing rules, while it will also evaluate and pursue tips, referrals, and whistleblower complaints on ESG-related issues, and provide expertise and insight to teams working on ESG-related matters across the Division. Additionally, the SEC is asking its staff to evaluate its disclosure rules "with an eye toward facilitating the disclosure of consistent, comparable, and reliable information on climate change." To facilitate the staff's assessment, the SEC provides several questions that would be useful to consider; one reads: "What are registrants doing internally to evaluate or project climate scenarios, and what information from or about such internal evaluations should be disclosed to investors to inform investment and voting decisions?"

In 2021, Gary Gensler, the chair of the SEC indicated that he will work to provide investors with meaningful climate risk disclosures, and these efforts may be supported by regulators or new rules to that effect (Kirkland & Ellis. "Improving Climate Governance Under the Biden Administration." *Corporate Secretary*. March 23, 2021). In preparation for increased regulation and enforcement propelling existing market trends, companies have taken a number of actions including assigning some responsibility for oversight of published climate data to the audit committee (Kirkland & Ellis. " Improving Climate Governance Under the Biden Administration." *Corporate Secretary*. March 23, 2021). This is consistent with the Task Force on Climate-related Financial Disclosures, which states:

> *A company should ensure its strategy and scenario disclosures comply with sound corporate reporting principles and are subject to appropriate controls and quality checks, including oversight and review by boards, audit committees, and management.*

On March 21, 2022, the SEC announced proposed rules on climate disclosure, which are intended to provide companies "with a more standardized framework to communicate their assessments of climate-related risks as well as the measures they are taking to address those risks" in addition to increasing the "consistently, comparability, and reliability of climate-related information for investors." Alongside a number of other disclosures, the proposed rules would require companies to provide in their regulatory filings:

- Footnotes in financial statements detailing the impact of climate-related events (severe weather events as well as physical risks) and transition activities on the line items of their consolidated financial statements. These footnotes would also detail related expenditures, as well as the effect of climate-related events and transition activities on the companies' financial estimates and assumptions
- Climate-related risks that are reasonably likely to have a material impact on the company's business sor consolidated financial statements over the short, medium, and long term. Companies would also have to describe how any identified climate-related risks have affected or are likely to affect the company's strategy, business model, and outlook, as well as their processes for identifying, assessing, and managing climate-related risks. The proposed rules would also require companies to provide specified details if they have: (i) adopted a transition plan; (ii) used scenario analysis; or (iii) used an internal carbon price.

The proposed rules also would require a registrant to disclose information about its Scope 1 and Scope 2 GHG emissions, as well as its Scope 3 GHG emissions if material or if the registrant has set a GHG emissions target or goal that includes

Scope 3 emissions. The proposed rule changes have faced opposition since being announced. In particular, critics have focused on the Scope 3 disclosure requirements, pointing out the cost and complexity of calculating and reporting such emissions (Bill Flook. " Scope 3 Emissions Disclosure Emerges as Top GOP Target in SEC Climate Risk Rules." *Thomson Reuters*. August 24, 2022). Originally planned for October 2022, the finalization and implementation process for the SEC's climate-related disclosures proposal is now expected to start sometime in 2023 (Zach Warren. " Upcoming SEC Climate Disclosure Rules Bring Urgency to ESG Data Strategy Planning." *Reuters*. January 30, 2023). However, the exact contents of the rule remain uncertain. In February 2023, SEC chair Gary Gensler stated that the agency would consider easing some requirements after it received nearly 15,000 public comments on its proposed disclosures (Chelsey Cox. "SEC Weighs Making 'Adjustments' to Controversial Climate Risk Disclosure Rule, Chairman Gensler Says." *CNBC.* February 10, 2023).

THE COMPANY'S CLIMATE-RELATED RISKS

In its most recent annual report, the Company recognizes climate change and GHG emissions as risks. Specifically, it recognizes that driven by concern over the risks of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce GHG emissions, including emissions from the production and use of oil and gas and its products. These include the adoption of cap and trade regimes, carbon taxes, trade tariffs, minimum renewable usage requirements, restrictive permitting, increased efficiency standards, and incentives or mandates designed to support transitioning to lower-emission energy sources. Political and other actors and their agents also increasingly seek to advance climate change objectives indirectly, such as by seeking to reduce the availability of or increase the cost for, financing, and investment in the oil and gas sector and taking actions intended to promote changes in business strategy for oil and gas companies. Depending on how policies are formulated and applied, they could negatively affect investment returns, make the Company's products more expensive or less competitive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon alternatives. Current and pending GHG regulations or policies may also increase the Company's compliance costs, such as for monitoring or sequestering emissions (2022 10-K, p.4).

COMPANY AND PEER ANALYSIS

Company Name	**Exxon Mobil Corporation** **(NYSE: XOM)**	**Chevron Corporation** **(NYSE: CVX)**	**ConocoPhillips** **(NYSE: COP)**
Board Oversight	The board oversees and provides guidance on the Company's strategy and planning, which include opportunities and risks related to climate change and the energy transition. The board, collectively and through its environment, safety, and public policy committee, regularly engages with senior management on climate matters and environmental approach and performance, including briefings with internal and external experts, which can cover elements of scientific and technical research, public policy positions, GHG emission-reduction performance, and new technology developments. Additionally, the board also reviews and discusses technology deployment within the business lines and research on new technology to further Scope 1 and 2 emission reductions for the Company's operated assets (p.54).	The board oversees strategic planning and risk management, both of which include climate change issues, and regularly receives briefings on climate-related issues, including policies and regulations, technology, and adaptation. Given the nature of climate change and its relevance to the firm's business, the entire board addresses climate change–related issues, with each of the board's committees focused on certain aspects (p.5). The public policy and sustainability committee provides oversight and guidance on, and receives reports regarding, environmental matters, including those related to sustainability and climate change, in connection with the firm's projects and operations. The committee also develops recommendations to the board in order to assist in formulating and adopting basic policies, programs	The board oversees the position on climate change and related strategic planning and risk management policies and procedures, including those for managing climate-related risks and opportunities. It reviews sustainable development risk management processes, corporate strategy and climate risk strategy, enterprise risk management policy and output, energy transition scenarios, GHG emissions intensity target and progress, and low carbon technologies plans. The audit and finance committee facilitates appropriate coordination among the committees to ensure that the risk management processes, including those related to climate change, are functioning properly to foster a culture of prudent decision-making. The public policy and sustainability committee assists the board in

	Company's operated assets (p.94). The environment, safety, and public policy committee assists the board in overseeing the Company's positions and practices regarding safety, security, health, and the environment (including but not limited to climate, emissions, and sustainability) and also provides oversight on the Company's overall contributions strategies, objectives, and policies. Further, the committee annually reviews the Company's energy transition strategy and approach, including updates to climate science and energy transition technologies.	adopting basic policies, programs, and practices concerning a range of public policy issues which include but are not limited to sustainability, climate change, and environmental protection. The audit committee assists the board in overseeing sustainability and climate change risks, as they relate to financial risk exposures. The management compensation committee of the board considers the relative alignment of the firm's compensation policies and practices with respect to sustainability and climate change risks and opportunities.	identifying, evaluating, and monitoring political, operational, technical, sustainable development, and climate-related trends and risks that could affect the firm's business activities and performance. The committee also periodically reviews and makes recommendations to the board on, and monitors compliance with, the firm's policies, programs, and practices with regard to: health, safety, security (excluding cybersecurity) and environmental protection; sustainable development and climate-related trends and risks; and operations risk management, among others.
Board Accountability	All director candidates are eligible to serve a one-year term.	All director candidates are eligible to serve a one-year term.	All director candidates are eligible to serve a one-year term.
Materiality of GHG Emissions (As Defined by SASB)	Yes	Yes	Yes
Sustainability Reporting	Provides a sustainability report, climate progress report, sustainability performance data, GHG data supplement, a content index, and an environmental aspects guide. Also provides its positions and principles with respect to the Paris Agreement, net-zero ambition, and accelerating emissions reductions.	Provides a sustainability report, climate change resilience report, methane report, performance data, statement of GHG emissions methodology, GHG reporting template, energy transition webpage, its new energies webpage, carbon intensity webpage, and its climate policy.	Provides a sustainability report, a plan for net-zero energy transition, a report on managing climate-related risks, performance metrics, its TCFD, its CDP report, a Paris-aligned climate risk framework, and a climate change action plan.
Reports to TCFD Recommendations	Yes (p.93)	Yes (p.69)	Yes
Scenario Analysis/Planning Disclosure	Yes (pp.29-37)	Yes (pp.32-37)	Yes
Scope 1 and 2 Emissions Disclosure	Yes (p.90)	Yes (pp.3-6)	Yes
Scope 3 Emissions Disclosure	Yes (p.92)	Yes (pp.4,6)	Yes (pp.70,171)
GHG Emissions Received Third-Party Assurance	Yes	Yes	Yes
	Maintains 2030 targets, versus 2016 levels, for Scope 1 and 2 GHG emissions from operated assets of (i) 20-30% reduction in corporate-wide GHG intensity; (ii)	Maintains 2028 targets to reduce its upstream carbon intensity (Scope 1	

Scope 1 and/or 2 Emissions Reduction Targets	40-50% reduction in upstream GHG intensity; (iii) 70-80% reduction in corporate-wide methane intensity; and (iv) 60-70% reduction in corporate-wide flaring intensity. States that these plans are also expected to achieve (i) absolute reduction in corporate-wide GHG emissions by approximately 20% (or approximately 23 million metric tons); (ii) absolute reduction in upstream GHG emissions of approximately 30% (or approximately 15 million metric tons); (iii) absolute flaring reduction of approximately 60%; (iv) absolute reduction in methane emissions by 70%; and (v) World Bank Zero Routine Flaring by 2030 (p.6).	upstream carbon intensity (Scope 1 and 2) to 24 kg CO2e/boe for oil (40% reduction from 2016), 24 kg CO2e/boe for gas (26% reduction from 2016), 2 kg CO2e/boe for methane and a global methane-detection campaign (53% reduction from 2016), and 0 routine flaring by 2030 and 3 kg CO2e/boe for overall flaring (66% reduction from 2016) (p.46). Also maintains 2028 target to reduce its refining carbon intensity (Scope 1 and 2) to 36 kg CO2e/BOE for global refineries (2-3% reduction from a 2016 baseline) (p.48).	Maintains a near-term target to reduce methane emissions intensity 10% by 2025 from a 2019 baseline, and to achieve zero routine flaring by 2025 (p.36). Also maintains medium-term target to reduce its GHG emissions intensity by 40-50% by 2030 from a 2016 baseline (p.35).
Scope 3 Emissions Reduction Targets	States that it does not set Scope 3 targets (p.47), but it supports market-based, technology-neutral policies that recognize the value of addressing full life-cycle emissions versus focusing solely on Scope 3 emissions, thereby incentivizing companies to take actions that reduce emissions (p.6).	Maintains 2028 target to reduce its portfolio carbon intensity (Scope 1, 2, and 3) to 71 g CO2e/MJ (>5% reduction from 2016) (p.44).	States that its plan does not include a Scope 3 (end-use) emissions target and that a Scope 3 target for an exploration and production company represents a prescribed curtailment of production and a shift of capital away from existing transition demand, whereas the firm's responsibility to shareholders is to strongly compete for that demand (p.45).
Net Zero Ambition/Target	Yes (pp.10-11)	Yes (p.2)	Yes (p.35)
Targets Certified by SBTi	No	No	No, but states that it is following the development of the SBTi methodology for the oil and gas industry and has responded to their recent net-zero criteria consultation (p.70).
	States that taking a portfolio approach is the best way to make capital-allocation decisions, which helps ensure flexibility and optionality to shift investments to adapt to an uncertain world and maximize value for shareholders.	Provides a chart detailing the fundamental areas analyzed in its strategic planning process, which help guide its decisions on strategy, portfolio management, business planning, and capital allocation. Considers long-term market fundamentals including economic macrotrends (population growth, increased living standards, and	States that to assist its capital allocation decisions, it can test its current portfolio of assets and investment opportunities against future possibilities from scenario-planning and identify where strengths and weaknesses may exist (p.10). Also states that it

Discloses Plans to Decarbonize Future CapEx	Further, states that it evolves its portfolio to responsibly and efficiently meet needs for lower-emission intensity oil and natural gas, chemicals, and lubricants while advancing carbon capture and storage, hydrogen, and biofuels (p.22). Discusses capital expenditures modeled under the IEA's NZE 2050 scenario (pp.30-31, 33). States that its enterprise risk framework considers climate-related risks, and describes the framework's five elements. Provides a graphic of potential risks that could be impacted by climate change, energy transition, or extreme weather, and lists as strategic risk: supply/demand, disruptive technology, geopolitical, government changes, and capital allocation (p.49). Further, states that directors engage with experts from inside and outside the Company and apply their individual experience and perspective to guide capital-allocation priorities, with a focus on growing shareholder value and playing a leading role in the energy transition. Adds that the board approves the Company's strategy and annual capital allocation, and reviews assumptions and sensitivities in testing major projects and investments for resiliency across a range of potential outcomes (p.54). More specifically, the finance committee oversees risks associated with the Company's capital structure and capital allocation, including actions to enhance resiliency (p.55). Discusses trails for co-processing biofeed through an existing fluid catalytic cracker or hydroheater, which could allow for faster delivery of lower-emission fuels to customers compared to construction of new	consumer behavior), policy (policy trends, framework, and impacts), and technology (technology breakthroughs and scale-up), along with energy mix demand, energy mix supply, and energy mix price (p.12). States that capital spending on oil and gas is also impacted by the continued need for maintenance and investment in existing assets to manage decline rates (p.25). Discusses carbon-project approvals, stating that individual investments are developed, approved, and implemented in the context of the strategic plan, segment-specific business plans, and commodity price forecasts and that investment proposals are evaluated by management and, as appropriate, reported to the executive committee and the board. Adds that its final investment decisions are guided by a strategic assessment of the business landscape, and its internal carbon-price forecast and derived carbon costs are considered in the economic evaluations supporting major capital-project appropriations. Also states that a number of GHG-related factors are considered in project-appropriation assessments, such as: (i) the annual profile of anticipated project GHG emissions and emissions intensity (both Scope 1 and 2), and (ii) the identification and assessment of the options for reducing GHG emissions and optimizing carbon intensity (p.31). States that over the next four years, it expects to allocate more than two-thirds of its upstream capital to the six assets highlighted on a map it provides, to help lower its overall upstream carbon intensity (p.45). Also discusses allowance allocations in relation to carbon-pricing (p.18).	may exist (p.10). Also states that it takes future price uncertainty into account in its strategy by using a fully burdened cost of supply as its primary criteria for capital allocation (p.13). Moreover, states that as a result of its strategy and scenario work, it has focused capital on lower cost-of-supply resources, reducing its investments in oil sands and exiting deep water while increasing its investments in unconventional oil projects. Adds that, following acquisitions in the Permian in 2021, it has dramatically high-graded its portfolio on the basis of both cost of supply and GHG intensity and established capital allocation criteria that ensure investments are directed to resources that best match transition demand. Also discusses access to capital (p.20). As part of its plan for the net-zero energy transition, lists maintaining capital discipline (p.23). Regarding capital allocation, states that any price above the cost of supply will generate an after-tax fully burdened return that its greater than 10%. Also states that over the next ten years, its focus is on assets that have both a low cost of supply and lower GHG intensity (p.25). Lists climate-related risks to ERM, including corporate strategy risk, which defines the firm's direction for exploration and development, including portfolio, capital allocation, and cost structure (p.33). States that achieving a target of 40–50% emissions intensity reduction by 2030 requires continued portfolio and capital allocation actions and investment in emissions reduction projects. Also explains that continued capital allocation actions are expected to have a combined impact of lowering GHG emissions intensity by roughly 8-10%, as it

	facilities requiring large capital investments (p.66).	Regarding capital allocation and its strategy, lists $8 billion in lower carbon investments by 2028 and $2 billion in carbon reduction projects by 2028.	intensity by roughly 8-18% as it increases production from assets with low intensity (p.38).

TPI Score Comparison

Led by asset owners and supported by asset managers, the Transition Pathway Initiative ("TPI") assesses companies' preparedness for the transition to a low-carbon economy, supporting efforts to address climate change. As of September 2022, 131 investors globally have pledged support for the TPI representing over $50 trillion combined AUM. Using publicly available information, the TPI assesses companies on two dimensions:

1) Management Quality: the quality of companies' management of their GHG emissions and of risks and opportunities related to the low-carbon transition, which is assessed against a series of criteria that places companies on one of five levels, from lowest to highest quality; and

2) Carbon Performance: how companies' carbon performance now and in the future might compare to the international targets and national pledges made as part of the Paris Agreement.

The TPI has assessed the Company, Chevron, and ConocoPhillips on comparable dates in May 2022. The following information reflects the most recently available assessments as of the writing of this analysis, thus it may not be consistent with these companies' current disclosures.

	Management Quality Score (Levels 0-4)	**Carbon Performance (Short-Term Alignment)**	**Carbon Performance (Medium-Term Alignment)**	**Carbon Performance (Long-Term Alignment)**
Exxon Mobil	4: Strategic assessment	Not aligned with sectoral Paris Agreement benchmarks.	Not aligned with sectoral Paris Agreement benchmarks.	Not aligned with sectoral Paris Agreement benchmarks.
Chevron	4: Strategic assessment	Not aligned with sectoral Paris Agreement benchmarks.	Not aligned with sectoral Paris Agreement benchmarks.	Not aligned with sectoral Paris Agreement benchmarks.
ConocoPhillips	4: Strategic assessment	Not aligned with sectoral Paris Agreement benchmarks.	Not aligned with sectoral Paris Agreement benchmarks.	Not aligned with sectoral Paris Agreement benchmarks.

Summary

GRI/SASB-Indicated Sustainability Disclosure	GRI
Peer Comparison	The Company and its peers provide relatively commensurate disclosure with respect to their climate-related risks, but Chevron is the only one of the three to maintain a Scope 3 emissions reduction target.
Analyst Note	The Company provides climate-related disclosures, including reduction targets for its Scope 1 and 2 emissions, a net zero ambition, and reporting in line with the recommendations of the TCFD.

RECOMMENDATION

It is our view that, for many companies, including the Company, managing and mitigating carbon emissions are important to ensuring long-term financial sustainability. In this case, the proposal is requesting that the Company set a medium-term reduction target covering the GHG emissions of the use of its energy products (Scope 3) consistent with the goal of the

Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C. We note that the Company has provided disclosure of its Scope 3 emissions but has not set a target for these emissions. The Company states, however, that it supports market-based, technology-neutral policies that recognize the value of addressing full life-cycle emissions versus focusing solely on Scope 3 emissions, thereby incentivizing companies to take actions that reduce emissions.

In its response to this proposal, the Company states that it is taking a full life-cycle approach that uses intensity metrics and allows for a more meaningful view of its progress and contributions to society across products and industries. Additionally, it states that the Company has modeled and disclosed its expected lifecycle emission reductions by 2030 (a 6% reduction in intensity and an 18% reduction in absolute emissions versus 2016). Further, the Company affirms that it has increased investments by nearly 15%, to approximately $17 billion from 2022 through 2027, to advance a number of initiatives to reduce GHG emissions in its own operations and help others reduce their emissions.

While we understand that the proponent maintains concerns with regard to the environmental impact of these Scope 3 emissions, the proponent fails to acknowledge the significant uncertainty and complexity in managing and measuring Scope 3 emissions. Many of these emissions reductions are dependent upon policy, market trends, and technology. Accordingly, we believe that the Company should be shown some degree of latitude with respect to refining and specifying its targets, particularly given the level of complication and uncertainty in setting Scope 3 emissions reduction targets.

Given the Company's existing targets and disclosures, as well as the complexity and uncertainty in setting these targets, we do not believe that support for this resolution is warranted at this time. We will continue to monitor the Company's disclosures and policies and may recommend in favor of future proposals should it be clear that the Company has not advanced its target-setting process or that it is not in line with investor expectations. However, at present, we are not convinced that adding a Scope 3 emissions reduction target would be in the best interests of shareholders.

We recommend that shareholders vote **AGAINST** this proposal.

10.00: SHAREHOLDER PROPOSAL REGARDING REPORT ON GUYANESE OPERATIONS

FOR

PROPOSAL REQUEST:	That the Company issue a report evaluating economic, human, and environmental impacts of a worst-case oil spill from its operations offshore of Guyana	**SHAREHOLDER PROPONENT:**	Mercy Investment Services, Inc., and lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Production of report would allow for better understanding of how risks are being mitigated in Guyana

GLASS LEWIS REASONING

- We believe that the production of the requested report would help provide shareholders with reassurance that the issues raised by this proposal were being handled in a manner that served their best interests and would allow them more insight, without having to navigate a variety of websites and reports, a more thorough understanding of how the Company intends to mitigate safety-related risks with regard to its Guyanese operations; and
- Given the Company states it already provides much of the disclosure requested by this proposal, we do not view the production of this report as being overly burdensome.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: Shareholders request that the Company issue a report evaluating the economic, human, and environmental impacts of a worst-case oil spill from its operations offshore of Guyana. The report should be prepared at reasonable expense, omit proprietary or privileged information, and clarify the extent of the Company's cleanup response commitments given the potential for severe impact on Caribbean economies.*

Supporting Statement: A 'worst-case' should use adverse assumptions such as an extended duration of an uncontrolled release similar to the BP spill, severe weather conditions, increased flow including risks from operating beyond the production thresholds in the EIA, and potential harm to marine ecosystems and public health.

Proponent's Perspective

- The Company operates one of the largest oil plays discovered in the past decade, offshore of the South American country Guyana, and the Company's CEO admitted that the Company is exceeding design capacity for production in two offshore projects in Guyana;
- A former director of Guyana's environmental protection agency stated the Company is taking advantage of an "abysmal EPA and weak Government in Guyana";
- Caribbean countries rely on tourism and fishing industries to support their economies, yet the Company's Environmental Impact Assessment ("EIA") characterizes residual risk to employment as minor and assumes that a large oil spill is unlikely;
- The BP Macondo oil spill released millions of barrels of oil into the Gulf of Mexico over 87 days, which created a 57,500 square mile oil slick and resulted in that company's stock declining 52% over two months, exemplifying the risks of deep-water drilling;
- The most severe spill scenario in the Company's EIA accounts for only a 30-day spill; and
- The Company's responsibility and potential liability with respect to its response to an oil spill are of concern to shareholders.

The proponent has filed an exempt solicitation urging support of this proposal, as well as an additional exempt solicitation providing an update.

Board's Perspective

- The information requested by this proposal is already publicly available in published reports prepared by the Company and credible third-party experts, making this proposal redundant and unnecessary;
- Before any exploration activities were carried out in Guyana, the Company developed detailed emergency preparedness and response plans, including the Oil Spill Response Plan for Guyana Operations ("OSRP");
- The Company's OSRP plans are continuously updated as its project scope in Guyana expands, and they include detailed models showing a wide variety of potential scenarios, including the Company's response plan under those scenarios;
- Since the BP Macondo incident, the oil and gas industry and their partners have developed a worldwide= network of equipment that was not available in 2010, most notably the capping stacks;
- In the case of an incident, through its multiple subscriptions to oil spill response companies, ExxonMobil Guyana would activate the resources needed to bring a capping stack into Guyana, mobilizing it and related resources to the well site in record time; and
- When the Company indicates an asset is producing "above design capacity," it simply means that the volume is above the investment basis or, in other words, its performance is exceeding expectations, but the actual volume that is safe to produce is well above the design capacity.

THE PROPONENT

Mercy Investment Services

Mercy Investment Services "supports the life and mission of the Sisters of Mercy through socially responsible investing. It states that, "[r]rooted in the Gospel and guided by the mission and Critical Concerns of the Sisters of Mercy," it engages in collaborative efforts to: (i) raise its voice to effect systemic change through corporate policies and activities; (ii) invest in community organizations and impact opportunities benefiting people, communities and creation; and (iii) participate in other investment opportunities aligned with Mercy values. Mercy states that it employs socially responsible investing through a four-pronged approach: (i) shareholder advocacy; (ii) impact investing; (iii) portfolio screening; (iv) and proxy voting.

With regard to shareholder advocacy, it states that it actively uses its voice to "encourage companies [...] to make changes that benefit people, communities and our common home." It states that it is engaging 152 companies through 213 engagements. Among its current plan goals and objectives related to shareholder advocacy, the group lists as important issues: (i) human trafficking; (ii) fair treatment of workers; (iii) immigration; (iv) equitable access to health for all; (v) healthy food practices; (vi) health and environmental impacts of chemicals, products, and technologies; (vii) water access and sustainability; (viii) climate change and the environmental impact of company operations in various sectors; (ix) sustainable food production; (x) extractive industry practices and technologies; (xi) responsible financial sector practices; and (xii) political contributions and lobbying policies, practices, and transparency.

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2022, Mercy Investment Services submitted six shareholder proposals that received an average of 37.5% support (excluding abstentions and broker non-votes), with one proposal receiving majority support.

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that management and reporting of environmental and social issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas; manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products; and pursuit of lower-emission business opportunities including carbon capture and storage, hydrogen, and biofuels. Affiliates of the Company conduct extensive research programs in support of these businesses (2022 10-K, p.1). Given the nature and scope of the Company's operations, it could be subject to significant risks with respect to an inattention to safety-related issues.

GUYANESE OPERATIONS

This proposal specifically deals with the Company's operations in Guyana, and requests that the Company issue a report evaluating the economic, human, and environmental impacts of a worst-case oil spill from its operations offshore of Guyana, clarifying the extent of the Company’s cleanup response commitments, given the potential for severe impact on Caribbean economies.

The discovery of oil in Guyana has prompted a number of significant changes in the country. The country is currently poised to become the world's fourth-largest offshore oil producer (ahead of Qatar, the U.S., Mexico and Noway). As of May 2023, there had been $1.6 billion in oil revue for the country and it is anticipated that the discovery will continue to generate billions of dollars for the largely impoverished nation (Danica Coto. "Oil Boom Transforms Guyana, Prompting a Scramble for Spoils." *Associated Press*. May 5, 2023).

The Company initiated oil and gas exploration in Guyana in 2008, collecting and evaluating 3-D seismic data that led to the Company drilling its first exploration well, called Liza-1, in 2015. According ot its most recent 10-K, as of the end of 2022, the Company's net acreage in Guyana totaled 4.6 million offshore acres. It further states that during the last year, it made 10 additional discoveries in the Stabroek block, that its Liza Phase 2 United floating production, storage, and offloading vessel started production and its Liza Phase 1 and 2 developments produce above previous expectations, averaging more than 360,000 oil-equivalent barrels per day. Its third project, Payara, is anticipated to start at the end of 2023 and its fourth project, Yellowtail, was anticipated to achieve first oil in 2025.

Despite drawing in significant amounts of revenue for the country, there has been significant criticism of the Company's involvement in the country. For example, under the Company and its consortium's contract with Guyana, the country will receive 50% of the profits and 2% of royalties, though it is likely that there will be a push to increase the country's share of royalties to 10% for future deals (Danica Coto. "Oil Boom Transforms Guyana, Prompting a Scramble for Spoils." *Associated Press*. May 5, 2023). However, it has been reported that the Company receives more than 85% of the proceeds as a result of the government and public "largely absorbing Exxon's costs," according to the Institute for Energy Economics and Financial Analysis. (Antonia Juhasz. "Exxon's Oil Drilling Gamble Off Guyana Coast 'Poses Major Environmental Risk'." *The Guardian*. August 17, 2021). According to the Institute for Energy Economics and Financial Analysis, "the contract is front-loaded, one-sided and riddled with tax, decommissioning and other loopholes that favor the oil companies." (Danica Coto. "Oil Boom Transforms Guyana, Prompting a Scramble for Spoils." *Associated Press*. May 5, 2023).

Some of the most significant criticism, and the topic of this proposal, is related to potential safety concerns with the Company's operations in the country. As early as 2021, safety experts raised concerns that the Company had disregarded safety-related issues and failed to adequately prepare for possible disaster in the region. Experts claimed that the government had allowed the Company to skirt necessary oversight and raised concerns that the Company's safety plans were "inadequate and dangerous." In fact, the Company's environmental impact statement has been compared to BP's plans for its original Macondo well, both of which stated that large oil spills are not likely to occur. According to an interview with a petroleum engineer, there was no evidence of the necessary planning and operations needed to "assess and manage the risks associated with high risk offshore exploration, production, and transportation operations." He further stated that the more than 1,000 pages of the Company's submissions and government permits have "loose ends, assumptions, and premises that are not substantiated." In addition, the Company's plans for a potential oil spill response rely on methods that were heavily criticized when deployed in previous disasters. Concerns have also been raised by former Guyanese officials concerning whether the country has sufficient equipment, personnel, expertise, funding, and clear lines of responsibility to respond to a disaster. There are also concerns that the country would be liable for the costs of a disaster because the Company has placed liability for the project with a subsidiary. (Antonia Juhasz. " Exxon's Oil Drilling Gamble Off Guyana Coast 'Poses Major Environmental Risk'." *The Guardian*. August 17, 2021).

Legal and Regulatory Risks

The aforementioned concerns regarding the Company's operations in the country could potentially harm the Company's interests. For example, in February 2023, the Vice President stated that there would be a multi-pronged strategy to lessen the consortium's grip on Guyana's oil resources and a move to spur more competition in the region. Part of this plan was an announcement that the Guyanese government intended to take back 20% of the Stabroek oil block, where the Company has made previous oil discoveries. Under the country's contract with the consortium, it maintains the right to reclaim unexplored portions. This reclamation is reportedly part of a (Sabrina Valle. "Exclusive: Guyana Aims to Reclaim, Offer 20% of Exxon Oil Block." *Reuters*. February 17, 2023).

More recently, in May 2023, a Guyanese court ruled that the Company was in breach of insurance obligations for its first offshore project in the country, in part as a result of errors by the Guyanese EPA. The court found that the Company had "engaged in a disingenuous attempt" to dilute its obligations under its environmental permit for Liza-1. The judge on the case further stated that the Company "engaged in a course of action made permissible only by the omissions of a derelict, pliant, and submissive Environmental Protection Agency." (Kiana Wilburg. "Exxon, Guyana's Environmental Agency in Breach of Oil-Spill Insurance, Court Says." *Reuters*. May 3, 2023).

The project's permit requires the provision of two forms of insurance coverage, one from the affiliate that stands at $600 million in case of an oil spill, and a parent guarantee committing to cover all costs beyond the $600 million threshold. The ruling found that the Company must furnish Guyanese authorities with a liability agreement from an insurance company by June 10, or the Liza-1 environmental permit will be suspended. (Kiana Wilburg. "Exxon, Guyana's Environmental Agency in Breach of Oil-Spill Insurance, Court Says." *Reuters*. May 3, 2023).

Less than a week after the initial ruling, it was reported that Guyana's EPA appealed the court's decision. According to the executive director of the Agency, it was true that a permit issued by his office in May 2022 request a parent guarantee from the Company to cover costs not satisfied by its subsidiary for an oil spill, but he did not agree with the court's interpretation that the permit calls for this guarantee to be unlimited.(Kiana Wilburg. "Guyana's Environmental Agency Appeals Court Decision Against Exxon." *Reuters*. May 9, 2023).

COMPANY DISCLOSURE

In response to this proposal, the Company states that before any exploration activities were carried out in Guyana, it developed detailed emergency preparedness and response plans, including its Oil Spill Response Plan for Guyana Operations ("OSRP"). The Company affirms that the OSRP plans indicate that Company is prepared and able to handle possible oil spills in the region. Further, it states that the plans are continuously updated as the Company's project scope in Guyana expands, and they include detailed models showing a wide variety of potential scenarios, including the Company's response plan under those scenarios. Additionally, it explains that these scenarios include releases of different types of hydrocarbons, with several being applicable for spills at the shorebase(s) and on vessels in the Demerara River estuary (e.g., from a supply vessel) or in the Atlantic Ocean (e.g., from a well, drillship, supply vessel, tanker, or floating production, storage, and offloading vessel). It discusses how each Company facility and business unit has access to readily available trained responders, including regional response teams, to provide rapid tactical support, as well as how these scenarios also consider the latest technological advancements. The Company also states that, since the BP Macondo incident, the oil and gas industry and their partners have developed a world-wide network of equipment that was not available in 2010, most notably the capping stacks, and that in the case of an incident, through its multiple subscriptions to oil spill response companies, ExxonMobil Guyana would activate the resources needed to bring a capping stack into Guyana, mobilizing it and related resources to the well site in record time. It also discloses that when the Company indicates an asset is producing “above design capacity,” it means that the volume is above the investment basis or, in other words, its performance is exceeding expectations, but the actual volume that is safe to produce is well above the design capacity (2023 DEF 14A, p.88).

The Company discusses leading sustainability in Guyana, stating that its fundamental goal is to reduce environmental incidents to zero through continuous improvement of the Company's operation standards and practices. It also states that it applies international standards and practices, which often go beyond local compliance requirements (p.29). Additionally, the Company discusses workforce development in Guyana, stating that its strategy to develop a diverse and talented workforce has two components: (i) the recruitment and development of Guyanese personnel who can play a role in its local operation; and (ii) the continued development of a global pool of talent capable of meeting the Company's future business needs wherever it operates (p.53). The Company also discusses its environmental efforts in Guyana, which include safeguarding the ability of the environment to provide ecosystem services such as food, water, shelter, clean air, and cultural identity.

With respect to the Company's operations in Guyana, the Company discloses that its net acreage totaled 4.6 million offshore acres at year-end 2022 and that during the year, a total of 6 net exploratory and development wells were completed (2022 10-K, p.16). It further states that significant progress was made on key new developments during 2022, including in Guyana, where exploration success continued with ten additional discoveries in 2022 in the Stabroek block. In addition, it discusses the Liza Phase 2 Unity floating production storage and offloading ("FPSO") vessel starting production in February 2022, as well as the Company's combined Liza Phase 1 and 2 developments producing above previous expectations and averaging more than 360 thousand oil-equivalent barrels per day in the fourth quarter. It states that on Payara, the third project, development drilling continued and anticipated start-up timing has been accelerated to year-end 2023, and Yellowtail, the fourth and largest world-class development project, is expected to achieve first oil in 2025 (p.49). Further, the Company states that the Liza Unity FPSO vessel was awarded the SUSTAIN-1 notation by the American Bureau of Shipping, making it the first FPSO in the world to achieve this recognition for its sustainable design and operating procedures (p.17).

In April 2022, ExxonMobil Guyana conducted an exercise to field test spill response equipment, processes, and team readiness. The Company stated that the aim was to ensure readiness to respond in the unlikely event of an offshore oil spill, utilising available resources such as in-country personnel, vessels, and response equipment stored in Guyana. Further, the President of ExxonMobil Guyana stated that its approach to emergency response was to prevent, prepare, and practice, adding that "prevention is our primary objective but training for potential scenarios is also an important component of that approach.” The Company also discusses risk management and safety and provides its oil spill response field manual. It also details its Operations Integrity Management System ("OIMS"), which establishes expectations that apply across all its operations to address risks inherent to the Company's business, including environmental risks (p.15). The Company states that OIMS conforms to environmental standards, including the International Organization for Standardization (ISO) 14001 (p.29).

We note that a part of the rationale for this proposal is the proponent's concern regarding comments made by the Company's CEO that the Company has been "exceeding design capacity for production in two offshore projects in Guyana" with production at one project reaching 150,000 barrels per day, which is above its listed peak production safety threshold of 120,000 barrels per day. Additionally, the proponent cites a statement from a former director of Guyana’s environmental protection agency ("EPA") in which he explains that exceeding the threshold is "unheard of" and that there are safety concerns such as a gas compressor failure, which has already resulted in fines over $10 million (" Over US$10M in Flaring Fines Paid by ExxonMobil." *Guyana Times*. July 27, 2022).

However, in the Company's response to this proposal, it states:

> *We also want to clear up any misunderstanding of engineering terminology. When we indicate an asset is producing “above design capacity,” we simply mean that the volume is above the investment basis, meaning its performance is exceeding expectations. The actual volume that is safe to produce is well above the design capacity. It in no way indicates that the asset is producing at an unsafe level. After production begins, we regularly look for opportunities to increase production beyond initial EIA estimates while remaining within safe operational limits.*

Summary

Analyst Note	The Company provides reasonable disclosure, albeit in a variety of sources, on its operations in Guyana and its safety considerations. However, given recent high-profile court rulings, we believe that more centralized reporting on this matter could benefit shareholders.

RECOMMENDATION

This proposal requests that the Company issue a report evaluating the economic, human, and environmental impacts of a worst-case oil spill from its operations offshore of Guyana, clarifying the extent of the Company's cleanup response commitments given the potential for severe impact on Caribbean economies.

The Company does provide a reasonable amount of disclosure on this issue. However, it is contained in a variety of sources and would likely require shareholders to expend significant energy to fully understand the Company's safety-related considerations in the region. For example, the Company states that:

> *The information requested by the proposal is already publicly available in published reports prepared by the Company and credible third-party experts [...] This includes multiple Environmental Impact Assessments (EIAs), the Oil Spill Response Plan for Guyana Operations (OSRP), and other publications and filings that are available on our website and the website of the Guyana Environmental Protection Agency (EPA) as part of the legally required permitting process.*

However, in light of recent high-profile court rulings and the attention paid to this matter, we believe that more centralized reporting could benefit shareholders. Moreover, given that the Company states much of this disclosure has already been produced, we are not convinced that production of the requested report would be overly burdensome for the Company.

We understand that the legal matters in Guyana are still in flux and far from being resolved. However, we believe that production of the requested report would help provide shareholders with reassurance that these matters were being handled in a manner that served their best interests and would allow them more insight, without having to navigate a variety of websites and reports, a more thorough understanding of how the Company intends to mitigate safety-related risks with regard to its Guyanese operations. Accordingly, we believe support for this proposal is warranted at this time.

We recommend that shareholders vote **FOR** this proposal.

11.00: SHAREHOLDER PROPOSAL REGARDING RECALCULATED EMISSIONS BASELINE

FOR

PROPOSAL REQUEST:	That the Company disclose a recalculated emissions baseline excluding aggregated GHG emissions from material asset divestitures occurring since 2016	**SHAREHOLDER PROPONENT:**	Andrew Behar, and lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Additional disclosure will allow greater insight into existing climate targets

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- A number of industry bodies have suggested recalculations of baselines in the event of a divestiture or acquisition, thus, providing this disclosure would be aligned with industry best practices and expectations; and
- We believe that additional information could benefit shareholders by allowing them greater insight into how the Company is meeting its climate targets.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: Shareholders request that ExxonMobil, at reasonable cost and omitting proprietary information, disclose a recalculated emissions baseline that excludes the aggregated GHG emissions from material asset divestitures occurring since 2016, the year ExxonMobil uses to baseline its emissions.*

Supporting Statement: Proponents recommend disclosing, at management's discretion:

- The emissions associated with the Company's material asset divestments since 2016;
- What portion, if any, of the Company's current emissions reduction targets relies on accounting for asset transfers as emissions reductions;
- A base year emissions recalculation policy establishing a threshold for future recalculations related to divestitures.

Proponent's Perspective

- Divestments should not be counted as emissions reductions because transferring emissions from one company to another may reduce balance sheet emissions but 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;
- In aggregate, upstream oil and gas assets are moving from operators with stronger climate commitments to operators with weaker climate targets and disclosures;
- The Glasgow Financial Alliance for Net Zero states that "divestment of carbon-intensive assets can be ineffective and even lead to real-world increases in emissions";
- To accurately account for GHG emissions reductions, the GHG Protocol provides that companies should recalculate base year emissions in the event of a "transfer of ownership or control of emissions-generating activities," and oil and gas industry association IPIECA recommends "adjustments to the base year emissions" to account for asset divestiture, to avoid giving the appearance of "increases or decreases in emissions, when in fact

Board's Perspective

- The proponent is aligned with the Company's long-held position that divesting assets to manipulate company-specific absolute emissions is not a constructive way to reduce global emissions;
- The Company makes divestment decisions to maximize value and improve competitiveness, not to manage emissions;
- Divesting assets to reduce emissions and meet an emissions target does not reduce global emissions and could result in potentially higher emissions, depending on the capabilities of the acquiring company;
- The Company does not adjust for divestments and does not adjust for acquisitions or added capacity, which is consistent with a majority of the industry and aligns with the U.S. EPA Greenhouse Gas Reporting Program ("GHGRP") regulations;
- The proponent's request to recalculate the baseline to remove divested assets would be inconsistent with the GHGRP regulatory requirements and reporting practices for reserves and financial data; and
- Consistent with regulatory requirements, through 2022 and using

emissions would merely be transferred from one company to another";

- Since 2016, the Company reports absolute Scope 1 and 2 emissions reductions of roughly 10% on both equity and operated bases, but between 2017 and 2021, it sold more assets than any other American oil and gas company except Chevron, and it is unclear how the Company accounts for these divestitures in its emissions reporting;
- Shareholders cannot determine whether the Company's reported GHG reductions are the result of operational improvements or of transferring emissions off its books; and
- One of the Company's peers recalculates its baseline when asset divestitures or investments result in "a change to its emissions baseline of 5% or higher" to ensure accuracy and comparability of emissions reporting and also states that its recalculation methodology affirms its commitment to structurally drive down emissions rather than divesting assets as a means to achieve emissions reduction targets.

As You Sow has filed an exempt solicitation on behalf of the proponent urging support of this proposal.

a baseline year of 2016 for Scope 1 and Scope 2 emissions from operated assets, the Company disclosed that it has achieved a greater than 10% reduction in its GHG emissions intensity and approximately a 15% reduction in absolute emissions.

THE PROPONENT

Andrew Behar is the proponent of this proposal and the CEO of As You Sow.

As You Sow

As You Sow is a non-profit advocacy organization that "harness[es] shareholder power to create lasting change by protecting human rights, reducing toxic waste, and aligning investments with values." As You Sow is not an investor, and, therefore, does not have any assets under management, but uses investors' holdings to file shareholder proposals to "drive companies toward a sustainable future." It states that, since 1992, it has "utilized shareholder advocacy to increase corporate responsibility on a broad range of environmental and social issues." Areas of focus for As You Sow include ocean plastics, toxic chocolate, the climate and social impacts of retirement funds, climate change, executive compensation, and antibiotics and factory farms, among others.

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2022, As You Sow submitted 15 shareholder proposals that received an average of 45.5% support, with five of these proposals receiving majority shareholder support.

The Company states that the proponent is the beneficial owner of 40 shares of the Company's stock.

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that management and reporting of environmental and social issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas; manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products; and pursuit of lower-emission business opportunities including carbon capture and storage, hydrogen, and biofuels. Affiliates of the Company conduct extensive research programs in support of these businesses (2022 10-K, p.1). Given the nature and scope of the Company's operations, it could be subject to significant risks with respect to both climate change and the regulatory implications or investor pressures that come as a result of climate change.

For more information concerning climate change conventions and regulations, please see *Glass Lewis' In Depth: Climate Change*.

STANDARDS FOR RECALCULATING GHG BASELINES

This proposal mentions the Greenhouse Gas Protocol, Glasgow Financial Alliance for Net Zero, and the International Petroleum Industry Environmental Conservation Association as providing guidance or standards that companies can follow to increase transparency for divestments, including emissions baseline recalculations.

Greenhouse Gas Protocol ("GHG Protocol")

The GHG Protocol provides the world's most widely used GHG accounting standards, and its tools enable companies to develop comprehensive and reliable inventories of their GHG emissions. The GHG Protocol recommends that companies develop a base year emissions recalculation policy and that they clearly articulate the basis and context for any recalculations. In addition, it states that certain situations should trigger a recalculation of base year emissions, which include:

- A structural change that involves the transfer of ownership or control of emissions-generating activities or operations from one company to another, such as a merger, acquisition, divestment, or the outsourcing and insourcing of emitting activities;
- Changes in calculation methodology or improvements in the accuracy of emission factors or activity data that result in a significant impact on base year emissions data; and
- The discovery of significant errors, or a number of cumulative errors, that are collectively significant.

Further, the guidelines recommend that once a company adopts a policy to recalculate base year emissions, the policy should be applied in a consistent manner to include recalculations for both GHG emissions increases and decreases (p.35).

Glasgow Financial Alliance for Net Zero ("GFANZ")

The GFANZ states that "a responsible approach for net zero-committed financial institutions and companies is to manage down the GHG emissions from their portfolios, not pass them to someone else." It recommends that companies use a managed phaseout approach for the operation and financing of high-emitting assets with clear commitments around their retirements, as opposed to divesting from such assets. Further, it states that while divestment can encourage decarbonization, it can also potentially have unintended consequences of prolonging the life of high-emitting assets and "even worsen their GHG emissions profile if they are transferred to those with less climate ambition, disclosure, or scrutiny" (p.5).

International Petroleum Industry Environmental Conservation Association ("IPIECA")

IPIECA is a global oil and gas association for advancing environmental and social performance across the energy transition. Its guidance states there should be no adjustments to the base year emissions in the following cases:

- An operating unit of a company is shut down;
- A new operating unit is started;
- An acquisition of a company or parts of a company that came into existence after the base year of the acquiring company was set;
- ‘Outsourcing’ of operations that came into existence after the base year was set;
- ‘Insourcing’ of operations that came into existence after the base year was set; and
- For the outsourcing or insourcing of activities, as long as the company is reporting its indirect emissions from the relevant insourced or outsourced activities.

However, IPIECA further states that to track emissions from a consistent set of activities, adjustments to the base year emissions are necessary to ensure that comparisons of annual emissions to the base year emissions are valid and that "these situations involve the transfer of emission sources that existed at the time the base year was established from one company to another." It notes that unless adjustments to the base year emissions are made, such changes could give the appearance of increases or decreases in emissions, when in fact no changes occurred for the same set of activities; rather, emissions would merely be transferred from one company to another. IPIECA states that to prevent this problem, the base year emissions should be adjusted when the following situations occur:

- Significant structural changes to the organization including mergers, acquisitions, and divestitures;
- Transfer in the ownership or control of emissions sources;
- Outsourcing of emitting activities when the company is not reporting emissions from the relevant outsourced activities; and
- Insourcing of emitting activities when the company is not reporting emissions from the relevant insourced activities.

U.S. EPA Greenhouse Gas Reporting Program ("GHGRP")

In its response to this proposal, the Company states that it does not adjust for divestments and does not adjust for acquisitions or added capacity, which is consistent with a majority of the industry and aligns with the U.S. EPA Greenhouse Gas Reporting Program ("GHGRP") regulations (2023 DEF 14, p.90). The GHGRP requires reporting of GHG data and other relevant information from large GHG emission sources, hydrofluorocarbon importers, fuel and industrial gas suppliers, and CO2 injection sites in the U.S. Approximately 8,000 facilities are required to report their emissions annually, and the reported data are made available to the public in October of each year.

The GHGRP prescribes methodologies that must be used to determine GHG emissions from each source category, but reporters generally have the flexibility to choose among several methods to commute GHG emissions. The EPA states that reporters can change emission calculation methods from year to year and within the same year, as long as they meet the requirements for use of the method selected.

COMPANY DISCLOSURE

In response to this proposal, the Company states that its long-held position is that divesting assets to manipulate company-specific absolute emissions is not a constructive way to reduce global emissions and this is why it has committed to reducing its emissions intensity, which inherintly accounts for these matters. It further notes that it does not adjust its baseline for divestments, but it also does not adjust for acquisitions or added capacity. The Company further notes that it makes divestment decisions to maximize value and improve competitiveness, not to manage emissions. Additionally, the Company states that recalculating the baseline to remove divested assets would be inconsistent with the GHGRP regulatory requirements and reporting practices for reserves and financial data (2023 DEF 14, p.90).

For a full analysis of the Company's climate-related disclosures and policies, please see Proposal 9.

RECOMMENDATION

In this case, we believe that additional disclosure concerning a recalculated baseline could be warranted. We are not of the view that recalculating the Company's emissions reduction targets would necessarily benefit shareholders, and are not convinced that changing its targets in accordance with this baseline is necessary. However, this proposal does specifically request such an action. As such, in our view, disclosure of a recalculated baseline emissions figure could provide useful context for shareholders concerning the Company's progress on its goals.

It appears that numerous industry bodies have suggested recalculations of baselines in the event of a divestiture or acquisition, thus, providing this disclosure would be aligned with industry best practices and expectations. Moreover, we do not believe the Company has provided a compelling rationale as to why providing this disclosure would not be in shareholders' interests.

Given the above, we believe that additional information could benefit shareholders by allowing them greater insight into how the Company is meeting its climate targets. Accordingly, we believe support for this measure is warranted at this time.

We recommend that shareholders vote **FOR** this proposal.

12.00: SHAREHOLDER PROPOSAL REGARDING AUDITED REPORT ON ASSET RETIREMENT OBLIGATIONS

FOR

PROPOSAL REQUEST:	That the Company issue an audited report estimating the quantitative impacts of the IEA NZE scenario on all asset retirement obligations	**SHAREHOLDER PROPONENT:**	Legal & General Investment Management America, Inc., as lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Adoption of this non-binding proposal could provide decision-useful information for investors

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

At the Company's 2022 annual meeting, a proposal requesting the Company seek an audited report assessing how applying the assumptions of the International Energy Agency’s Net Zero by 2050 pathway would affect the assumptions, costs, estimates, and valuations underlying its financial statements, including those related to long-term commodity and carbon prices, remaining asset lives, future asset retirement obligations, capital expenditures and impairments received 51.0% shareholder support, excluding abstentions and broker non-votes.

GLASS LEWIS REASONING

- We believe that issues related to AROs could represent a financially material risk for the Company and its shareholders and that adoption of this non-binding proposal could provide decision-useful information for investors.

PROPOSAL SUMMARY

Text of Resolution: *Resolved: Shareholders request that the Board provide an audited report estimating the quantitative impacts of the IEA NZE scenario on all asset retirement obligations. The report should disclose, as the Board deems appropriate, the estimated undiscounted costs to settle, in aggregate, related upstream and downstream AROs, and separately, identify both recognized and unrecognized amounts, as applicable. The Board should publish the report by February 2024 at reasonable cost and omitting proprietary information. Alternately this information could be disclosed in the 2023 consolidated financial statements.*

Supporting Statement: The proponent recommends the report be supported with reasonable assurance from an independent auditor. In the board and management’s discretion, the proponent recommends that such a report also disclose quantitative key assumptions used to estimate the AROs and whether, based on known information, it is reasonably possible that assumptions and estimates will change in the near term.

Proponent's Perspective

- Last year, 51% of Company shareholders supported a proposal asking for an audited report on how the International Energy Agency Net Zero by 2050 pathway would affect the assumptions, costs, estimates, and valuations underlying the Company's financial statements, including Asset Retirement Obligations ("AROs"), but despite the majority vote, shareholders continue to lack the requisite transparency to assess the financial impact associated with the energy transition and the potential for accelerated remediation and closure obligations;
- Oil and gas companies are legally required to decommission long-lived tangible assets at the end of their useful lives, but given

Board's Perspective

- The Company's Advancing Climate Solutions 2023 progress report contains a detailed account of its most recent resiliency modeling and expands disclosures on this topic in direct response to previous requests from shareholders, making this proposal's request for prescriptive additional disclosure unnecessary;
- It is not reasonable to require the Company to arbitrarily establish asset retirement obligations for assets with indeterminate lives, contrary to the Company's International Energy Agency Net Zero Emissions by 2050 ("IEA NZE") scenario analysis;

uncertainty around the lives of assets in midstream and downstream segments (e.g., refineries, pipelines, and wells), most oil and gas companies have only recognized upstream AROs on a discounted basis;
- The Company has generally not recognized the relevant liabilities or disclosed estimated costs for downstream and chemical facilities, maintaining that these sites have indeterminate lives based on plans for continued operations and that, as such, the fair value of the conditional legal obligations cannot be measured, since it is impossible to estimate the future settlement dates of such obligations;
- Some peers have disclosed the estimated undiscounted ARO decommissioning amounts and estimated timing thereof, and others have also noted that some previously unrecognized AROs (‘decommissioning and restoration’ provisions) would have to be recognized, given the energy transition; and
- Ideally, corporate disclosures include discount rates, asset types, the range of potential settlement dates, and probabilities associated with those dates, given the potential accelerated timing of the energy transition.

The proponent has filed an exempt solicitation urging support of this proposal.

- This proposal seeks to replace the Company's thoughtful, data-based approach to its scenario analysis with the proponent’s expectations for the energy transition or with strategies that peers are pursuing to shrink or exit businesses;
- It is important to note that the IEA acknowledges that society is not on an IEA NZE pathway and that the IEA NZE scenario assumes unprecedented energy efficiency gains, innovation and technology transfer, lower-emission investments, and globally coordinated GHG reduction policy by governments;
- The life span of many of the Company's refineries and chemical plants is indeterminate, and market conditions as described in the IEA NZE scenario do not necessarily make an individual asset obsolete;
- The Company's recently updated resiliency disclosures, which were made in response to shareholder feedback, describe the flexibility the Company has to change the product mix in its integrated, petrochemical assets to extend their useful lives as the energy transition evolves; and
- It would be premature and inappropriate to assume specific asset-life limitations even under the IEA NZE scenario.

The Company has provided additional information concerning its opposition to this resolution

THE PROPONENT

Legal & General Investment Management

Legal & General Investment Management ("LGIM") s a UK-based financial services group with over £1.2 trillion in total AUM, of which one-third is international. With regard to its investment stewardship, it states that it "focuses on client outcomes and broader societal and environmental impacts in its engagements with companies and policymakers," and that it "spans consideration of systemic risks and macro developments through to company specific issues."

With regard ot its active ownership, in 2021, LGIM states that it engaged with 571 companies worldwide. It also highlights several of its areas of focus, including (i) climate change; (ii) biodiversity; (iii) diversity; and (iv) health. In further states that in 2022, its stewardship team engaged with 902 companies and that its top five engagement topics were: (i) climate change; (ii) deforestation; (iii) remuneration; (iv) shareholder rights; and (v) company disclosure and transparency. With regard to filing shareholder proposals, it notes that they are part of its engagement strategy and that they represent the "ultimate tool to proactively change the status quo and hold boards to account." It further notes that where it has filed or collaborated on select proposals it has "found that they have been an effective means of escalation- both at the individual company level and for market-wide change more broadly."

The Company states that the proponent is the beneficial owner of 1,082,666 shares in the Company's stock.

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that management and reporting of environmental and social issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

DECOMMISSIONING LIABILITIES

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas; manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products; and pursuit of lower-emission business opportunities including carbon capture and storage, hydrogen, and biofuels. Affiliates of the Company conduct extensive research programs in support of these businesses (2022 10-K, p.1). The Company is one of the world’s largest refiners, and it has nearly 5 million barrels per day of distillation capacity at 21 refineries.Given the nature and scope of the Company's operations, it could be subject to significant risks with respect to both climate change and the regulatory implications or investor pressures that come as a result of climate change. (For more information concerning climate change conventions and regulations, please see *Glass Lewis' In Depth: Climate Change*).

Among these risks are issues related to decommissioning its upstream and downstream assets, such as refineries, pipelines, and wells This proposal asks the Company for audited information concerning the liabilities the Company may face as a result of having to decommission these assets at earlier-than-anticipated dates.

These issues could present risks for the entire industry, and, in turn, its investors. In May 2020, as COVID-19 steeply drove down the demand for and prices of oil gas, it was estimated that, on a global basis, decommissioning projects that would accumulate for the next four years could reach $42 billion. However, it may not hit all companies equally, as the cost of decommissioning assets can vary significantly. For example, it is estimated that subsea wells cost an average of $11 million each to abandon, compared with $5 million for an average platform well ("Global Oil & Gas Decommissioning Costs to Total $42 Billion Through 2024." *Middle East Oil & Gas*. May 23, 2020). Meanwhile, a 2017 study using Federal Energy Regulation Commission put cost estimates for 28 gas export pipelines in the Gulf of Mexico at $301,000 per mile and $47 per cubic foot. In addition, an environmental remediation company noted that decommissioning a Texas refinery cost approximately $20 million.

Generally speaking, the operator would likely be responsible for bearing the costs of this decommissioning. However, depending on acquisition terms, a company's financial solvency, and local laws and regulations, the cost could ultimately be borne by a company that originally sold the asset or could even result in taxpayer funds being required to decommission the asset.

These clearly could result in significant costs, which could ultimately be borne by shareholders. However, these potential costs are not always transparent or easily discernable under current accounting standards. This proposal is seeking to provide additional transparency into these potential costs.

CLIMATE CONSIDERATIONS IN FINANCIAL STATEMENTS

Investors often lack sufficient, credible information to make actionable decisions based on companies' climate-related disclosures. As noted by the Center for American Progress, there are a number of significant challenges in interpreting these reports. Specifically (i) most voluntary climate reports have limited cross-comparability between firms; (ii) it is difficult to relate information in a climate report to financial statements; (iii) companies tend to include best-case scenarios; and (iv) reports are often not audited. It further states:

> *High-quality disclosure that reduces information asymmetries between the providers and users of capital improves the efficiency of capital allocation, reduces the cost of that capital, and boosts investment. This synergistic effect of information disclosure in well-functioning capital markets is needed now more than ever to weather the extreme disruption of the energy transition that has already begun.*

As such, it states that accounting and auditing are key tools in communicating reliable climate information to investors and the market. The group also states that, from an auditing and reliability perspective, it is essential that companies undertake a robust scenario analysis. Further, it states that without high-quality assurance to validate the rigor of the processes and the reasonableness of the assumptions and estimates used in scenario analysis, disclosures are likely to be superficial and overly optimistic, as they have been to date. It outlines three ways that audits improve reporting:

- Auditors have inside access to management records, allowing them to probe, test, and challenge management's statements in financial reports, including both line items and footnote disclosure;
- Audits go beneath the surface of management claims in ways that even regulatory file reviews cannot, providing market confidence in reporting; and
- The auditor is responsible for evaluating a company's ability to continue as a going concern and for disclosing when, based on that evaluation, there is substantial doubt about a company's ability to do so.

Asset Retirement Obligations Under U.S. GAAP

This proposal requests that the Company issue an audited report that contains the undiscounted expected costs to settle obligations for Asset Retirement Obligations ("AROs") with indeterminate settlement dates. An ARO is a legal or contractual obligation associated with the retirement of a tangible long-lived asset that results from the acquisition, construction, development, or normal operation of that asset. The Financial Accounting Standards Board ("FASB") has established specific guidance on accounting for environmental obligations and AROs within its Accounting Standards Codification 410. In developing the U.S. GAAP guidance on AROs, FASB acknowledged that the information necessary to record an ARO may not be available until a future date. Therefore, U.S GAAP provides guidance on when to recognize AROs and the disclosures to make when sufficient information is not available to make a reasonable estimate of an ARO. Unlike many environmental obligations, AROs can also arise from statute, ordinance, written or oral contract, or by the legal construction of a contract.

However, accounting standards dictate that these AROs should not be estimated based on purely speculative events or regulations. According to Deloitte,"an ARO is recognized at fair value when incurred or when a reasonable estimate of its fair value can be made." It further states:

> *"Entities should evaluate the existence of legal obligations on the basis of current laws, regulations, contractual obligations, and related interpretations and facts and circumstances and should not forecast changes in laws or interpretations of such laws and regulations. The impacts of changes in laws or regulations should be considered in the period in which such laws or regulations are enacted."*

However, the application of accounting rules on this matter can be complex and require significant management estimates and judgment, as determining whether a legal obligation to retire a long-lived asset has been incurred may not always be clear and unambiguous. For example, if a company makes a promise to a third party, including the public at large, about its intentions to undertake asset retirement activities, considerable judgment may be required in the determination of whether the firm has created a legal obligation.

REGULATIONS CONCERNING COMPANIES' CLIMATE-RELATED DISCLOSURE

Under the Biden administration, there has been a significantly increased focus on corporate disclosures concerning companies' climate risks. For example, in February 2021, the SEC announced the creation of a new role of Senior Policy Advisor for Climate and ESG in the office of Acting Chair Allison Herren Lee. The following month, the SEC announced the creation of a Climate and ESG Task Force in the Division of Enforcement, which will develop initiatives to proactively identify ESG-related misconduct. Its initial focus will be to identify any material gaps or misstatements in issuers' disclosure of climate risks under existing rules, while it will also evaluate and pursue tips, referrals, and whistleblower complaints on ESG-related issues, and provide expertise and insight to teams working on ESG-related matters across the Division. Additionally, the SEC is asking its staff to evaluate its disclosure rules "with an eye toward facilitating the disclosure of consistent, comparable, and reliable information on climate change." To facilitate the staff's assessment, the SEC provides several questions that would be useful to consider; such as: "What are registrants doing internally to evaluate or project climate scenarios, and what information from or about such internal evaluations should be disclosed to investors to inform investment and voting decisions?"

In 2021, Gary Gensler, the chair of the SEC, indicated that he will work to provide investors with meaningful climate risk disclosures, and these efforts may be supported by regulators or new rules to that effect (Kirkland & Ellis. "Improving Climate Governance Under the Biden Administration." *Corporate Secretary*. March 23, 2021). In preparation for increased regulation and enforcement propelling existing market trends, companies have taken a number of actions including assigning some responsibility for oversight of published climate data to the board's audit committee (Kirkland & Ellis. " Improving Climate Governance Under the Biden Administration." *Corporate Secretary*. March 23, 2021). This is consistent with the Task Force on Climate-related Financial Disclosures, which states:

> *A company should ensure its strategy and scenario disclosures comply with sound corporate reporting principles and are subject to appropriate controls and quality checks, including oversight and review by boards, audit committees, and management.*

On March 21, 2022, the SEC announced proposed rules on climate disclosure, which are intended to provide companies "with a more standardized framework to communicate their assessments of climate-related risks as well as the measures they are taking to address those risks" in addition to increasing the "consistency, comparability, and reliability of climate-related information for investors." Alongside a number of other disclosures, the proposed rules would require companies to provide in their regulatory filings:

- Footnotes in financial statements detailing the impact of climate-related events (severe weather events as well as physical risks) and transition activities on the line items of their consolidated financial statements. These footnotes would also detail related expenditures, as well as the effect of climate-related events and transition activities on the companies' financial estimates and assumptions
- Climate-related risks that are reasonably likely to have a material impact on the company's business or consolidated financial statements over the short, medium, and long term. Companies would also have to describe how any identified climate-related risks have affected or are likely to affect the company's strategy, business model, and outlook, as well as their processes for identifying, assessing, and managing climate-related risks. The proposed rules would also require companies to provide specified details if they have: (i) adopted a transition plan; (ii) used scenario analysis; or (iii) used an internal carbon price.

The proposed rules also would require a registrant to disclose information about its Scope 1 and Scope 2 GHG emissions, as well as its Scope 3 GHG emissions if material or if the registrant has set a GHG emissions target or goal that includes Scope 3 emissions. The proposed rule changes have faced opposition since being announced. In particular, critics have focused on the Scope 3 disclosure requirements, pointing out the cost and complexity of calculating and reporting such emissions (Bill Flook. " Scope 3 Emissions Disclosure Emerges as Top GOP Target in SEC Climate Risk Rules." *Thomson Reuters*. August 24, 2022). Originally planned for October 2022, the finalization and implementation process for the SEC's climate-related disclosures proposal is now expected to start sometime in 2023 (Zach Warren. " Upcoming SEC Climate Disclosure Rules Bring Urgency to ESG Data Strategy Planning." *Reuters*. January 30, 2023). However, the exact contents of the rule remain uncertain. In February 2023, SEC chair Gary Gensler stated that the agency would consider easing some requirements after it received nearly 15,000 public comments on its proposed disclosures (Chelsey Cox. "SEC Weighs Making 'Adjustments' to Controversial Climate Risk Disclosure Rule, Chairman Gensler Says." *CNBC.* February 10, 2023).

CLIMATE SCENARIOS

According to the IPCC, a climate scenario is a plausible representation of future climate that has been constructed for explicit use in investigating the potential impacts of anthropogenic climate change. Climate scenarios often make use of climate projections (descriptions of the modeled response of the climate system to scenarios of GHG and aerosol concentrations), by manipulating model outputs and combining them with observed climate data. There are a wide variety of scenarios depicting myriad considerations and differing outcomes. In many instances, these scenarios are modeled after the goals of the Paris Agreement, which aims to limit warming well below 2°C, and ideally 1.5°C.

In scenarios that limit warming to 1.5°C, carbon emissions reach net zero on average between 2050 to 2052. Whereas, in scenarios that limit warming to 2°C, carbon emissions reach net-zero on average between 2070 (in scenarios with a greater than 66% likelihood of limiting warming to 2°C) to 2085 (50-66% likelihood).

All climate scenarios can be broadly assigned into two categories: (i) scenarios that articulate different policy outcomes (i.e., level of temperature increase) and the energy and economic pathways that would likely result in achieving temperature increases around the desired outcome, (transition scenarios); and (ii) scenarios that start with a range of atmospheric GHG concentration and articulate the likely resulting temperature ranges. IEA scenarios, including the scenario by this proposal, tend to follow the first approach and IPCC scenarios, including the IPCC Lower 2°C scenarios, which are referenced by the Company, the second approach.

This proposal requests that the Company issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the International Energy Agency ("IEA") Net Zero 2050 scenario, would affect its financial position and underlying assumptions. Although the proponent does not provide substantial background regarding why it is requesting that the Company conduct analysis of this specific scenario, it notes that the Company has neither committed to net-zero emissions by 2050 across its value chain (which includes emissions from customer use of its products) nor has it disclosed how its financial assumptions would change from doing so (p.73).

IEA Net Zero 2050 Scenario

One of the most commonly-used IEA scenarios in discussing Paris alignment is the Sustainable Development Scenario ("SDS"). The IEA maintains that the SDS is fully aligned with the Paris Agreement's objective to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Specifically, the SDS holds the temperature rise to below 1.8°C with a 66% probability without reliance on global net-negative CO_2 emissions, which is equivalent to limiting the temperature rise to 1.65°C with a 50% probability.

However, the SDS has received criticism for not strictly adhering to a 1.5°C target. For example, in November 2019, a letter was sent to the IEA's executive director from over 60 members of the business, investment, and NGO communities as a follow-up to a similar letter sent in April 2019. The signatories of the letter called on the IEA to increase the ambition of the SDS to present a reasonable probability of reaching net-zero emissions by 2050 (not 2070) and limiting warming to 1.5°C (not 1.8°C), while also noting that it should include a precautionary approach to negative emissions technologies, and the steps needed to follow that pathway.

In response to this criticism, the IEA introduced in its World Energy Outlook, published in October 2020, a scenario which corresponds to the energy sector globally reaching net-zero emissions by 2050. It refers to this new scenario as Net Zero Emissions by 2050 (" NZE 2050"). In NZE 2050, total CO_2 emissions would need to fall by around 45% from 2010 levels by 2030, meaning that energy sector and industrial process CO_2 emissions would need to be approximately 20.1 Gt, or 6.6 Gt lower than in the SDS in 2030. In January 2021, the IEA announced that it would produce a comprehensive roadmap for the energy sector to reach NZE 2050, including what is needed to put emissions on a path in line with a temperature rise of 1.5°C.

In May 2021, the IEA published its roadmap for the global energy sector to reach net zero emission by 2050, which sets out more than 400 milestones, including no new investment in new fossil fuel supply projects and no further final investment decisions for new unabated coal plants, from today. Additionally, it states that energy will look entirely different by 2050, with nearly 90% of electricity generation coming from renewable sources, and most of the remainder coming from nuclear power.

COMPANY AND PEER ANALYSIS

Company Disclosure

In response to this proposal, the Company states that its Advancing Climate Solutions 2023 progress report contains a detailed account of its most recent resiliency modeling and expands disclosures on this topic in direct response to previous requests from shareholders. The report also states that assets with a low cost of supply, like those in the Company's portfolio, will be required to meet society’s needs. In particular, assets with shorter production cycles, such as unconventional developments in the Permian Basin, and a lower cost of supply, like deepwater production in Guyana, would continue to attract capital and generate competitive returns under a multitude of different scenarios, including the IEA NZE scenario. Additionally, the Company affirms that it incurs retirement obligations for certain assets and that, to the extent that the timing of these can be reasonably estimated, the Company records on its balance sheet the fair value of those obligations on a discounted basis. It also states that asset retirement obligations ("AROs") for other types of assets, such as refineries and chemical plants, cannot be reasonably estimated because they have indeterminate life spans, based on plans for continued operations, and those assets, by design, provide greater optionality and lend themselves to the possibility of other use. The Company also explains that the future value and flexibility of individual assets in the Company's portfolio vary based on their type, location, and other characteristics that respond differently to global and regional economic signals, technology evolution, commodity prices, government policies, and many other variables. As a result, the Company states that the life span of many of its refineries and chemical plants is indeterminate and that market conditions as described in the IEA NZE scenario do not necessarily make an individual asset obsolete (2023 DEF 14A, p.92).

In its most recent annual report, the Company discusses AROs and states that the fair values of these obligations are recorded as liabilities on a discounted basis, which is typically at the time the assets are installed. In the estimation of fair value, the Company uses assumptions and judgments regarding such factors as the existence of a legal obligation for an asset retirement obligation, technical assessments of the assets, estimated amounts and timing of settlements, discount rates, and inflation rates (2022 10-K, p.72). With respect to long-lived asset impairment assessments, the Company states that long-lived assets that are held for sale are evaluated for possible impairment by comparing the carrying value of the asset with its fair value less the cost to sell. It continues to state that if the net book value exceeds the fair value less the cost to sell, the assets are considered impaired and adjusted to the lower value. Judgment is required to determine if assets are held for sale, as well as to determine the fair value less the cost to sell. The Company also states that due to the inherent difficulty in predicting future commodity prices or margins, and the relationship between industry prices and costs, it is not practicable to reasonably estimate the existence or range of any potential future impairment charges related to the Company's long-lived assets (p.72). Further, the Company states that it tests assets or groups of assets for recoverability on an ongoing basis whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Among the events or changes in circumstances that could indicate that the carrying value of an asset or asset group may not be recoverable are the following:

- A significant decrease in the market price of a long-lived asset;
- A significant adverse change in the extent or manner in which an asset is being used or in its physical condition, including a significant decrease in current and projected reserve volumes;
- A significant adverse change in legal factors or in the business climate that could affect the value, including an adverse action or assessment by a regulator;
- An accumulation of project costs significantly in excess of the amount originally expected;
- A current-period operating loss combined with a history and forecast of operating or cash flow losses; and
- A current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

(2022 10-K, p. 84)

The Company also discloses that its long-term AROs were $9,650 million and $9,985 million at December 31, 2022 and 2021, respectively, and are included in "Other long-term obligations" on the consolidated balance sheet. It also states that the costs associated with its current-period AROs are capitalized as part of the related assets and depreciated as the reserves are produced. It then adds that over time, the liabilities are accreted for the change in their present value (2022 10-K, p.94).

Regarding board-level oversight of this issue, the environment, safety, and public policy committee assists the board in overseeing the Company's positions and practices regarding safety, security, health, and the environment (including but not limited to climate, emissions, and sustainability) and also provides oversight on the Company's overall contributions strategies, objectives, and policies. Further, the committee annually reviews the Company's GHG emissions performance and energy transition strategy and approach, including updates to climate science and energy transition technologies. The board oversees and provides guidance on the firm's strategy and planning, which include opportunities and risks related to climate change and the energy transition. The board, collectively and through its environment, safety, and public policy committee, regularly engages with senior management on climate matters and environmental approach and performance, including briefings with internal and external experts, which can cover elements of scientific and technical research, public policy positions, GHG emission-reduction performance, and new technology developments (p.54). The audit committee oversees the Company's system of internal accounting and financial controls and the Company's compliance with legal and regulatory requirements. It also discusses from time to time the Company's policies with respect to risk assessment and risk management, including assisting the board in overseeing the overall risk management approach and structure.

Peer Disclosure

To compare, **Chevron Corporation** (NYSE: CVX) discusses AROs in its most recent annual report and states that the firm records the fair value of a liability for an ARO both as an asset and a liability when there is a legal obligation associated with the retirement of a tangible long-lived asset and the liability can be reasonably estimated. The legal obligation to perform the asset retirement activity is unconditional, even though uncertainty may exist about the timing and/or method of settlement that may be beyond the firm's control. This uncertainty about the timing and/or method of settlement is factored into the measurement of the liability when sufficient information exists to reasonably estimate fair value. Chevron states that recognition of the ARO includes: (i) the present value of a liability and offsetting asset; (ii) the subsequent accretion of that liability and depreciation of the asset; and (iii) the periodic review of the ARO liability estimates and discount rates. Further, the firm states that AROs are primarily recorded for Chevron's crude oil and natural gas-producing assets. Additionally, no significant AROs associated with any legal obligations to retire downstream long-lived assets have been recognized, as indeterminate settlement dates for the asset retirements prevent estimation of the fair value of the associated ARO. Chevron also states that it performs periodic reviews of its downstream long-lived assets for any changes in facts and circumstances that might require recognition of a retirement obligation (2022 10-K, p.95).

It also states that in the determination of fair value for an ARO, Chevron uses various assumptions and judgments, including such factors as the existence of a legal obligation, estimated amounts and timing of settlements, discount and inflation rates, and the expected impact of advances in technology and process improvements. Further, it states that a sensitivity analysis of the ARO impact on earnings for 2022 is not practicable, given the broad range of Chevron's long-lived assets and the number of assumptions involved in the estimates. The firm clarifies that favorable changes to some assumptions would have reduced estimated future obligations, thereby lowering accretion expense and amortization costs, whereas unfavorable changes would have the opposite effect (2022 10-K, p.53).

Chevron discloses that the liability balance of approximately $12.7 billion for AROs at year-end 2022 is related primarily to upstream properties. For its other ongoing operating assets, such as refineries and chemicals facilities, no provisions are made for exit or cleanup costs that may be required when such assets reach the end of their useful lives, unless a decision to sell or otherwise decommission the facility has been made, as the indeterminate settlement dates for the asset retirement prevent estimation of the fair value of the ARO (2022 10-K, p.51). Finally, it states that for crude oil, natural gas, and mineral-producing properties, a liability for an ARO is made in accordance with accounting standards for asset retirement and environmental obligations (2022 10-K, p.67).

Regarding oversight, Chevron's board oversees strategic planning and risk management, both of which include climate change issues, and regularly receives briefings on climate-related issues, including policies and regulations, technology, and adaptation. Given the nature of climate change and its relevance to the firm's business, the entire board addresses climate change–related issues, with each of the board's committees focused on certain aspects (p.5). The public policy and sustainability committee provides oversight and guidance on, and receives reports regarding, environmental matters, including those related to sustainability and climate change, in connection with the firm's projects and operations. The committee also develops recommendations to the board in order to assist in formulating and adopting basic policies, programs, and practices concerning a range of public policy issues which include but are not limited to sustainability, climate change, and environmental protection. The audit committee assists the board in overseeing sustainability and climate change risks, as they relate to financial risk exposures.

To further compare, **ConocoPhillips** (NYSE: COP) discusses AROs and environmental costs in its most recent annual report and states that fair value is estimated using a present value approach, incorporating assumptions about estimated amounts and timing of settlements and impacts of the use of technologies. It states that estimating future asset removal costs requires significant judgment and that most of its removal obligations are many years, or decades, in the future, and the contracts and regulations often have vague descriptions of what removal practices and criteria must be met when the removal event actually occurs. Further, it explains that the carrying value of the firm's ARO estimate is sensitive to inputs such as asset removal technologies and costs, regulatory and other compliance considerations, expenditure timing, and other inputs into valuation of the obligation, including discount and inflation rates, which are all subject to change between the time of initial recognition of the liability and future settlement of the firm's obligation. The firm also states that, normally, changes in AROs are reflected in the income statement as increases or decreases to depreciation, depletion, and amortization over the remaining life of the assets. For assets at or nearing the end of their operations, as well as previously sold assets for which the firm retained the ARO, however, the firm explains that an increase in the ARO can result in an immediate charge to earnings, because any increase in properties, plants, and equipment due to the increased obligation would immediately be subject to impairment, due to the low fair value of these properties. Moreover, the firm explains that, in addition to AROs, under the above or similar contracts, permits, and regulations, the firm has certain environmental-related projects that are primarily related to remediation activities required by Canada and various states within the U.S. at exploration and production sites. It states that future environmental remediation costs are difficult to estimate because they are subject to change due to such factors as the uncertain magnitude of cleanup costs, the unknown time and extent of such remedial actions that may be required, and the determination of the firm's liability in proportion to that of other responsible parties (2022 10-K, p.61).

With respect to accounting for AROs in certain offshore properties, ConocoPhillips discloses that, at December 31, 2022, its AROs totaled $6.4 billion. Further, the firm states that it records AROs in the period in which they are incurred, typically when the asset is installed at the production location. The estimation of obligations related to certain offshore assets requires significant judgment, given the magnitude and higher estimation uncertainty related to plugging and abandonment of wells and removal and disposal of offshore oil and gas platforms and facilities (collectively, removal costs). Furthermore, it discusses how, as certain of these assets are nearing the end of their operations, the impact of changes in these AROs may result in a material impact to earnings, given the relatively short remaining useful lives of the assets. It also states that auditing the firm's AROs for the obligations identified is complex and highly judgmental due to the significant estimation required by management in determining the obligations. In particular, the estimates are sensitive to significant subjective assumptions, such as removal cost estimates and end of field life, which are affected by expectations about future market or economic conditions. Additionally, the firm states that it obtained an understanding, evaluated the design, and tested the operating effectiveness of the firm's internal controls over its ARO estimation process, including management's review of the significant assumptions that have a material effect on the determination of the obligations. Moreover, it states that it also tested management's controls over the completeness and accuracy of the financial data used in the valuation. To test the ARO for the obligations identified, the firm's audit procedures included, among other things, assessing the significant assumptions and inputs used in the valuation, including removal cost estimates and end of field life assumptions. For example, it states that the firm evaluated removal cost estimates by comparing to settlements and recent removal activities and costs, as well as comparing end of field life assumptions to production forecasts (2022 10-K, p.71).

Regarding oversight, the board oversees the position on climate change and related strategic planning and risk management policies and procedures, including those for managing climate-related risks and opportunities. It reviews sustainable development risk management processes, corporate strategy and climate risk strategy, enterprise risk management policy and output, energy transition scenarios, GHG emissions intensity target and progress, and low carbon technologies plans. The audit and finance committee facilitates appropriate coordination among the committees to ensure that the risk management processes, including those related to climate change, are functioning properly to foster a culture of prudent decision-making. The public policy and sustainability committee assists the board in identifying, evaluating, and monitoring political, operational, technical, sustainable development, and climate-related trends and risks that could affect the firm's business activities and performance. The committee also periodically reviews and makes recommendations to the board on, and monitors compliance with, the firm's policies, programs, and practices with regard to health, safety, security (excluding cybersecurity) and environmental protection; sustainable development and climate-related trends and risks; and operations risk management, among other things.

Overall Comparison

Overall, we find the Company and its peers to provide relatively commensurate disclosure with respect to their treatment of asset retirement obligations.

RECOMMENDATION

This proposal requests that the Company issue an audited report that estimates the quantitative impacts of the IEA NZE scenario on all asset retirement obligations ("AROs"). The report should disclose, as the board deems appropriate, the estimated undiscounted costs to settle, in aggregate, related upstream and downstream AROs, and separately, identify both recognized and unrecognized amounts, as applicable.

We recognize that providing disclosure of this kind is not required by U.S. GAAP and do not contend that the Company's current accounting is incorrect. However, we are concerned that the applicable accounting principles may not provide adequate insight into a matter that could have material relevance to shareholders. Under the relevant standard, companies are not required to report potential decommissioning costs until there is some level of certainty around the matter. However, there are a number of factors that could result in a more immediate need to decommission certain assets, as was demonstrated by the wave of decommissioning that occurred as a result of low oil prices stemming from decreased demand on account of the COViD-19 pandemic. As noted above, it was estimated that decommissioning could cost the industry tens of billions of dollars if market conditions had not changed.

Again, we understand that reporting of the nature requested by this proposal is not required by U.S. GAAP and is not current industry practice. However, although this proposal requests that the information be audited, it does not require that the Company adopt an improper method of accounting in its audited financial statements. In our view, additional non-audited disclosure on this matter would likely satisfy investor concerns regarding the Company's potential liabilities. Moreover, it appears that the Company has estimated some of these potential costs and incorporated them into its public reporting. The Company notes that page 31 of its Advancing Climate Solutions 2023 progress report mentions modeled operating cash flow in comparing different businesses over time in a future scenario. It then notes that historic operating cash flow is defined as net income, plus depreciation, depletion, and amortization for consolidated and equity companies, plus noncash adjustments related to AROs plus proceeds from asset sales. Additionally, it explains that the Company's long-term portfolio modeling estimates operating cash flow as revenue or margins less cash expenses, taxes, and abandonment expenditures, plus proceeds from asset sales before portfolio capital expenditures. The Company states that it believes this measure can be helpful in assessing the resiliency of the business to generate cash from different potential future markets. Despite that, the Company acknowledges that performance data presented in its report and its associated supplement, including on emissions, is not financial data and is not GAAP data (p.100). Accordingly, we believe that additional clarification on this account would be beneficial. And, while, as noted above, perhaps not essential, the proposal's request that the supplemental reporting be audited will promote the rigor and reliability of the resulting information for the Company's shareholders.

In sum, it is our view that issues related to AROs could represent a financially material risk for the Company and its shareholders. Although we understand that the Company's current accounting treatment of AROs is in line and compliant with U.S. GAAP standards, this reporting does not provide shareholders any insight into potential costs that could be incurred should the Company be required to decommission its assets as a result of unforeseen events, such as changes in regulations or market conditions. As such, we believe the additional transparency would provide shareholders with decision-useful information concerning the Company's potential liabilities. Moreover, we find the terms of this proposal to be reasonable, as it is nonbinding, thus giving the board significant latitude in how it makes the requested disclosure.

Given the above, we believe support for this measure is warranted at this time.

We recommend that shareholders vote **FOR** this proposal.

13.00: SHAREHOLDER PROPOSAL REGARDING ADDRESSING VIRGIN PLASTIC DEMAND

AGAINST

PROPOSAL REQUEST:	That the board issue an audited report addressing whether and how changes in virgin plastic demand affect the Company's financial position	**SHAREHOLDER PROPONENT:**	Meyer Memorial Trust (S)
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	36.5%	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:
AGAINST - Not in the best interests of shareholders

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- Given the Company's current disclosures and initiatives, we are unconvinced that adoption of this proposal would add meaningfully to shareholders' understanding of how the Company is addressing its risks related to plastics management.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: Shareholders request the Board issue an audited report addressing, at reasonable cost and omitting proprietary information, whether and how a significant reduction in virgin plastic demand, as set forth in Breaking the Plastic Wave's System Change Scenario for reducing ocean plastic pollution, would affect the Company's financial position and assumptions underlying its financial statements.*

Supporting Statement: Proponents recommend that, at board discretion, the report include:

- Quantification (in tons and/or as a percentage of the total) of the Company's polymer production for SUP markets;
- A summary or list of the Company's existing and planned investments that may be materially impacted by the SCS;
- Plans or goals to shift Exxon's business model from virgin to recycled plastics and use of recycling technologies that are cost-effective, process and energy efficient, and environmentally sound.

Proponent's Perspective

- Plastics actively threaten the world's oceans, wildlife, and public health, and of particular concern are single-use plastics ("SUP"), which make up the largest component of the 11 million metric tons of plastic ending up in waterways annually;
- In response to the plastic pollution crisis, countries and major consumer brands are beginning to drive reductions in virgin plastic use, as several studies demonstrate that a significant absolute reduction in virgin plastic demand is critical to curbing the flow of plastic into oceans;
- One of the most robust reduction pathways is presented in the widely respected report, Breaking the Plastic Wave, which found that plastic leakage into the ocean can be feasibly reduced by 80% under its System Change Scenario ("SCS"), which is based on a significant absolute reduction of virgin SUPs;
- Several implications of the SCS, including a one-third absolute demand reduction (mostly of virgin SUPs) and immediate reduction of new investment in virgin production, are at odds with the Company's planned investment;

Board's Perspective

- The Company is concerned about plastic waste in the environment and is actively working to address this issue, as detailed in its sustainability report, Advancing Climate Solutions progress report, and other communications;
- The proponent has incorrectly concluded that developing solutions to the plastic waste challenge requires the elimination or reduced use of plastics;
- The Company agrees with many statements in the Breaking the Plastic Wave report, but the report incorrectly developed two key assumptions, which have resulted in plastic demand growth conclusions well below projections from industry and the International Energy Agency Net Zero Emissions by 2050 scenario;
- The Company has a comprehensive approach to addressing plastic waste, including responsible manufacturing, advanced recycling solutions, and collaborations to increase plastic recycling; and
- The Company publicly provides its guidelines, measures, and

- The Company was recently identified as the largest global producer of SUP-bound polymers, with 5.9 million metric tons produced in 2019, an estimated 50% of its total polymer production; and
- While the Company states it is acting to "address plastic waste," it fails to meaningfully address the potential for regulatory restrictions and/or significant disruption in demand for virgin plastic, both of which could result in stranded assets.

As You Sow has provided an exempt solicitation urging support for this proposal.

practices to assess and mitigate risk factors related to plastics.

THE PROPONENT

The Company states that the proponent, Meyer Memorial Trust, is the beneficial owner of 11,225 shares in the Company's stock.

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental issues and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that the management and reporting of environmental issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas; manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products; and pursuit of lower-emission business opportunities including carbon capture and storage, hydrogen, and biofuels. Affiliates of the Company conduct extensive research programs in support of these businesses (2022 10-K, p.1). Given the nature and scope of the Company's operations, it could be exposed to a wide range of environmental and social factors, including its use of plastic packaging, that could potentially make it vulnerable to operational, legal, regulatory, or reputational risks. For a full discussion of these risks, please see Glass Lewis' report, *Plastics: Risks, Refuse, and the Road Ahead*.

BACKGROUND

Plastics are well-known for their versatility, durability, and resistance to degradation, which has made the material globally ubiquitous. Due in part to its physical permanence, plastic pollution has led to a critical environmental management issue. Plastic pellets, known as "nurdles," are a particular issue for petrochemical companies, such as the Company, which manufacture these small plastic pieces that are eventually used to create plastic products. The pieces are transported from the manufacturers by train, ship, or truck, and if they are not managed well, can be lost during production and shipping, leading to environmental pollution (Julissa Treviño, Undark. " The Lost Nurdles Polluting Texas Beaches." *The Atlantic*. July 5, 2019). More specifically, such mismanagement can lead to billions of pellets being unintentionally released into rivers and oceans through effluent pipes, after having been blown from land, or via industrial spillage. When nurdles reach the ocean, their small size and bright colors cause marine animals to mistake them for food, such as fish eggs and small prey. Further, the large surface area to size ratio and polymer composition of nurdle pellets allow persistent organic pollutants in seawater to build up on their surfaces, exacerbating the toxic impact of nurdle ingestion by marine life. However, ingestion poses risks to people as well, given that nurdles can be home to microbes that are dangerous to humans. A study investigating nurdles on five Scottish beaches found that every beach contained nurdles covered with E. coli, which is responsible for food poisoning. Nurdles can be so toxic that people cleaning up beaches or investigating nurdles for scientific surveys are advised not to handle them with their bare skin. It is estimated that up to 53 billion nurdles are released annually in the UK alone from the plastic industry (Claire Gwinnett. " The Major Source of Ocean Plastic Pollution You've Probably Never Heard of." *The Conversation*. February 14, 2019).

Plastic Pollution and Marine Life

In recent years, the effects of ocean gyres, which act to funnel plastic pollution into high concentrations, have been increasingly scrutinized. The most notorious example is known as the Great Pacific Garbage Patch, which has recently been found to comprise an area roughly four times the size of California and is growing at an exponential rate (Livia Albeck-Ripka. "The 'Great Pacific Garbage Patch' Is Ballooning, 87,000 Tons of Plastic and Counting." *New York Times*. March 22, 2018). Another recent study found that a similar phenomenon carries plastic, primarily from the North Atlantic, to the Greenland and Barents seas in the Arctic. Shrinking sea ice cover from climate change will lead to more navigation and human activity in the region, which is expected to further expand the spread of plastic pollution (Tatiana Schlossberg. "Trillions of Plastic Bits, Swept up by Current, Are Littering Arctic Waters." *New York Times*. April 19, 2017). Plastic pollution has also been found in extreme ocean depths. One recent study reported plastic debris pollution in the deep-sea based on information from a database, launched in March 2017, which archives photographs and videos of debris collected since 1983 by deep-sea submersibles and remote-operated vehicles. Plastics were found to be ubiquitous even at depths of over 6000 meters, while 92% of them were single-use products (including bags, bottles, and packages). Single-use plastic was even found in the world's deepest ocean trench at 10,898 m (Chiba et al. "Human Footprint in the Abyss: 30 Year Records of Deep-Sea Plastic Debris." *Marine Policy*, Vol. 96, pp.204-212. April 6, 2018).

Plastic pollution is an especially critical issue afflicting marine life. It can be found across the marine ecosystem, including on coastlines, in Arctic sea ice, at the sea surface, and on the seafloor. When it breaks into smaller particles, plastics can be ingested by small marine invertebrates (Jenna R. Jambeck et al. "Plastic Waste Inputs from Land into the Ocean." *Science*. Vol. 347 (6223), p.768). Corals, one particular marine invertebrate group, have demonstrated a vulnerability to plastic pollution. Bacteria, including those varieties implicated in coral diseases, are particularly fond of marine plastics. In fact, researchers studying the issue found that about 90% of the time that coral was observed to be in contact with plastic, the coral was clearly diseased. Plastics are also heavier when carrying bacteria, making them more likely to sink and land on reefs. Apart from causing disease by direct contact with these bacteria, reef-bound plastics also drive coral diseases through other means. By blocking light, they make corals more susceptible to black band, a disease that thrives in darkness. Additionally, the landing impacts of plastics falling on reefs can also wound corals, increasing the potential for an infection to begin. Recent research found that of the six groups of coral diseases generally found on reefs, four prospered the most in plastic-contaminated corals, suggesting that the growth of those diseases is aided by plastic pollution (Veronique Greenwood. " Billions of Plastic Pieces Litter Coral in Asia and Australia." *New York Times*. January 25, 2018).

Microplastics

"Microplastics," defined as plastic pieces that are 5 millimeters or smaller, further expand the risk to marine life. Some plastic particles can be defined as microplastics as soon as they enter waterways, such as microbeads (used in cosmetics) and synthetic microfibers (shed from clothing during washing). They can also be formed when solar UV radiation degrades larger plastic pieces. According to NOAA, the quantity of microplastics in the ocean could increase 30-fold as larger debris, including containers, bottle caps, crates, and discarded commercial fishing gear, continues to degrade over time.

Microplastics have long been known to contaminate marine ecosystems, and research shows that microplastics can contain or absorb toxic chemicals, potentially presenting toxicological risks for organisms that ingest them. These microplastics and the chemicals they contain can also make their way up the food chain, and researchers have found microplastics in a variety of the fish and shellfish that people consume. Plastic pollution does not fully biodegrade in the environment, making it particularly dangerous, and it has been found in a wide range of organisms and habitats, such as coral reefs, estuaries, beaches, and the deep sea. Further, because plastic does not decompose, it continues to accumulate in landfills and the environment.

Harmful chemicals from common additives can also leach out from plastics, including from flame retardants, antimicrobial agents, and antioxidants. These chemicals are known to cause harm to animal health, specifically in relation to hormone production, affecting reproduction (Dr. Jenna Jambeck. "Marine Plastics." Smithsonian. April 2018). Chemicals that leach out of plastics may even be toxic to Prochlorococcus, a kind of ocean-going cyanobacteria that produces an estimated 20% of the world's oxygen through photosynthesis. In a lab experiment, researchers observed that toxins leaching from plastic inhibit the growth and photosynthetic efficiency of the bacteria (Matt Simon. "Now Ocean Plastics Could Be Killing Oxygen-Making Bacteria." *Wired*. May 17, 2019).

Humans are also at risk of ingesting microplastics through seafood consumption. Because microplastics mainly accumulate in the gastrointestinal tract of animals, they can largely be avoided by degutting fish prior to consumption. Species that are eaten whole, such as sardines, anchovies, small freshwater fish, shrimp, mussels, and oysters, are more problematic because the entire gastrointestinal tract is consumed. While plastic is suspected to interact with the immune system, causing oxidative stress and changes to DNA, much remains unknown about the possible adverse human health effects from microplastic consumption, and the World Health Organization has called for further study.

LEGAL AND REGULATORY RISKS

Nurdles were a prominent feature in a 2019 case, *Waterkeeper v. Formosa*. In the ruling, Formosa Plastics, which operates a plant in the Gulf Coast, agreed to pay a $50 million fine and eliminate plastic discharges from its Point Comfort, Texas plant. For about four years, a shrimp boat captain and a group of former Formosa employees had collected nurdles to prove that Formosa was in violation of the Clean Water Act. Ultimately, the group's collection of nearly 30 million nurdles proved pivotal in the ruling. The penalty will go towards educational, research, and conservation initiatives in the Gulf Coast (Lily Moore-Eissenberg. "No More Nurdles? Formosa's Agreement to Stop Pumping Plastics Into Lavaca Bay Is Historic." *Texas Monthly*. October 16, 2019). Approved by a federal judge in December 2019, the settlement is the largest in U.S. history involving a private lawsuit against an industrial polluter under federal clean air and water laws and five times larger than the next top historical settlement (Kiah Collier. "Retired Texas Shrimper Wins

Record-Breaking $50 Million Settlement From Plastics Manufacturing Giant." *The Texas Tribune*. December 3, 2019).

Similarly, in March 2021, Frontier Logistics agreed to pay $1.2 million to settle a lawsuit that alleged the firm spilled plastic pellets from its former facility at Union Pier in downtown Charleston, South Carolina. The federal lawsuit was brought by the Charleston Waterkeeper and the Coastal Conservation League, represented by the Southern Environmental Law Center.

Regulatory bodies have taken steps to penalize companies' plastic pollution. For example, in May 2018, the EPA reached settlements with two Southern California plastics manufacturers over federal Clean Water Act violations. Under the terms of the settlements, both companies committed to take steps to prevent plastic materials they manage from washing into local waterways. Combined, the companies would pay more than $35,000 in penalties. In announcing the settlement, the EPA noted that nurdles, which wash into storm drains and out to open water, can be eaten by fish, birds, and other wildlife. It also noted that in the marine environment, plastic debris can absorb persistent toxic chemicals that migrate up the food chain and pose risks to human health.

Legislators have also made attempts to limit plastic pollution. For example, in September 2020, Senator Tom Udall introduced the Plastic Pellet Free Waters Act, intended to require the Administrator of the EPA to promulgate certain limitations with respect to pre-production plastic pellet pollution, and for other purposes. The intended rule would prohibit the discharge of plastic pellets or other pre-production plastic materials from point sources that make, use, package, or transport the materials. In addition, the European Commission has stated that it will consider measures to reduce plastic pellet losses and that it is developing measures to reduce plastic pellet spillage.

REPORTING ON PLASTIC POLLUTION

The Company is a member of Operation Clean Sweep ("OCS"), an international program designed to prevent the loss of pellets during handling by the plastics industry and their release into the aquatic environment. In its 2019 report, OCS estimated that the total amount of plastic pellets lost in Europe amount to between 16,888 tons and 167,431 tons per year (p.8) The unintentional loss of plastic pellets can occur at different stages along the value chain. However, loading and unloading operations account for the highest risk of pellet spills or other unintentional introductions of plastic pellets to the environment (p.11). As part of its monitoring and assessment program, the organization also works on the development of environmental quality indicators for the North Sea, measuring plastic particles' ingestion by different marine species. The results of the monitoring program on the accumulation of plastics in the stomachs of Northern fulmars, a seabird species, found that 93% of these seabirds had ingested plastics. However, the current 2007-2016 analyses show significant declines in both the ingested plastic mass and the annual percentage of birds with over 0.1g of plastic. While these results show that plastic pollution is slightly decreasing, overall greater efforts towards plastic pellet containment remain a necessity for the environmental status of European geographical areas (p.8).

The OCS, in conjunction with PlasticsEurope, developed a questionnaire to track the advancement of its member companies towards zero pellet loss. This questionnaire is now issued annually to OCS members. The 2019 questionnaire results showed that 94% of respondents had implemented measures and/or actions to improve their worksites and 89% of the facilities had developed a concrete action plan to address potential pellet losses. In addition, most respondents reported the establishment of qualitative pellet loss reduction goals in their environmental management system and, in an increase from 2018 data, 63% of respondents have also established quantitative targets (p.18) According to the report, almost 700 companies and associations along the entire plastics value chain in Europe had joined the OCS program (p.16).

In connection with engagement by As You Sow, the proponent of this proposal, a number of firms have agreed to public reporting of pellet spills in recent years, including the Company's chemical business, Exxon Mobil's chemical business, Westlake Chemical, and Occidental Petroleum.

NEW PLASTICS ECONOMY GLOBAL COMMITMENT

In collaboration with UN Environment, the Ellen MacArthur Foundation’s New Plastics Economy Global Commitment launched in October 2018 to unite organizations behind a common vision and a set of 2025 targets to address the plastic waste and pollution crisis. The global commitment has amassed over 500 signatories, including companies representing 20% of all plastic packaging produced globally. Signatories also include 20 governments across five continents, 18 of which have reported on progress against public targets to help build a circular economy for plastics (p.11).

BREAKING THE PLASTIC WAVE REPORT

The proponent references a report entitled *Breaking the Plastic Wave: Top Findings for Preventing Plastic Pollution*, which was produced by the Pew Charitable Trust, a global NGO that seeks to "improve public policy, inform the public, and invigorate civic life." The report introduces a new model designed to quantify key plastic flows and stocks in the global plastic system, estimates the quantity of ocean plastic pollution expected under six scenarios between 2016 and 2040, and assesses the economic, environmental, and social impacts of these scenarios. The report aims to provide "a new evidence base for decision-makers as they navigate their responses to this emerging global challenge, evaluate trade-offs, and implement solutions." The six scenarios introduced by this report are:

- ***Business-as-Usual***: Assumes that no intervention is made in relation to current plastic-related policy, economics, infrastructure, or materials, and that cultural norms and consumer behaviors do not change
- ***Current Commitments:*** Assumes that all major commitments already made by the public and private sectors between 2016 and 2019 are implemented and enforced. These commitments include existing bans/levies on specific plastic products, and recycling and recyclability targets.
- ***Collect and Dispose:*** Assumes an ambitious global expansion of collection services and increase in the global capacity of engineered and managed landfills and incineration facilities
- ***Recycling***: Assumes an ambitious expansion and investment into collection, sorting, mechanical recycling, and plastic-to-plastic chemical conversion infrastructure.
- ***Reduce and Substitute:*** Assumes a dramatic reduction of plastic use through elimination, ambitious introduction of reuse and new delivery models, and investment in plastic substitutes. This approach requires strong policy interventions to ban specific single-use plastics and incentivize design for reuse and reduce.
- ***System Change Scenario:*** Assumes that eight system interventions are applied concurrently, and ambitiously, for both macroplastics and microplastics. This scenario benefits from the synergies between upstream and downstream interventions, and is the only one that includes both.

The report further states that implementing its recommended system interventions and transforming the plastics value chain will require collaborative action: "across the value chain, between public and private actors, between levels of governments, and across borders." It highlights actions that can be undertaken by governments, businesses, investors and financial institutions, civil society, and consumers. With respect to its recommendations for businesses, the report highlights a number of players in the industry, including plastic manufacturers and converters, waste management collectors, paper and compostable material manufacturers and brand owners, fast-moving consumer goods companies, and retailers.

COMPANY AND PEER ANALYSIS

Company Name	**Exxon Mobil Corporation** **(NYSE: XOM)**	**Chevron Phillips Chemical LLC ("CPChem")** **A joint venture owned by Chevron Corporation and Phillips 66**	**Dow Inc.** **(NYSE: DOW)**
Board Oversight	The board oversees and provides guidance on the Company's strategy and planning, which includes opportunities and risks related to climate change and the energy transition. The board, collectively and through its environment, safety, and public policy committee, regularly engages with senior management on climate matters and the Company's environmental approach and performance. This includes briefings with internal and external subject-matter experts, which can cover elements of scientific and technical research, public policy positions, GHG emission-reduction performance, and new technology developments. The environment, safety, and public policy committee assists the board	The board has a robust governance and risk management approach to oversee risks, including those related to climate change. Climate change-related risks and opportunities are a consideration for the board and are reviewed by the board collectively. Board directors use information provided both through internal analysis and from external subject-matter experts. The board evaluates climate-related	The board oversees the ESG priorities of the firm, including climate priorities, ensuring transparency and accountability (p.1). The environment, health, safety, and technology committee oversees and advises the board on the firm's sustainability commitments and progress, including efforts to protect the climate, reduce carbon emissions, eliminate plastic waste, and deliver circular economy solutions. The audit committee assists the board in fulfilling its oversight responsibilities relating to the quality, reliability, and

	in overseeing the Company's positions and practices regarding safety, security, health, and the environment (including but not limited to climate, emissions, and sustainability) and other public policy issues relevant to the Company; and to provide oversight on the Company's overall contributions strategies, objectives, and policies. The environment, safety, and public policy committee also annually reviews the Company's energy transition strategy and approach, including updates to climate science and energy transition technologies.	board evaluates climate-related risks in the context of other business risks, including market, operational, and reputational risks. Board committees support the work of the full board through more in-depth assessments of potential climate risks (p.6)	relating to the quality, reliability, and integrity of ESG reporting by the firm, and it meets periodically with management to discuss current and, if any, proposed, guidelines and policies governing the processes used to assess, monitor, and control the firm's major risk exposures, including climate-related or financial risk exposures, as well as, if any, actual major risk exposures.
Has Prepared Sustainability Report	Provides a sustainability report, independent assurance statement, external sustainability advisory panel statement, sustainability performance data, and 2023 advancing climate solutions progress report.	Provides a sustainability report, a climate risk report, its sustainability approach, environmental, financial and social data, and an independent limited assurance statement.	Provides an ESG report, TCFD report, GHG report, its CDP reports, as well as information on sustainable science, circularity, reduced carbon, its commitment to protect the climate, its climate and carbon policy, and its 2025 sustainability goals and targets.
Sustainability Report is GRI/SASB-Indicated	GRI	GRI	GRI and SASB (pp.194-196)
	Discusses expanding the plastics life cycle and states that the Company has started up its first, large-scale advanced recycling facility and is progressing activities throughout the world. Discloses that from 2018 to 2021 the Company had no reportable plastic pellet losses from its resin-handling facilities (p.41). States that the Company is advancing infrastructure and	Discusses its investments in plastics recycling and its certified circular advanced recycling program (p.9). Describes efforts to enable a lower carbon future and highlights its commercial sales in the U.S. of circular polyethylene made using waste plastics (p.28). Also provides information on plastic business model resilience, considering sustainability-related scenario analyses for plastic demand, as well as on the value of plastics and giving plastics a second life through enabling a circular economy and advanced recycling (pp.40-50). Lists 2021 milestones in the firm's circular polymers business (p.51). Further, discusses product stewardship	Discloses its packaging and specialty plastics operating segment sales for 2021 (p.10). States that the firm is designing for circularity, building new business models for circular materials, and partnering to end plastic waste (p.14). Further, states that it is working across the value chain to improve collection, access to recycling, and processing infrastructure, explaining that the lower-carbon benefits of polyethylene-based packaging

Plastic Disclosure	advancing infrastructure and technology for collecting, sorting, and processing discarded plastics and adds that advanced recycling enables a broader range of plastic waste to be recycled back into high-value raw materials (p.25). Additionally, discusses enabling emissions reductions with high-perfomance plastics and advanced recycling (p.74), stating that plastics are instrumental in achieving many of the UN's sustainable development goals and it briefly mentions the growing demand for chemicals and plastics in the IEA NZE by 2050 scenario. Further, states that plastic packaging has 54% lower GHG emissions compared to alternative materials as a group. Discusses its Exceed™ and Enable™ performance polyethylene, which the Company states makes downgauging (or using less plastic to perform the same function) possible, and that the Company's polyethylene technology enables the use of more recycled plastic in packaging, and makes plastic packaging easier to recycle (p.75). Additionally, discusses how using plastics packaging in the U.S. helps society avoid life-cycle GHG emissions versus alternatives. Further addresses leveraging technology to reduce plastic waste and emissions with its Exxtend™ technology and advanced recycling projects (pp.76-77). Provides additional information regarding its first commercial sale of certified circular polymers, as well as information on the recycling capacity of its facilities. Further discusses advanced recycling technology and safe chemicals management, and provides information on plastic waste in regard to its commitment to	regarding plastic waste, detailing the firm's membership in Operation Clean Sweep ("OCS"), and reviews the firm's plastic management program and its 2021 companywide plastic management standard across its global operations and value chain. States that it has established best practices and maintenance procedures for its operations, which include routine inspections and assessments of its facilities to ensure the integrity of its plastics recovery systems and equipment (pp.54-55). Provides information on initiatives to end plastic waste, including its partnerships with the Alliance to End Plastic Waste and Circulate Capital Ocean Fund and investment in Infinity Recycling's Circular Plastics Fund (p.56). Discloses data related to plastic management, including the weight of its reported plastic releases and plastic recycled from its facilities in the U.S., from 2018 to 2021 (p.63). Further discusses plastics management, its plastic production facilities, and its efforts to engage its value chain. Moreover, discusses circular plastics, including its new Marlex® Anew™ Circular Polyethylene, made using advanced recycling technology and certified through the International Sustainability and Carbon Certification PLUS process. For each of its products, provides regulatory overviews and product summaries. As a member of the American Chemistry Council ("ACC"), it participates in the Responsible Care® program for its domestic petrochemical manufacturing facilities, product lines, headquarters, and research and technology operations. States its	serve as a key driver and source of value. Discloses 2021 progress against its Stop the Waste and Close the Loop goals. Additionally, discusses the firm's actions towards its Stop the Waste target, including memberships with the Alliance to End Plastic Waste and the Global Plastic Action Partnership. Discusses investing a total of $50 million into recycling technologies in the last two years with additional partnerships with the Closed Loop Circular Plastics Fund, the Circulate Capital and Lucro, and Mr. Green Africa. Also discloses actions towards its Close the Loop goal, including helping customers design for recyclability, demonstrating that recyclable structures were possible for 16 packaging applications previously considered unrecyclable, and describing efforts with toothpaste tubes and also Phormanto™ polyethylene rich thermoforming technology. States that its plastics made with recycled content, bio-based, and/or renewable sources utilized 4,000 metric tons of renewable/circular feedstock in 2021, and discusses its Ecolibrium™ technology for more sustainable polymers, its REVOLOOP™ recycled plastic resins, which incorporate 70% of recycled plastic, and its mattress recycling with RENUVA™ polyols (pp.27-30). In addition, states that it is working with Mura Technology and Fuenix Ecogy Group to scale advanced recycling and states that it is on track to launch the firm's first circular polymer in 2022. Further states that it is a member of Operation Clean Sweep and discusses its commitment to transparent pellet loss reporting (p.31). Acknowledges legal and

	waste in regard to its commitment to sustainable development.	Operational Excellence System is designed to fulfill ACC's Responsible Care® Management System requirements and lists facilities subject to ACC third-party Responsible Care® Management System audits. Provides information on its joint venture, Golden Triangle Polymers, to build a world-class integrated polymers facility in Texas.	regulatory risks associated with plastic waste, as well as the safe use of chemicals and plastics in commerce and their potential impact on the environment (p.94).
Plastic Packaging Goals	States that it expects, as a result of starting its first large-scale advanced recycling facility, to have about 1 billion pounds of annual advanced recycling capacity by year-end 2026. Additionally, maintains a goal, from its operations, to continue experiencing zero pellet loss to the environment (p.41).	States an annual production target of 1 billion pounds of Marlex® Anew™ Circular Polyethylene by 2030, and to meet this goal the firm is collaborating with plastics recyclers, refinery operations, and providers of innovative technologies driving a circular future for plastics (p.51).	Maintains a Stop the Waste target to deliver 3 million metric tons per year of circular and renewable solutions by 2030, as well as a Close the Loop target to enable 100% of the firm's products sold into packaging applications to be reusable or recyclable by 2035. Maintains a three-part strategy for its commitment to reduce plastic waste. Recently announced a collaboration with WM to improve residential plastic films recycling in the U.S.
Ellen MacArthur Foundation New Plastics Economy Global Commitment Signatory	No	No	No

Summary	
Peer Comparison	We find that the Company and its peers provide comparable disclosures concerning their use of plastics and their initiatives aimed at reducing plastic loss and promoting recyclable or reusable plastic products.
Analyst Note	The Company has meaningfully responded to this topic, and the proponent has not sufficiently demonstrated that adoption of this proposal is a prudent use of resources at this time.

RECOMMENDATION

This proposal requests that the Company issue an audited report describing whether and how a significant reduction in virgin plastic demand would affect the Company's financial position and assumptions underlying its financial statements. We understand the risks to companies involved in manufacturing plastics and believe that it is important that companies make an effort to ensure that they are mitigating their contribution to this issue to the best extent possible. However, in this case, we believe that the Company has taken significant actions and provided adequate disclosure with regard to minimizing its risks related to plastics management. In addition, the Company has invested in plastic recycling and will continue to increase its capacity in this regard. As such, we do not believe the proponent has sufficiently demonstrated that the Company's current management of this issue is deficient to the degree that warrants adoption of this proposal. Moreover, the Company currently provides significant disclosures concerning this matter as well as information concerning the state of its operations under various energy transition scenarios. It is, therefore, our view that providing the highly-specific assessment requested by this proposal would not be an especially prudent use of resources, and we believe it would not meaningfully add to shareholders' understanding of how the Company is managing this issue. As such, we do not believe support for this resolution is warranted at this time.

We recommend that shareholders vote **AGAINST** this proposal.

14.00: SHAREHOLDER PROPOSAL REGARDING ENVIRONMENTAL LITIGATION

AGAINST

PROPOSAL REQUEST:	That the Company provide an actuarial assessment of potential cumulative risk from environment-related litigation against the Company and affiliates	**SHAREHOLDER PROPONENT:**	Anna Marie Lyles
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:
AGAINST - Not in the best interests of shareholders

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- Given that the Company is already mandated to provide significant information concerning real and potential litigation, whether it be environmentally related or otherwise, we are not convinced that additional disclosure requested by this proposal is warranted at this time.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: Shareholders request an actuarial assessment, omitting confidential information and prepared at a reasonable cost, of the potential cumulative risk to Exxon Mobil Corporation ('ExxonMobil' or the 'Company') from current environment-related litigation against the Company and its affiliates.*

Proponent's Perspective

- Environment-related litigation poses an increasing risk to oil and gas investments;
- There has been an observed recent trend of courts cancelling energy production permits (e.g. in Australia, South Africa, Brazil), which poses a particular risk for investments in new production, and these cancellations allegedly result from non-compliance with environmental laws and the incompatibility of new production with climate goals;
- The courts may now use as a point of reference the International Energy Agency's assessment in its 2021 report Net Zero by 2050 that no new oil, gas, or thermal coal projects can be approved by relevant licensing authorities in order to meet Paris Agreement emissions goals;
- Environment-related lawsuits are often lengthy and the direct and indirect risks posed to the Company and shareholder value in case of losing some of these lawsuits appear substantial, and shareholders deserve proper disclosure of these risks;
- Media reports indicate that the Company faces environment-related lawsuits with potentially material impacts on the business, including multiple lawsuits alleging non-compliance with legal requirements by the Company's major investment in Guyana; and
- The Company discloses insufficient information with respect to environment-related litigation, leaving shareholders with an inadequate means to assess the future value of their investments.

The proponent has filed an exempt solicitation urging support of this

Board's Perspective

- In accordance with U.S. Securities and Exchange Commission ("SEC") regulations and U.S. Generally Accepted Accounting Principles ("GAAP"), the Company discloses material litigation risks and, where appropriate, financial contingencies related to litigation;
- SEC regulations require public companies to disclose proceedings arising under environmental laws where a governmental authority is a party and the potential monetary sanctions exceed certain financial thresholds;
- SEC and GAAP accounting rules strike a careful balance of providing information to shareholders and recognizing that the public disclosure of proprietary and/or confidential information can impair a public company's ability to defend itself in litigation;
- Requesting information beyond what is required by legal and accounting disclosure rules unnecessarily risks public disclosure of information that could jeopardize the Company's operations or limit its ability to effectively defend the Company in current and future litigation;
- The proceedings referred to in this proposal do not meet the materiality standard for disclosure under applicable accounting rules and regulations, and the proceedings lack merit; and
- As for this proposal's reference to Guyana, the Company's local affiliate works cooperatively with the Guyana Environmental Protection Agency to ensure environmental permitting fully complies with Guyana law, and permit challenges have been found to be meritless by both trial and appellate courts.

proposal.

THE PROPONENT

Anna Marie Lyles is the proponent of this proposal and a board member and treasurer of As You Sow.

The Company states that Anna Marie Lyles is the beneficial owner of 60 Company shares.

As You Sow

As You Sow is a non-profit advocacy organization that "harness[es] shareholder power to create lasting change by protecting human rights, reducing toxic waste, and aligning investments with values." As You Sow is not an investor, and, therefore, does not have any assets under management, but uses investors' holdings to file shareholder proposals to "drive companies toward a sustainable future." It states that, since 1992, it has "utilized shareholder advocacy to increase corporate responsibility on a broad range of environmental and social issues." Areas of focus for As You Sow include ocean plastics, toxic chocolate, the climate and social impacts of retirement funds, climate change, executive compensation, and antibiotics and factory farms, among others.

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2022, As You Sow submitted 15 shareholder proposals that received an average of 45.5% support, with five of these proposals receiving majority shareholder support.

Engagement with Proponent

We note that the Company provides the following disclosure concerning its interactions with the proponent of this proposal in its statement of opposition to this proposal:

> *Despite our multiple invitations to the proponent to discuss the proposal, the proponent has declined to speak with us without her legal counsel present. Not only would the presence of counsel be inconsistent with the Company's longstanding shareholder engagement practices, this particular proponent is affiliated with As You Sow, which has a history of adversarial conduct toward the Company in a litigation context; As You Sow's President and Chief Counsel, Danielle Fugere, was named as a witness against the Company by the New York Attorney General (NYAG) and deposed in the lead up to the 2019 trial, in which the court ultimately ruled in favor of the Company on all claims brought by the NYAG. We believe this proposal is an extension of As You Sow's continued advocacy against the Company and antithetical to the interests of its shareholders.*

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that management and reporting of environmental and social issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

REGULATIONS CONCERNING COMPANIES' LITIGATION DISCLOSURE

SEC rulemaking dictates that companies currently must provide public disclosure concerning certain legal proceedings in their annual reports. Specifically, Item 103 of Regulation S-K requires that companies provide disclosure of any material pending legal proceedings including the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. It also specified that similar information should be included for any such proceedings known to be contemplated by governmental authorities. It also contained a threshold for disclosure based on a specified dollar amount ($100,000) for proceedings related to Federal, State, or local environmental protection laws.

In August 2020, the SEC revised this rule to expressly state that the required information may be provided by hyperlink or cross-reference to legal proceedings disclosure located elsewhere in the 10-K filing to avoid duplicative disclosure. It also implemented a modified disclosure threshold that increases the existing quantitative threshold for disclosure of environmental proceedings to which the government is a party from $100,000 to $300,000, but that also affords a registrant the flexibility to select a different threshold that it determines is reasonably designed to result in the disclosure of material environmental proceedings, provided that the threshold does not exceed the lesser of $1 million or 1% of the current assets of the registrant and its subsidiaries on a consolidated basis.

RECENT LITIGATION ON CLIMATE-RELATED ISSUES

Given the nature of the Company's operations, as well as its size and scope, it is unsurprising that it has and is currently subject to a variety of litigation. In recent years, however, there has been a growing trend in increased litigation on account of companies' contributions to climate change. For example, as of August 2022, there were at least 20 pending lawsuits filed by cities and states across the U.S. alleging that major companies in the fossil fuel industry misled the public on climate change. While the precise claims varied from case to case, most of the lawsuits focused on the argument that companies failed to disclose what they knew about their potential impact on the environment. In the lawsuits, states and cities claimed that the fossil fuel industry's failure to warn consumers about its products' contributions to climate change was already having a negative effect on communities. While some defendants filed to dismiss the cases, denying that oil and gas companies violated state statutes, most defendants argued that the cases needed to be tried in a federal court (Bruce Gil. " U.S. Cities and States Are Suing Big Oil Over Climate Change. Here's What the Claims Say and Where They Stand ." *PBS*. August 1, 2022).

However, in early 2023, the U.S. Supreme Court declined to hear bids by major oil companies to move an increasing number of climate lawsuits from state courts to federal courts. The appeals to move the venue of the lawsuits were made by the Company, Chevron, and Suncor Energy Inc. The lawsuits were filed by the state of Rhode Island and municipalities or counties in Maryland, Colorado, California, and Hawaii. A number of state and local governments were pursuing climate-related litigation against oil companies, and the subsequent rulings in those cases could help determine whether such lawsuits must be waged in federal courts or at the state level (Guardian Staff. " U.S. Supreme Court Denies Oil Companies' Bid to Move Venue of Climate Lawsuits ." *The Guardian*. April 24, 2023).

COMPANY AND PEER ANALYSIS

Company Disclosure

The Company discusses regulatory and litigation risks in its most Form 10-K and states that even in countries with well-developed legal systems where it does business, the Company remains exposed to changes in law or interpretation of settled law, including changes that result from international treaties and accords, as well as changes in policy that could adversely affect its results, such as:

- Increases in taxes, duties, or government royalty rates (including retroactive claims);
- Price controls;
- Changes in environmental regulations or other laws that increase the Company's cost of compliance or reduce or delay available business opportunities (including changes in laws affecting offshore drilling operations, water use, emissions, hydraulic fracturing, or production or use of new or recycled plastics);
- Actions by policy-makers, regulators, or other actors to delay or deny necessary licenses and permits, restrict the availability of oil and gas leases or the transportation of the Company's products, or otherwise require changes in the Company's business or strategy that could result in reduced returns;
- Adoption of regulations mandating efficiency standards, the use of alternative fuels, or uncompetitive fuel components;
- Adoption of government payment transparency regulations that could require the Company to disclose competitively sensitive commercial information or that could cause the Company to violate the non-disclosure laws of other countries; and
- Government actions to cancel contracts, redenominate the official currency, renounce or default on obligations, renegotiate terms unilaterally, or expropriate assets.

(2022 10-K, p.3)

The Company further states that it may be adversely affected by the outcome of litigation, especially in countries such as the U.S., in which very large and unpredictable punitive damage awards may occur; by government enforcement proceedings alleging non-compliance with applicable laws or regulations; or by state and local government actors, as well as private plaintiffs acting in parallel that attempt to use the legal system to promote public policy agendas (including seeking to reduce the production and sale of hydrocarbon products through litigation targeting the Company or other industry participants), gain political notoriety, or obtain monetary awards from the Company. It further states that the adoption of similar legal practices in the European Union or elsewhere would broaden this risk and has begun to be applied to some of the Company's competitors in the European Union (2022 10-K, p.3).

The Company confirms that it has elected to use a $1 million threshold for disclosing environmental proceedings, and it discusses legal proceeds with respect to XTO Energy and the State of Texas. With respect to XTO Energy, the Company states that in discussions in January 2023, the Department of Justice ("DOJ") indicated that it may seek a potential penalty substantially in excess of $1 million, and that XTO disagrees with DOJ's initial position. The complaint from the State of Texas seeks civil penalties for alleged unauthorized air pollution, unauthorized outdoor burning, nuisance, and unauthorized visible emissions associated with multiple alleged air emissions events between 2018 and 2022 in an amount in excess of $1 million, as well as injunctive relief against the Company to enjoin a violation or threatened violation of any Texas Commission on Environmental Quality statute. The Company additionally states that the State also seeks to recover its fees and costs of litigation (2022 10-K, p.28).

It also discusses litigation and other contingencies, stating that a variety of claims have been made against the Company and certain of its consolidated subsidiaries in a number of pending lawsuits. The Company explains that, based on consideration of all relevant facts and circumstances, it does not believe the ultimate outcome of any currently pending lawsuit against the Company will have a material adverse effect upon its operations, financial condition, or financial statements. Moreover, it affirms that there are no events or uncertainties beyond those already included in reported financial information that would indicate a material change in future operating results or financial condition (2022 10-K, p.66).

The Company also discusses litigation and tax contingencies and states that the Company accrues an undiscounted liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated. For contingencies where an unfavorable outcome is reasonably possible and significant, the Company discloses the nature of the contingency and, where feasible, an estimate of the possible loss. In addition, it states that management has regular litigation reviews, including updates from corporate and outside counsel, to assess the need for accounting recognition or disclosure of these contingencies. It further states that management judgment is required related to contingent liabilities and the outcome of litigation because both are difficult to predict. Nevertheless, the Company states that it has been successful in defending litigation in the past and that payments have not had a material adverse effect on its operations or financial condition. It continues to state that in the Company's experience, large claims often do not result in large awards, and that large awards are often reversed or substantially reduced as a result of appeal or settlement (2022 10-K, p.73).

RECOMMENDATION

This proposal asks for an actuarial assessment, omitting confidential information and prepared at a reasonable cost, of the potential cumulative risk to the Company from current environment-related litigation against the Company and its affiliates. Clearly, issues related to the Company's legal risks are material to both the Company and its investors and can play a significant role in shareholders' investment decisions. However, the Company is already mandated to provide significant information concerning real and potential litigation, whether it be environmentally related or otherwise. Given the Company appears to provide disclosure concerning material legal proceedings according to SEC regulation, we are not convinced that additional disclosure is necessary. Accordingly, we do not believe support for this proposal is warranted at this time.

We recommend that shareholders vote **AGAINST** this proposal.

15.00: SHAREHOLDER PROPOSAL REGARDING REPORT ON TAX TRANSPARENCY

FOR

PROPOSAL REQUEST:	That the Company publish a tax transparency report in line with the GRI Tax Standard, including disclosure of payments to governments	**SHAREHOLDER PROPONENT:**	Oxfam America, lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:
FOR - • Additional disclosure could help mitigate regulatory and reputational risks

GLASS LEWIS REASONING

- Although the Company has provided some level of disclosure on this matter and appears to be fully compliant with all current disclosure requirements, we believe that additional reporting in line with the GRI Tax Standard would provide shareholders with understandable information on which they are able to base assessments of the Company's tax-related risks.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: Shareholders request that the Board of Directors issue a tax transparency report to shareholders, at reasonable expense and excluding confidential information, prepared in consideration of the indicators and guidelines set forth in the Global Reporting Initiative's (GRI) Tax Standard.*

Proponent's Perspective

- Given the significance of other project-specific payments to governments in the oil and gas sector, GRI identifies disclosures of all significant project-level payments to governments as relevant for that sector in reporting under the Tax Standard;
- The PRI, representing investors with $89 trillion assets under management, states that tax avoidance is a key driver of global inequality;
- Economic challenges have increased government concern about corporate tax avoidance, and 96% of U.S. companies expect more tax disputes as governments become more rigorous in tax examinations;
- In November 2021, the EU approved a directive to implement a form of public country-by-country reporting for multinationals operating in the EU;
- The Company does not disclose revenues or profits in non-U.S. markets, nor foreign tax payments, with adequately disaggregated data, challenging shareholders' ability to evaluate the risks of taxation reforms, or whether its tax practices ensure long-term value creation;
- Tax authorities across the globe have repeatedly challenged the Company's taxation approach, producing significant costs for the Company, and in a recent case involving its dealings in Qatar and Malaysia, a U.S. federal court denied the Company a $1 billion refund request and the IRS initially assessed a $200 million penalty to the Company for claiming an excessive refund; and
- A GRI-compliant tax transparency report would bring the Company in line with peer companies.

Oxfam America, alongside co-filers Nordea Asset Management, KLP, and Benedictine Sisters of Virginia have filed an exempt solicitation urging support of this proposal.

Board's Perspective

- The tax rates that the Company is subject to are an important element of negotiations with resource owners and a commercially and competitively sensitive factor in its investment analysis and decisions;
- The Company complies with the requirements of applicable laws everywhere it conducts business, including applicable tax laws;
- Beginning no later than for the Company's 2025 financial year, it will be disclosing country-by-country data in the EU as applicable under rules to be adopted by each jurisdiction;
- It is prudent that shareholders assess the utility, benefits, and trade-offs of the new, legally mandated disclosures before requesting still further and potentially duplicative and competitively sensitive disclosures;
- This proposal requests the adoption of a disclosure framework on financial reporting and related metrics that is unevenly applied and not widely adopted with the Company's U.S. peers, which creates regulatory, financial, and reputational risks without providing stakeholders with consistent, comparable data;
- Implementing new disclosures, including onerous project-level payment disclosures, to report information beyond what is both currently and soon to be required by law, and beyond the practices of similarly situated U.S.-based companies with extensive international operations, risks putting the Company at a competitive disadvantage to its shareholders' potential detriment; and
- The penalty assessed by the Internal Revenue Service, mentioned by the proponent, was dismissed by the Fifth Circuit Court of Appeals.

THE PROPONENT

Oxfam America

The proponent of this proposal is Oxfam America, Inc. A global nonprofit organization. As Oxfam is not an investor, it does not have any AUM. The organization states that it "works with a global network of local organizations to address urgent humanitarian needs and protect lives when disaster strikes," as well as working "to dismantle unequal systems that perpetuate poverty and injustice, rejecting the extreme concentration of wealth and power that drives inequality." Oxfam America also states that it and its supporters "are fighting to guarantee a life of dignity for every person in crisis and to challenge billionaires, corporations, governments, and international financial institutions to do better" and that it advocates for economic justice, gender equality, and climate action.

Based on the disclosure provided by companies concerning the identity of proponents, during the 2022 proxy season, Oxfam America submitted four shareholder proposals that received an average of 30.2% support (excluding abstentions and broker non-votes), with none of its proposals receiving majority support.

GLASS LEWIS ANALYSIS

TAX AVOIDANCE AND TAX EVASION

According to the Organisation for Economic Co-operation and Development ("OECD"), tax avoidance and tax evasion are a significant threat to government revenues and subsequently national services, such as infrastructure, education, and health. The OECD states that, "the U.S. Senate estimates revenue losses from tax evasion by U.S. based firms and individuals at around 100 billion dollars a year," and that, "in many other countries, the sums run into billions of euros." In response to this issue, the UN and the G20 have launched programs and initiated discussions meant to promote standards and launch programs that would curb tax avoidance and tax evasion. For example, on July 20, 2013, the OECD released an Action Plan on Base Erosion and Profit Shifting, which is a "two-pronged attack on tax avoidance and evasion from both companies and individuals." This action plan sets forth 15 steps that will roll out over two years and will "allow countries to draw up the co-ordinated, comprehensive and transparent standards that will ensure multinationals pay their fair share of taxes."

Among the steps called for in the OECD's action plan are the following:

- Develop international tax rules that address the gaps between different countries' tax systems, while still respecting the sovereignty of each country to design its own rules;
- Fix the deficiencies in existing rules on tax treaties and transfer pricing in order to ensure that profits are taxed in the countries where the economic activities that generate them are carried out; and
- Establish more transparency through a "country-by-country" reporting by companies to tax administrations on their worldwide allocation of profits, which will be complemented by more transparency between governments, with the need for countries to disclose tax rulings and other tax benefits to their partners.

Ultimately, the goal of this action plan was to ensure that companies are paying taxes in countries where sales are made, to make the companies more open about their tax affairs, to prevent governments breaking global tax treaties from gaining competitive advantage, and to create a tax regime that is appropriate for the digital economy (Philip Aldrick. " OECD Unveils Plan to End 'Golden Era' of Tax Avoidance." *The Telegraph*. July 19, 2013). In order to accomplish these action plans, the report states that "[e]xisting domestic and international tax rules should be modified in order to more closely align the allocation of income with the economic activity that generates that income."

Country-Level Regulation

Individual countries have made attempts at solving the issue of tax avoidance. For example, in the U.S., measures to reduce or eliminate loopholes in corporate tax law have been intermittently proposed for years, including a 2017 proposal called the Stop Tax Haven Abuse Act. Pursuant to the proposed changes to the Internal Revenue Code, under the Act, the Treasury would have increased authority to enforce anti-money laundering rules, including the ability to "treat swap payments sent offshore as taxable U.S. source income," and to "modify the rules for the taxation of inverted corporations."

Similarly, a proposal introduced in 2013, called the Baucus Plan, was also aimed at ending deferrals on income held overseas by U.S. firms, as well as making it harder to pursue profit shifting maneuvers. Occasionally, measures seeking to grapple with the issue of corporate taxes over international lines gain traction, such as a so-called "internet tax" proposed in France, in an effort to collect tax revenue from the large earnings of digital, and mostly U.S., companies (Eric Pfanner. "France Proposes an Internet Tax." *The New York Times.* January 20, 2013). Italy, too, has designed restrictions that require Italian firms to purchase internet ads from locally registered companies, rather than those based in foreign tax havens (Jesse Drucker, Chiara Vasarri. " Italy Approves 'Google Tax' on Internet Companies." *Bloomberg*. December 23, 2013).

In December 2017, President Trump signed a Republican-backed tax bill into law, which included a number of tax cuts for individuals and corporations (Naomi Jagoda. "Trump Signs Tax Bill into Law." *The Hill*. December 22, 2017). The law taxes earnings stockpiled offshore at a rate as high as 12%, giving companies eight years to pay. In addition, the changes include a 20% tax on royalty payment for “costs of goods sold” that a U.S. company pays to its foreign parent company or subsidiaries, as well as a 10% tax on U.S. companies that garner “high returns” from their foreign subsidiaries. As a result, the reform has been recognized for its efforts to reduce tax avoidance and target inverted companies (Lynnley Browning, Matthew Townsend. " Tax Bill Takes Extra Bite of Apple and Other Global Companies." *Bloomberg*. November 3, 2017). Nevertheless, the tax plan has been criticized for contributing to the problem of tax avoidance because it can also be interpreted as providing incentives for corporations to move their production, investment, and employment offshore (James McBride. "How Will the Tax Overhaul Affect U.S. Competitiveness?" Council on Foreign Relations. January 5, 2018).

In March 2018, the European Commission unveiled its proposals for taxing large internet firms, which included charging a 3% tax if they make money from user data or digital advertising, regardless of their physical presence. Under the current system, firms are taxed on profits based on where they are headquartered, which is most often in countries with lower tax rates (Jennifer Rankin. " Facebook, Google and Amazon Could Pay 'Fair' Tax Under EU Plans." *The Guardian*. March 21, 2018). The European Commission stated that, with current tax rules, "there is a disconnect - or 'mismatch' - between where value is created and where taxes are paid." The EU also stated in March 2018 that it planned to alter its tax rules specifically with respect to companies with digital business operations. This was due largely to public criticism of the extraordinarily low amount of taxes such companies often pay. In fact, one study found that Amazon paid 11 times less corporate tax in the UK than traditional booksellers (Jennifer Rankin. "EU to Find Ways to Make Google, Facebook and Amazon Pay More Tax." *The Guardian*. September 21, 2017).

Multinational firms have faced severe criticism for their tax avoidance strategies in Europe. In 2012, Starbucks, Google, and Amazon were questioned by HM Revenue & Customs, the UK's tax authority, with respect to their tax avoidance strategies. Starbucks, for example, had reported no profit and did not pay any income tax in the UK, despite sales of £1.2 billion (Tom Bergin. " Special Report: How Starbucks Avoids UK Taxes." *Reuters*. October 15, 2012). Meta (formerly known as Facebook) also faced significant criticism in 2014 for having paid only £4,327 in taxes to the UK government, which it was able to do by rerouting its business through Ireland. As a result, the UK altered its tax system in 2015 to include a "diverted profits" tax ("Facebook to Overhaul Irish Tax Scheme." *BBC*. December 12, 2017). Meta ultimately agreed to move to a local selling structure, changes for which would begin in 2018 and would reach completion by mid-2019 ("Facebook to Stop Routing Ad Revenue Via Ireland Amid Pressure Over Taxes." *The Guardian.* December 12, 2017).

Potentially in response to these controversies, in June 2021, the European Union government and parliament negotiators reached a deal on rules under which multinational companies with a turnover of more than 750 million Euros annually for two consecutive years will have to declare profits, tax and the number of their employees in EU countries and in 21 countries considered tax havens by the EU. Companies will also be required to give an aggregated total of tax paid in other countries (Jan Strupczewski. " EU Reaches Deal on Tax Transparency for Multinational Firms." *Reuters*. June 2, 2021).

COMPANY DISCLOSURE

In its most recent 10-K, the Company addresses tax-related risks. For example, it states that even in countries with well-developed legal systems where the Company does business, it remains exposed to changes in law or interpretation of settled law, including changes that result from international treaties and accords and changes in policy that could adversely affect its results, such as increases in taxes, duties, or government royalty rates (including retroactive claims). It is subject to laws and sanctions imposed by the U.S. or by other jurisdictions where it does business that may prohibit the Company or its affiliates from doing business in certain countries or restricting the kind of business that may be conducted. It states that such restrictions may provide a competitive advantage to competitors who may not be subject to comparable restrictions (2022 10-K, p.3) Further, on October 6, 2022, EU member states adopted an EU Council Regulation, which introduced a new tax described as an emergency intervention to address high energy prices, and the regulation imposed a mandatory tax on certain companies active in the crude petroleum, coal, natural gas, and refinery sectors. According to the Company, the regulation required member states to levy a minimum 33% tax on in-scope companies’ 2022 and/or 2023 “surplus profits," and it resulted in an after-tax charge of approximately $1.8 billion to the Company's fourth-quarter 2022 results. The Company states that the future impact of this regulation and other measures directed at the energy sector, which were imposed by EU member states and the UK over the last few months, could be a reduction to earnings of up to $2 billion depending on commodity prices and levels of taxable income (p.48).

In response to this proposal, the Company states that it complies with the requirements of applicable laws everywhere it conducts business, including applicable tax laws. Additionally, it states that beginning no later than for the Company's 2025 financial year, it will be disclosing country-by-country data in the EU as applicable under rules to be adopted by each jurisdiction (2023 DEF 14A, p.99).

Regarding board oversight, the environment, safety, and public policy committee provides oversight and advice on the Company's positions on public policy issues of significance and makes recommendations to the board with respect thereto as it may deem advisable. The committee also reviews the effectiveness of the Company's programs and practices on public policy issues relevant to the Company. The finance committee reviews the Company's capital structure/capital allocation, and its financial policies, practices, and strategies. The finance committee also reviews the financial outlook and financing plan, as well as significant acquisitions and divestitures by the Company, including discussion of possible mergers and other transactions, and their financial impact. However, the Company does not explicitly address tax-related matters as part of its board-level oversight.

Summary	
Analyst Note	Although the Company provides some level of disclosure concerning this matter, regulatory trends and increased investor attention to this matter could warrant additional disclosure.

RECOMMENDATION

We recognize that allegations of tax avoidance can be extremely controversial and have received increasing attention from governments and regulators. As a result, we believe a best effort should be made by companies to manage this issue in a way that considers all stakeholders. In this case, we believe that the scrutiny paid to the Company's taxes on a global basis could lead to regulatory and reputational risk. Although the Company has provided some level of disclosure on this matter, we believe that additional reporting in line with the GRI Tax Standard would provide shareholders with understandable information on which they are able to base assessments of the Company's tax-related risks. Moreover, given the Company will be required to disclose much, but not all, of this information according to recent EU regulations, we do not view the production of the requested disclosure as a significant burden to the Company. Moreover, because this proposal is precatory in nature, we do not believe that providing the requested disclosure risks the Company's disclosure of competitively sensitive information. Accordingly, we believe that support for this proposal is warranted at this time.

We recommend that shareholders vote **FOR** this proposal.

16.00: SHAREHOLDER PROPOSAL REGARDING JUST TRANSITION REPORTING

FOR

PROPOSAL REQUEST:	That the Company report on the social impact of its energy transition on its workers and communities	**SHAREHOLDER PROPONENT:**	United Steelworkers
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Additional disclosure on Just Transition planning would benefit shareholders and stakeholders

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- We believe that further reporting on the matters raised by this proposal would be beneficial to the Company's shareholders, and stakeholders by allowing them to more fully understand the Company's considerations with respect to the future of its workforce.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: The shareholders of Exxon Mobil Corporation (the 'Company'), hereby request that the Board of Directors create a report regarding the social impact on workers and communities from closure or energy transition of the Company's facilities, and alternatives that can be developed to help mitigate the social impact of such closures or energy transitions. The report should be prepared at reasonable cost, omitting proprietary information, and be available on the Company's website by the 2024 Annual Meeting of Shareholders.*

Proponent's Perspective

- The Company should play a role in helping provide security for impacted workers and communities where it operates as the nation and the Company prepare for and participate in a transitioning energy economy;
- The UN PRI's Statement of Investor Commitment to Support a Just Transition on Climate Change states that "the responsible management of workforce and community dimensions of climate change are increasingly material drivers for value creation";
- In the International Labour Organization's ("ILO") 2015 Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All, the ILO emphasizes that the transition to environmentally sustainable economies and societies involves "the pivotal role of employers" and "anticipating impacts on employment, adequate and sustainable social protection for job losses and displacement, skills development and social dialogue, including the effective exercise of the right to organize and bargain collectively";
- In its Advancing Climate Solutions 2022 progress report, the Company stated that it plans to invest more than $15 billion over the next six years under the International Energy Agency's Net Zero Emissions by 2050 scenario to reduce emissions through carbon capture and storage, hydrogen, and biofuels, and the report discussed the Company's process to address socioeconomic risks before pursuing a new development, but the report did not discuss the implications for workers and communities when a refining, petrochemical, or production facility

Board's Perspective

- The Company's approach to employees and the community, including considerations associated with lower-emission projects at existing sites, is already communicated in its publications, including the sustainability report, which means the report requested in this proposal is unnecessary and not an appropriate use of Company resources;
- The Company's strategy for the energy transition is to create flexibility for its existing facilities;
- The Company's environmental and socioeconomic management approach, which serves as a framework for identifying and managing positive and negative impacts to local communities, is described in its Advancing Climate Solutions progress report and its sustainability report;
- The Company's management framework includes developing the Company's workforce where it operates throughout the life cycle of an asset, and the Company periodically updates its environmental and socioeconomic assessments to reflect any material changes to its operation or socioeconomic sensitivities; and
- As it delivers on its strategic objectives, the Company strives to: (i) create value for its customers, business partners, and communities, (ii) provide employees opportunities for personal and professional growth with impactful work, (iii) consider potential environmental and socioeconomic impacts of projects and operations throughout the asset life cycle, and (iv) engage with stakeholders, including employees and communities.

is transitioning or closed; and

- It is important for the board to create the proposed report as a first step towards understanding and mitigating the impact of future plant closings and transition on workers and communities where the Company operates.

THE PROPONENT

United Steelworkers

United Steelworkers, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial, and Service Workers Union (" USW") is North America's largest industrial union with 1.2 million members and retirees in the U.S., Canada, and the Caribbean. It also states that it has a presence in the UK, Ireland, England, Scotland, Mexico, and many other places. It states that USW is an organization that fights to improve its members' wages, benefits, and working conditions; to ensure justice and dignity on the job; and to create a social movement to better the lives of all working people.

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2022, USW submitted two shareholder proposals that received an average of 25.3% support (excluding abstentions and broker non-votes), with none of its proposals receiving majority support.

The Company states that the proponent is the beneficial owner of 116 shares in the Company's stock.

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that management and reporting of environmental and social issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas; manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products; and pursuit of lower-emission business opportunities including carbon capture and storage, hydrogen, and biofuels. Affiliates of the Company conduct extensive research programs in support of these businesses. The Company states that over 60% of its global employee workforce is from outside the U.S. and that the number of regular employees was 62 thousand, 63 thousand, and 72 thousand in the year ended 2022, 2021, and 2020, respectively (2022 10-K, p.1). Given the nature and scope of the Company's operations, it could be subject to significant risks with respect to both the regulatory and human capital implications of climate change as well as investor pressures that come as a result of climate change. For more information concerning climate change conventions and regulations, please see Glass Lewis' *In Depth: Climate Change*.

THE JUST TRANSITION

This proposal requests that the Company prepare a report on how it is responding to the impact of the Company's climate change strategy on workers and communities, consistent with the Just Transition guidelines of the International Labor Organization ("ILO"). The ILO states that the Just Transition involves maximizing the social and economic opportunities of climate action while minimizing and carefully managing challenges, including through effective social dialogue among all groups impacted and respect for fundamental labor principles and rights. In 2015, the ILO published guidelines for just transition, which state, among other things, that policies should provide a just transition framework for all to promote the creation of more decent jobs, including anticipating impacts on employment, adequate and sustainable social protection for job losses and displacement, and skills development and social dialogue, including the effective exercise of the right to organize and bargain collectively (p.6).

Regulatory Response

The effort to facilitate the Just Transition has recently gained the support of governments globally. At the UN climate change conference in late 2021, more than 30 nations, including core coal-producing countries, signed a Just Transition Declaration, committing them to strategies that ensure workers, businesses, and communities are supported through countries' transition to greener economies. The Declaration, which reflects the ILO's 2015 guidelines, recognizes the need to ensure that no one is left behind in the transition to net zero economies, and particularly those working in sectors, cities, and regions reliant on carbon-intensive industries and production. Signatories include the U.S., the UK, Norway, Canada, New Zealand, and all 27 EU member states.

Investor Response

Investors are becoming increasingly interested in companies' Just Transition plans. Most notably, the Climate Action 100+ ("CA 100+") an investor-led initiative that engages companies on their climate-related financial disclosures recently updated its Net-Zero Company Benchmark to include an indicator for assessing companies on their Just Transition efforts. The CA100+ will internally assess companies using a beta version of its Just Transition indicator, although scores are not to be publicly released (p.13). The organization states regarding its assessment that a "Just Transition" requires that companies consider the impacts of transitioning to a lower carbon business model on their workers and communities, and its beta indicator, which will be evaluated by the Transition Pathway Initiative, will include the following assessments: acknowledgment, commitment, engagement, and action (pp.17-18).

WORLD BENCHMARKING ALLIANCE JUST TRANSITION

The World Benchmarking Alliance ("WBA") has announced an intention to assess 450 companies by 2023 on their contribution to a just transition by assessing their alignment with the goals of the Paris Agreement alongside their approach to addressing the social challenges of a low-carbon transition. The 450 companies employ around 24 million people and have significant influence to achieve a just transition. The assessments are part of the Alliance's broader work on assessing and incentivising companies to contribute to transforming the energy system and decarbonising the global economy. The assessing low-carbon transition oil and gas sector methodology utilized by the WBA includes, among other things, principles, scope, boundaries, performance indicators, as well as performance, narrative, and trend scoring explanations. The methodology was developed through research and multi-stakeholder dialogue, and it builds on the Science-Based Target Initiative's Sectoral Decarbonization Approach. The WBA states that its 2021 oil and gas benchmark is also the first comprehensive assessment of the oil and gas sector using the IEA's Net-Zero Emissions by 2050 Scenario (NZE), which is aligned with a 50% chance of limiting long-term temperature rise to 1.5 °C degrees without a temperature overshoot. From 2022, the WBA's climate and energy benchmark, which holds the oil and gas sector-specific benchmark, will also assess companies on WBA's core social indicators and their contributions to a just transition.

COMPANY DISCLOSURE

In its response to this proposal, the Company states that its strategy for the energy transition is to create flexibility for its existing facilities. It further states that, as it delivers on its strategic objectives, the Company strives to: (i) create value for its customers, business partners, and communities; (ii) provide employees opportunities for personal and professional growth with impactful work; (iii) consider potential environmental and socioeconomic impacts of projects and operations throughout the asset life cycle; and (iv) engage with stakeholders, including employees and communities. Moreover, the Company states that its environmental and socioeconomic management approach, which serves as a framework for identifying and managing positive and negative impacts to local communities, is described in its Advancing Climate Solutions progress report and its sustainability report (2023 DEF 14A, pp.100-101).

In its sustainability report, the Company discusses its approach to sustainability, which is intended to help protect people, the environment, and the communities where it operates (p.6). It also discusses engaging communities and its supply chain, stating that it strives to create effective collaborations with its stakeholders, including its workforce, suppliers, customers, and the communities around the world where it operates (p.44). The Company discusses managing socioeconomic impacts and states that its integrated socioeconomic management approach supports the early identification of potential socioeconomic impacts and opportunities, including human rights, as well as the comprehensive planning and effective implementation of measures and advancements that avoid, reduce, or remedy risks from its operations. It further states that the core socioeconomic elements of its integrated approach include identification and assessment of potential impacts, human rights, community engagement and grievance management, community health and safety, local economic development, land use, resettlement and livelihood restoration, cultural heritage, and Indigenous peoples (pp.49-51). Additionally, the Company states that it supports the economic development of local communities with its investments and that it engages and collaborates with community members, stakeholders, and host governments to develop meaningful projects that help build and sustain economic growth while improving social conditions. The Company also explains that it considers the development goals of each community when deciding where, when, and how best to invest (p.52). The Company further addresses protection of assets, the community, and the environment within its Advancing Climate Solutions progress report, though it does not explicitly discuss its efforts towards a just transition for its employees or its communities (p.50).

The Company discusses investing in people and provides a 2022 Investing in People supplement, which discusses the Company's goals and provides workforce representation data in the U.S. and worldwide (pp.2-4). It states that the skills and capabilities that allow its workforce to meet the world's energy needs today are the same transferable skills required for the Company in the energy transition (p.11). The Company also discloses its approach to local economic development and states that it takes a long-term, coordinated, strategic approach to developing human, social, and economic capacity with lasting results for people, communities, and businesses in host countries.

Regarding oversight, the environment, safety, and public policy committee assists the board in overseeing the Company's positions and practices regarding safety, security, health, and the environment (including but not limited to climate, emissions, and sustainability) and also provides oversight on the Company's overall contributions strategies, objectives, and policies. Further, the committee annually reviews the Company's energy transition strategy and approach, including updates to climate science and energy transition technologies. The Company also states that the committee oversees operational risks associated with safety, security, health, and environmental performance, including actions taken to address climate-related risks, lobbying activities and expenditures, and community engagement (p.55).

RECOMMENDATION

We understand the importance of companies' careful consideration of this topic, as adapting to climate change can have significant social and workforce implications. In order to avoid reputational, regulatory and legal risks, it is important that companies ensure the best possible outcomes for their workforces and surrounding communities. Based on its statements in opposition to this resolution, the Company indicates that its strategy for the energy transition is to create flexibility for its existing facilities. It further states that, as it delivers on its strategic objectives, the Company strives to: (i) create value for its customers, business partners, and communities; (ii) provide employees opportunities for personal and professional growth with impactful work; (iii) consider potential environmental and socioeconomic impacts of projects and operations throughout the asset life cycle; and (iv) engage with stakeholders, including employees and communities. However, the Company's current disclosure regarding a just transition for its employees is rather limited in our view, and we believe that the Company's disclosure with regard to this matter could be reasonably enhanced and that support for this resolution would serve to encourage such disclosures.

We believe that the reporting requested by this resolution could be beneficial to the Company, its shareholders, and its stakeholders by allowing them to more fully understand the Company's considerations with respect to its workforce. Moreover, such disclosure could place the Company at a competitive advantage with respect to attracting and retaining employees, which is an important consideration given the tight labor market. Ensuring these employees' well-being could set the Company apart from others who have not undertaken or are contemplating and publicly reporting plans concerning this matter.

Accordingly, we believe support for this proposal is warranted at this time and that shareholders should support this measure.

We recommend that shareholders vote **FOR** this proposal.

COMPETITORS / PEER COMPARISON

	EXXON MOBIL CORPORATION	CHEVRON CORPORATION	THE PROCTER & GAMBLE COMPANY	JOHNSON & JOHNSON
Company Data (MCD)				
Ticker	XOM	CVX	PG	JNJ
Closing Price	$109.14	$168.58	$156.38	$163.70
Shares Outstanding (mm)	4,043.0	1,894.6	2,357.0	2,598.7
Market Capitalization (mm)	$441,251.4	$319,399.0	$368,582.9	$425,412.8
Enterprise Value (mm)	$457,775.4	$330,051.0	$398,680.9	$459,149.8
Latest Filing (Fiscal Period End Date)	03/31/23	12/31/22	03/31/23	04/02/23
Financial Strength (LTM)				
Current Ratio	1.5x	1.5x	0.6x	1.1x
Debt-Equity Ratio	0.20x	0.17x	0.81x	0.75x
Profitability & Margin Analysis (LTM)				
Revenue (mm)	$398,438.0	$244,302.0	$80,968.0	$96,263.0
Gross Profit Margin	34.4%	40.5%	47.2%	67.0%
Operating Income Margin	19.3%	20.1%	22.9%	27.0%
Net Income Margin	15.5%	14.5%	17.7%	13.2%
Return on Equity	33.3%	23.7%	31.6%	17.5%
Return on Assets	13.3%	12.4%	9.6%	8.7%
Valuation Multiples (LTM)				
Price/Earnings Ratio	7.4x	9.1x	27.2x	34.1x
Total Enterprise Value/Revenue	1.1x	1.4x	4.9x	4.8x
Total Enterprise Value/EBIT	5.9x	6.7x	21.5x	17.6x
Growth Rate* (LTM)				
5 Year Revenue Growth Rate	10.1%	13.9%	4.0%	4.1%
5 Year EPS Growth Rate	25.5%	30.4%	8.8%	60.4%
Stock Performance (MCD)				
1 Year Stock Performance	28.4%	4.2%	-4.3%	-10.8%
3 Year Stock Performance	136.3%	87.5%	33.8%	8.1%
5 Year Stock Performance	33.6%	33.1%	114.8%	27.6%

Source: Capital IQ

MCD (Market Close Date): Calculations are based on the period ending on the market close date, 05/10/23.
LTM (Last Twelve Months): Calculations are based on the twelve-month period ending with the Latest Filing.
*Growth rates are calculated based on a compound annual growth rate method.
A dash ("-") indicates a datapoint is either not available or not meaningful.

VOTE RESULTS FROM LAST ANNUAL MEETING MAY 25, 2022

Source: 8-K (sec.gov) dated June 1, 2022

RESULTS

NO.	PROPOSAL	FOR	AGAINST/WITHHELD	ABSTAIN	GLC REC
1.1	Elect Michael J. Angelakis	97.20%	2.04%	0.76%	For
1.2	Elect Susan K. Avery	94.52%	4.53%	0.95%	For
1.3	Elect Angela F. Braly	95.86%	3.41%	0.73%	For
1.4	Elect Ursula M. Burns	88.80%	10.84%	0.36%	For
1.5	Elect Gregory J. Goff	97.71%	1.89%	0.40%	For
1.6	Elect Kaisa H. Hietala	97.89%	1.73%	0.38%	For
1.7	Elect Joseph L. Hooley	94.48%	5.12%	0.39%	For
1.8	Elect Steven A. Kandarian	98.14%	1.47%	0.40%	For
1.9	Elect Alexander A. Karsner	96.59%	3.01%	0.40%	For
1.10	Elect Jeffrey W. Ubben	97.64%	1.59%	0.77%	For
1.11	Elect Darren W. Woods	91.31%	8.33%	0.35%	For
2.0	Ratification of Auditor	96.49%	3.16%	0.35%	For
3.0	Advisory Vote on Executive Compensation	90.01%	8.86%	1.13%	For

SHAREHOLDER PROPOSALS*

NO.	PROPOSAL	FOR	AGAINST	GLC REC
4.0	Shareholder Proposal Regarding Executive Perquisites	21.76%	78.24%	Against
5.0	Shareholder Proposal Regarding Restricting Precatory Proposals	1.46%	98.54%	Against
6.0	Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement	27.05%	72.95%	Against
7.0	Shareholder Proposal Regarding Report on Business Model Changes	10.48%	89.52%	Against
8.0	Shareholder Proposal Regarding Audited Report on Net Zero Emissions 2050 Scenario Analysis	50.96%	49.04%	For
9.0	Shareholder Proposal Regarding Addressing Virgin Plastic Demand	36.47%	63.53%	Against
10.0	Shareholder Proposal Regarding Political Contributions and Expenditures Report	26.71%	73.29%	Against

*Abstentions excluded from shareholder proposal calculations.

COMPANY FEEDBACK

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Please scroll to the next page to view the Report Feedback Statement.

Exxon Mobil Corporation
5959 Las Colinas Boulevard
Irving, TX 75039-2298

Jennifer Driscoll
Vice President, Investor Relations

ExxonMobil

May 17, 2023

Glass Lewis
255 California Street, Suite 1100
San Francisco, CA 94111

RE: 2023 Glass Lewis Proxy Report Feedback Statement

We appreciate the opportunity to provide transparent and timely information to our shareholders by participating in Glass Lewis' Report Feedback Statement Service. Our ongoing shareholder engagements are vitally important, and the input we receive contributes to ExxonMobil's future disclosures. To facilitate informed voting by our shareholders, we offer the information below regarding some of the proposals in our 2023 Proxy Statement.[1]

Additional Direct Methane Measurement

ExxonMobil is on the forefront of technology when it comes to monitoring, measuring, and addressing fugitive methane emissions. Our strategy is to implement all reasonable means to avoid methane venting and flaring, and to repair detected leaks at our operated sites. To identify and track methane sources, we use satellites, aircraft, drones, facility-scale, near-continuous monitoring via fixed cameras and sensors, on-the-ground manual leak detection, and a first-of-its-kind stratospheric balloon with hyperspectral sensors.

Currently, there are no standard protocols to incorporate direct measurement into the quantification of methane emissions, and we appreciate Glass Lewis' assessment that our current methane disclosures are relatively commensurate with our peers. Even so, we're deploying detection technologies in nine countries at operated assets that account for more than 80% of our methane emissions, and we're expanding our continuous monitoring program in the Permian Basin to cover about 700 unconventional production sites by 2025. In addition, we were recognized as an industry leader in a three-year direct measurement study by the Environmental Defense Fund in the Permian Basin.[2]

Please see our recent letter to shareholders[3] for more information. Given the significant progress we are making to measure and reduce emissions and the comprehensive disclosures we already make available to the public, we recommend a vote AGAINST "Item 8 – Additional Direct Methane Measurement."

Additional Report on Worst-case Spill and Response Plans

Our goal is to reduce environmental incidents to zero everywhere we operate through a process of continuous improvement and superior environmental performance.

Specific to our operations in Guyana,[4] Glass Lewis has recognized the extensive disclosures we already provide. Our website offers comprehensive details[5] on our work in the region, including an overview of the project, our contributions to and collaborations with the local community, and our environmental efforts. To give our stakeholders additional insight and confidence in our processes, this website also features a centralized location for environmental impact assessments of Payara Prosperity and Yellowtail One, as well as the Oil Spill Response Plan for our Guyana operations.

Glass Lewis' conclusion appears to be that we have already provided so much disclosure that it should be easy for us to provide more. However, this proposal is one of nine active proposals asking for new reports. Requests for ever more reporting ignore the time, additional cost, and resources every report takes for the company to prepare – and in this case the requested report clearly would not provide new, decision-useful information, or incremental value for investors. Since the investor has failed to demonstrate this report would be additive, our Board recommends a vote AGAINST "Item 10 - Additional Report on Worse-case Spill and Response Plans."

GHG Reporting on Adjusted Basis
We appreciate Glass Lewis' review of our Board's guidance on this topic. As mentioned in our proxy statement, we make divestment decisions to maximize value and improve competitiveness, not to manage emissions. Our 2030 greenhouse gas (GHG) intensity reduction plans are based on impactful mitigation projects and do not rely on divestments.

In fact, we estimate that our 2016 operated GHG intensity baseline would be *higher* if only adjusted for divestments. Since these divested assets have a lower GHG intensity on average, rebaselining would make it easier for us to reach our 2030 GHG emission reduction plans. As such, the requested disclosure would not be meaningful.

As we continue to evolve our business and optimize our portfolio in support of our strategic priorities, repeated changes to our 2016 GHG baseline would make it more difficult for shareholders and others to track our progress and make year-on-year comparisons. Such an adjustment process could also mislead investors as it would be inconsistent with the majority of industry and misaligned with how we report reserves and financial data.

Given the importance of clear disclosures to shareholders, we recommend a vote AGAINST "Item 11 – GHG Reporting on Adjusted Basis."

Report on Asset Retirement Obligations Under IEA NZE Scenario
The robust disclosures in our Advancing Climate Solutions progress report[6] (ACS) provide shareholders insights into the resiliency of our business. We acknowledge Glass Lewis' conclusion that the additional reporting requested by this proposal is neither required by U.S. GAAP nor current industry practice.

Our 2023 ACS details the potential impact of the International Energy Agency's Net Zero Emissions by 2050 (IEA NZE) scenario on remaining asset lives, asset retirement obligations (AROs), and asset-use optionality. As we have shared, we test our portfolio against a range of scenarios and projections, confirming that our flexible strategy enables us to adapt to the energy transition at the pace society demands.

In the ACS, we modeled our portfolio through 2050 and described our approach to repurposing downstream assets in support of a lower-emission future, including evolving the product slate toward biofuels, chemicals, and basestocks, and converting some of our refineries to terminals. Further, consistent with the request of the proposal, we solicited a Wood Mackenzie audit and published the audit statement in its entirety. Their audit concluded that our modeling accurately reflected the IEA NZE scenario assumptions.

In their analysis, Glass Lewis states that AROs could represent a material financial risk to the company. We are unable to understand how they have arrived at this conclusion. In accordance with GAAP, we do not incorporate into our financial statements those types of risks that are as remote as the IEA NZE path. Glass Lewis apparently believes the likelihood of the IEA NZE scenario is well beyond what the IEA itself contends: that the world is not on the NZE path and that this is a very aggressive scenario. It is clear that the IEA NZE does not, by the scenario authors' own assessment, meet the level of likelihood required to be considered in our financial statements. Likewise, it is highly unlikely that society would accept the degradation in global standard of living required to permanently achieve a scenario like the IEA NZE. We ask shareholders therefore to reject the proponent's conclusion, which was not based on a sound, underlying analysis.

With the robust disclosures we already provide, as guided by shareholder input, our Board recommends a vote AGAINST "Item 12 – Report on Asset Retirement Obligations Under IEA NZE Scenario."

Energy Transition Social Impact Report

Throughout our long history, ExxonMobil has worked to develop our workforce, facilitate local economic growth, mitigate the impact of our operations, and engage with and support the communities in which we work. It is integral to the success of our business that we respect human rights, manage impacts on communities, and make valued social investments. These efforts apply to our leading role in the ongoing energy transition as disclosed on our website in our approach to "Supporting a Just Transition." [7]

In our Investing in People[8] report, we describe our focus on building a diverse workforce and productive work environment where individual and cultural differences are respected, where every employee is challenged to deliver their best and contribute to our success, and where our people have the opportunity for unrivalled personal and professional development. Importantly, the skills and capabilities that allow our workforce to meet the world's energy needs today are the same critical and transferable skills required for ExxonMobil to thoughtfully lead in an ongoing energy transition.

In addition, ExxonMobil chairs the Just Transition Task Force[9] within Ipieca, the global oil and natural gas association for advancing environmental and social performance across the energy transition. The task force shares best practices and information to help "support the oil and [natural] gas industry's participation in international collaboration to transition to a lower-carbon world in a way that's just and fair for workforces, communities, and consumers."

For these reasons and because of the disclosures we already provide, our Board recommends a vote AGAINST "Item 16 – Energy Transition Social Impact Report."

We are grateful for the opportunity to discuss these topics with our shareholders, and we welcome engagement from our shareholders and Glass Lewis at any time. We encourage our shareholders to carefully review our proxy statement and vote AGAINST these items at the Annual Meeting of Shareholders on May 31.

Sincerely,

[1] https://d1io3yog0oux5.cloudfront.net/_2aa107f919d6402d66c941ee92b21313/exxonmobil/db/2301/22049/proxy_statement/2023-Proxy-Statement.pdf

[2] https://blogs.edf.org/energyexchange/files/2022/11/PermianMAPFinalReport.pdf

[3] https://d1io3yog0oux5.cloudfront.net/_2aa107f919d6402d66c941ee92b21313/exxonmobil/db/2421/22102/pdf/Methane+Letter+05.15.23+-+final.pdf

[4] ExxonMobil's affiliate Esso Exploration and Production Guyana Limited is the operator in Guyana. "ExxonMobil" "we" or "our" is used herein, for convenience and simplicity. Nothing contained herein is intended to override corporate separateness.

[5] https://corporate.exxonmobil.com/locations/guyana

[6] https://corporate.exxonmobil.com/news/reporting-and-publications/advancing-climate-solutions-progress-report

[7] https://corporate.exxonmobil.com/news/reporting-and-publications/sustainability-report/social/just-transition

[8] https://corporate.exxonmobil.com/-/media/global/files/sustainability/social/investing-in-people-2022.pdf?la=en&hash=F4BBC9044979ADB30B044D59E1681FDEE6CA5AE7

[9] https://www.ipieca.org/work/people/accelerating-a-just-transition

APPENDIX

LEAD ANALYSTS & SPECIALISTS

Governance:	**Compensation:**	**Shareholder Proposals:**
Brianna Castro	Douglas Ryan	Courteney Keatinge Jason Holt Erin Garcia-Fernandez

GLASS LEWIS PEERS VS PEERS DISCLOSED BY COMPANY

GLASS LEWIS	XOM
Chevron Corporation* The Procter & Gamble Company* Johnson & Johnson* The Boeing Company* ConocoPhillips AT&T Inc.* International Business Machines Corporation* Pfizer Inc.* Marathon Petroleum Corporation Verizon Communications Inc.* Ford Motor Company* Intel Corporation Microsoft Corporation Walmart Inc. Alphabet Inc.	General Electric Company General Motors Company Raytheon Technologies Corporation

**ALSO DISCLOSED BY XOM*

QUESTIONS

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to www.glasslewis.com/public-company-overview/ for information and contact directions.

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This report should be read and understood in the context of other information Glass Lewis makes available concerning, among other things, its research philosophy, approach, methodologies, sources of information, and conflict management, avoidance and disclosure policies and procedures, which information is incorporated herein by reference. Glass Lewis recommends all clients and any other consumer of this Proxy Paper report carefully and periodically evaluate such information, which is available at: http://www.glasslewis.com.

PARTNER INSIGHTS

The pages following this appendix are included with this Proxy Paper report for informational purposes only. They contain data and insights produced by Glass Lewis' strategic business partners and none of the information included therein is a factor in Glass Lewis' analyses or vote recommendations.

About ESG Book

ESG Book is a global leader in sustainability data and technology. Launched in 2018, the company offers a wide range of sustainability-related data, scoring, and technology products that are used by many of the world’s leading investors and companies. Covering over 35,000 companies, ESG Book’s product offering includes ESG raw data, company-level and portfolio-level scores and ratings, analytics tools, and a SaaS data management and disclosure platform. ESG Book’s solutions cover the full spectrum of sustainable investing including ESG, climate, net-zero, regulatory, and impact products. Read more on: www.esgbook.com

SUSTAINALYTICS ESG PROFILE

ESG Risk Rating

Negligible	Low	Med	High	**Severe** ▼

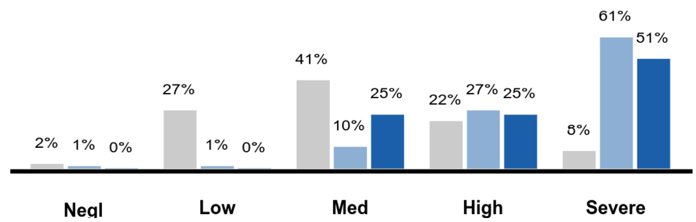
All data and ratings provided by: SUSTAINALYTICS

Data Received On: **May 11, 2023**

Rating Overview

The company is at severe risk of experiencing material financial impacts from ESG factors, due to its high exposure and strong management of material ESG issues. Notably, its overall risk is higher since it is materially exposed to more ESG issues than most companies in our universe. The company is noted for its strong corporate governance performance, which is reducing its overall risk. Despite its strong management policies and programmes, the company has experienced a high level of controversies.

ESG Risk Rating Distribution



Relative Performance

	Rank*	Percentile*
Global Universe	14234 of 15343	**93rd**
Oil & Gas Producers (Industry Group)	108 of 292	**37th**
Integrated Oil & Gas (Subindustry)	30 of 61	**49th**

** 1st = lowest risk*

Exposure to ESG Risk

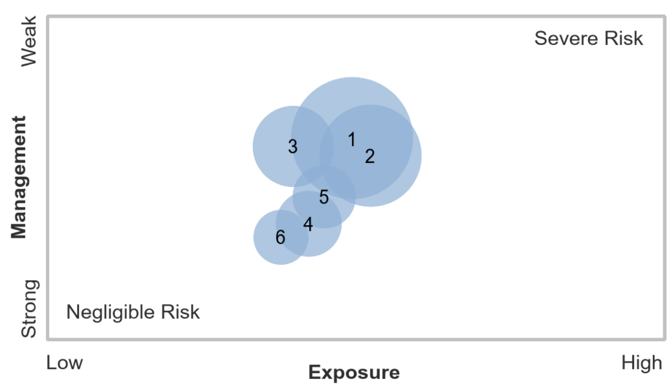
Low	Medium	**High** ▼

Management of ESG Risk

Strong ▼	Average	Weak

Top Material Issues	ESG Risk Rating
1 Carbon - Products and Services	High
2 Community Relations	Med
3 Carbon - Own Operations	Med
4 Corporate Governance	Low
5 Occupational Health and Safety	Low

▲ = *Noteworthy Controversy Level*



Risk Details

Exposure	
Company Exposure	The company's sensitivity or vulnerability to ESG risks.
Management	
Manageable Risk	Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
Managed Risk	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
Management Gap	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
Unmanageable Risk	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
ESG Risk Rating	
Overall Unmanaged Risk	Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.

NOTEWORTHY CONTROVERSIES

SEVERE

The Event has a severe impact on the environment and society, posing serious business risks to the company. This category represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.

- **No severe controversies**

HIGH

The Event has a high impact on the environment and society, posing high business risks to the company. This rating level represents systemic and/or structural problems within the company, weak management systems and company response, and a recurrence of incidents.

- **No high controversies**

SIGNIFICANT

The Event has a significant impact on the environment and society, posing significant business risks to the company. This rating level represents evidence of structural problems in the company due to recurrence of incidents and inadequate implementation of management systems or the lack of.

- **Emissions, Effluents and Waste**

PRODUCT INVOLVEMENT*

Alcoholic Beverages

Range: 0-4.9%

The company derives revenues from the distribution and/or retail sale of alcoholic beverages.

Oil Sands

Range: 5-9.9%

The company extracts oil sands.

Arctic Drilling

Range: 0-4.9%

The company is involved in oil and gas exploration in Arctic regions

Tobacco

Range: 0-4.9%

The company derives revenues from the distribution and/or retail sale of tobacco products.

NO PRODUCT INVOLVEMENT

Genetically Modified Plants & Seeds

Pesticides

Adult Entertainment

Gambling

Controversial Weapons

Thermal Coal

* Range values represent the percentage of the Company"s revenue. N/A is shown where Sustainalytics captures only whether or not the Company is involved in the product.

DISCLAIMER

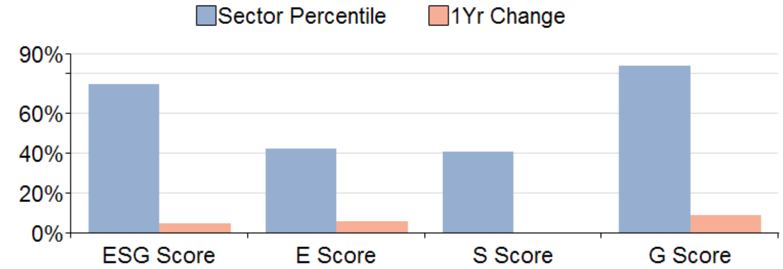
All data and ratings provided by:

SUSTAINALYTICS

https://www.sustainalytics.com/

ESG BOOK PROFILE

Summary of ESG Score Performance



All data and ratings provided by:

esgbook

www.esgbook.com

Country:	United States
Sector:	Energy Minerals
Industry:	Integrated Oil
Data Received:	4/3/2023

ESG Score Details

The ESG Score provided by ESG Book identifies companies that are better positioned to outperform over the long-term by measuring what is financially material for future profitability. Sustainability features that are more material to financial performance are weighted more heavily in the overall ESG scores. For more detail please see the ESG Score methodology user guide here.

ESG Score	
Absolute Score	60.3
Sector Percentile	75.1%
1 Year Change	5.3%
2 Year Change	14.7%
3 Year Change	5.6%

	Environmental	Social	Governance
Score	55.8	55.2	65.6
Weight	25.4%	26.7%	47.8%
Sector Percentile	42.8%	41.3%	84.4%
1 Year Change	6.0%	N/A	9.4%

Global Compact ("GC") Score Details

The GC Score provided by ESG Book provides a normative assessment of companies based on the four core principles of the United Nations Global Compact (GC) to approximate reputational risk: human rights, labour rights, the environment and anti-corruption. The four sub-scores are combined using a non-compensatory aggregation approach, where low performance on any of the pillars is weighted extra. Quantitatively, every GC category starts with a weight of 25%, but gets more weight allocated as the score starts dropping below 50 (i.e. the neutral centre). For more detail please see the GC score methodology user guide here.

GC Score	
Absolute Score	54.2
Sector Percentile	36.2%
1 Year Change	-0.2%
2 Year Change	5.1%
3 Year Change	-0.3%

	Human Rights	Labour Rights	Environment	Anti-corruption
Score	56.5	52.4	55.5	52.4
Weight	25.0%	25.0%	25.0%	25.0%
Sector Percentile	56.1%	26.9%	41.0%	17.3%
1 Year Change	-1.2%	-9.6%	4.9%	6.0%

Business Involvements - Over a 5% Revenue Threshold

Fossil Fuels