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New Proxy Resolution Urges ExxonMobil to Return Capital to Shareholders in the Face of Global Climate Change & Carbon Asset Risk

Arjuna Capital and As You Sow File Shareholder Proposal Asking Exxon Mobil to Return Capital to Shareholders Rather than Invest in High-Cost High-Carbon Projects

BOSTON AND OAKLAND– (November 25, 2014) – In a first of its kind proposal, Shareholders Arjuna Capital/Baldwin Brothers Inc. and As You Sow seek increased dividends or share buybacks from Exxon Mobil given structural challenges facing the industry -- historically high capital expenditures, decreasing profitability, and global climate change. This represents the first shareholder proposal asking a company to return capital to shareholders in light of climate change risk.

Exxon Mobil wrote a report in response to Arjuna Capital and As You Sow's shareholder proposal this spring on the potential for stranded assets associated with climate change. Exxon ignored major risk factors projected by the International Energy Agency (IEA) and Wall Street energy analysts regarding stranded carbon assets – i.e. that the company's most-costly projects may become uneconomical in a low demand or low oil price environment.

The new shareholder resolution calls on Exxon Mobil (XOM) to protect investor value by "increasing the amount authorized for capital distributions to shareholders through dividends or share buy backs," rather than invest in high-cost, high-carbon oil projects.

Exxon Mobil has maintained that none of its carbon assets will be stranded, based on projections of unabated global energy demand and a belief that global governments will not take meaningful action to curb global warming. Despite pressure from shareholders, the company has failed to stress test the impact of governments reacting appropriately to limit climate disruption to agreed upon international targets.

The recently announced U.S./China agreement to reduce carbon emissions stands in contrast to Exxon's outlook and could cut demand substantially. The International Energy Agency (IEA) states that, "No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 if the world is to achieve the 2° C goal" needed to avoid catastrophic climate change.

In addition to the likelihood of reduced demand, the cost of oil and gas exploration and development is dramatically increasing and Exxon Mobil is making extremely risky bets on new energy exploration that run counter to the assessments of leading market experts.

According to Carbon Tracker Initiative (CTI), 39 percent of Exxon Mobil's potential capital expenditures through 2025 requires an oil price of $95 per barrel to be economical, and 17 percent requires a price of

$115 per barrel. By the end of 2025, CTI expects high cost projects to represent 35 percent of Exxon Mobil's potential future production.

The resolution states: **"In light of the climate change related risks of decreasing profitability and stranded asset risk associated with planned capital expenditures on high cost unconventional projects, Exxon Mobil commit to increasing the amount authorized for capital distributions to shareholders through dividends or share buy backs."**

Natasha Lamb, Director of Equity Research and Shareholder Engagement at Arjuna Capital said**, "This proposal is breaking new ground by asking Big Oil not to break ground on high-cost, high-carbon projects. Exxon Mobil should return capital to shareholders rather than gamble with investor resources. A fossil fuel volume play in the face of global climate change is simple folly. We should not be in a rush to find and burn all the carbon we can, regardless of cost and irreversible climate impact, but instead focus on value, figuring out how to do more with less."**

"Exxon has taken a public position that demand for oil will continue to grow, no matter how warm the globe gets, no matter how harsh the impacts of that warming, and regardless of technology changes allowing for cheaper, cleaner renewable fuels," said Danielle Fugere, President of As You Sow. **"The recent U.S.-China accord on carbon emission reductions is just the latest indication that ExxonMobil's view of the world does not square with reality. Our goal is to protect shareholders from the clear and inevitable changes to the global economy that mean ExxonMobil is likely to have substantial stranded carbon assets if it continues on its current path."**

The shareholder proposal notes that "(m)assive production-cost inflation over the past decade has made the industry particularly vulnerable to a downturn in demand." The Arjuna Capital and As You Sow proxy resolution cites the following analyst reports:

- According to Bloomberg, capital expenditures by the largest oil companies has risen five-fold since 2000, yet overall industry production is nearly flat.
- Goldman Sachs notes in the past two years no major new oil project has come on stream with production costs below 70 dollars per barrel, with most in the 80-100 dollar range, raising the risk of stranded, or unprofitable, assets.
- Kepler Cheuvreux declares a "capex crisis" as companies invest in higher cost, higher carbon unconventional crude to stem conventional crude decline rates. Since 2005, annual upstream investment for oil has increased 100 percent, while crude oil supply has increased 3 percent.

For the full text of the Arjuna Capital/As You Sow shareholder resolution, go to:
http://www.asyousow.org/wp-content/uploads/2014/11/exxonmobil2015carbonbubble.pdf

This proposal reflects increasing investor concern about the issue of stranded assets and builds on a shareholder initiative started in 2013 and coordinated by Ceres, in which shareholders representing $3 trillion in assets under management, asked 45 companies for increased disclosure about whether they are implementing strategies to address carbon-related risk and avoid stranded assets.

Last year, shareholders built on this campaign by filing resolutions at 10 fossil-fuel companies. The resolutions sought reports from companies on the risk of stranded assets associated with the increasing likelihood of action to prevent climate change. Filings included a successful withdrawal of a resolution to Exxon by Arjuna Capital and As You Sow in which Exxon agreed to prepare a report on its risk of stranded assets. Exxon released the report, acknowledged the growing problem of climate change, but failed to admit to any potential for stranded assets. Last year, As You Sow also filed carbon asset risk resolutions at Chevron, Anadarko, Hess, and CONSOL Energy.

This year, shareholders will continue to file resolutions seeking greater disclosure and action to address the risk of stranded assets from structural changes associated with higher cost supplies and reduced demand.

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Arjuna Capital is the sustainable wealth management platform of Baldwin Brothers Inc., an SEC-registered independent financial advisory firm established in 1974. For more information visit www.arjuna-capital.com.

As You Sow is a nonprofit organization that promotes environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies. For more information visit www.asyousow.org.