



WHEREAS:

Extracting oil and gas from shale formations using horizontal drilling and hydraulic fracturing technology has become a controversial public issue. Leaks, spills, explosions and community impacts have led to bans and moratoria in the U.S. and around the globe, putting the industry's social license to operate at risk.

Exxon is the largest producer of natural gas in Germany, which has maintained a moratorium on fracking despite intense industry lobbying. Additional moratoria were adopted in the United States this year, including in Denton, Texas, where Exxon's XTO unit honed its shale expertise. Communities' concerns about natural gas extraction operations near their homes was underscored when Exxon's Chief Executive Officer joined a lawsuit alleging that water hauling associated with hydraulic fracturing activities has the potential to increase noise and traffic, and decrease property values.

Disclosure of best management practices, and measurement of their impact, is the primary means by which investors can gauge how companies are managing the risks of their operations. The Department of Energy's Shale Gas Production Subcommittee recommended in 2011 that companies "adopt a more visible commitment to using *quantitative measures* as a means of achieving best practice and demonstrating to the public that there is continuous improvement in reducing the environmental impact of shale gas production." (emphasis in original)

In a December 2014 report "Disclosing the Facts: Transparency and Risk in Hydraulic Fracturing Operations", which ranked companies on disclosure of quantitative information to investors, Exxon scored only 14% on its disclosure practices.

Due to this poor performance, investors call for Exxon to provide detailed, quantitative, comparable data about how it is managing the risks and reducing the impacts of its natural gas extraction operations. Its *Operations Integrity Management System* fails to provide such reporting; as a generalized framework for companywide operations, it lacks criteria specific to shale energy operations.

THEREFORE BE IT RESOLVED:

Shareholders request the Board of Directors report to shareholders using quantitative indicators, by December 31, 2015, and annually thereafter, the results of company policies and practices, above and beyond regulatory requirements, to minimize the adverse environmental and community impacts from the company's hydraulic fracturing operations associated with shale formations. Such report should be prepared at reasonable cost, omitting confidential information.

SUPPORTING STATEMENT:

- Proponents suggest the report provide quantitative information for each play in which the company has substantial extraction operations, on issues including, at a minimum:
- Percentage of wells using "green completions;"
- Methane leakage as a percentage of total production;
- Percentage of drilling residuals managed in closed-loop systems;
- Goals to eliminate the use of open pits for storage of drilling fluid and flowback water, with updates on progress;
- Goals and quantitative reporting on progress to reduce toxicity of drilling fluids;
- Numbers and categories of community complaints of alleged impacts, and their resolution; and
- Systematic post-drilling ground water assessment.