



WHEREAS:

Extracting oil and gas from shale formations using hydraulic fracturing and horizontal drilling technology has become a controversial public issue. Leaks, spills, explosions and community impacts have led to bans and moratoria in New York State and elsewhere in the U.S., putting the industry's social license to operate at risk. Hydraulic fracturing has also become a topic of controversy in many locations across the world, including in Germany which has impacted Exxon Mobil's unconventional oil and gas development in the region.

Disclosure of management practices and their impacts is the primary means by which investors can assess how companies are managing the risks of their operations. The Department of Energy's Shale Gas Production Subcommittee recommended 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."

Exxon Mobil has become a laggard in the oil and gas industry in its disclosure practices. In a 2015 report "Disclosing the Facts: Transparency and Risk in Hydraulic Fracturing Operations", which ranked companies on disclosure of quantitative information to investors, Exxon scored only 4 out of 39 points for its disclosure practices. Two thirds of the companies reviewed earned higher scores for their disclosures.

Exxon's subsidiary, XTO Energy, was cited for having 113 hydraulic fracturing environmental and health violations, from January 2011 to August 2014, in Pennsylvania alone (Environment America, Fracking Failures, 2015). These violations have increased shareholder concern about Exxon's practices.

Due to Exxon's poor disclosure performance, investors call for the Company to provide detailed, quantitative, comparable data about how it is managing the risks and reducing the impacts of its hydraulic fracturing extraction operations. Its Operations Integrity Management System fails to provide such reporting to investors; as a generalized framework for companywide operations, it provides no specific information on the company's shale energy operations.

BE IT RESOLVED:

Shareholders request the Board of Directors report to shareholders, using quantitative indicators, by December 31, 2016, 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:

- Goals and quantitative reporting on progress to reduce toxicity of drilling fluids;
- Quantitative reporting on methane leakage as a percentage of total production;
- Percentage of drilling residuals managed in closed loop systems;
- Numbers and categories of community complaints of alleged impacts, and their resolution;
- Systematic post-drilling ground water assessment; and
- Practices for identifying and managing the hazards from naturally occurring radioactive materials