

Emission Reduction Targets

Resolved: Shareholders support the Company, by an advisory vote, to go beyond current plans, further accelerating the pace of emission reductions in the medium-term for its greenhouse gas (GHG) emissions across Scope 1, 2, and 3, and to summarize new plans, targets, and timetables.

Whereas: In the absence of effective climate change mitigation, up to 10 percent of global economic value could be lost by 2050.¹ The Intergovernmental Panel on Climate Change (IPCC) has advised that GHG emissions must be halved by 2030 and reach net zero by 2050 to limit global warming to 1.5 degrees Celsius. Every incremental increase in temperature above 1.5 degrees will increase physical, transition, and systemic risks for companies and investors alike.²

Current Goals: Exxon has acknowledged the importance of reduction goals for Scope 1 and 2 emissions by setting intensity targets across its value chain. The Company has also set GHG intensity targets for its upstream sector and upstream operations in the Permian.

Yet, Exxon's current 2030 targets are significantly below the IPCC's recommendation of 50 percent absolute emission reductions. The Company's current metrics are all on an intensity basis, which allow the Company to increase its absolute emissions. Furthermore, Exxon lacks any Scope 3 target, which account for 90 percent of its carbon footprint.³

Capital Expenditures: The International Energy Agency reports peak global demand for coal, oil, and gas could be reached before 2030.⁴ Despite this trajectory, Exxon anticipates total annual capital expenditures and exploration expenses of 23 to 25 billion in 2024, increasing up to 27 billion per year from 2025 to 2027. While Exxon plans 20 billion in total low carbon spending through 2027, this amounts to only about 15 percent of its overall total planned capital expenditures. This spending will increase Exxon's oil and gas output by 10 percent.⁵ Carbon Tracker projects that even under a moderate transition scenario, continued oil and gas investments could lead to commodity oversupply, resulting in lower pricing, negatively impacting existing and new project revenue.⁶

Cost of Capital: Exxon's cost of capital may substantially increase if it fails to control transition risks by significantly reducing absolute emissions. In October, federal bank regulatory agencies issued Principles for Climate-Related Financial Risk Management for Large Financial Institutions, warning such institutions to thoroughly address risks associated with climate change within their investments.⁷

Peer Targets: Oil and gas peers BP, TotalEnergies, Repsol, and Eni recognize climate transition risks and have set more ambitious, medium-term emission reduction targets. These companies aim to reduce absolute Scope 1, 2, and 3 targets by at least 30 percent by 2030. Other peers Chevron, Equinor, Shell, and Suncor have set goals to decrease Scope 3 emissions.

¹ [https://www.swissre.com/dam/jcr:5d558fa2-9c15-419d-8dce-73c080fca3ba/SRI %20Expertise Publication EN LITE The%20Economics of climate change.pdf](https://www.swissre.com/dam/jcr:5d558fa2-9c15-419d-8dce-73c080fca3ba/SRI%20Expertise%20Publication%20EN%20LITE%20The%20Economics%20of%20climate%20change.pdf)

² <https://www.ipcc.ch/2022/04/04/ipcc-ar6-wgiii-pressrelease/>

³ <https://corporate.exxonmobil.com/news/reporting-and-publications/advancing-climate-solutions-progress-report>

⁴ <https://www.nytimes.com/2023/10/24/climate/international-energy-agency-peak-demand.html>

⁵ <https://investor.exxonmobil.com/news-events/press-releases/detail/1154/exxonmobil-corporate-plan-more-than-doubles-earnings>

⁶ <https://carbontracker.org/reports/navigating-peak-demand/>

⁷ <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20231024b.htm>