



**Molly R. Benson**  
Vice President, Corporate Secretary and  
Chief Compliance Officer

## **Marathon Petroleum Corporation**

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February 6, 2018

### **VIA EMAIL AND OVERNIGHT COURIER**

Patrick Doherty  
Director of Corporate Governance  
State of New York  
Office of the State Comptroller  
59 Maiden Lane – 30<sup>th</sup> Floor  
New York, NY 10038

Re: MPC Shareholder Proposal

Dear Mr. Doherty:

This letter memorializes the recent conversations we have had regarding the stockholder proposal (the “Proposal”) attached hereto as Exhibit A, which you submitted on behalf of the Comptroller of the State of New York and which has been supported by several co-filers<sup>1</sup> (the “Proponents”). As we discussed on January 25, 2018, Marathon Petroleum Corporation (“MPC”) has agreed to address the Proponent’s concerns as further described below:

1. MPC will update its website as reflected on Exhibit B attached hereto; and
2. MPC will include in its next Citizenship Report (to be published later this year) risk oversight disclosures substantially similar to those contained in its upcoming proxy statement, as reflected in the draft attached as Exhibit C; and
3. MPC will participate in an ongoing dialogue with the Proponents with respect to the issues raised in the Proposal.

In light of the foregoing enhanced disclosures and commitment to ongoing dialogue, the Director of Corporate Governance for the Comptroller of the State of New York hereby (i) confirms that he has authority to withdraw the Proposal on behalf of all of the Proponents and (ii) pursuant to such authority, acknowledges and confirms his acceptance by signing below and agreeing to withdraw the Proposal immediately upon confirmation of the posting of the website disclosure reflected on Exhibit B attached hereto.

By signing below, the Director of Corporate Governance for the Comptroller of the State of New York on behalf of the Proponents understands and agrees that the Proposal will not be included in the Company’s 2018 proxy statement and will not be voted on at the Company’s 2018 Annual Meeting of Stockholders.

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<sup>1</sup> Comptroller of the State of New York, Thomas P. DiNapoli, as trustee of the New York State Common Retirement Fund; Mercy Health; Adrian Dominican Sisters; Congregation of St. Joseph; United Church Funds; Unitarian Universalist Association; Trillium Asset Management; and OIP Investment Trust

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Patrick Doherty  
On behalf of the Proponents

Sincerely,



Molly R. Benson  
Vice President, Corporate Secretary  
and Chief Compliance Officer

Enclosures

## **Environmental and Human Rights Due Diligence**

### **WHEREAS:**

The construction and operation of energy infrastructure in North America requires respect for rigorous standards of environmental review and the human rights of Indigenous Peoples.

Environmental and human rights due diligence are essential to assessing the full risk of an asset acquisition. When such risks are not adequately considered, decisions can be made that lead to reputational, regulatory and financial loss.

The UN Declaration on the Rights of Indigenous Peoples sets out international standards for Indigenous Peoples' rights including the right to Free, Prior, and Informed Consent prior to the approval of any projects affecting their traditional territory. Human rights due diligence expectations are outlined in Principles 17 to 21 of the UN Guiding Principles on Business and Human Rights.

Marathon Petroleum (Marathon) through MPLX Inc. has invested \$500 million in the Bakken Pipeline Project consisting of the Dakota Access Pipeline (DAPL) and Energy Transfer Crude Oil Pipeline via a joint venture with a subsidiary of Enbridge, Inc. that together own 36.75% of the Bakken Pipeline Project.

Marathon's investment is threatened by potential environmental liability or reputational damage resulting from the absence of a social license to operate. The pipeline's operator, Energy Transfer Partners (ETP), has a poor environmental record, with recent water contamination lawsuits in New Jersey, Vermont, Pennsylvania, Louisiana, and Puerto Rico.

The agreement to acquire Marathon's ownership in DAPL was reached five days after the project was approved by the US Army Corps of Engineers. However, in the months preceding the agreement, the SRST and other Native American tribes, as well as three federal agencies, raised concerns about the lack of tribal consultation and the inadequacy of the environmental review. Marathon and its shareholders should have been aware of the risks posed by community opposition, lawsuits challenging the pipeline, and the establishment of an opposition camp.

Inadequate social risk management delayed operation of DAPL by six months, generated significant media controversy, and triggered regulatory uncertainty that still jeopardizes the pipeline. In June 2017, a federal court determined that the US Army Corps of Engineers approved DAPL without adequately considering the impacts of an oil spill on hunting and fishing rights, or environmental justice. In the wake of the ruling, parties submitted new arguments about whether the pipeline should operate during a new environmental review.

### **RESOLVED**

We request that Marathon prepare a report to shareholders, at reasonable cost and omitting proprietary information, that describes the due diligence process used to identify and address environmental and social risks in reviewing potential acquisitions. Such a report should consider:

- Which committees, departments and/or managers are responsible for review, oversight and verification of environmental and social risks;
- How environmental and social risks are identified and assessed;

## Exhibit B

A new tab would be added to the dropdown menu under “Corporate Citizenship” on our external website. The new tab would be labeled: “Human Rights and Core Values”



The statement below would appear when accessing the new tab:

### Statement regarding Human Rights and Core Values

At MPC, our core values, as found in our Code of Business Conduct and Citizenship Report, reinforced by our Board of Directors and executive management team and promoted throughout our business and operations, are **HEALTH AND SAFETY, ENVIRONMENTAL STEWARDSHIP, INTEGRITY, CORPORATE CITIZENSHIP** and an **INCLUSIVE CULTURE**. With these values as the foundation of our corporate culture, we work to make a positive difference in the communities where we have the privilege to operate. We respect the human, cultural and legal rights of all individuals and communities and promote the goals and principles of the United Nations Universal Declaration of Human Rights. Our commitment extends to the fair treatment and meaningful involvement of all people, including indigenous people, regardless of race, color, national origin or income level.

Key policies and disclosures that reflect our commitments regarding human rights and corporate citizenship include:

- Core Values (with hyperlink)
- Code of Business Conduct (with hyperlink)
- Citizenship Reports (with hyperlink)
- Perspectives on Climate-Related Scenarios Report (with hyperlink)
- HES&S Policy (with hyperlink)

- [HES&S Beliefs \(with hyperlink\)](#)
- [Annual Reports on Form 10-K \(with hyperlink\)](#)
- [RC14001® Management System \(with hyperlink\)](#)

These disclosures provide transparency into how we pursue our business objectives and manage the risks inherent to energy-sector companies such as ours.

As a predominately U.S. domestic company, we recognize that our federal and state governments have the primary responsibility for protecting human rights and ensuring the rights of indigenous people within the U.S. There are robust permitting processes for energy facility and infrastructure projects that provide a means of public comment and participation, and judicial oversight is of course a hallmark of our domestic system of government. But we in business have a role as well. MPC is proud of our commitment to our core values and invite our investors and other stakeholders to review these important materials.

## Exhibit C

### The Board's Role in Risk Oversight

Responsibility for risk oversight rests with our Board of Directors and the committees of the Board. Our Board and executive leadership team meet frequently to discuss enterprise risk management (or ERM). Our Board members have significant expertise and experience in the energy sector, finance, economics, operations and public policy. Key risks associated with the strategic plan of the Company, including emerging risks, are reviewed annually at a designated strategy meeting of the Board and on an ongoing basis periodically throughout the year. The Board receives regular updates from its committees regarding their activities and also reviews risks of a more strategic nature.

Our Audit Committee assists our Board in fulfilling its oversight responsibilities by regularly reviewing risks associated with financial and accounting matters, as well as those related to financial reporting. In this regard, our Audit Committee monitors compliance with regulatory requirements and internal control systems. Our Audit Committee also reviews the process by which ERM is undertaken by the Company.

Our Compensation Committee assists the Board with risk oversight through its review of compensation programs to help ensure such programs do not encourage excessive risk-taking. The Compensation Committee reviews base compensation levels, incentive compensation and succession plans to confirm the Company has appropriate practices in place to support the retention and development of the employees necessary to achieve the Company's business goals and objectives.

Our Corporate Governance and Nominating Committee assists the Board with risk oversight by reviewing shareholder communications and other initiatives related to environmental, social and governance issues.

While our Board and its committees oversee risk management, the senior management team of the Company is charged with managing risk. The Company has a strong ERM process for identifying, assessing and managing risk, as well as monitoring the performance of risk mitigation strategies. The governance of this process is effected through the executive sponsorship of our CEO and CFO, and is led by an enterprise risk manager, and officers and senior managers responsible for working across the business to manage enterprise level risks and identify emerging risks. These leaders meet routinely and provide regular updates to our Board and its committees throughout the year.

MPC's mature company practices, developed through our ERM process, promote effective decision-making, including with regard to environmental, social and reputational risks. The Company is committed to human rights and corporate citizenship as evidenced by our commitment to the fair treatment and meaningful involvement of all people, including indigenous people, regardless of race, color, national origin or income level. Our ERM process continually identifies, evaluates and monitors social, political and environmental trends, issues and concerns that could affect MPC's business activities and performance. These are all considerations in strategy setting, business planning and risk management.

### Cyber-security Risk Oversight

Cyber-security, a rapidly evolving risk area, continues to be a focus area of attention by our Board. While we have invested significantly in the protection of our information and technology systems and maintain what we believe are strong security controls, cyber-security threats to large organizations from hackers, state-sponsored intrusion and other methods have become increasingly prevalent. Accordingly, our Board receives data security updates that include cyber-security resilience information and emerging trends, as well as progress toward key Company initiatives in this area.