

Memorandum

Corporate Strategic Planning

Date: August 20, 2019

To: D. W. Woods

Re: OGCI CEO SC
Meeting on August
21-22, 2019

From: P. W. Trelenberg

c: R. M. Ebner A. L. Feick
S. M. McCarron G. T. Allman
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Darren,

On Thursday, August 22, 2019, the next OGCI CEO Steering Committee (CEOSC) meeting will be held in Geneva.

Key Engagements

- August 21 7:00-10:00pm - Joint OGCI CEOs and WEF dinner
- August 22 7:30-9:30am - OGCI Steering Committee

Agenda

1. Welcome and Competition Law briefing; Minutes of 9th of July call – comments; Objective of call
2. Climate Investments Update
3. September CEO Event & Narrative
4. September Announcement package and Statement on responding to the climate challenge
5. CCUS Kickstarter & CCUS CEM OGCI Joint Declaration

ExxonMobil Objectives for CEO SC Meeting

1. Align on objectives and scope of OGCI engagements and CEO events during Climate Week.
2. Incorporate remaining critical edits (summarized below) into September announcements, statements, and annual report. Chevron has expressed that they are generally aligned with these edits. Remind CEO SC and OGCI staff that major publications, must be formally approved by CEO SC consensus per Charter Article 2.2.1f.
3. Convey view that discussion of the governance proposal at the CEO SC is premature. The proposal for governance enhancements has not been worked with the Legal TF nor reviewed with the ExCom. The Legal TF and ExCom need to ensure that the options being proposed identify and address the root causes of observed governance issues. We suggest the following next steps:
 - Align at ExCom on fundamental governance issues.
 - Excom with support of Legal TF to develop options to address governance issues that include potential structural, process, and personnel changes.

Examples of Ongoing Governance Issues

OGCI staff continues to feel empowered to act beyond ExCom and CEO SC guidance. Recent examples are:

- The Responsible Engagement Statement was initiated without ExCom endorsement or CEO SC direction. Subsequent to the July 9th CEO SC call, OGCI staff expanded the draft Responsible Engagement statement (now renamed to 'Statement on Responding to the Climate Challenge and Stakeholder Engagement') beyond the Vatican statements, contrary to CEO SC guidance.
- On multiple occasions, OGCI staff has misrepresented the extent of ExCom endorsements. For example, on the draft narratives and statements, OGCI staff unilaterally declared ExCom approval without casting a formal vote by ExCom, to address changes provided since the June ExCom meeting. Further, September announcements and narrative were worked by OGCI staff, independent of the Communications TF (CTF). Only recently has the CTF been engaged on the details of the announcement and engagement planning.
- OGCI staff initiated negotiations with the Climate Energy Ministerial (CEM) without prior endorsement of ExCom or CCUS WS. They then drafted a joint CEM/OGCI declaration on accelerating the CCUS industry. Member companies have expended significant effort to restructure the initial agreement/declaration to be acceptable to member companies. Further, the initial agreement was drafted without any involvement from the CCUS WS or Legal TF.

Background Summary by Agenda Topic

Agenda Item	Materials	EM Position and Actions	Recommendation for CEO-SC Discussion
Agenda Item 1: 1a. Welcome and Competition Law Briefing/Agenda	AttA, P2	EM supports this best practice to provide this reminder at the beginning of the meeting.	NA
1b. July 9 th Meeting Minutes	AttB	Minutes appear consistent with DWW's summary of key decisions.	Approval of minutes per DWW's review.
Agenda Item 2: Climate Investments Update	AttA, P3-12	Progress being made toward 1 GT/yr target.	Expect update only, no decision being asked.
Agenda Item 3: September CEO Event & Narrative Proposal to highlight 2019 deliverables and activities through multiple announcements throughout September and put more emphasis on engagements with other organizations and stakeholders during UN Climate Week. We have limited our comments to those areas we feel strongly need to be modified, because they are either factually incorrect, they don't accurately represent previous decisions made either by the ExCom or CEO-SC, or because they are premature and have not yet been vetted and agreed. A number of these comments have been previously communicated but not yet included in the current drafts.	AttC, CEO Event Summary	EM is supportive of the overall event agenda but awaits additional details on format, topics and expectations for CEO engagement. Other companies are supportive of the overall approach and similar to EM, awaiting details.	Emphasize need for CTF to develop details with support of OGCI Staff and align with ExCom.
	AttA, P14, Highlights	The current list of announcement topics includes CCUS KickStarter, CI Investments, methane progress, ADNOC joining OGCI, CCS OGCI - Clean Energy Ministerial declaration, alignment on carbon intensity metrics and statement on responding to climate challenge.	There is lack of clarity and specificity on the planned engagements around these topics and narratives. Request that the details be worked and finalized with CTF and ExCom with support from OGCI Staff, WS, and TF as appropriate.
	Att6 GMA	Methane – Focus on methane reduction progress and support for engagement on the Global Methane Alliance (GMA). EM supports this engagement.	
		Carbon Intensity metric – This table on P14 mentions the fact that 11 members have submitted 2025 target. EM is also working with Chevron on reviewing industry analysis and comparison vs. 2017 baseline carbon intensity.	Continue to reinforce that any announcement of a specific target be removed from all narratives and announcements, consistent with prior CEO-SC guidance.
		CCUS Kickstarter & CEM Declaration – Narrative and Declaration need further refinement by WS and review with ExCom.	Support further refinement at the WS level.
		Transportation – Need ExCom/CEO-SC alignment. Premature to share 2020 GHG reduction plan at Climate Week.	Express concern that reduction activities have not been identified by the Transportation WS nor vetted with ExCom.
	Att7 NCS Alliance	Natural Climate Solutions – Need to understand what about the NCS Alliance will be announced or shared, awaiting details	Express need to align on the plan for the announcement and plan for engagement

Background Summary by Agenda Topic Continued

Agenda Item	Materials	EM Position and Actions	Recommendation for CEOsc Discussion
<p>Agenda Item 4: 4a. September Announcement package</p> <p>Comments reflected here are critical areas. The attachment includes additional EM input on other important areas</p>	<p>Att1 with remaining EM input</p>	<ul style="list-style-type: none"> Continuing debate regarding the meaning of 'near zero emissions'. OGCI staff's desire is to maintain reference to this term consistent with previous years' announcements. Term is being applied to methane emission reductions with lack of definition and alignment on its meaning. OGCI is now suggesting that the RoG work this definition as needed but timing may not be feasible for September announcement. Providing a definition will provide clarity on what standard will be expected of OGCI. For methane, we had proposed the following definition: 'consistent with 0.25% OGCI Upstream operated methane intensity target'. The carbon intensity narrative also mentions expanding scope to include the downstream which could imply that we will commit to a target for downstream. Members are not yet aligned on including downstream in the intensity targets. OGCI staff advocating for this language and believes it is consistent with CEOsc's ask. CCUS Kickstart narrative needs refinement by CCUS WS. The concept of 'getting five emerging hubs into operation and capturing a specified volume' needs further discussion at WS and review by ExCom. Includes a statement on plans to deliver GHG reductions through transport-related initiatives which has yet to be defined. OGCI staff believes that this commitment was approved by CEOsc per Aramco's ask during December 2018 CEOsc meeting, contrary to meeting minutes. 	<p>Direct OGCI Staff to work with ExCom and CTF to further enhance and appropriately align on content.</p>

Background Summary by Agenda Topic Continued

Agenda Item	Materials	EM Position and Actions	Recommendation for CEOSC Discussion
4b.Statement on responding to the climate challenge Comments reflected here are critical areas. The attachment includes additional EM input on other important areas	Att2 with remaining EM input	<ul style="list-style-type: none"> Need to remove reference to Paris Agreement as support for the Paris Agreement goals and member company advocacy are separate concepts and are not directly related. Creating a tie between our advocacy/engagements and the Paris Agreement could create a potential commitment to advocate on the Paris Agreement goals. Support for Paris Agreement is already mentioned in Announcement Package. Need to remove language that potentially commits members to enhanced climate-related governance, strategy, risk management, and performance metrics and targets; language is not consistent with the Vatican statements. 	Direct OGCI Staff to work with ExCom, LTF and CTF to further enhance and appropriately align on content.
Agenda Item 5: CCUS Kickstarter & CCUS CEM OGCI Joint Declaration	Att3	CCS OGCI and Clean Energy Ministerial Declaration - Draft Declaration needs further refinement to emphasize the need for supportive policy and economic incentives versus creation of hubs. Will be further refined by CCUS WS.	Direct OGCI Staff to work with ExCom, CCUS WS, and CTF to further enhance and appropriately align on content.
Other Materials			
Governance Proposal	Att4	This proposal has not been vetted with ExCom nor Legal TF. Proposed Governance changes appears to be more on organization changes as a means of addressing governance deficiencies. Before proposing a new org structure, there should be appropriate consideration of existing governance and process/personnel gaps. For CI the SIP should be revisited.	Current challenges with governance will not be solved by organization design, but by looking at strategic plan and process to approve decisions. Proposal for enhancements need to be worked with Legal TF and ExCom.
Draft Annual Report	Att5 Draft3 with EM comments	Draft4 under review. EM feedback on Draft3 not accepted. Key areas of concern are similar to critical comments listed above on the September package. In addition, the report includes explicit commitment for OGCI companies to align their advocacy with their climate related positions. We have raised concerns with this linkage through our previous comments.	Insist on alignment between annual report and all approved narratives, statements and declarations. Remind CEOSC and OGCI staff that major publications, including the annual report must be formally approved by CEOSC consensus per Charter Article 2.2.1f.