Memorandum

Date: August 20, 2019
To: D. W. Woods
Re: OGCI CEOSC Meeting on August 21-22, 2019

From: P. W. Trelenberg
Cc: R. M. Ebner
A. L. Feick
S. M. McCarron
T. J. Wojnar
C. S. Morford
V. Swanepoel
G. H. Walton

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 CEOSC and OGCI staff that major publications, must be formally approved by CEOSC consensus per Charter Article 2.2.1f.
3. Convey view that discussion of the governance proposal at the CEOSC 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 CEOSC guidance. Recent examples are:
- The Responsible Engagement Statement was initiated without ExCom endorsement or CEOSC direction. Subsequent to the July 9th CEOSC 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 CEOSC 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.

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<tr>
<th>Agenda Item 1:</th>
<th>Materials</th>
<th>EM Position and Actions</th>
<th>Recommendation for CEOSC Discussion</th>
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<tbody>
<tr>
<td>1a. Welcome and Competition Law Briefing/Agenda</td>
<td>AttA, P2</td>
<td>EM supports this best practice to provide this reminder at the beginning of the meeting.</td>
<td>NA</td>
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<td>1b. July 9th Meeting Minutes</td>
<td>AttB</td>
<td>Minutes appear consistent with DWW's summary of key decisions.</td>
<td>Approval of minutes per DWW's review.</td>
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<tr>
<th>Agenda Item 2:</th>
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<tr>
<td>Climate Investments Update</td>
<td>AttA, P3-12</td>
<td>Progress being made toward 1 GT/yr target.</td>
<td>Expect update only, no decision being asked.</td>
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<th>Agenda Item 3:</th>
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<td>September CEO Event &amp; Narrative</td>
<td>AttC, CEO Event Summary</td>
<td>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.</td>
<td>Emphasize need for CTF to develop details with support of OGCI Staff and align with ExCom.</td>
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<td>AttA, P14, Highlights</td>
<td>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.</td>
<td>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.</td>
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<td>Att6</td>
<td>Methane – Focus on methane reduction progress and support for engagement on the Global Methane Alliance (GMA). EM supports this engagement.</td>
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<td>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.</td>
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<td>CCUS Kickstarter &amp; CEM Declaration – Narrative and Declaration need further refinement by WS and review with ExCom.</td>
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<td>Transportation – Need ExCom/CEOSC alignment. Premature to share 2020 GHG reduction plan at Climate Week.</td>
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<td>Natural Climate Solutions – Need to understand what about the NCS Alliance will be announced or shared, awaiting details</td>
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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 CEOSC, 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.

Continue to reinforce that any announcement of a specific target be removed from all narratives and announcements, consistent with prior CEO-SC guidance.

Support further refinement at the WS level.

Express concern that reduction activities have not been identified by the Transportation WS nor vetted with ExCom.

Express need to align on the plan for the announcement and plan for engagement.
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<td>Agenda Item 4: Attt with e 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.</td>
<td>Art1 with remaining EM input</td>
<td>Direct OGCI Staff to work with ExCom and CTF to further enhance and appropriately align on content.</td>
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### Agenda Item 4b: Statement on Att2 with remaining EM input

**Materials:** Att2 with remaining EM input

- 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.

**Recommendation for CEOSC Discussion:**

Direct OGCI Staff to work with ExCom, LTF and CTF to further enhance and appropriately align on content.

### Agenda Item 5: 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.

**Materials:** CCS OGCI and Clean Energy Ministerial Declaration

**Recommendation for CEOSC Discussion:**

Direct OGCI Staff to work with ExCom, CCUS WS, and CTF to further enhance and appropriately align on content.

### Other Materials

**Governance Proposal**

**Materials:** 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.

**Recommendation for CEOSC Discussion:**

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**

**Materials:** 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.

**Recommendation for CEOSC Discussion:**

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.