



**WHEREAS:** Transferring emissions from one company to another may reduce balance sheet emissions, but it does not mitigate company or stakeholder exposure to climate risk or contribute to the goal of limiting global temperature rise to 1.5 degrees Celsius (1.5°C). In the aggregate, upstream oil and gas assets are moving from operators with stronger climate targets and disclosures to operators with weaker climate commitments.<sup>1</sup> The Glasgow Financial Alliance for Net Zero warns that divestment from high-emitting assets can “have the unintended consequence of prolonging the life of high-emitting assets and even worsen emissions profiles.”<sup>2</sup> It is therefore essential that oil and gas operators adhere to industry-wide best climate practices for asset transfers and acquisition, such as reporting transferred emissions and working with buyers to ensure transferred assets retain climate standards.

ExxonMobil reports an operational emissions reduction of 5.4% on an equity basis and 12.5% on an operated basis since 2016.<sup>3</sup> However, between 2017 and 2021, Exxon sold more assets than any other American oil and gas company except Chevron, ranking fourth globally among sellers.<sup>4</sup> Exxon does not disclose the climate impacts of its divestments. This reporting gap leaves investors with an incomplete understanding of Exxon’s actions to mitigate its contribution to climate change.

To address this issue, Exxon should follow best practices for divestitures, including conducting climate-related due diligence on acquirers, including an evaluation of purchasers’ emissions reporting and reduction targets. Doing so would allow Exxon to ensure that purchasers maintain or enhance existing climate standards for divested assets, reducing the likelihood that transferred assets would result in higher emissions.<sup>5</sup>

By increasing transparency and providing greenhouse gas emissions-related disclosures for asset transfers, Exxon can position itself as a leader on climate change, increase the legitimacy of its climate targets, and provide essential information to its investors about its efforts to mitigate climate risk.

**BE IT RESOLVED:** Shareholders request that ExxonMobil annually report on divestitures of assets with material climate impact, including whether each asset purchaser discloses its GHG emissions and has 1.5°C-aligned or other greenhouse gas reduction targets.

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<sup>1</sup> <https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf>, p.17

<sup>2</sup> <https://assets.bbhub.io/company/sites/63/2022/10/GFANZ-2022-Progress-Report.pdf>, p. 36

<sup>3</sup> <https://corporate.exxonmobil.com/-/media/global/files/advancing-climate-solutions-progress-report/2023/2023-acs-ghg-data-supplement.pdf>, p. 4

<sup>4</sup> <https://business.edf.org/files/Transferred-Emissions-How-Oil-Gas-MA-Hamper-Energy-Transition.pdf>, p. 22

<sup>5</sup> <https://business.edf.org/wp-content/blogs.dir/90/files/Climate-Principles-Asset-Transfer.pdf>, p.3



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