Climate Risk Board Committee

Resolved: Shareholders request the Board of Directors charter a new Board Committee on Climate Risk to evaluate the board and management's climate strategy and to better inform board decision making on climate risks and opportunities. The charter should explicitly require the committee to report to the full board on corporate strategy, above and beyond matters of legal compliance, assessing the company's responses to climate related risks and opportunities, including the potential impacts of climate change on business, strategy, financial planning, and our company's operating environment.

Supporting Statement: While the ultimate responsibility for climate strategy should fall on the full board, a board committee can conduct a more focused review than the full board, and therefore better inform and strengthen board decision making by:

- Preparing reports to the board with depth and attention to existential climate risks;
- Making recommendations to the board regarding corporate planning time frames, carbon reduction goals, and capital allocation strategies to redirect its business model and financial flows consistent with the Paris Agreement;
- Providing leadership for the full board's climate deliberations;
- Coordinating with audit and compensation committees to ensure integrated attention to climate risk;
- Delineating responsibility and evaluating the efficacy of management and board responses to climate risks and opportunities.

A formal board committee charter clarifies a fiduciary duty of care on climate change matters. The board should consider the need for staffing to adequately resource the committee.[1]

Whereas: Board oversight of climate change strategy and planning is essential to address the existential threat of climate change to the fossil fuel industry and our Company. Climate risk merits the creation of a board committee to help lead the necessary transition.

Major oil companies face unprecedented disruption to their business driven by global imperatives to limit global warming and competition from non-carbon-emitting technologies. The Intergovernmental Panel on Climate Change projects dramatic drops in industry emissions of 50 to 90 percent by 2050 are necessary to limit global warming to 1.5 and 2 degrees Celsius.

As fiduciaries, our board is responsible for stewardship of business performance and long-term strategic planning, in light of risk factors like climate science and policy. Committee charter language can help to define the scope of fiduciary duties of committee members and ensure that effective systems are in place.

A failure to adequately plan for a low carbon transition, including climate change policy, competition from renewables, peak oil demand, and unburnable fossil fuel reserves, may place investor capital at substantial risk. Implementing the Proposal would represent a prudent path forward by formalizing board level oversight of climate change strategy so the company may remain successful in an increasingly decarbonizing economy.

[1] https://ethicalboardroom.com/closing-the-information-gap/