



*Michael P. Donaldson*  
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December 20, 2018

*Via Electronic Mail*

Office of the Illinois State Treasurer  
Attention: Mr. Max Dulberger and Ms. Rekha Vaitla  
James R. Thompson Center  
100 W. Randolph (15-600)  
Chicago, IL 60601

Re: EOG Resources, Inc. ("EOG")  
2019 Shareholder Proposal  
Board Diversity Matters – Inclusion of Women/Minority Candidates

Dear Mr. Dulberger and Ms. Vaitla:

Thank you again for your time earlier this week in discussing the above-referenced shareholder proposal submitted by the Illinois State Treasurer (in such capacity and as trustee of the Bright Start College Savings Trust). Please accept this letter as superseding (in its entirety) my letter to you, dated December 19, 2018.

We appreciate and share your interest in board diversity and composition, and we appreciate your feedback regarding your shareholder proposal and the topic of board diversity generally.

**EOG Commitment to Board Diversity**

As is discussed in our annual proxy statement disclosures, the topic of boardroom diversity is one that EOG management discusses periodically with EOG's Board. Further, as part of its annual self-evaluation, EOG's Board formally evaluates its composition, including whether the Board has the appropriate mix of skills, experience and other characteristics in order to be effective. Furthermore, the Committee actively review matters related to the composition of the Board while seeking to find the right mix of professional experience, skills, background and diversity on the Board.

Additionally, and as is also discussed in our annual proxy statement disclosures, our Nominating and Governance Committee Charter recognizes the importance of diversity in the boardroom, as it directs the Committee to consider (i) diversity in professional experience, skills and background, and diversity in gender and race, in considering individual director candidates and (ii) a director's experience, skills and contributions, and diversity in gender and race, prior to recommending the appointment of such director to a Board committee.

As we discussed during our conference call earlier this week, EOG has appointed two female candidates to the EOG Board and Board committees: Janet Clark (effective January 2014) and Julie Robertson (effective January 2019). EOG was pleased to identify and add candidates of the caliber of

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Ms. Clark and Ms. Robertson to the EOG Board. Ms. Clark and Ms. Robertson each have extensive public company leadership experience as well as considerable industry experience.

**The Shareholder Proposal**

As I mentioned during our conference call, your shareholder proposal was discussed among the EOG Board, EOG Nominating and Governance Committee and EOG management at our Board and Board committee meetings last week. As a result of such discussions, the Board and the Committee each approved, and authorized EOG management to prepare and publish, the amendments to EOG's Corporate Governance Guidelines and Nominating and Governance Committee Charter previously provided to you (and attached hereto).

In addition to posting these amendments to our corporate website, we intend to describe these amendments in our annual proxy statement disclosures (beginning with our 2019 definitive proxy statement).

**EOG February 2019 Nominating and Governance Committee Meeting**

Lastly, and pursuant to your request, I will provide to the Nominating and Governance Committee members, in advance of their February 2019 meeting, the language examples that you provided to me today via email. At such meeting, I will review and discuss the examples with the Committee members and will also summarize (for the benefit of the Committee members) our discussions regarding such language. Further, we will follow up with you after the Committee's February 2019 meeting to update you on my discussions with the Committee.

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We believe the matters and actions discussed above demonstrate EOG's continuing commitments to board diversity and the identification of qualified women and minority candidates.

Accordingly, we respectfully request that you recognize these commitments and withdraw your shareholder proposal by countersigning this letter in the space provided below and returning it to me at your earliest convenience.

Sincerely,



Michael P. Donaldson

Attachments

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ACCEPTED, ACKNOWLEDGED and AGREED that the shareholder proposal submitted to EOG for inclusion in EOG's 2019 definitive proxy statement (requesting that EOG adopt a policy requiring that (i) the initial list of candidates to be considered by the Nominating and Governance Committee in choosing new nominees include (but not be limited to) qualified women and minority candidates and (ii) such candidates be included in any such list provided to EOG by a third-party consultant) is hereby withdrawn.

By: Rekha Vaitla

Name: Rekha Vaitla

Title: Analyst - Corporate Engagement & Investment Operations  
Office of the Illinois State Treasurer

Date: 12/21/18

cc: Maureen O'Brien and Anh Cao – Segal Marco Advisors  
Bill Thomas – Chairman of the Board and Chief Executive Officer (EOG)  
Frank G. Wisner – Chairman, Nominating and Governance Committee (EOG)  
Dave Streit – Vice President, Investor and Public Relations (EOG)  
Kim Ehmer – Director, Investor and Public Relations (EOG)

PENDING AMENDMENT TO  
EOG CORPORATE GOVERNANCE GUIDELINES

Board Diversity Shareholder Proposal - 2019 Annual Meeting

1. Director Qualifications

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*Individual Director Qualifications and Credentials.* The Board believes that individuals nominated to serve as a director of the Company should have the ability to make significant contributions to the direction of the Company and the Board's fulfillment of its duties. Accordingly, the Board has established certain criteria to consider in the evaluation of candidates, including stockholder-nominated candidates, for appointment or election to the Board, including but not limited to:

- Ability and willingness to devote the time and effort to be an effective and contributing member of the Board;
- An understanding of, and respect for, the advisory and proactive oversight responsibility of the Board;
- An understanding of, and respect for, the role of a public company director, including (i) the ability, desire and commitment to represent the best interests of all stockholders (and not any special interest group or constituency) and objectively appraise management performance and (ii) the fiduciary duties owed to the Company and all of its stockholders under applicable law;
- Diversity in professional experience, skills and background, and diversity in race and gender;
- Interest in any agreement, arrangement or understanding with any person or entity or any other conflict of interest, in any case, that might limit or interfere with such individual's ability to comply with his or her fiduciary duties under applicable law or the proper performance of the responsibilities of a director; and
- Compatibility with the independence and other qualifications established by applicable law, the Company's bylaws and the rules and regulations of the United States Securities and Exchange Commission and the New York Stock Exchange.

*Identification of Board Candidates.* Board candidates may be identified in a variety of ways. The Nominating and Governance Committee may (i) consider qualified candidates recommended by current or former directors, members of executive management or other sources of referral or (ii) identify qualified Board candidates through contacts in the business and other professional communities. The Board and the Nominating and Governance Committee will evaluate each such candidate according to the criteria described above. When appropriate and at its discretion, the Nominating and Governance Committee may retain a search firm to assist the Nominating and Governance Committee in identifying candidates for the Board. In such instance, and consistent with the charter of the Nominating and Governance Committee, such search firm will be affirmatively instructed to seek to present qualified women and minority candidates for the Board and Nominating and Governance Committee's consideration.

**Resolved:** Shareholders request that the Board of Directors of EOG Resources, Inc. adopt a policy for improving board diversity (the “Policy”) requiring that the initial list of candidates from which new management-supported director nominees are chosen (the “Initial List”) by the Nominating and Governance Committee should include (but need not be limited to) qualified women and minority candidates. The Policy should provide that any third-party consultant asked to furnish an Initial List will be requested to include such candidates.

### **Supporting Statement**

Currently, EOG Resources, Inc. has one woman and no minorities on its board. A growing body of empirical research indicates a significant positive relationship between firm value and the percentage of women and minorities on boards. In September 2018, the California Governor signed a bill to mandate that all publicly traded companies with headquarters in the state have at minimum one woman on the board of directors by the end of next year. The law requires larger boards to have up to three female directors in place by 2021. (<https://www.wsj.com/articles/california-becomes-first-state-to-mandate-female-board-directors-1538341932?mod=searchresults&page=1&pos=3>)

A 2015 McKinsey study of 366 companies found that corporate leadership in the top quartile for racial and ethnic diversity were 35 percent more likely to have financial returns above their national industry median. (<http://www.diversitas.co.nz/Portals/25/Docs/Diversity%20Matters.pdf>).

We believe that the search process used by boards can play an important role in improving board diversity. According to a 2016 study published by the *Harvard Business Review*, including more than one woman or member of a racial minority in a finalist pool helps combat unconscious bias among interviewers and increases the likelihood of a diverse hire. (<https://hbr.org/2016/04/if-there-only-your-candidate-pool-theres-statistically-no-chance-shell-be-hired>).

Increasingly, business organizations are adopting policies on diversity. A 2012 NACD Blue Ribbon Commission report on Board Diversity recommended that no less than one-third of candidates for new board seats should match the board’s definition of diverse.

(<https://www.nacdonline.org/Store/ProductDetail.cfm?ItemNumber=5814>). In its 2016 Principles of Corporate Governance, the Business Roundtable calls on boards to “develop a framework for identifying appropriately diverse candidates that allows the nominating/governance committee to consider women, minorities, and others with diverse backgrounds as candidates for each open board seat.”

(<http://businessroundtable.org/corporate-governance>). Policies like the one advanced in this Proposal have been adopted by the nominating and governance committees of Amazon.com Inc, CME Group, Cognex Corporation, Costco Wholesale Corporation, Facebook Inc, FCB Financial Holdings Inc, Gentex Corporation, Getty Realty Corp., HollyFrontier Corporation, Home Depot, Hub Group, Inc., IDEXX Labs, Neogen Corporation, Oceaneering International, Inc., Stryker Corporation, Thor Industries and Whole Foods Market.

The proposed rule resembles the Rooney Rule in the National Football League (NFL), which requires teams to interview minority candidates for head coaching and senior football operations openings. Implementation of the policy increased the number of minority head coaches and minority general managers significantly. (<https://www.sec.gov/comments/s7-06-16/s70616-293.pdf>)

We urge you to vote FOR this proposal.