

EXXONMOBIL'S APPROACH TO RISK MANAGEMENT



ExxonMobil's corporate risk framework provides a structured, comprehensive approach to identify, prioritize and manage risks across the Company. It is designed to drive consistency across risk type, and monitor key risks, including risks related to climate change. The framework includes five elements: (1) a way to organize and aggregate risks (illustrated at the right); (2) robust risk identification practices; (3) a prioritization method; (4) an inventory of systems and processes to manage risk; and (5) risk governance.

ExxonMobil's approach to risk governance is multilayered and includes clearly defined roles and responsibilities for managing each type of risk. It includes a definition of the responsibilities of risk owners, functional experts and independent verifiers. Each risk type is managed and supported by functional organizations that are responsible for specifying corporate requirements and processes. Each of these processes includes the critical elements of leadership, people, risk identification and management, and continuous improvement. Oversight responsibilities by the Management Committee and the Board and its committees are a key part of risk governance.

Managing long-term risks associated with climate change is an integral part of managing strategic risks. A core element of the Company's management of strategic risks is the work underpinning the Energy Outlook. As described in a previous section of this report, the

Outlook reflects a long-term, data-driven approach to promote a deeper understanding of global trends and projections related to population and economic growth, energy demand and supply options, as well as assessments of key uncertainties and potential impacts of alternative assumptions. Managing risk associated with climate change is an integral part of that work, helping to ground choices related to long-term strategies and individual investments.

ExxonMobil enterprise risk framework considers climate-related risks

Risk type	Examples of potential risks that could be impacted by climate change, energy transition or extreme weather
1 Strategic	Supply/demand, disruptive technology, geopolitical, government changes and capital allocation
2 Reputational	Industry reputation, corporate reputation
3 Financial	Price volatility, foreign exchange fluctuations, customers' credit risk, insurance
4 Operational	Geological risk, project risk, product quality and brand, talent, supplier, operations disruption
5 Safety, Security, Health & Environment	Process safety, well control events, environmental incidents
6 Compliance & Litigation	Litigation risks, regulatory compliance