

HYDROGEN

ExxonMobil is evaluating strategic investments in hydrogen to increase the use of this important lower-emissions energy technology. The Company has extensive experience with hydrogen, and produces about 1.3 million metric tons annually.

Hydrogen is a zero-carbon energy carrier that could serve as an affordable and reliable source of energy for heavy-duty trucking and energy-intensive industrial processes in the steel, refining and chemical sectors⁽³⁵⁾. Low-carbon hydrogen can be produced from low-carbon electricity via electrolysis of water, natural gas reforming coupled with carbon capture and storage, and other processes. Low-carbon hydrogen from natural gas with carbon capture and storage is called blue hydrogen, and is available for deployment at scale today.

The Company is participating in cross-industry groups to identify the technologies and policies required to deploy low-carbon hydrogen at scale. For example, existing natural gas transmission infrastructure has the potential to be used for hydrogen with moderate upgrade costs.⁽³⁶⁾ New natural gas transportation infrastructure could also be made hydrogen-ready. To rapidly develop a hydrogen economy, additional technology-neutral policy is required. Natural gas-derived hydrogen could provide an economic and readily available option in many settings.

ADVANCING HYDROGEN THROUGH PARTNERSHIPS

ExxonMobil has joined the U.S. HyBlend consortium, a collaborative research and development project designed to address the technical barriers of blending hydrogen into natural gas pipeline streams. It also signed a memorandum of

understanding with SGN and Macquarie's Green Investment Group to explore the use of hydrogen and carbon capture to reduce emissions in England's Southampton industrial cluster. In addition, the Company is studying large-scale production of hydrogen for the Rotterdam industrial complex and has provided funding to Hydrogen4EU, a cross-sectoral research project confirming that hydrogen is essential to help meet the EU Green Deal's 2050 net-zero targets.

LOWER-EMISSION FUELS

Lower-emission fuels, like renewable diesel, have the high energy density required to meet the needs of commercial transportation, while significantly reducing CO₂ emissions. ExxonMobil is focused on growing its lower-emission fuels business by leveraging current technology and infrastructure, in addition to continuing research in advanced biofuels that could provide improved longer-term solutions through upgrading lower-value bio-based feedstock.

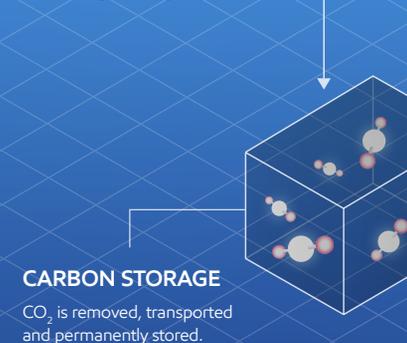
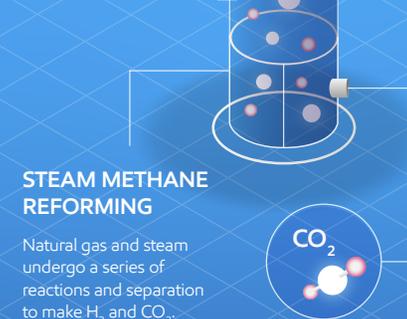
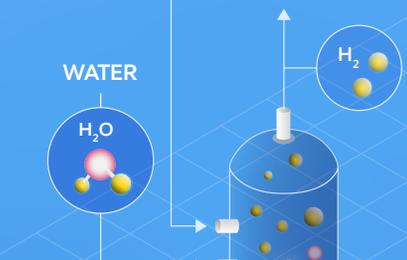
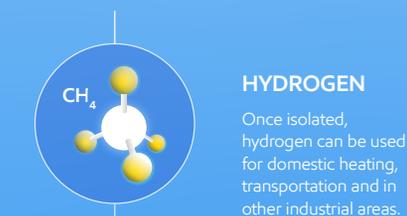
ExxonMobil plans to provide more than 40,000 barrels per day of lower-emissions fuels by 2025, and has a further goal of 200,000 barrels per day by 2030. Achieving this goal will help society reduce more than 25 million metric tons of CO₂ emissions from the transportation sector⁽⁸⁾.

Markets with lower-carbon fuel policies such as Canada, California and some countries in Europe support accretive investment in a wide range of technologies and bio-feed sources. These policies support the accelerated deployment of lower-emission fuels and incentivize renewable diesel hydrotreating, bio-feed co-processing in existing facilities, and carbon capture and storage.

Low-carbon hydrogen

NATURAL GAS

Natural gas is comprised largely of methane (CH₄) and can be turned into hydrogen through a reforming process.



ADVANCING LOWER-EMISSION FUELS THROUGH PARTNERSHIPS

ExxonMobil is partnering with Global Clean Energy⁽³⁷⁾, which is converting a refinery in Bakersfield, California, to annually produce more than 4 million barrels of drop-in renewable diesel – meaning it can be substituted for traditional fuels without additional infrastructure or costly engine modifications. The refinery will begin production in 2022, initially utilizing soybean oil as a feedstock then gradually switching over to camelina oil, which would improve renewable diesel carbon intensity by 50%.

In Canada, ExxonMobil’s affiliate, Imperial Oil, will produce more than 7 million barrels of drop-in renewable diesel annually from the Strathcona refinery in Edmonton, Alberta, starting in 2024⁽³⁸⁾. The refinery will use canola oil as feedstock and blue hydrogen in the hydrotreating process, reducing transportation-related emissions by about 3 million metric tons of CO₂ equivalent annually.

A joint venture in Norway will provide nearly 1 million barrels of renewable diesel annually by 2024 from woody biomass that meets Europe’s 9A, U.K. and U.S.

advanced cellulosic designations. The venture is also evaluating production of renewable jet fuel through low-cost modifications.

ExxonMobil completed successful co-processing trials in Europe and Canada, where policy supports bio-feed co-processing. The ability to co-process bio-feed through an existing fluid catalytic cracker or hydrotreater will enable large quantities of lower-emission fuels for customers. With enough bio-feed and effective low-carbon fuel policies, ExxonMobil has sufficient capacity to co-process 100,000 barrels per day of lower-emission fuels.

Longer term, ExxonMobil is advancing other forms of lower-emission fuels including advanced biofuels. These technologies include the Company’s research with Viridos, formerly known as Synthetic Genomics, to transform algae into liquid biofuels for the transportation sector. Together, we have improved strains of algae that use CO₂ and sunlight to produce energy-rich bio-oil, which can potentially be processed at existing refineries into renewable fuels. A key focus of ongoing research is further building on the breakthroughs already made in developing novel genetic tools to overcome inherent inefficiencies in photosynthesis and to improve bio-oil production and to plan for demonstration and deployment of the technology.

Strathcona renewable diesel unit

The renewable diesel production unit at Imperial Oil’s refinery in Alberta is expected to begin operations in 2024, with capacity of more than 7 million barrels per year. The unit will use crop-based feedstock and get power from blue hydrogen with carbon capture and storage. Estimates show it will reduce Canadian transportation emissions by about 3 million tons CO₂e per year.

