

External Assessment Panel Review Statement

Panel Overview

In 2008, for the first time an independent External Assessment Panel (the panel) served in an advisory role on ExxonMobil's citizenship reporting process. The panel was asked to identify areas for continual improvement and increased transparency, and provide feedback on the breadth and depth of ExxonMobil's *2008 Corporate Citizenship Report* (CCR). It did not undertake any form of endorsement or validation exercise.

ExxonMobil invited four individuals with recognized expertise in nonfinancial reporting and/or ExxonMobil's corporate citizenship focus areas. The views expressed by the panel were their own, not views of their organizations. In recognition of their time, an honorarium was made to a nonprofit organization of their choice for several of the panelists. All expenses incurred relating to the panel were reimbursed by ExxonMobil.

The panelists' comments were limited to the report's content and not ExxonMobil's operational standards or policy positions. In addition, the panel's timing meant that most of their specific comments will inform next year's reporting cycle.

The following is a write up by ExxonMobil of the rich feedback about transparency and reporting that was received from the panel. The panelists reviewed and approved this summary statement.

Materiality Analysis

The panelists convened in February 2009 to review ExxonMobil's materiality analysis that ranked the relevance of various citizenship issues. The Corporation shared detailed information on its process, including internal and external source materials. The panel was uniformly impressed by the company's robust methodology and stated that they have worked with few other companies that are able to demonstrate such a thorough process.

To achieve ExxonMobil's goal of continuous improvement, the panelists recommended that the Corporation should solicit feedback from an even broader group of stakeholders and develop a process to scan for and evaluate emerging issues that are not included in the current report. In addition, the Corporation should consider involving the external panel earlier in the reporting cycle to review and challenge the materiality analysis before writing begins.

2008 Corporate Citizenship Report

The panelists reviewed a near-final draft of the report in March 2009 and provided page-by-page comments during a half-day, in-person meeting.

Overall reporting

The 2008 draft report addresses a wider range of challenging issues than past reports, demonstrating improved responsiveness to many stakeholders' concerns and resulting in a more effective report. The report highlights strategic business decisions, and reports

much performance data well. Its improved tone and design made it more readable, and it effectively uses web resources to provide additional information. To further improve its utility, the report should focus less on company processes and more on specific actions ExxonMobil took in 2008. It should also discuss sustainability challenges and conundrums more fully, describe the company's long-term vision on tough issues, disclose near-term performance objectives, and report on progress, or lack of progress, in achieving specified goals.

Addressing challenging issues

The 2008 report does better in addressing several complex topics, including gas flaring, Canadian oil sands, climate change policy, and a shareholder proposal to separate the Chairman and CEO. Future reports should delve deeper into ExxonMobil's own goals, its challenges (including areas where performance did not meet expectations), and the risks for these and other topics. While the report touched on some controversial issues, greater coverage of differing positions would enhance the report.

The section dedicated to managing climate change risks and the company's initiatives to reduce operational and consumer greenhouse gas (GHG) emissions was an improvement. However, the report could include more discussion of linkages between climate change, GHG emissions, energy demand and economic growth, and should also quantify the GHG emissions derived from the use of its refined products. In addition, the report should articulate the Corporation's long-term strategy for operating in a carbon-constrained world, and explore the potential impacts of a changing climate on economic development.

Stakeholder responsiveness

The panel appreciated that this report articulated the value of stakeholder input in its decision making processes. To reinforce this, the report should recognize major areas where ExxonMobil's position varies substantially from that of significant stakeholder groups.

The business imperative

This report did more to articulate the business case for ExxonMobil's citizenship programs in the sections on sustainability and hiring local people at global operations. The panel recommends doing even more to describe how integrating sustainability considerations creates competitive advantage; a robust discussion of the trade-offs and challenges related to sustainability dilemmas will be important.

Reporting data, trends, and performance

The inclusion of four years of data in the performance summary table is strong. However, the report would benefit from being even more data driven with additional charts, tables, and metrics. Where possible, performance trends should be analyzed against a common baseline year and the report should assess the significance of trends. The report could provide more context and scale for some of the data (e.g., in relation to the size of the company, percent change, or percent of the total). It should also avoid cumulative data as it obscures year-on-year trends, and it should discuss the company's strategy in areas

where performance is plateauing or moving in an undesirable direction. Most important, the panel would like to see the company communicate more concrete, measurable goals so that stakeholders understand ExxonMobil's operational objectives.

Conclusion

The 2008 report contains many improvements and presents opportunities for future growth and change. Engaging with external experts prior to publication demonstrated a commitment to stakeholder engagement, continuous enhancement, and greater transparency. The panelists look forward to the continued evolution of the citizenship report, including the integration of their suggestions into planning future reports.