

Statement from the External Assessment Panel
05-2010
Corporate Citizenship Report
Overview

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In 2010, we convened as a panel to undertake discussions with ExxonMobil in the development of the 2009 Corporate Citizenship Report.

Our mandate was to advise on the effectiveness of ExxonMobil's reporting, rather than its strategy, policies, or operational standards. However, we took this opportunity to deliver candid advice to ExxonMobil on a wide range of key sustainability topics and were pleased to note a genuine willingness to engage on the part of the company.

The comments below are not intended to provide any form of official endorsement and reflect our views as individuals, rather than those of our organizations. In recognition of the time spent, ExxonMobil provided on behalf of several of the panelists a donation to a nonprofit organization of their choice. ExxonMobil also reimbursed all expenses incurred relating to the panel.

ExxonMobil accommodated our request to become involved earlier in the reporting cycle than last year, thereby enabling us to help shape its materiality analysis and reporting priorities, as well as propose detailed revisions to this year's draft report. We did this through a series of conference calls, detailed written submissions, and a day-long face-to-face meeting.

Overall, the 2009 report contains several significant improvements, as well as presents opportunities for the company to consider future improvements. This second consecutive year of engagement with ExxonMobil prior to publication of the report enabled all parties to gain a much deeper understanding of one another, and thereby to build on constructive discussions aimed at further enhancing the company's transparency to stakeholders.

Materiality Analysis

We continue to be impressed by the comprehensive analysis conducted by ExxonMobil to identify key issues for inclusion in the report. To improve this still further and ensure that the process identifies and fully assesses emerging issues, we encourage the company to broaden the range of issue-based stakeholders from whom it solicits feedback.

2009 Corporate Citizenship Report

Where ExxonMobil excels ...

We remain impressed with the standard of reporting that ExxonMobil has achieved in several areas (safety and health, business ethics, environmental management, malaria control, and economic development). These are areas where the company has experience and a clear commitment to setting the standard for the industry, and this is reflected in clear and assured reporting. We would like to see more of this in other areas of the report.

... where we have seen notable improvements

We were pleased to see positive changes in areas that had been the focus of our advice last year. We appreciated the explicit references to sustainability and link to citizenship and business strategy; the emphasis on engaging with stakeholders, although we would appreciate fuller descriptions of actions resulting from engagement; the improved use of metrics; the open discussion of governance challenges, including shareholder proposals; the greater detail on diversity statistics and policies, in particular regarding gender and non-US employees; and the candid acknowledgement of certain areas where

performance had fallen short of objectives (i.e. spills and fatalities) or where ExxonMobil's position differs from that of others (e.g., domestic partner benefits).

... and what is still left to do

We note certain areas where ExxonMobil's communication could be further strengthened. While the letter from the CEO, Mr. Tillerson, acknowledges the complexity of the sustainability challenges that lie ahead, it does not address how ExxonMobil's leadership within the industry will be leveraged to turn these challenges to its competitive advantage.

The report rightly emphasizes the twin challenges of energy security and climate change. However, it would benefit from a clearer discussion of how the company's development strategy will reflect what it acknowledges in its Energy Outlook as a growing global consensus on the significant risks to society and ecosystems from rising greenhouse gas emissions.

With some exceptions (e.g., the Millennium Development Goals), the report focuses too narrowly on areas where ExxonMobil has direct operational control. This misses an opportunity to discuss how the company is leveraging its considerable influence over its suppliers, customers, and policymakers to drive the behavioral and policy changes necessary to achieve more sustainable practices.

We welcome the much-enhanced metrics – and believe that additional metrics in areas including international diversity, human rights, biodiversity, and water would further improve the report. In addition, some of the data presented would be more useful if greater context were provided (i.e. past results, percent coverage, industry benchmarks, etc.). ExxonMobil should disclose its targets and discuss performance against them, as well as continue to expand discussion of areas where results could be improved.

The report contains well-selected case studies, but should explain more clearly how these are illustrative of the systematic, group-wide application of standard policies, procedures, and tools. Likewise, where important topics are covered (e.g., hydraulic fracturing), the report should clearly provide an explanation as to why these topics are included and contrasting views surrounding these topics to explain better the company's stand on those topics.

Conclusion

The panel was very grateful for this opportunity for frank and constructive debate with ExxonMobil. We look forward to continuing this process and participating in the ongoing evolution of this report.

