

## **External Citizenship Advisory Panel's Views on the 2012 Corporate Citizenship Report**

The 2012 *Corporate Citizenship Report* (CCR) marks two important milestones for ExxonMobil – it represents the 10<sup>th</sup> anniversary of the company's first *report* and the fifth year that the Panel provided feedback during the drafting process. As we look back on the first report, it is clear that the *report* has evolved into a substantive exercise in performance transparency and stakeholder engagement. We look forward to the company taking the crucial step of evolving its report from a tool that discloses past performance and processes to a *roadmap* outlining its concrete future objectives and targets.

### **How We Engaged**

Over the course of the 2012–2013 engagement period, the Panel communicated with ExxonMobil via teleconference, email and through in-person meetings with key ExxonMobil managers and executives to discuss strategic and operational issues ranging from Arctic drilling; other exploration activities; the development and application of new technologies; shale gas; project development and operations in Papua New Guinea and Canada; the company's public statements on climate change, human rights and community engagement; and other key topics. The Panel also continued to provide input on the company's external reporting. Early in the reporting process, ExxonMobil requested our feedback on identifying material issues and an early draft of the report. The Panel was later given the opportunity to comment on a final draft.

Our comments are not an official endorsement, but rather our shared views as individuals on the quality of reporting and progress on corporate citizenship more broadly at the company. In recognition of the substantial time spent, ExxonMobil provided a fee or donation to nonprofit organizations of several panelists' choice and reimbursed Panel-related expenses.

### **2012 Commentary**

#### ***Where the Company has Made Important Strides***

This being the company's 10<sup>th</sup> anniversary report, we would like to highlight the substantial improvements in reporting during this decade, which reflect underlying improvements in the company's citizenship policies, practices and performance. We recognize ExxonMobil's conscious effort to shift from anecdotal reporting to a more systematic discussion of its priorities, processes and data, while providing real-world implementation examples. In particular, the company has integrated its approach to managing impacts by explicitly including social, environmental and economic components in its project development and operating management systems, (e.g. the [ExxonMobil Capital Project Management System](#) and its [Operations Integrity Management System](#)). We applaud the company's progress in the areas of [biodiversity](#) and [water](#) that now include company-wide assessments of high-risk areas, and its ongoing leadership in the area of [occupational health and safety](#). The company has also made notable progress in the area of economic development, [national content](#) and [supply chain management](#).

ExxonMobil increasingly appreciates the importance and value of listening to external stakeholders. There have been multiple examples over the past decade where the company drew on such input to enhance reporting or practices, including increased transparency around the [role of research, development and technology](#) (reference page 27 in report) in solving environmental challenges; establishment of [grievance mechanisms](#) to improve community relationships and access to remedy; engagement in the development of industry-wide voluntary principles in areas such as [revenue transparency, security and human rights](#); and strategies and data around [developing local workforces and suppliers](#) outside of the United States. However, one area where the company should improve the rigor and transparency of its reporting is in sharing its rationale in situations where it *cannot* agree with stakeholder views and recommendations. We also applaud the significant increase in the quantity of data points reported since the report's inception, which now include greenhouse gas emissions, hydrocarbon flaring, water, nationals and females in the workforce in select countries, the percentage of private security contracts with human rights requirements, the schedule for regular anti-corruption training and much more.

### ***Where We Challenge ExxonMobil to Evolve***

1. Most importantly, we ask the company to use the *report* as a *future* roadmap by including significant goals and targets and to discuss the mechanisms the company has to achieve them. The lack of information on most corporate targets prevents stakeholders from understanding and monitoring the company's realistic plans for improvement and where it has prioritized leadership. We are pleased to see that ExxonMobil uses internal stewardship commitments in its management performance evaluation process, and also that it has begun to publicly disclose several targets in its [Carbon Disclosure Project reports](#), such as gas flaring and greenhouse gas reduction targets. These developments should be followed by publicly defined goals and more transparency around the relative importance that these goals play in management evaluation systems. If ExxonMobil is a leader in goal-setting and tying sustainability to performance evaluation, this is something that should be transparent. With current reporting, we are unable to fully evaluate how the company is performing relative to its peers and its own past performance, or to give credit where the company is playing a leadership role.
2. Good or bad performance is not achieved in a vacuum, and data points alone do not provide sufficient information. We urge ExxonMobil to have the *report* include more interpretation of company data and *discussion* of operational challenges, lessons learned, frustrations, successes, one-off incidents or ongoing issues that may be impeding its performance. While the company has improved this substantially over the past decade, we believe the *report* should include an unflinching assessment of the company's own performance. For example, the shale gas case study in the 2012 report overlooks ways in which the northeastern boom is very unlike the industry's prior hydraulic fracturing experience given the dramatic number of wells that are being drilled in populous areas. Nor does the case study discuss exactly what industry and regulatory changes the company is advocating for beyond state-level control. Linked to this point, the company should elaborate more fully on the positions that it takes on important public policy issues and initiatives, at both the national and international level, as it did in the instance of Dodd-Frank's [new revenue transparency rules](#). Additionally, we would encourage the

company to discuss how its public policy positions align with or deviate from its overall sustainability objectives.

3. The company should improve the [climate change section](#) to address its strategic actions, as well as its beliefs, within the context of the wider international scientific consensus. Our global marketplace is facing a changing climate. ExxonMobil's report fails to evaluate whether the actions it is taking to improve operational energy efficiency and invest in technology solutions are sufficient as part of a shared responsibility with governments and other major corporations to help arrest greenhouse gas emissions at scientifically-appropriate levels. Our Panel urges the company to: 1) Describe what actions it is taking to stimulate meaningful international policy options rather than only describing its policy preferences; 2) Evaluate whether its current actions are *sufficient* to help slow climate change; and 3) Include a robust discussion of its plans for adapting to a changing climate at its operational sites.

### **Conclusion**

Given the international reach and stature of ExxonMobil, we hope that it can leverage its 10 years of reporting experience and set its sights on achieving even greater leadership in the areas of transparency and constructive stakeholder engagement. In coming years, we hope to see ever more robust discussions around the company's material issues and challenges, which must include forward-looking statements about goals and targets.