

2013 ECAP Statement on CCR

Over the course of the 2013–2014 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, including climate change; oil spill response and marine well containment; arctic, shale gas and oil sands technologies; fossil fuel divestment and stranded assets; human resources policy and partner benefits; human rights; and community engagement.

The Panel also continued to provide input on the company's external corporate citizenship reporting. As with past years, ExxonMobil requested our feedback on identifying material issues. The Panel was also later given the opportunity to comment on an early draft of the report.

The comments contained in this letter are not an official endorsement of the report, the company, or its policies, but rather our shared views as individuals on the quality and progress made in ExxonMobil's reporting efforts. While the Panel's mandate does include engaging with the company on policy and strategy issues, this statement is solely focused on the company's transparency efforts through reporting.

In recognition of the substantial time spent, ExxonMobil provided a donation to nonprofit organizations of several panelists' choice and reimbursed Panel-related expenses.

2013 Commentary

Candid Challenges

For several years, the Panel has asked the company to enhance its disclosure around its challenges and weaknesses. We appreciate the inclusion of a page in the report dedicated to synthesizing the company's high-level challenges and opportunities (page 6). This candid recognition of challenges helps to enhance the report's credibility with stakeholders. We encourage the company to continue developing this content in future years to provide more granular examples of where the company has set goals for itself and either met the goal or explain challenges the company is working through to meet the goal.

Stakeholder Engagement

The Panel commends the new context provided around the topics of concern for each of ExxonMobil's key stakeholder groups (page 9). This context is very useful in order to better understand the potential flashpoints the company has identified with its stakeholders. Additionally, the callout boxes highlighting specific examples of stakeholder engagement provide a succinct snapshot of some of the company's representative engagement efforts. In future reports, we encourage the company to embrace opportunities to report on its engagement with individuals who may be critical of the company.

We would like to see the company go one step further in future reports to provide more transparency and clarity about their community engagement practices and the topics being discussed, and the company's response to these. For example, what are the specific concerns being raised; are systematic processes in place to ensure an inclusive and safe process for women and underprivileged community members to participate in the engagement exercise; are grievance mechanisms available; and where does the company disagree with community stakeholders?

Human Rights

We recognize ExxonMobil's conscious effort to shift from anecdotal reporting to a more systematic discussion of its priorities, processes, data and alignment with industry-wide standards, while providing real-world implementation examples. The company particularly excels at this style of reporting related to its environmental and safety performance. Unfortunately, reporting on its human rights activities and performance remains vague. We acknowledge that standards-based human rights reporting lags behind environmental metrics across all sectors. But by incorporating the same approaches it uses for environmental and safety reporting, ExxonMobil has the opportunity to be among the leading companies in the area of reporting about its human rights activities as well. As ExxonMobil is a member of the Voluntary Principles on Security and Human Rights Initiative, we encourage the company to use this as a forum to help it report on human rights in accordance with evolving industry-wide best practices.

Climate Change

The report's description of the steps ExxonMobil is taking to limit CO₂ emissions from its operations is both informative and encouraging. However, the largest share of emissions comes from the use of ExxonMobil's products – not from their extraction and distribution. This fact increases the importance of the firm's discussion of its position regarding climate change public policy. The report does describe ExxonMobil's criteria for what it considers the more desirable governmental action to reduce carbon emissions – a revenue neutral carbon tax -- but it is not made clear whether the company is in fact actively advocating for these policies.

We are glad to see that the company is addressing the issue of reducing methane emissions through a variety of research projects and reconsidering its flaring practices. Methane, while not nearly as long lasting in the atmosphere as CO₂, is more than 20 times as potent a greenhouse gas. Therefore, the treatment of the company's efforts to minimize methane releases into the atmosphere is an important and valid consideration of corporate responsibility. In future reporting, we would like to see the company disclose its position on various regulatory measures proposed to limit methane emissions in the production, transportation and distribution of gas. Also, reporting the criteria the company uses to decide how expensive is "too expensive" when evaluating economic options for the capturing or use of methane, instead of flaring it, would increase transparency even further.

While the report acknowledges that future scenarios are generally considered in investment decisions and asset protection, we encourage the company to further expand on the scenarios stemming from climate change that it may have to face. For example, what are the consequences relating to water supplies, food production, failed states, refugee populations, threats to low-lying cities, and so on, and how might they affect the world in which ExxonMobil operates?

Site-specific Reporting

Increasingly, we recognize that sustainability-related issues are both global and local in nature. The 2013 CCR does an excellent job of describing ExxonMobil's aggregated impacts and the programs the company has in place to reduce them. As sustainability-related issues such as water, human rights and socioeconomic development increasingly need to be addressed at the local level, we encourage the company to consider a systematic approach to move to more country-level or project-level reporting. Additionally, we encourage the company to consider more holistic reporting in recognition of the fact that the cumulative impact of a group of issues may be greater when considered together than when evaluated individually.

Conclusion

We are pleased to have been given the opportunity to provide our candid feedback to ExxonMobil on its *2013 Corporate Citizenship Report*. We hope that the report enables readers anywhere to arrive at informed opinions about how a large corporation deals with some of the most critical challenges of our times. Towards that end, we intend to continue to encourage ExxonMobil to offer more detailed information and be more transparent about its position on those challenges. We hope that ExxonMobil can use its size and impact to be a leader in both policy and transparency.

Finally, the Panel would like to thank Tim Smith and Elizabeth McGeeveran for their service on the panel. These two founding members transitioned off the Panel in 2013 and were replaced by Frank Loy and Sarah Labowitz.

Sincerely,

Mark Cohen

Sarah Labowitz

Frank Loy

Jane Nelson

Salil Tripathi