

ECAP statement on 2015 Corporate Citizenship Report

To the readers of this report,

We are pleased to share our independent opinion on ExxonMobil's 2015 Corporate Citizenship Report. Over the course of our engagement period in 2015–2016, we participated in teleconference, email and in-person discussions with ExxonMobil's corporate citizenship team and subject matter experts. While the Panel's mandate includes engaging with the company on policy and strategy issues, this statement focuses on its transparency efforts through reporting.

We had an opportunity to review and provide feedback on a draft of the report, some of which was adopted. We hope that ExxonMobil will consider the remainder of our feedback to inform its future corporate citizenship reporting.

This letter is not an official endorsement of the report, the corporation or its policies, but rather our individual and collective views on the quality and progress made in ExxonMobil's citizenship practices and reporting. In recognition of substantial time spent during the engagement period, ExxonMobil provided a donation on behalf of the panelists to nonprofit organizations of our choice and reimbursed ECAP-related travel expenses.

2015 commentary

We appreciate the wide scope of reporting and the number of issues included in this report. In particular, we recognize the company's ongoing work to provide additional performance data to back up statements made in the report. The country-specific case studies are effective in providing readers with relevant examples that demonstrate how ExxonMobil's policies and approaches are employed. While we believe that the report's scope is extensive with many interesting and appropriate stories, there are several areas where we have recommendations for the company's future reporting efforts.

Climate change

In his introductory statement, Chairman Tillerson mentions that "managing the risks of climate change is an important responsibility for our business and society at large." However, as a whole, the report needs greater clarity regarding the breadth and effectiveness of the company's steps to address those risks.

With regard to the topics of climate-related research, the development of innovative technologies, and improving energy efficiency in its own operations, ExxonMobil describes considerable progress.

However, the largest contribution to greenhouse gas emissions comes not from ExxonMobil's internal operations, but from the use of its products. If society is to take significant actions to reduce the risks of climate change, which ExxonMobil states as an important responsibility, it must adopt appropriate public policies that reduce greenhouse gas emissions from fossil fuels. Future reports would benefit from more specificity about the company's support for a carbon tax, as well as its engagement on other policy issues in the United States and internationally.

Additionally, we would encourage the company to discuss more fully its continued focus primarily on oil and gas, relative to plans for moving toward lower-carbon sources of energy. Many of the world's leading companies — including some in the oil and gas sector — are publicly announcing science-based goals to transition their businesses toward a low-carbon economy. As investors and stakeholders increasingly call for disclosure of corporate strategic goals, we believe ExxonMobil would benefit from becoming a leader in this regard.

The generation of methane emissions is another issue where we believe the company could describe its efforts more broadly. The Up Close example on mitigating methane emissions at XTO Energy in the managing climate change risks section of the website provides insight into XTO Energy's efforts to reduce methane emissions at its hydraulic fracturing sites throughout the United States. We would welcome a broader description of ExxonMobil's efforts to reduce these emissions. First, what are the company's efforts to reduce methane emissions in its other operations worldwide? Second, we would welcome learning of the company's stance on various public policy options to reduce these emissions, including whether there are any U.S. federal or state regulations that it supports or is actively advocating.

Human rights and social reporting

While we understand that social reporting lags behind environmental, safety and economic reporting across all sectors, we believe ExxonMobil could discuss its approach to respecting human rights across its operations and in its supply chain in greater depth and with more specificity. For example, we would like to see ExxonMobil describe its approach to upholding the Voluntary Principles on Security and Human Rights in the report. We commend the company for assuming a leadership position on the steering committee of the Voluntary Principles in 2015. As we recommended last year, we would like the report to reflect greater rigor in presenting its approach and the outcomes of its efforts to respect security and human rights, especially using metrics to evaluate its performance vis a vis other companies.

We appreciate the reporting on outcomes of ExxonMobil's community investment initiatives, particularly the malaria examples in the community and social impact section of the website, and the company's support for women's economic empowerment. In future reports, we would like the company to provide insight on how the grievance mechanisms at its various projects are used in practice.

Role of suppliers, contractors and other partners

We commend the ongoing work that the company is undertaking to better understand and influence the environmental, social and human rights performance of the companies with which it does business. We recognize there are thousands of such companies as well as other partners that are working with ExxonMobil, but feel that the company could further describe how it is working proactively with these entities to improve their sustainability performance, both individually and collectively.

Comparison and benchmarks

ExxonMobil provides useful industry benchmarking data for its annual safety performance data. However, outside of this topic, ExxonMobil does not give the readers of this report adequate context to determine the company's performance relative to others in the industry. We would recommend that ExxonMobil consider including industry benchmark information around its other material issues. In addition, we would recommend ExxonMobil further enhance its descriptions on performance and progress made compared with prior years.

Conclusion

We are grateful for the opportunity to provide our collective feedback on ExxonMobil's transparency and disclosure efforts directly in this report. We are encouraged to see that the company's reporting continues to evolve and improve each year, and we look forward to sustained engagement to identify and discuss other opportunities for continual improvement.

Sincerely,

Mark Cohen

Sarah Labowitz

Frank Loy

Jane Nelson

Salil Tripathi

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