

# EXTERNAL SUSTAINABILITY ADVISORY PANEL STATEMENT

ExxonMobil's External Sustainability Advisory Panel independently reviews our sustainability activities, including this report. We formed the panel in 2009 to understand additional external perspectives related to environmental, social and governance topics.

## Introduction

ExxonMobil's External Sustainability Advisory Panel (ESAP) publishes an annual independent review of the company's *Sustainability Report*. The ESAP is composed of academics, nongovernmental organization representatives and former government officials with expertise in environmental, social and governance issues.

## ESAP statement

This statement represents our views on the progress and quality of ExxonMobil's sustainability reporting and transparency. In recognition of our time and efforts, ExxonMobil provided a donation on behalf of panelists to nonprofit organizations of our choice and reimbursed relevant travel expenses. This ESAP statement is not an official endorsement of ExxonMobil's *Sustainability Report*, the corporation, or its policies and strategies.

During our review of this year's report, the panel identified a number of common themes and provided a summary of our general feedback as well as specific feedback on ExxonMobil's climate reporting. ExxonMobil's *Sustainability Report* and *Energy & Carbon Summary* (ECS) together offer a window into the complexities involved in managing climate change issues for a global oil and gas company. The ECS provides a robust analysis of global progress toward a 2°C scenario, and its conclusions about the pace of progress to date are generally consistent with the concerns outlined in the 2018 Special Report from the Intergovernmental Panel on Climate Change.

We were pleased to see that ExxonMobil provided additional information on some of its new partnerships to expand the company's investments in long-term greenhouse gas emissions reduction efforts and increase collaboration to pursue lower-emission technologies.

These range from participation in industry-wide platforms such as the Oil and Gas Climate Initiative to alliances with public and private research and innovation organizations. In particular, investments in emerging technologies such as quantum computing and research to bring biofuels and carbon capture to commercial scale could provide significant opportunities for investors, society, and the company itself.

However, assessing whether the level of such R&D investments in lower-carbon technologies is at an adequate scale, given the magnitude of the societal risk and the size of the company, requires additional context and data in ExxonMobil's disclosures. We believe a discussion of the overall industry context and challenges associated with ExxonMobil's operations, exploration, research and development, and long-term planning would facilitate better understanding of the scale and pace of the company's climate change response as well as other sustainability activities. To that end, we believe that ExxonMobil's discussion of each sustainability topic in its future reports should provide:

- Business Context: How does the company's performance on the topic contribute to its long-term strategy?
- Societal Context: How much of a difference can the company make on key societal issues? Are the company's sustainability actions and investments commensurate with their potential impact, both to the business and to society? Are there opportunities to identify areas of improvement and enhance the effectiveness of the company's programs and partnerships?

For example, further understanding ExxonMobil's strategy for engagement with communities where it operates would provide both societal and performance context; how does ExxonMobil ensure adequate community representation in regions where specific groups are commonly underrepresented? For complex or high-profile engagements involving multiple stakeholder groups, providing more insight into the decision-making process would demonstrate ExxonMobil's commitments to local communities in practice. The company also has an opportunity to provide additional data and examples on how its activities are contributing to the UN's Sustainable Development Goals in the countries where it operates through its investments in local communities, institutions, and infrastructure.

Increased transparency and commitment will be essential to ExxonMobil's ongoing sustainability progress. We believe ExxonMobil has an opportunity to further develop quantifiable goals that reflect current economic realities about energy demand, but also demonstrate the company's R&D, operational, and public policy commitments to address the enormous global climate challenge. The goals may not be simple and may change over time. We believe ExxonMobil made progress in 2018 and is positioned to play a leadership role in setting bolder goals and engaging the broader public through more transparency and dialogue about the most pressing challenges we all face.

Sincerely,

Craig H. Benson  
Dean, School of Engineering and Applied Science  
University of Virginia

Mark A. Cohen  
Professor of Management and Law  
Vanderbilt University  
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Frank Loy  
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The External Sustainability Advisory Panel met with employees at ExxonMobil's Research and Engineering Technology Center in Clinton, New Jersey, in 2018. From left: Mark Cohen; Craig Benson; Vijay Swarup, vice president of research and development at ExxonMobil's Research and Engineering Company; Kelsey McNeely, biofuels program leader at ExxonMobil; Jane Nelson; Frank Loy; and Salil Tripathi.