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. This statement represents its members’ individual and collective views on the quality and progress made in ExxonMobil’s sustainability reporting and transparency. The ESAP’s statement is not an official endorsement of ExxonMobil’s Sustainability Report, the corporation, or its policies and strategies.

The events of 2020 called for rapid, large-scale responses to immediate crises while accelerating long-term strategies to adapt to a changing world. The Covid-19 pandemic challenged many assumptions about community and workplace safety, operating models, supply chains and economic stability.

Major governments, corporations and investors raised the stakes on the low-carbon energy transition. Notably, China pledged to be carbon neutral by 2060 and Europe aims to be net-zero greenhouse gas emissions by 2050. GM, a pioneer in automobiles powered by internal combustion engines, committed to electrify their light-duty automotive fleet by 2035 and more than 20 percent of Fortune 500 companies set net zero carbon commitments. Renewable energy sources have transitioned from a future vision to a rapidly growing portion of the global energy portfolio. At the same time, some investors expressed concerns about the long-term viability of the oil and gas industry. Boards and leading business organizations are reconsidering the ‘purpose’ of a corporation and the concept of ‘stakeholder capitalism’ is gaining momentum. While these developments were anticipated, what is novel is the increasing pace and scale of change and the sense of urgency that the global community now seeks.

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The Covid-19 case study included in this year’s Sustainability Report is an indication of how quickly ExxonMobil can harness its global capabilities to adapt to a global crisis and market changes, and speaks to the resilience of its organizational infrastructure. The company quickly and effectively responded to the needs of its employees, contractors, business partners and communities, delivering on its longstanding commitment to people’s health and safety when needed most.

Stakeholders are also encouraging the company to continue to demonstrate even greater innovation, business model transformation, scale and urgency in tackling climate change. While specific stakeholder expectations will continue to evolve, what is common will be an expectation of ambition, consistency and transparency in the areas where ExxonMobil can have the most significant impact in facilitating the low-carbon energy transition, while increasing access to affordable energy, jobs and economic growth. Focusing on solutions to help manage plastic waste, another theme in this year’s report, is also noteworthy and contributes towards the low-carbon energy transition.

**Access to Energy and the Energy Transition**

We are encouraged by the launch of ExxonMobil’s new business unit, Low Carbon Solutions, and its plans to enhance the company’s investments in lower-emission energy solutions, which further signals ExxonMobil’s commitment to supporting the goals of the Paris Agreement. ExxonMobil’s recent announcements to continue to refresh its strategy and increase its investment in breakthrough technologies such as carbon capture, biofuels, hydrogen and energy-efficient process technology are welcomed.

As ExxonMobil discloses more about its strategy for the energy transition, demonstrating explicitly that the company is responding to the scale and urgency of global climate risk will be important. The company recently announced emission-reduction plans, which are expected to reduce absolute greenhouse gas levels by an estimated 30 percent across its upstream business by 2025, compared to 2016 levels. This marks a step in the right direction, as does the company’s intention to reduce methane emissions intensity and decrease flaring intensity across global operations.

Increasing ExxonMobil’s visibility in advancing the regulatory, legal, and policy frameworks needed to create demand for low-carbon solutions, such as the company’s advocacy for a price on carbon, which Chairman and CEO Darren Woods has publicly articulated, demonstrates a commitment to meeting societal objectives in addition to ensuring the long-term viability and success of the business through the energy transition.

Clarifying the company’s estimates about the societal impacts of its potential technology advancements could increase the pace of change and establish greater good will with key stakeholders. Beyond the question of the ongoing demand for fossil fuel-based energy, society’s continued and growing demand for petrochemical products will provide another lens through which ExxonMobil’s social contribution should be evaluated.

As important as ExxonMobil’s contributions to global emissions reductions are its contributions to enabling prosperity for people around the world through access to affordable energy, jobs, and respect for human rights. Energy drives economic growth but as recently as 2018, 789 million people lacked access to a reliable source of electricity. The well-being and economic potential of millions depend on ExxonMobil’s energy production commitments. As the company’s energy transition strategy evolves, developing further goals and metrics will be important to show how the strategy is also contributing to affordable energy access. Such a transition should assess the impacts not only on those who benefit from technological breakthroughs and low-carbon energy, but also on those whose lives and rights may be adversely impacted through job losses or lack of access to other reliable energy sources.

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Plastic Waste

The sheer quantity of plastic waste continues to prompt concerns from citizens around the world. Half of all the plastic ever produced was manufactured after the year 2000, most of which has single-use applications. ExxonMobil’s innovative response to the plastic waste challenge over the past few years leverages the technical capabilities, partnerships, and modeling capabilities needed to examine the issue across the entire plastics life cycle. This work needs to scale, and the company’s pilot projects will help evaluate the capacity to do so.

We applaud the company’s leadership in advanced recycling, which involves breaking down plastic waste into its molecular building blocks. The potential impact of a commercial model to support that technology cannot be overstated, as these innovations can unlock the challenges of the difficult-to-recycle plastics that are discarded today. As this endeavor advances, clarifying how ExxonMobil is participating in the policy agenda regarding plastics will be important, as will the potential upside for society if the industry’s efforts are successful. Illustrating the range of potential pathways and ExxonMobil’s strategic choices on reducing plastic waste will be important.

Looking Ahead

As the economic, social and political implications of the low-carbon energy transition become more complex and material, stakeholders will expect ExxonMobil to enhance the clarity of its strategy, the ambition of its goals, and the rigor of the metrics supporting its long-term objectives. Maintaining consistency and enhancing the company’s various public disclosures will be essential, as well as keeping ahead of developments in SASB, TCFD, GRI, IFRS Foundation, and industry-specific frameworks.

We look forward to seeing ExxonMobil continue to leverage and further advance its impressive scale, scientific and technological expertise, and operational and financial capabilities to act with greater urgency in setting ambitious goals that will advance both societal and business objectives. For companies like ExxonMobil, whose impacts are so widespread that all global citizens are stakeholders, the pressure to lead has never been greater. The company’s level of ambition, collaboration, disclosure, and, ultimately, the pace of its participation in the energy transition, will be critical.

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May 2021