

**ExxonMobil**

Taking on the world's toughest energy challenges.™



## 2011 Corporate Citizenship Report



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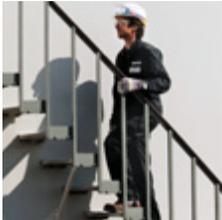


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<b>Managing Climate Change Risks</b>	Mitigating GHG emissions in our operations
	Developing cutting edge technology

**Feedback**  
Please visit  
[exxonmobil.com/citizenship](http://exxonmobil.com/citizenship)

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“Our greatest strength is developing the technology and techniques that maximize value while increasing safety, efficiency, and environmental performance.”

Rex W. Tillerson, Chairman and CEO  
Keynote Address at CERAWEEK, March 9, 2012



In an era of global change and market volatility, one thing is certain: citizens around the world will continue to seek economic and social progress to build a better quality of life for themselves and their families. The role of secure, reliable, and affordable energy in supporting these aspirations will be critical.

At ExxonMobil, we are proud of the role we play in supplying the energy to meet the world's needs. These needs are expected to grow by about 30 percent by 2040, as economies expand and the world's population approaches 9 billion people. Providing this energy in a safe and environmentally responsible manner, and at the enormous scale that will be required, is one of the great challenges facing the world in the coming decades.

This *Corporate Citizenship Report* explains how ExxonMobil is playing its role in meeting this challenge. In it, we document our plans, initiatives, and performance related to safety, the environment, economic development, corporate governance, and social progress.

### Integrity in action

As you will read in this report, ExxonMobil's approach to business and corporate citizenship is built upon a commitment to integrity in everything we do. Simply put, integrity is a commitment to do the right thing, the right way, every time—from business operations and technical challenges to the way we manage our business partnerships and engage with stakeholders.

Integrity in our industry makes us more responsible, more innovative, and more productive. In the decades ahead, we believe this will be essential for meeting the world's energy needs—and for fulfilling our responsibility to future generations.

This year's report includes two case studies that demonstrate integrity in action. At our Kearn oil sands project in Canada (page 10)

and at our integrated refinery and chemical facility in Singapore (page 48), we are applying our global management standards to help us engage communities, and improve environmental and safety performance. We hope these “site visits” will provide you, our reader, with a clearer understanding of our practices.

### Comprehensive risk management

Risk management is another key element in our approach to corporate citizenship. Few industries are called upon to manage as many complex risks as the energy sector. ExxonMobil has operations around the world, in some of the harshest climates and environments. What makes our business successful is our commitment to carefully and systematically identify, plan for, and manage risk. We do this through a rigorous management approach—our *Operations Integrity Management System*, or OIMS, outlined on page 35. OIMS integrates safety, security, health, environmental, and social risk management into every aspect of our business. This year, some of the trends in our safety and environmental performance did not meet our expectations and we are taking action to address them. We will not stop working to achieve our goal of driving accidents and incidents with a real impact to zero.

### Stakeholder engagement

Finally, our commitment to corporate citizenship is fundamental to our business, government, and community relationships.

The need for energy—vital for economic development and human progress—must be met while addressing environmental and social impacts associated with increasing demand for energy resources.

We believe addressing this dual challenge requires constructive and respectful engagement with our stakeholders. We do this in

a number of ways. On the issue of climate change, for example, we participated as an observer in the United Nations Framework Convention on Climate Change meeting in Durban, South Africa (page 25), and we maintain ongoing discussions with legislators and officials on policy and technology options to address rising greenhouse gas emissions. In communities where we are producing shale natural gas, we are working with city councils, neighbors, homeowners, and regulators to open lines of communication and share facts and information (page 14). In nations around the world, we are reaching out using engagement methods as diverse as the communities where we operate. For instance, in countries like Papua New Guinea, we have developed outreach strategies that are sensitive to the local culture and customs (page 47). This report itself is part of our commitment to engagement with those who take an interest in our company.

In the following pages, you will find a summary of our efforts to communicate with stakeholders on our shared priorities; these include responsible unconventional resource development, water use, biodiversity, transparency, and our dialogue and engagement with indigenous communities, among others. In each case, we know that engagement on these items leads to stronger, more sustainable business performance.

At ExxonMobil, we believe that high standards and clear metrics are critical to discharging our responsibilities as a leading global energy producer and corporate citizen. We invite you to read about our citizenship performance in this report, and we welcome your comments.

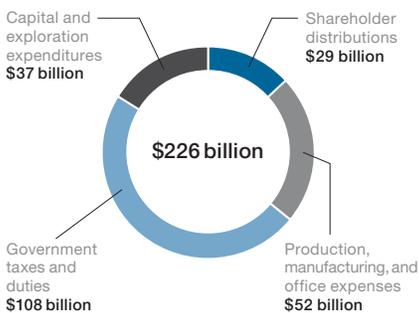
A handwritten signature in black ink that reads "Rex W. Tillerson".

Rex W. Tillerson  
Chairman and CEO

# About ExxonMobil

**Taking on the world's toughest energy challenges.** Using innovation and technology, ExxonMobil delivers energy and petrochemical products to meet the world's growing demand. Our employees, operations integrity, technical expertise, financial strength, and global reach provide a competitive advantage across the companies that make up our Upstream, Downstream, and Chemical business lines. Within these businesses, we operate facilities or market products in nearly all of the world's countries and explore for oil and gas on six continents. Our extensive research and development programs support our operations, enable continuous improvement in each of our business lines, and explore new and emerging energy sources and technologies.

## ExxonMobil's 2011 Global Economic Contribution



## Oil and Gas Industry Contributions to the U.S. Economy

### Jobs Supported



### Labor Income



### Value Added to U.S. Economy



Source: PricewaterhouseCoopers, May 2011; accessible at [api.org](http://api.org)

## EXXONMOBIL PROCESSES AND MANAGEMENT SYSTEMS

Across ExxonMobil's global operations, we use consistent management standards to help ensure operations integrity and support our decision-making. These systems—a selection of which is highlighted below—set high expectations for operating excellence at our sites.

**Operations Integrity Management System (OIMS).** Establishes common expectations for addressing safety, security, health, environmental, and social risks. OIMS provides a systematic, structured, and disciplined approach to measure progress and track accountability across business lines, facilities, and projects (page 35).

### Standards of Business Conduct.

Define the global ethical conduct of the Corporation and its majority-owned subsidiaries. These *Standards* uphold values related to human rights, labor, the environment, and anti-corruption (page 34).

### Controls Integrity Management System.

Provides a structured approach to assessing and measuring financial control risks, developing procedures for mitigating concerns, monitoring compliance with standards, and reporting results (page 35).

**ExxonMobil Capital Projects Management System (EMCAPS).** Framework to guide capital project development and execution (page 13).

### Best Practices in External Affairs.

Strategic planning and management tool for practicing excellence in community relationships at every level (page 46).

### National Content Development Guidelines.

Provide the key elements of a national content strategy and plan, including the models and tools for the successful development of national content (page 39).

### Environmental Management Standards.

Establish a consistent approach to environmental management for the business lines and projects (page 13).

### Upstream Socioeconomic Management Standard.

One of the Environmental Management Standards, this framework helps the upstream companies manage socioeconomic issues from exploration and production to decommissioning (page 45).

### Environmental Business Plans.

Corporate-wide framework for addressing environmental requirements and expectations as part of the annual business cycle (page 13).

### Environmental, Socioeconomic, and Health Impact Assessment (ESHIA).

A formal analysis to identify key risks and develop strategies to appropriately manage these risks throughout the asset life cycle (page 18).

### Global Energy Management System (GEMS).

A management system that systematically identifies and addresses operational energy efficiency opportunities for the Downstream and Chemical business lines (page 23).

### Production Operations Energy Management System (POEMS).

Incorporates a systematic approach to energy management to improve energy efficiency in the Upstream business (page 23).

### Product Stewardship Information Management System.

Applies common global processes to capture and communicate information on the safe handling, transport, use, and disposal of our products (page 28).

### Technology Management Systems.

Processes for technology investment that follow a gated management system from early technical innovation to final deployment (page 20).

GLOBAL INTEGRATED OPERATIONS

Upstream

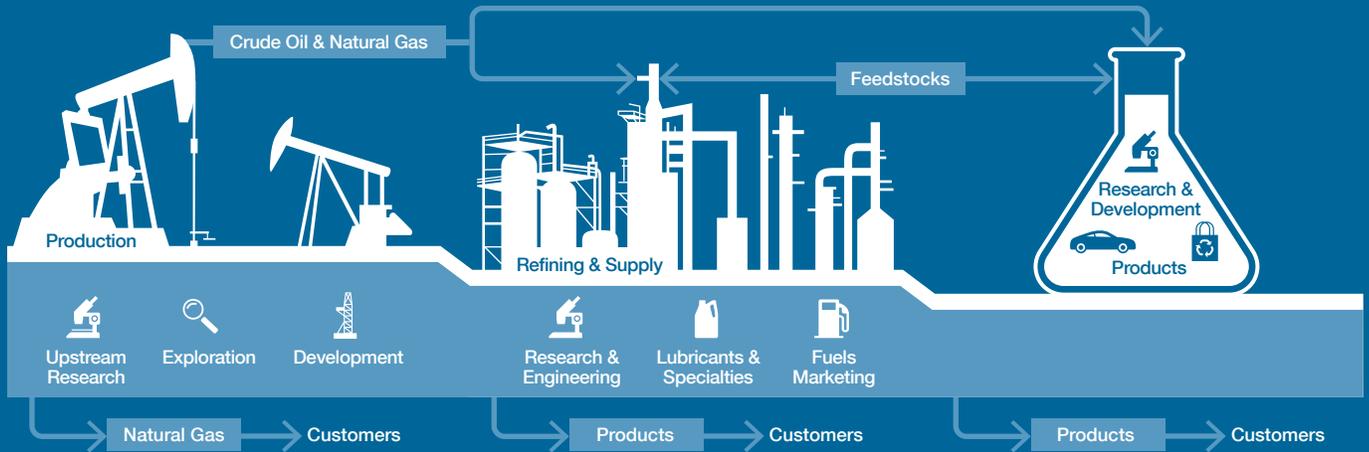
Our upstream asset base is geographically diverse with exploration and production acreage in 36 countries, production sites in 23 countries, and sales of natural gas in 32 countries.

Downstream

As the largest global refiner, ExxonMobil has interests in 36 refineries in 21 countries, supplying fuels, lubricants, and other high-value products and feedstocks to our customers.

Chemical

ExxonMobil is a leader in the chemical industry, with interests in 51 wholly owned and joint-venture manufacturing locations worldwide.



**4.5**  
million oil-equivalent  
barrels of net oil and  
gas production per day

**6.4**  
million barrels  
per day of petroleum  
product sales

**25**  
million metric tons  
of chemical prime  
product sales



## The Outlook for Energy: A View to 2040

Each year, ExxonMobil takes a comprehensive look at long-term trends in energy demand, supply, emissions, and technology to guide our own investment decisions. In 2012, we extended our *Outlook* to the year 2040. The *Outlook* projects that global energy demand in 2040 will be about 30 percent higher than in 2010, even with significant gains in energy efficiency. It is clear that expanding prosperity across a world with a growing population requires access to reliable and affordable energy supplies.



From cars to cell phones, pharmaceuticals to plastics, and air conditioning to water heating, energy is a fundamental part of people's lives. Access to reliable energy enables modern life and human progress.

### Population and economic growth drive demand

Population growth is one reason why ExxonMobil sees global energy demand rising by about 30 percent from 2010 to 2040. By 2040, there will be nearly 9 billion people on the planet, up from about 7 billion today.

The world's economies will continue to grow with varying rates. ExxonMobil estimates OECD<sup>1</sup> economies will expand about 2 percent per year on average through 2040, as North America, Europe, and other regions gradually strengthen their economies. Non-OECD economies will grow much faster: almost 4.5 percent per year. Significant energy efficiency gains across economies throughout the world will keep the pace of demand growth substantially lower than that of economic growth. OECD energy demand will flatten through 2040, while Non-OECD demand will rise by 60 percent and represent the vast majority of the increase in global energy use.

### Evolving supply of energy sources to meet demand

Demand for all forms of energy is projected to rise at an average annual rate of 0.9 percent

from 2010 to 2040. Oil and other liquid fuels will remain the world's largest energy source in 2040, meeting about one-third of the demand. Substantial supply increases will come from sources such as global deepwater and oil sands production.

The fastest-growing major energy source will be natural gas, with global demand rising by about 60 percent from 2010 to 2040. By 2025, natural gas—which emits up to 60 percent less carbon dioxide (CO<sub>2</sub>) than coal when used for electricity generation—will have overtaken coal as the second most utilized fuel source after oil.

Global demand for less carbon-intensive fuels—natural gas, nuclear, and renewables—will rise at a faster-than-average rate. For example, nuclear power will grow about 2.2 percent per year—a substantial increase, but lower than projections made before the 2011 tsunami damage to the Fukushima nuclear plant in Japan.

Wind, solar, and biofuels also will see strong growth. By 2040, they will account for about 4 percent of global demand. Wind is the fastest-growing energy source as projected in the *Outlook*, rising at about 8 percent per year on average through 2040.

### Meeting global transportation needs through liquid fuels

One of the most profound shifts in energy use through 2040 will come from the transportation sector. The proliferation of more efficient vehicles will result in flattening energy demand for personal transportation, even as the number of personal vehicles in the world doubles to 1.6 billion, mostly from growth in China and other Non-OECD countries.

In spite of this shift, economic growth will increase demand for trucks and heavy-duty vehicles. As a result, starting in 2030, these vehicles will use more fuel than all personal vehicles combined.

Overall, global energy demand for transportation will rise by nearly 45 percent from 2010 to 2040. In 2040, 90 percent of global transportation will run on liquid petroleum-based fuels, compared to 95 percent today. This high percentage is driven by the fact that liquid fuels contain more energy per volume compared to other sources of energy used in vehicles.

<sup>1</sup>Refer to the Organization for Economic Cooperation and Development (OECD) website for a listing of its members, [oecd.org](http://oecd.org).

## Global demand for electricity surges

Utilities and other electricity producers transform different types of primary energy—everything from natural gas to coal to wind—into electricity used in homes and businesses. Global demand for electricity will rise by 80 percent from 2010 to 2040. As a result of greater efficiencies in power plants, demand for fuels to make that electricity will rise by only about 45 percent, mostly in China and other Non-OECD countries. Natural gas, nuclear, and renewables will see strong growth through 2040 as generators shift to lower-carbon fuel sources globally.

## Efficiency gains slow the growth of energy-related CO2 emissions

ExxonMobil expects global energy-related emissions to level off by 2030, even as overall energy use continues to increase. This trend is the result of significant improvements in energy efficiency, plus shifts toward natural gas and other less carbon-intensive fuels, as efforts continue to manage the risks posed by rising greenhouse gas emissions. By 2040, OECD emissions of CO2 will be 20 percent lower than in 2010, while Non-OECD countries will account for more than 70 percent of global CO2 emissions, compared to 60 percent in 2010.

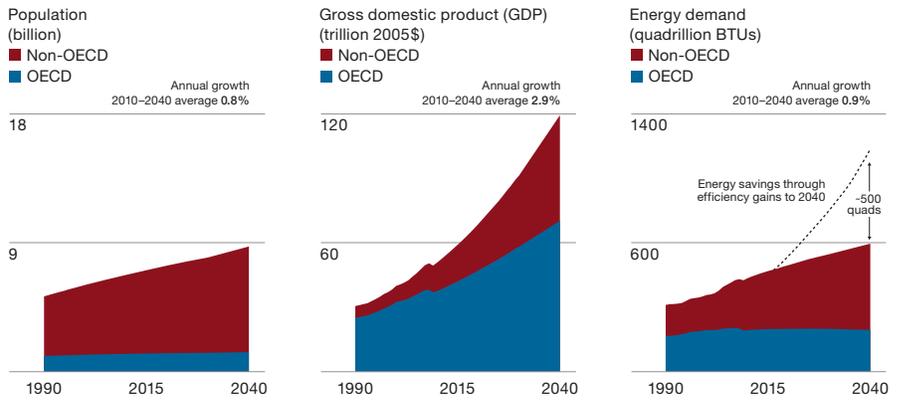
## Providing solutions to advance human progress

During the past 100 years, we have seen a dramatic change in the amount and nature of global energy use. Advances in technology have played a huge role in shaping the demand for energy, and the types of supplies used to meet that demand. To help people prosper in the decades ahead, the world will need to expand supplies of reliable, affordable energy, while ensuring these supplies are provided in a safe, secure, and environmentally responsible manner. The scale of this challenge is enormous, and we remain dedicated to finding practical, broad-based solutions. To learn about ExxonMobil's contributions in these areas, see page 22.

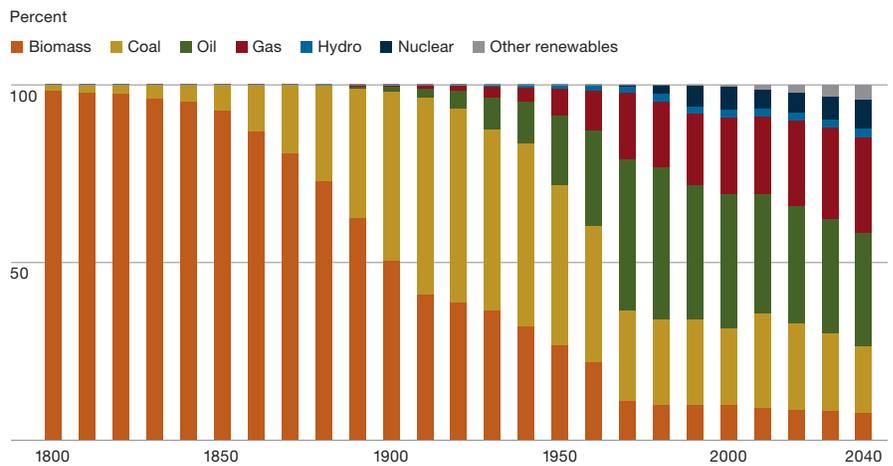


Explore enhanced web content at [exxonmobil.com/citizenship](http://exxonmobil.com/citizenship)

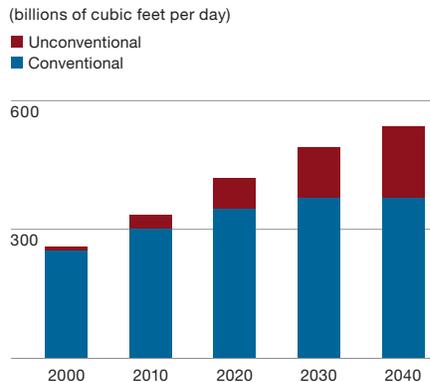
### Global Progress Drives Demand



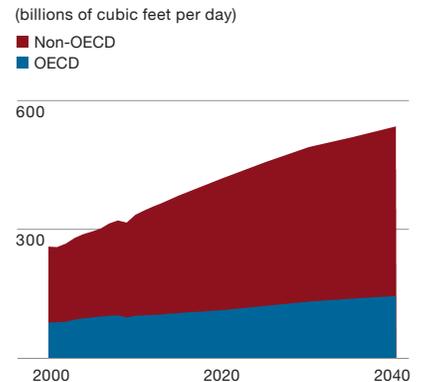
### Energy Use Evolves Over Time



### Natural Gas Production by Type



### Natural Gas Demand by Region



## Report Philosophy and Materiality

As the world's largest publicly traded oil and natural gas company, ExxonMobil's primary role is to responsibly provide the energy needed to sustain and improve standards of living for people worldwide, while delivering a return to our shareholders.

Our 2011 *Corporate Citizenship Report* presents a holistic picture of how operations integrity underpins our performance in key citizenship focus areas: Environmental Performance (page 12); Managing Climate Change Risks (page 22); Safety, Health, and the Workplace (page 26); Corporate Governance (page 32); Economic Development (page 38); and Human Rights and Managing Community Impacts (page 44).

ExxonMobil is committed to addressing the challenge of sustainability—balancing economic growth, social development, and environmental protection so that future generations are not compromised by actions taken today. Our corporate citizenship approach is designed to contribute to society's broader sustainability objectives and to manage the impact of our operations on local economies, societies, and the environment.

This report continues our annual practice of reporting on both our successes and challenges in delivering energy to meet growing demand while putting our corporate

citizenship commitments into practice. Across our citizenship focus areas, we set high standards and strive to continuously improve by measuring progress. Our company will continue to reach out and engage stakeholders as we responsibly conduct our business.

### Reporting standards and scope

This report was produced in accordance with the reporting guidelines and indicators of the International Petroleum Industry Environmental Conservation Association (IPIECA) and the American Petroleum Institute (API) *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* (2010). The majority of these indicators are also consistent with the indicators used by the Global Reporting Initiative (GRI) in the *G3.1 Sustainability Reporting Guidelines* (see our IPIECA/GRI index on page 50).

The report covers ExxonMobil's operations through December 31, 2011, unless otherwise indicated. The report uses both qualitative descriptions and quantitative metrics to explain

our policies, programs, and practices. For environmental performance data, the units of measure are metric where noted. Financial information is reported in U.S. dollars.

Exxon Mobil Corporation has numerous affiliates, with many names that include *ExxonMobil*, *Exxon*, *Mobil*, and *Esso*. For convenience and simplicity, those terms, and terms such as Corporation, company, our, we, us, and its, are sometimes used as abbreviated references to specific affiliates or affiliate groups.

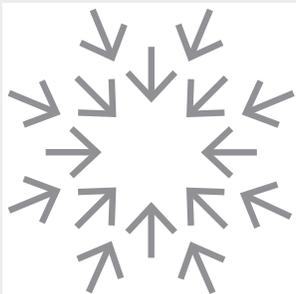
### Assurance

We believe third-party assurance provides an objective evaluation of how well we report our corporate citizenship information and gives our reporting processes additional credibility. Lloyd's Register Quality Assurance, Inc. (LRQA) conducts annual third-party assurance of ExxonMobil's safety, health, and environment reporting system. For the full assurance statement, see the inside back cover of this report.

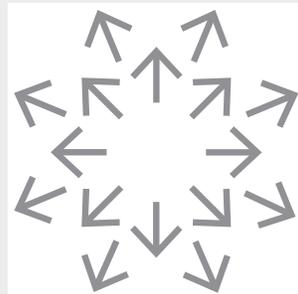
#### MATERIALITY ANALYSIS

ExxonMobil's materiality analysis process identifies economic, environmental, and social issues of particular interest and concern to both our stakeholders and business operations. Material issues may have a significant current or future impact on our company. We identify issues of external significance by monitoring stakeholder expectations and concerns through direct dialogue, public debate, legislation, international agreements, and feedback on our *Corporate Citizenship Report*. We also review international reporting standards and expectations, such as the United Nations *Global Compact* and *Millennium Development Goals*, to ensure a comprehensive, globally focused analysis.

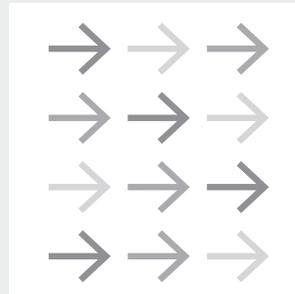
We determine priority issues by using a three-tiered review system that rates each issue based on its level of significance to stakeholder groups and its potential impact on our business objectives. Through this annual analysis, we can monitor recurring issues and identify emerging ones. We address all our Tier 1 and Tier 2 issues in the *Corporate Citizenship Report*. ExxonMobil's senior management team reviews the results of our materiality analysis, which shapes the content of this report.



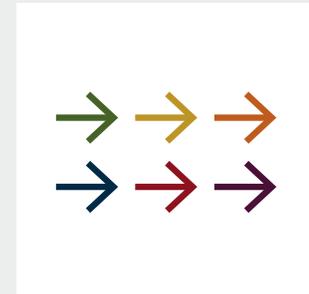
1. Identify issues of concern to ExxonMobil



2. Identify issues of concern to external stakeholders



3. Assess and rank Tier 1, Tier 2, and Tier 3 priority issues



4. Develop *Corporate Citizenship Report* content based on Tier 1 and Tier 2 issues

# Engagement

Our approach to corporate citizenship starts with engagement. ExxonMobil has a diverse group of stakeholders with interests in our business performance. While our views and perspectives may not always align, we are committed to engaging in constructive dialogue.

Effective stakeholder engagement depends upon relationships built on honest, timely, and transparent communication. We routinely meet with external stakeholders to help us identify issues most material to our business operations and to maintain our license to operate. The dialogue developed between ExxonMobil and our key stakeholders allows us to better align our financial, social, and environmental goals with the priorities of wider society. These discussions—and what we have learned from our stakeholders—help shape our approach.

We focus our worldwide engagement efforts on groups and individuals directly impacted by, or who have a direct impact on, our operations. Our engagement takes many forms, including internal and external one-on-one and group dialogues and briefings; senior executive speeches; quarterly earnings teleconferences; community consultation sessions; email communications; our corporate blog *exxonmobilperspectives.com*; publications such as the *Corporate Citizenship Report*, *Summary Annual Report*, and *The*

*Lamp*; and content on our website. Integrated throughout this report are examples of how we engage with stakeholders in each of our citizenship focus areas.

## STAKEHOLDER ENGAGEMENT



This symbol denotes stakeholder engagement examples within this report.

### EXXONMOBIL STAKEHOLDERS



Governments

6

continents with exploration and production activities



Communities and NGOs

600

interactive sessions with 57,189 individuals



Shareholders

~2.5

million individuals and more than 2000 institutions



Customers

Millions

of consumers and industrial customers



Suppliers

~175

thousand suppliers of goods and services



Employees

~82,100

employees in 77 countries around the world

### EXTERNAL CITIZENSHIP ADVISORY PANEL

In 2009, ExxonMobil created an External Assessment Panel to provide an independent review of our corporate citizenship reporting process. The panel reviewed and commented on the 2008, 2009, and 2010 *Corporate Citizenship Reports*. In 2011, the External Assessment Panel became the External Citizenship Advisory Panel (ECAP), with an expanded focus on providing strategic and objective advice on ExxonMobil's corporate citizenship activities. The ECAP comprises five members with diverse backgrounds and experiences related to corporate responsibility.

In 2011, the ECAP visited ExxonMobil's Irving, Texas, headquarters to discuss corporate citizenship performance and policies with our management. Panelists also visited our Joliet Refinery in Illinois to observe how our standards, processes, and programs are applied in our operations. The lessons learned from the ECAP's visit to Joliet inspired the facility-level case studies in this *Corporate Citizenship Report* on oil sands development at Kearl (page 10) and integrated refining and chemical manufacturing at Singapore (page 48). These case studies provide an inside look at the challenges and opportunities of operating in the energy industry.



**Mark Cohen**  
Professor of management and law  
Owen Graduate School of Management,  
Vanderbilt University



**Elizabeth McGeveran**  
Senior vice president,  
Governance and Sustainable Investment  
F&C Management Group Limited



**Jane Nelson**  
Director of Harvard Kennedy School's  
Corporate Responsibility Initiative



**Tim Smith**  
Director and senior vice president,  
Environment, Social, and Governance Group  
Walden Asset Management



**Salil Tripathi**  
Director of policy  
Institute for Human Rights and Business



For the panel's statement on this report, please visit [exxonmobil.com/panelfeedback](http://exxonmobil.com/panelfeedback)

## Performance Data

ExxonMobil collects data on a wide range of indicators to track performance. We include indicators consistent with the guidance provided by the International Petroleum Industry Environmental Conservation Association (IPIECA) and cross-referenced against the Global Reporting Initiative (GRI) *G3.1 Sustainability Reporting Guidelines*.

We work to continually improve our performance across our citizenship focus areas. This means assessing performance at many levels of the organization, from our operational sites to the business lines. We provide data interpretations for where we consider the performance trend to be generally desirable (■), undesirable (■), or mixed (■) for applicable data. Performance data in the *2011 Corporate Citizenship Report*

include XTO Energy Inc. (XTO) information beginning in 2011. As a result, some of our historical performance trends have been affected, as we describe in further detail within this report.

For certain metrics, no interpretation is necessary. For other metrics, we interpret trends based upon performance over a multiyear period and consider other factors in our assessments, such as production volumes and

economic climate. We conduct much of this detailed analysis at the operational level. Where we see unfavorable trends—at any level—we identify and aim to correct underlying causes.

Interpreting our citizenship data regularly allows us to identify the performance issues that need the most attention. We describe in further detail within the text how we plan to address these issues.

### CITIZENSHIP DATA

	2008	2009	2010	2011	Interpretation	Page #
<b>Environmental Performance*</b>						
Marine vessel spills (owned and long-term leased), number of hydrocarbon spills > 1 barrel	0	0	0	0	■	16
Other spills (not from marine vessels), number of oil, chemical, and drilling fluid spills > 1 barrel	211	242	210	484	■	16
Hydrocarbons spilled (oil spilled), thousands of barrels	20	17	8	18	■	16
Other spills, thousands of barrels	0	1	40	2	■	N/A
Controlled hydrocarbon discharges to water, thousands of metric tons	1.8	1.4	1.3	1.3	■	N/A
Sulfur dioxide (SO <sub>2</sub> ) emitted, millions of metric tons	0.19	0.16	0.14	0.13	■	17
Nitrogen oxides (NO <sub>x</sub> ) emitted, millions of metric tons	0.15	0.13	0.12	0.14	■	17
Volatile organic compounds (VOCs) emitted, millions of metric tons	0.25	0.22	0.22	0.23	■	17
VOCs emitted, metric tons per 100 metric tons of throughput or production						
Upstream	0.069	0.068	0.073	0.076	■	17
Refining	0.012	0.011	0.012	0.011	■	17
Chemical	0.043	0.036	0.036	0.032	■	17
Total hazardous waste disposed from operations, millions of metric tons	0.4	0.8	1.3	1.9	■	17
Environmental expenditures, billions of dollars	5.2	5.1	4.5	4.9		19
Freshwater consumption, millions of barrels	2216	2185	2141	2342	■	15
Number of hectares of protected wildlife habitat	0	140	2600	2700	■	15
<b>Managing Climate Change Risks*</b>						
<sup>1,2</sup> Greenhouse gas emissions, absolute (net equity, CO <sub>2</sub> -equivalent emissions), millions of metric tons	126	124	125	129	■	23
<sup>1,2</sup> Greenhouse gas emissions, normalized (net equity, CO <sub>2</sub> -equivalent emissions), metric tons per 100 metric tons of throughput or production						
Upstream	21.0	20.2	20.3	20.7	■	24
Downstream	21.0	21.0	20.8	20.4	■	24
Chemical	59.8	60.7	57.9	57.1	■	24
Energy intensity, normalized versus <i>Global Energy Management System</i> (GEMS) base year (2000) – refining	93.4	92.6	91.4	90.2	■	23
Energy intensity, normalized versus GEMS base year (2001) – chemical steam cracking	91.3	90.3	89.3	87.8	■	23
Cogeneration capacity in which we have interest, gigawatts	4.6	4.9	4.9	5.0	■	24
Hydrocarbon flaring (worldwide activities), millions of metric tons	5.7	4.4	3.6	4.1	■	23

	2008	2009	2010	2011	Interpretation	Page #
<b>Safety, Health, and the Workplace</b>						
Fatalities – employees	0	4	0	0	■	27
Fatalities – contractors	5	4	3	9	■	27
<sup>3</sup> Fatal accident rate – total workforce (per 1,000,000 work hours)	0.011	0.017	0.006	0.017	■	N/A
<sup>4</sup> Lost-time incident rate – employees (per 200,000 work hours)	0.054	0.043	0.047	0.060	■	27
<sup>4</sup> Lost-time incident rate – contractors (per 200,000 work hours)	0.049	0.040	0.031	0.087	■	27
<sup>4</sup> Lost-time incident rate – total workforce (per 200,000 work hours)	0.051	0.041	0.038	0.076	■	N/A
<sup>4</sup> Total recordable incident rate – employees (per 200,000 work hours)	0.37	0.32	0.24	0.29	■	27
<sup>4</sup> Total recordable incident rate – contractors (per 200,000 work hours)	0.49	0.39	0.34	0.41	■	27
<sup>4</sup> Total recordable incident rate – total workforce (per 200,000 work hours)	0.43	0.36	0.30	0.37	■	N/A
<sup>5</sup> Number of regular employees at year end, thousands	80	81	84	82		31
<sup>5</sup> Percent of workforce – non-U.S.	63	63	60	61		30
<sup>5</sup> Percent women – global workforce (excluding company-operated retail stores)	25	26	26	26	■	30
<sup>6</sup> Percent management and professional new hires – women	39	38	40	44	■	30
<sup>6</sup> Percent management and professional new hires – non-U.S.	69	63	70	79		30
<b>Corporate Governance</b>						
Corporate political contributions – U.S. state campaigns and national 527s, millions of dollars	0.45	0.49	1.10	0.51		35
Percent of shares represented at Corporation's Annual Meeting	84.8	82.9	80.7	81.9		34
<b>Economic Development</b>						
Number of employee participants in corporate and technical training, thousands	48	52	61	65		40
Total corporate and technical training expenditures, millions of dollars	69	71	77	80		40
U.S. spending with minority- and women-owned businesses, millions of dollars	603	863	812	869	■	37
<sup>7</sup> Community investments, millions of dollars	225.2	235.0	237.1	278.4	■	43
United States	144.6	143.0	154.8	161.3		43
Rest of world	80.6	92.0	82.3	117.1		43
<sup>8</sup> Number of <i>Extractive Industries Transparency Initiative</i> (EITI) participating countries	8	8	7	7		39
<b>Human Rights and Managing Community Impacts</b>						
Number of countries in which affiliates received dedicated human rights awareness training	7	8	1	5	■	45
Percent of private security contracts with enhanced language	50+	60	75	79	■	45

## Notes on performance table:

<sup>1</sup> The above net equity greenhouse gas (GHG) emissions metric was introduced in 2011 as a replacement for the direct equity GHG metric. Information has been restated back to 2008 according to this new metric. The net equity GHG metric includes direct and imported GHG emissions and excludes emissions from exports, including Hong Kong Power.

<sup>2</sup> ExxonMobil reports GHG emissions on a net equity basis for all our business operations, reflecting our percent ownership in an asset. Environmental, health, and safety data are reported for our affiliates and those operations under direct ExxonMobil management and operational control.

<sup>3</sup> For the past several years, including 2008-2011, ExxonMobil's fatal accident rate has been equivalent to our fatal incident rate.

<sup>4</sup> Incidents include injuries and illnesses. Safety data are based on information available at the time of publication.

<sup>5</sup> Regular employees are defined as active executive, management, professional, technical, and wage employees who work full-time or part-time for ExxonMobil and are covered by ExxonMobil's benefit plans and programs.

<sup>6</sup> Recruiting numbers for 2011 exclude XTO Energy Inc.

<sup>7</sup> Total contributions include ExxonMobil corporate and employee and retiree giving through ExxonMobil's matching gift, disaster relief, and employee giving programs.

<sup>8</sup> In countries where ExxonMobil has an upstream business presence.

\*Some uncertainty exists in environmental data depending on measurement methods. Data represent best available information at the time of publication.

# Operations Integrity: Developing Unconventional Resources at Kearl

Meeting growing demand for energy requires significant investment in unconventional sources. At Kearl, our employees and contractors work hard to ensure flawless execution of our OIMS Framework.



ExxonMobil's *Operations Integrity Management System* (OIMS) provides a top-to-bottom framework for addressing safety, security, health, environmental, and social risks in every aspect of our business—from developing an oil sands project to selecting a supplier. This site tour illustrates operations integrity in an upstream project, including the challenges associated with oil sands development.

## Overview of the Kearl oil sands project

The oil sands in Canada contain the third largest oil reserves in the world after Saudi Arabia and Venezuela. The Kearl lease, covering 200 square kilometers and located 70 kilometers north of Fort McMurray in Alberta, contains among the largest and highest-quality of these deposits. ExxonMobil and its affiliate Imperial Oil Limited are developing the Kearl project to recover an estimated 4.6 billion barrels of heavy oil called bitumen from what are commonly referred to as oil sands—naturally occurring mixtures of water, sand, clay, and bitumen.

At Kearl, Imperial is constructing facilities to recover the bitumen, convert it to a marketable product, and send it via pipeline to refining facilities to be transformed into energy and chemical products. Kearl's deposits are close enough to the surface to be extracted efficiently using an open-pit mining technique.

Production is planned to begin in late 2012 with a rate near 110 thousand barrels of bitumen per day. Further expansion will bring the rate to 345 thousand barrels per day, with a more than 40-year project lifespan.

## Environmental performance

*OIMS Element 2—Risk Assessment and Management—requires the project to conduct risk assessments in order to identify and address potential hazards to personnel, facilities, the public, and the environment. Element 6—Operations and Maintenance—requires that we identify and manage significant environmental aspects as specified in an Environmental Impact Assessment and consistent with regulatory requirements.*

The surface mining technique used at Kearl, along with its location in Alberta's boreal forest, poses challenges that require careful environmental planning and management.

As part of the project planning phase, Imperial conducted a comprehensive Environmental, Socioeconomic, and Health

Impact Assessment (ESHIA) that highlighted challenges in land management, environmental protection, and cultural heritage for indigenous people whose traditional lands overlie the Kearl lease area. Through the application of OIMS and to meet regulatory requirements, Imperial began progressively reclaiming land during early construction to ensure an ongoing and self-sustaining boreal forest. Kearl's end-of-mine-life reclamation plans have been integrated with its neighbors' plans to protect the surrounding watershed.

Although the project has not begun production, Imperial has already permanently reclaimed 6.6 hectares of land with an additional 55 hectares undergoing progressive reclamation in the following areas:

**Soil.** As we mine, we salvage and store soil for reclamation. To date, we have stored more than 14 million cubic meters of usable soil. The tailings area, constructed to hold water, clay, and sand following processing, will eventually be reclaimed along with the mine site.

**Vegetation.** Kearl participates in a regional seed collection program to grow native seedlings for planting during reclamation. Through participation in the vegetation cooperative, Imperial has already collected enough seeds to grow approximately 4 million trees and shrubs and has already planted more than 22,000.

**Wildlife.** We protect wildlife near the development site by alerting employees to sensitive areas and enforcing speed limits on our roadways. Kearl also uses a state-of-the-art bird detection and deterrent system in the tailings and process areas to direct migratory birds away.

**Fisheries.** A portion of the site's development disrupts fish habitat. After extensive stakeholder consultation, Imperial is constructing the first of three lakes, each deeper than Kearl Lake, for fish to winter. In addition, we are relocating fish from existing habitat—totaling about 10,800 small fish to date.

**Water use.** Freshwater required for production comes from the Athabasca River. Less than 4 percent of the river's flow is allocated to industrial users, with Kearl using under 0.5 percent. When in production, we plan to maximize the recycling of processed water so that about 80 percent will be recycled water. Kearl will also have a three-month, on-site water storage facility to minimize water withdrawals during the winter low-flow period.

In March 2012, Imperial, along with 11 other major oil sands companies, plans to sign the Canadian Oil Sands Innovation Alliance (COSIA) in order to pursue enhanced collaboration in water use and treatment, tailings management, reclamation, and greenhouse gas (GHG) emissions reductions.

## Managing climate change risks

*OIMS Element 6—Operations and Maintenance—requires the project to establish goals for environmental performance, including GHGs. The project must identify alternatives, if applicable, and employ environmental improvement initiatives.*

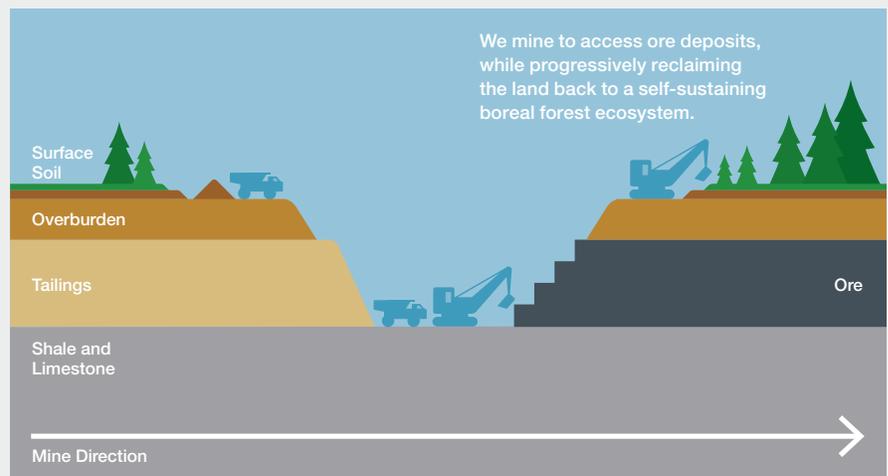
Some have voiced concerns regarding the potential GHG emissions associated with oil sands development. In fact, a September 2010 report by IHS CERA noted that “the average oil sands import to the United States has well-to-wheels life cycle GHG emissions about 6 percent higher than the average crude refined in the United States.” A project designed

like Kearl—using advanced mining techniques, energy-saving cogeneration, and producing diluted bitumen without an upgrader—will result in about the same life cycle GHG emissions as many other oils.

Technologies applied at Kearl could significantly reduce production-related emissions. We estimate that Kearl's cogeneration facility will reduce carbon dioxide (CO<sub>2</sub>) emissions by half a million metric tons per year compared to purchased power for the first phase of the project. In order to create a pipeline-ready product, Imperial will apply a proprietary paraffinic froth treatment technology designed to remove enough of the asphaltenes and fine solids to produce a crude oil suitable for sale, without needing an upgrader. Processing bitumen only once reduces life cycle GHG emissions.

Part of the engagement process includes establishing advisory committees with Aboriginal community residents. These committees allow for unfiltered communication and input from Aboriginal stakeholders. Site tours and quarterly meetings are also crucial to our continued engagement. Since 2008, Imperial has held about 24 meetings and eight site tours for community residents.

Each of the five First Nations in the region also has a consultation office called an Industry Relations Corporation (IRC), funded by companies working on oil sands developments in the region. The IRCs help review project details and relay feedback or concerns from First Nation people. Imperial has established Bilateral Agreements with four local Aboriginal communities. These agreements include



## Human rights and managing community impacts

*OIMS Element 10—Community Awareness and Emergency Preparedness—requires that the project seek, recognize, and address community expectations and concerns about our operations, including those of the workforce, in a timely manner.*

Under Canadian regulations, stakeholders are encouraged to participate in public interest hearings to share their opinions related to a project.

Kearl is located on the traditional lands of some of Canada's indigenous peoples, collectively referred to as Aboriginal peoples, a term used to describe Canada's First Nation, Metis, and Inuit people. We developed *Aboriginal Relations Guiding Principles and Guidelines* and use a consultation protocol to ensure respectful consideration of Aboriginal peoples' concerns.

provisions for financial support to community projects, community input into project planning, as well as business and employment opportunities.

Imperial consulted with the IRCs to develop a Reclamation Planning Group (RPG), which met four times in 2011. The RPG helped increase our understanding of the Aboriginal culture and its historic connection to the land. Members of the RPG raised concerns during the reclamation planning process, and identified important features of the reclaimed landscape. For example, the RPG provided input into plans for future use, asking that we include islands in a man-made lake upon which moose can protect their calves. Imperial is assessing this recommendation in future planning.



# Environmental Performance

## HIGHLIGHTS

**0**

**spills** from owned and long-term leased marine vessels

**100%**

**of our 115 major operating sites** were screened for water and biodiversity sensitivity

**9500**

**active site remediation projects** stewarded by ExxonMobil Environmental Services

## PERFORMANCE OVERVIEW

### What we said in 2010

- ▶ Evaluate and implement lessons learned from the 2010 BP Deepwater Horizon incident
- ▶ Focus on infrastructure upgrades and special programs at sites with the highest spill rates
- ▶ Study practices to minimize waste generation and increase reuse and recycling in our Lubricants and Specialties (L&S) business
- ▶ Work to certify remediated sites as protected wildlife habitat and conservation areas

### What we did in 2011

- ▶ Took a leadership role in developing industry recommendations on improving oil spill response capabilities
- ▶ Responded to the breach in the Silvertip Pipeline in Montana
- ▶ Assessed biodiversity and water supply risk using improved tools
- ▶ Screened 200 U.S. surplus sites to identify those with conservation value
- ▶ Continued to study practices to minimize waste generation and increase reuse and recycling in our L&S business
- ▶ Worked with industry and the Ground Water Protection Council to develop FracFocus, a public reporting system for fracturing fluid components

### What we plan to do

- ▶ Continue to implement recommendations on improving oil spill response capabilities
- ▶ Continue to evaluate remaining U.S. and non-U.S. surplus sites for potential conservation value and suitability for conservation disposition
- ▶ Review freshwater consumption rates to identify opportunities for responsible use at our major upstream sites
- ▶ Finalize our biodiversity offset program in Papua New Guinea related to our project activities
- ▶ Continue our technology development focused on oil sands

Energy development—critical to social and economic progress—requires careful environmental management. Across our diverse global operations, we are committed to finding ways to continually reduce environmental impacts. Our environmental stewardship processes are based on detailed analyses that include environmental and social aspect assessments and risk management.

## Environmental stewardship through responsible management

We believe that through careful environmental management we gain a competitive advantage. ExxonMobil's *Operations Integrity Management System* (OIMS) provides a structure for managing safety, security, health, environmental, and social risks. Using OIMS, we describe work processes, identify and mitigate risks, and develop critical procedures. OIMS is consistent with the standard for environmental management systems established by the International Organization for Standardization (ISO 14001:2004). Our Corporate Environment Policy and OIMS Framework set expectations that projects will be developed, constructed, and operated using approved standards that embody responsible development, especially in locations where regulations do not adequately protect the environment.

Our *Protect Tomorrow. Today.* initiative guides our management processes for maintaining responsible environmental performance. Through the *Environmental Business Planning* process, our management drives environmental performance considerations into the full life cycle of our operations, from initial impact assessments to facility design and construction and through the operations phase.

**Assessing our surroundings.** For new projects, we conduct risk-based Environmental, Socioeconomic, and Health Impact Assessments (ESHIA) to identify community concerns, environmental aspects, and social and economic conditions. For more information on our ESHIA process, see page 18.

**Environmental standards.** Our *ExxonMobil Capital Projects Management System* (EMCAPS) provides a framework to guide project development and execution. EMCAPS facilitates the consideration of environmental concerns and regulatory requirements early in the project design and implementation process. In addition, we are developing *Project Environmental Standards* for each of our business lines.

While the focus areas for each business line's standards vary depending on the type of project, we expect many business lines to adopt common standards. Our *Upstream Environmental Standards* address land use, marine geophysical operations, social and economic issues, waste management,

drill cuttings management, water management, air emissions, flaring and venting, and energy efficiency. Our *L&S Standards of Environmental Care* address spill risk minimization, energy management, and greenhouse gas and other emissions reductions. We trained selected employees in the Upstream and L&S businesses on these *Standards* through 2011, and plan to continue this effort. These employees have diverse roles—from environmental and regulatory advisors to managers and construction environmental engineers—ensuring broad distribution of knowledge about the *Standards* across the upstream and L&S companies.

**Data management.** To meet increasing expectations from government agencies for timely, accurate, and auditable data; to stay ahead of regulatory reporting requirements; and to enable communication to our stakeholders and communities; we began implementing an environmental data management system (EDMS) in 2008. At the corporate level, we use EDMS to collect, collate, and consolidate site-level data to help manage our environmental performance indicators globally. At each site, EDMS integrates with existing emissions monitoring and measurement systems to allow us to collect up-to-date, site-specific information. We are deploying EDMS across our major operational sites, and several manufacturing and production sites already have air, water, waste, and compliance modules in place.

## Biodiversity and ecosystem services

ExxonMobil uses a systematic approach for protecting biodiversity and ecosystem services that recognizes factors such as the rarity of individual species, their habitats, their vulnerability, and cultural value. Ecosystem services are defined as the direct and indirect benefits people obtain from the environment. They include, for example, food, water, recreation, and climate regulation. Preserving the ability of the environment to provide these important ecosystem services is a key environmental risk management area for ExxonMobil. To protect critical ecosystem functions and sensitive habitats, we take steps such as modifying engineering design, construction, and operating practices, and enhancing wildlife habitats on or near our properties. We also support advocacy, research, and partnerships to protect biodiversity and ecosystem services outside our fence line.

We identify biodiversity protection objectives and consider ecosystem services and exploration activity through our ESHIA process, the preparation of Environmental Management Plans, and our *Environmental Business Planning* efforts. Through participation in Business for Social Responsibility's Ecosystem Services Tools and Markets (ESTM) working group, we interface with many industry peers on important ecosystem service topics. Our involvement with ESTM helps us to better understand emerging policy and technical issues related to biodiversity and ecosystem services.



## STAKEHOLDER ENGAGEMENT

### Community relationships in Baton Rouge, Louisiana

Our Baton Rouge, Louisiana, site is an integrated refinery and petrochemical facility, with several smaller chemical plants and a lubricants facility in close proximity. Working with the communities surrounding the Baton Rouge site is an important part of maintaining our social license to operate. We engage the community through our ExxonMobil Community Dialogue and Partnership Panel that regularly meets to provide candid feedback to local ExxonMobil management about neighborhood concerns. We publish a quarterly newsletter to address flaring and aquifer use, publicize community outreach projects, and share our annual environmental performance report. We also provide employee-led plant tours for student groups and hold site tours and operational briefings for local and state leaders, government officials, and the media. Community members can access updated information on current operations every day of the year through a dedicated information phone line.

Because of our employees' efforts related to local wildlife conservation, the Baton Rouge complex was named the 2010 Conservation Corporation of the Year by the Governor's Conservation Achievement Recognition Program, overseen by the Louisiana Wildlife Federation.

In 2011, we screened our major sites against databases of the International Union for Conservation of Nature (IUCN) and World Protected Areas. We confirmed that less than 20 percent of our 115 major Upstream, Downstream, and Chemical facilities are within 5 kilometers of designated environmentally protected areas.

At each of these sites, we re-examined our existing environmental management practices to ensure the environmental protection measures adequately safeguard nearby protected areas. For example, land surrounding our Slagen, Norway, refinery has at least 30 IUCN-listed species present. To ensure future utilization of these areas and adequate species protection, we conducted a biological characterization

study of the 130 hectares of company-owned coastal forest and developed a corresponding ecological management plan. We are in the process of finalizing this management plan.

The Papua New Guinea liquefied natural gas (PNG LNG) project operates in an area of valuable and sensitive biodiversity. We are limiting our impact in the region by

## HYDRAULIC FRACTURING

The economic and environmental advantages of cleaner-burning natural gas are well-recognized. We believe it is in everyone's interest to respond effectively to public concerns over unconventional resource development in order to maximize the benefits of this energy source. This requires industry both to properly manage associated risks, and to explain to the public and policymakers how we are doing so.

**Identifying and managing risk.** All industrial processes have risks, and drilling for unconventional oil and gas is no different. The technical and environmental risks associated with drilling an unconventional well onshore are low compared to other forms of energy production. Today's unconventional resources are located almost exclusively onshore. As a result, the local and cumulative risks and impacts associated with unconventional oil and gas development may affect large, often densely populated areas. We understand stakeholders are concerned about these risks, including those related to hydraulic fracturing fluids and wastewater, well casing and groundwater, vehicle traffic, air emissions, and other related effects. These are important concerns, and we know we must respond to them in every community in which we operate and reach out to communities to ensure our responses are effective.

ExxonMobil has extensive experience in identifying and analyzing risks in all types of oil and gas production operations, and establishing preventive practices and processes to manage and mitigate them. We analyze every significant operation the Corporation undertakes through our *Operations Integrity Management System (OIMS)*. Applying OIMS requires us to identify potential safety, environmental, and social impacts and to implement procedures and processes to mitigate risks. XTO Energy Inc. (XTO), a recently acquired subsidiary of ExxonMobil, will fully implement OIMS, and is carrying out a risk-based, focused, and deliberate execution strategy.

Effective risk management is one means of addressing stakeholder concerns surrounding unconventional resource development.

For example, our standard procedures and processes include designing well pads to contain accidental spills, installing multiple layers of steel pipe and cement to protect groundwater and other aquifers, and developing stringent surface water management and wastewater disposal practices. Additionally, our technology allows us to reduce surface impacts by drilling multiple horizontal wells—sometimes thousands of feet through underground shale, all from a single well pad.

Seismicity associated with unconventional resource development is a relatively new concern gaining public attention. There have been a few cases where the deep underground injection of wastewater for disposal purposes has been associated with seismicity. None of these were associated with ExxonMobil's wells. There are thousands of permitted class II injection wells around the United States with very few being investigated for association with low level seismicity. Our geophysicists and other experts are engaged in discussions with others in industry and regulatory officials to better understand the subsurface impact of oil and gas operations and address the underlying causes of these events.

All our shale gas development and production activities are guided by proven policies, industry guidelines and practices, as well as more than 40 years of experience in hydraulic fracturing. A wide variety of publicly available information discusses the systems and procedures we have employed to manage these risks, including the ExxonMobil-sponsored *aboutnaturalgas.com* website.

**Key public policy issues.** ExxonMobil chairs the American Petroleum Institute working group that has developed four recommended practice documents encompassing the life cycle of unconventional resource development. In the United States, we work with state governments and multi-state entities to address concerns, establish effective regulatory frameworks, and implement industry consensus on sound management practices.

Concerns about hydraulic fracturing are not confined to the United States. In 2008, ExxonMobil started evaluating potential unconventional natural gas resources in Germany and elsewhere in Europe. In response to stakeholder concerns, ExxonMobil conducted an information and dialogue process for maximum transparency. Two independent facilitators brought in well-recognized scientists to conduct independent research and answer stakeholder questions related to the safety and environmental sustainability of the drilling process and fracturing technology. We will continue to engage with stakeholders in Europe and other regions where we are seeking to develop unconventional resources.

A vital component of building community trust is transparency of operations. We support the disclosure of the ingredients used in hydraulic fracturing fluids, including on a site-specific basis. In the United States, disclosure appears on the publicly accessible *FracFocus.org* website, an effort between the Ground Water Protection Council and the Interstate Oil and Gas Compact Commission. Launched in April 2011, ExxonMobil and others in industry have voluntarily submitted actual data from more than 10,000 wells. In Canada, the public can access *FracFocus.ca* for industry disclosures in British Columbia, with Alberta and Saskatchewan planned for late 2012. We are pursuing similar disclosure approaches in Europe and other areas where we are exploring internationally.

**Ongoing commitment.** We recognize that the scale and growth of unconventional resource development continues to prompt significant questions among stakeholders. ExxonMobil has drilled nearly 900 unconventional resource wells this year, and we are one of many operators bringing this resource to market. We will continue to take a leadership role in working collaboratively with communities, regulators, and industry associations to manage operational risk and address questions and concerns. ExxonMobil recognizes the importance of responsible operations in maintaining stakeholder support for this significant resource.

implementing a Biodiversity Strategy to meet the project's defined biodiversity objectives. Part of the Biodiversity Strategy involves the implementation of biodiversity offsets. In collaboration with Conservation International, a nonprofit organization with expertise in environmental and conservation practices, and in consultation with local organizations and experts, we are developing recommendations for implementing a Biodiversity Offset Delivery Plan. Through this plan, we will seek to conserve land in particularly sensitive locations to safeguard and promote stewardship of local biodiversity. The PNG LNG project is in the construction phase, and will eventually include gas production and processing facilities, liquefaction and storage facilities, and nearly 700 kilometers of connecting pipelines. Offsets will generally consist of conservation programs implemented by a local community and will involve various Papua New Guinea nongovernmental organizations (NGOs) and the government.

By the end of 2011, we had more than 2700 hectares of land being actively managed for the benefit of wildlife at 18 ExxonMobil sites, compared with 140 hectares in 2009. Protecting and enhancing wildlife habitat on our properties is a strategic element of our broader corporate biodiversity management approach. ExxonMobil is proud to be a charter member of the Wildlife Habitat Council (WHC) since its establishment in 1988 and we partner with the WHC to certify ExxonMobil locations for conservation. We have identified several sites for WHC certification in 2012, including many outside the United States. This past year, we established a WHC Site Coordinators working group to share knowledge on program sustainability activities, local relationships, and site certifications. The active participation and engagement of our employees is instrumental in the success of our on-site wildlife habitat conservation efforts. For example, employees at our ExxonMobil Chemical global headquarters in Houston, Texas, a certified Wildlife Habitat site since 2010, learned of owls threatened by record droughts in the area. A volunteer team coordinated with the Wildlife Center of Texas to build an enclosure on the 14-hectare property and reintroduce owls into the environment. So far, 11 owls have been successfully rescued, tagged for future monitoring, and released.

In Shanghai, 84 ExxonMobil volunteers have helped to re-establish local wetlands. Since 2010, they have contributed more than 1300 hours during their weekends and holidays to help support this key ecosystem. Part of this effort involves training other local volunteers and students on the importance of preserving wetland ecology and biodiversity.



In Slagen, Norway, two scientists assess biodiversity in the area surrounding the facility during a biological characterization study. Understanding the local biodiversity of an area helps us to manage our operations and develop and implement protection measures.

We seek to engage NGOs on conservation projects in key countries and near operating sites, particularly to partner with them to implement specific programs with measurable, scientific results. In 2011, ExxonMobil contributed more than \$2 million to organizations dedicated to biodiversity protection and land conservation. We also support organizations focused on improving the quality and quantity of species data, such as the United Nations World Conservation Monitoring Centre, so that we can enhance our environmental planning and protection efforts.

## Freshwater management

The oil and gas industry requires water, including freshwater, in its operations. We use water in the extraction, processing and refining of hydrocarbons, and for cooling associated with electricity generation at our facilities. As part of our project planning, we assess the impact of our activities on water availability and demand. We use a wide range of approaches to reduce water use and preserve water quality through on-site recycling and water reuse, purchasing treated wastewater for use as process water, employing processes to decrease water needs, and appropriately treating wastewater streams prior to their discharge.

In 2011, the net freshwater consumption at our operations was 2342 million barrels, representing a 9 percent increase from 2010. We actively manage our water consumption and seek opportunities to reduce, reuse, and recycle water in our operations. For example, our Torrance, California, refinery purchases and uses recycled wastewater from a local municipal treatment plant for cooling tower makeup and boiler feed water, representing nearly 70 percent of total water consumption at this facility. In our heavy oil operations at Cold Lake, Canada, we use a variety of water-use-reduction measures,

and about 85 percent of water use on-site is treated, recycled water produced with heavy oil.

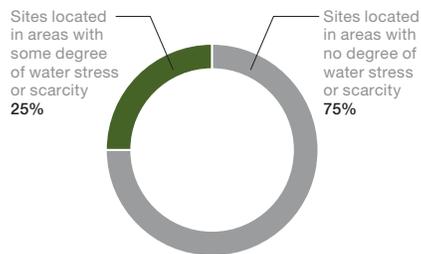
In 2011, we used the World Business Council for Sustainable Development's (WBCSD) global water tool to identify regions where we operate that may have water scarcity concerns. Information on water stress and scarcity in the vicinity of our operations serves as an important part of risk management. Of our 115 major operating sites, we identified about 25 percent operating in regions that may have some degree of water stress or scarcity. These areas are located in 15 countries.

In 2011, our upstream companies introduced a process to enhance water management. Since then, the quantity and quality of water use data have been significantly improved and a water footprinting strategy has been instituted to better analyze our interactions with local water resources. In 2012, our major sites plan to review their water consumption rates to identify opportunities for responsible use. Those sites located in scarce or stressed regions plan to update their *Environmental Business Plans* to ensure effective water resource management.

There are a variety of projects in progress to reduce water consumption. Our King Ranch Gas Plant in Texas is planning a water recycling system using reverse osmosis to treat water for on-site reuse. This will significantly reduce water use and almost completely eliminate liquid effluent from the plant.

We believe engaging our peers on water management issues can improve overall petroleum industry performance. In 2011, we helped develop the Global Environmental Management Initiative Local Water Tool, which allows sites to identify and rank risks associated with the availability and reliability of water sources and wastewater discharge

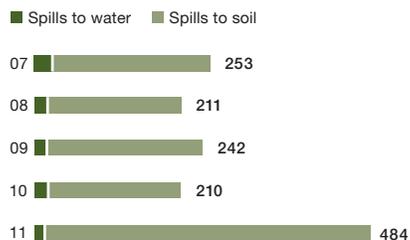
## Regional Water Availability<sup>1</sup>



<sup>1</sup>Results based on an assessment of our 115 major operating sites using the WBCSD's global water tool.

## Other Spills (Not from Marine Vessels)

Number of oil, chemical, and drilling fluid spills greater than 1 barrel



points. We piloted the tool at four of our sites and anticipate using the final version in 2012. Pilot sites found the tool useful in identifying potential risks, which we plan to address using management tools such as *Environmental Business Plans*. We also supported efforts to customize a version of the WBCSD global water tool specifically for the oil and gas industry in collaboration with the International Petroleum Industry Environmental Conservation Association (IPIECA).

## Spill performance

The BP Deepwater Horizon incident in 2010 reaffirmed the importance of continually developing and improving risk management, operations integrity, spill prevention processes, and containment capabilities. Our own spill prevention programs seek to strengthen procedures, build in layers of protection, inspect and maintain equipment, train operators, and conduct tests and drills.

Unfortunately, in 2011, we did not meet our expectation of continued improvement regarding spill performance. A pipeline breach in Montana resulted in an estimated 1509 barrels of oil being released into the Yellowstone River (page 28). This incident brought the total volume of hydrocarbons spilled to land or water in 2011 to about 18 thousand barrels, with nearly 75 percent recovered at the site of the spill. The number of nonmarine hydrocarbon spills greater than 1 barrel in 2011 was 73 percent higher than in 2007 and 108 percent higher than 2010.

XTO is already benefiting from the implementation of OIMS and incorporation of ExxonMobil's best practices in environmental management. The total volume spilled by XTO was 58 percent lower in 2011 compared to 2010.

In 2011, we continued our implementation of the downstream *Global Human Factors Best Practice Guide* in order to instill a zero-spill mindset across ExxonMobil. The Guide outlines 17 high-risk elements and corresponding procedures to reduce the likelihood of a human-caused spill. This initiative is helping us effectively address refinery spills caused by human factors, which are down more than 40 percent over the past four years. We are also using a specialized risk tool to identify infrastructure in need of upgrades to help us further avoid spills. We are focusing in 2012 on improvement measures at those refining sites with the highest spill rates.

**Marine vessel spill performance.** During 2011, vessels owned and operated by ExxonMobil's marine affiliates surpassed more than five years without any spills to water greater than 1 barrel. There were no spills from long-term chartered ships in 2011. This marine fleet of more than 650 vessels in daily service logged 25,000 voyages in 2011 and safely transported more than 1.8 billion barrels of crude oil and refined products globally.

**Technological innovation in oil spill response.** The first component of protecting the environment during offshore production is preventing spills from happening. In order to be prepared in case a spill occurs, we are working to make efficient containment equipment and dispersants readily available.

## PROTECTING WESTERN GRAY WHALES

Working in close cooperation with Russian scientific institutes affiliated with the Russian Academy of Sciences, our scientists have researched western gray whales since 1997. This successful research and monitoring program has provided improved understanding of the ecology of the population. During the course of research, western gray whales in the vicinity of Sakhalin Island have been monitored, photographed, and catalogued.

The important summer feeding grounds for these endangered marine mammals are along the northeastern shore of Russia's Sakhalin Island, near where we operate an offshore production platform and plan to install a second in 2012. To safeguard the whales' feeding grounds, we follow strict criteria based both on published science

and our own research findings. These studies provide information about the level of noise produced by shoreline or offshore operations, and the potential of that noise to propagate into feeding areas. These levels are compared with published thresholds, and we take appropriate actions to minimize disturbances to the whales. When we conduct work offshore, we also employ experts to observe the whales; protocols are in place to modify or suspend work if these experts determine that the whales are potentially at risk from our activities. These efforts, combined with scientific knowledge of the individual animals and population monitoring, have demonstrated that this fragile population continues to grow. In 2000, there were around 100 whales; today there are more than 130.



ExxonMobil has partnered with several companies to form the nonprofit Marine Well Containment Company (MWCC) to develop a rapid-response oil spill containment system for the Gulf of Mexico. The system involves a more than \$1 billion combined commitment on behalf of the member companies and provides pre-engineered, constructed, and tested containment technology and equipment deployable within 24 hours of a spill in the Gulf. A team of marine, subsea, and construction engineers led by ExxonMobil is designing and constructing expanded system components that will enhance current containment capabilities. This specially designed subsea containment equipment will be usable at depths of up to 10,000 feet and is designed to capture up to 100 thousand barrels of oil per day. The captured oil will be sent to vessels that can safely process, store, and offload it.

To enhance spill response capabilities, ExxonMobil's researchers have recently developed a new dispersant gel, capable of treating oil with two-thirds less dispersant than other formulas. We expect this product to be ready for commercial sale by the end of 2012. Globally, we are engaged in efforts through the International Association of Oil and Gas Producers and IPIECA to improve industry capability in this area.

## Emissions and waste

We continue to seek opportunities to reduce the environmental impacts from our operations by reducing air emissions and the generation of waste.

**Air emissions.** In 2011, our combined emissions of volatile organic compounds (VOCs), sulfur dioxide (SO<sub>2</sub>), and nitrogen oxides (NO<sub>x</sub>) increased by 5 percent from 2010 but decreased 26 percent from 2007 levels. By year-end 2011, our U.S. refining facilities reduced combined NO<sub>x</sub> and SO<sub>2</sub> emissions by more than 35 percent from 2000 levels. Since 2007, our global chemical operations have reduced VOC emissions by 25 percent and NO<sub>x</sub> emissions by 8 percent.

For example, at our chemical plant in Notre Dame de Gravenchon, France, we optimized our processes and reduced VOC emissions by approximately 150 metric tons per year.

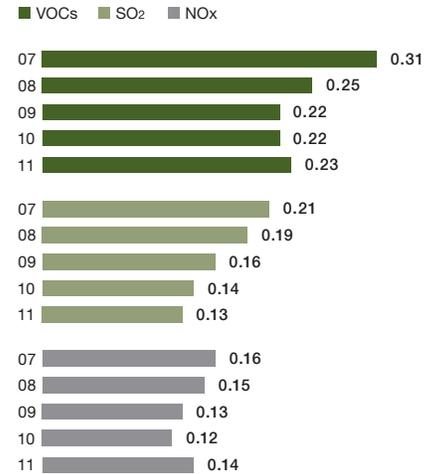
ExxonMobil is co-sponsoring an interdisciplinary five-year research program, coordinated by the Health Effects Institute, focused on determining which particulate constituents have the most significant health impacts. Research findings will be used to develop more cost-effective emission control strategies targeting those particles with the highest public health concern. Results from individual sub-studies will be released in 2012, with a final report of the overall results expected in 2013. We plan to monitor and evaluate the results as they become available. Greenhouse gas emissions and flaring are discussed in the Managing Climate Change Risks section of this report (see page 22).

**Waste management.** Our first waste management priority is to minimize its generation, then to reuse or recycle it wherever possible. In 2011, ExxonMobil and its wholly owned subsidiary SeaRiver Maritime sold the *S/R Wilmington* to a U.S. ship-recycling facility for dismantling that will maximize material recovery and ensure the proper handling and disposal of materials. The watchdog organization Basel Action Network lauded our action to recycle the *Wilmington*.

In 2011, we disposed of 1.9 million metric tons of hazardous waste from our ongoing operations. Of this amount, 1.7 million metric tons was produced water, which is classified as a hazardous waste by only one local authority. Excluding produced water brought to the surface during oil and gas production, we reused or recycled about 50 percent of the hazardous waste generated by our operations. Where appropriate, produced water may be re-injected using deep disposal wells or discharged offshore after having first been treated to remove residual oil. Our Tulare, California, facility is building a system to filter and soften produced water for reuse as feed water to a steam generator. Much of our reported hazardous waste from remediation

## Air Emissions

(millions of metric tons)



## ARCTIC OFFSHORE DRILLING AND EXPLORATION

During 2011, we entered into an agreement with the Russian oil company Rosneft to jointly explore for and produce oil in Russia, the United States, and other parts of the world. During the past 15 years, we have partnered with Rosneft in the implementation of our Sakhalin-1 project, producing hundreds of millions of barrels of oil for export to world markets. Russia offers promising prospects for new oil and natural gas discoveries,

recognizing that much of its endowment is relatively unexplored or located in challenging environments. As we identify possible projects with Rosneft, we will apply our nearly 90 years of technical expertise in the Arctic to protect the Russian North's fragile environment and sensitive ecology. For example, ExxonMobil is maintaining a leadership role in the Arctic Response Technology—Joint Industry Program. The program was

established by nine oil and gas companies with more than \$20 million in initial research on key safety, health, and environment topics such as oil spill prevention and response in ice and Arctic environments. Together, ExxonMobil and Rosneft will also establish the Arctic Research and Design Center for Offshore Development, with a mandate to develop new technologies to enable oil and gas exploration and production in the Arctic.

**ENVIRONMENTAL, SOCIOECONOMIC, AND HEALTH IMPACT ASSESSMENTS (ESHIA)**

At ExxonMobil, risk management shapes our business and investment decisions. This includes evaluating and managing the risks and opportunities related to social, health, environmental, economic, and cultural matters. When starting major upstream projects, we conduct an ESHIA to identify key risks that could be encountered throughout the asset life cycle and develop strategies to appropriately manage these risks. ESHIAs are on the critical path of most project schedules since their submission and approval are often tied to the issuance of major permits or approvals. ESHIAs are an extensive analysis and require thorough observation of natural and social environments, often over many seasons.

We typically contract independent consulting firms to conduct ESHIAs on our behalf, which provides an important impartial perspective and helps foster credible and productive relationships with external stakeholders.

A key aspect of conducting an ESHIA involves engaging directly with affected communities, relevant governmental agencies, international organizations, and local NGOs in order to solicit feedback on a project and gain information that can be used to improve the project or its execution. As part of the process, stakeholders are given the opportunity to review and comment on ESHIA drafts. Detailed literature surveys, scientific studies, technical evaluations, and socioeconomic analyses are key activities that

require significant field time. Socioeconomic analyses include indigenous peoples considerations (if applicable), demographic evaluations, way of life analyses, and cultural heritage determinations. The results of an ESHIA inform our project-based decision-making, allowing us to develop execution plans to better manage key environmental, socioeconomic, and health risks. We document, monitor, evaluate, and plan implementation through the life cycle of a project to determine the effectiveness of risk management approaches coupled with continuous improvement feedback loops.

We apply an “avoid, mitigate, compensate” strategy to address potential risks identified through an ESHIA. Our goal is to manage risks to a level as low as practicable. This hierarchical approach ensures that we first consider modifying aspects of the project design or execution plan to avoid an impact. For example, in response to an ESHIA conducted for an Arctic development project, we timed the shipping of various pieces of equipment to the work site to avoid the traditional whale-hunting period of the local indigenous people. For another project in northern Canada, we re-routed a roadway to avoid disrupting a natural topographic feature that has significant cultural importance to the local indigenous people. Examples of mitigation include instituting erosion control measures on pipeline easements, employing prudent waste management procedures,

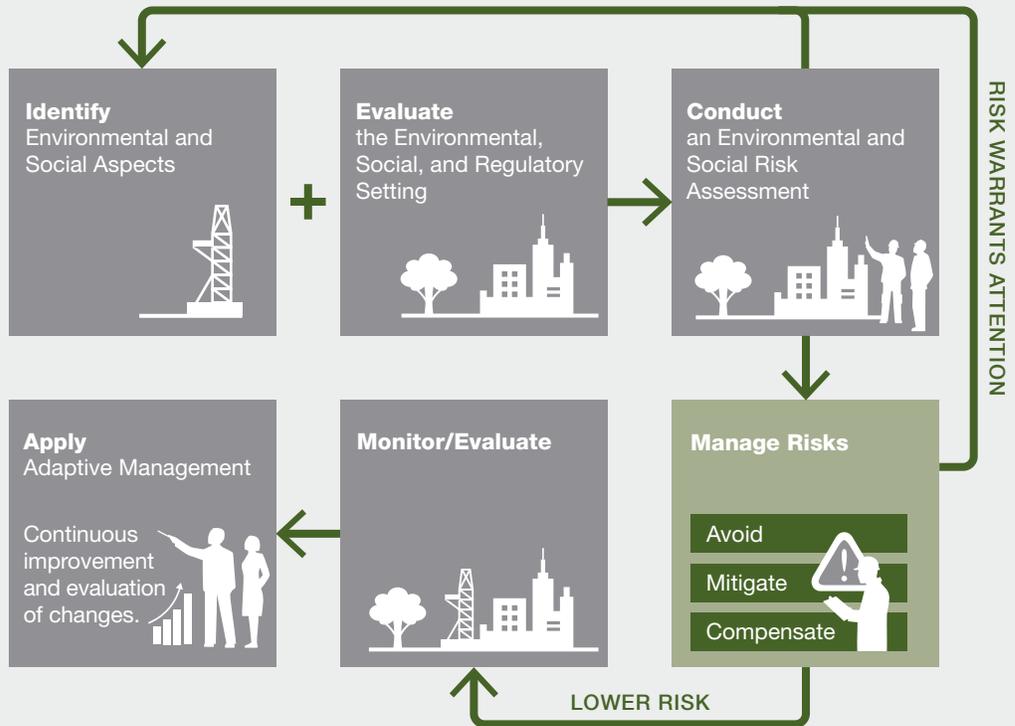
instituting a “no hiring at the gate” policy to inhibit in-migration in the vicinity of worksites and facilities, and breaking apart large goods and services procurement contracts so that local suppliers are better able to compete.

In Alaska, we adjusted our project plans in consideration of local traditions, including modifying lighting on the pads to reduce visibility, texturing and coating the pipelines to mitigate glare, rounding corners on gravel pads to reduce their impact on caribou movement, and building pipelines at a minimum of 2 meters above the tundra to allow caribou and hunters to pass. We also designed the export pipeline and gathering lines to withstand accidental bullet strikes from subsistence coastal hunting.

In some situations, compensation may be the most practical solution. We offer monetary and other types of compensation to account for the project-related loss of a resource, attribute, or possession. For more information please see our Human Rights and Managing Community Impacts section (page 44). Since 2007, ExxonMobil has undertaken or participated in nearly 100 ESHIAs for projects and activities around the world, ranging from single well exploration drilling programs and new technology evaluation pilots to large development mega-projects. Conducting ESHIAs is integral to successful project execution and to developing long-term, positive relationships in the communities where we operate.

**ENVIRONMENTAL AND SOCIAL MANAGEMENT PROCESS**

When beginning major projects, we undertake an ESHIA, starting with identifying aspects—such as roads, pipelines, or equipment—that could interact with the natural and social environment, conducting a risk assessment, and developing strategies to avoid or manage those risks. Conducting an ESHIA is one key activity in this iterative process, which continues throughout the life cycle of an asset.



activities is actually recovered soil and materials. In 2011, these remediation activities generated approximately 1.3 million metric tons of hazardous waste.

**Compliance record.** Our worldwide environmental expenditures in 2011 totaled about \$4.9 billion. This included about \$1.6 billion in capital expenditures and about \$3.3 billion in operating expenses. In 2011, 65 fines and settlements were paid, and these accounted for 0.03 percent of total environmental expenditures, or about \$1.3 million. During 2011, ExxonMobil was involved in litigation in Maryland related to an accidental underground leak at one of our company-owned, dealer-operated gasoline stations. The company has paid \$50 million in cleanup costs and in 2008 paid \$4 million in environmental penalties.

## Site remediation

Reducing our overall environmental impact hinges on the ability to efficiently remediate and reclaim sites. We use a consistent approach that leverages ExxonMobil's remediation best practices globally.

The ExxonMobil Environmental Services (EMES) functional organization remediates contaminated soil and groundwater at operating facilities, inactive properties, and formerly owned sites. EMES works to enhance asset and community value and also supports new business development, while creating opportunities for reuse of inactive properties. In 2011, EMES stewarded approximately 9500 active site remediation projects worldwide. We devoted more than 5.2 million work hours to remediation and reclamation activities, including the disposition of approximately 405 hectares for beneficial reuse.



At the former VCC site in Charleston, South Carolina, EMES employees Bruce Frink, Robert Jackmore, and contractor Bill Anckner discuss details of the remediation activities with Ken Mallery from the EPA. Working collaboratively with the regulatory authorities helps us efficiently manage our remediation projects.

Early and continued engagement with local communities and regulatory authorities is an EMES basic practice. Due to a series of historical mergers and acquisitions, ExxonMobil's affiliate, ExxonMobil Oil Corporation, inherited the responsibility for certain operations of the Virginia Carolina Chemical Corporation (VCC), and is working cooperatively with the U.S. Environmental Protection Agency (EPA) to remediate a number of former VCC properties pursuant to U.S. environmental laws. The EPA initially identified 24 properties requiring investigation and possible remediation due to elevated levels of lead and arsenic, but we proactively assessed additional VCC properties for contamination, expanding the targeted site list to 38 properties. Working in cooperation with the EPA and state regulators, we have already remediated approximately 55 hectares, or about 62 percent, and have completed

investigation or developed action plans for the majority of the VCC properties. While our remediation activities do not alter the current use of the properties, the remediated sites can have a variety of end-use applications.

In Germany, ExxonMobil performed a remediation assessment at an 18-hectare former manufacturing site along the Elbe River in the city of Wedel. Operations at the site dated back to the early 1900s. The City was interested in integrating the property into part of its strategic planning. We negotiated and agreed that the City of Wedel could purchase the property. This mutually beneficial solution allowed for the productive use of the property for the good of the local economy.

**Land conservation.** Through the application of natural land management strategies and proactive stakeholder engagement, EMES continues to conserve inactive properties. In Fredericksburg, Virginia, we successfully implemented a voluntary conservation easement on a portion of surplus property along the Rappahannock River. Working with the Northern Virginia Conservation Trust, a member of the Land Trust Alliance (LTA), conservation values—including enhancement of the water quality of the river and the Chesapeake Bay—will be preserved and protected for the long term. On Long Island, New York, ExxonMobil continues to advance the preservation of coastal habitat within the boundaries of two former fuel storage terminal sites whose operations date back to the early 1900s. In cooperation with local conservation organizations, we are making progress toward land conservation of these ecologically valuable properties.



### STAKEHOLDER ENGAGEMENT

## Collaborating on remediation best practices

In 2011, the EPA honored ExxonMobil with an invitation to present its VCC site remediation program at the agency's Community Involvement Training Conference. The workshop is held every other year to identify best practices in engaging communities about environmental issues. Our approach consisted of meeting directly with property owners and conducting town hall meetings. We also worked on projects to improve common space areas like playgrounds for neighborhood children.

"The VCC projects have enhanced ExxonMobil's relationship with the EPA. It's apparent from the start of each project that we have a mutual understanding not only of our remediation goals, but also of our objectives when engaging with the various communities."

-Lauren Gordon, EMES Project Manager

"The success of the VCC projects stems from the cooperation between EPA and ExxonMobil. Our close collaboration enabled us to approach each site uniquely, identify the needs of the community, and address any concerns residents had about the remediation work."

-Stephanie Yvette Brown, EPA Region 4



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# Technology

Technological advancements allow ExxonMobil to drive continuous improvement in mitigating the environmental and safety risks associated with energy development.

ExxonMobil's commitment to invest in technology enables us to develop innovative solutions to improve safety, minimize environmental impact, and maximize resource value. We have invested approximately \$8 billion in research and development (R&D) during the past 10 years, and almost \$2 billion on technologies related to safety and the environment. Our process for evaluating technology for development and commercialization is guided by the business lines' long-term commitment to continuous improvement in operations integrity as formalized in our *Operations Integrity Management System* (OIMS) and by the opportunity technology presents to lower energy use, maximize resource value, enhance our product offering, and contribute to competitive advantage.

## Strategic technology development

At the core of our business are several key research organizations that work collaboratively on new technologies. ExxonMobil recently established a corporate-level Emerging Energy Sources and Technologies team (EMEST), tasked with evaluating technologies either over long time horizons, or in fields outside the company's near-term business focus. Once EMEST determines that a technology is scalable from an energy supply-demand perspective, fits with ExxonMobil competencies, and

could provide the Corporation a competitive advantage or support its license to operate, the team can elect to evaluate or progress the technology in a functional R&D program.

In addition to corporate-level research, functional technology groups support each of the business lines in guiding their technology investment. For example, ExxonMobil's upstream research affiliate ExxonMobil Research Qatar (EMRQ) is developing a remote gas detection system that pairs infrared camera technology with a sophisticated algorithm that detects hydrocarbons. When deployed, remote gas detection (1) will improve process safety and reduce hydrocarbon emissions by identifying leaks quickly and automatically.

Downstream Research & Engineering continually works on process enhancements to reduce flaring and associated emissions. We also invest in new technologies to improve energy efficiency. For example, the Chemical business explores novel materials and catalysts to improve energy efficiency. By using a new compound in the synthesis of butyl rubber (2), which takes place at very cold temperatures, Chemical Technology scientists raised the temperature at which the manufacturing process occurs—leading to considerable energy efficiency improvements.

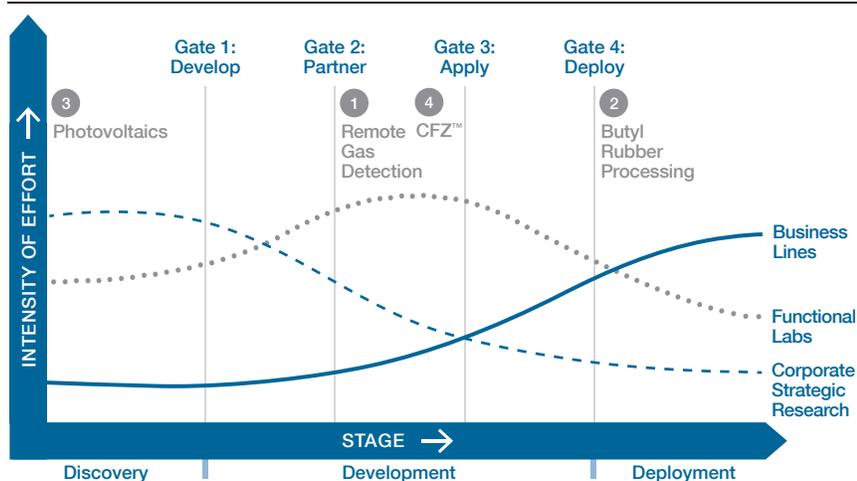
## Defining our approach: discovery, development, and deployment

ExxonMobil conducts cutting-edge R&D through in-house efforts, via partnerships with other industries, and by funding academic and other nongovernmental research projects. As a technology moves from concept to research and application, ExxonMobil applies a consistent management approach.

In 2007, we started applying a white paper process to explore emerging technologies. These studies help to educate the company on emerging technologies, define our potential contribution to the science, and assess the future applicability of the technologies to our businesses. The Corporation has engaged experts from a variety of disciplines within functional research labs to write white papers on topics ranging from biofuels to nanotechnology. In the course of developing these papers, EMEST may determine a particular technology warrants future investment. Recently, the team's findings on photovoltaics (3) informed the updated *Outlook for Energy*.

The standard process for technology investment requires assessing technical feasibility through R&D. ExxonMobil's research functions follow a stage-gate research

### STRATEGIC TECHNOLOGY DEVELOPMENT ACROSS EXXONMOBIL



### ENHANCING SAFETY TRAINING

EMRQ is developing virtual reality technology using sophisticated computer and video-based components to train our plant, terminal, and marine operators. Using this immersive 3D training environment, individuals working in Qatar's oil and gas industry will be able to simulate actual work scenarios ranging from routine operations to emergency response, using detailed models of their facilities. The training platform can be connected to other 3D display units so that multiple field operators can train together on the same simulation exercise. This element of realism makes training more effective, helping personnel perform jobs more safely.

management system to progress technologies from the early stages of innovation through the final stages of deployment. Researchers partner with the business lines to determine the business benefit of a technology, establish research and development goals and timelines, steward independent project reviews, and authorize project funding.

Time horizons for these projects vary significantly. For example, we began evaluating remote gas detection in 2007. Researchers at EMRQ determined its technical feasibility in 2010. In 2011, EMRQ partnered with Louisiana State University Fire School to conduct field testing. Based upon adjustments made after field tests, we anticipate the technology to be ready for commercial application in 2012, with potential deployment in 2013.

Breakthrough technologies can take much longer to develop. More than 20 years ago, an ExxonMobil researcher hypothesized that freezing the carbon dioxide (CO<sub>2</sub>) that is sometimes produced from underground natural gas reservoirs could be a more efficient approach to separation. ExxonMobil Upstream Research Company is currently testing the Controlled Freeze Zone™ (CFZ™, 4) technology at our LaBarge, Wyoming, gas facility. There, a tower freezes and separates CO<sub>2</sub> from natural gas into a high-pressure stream, ideal for use in sequestration or in

enhanced oil recovery. CFZ™ technology will require further evaluation before full commercialization and deployment might be possible.

### Technical and commercial feasibility

While many of our technology investments lead to deployment, there are no guaranteed outcomes. Even a technology that faces barriers to deployment can provide valuable insights to business decisions. After years of research and practice, we have learned that carbon capture and storage (CCS) is technically feasible, especially when applied to enhanced oil and natural gas production. CCS involves capturing, transporting, and storing CO<sub>2</sub> in underground geologic formations such as saline or depleted oil and gas reservoirs. We have successfully captured and sold up to 7 million metric tons of CO<sub>2</sub> per year extracted from natural gas streams in Wyoming for enhanced oil recovery since 1986. Through widespread application on fixed sources, such as power plants, the technologies involved in CCS could be an integral part of achieving global goals regarding climate change over the next century. However, the high cost associated with capturing CO<sub>2</sub> from flue gas currently makes CCS uneconomical for power plants where the largest CO<sub>2</sub> reduction potential exists. ExxonMobil's Corporate Strategic



Research team is investigating materials and systems that could bring the cost down. We believe applying our experience in CCS for enhanced oil and natural gas production could lead to competitive, market-based solutions that include natural gas-fired power plants. Even so, we do not anticipate CCS becoming broadly applicable over the next few decades.

#### LIFE CYCLE ASSESSMENTS

Identifying whether a technology can result in an environmental improvement over an existing process can be challenging, especially in the energy sector. ExxonMobil has established a cross-functional team to share best practices in life cycle assessments (LCAs) for our products and technologies. The objective of these in-house efforts is to develop consistent comparisons of energy alternatives, as well as to build and extend the science of LCAs by working with leading academics and universities.

In 2011, we conducted an LCA to assess the impact of algae biofuel production on greenhouse gas (GHG) emissions, land use, and water use. The study, completed in partnership with Massachusetts Institute of Technology and Synthetic Genomics Inc., showed that with further research and development, algae biofuels could be produced with freshwater consumption equivalent to petroleum refining, and enable lower GHG emissions. This study has been accepted for publication in a peer-reviewed journal.



#### STAKEHOLDER ENGAGEMENT

### Collaborating with research institutions

The Global Energy Technology Strategy Program (GTSP) is a major project of the Joint Global Change Research Institute (JGCRI), a collaboration between the Pacific Northwest National Laboratory and the University of Maryland. JGCRI is home to one of the world's leading integrated human and biogeophysical earth system modeling programs. Through the use of the JGCRI model, GTSP aims to enhance global decision-making by sharing open-source knowledge with public and private institutions.

ExxonMobil is an active sponsor of GTSP, working collaboratively to assess opportunities for technology in climate change mitigation. Haroon Kheshgi, a senior researcher at ExxonMobil, interacts with GTSP regularly. "At ExxonMobil, we develop an *Energy Outlook* that goes out 30 years. GTSP looks out over the next century. Looking out 100 years is, of course, subject to considerable uncertainty. Interacting with GTSP, we can better understand, challenge, and improve our assumptions involved in projections over both the next decades and the next century."

Jae Edmonds, chief scientist for the JGCRI and co-director of the GTSP, described the partnership's dialogues: "ExxonMobil invited GTSP researchers down to Dallas, Texas, several times to meet with energy outlook analysts and exchange information on technology in all parts of the energy system, ranging from power generation to transportation. We've had some very illuminating researcher interactions with ExxonMobil."



# Managing Climate Change Risks

## HIGHLIGHTS

**120**

**megawatts of new cogeneration capacity** added globally in 2011

**12%**

**improvement in energy efficiency** across our worldwide chemical operations since 2002

**\$440**

**million** invested to improve energy efficiency, reduce flaring, and reduce GHG emissions in 2011

## PERFORMANCE OVERVIEW

### What we said in 2010

- ▶ Improve energy efficiency by at least 10 percent between 2002 and 2012 across our worldwide refining and chemical operations
- ▶ Continue efforts to reduce upstream hydrocarbon flaring
- ▶ Explore ways to integrate new technologies to reduce greenhouse gas (GHG) emissions from large oil and gas projects
- ▶ Start up new cogeneration facilities in Singapore and the Netherlands

### What we did in 2011

- ▶ Improved energy efficiency and remained on track to achieve our 2012 goal for refining and chemical operations
- ▶ Started up a new cogeneration facility in the Netherlands
- ▶ Included energy conservation criteria during the design phase of our Houston, Texas, campus

### What we plan to do

- ▶ Continue to improve energy efficiency by at least 10 percent between 2002 and 2012 across our worldwide refining and chemical operations
- ▶ Start up a cogeneration facility in Singapore and continue to explore new cogeneration opportunities
- ▶ Achieve Leadership in Energy and Environmental Design (LEED) Gold building certification at our Houston, Texas, campus in 2014

Global climate change remains an extraordinarily complex issue. Scientific evidence points to the fact that rising GHG emissions present risks to society and ecosystems—and that these risks warrant action by governments, companies, and citizens. Reducing GHG emissions while expanding energy supply is one of the greatest challenges facing our industry and modern society.

At ExxonMobil, our climate change risk management strategy includes four primary elements: mitigating GHG emissions in our operations, encouraging the responsible use of our products, developing cutting-edge technology, and engaging in dialogue to promote effective public policy.

### Mitigating GHG emissions in our operations

Technological innovation underpins ExxonMobil's approach to reducing GHG emissions. In particular, we focus on increasing energy efficiency in the short term; implementing emission-reducing technologies in the near and medium term; and developing breakthrough technologies for the long term (page 20). We are committed to flare reduction, energy efficiency, cogeneration of power and steam, and production efficiency improvements to reduce GHG emissions.

In 2011, we invested \$440 million to improve energy efficiency, reduce flaring, and reduce GHG emissions.

#### Greenhouse gas emissions in our operations.

In 2011, ExxonMobil's net equity GHG emissions<sup>1</sup> were 129 million metric tons, excluding emissions from the production of electricity and steam exported from our operations to other users. Our indirect GHG emissions from purchased electricity and steam were an estimated 14 million metric tons. Relative to our 2010 performance, this represents an increase of about 4 million metric tons, or 3 percent.

**Flaring.** During crude oil extraction, a blend of hydrocarbon gases often accompanies oil to the surface. In certain situations, we flare this gas either as a safety measure or as a means of disposal when there are no economic means of capturing and using it. To avoid flaring, we need business environments with the right conditions, including available markets, nearby infrastructure, and appropriate regulations. Unfortunately, many of our remote upstream operations do not yet meet these criteria.

In 2011, our upstream flaring averaged 405 million cubic feet per day, an increase of 16 percent from 2010 and a reduction of

53 percent from 2007. Relative to our net direct GHG emissions, flaring contributed approximately 9 percent. Our operations in Nigeria and Equatorial Guinea account for most of the flared gas, contributing about 68 percent of our total upstream flaring. We continue to make infrastructure investments to improve gas management in these countries.

**Energy efficiency.** In 2011, energy used in our operations totaled 1.55 billion gigajoules. ExxonMobil pursues a variety of projects to improve energy efficiency. Since 2000, we have used our *Global Energy Management System (GEMS)* in the Downstream and Chemical business lines to methodically and rigorously identify and act on energy savings opportunities. The GEMS equivalent in the Upstream business is the *Production Operations Energy Management System (POEMS)*. Implementation of GEMS and POEMS is helping us meet our 10 percent energy efficiency improvement target and reduce upstream flaring.

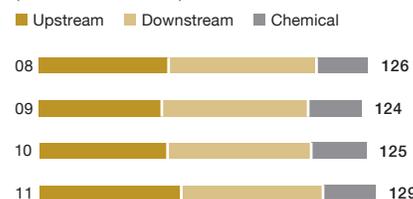
Through 2011, we improved energy efficiency by approximately 9 percent in refining and more than 12 percent in chemical manufacturing since 2002. Combined chemical and refining operations have improved energy efficiency two to three times faster than the industry average. For an example of facility-level energy efficiency improvements, please see our Singapore site tour (page 48).

ExxonMobil recently announced plans to build a new campus on a 155-hectare site just north of Houston, Texas. We carefully considered energy conservation during the design phase of the campus and aim to achieve LEED Gold building certification. By optimizing daylight availability and incorporating other energy efficiency measures, we expect to reduce our energy demand in the office buildings by more than 40 percent compared to traditional office buildings, and 30 percent compared to the Bell Street ExxonMobil building in Houston.

ExxonMobil's Global Real Estate and Facilities group has been working on an initiative to reduce the environmental footprint of our offices. This includes analysis of energy, water, and waste across our facilities. We are developing toolkits to help ExxonMobil facilities understand and implement energy management programs. We are also

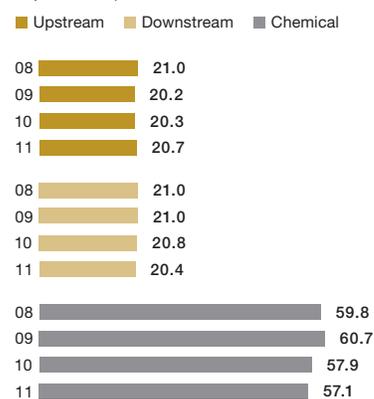
#### Greenhouse Gas Emissions (Net)

Net equity, CO<sub>2</sub>-equivalent emissions (millions of metric tons)



#### Greenhouse Gas Emissions (Normalized)

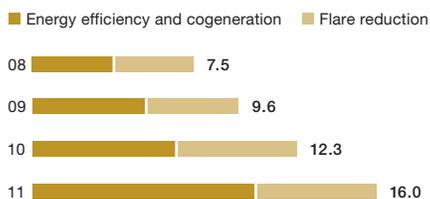
Net equity, CO<sub>2</sub>-equivalent emissions (metric tons per 100 metric tons of throughput or production)



<sup>1</sup>Our calculations are based on the guidance provided in the *Compendium of Greenhouse Gas Emission Estimation Methodologies for the Oil and Gas Industry* (American Petroleum Institute) and the *Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions* (International Petroleum Industry Environmental Conservation Association).

### Greenhouse Gas Reductions from ExxonMobil Actions<sup>1</sup>

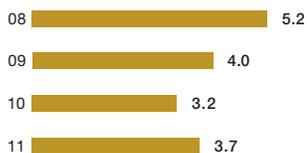
Net equity, CO<sub>2</sub>-equivalent emissions (millions of metric tons)



<sup>1</sup>Cumulative since 2006.

### Hydrocarbon Flaring from Upstream Oil and Gas Production

(millions of metric tons)



encouraging our facilities to record baseline energy performance data and metrics to drive performance and measure success. During 2009–2010, a contractor conducted energy assessments at 21 of our international facilities. They performed visual inspections and reviewed operating procedures and utility bills for electricity, natural gas, and water. Sites received a list of potential improvement opportunities and determined which projects to pursue.

**Cogeneration.** ExxonMobil is developing innovative ways to generate power more efficiently and with less environmental impact compared to purchasing electricity from a local utility. Cogeneration captures heat generated from the production of electricity to use in production, refining, and chemical processing operations. With interests in more than 5000 megawatts of cogeneration capacity globally, in 2011 we added 120 megawatts of additional capacity from our new cogeneration facility in the Netherlands. Another new cogeneration facility in Singapore will come online in 2012, adding approximately 220 megawatts.

### Developing cutting-edge technology

Our ability to develop breakthrough technology is paramount to our long-term business success. ExxonMobil currently has research underway to more efficiently and effectively increase energy supplies, reduce emissions, and improve operational efficiency. For more information about our partnerships and in-house technology capabilities, please also see our technology case study (page 20).

#### Supporting long-term scientific research.

ExxonMobil supports long-term collaborative scientific research related to GHG emissions. Since 2002, we have contributed more than half of our \$100 million commitment to Stanford's Global Climate and Energy Project, which is focused on identifying breakthrough energy technologies. Many of the technologies are years away from widespread adoption, but still hold promise.

In 2009, ExxonMobil announced our algae biofuels research and development program. Since then, we have made progress toward identifying and developing strains of algae with desired characteristics. Algae-based biofuels could enhance the world's transportation fuel supply while consuming carbon dioxide (CO<sub>2</sub>). We understand developing such alternative technologies poses many challenges, and overcoming them will require a considerable investment of time, money, and scientific expertise.

We are progressing a number of technologies to enable the commercial development of in situ bitumen in our heavy oil fields in Canada, where this resource lies too deep for surface mining. Current efforts are focused on the use of solvents to access undeveloped resources and reduce GHGs, among other environmental and economic benefits.

ExxonMobil's proprietary Controlled Freeze Zone™ (CFZ™) technology freezes and separates CO<sub>2</sub> from natural gas into a high-pressure stream, ideal for use in sequestration or in enhanced oil recovery. CFZ™ technology could make carbon capture and storage more affordable and efficient in reducing GHG emissions. This technology continues to be developed for commercial demonstration and subsequent application.

### Encouraging responsible product use

According to the International Energy Agency, approximately 90 percent of the GHG emissions generated by petroleum products are released when consumers use these products, and the remaining 10 percent are generated by the operations to produce them. Electricity generation is the largest and fastest-growing source of global energy demand. Moreover, much of the energy created to produce electricity is lost to inefficiency. For example, a new electricity-generating turbine powered by coal or nuclear material is, at most, about 40 percent efficient. That means that for every 100 units of primary energy input, only 40 units or less are converted to usable electrical energy. New natural gas plants have a 60-percent efficiency rate. Improving fuel use efficiency represents one of the biggest opportunities for curbing growth in energy demand and CO<sub>2</sub> emissions in the coming decades.

**Improving product efficiency.** ExxonMobil works directly with industrial customers to design products aimed at improving energy efficiency. Our advanced lubricating oils and greases can help increase fuel economy, contribute to longer lubricant life, and extend equipment life. To help achieve global vehicle fleet transportation efficiency improvements, ExxonMobil is contributing to near- and long-term advances in vehicle, fuel, and lubricant technology. Some of our recent advances in product energy efficiency include:

- *Mobil SHC Pegasus* synthetic natural gas engine oil enhances performance in natural gas engines used for cogeneration and is one of the first gas engine oils to offer fuel economy benefits; and,
- *Mobil SHC 600*, which we recently reformulated, is up to 3.6 percent more energy efficient compared to conventional mineral oils in gear applications.

## Public policy debate

Managing the risks associated with climate change requires the participation of government, consumers, and the private sector to develop and sustain effective technologies and policies that reduce the global carbon footprint.

ExxonMobil supports adopting strategies for reducing emissions that are stable, predictable, long-term, simple, and transparent—and that encourage the greatest reduction in emissions at the least possible cost to society. When considering policy options, ExxonMobil advocates an approach that:

- Ensures a uniform and predictable cost of carbon;
- Lets market prices drive solutions;
- Maximizes transparency to stakeholders;
- Reduces administrative complexity;
- Promotes global participation; and,
- Is easily adjusted to future developments in climate science and policy impacts.

If governments consider the adoption of regulatory frameworks, we believe a well-designed, revenue-neutral carbon tax mechanism provides a cost-effective policy approach. When combined with further advances in energy efficiency and new technologies spurred by market innovation, a carbon tax could play a significant role in reducing GHG emissions. Mitigating global CO<sub>2</sub> emissions will require participation from developed countries and the major developing economies in any policy response. We will continue to actively and constructively participate in global policy discussions.

**Global engagement on climate change.** In 2011, we discussed policy issues with governments and legislators around the world, including Australia, Canada, European Union countries, Japan, Singapore, and the United States. ExxonMobil was represented at the United Nations Framework Convention on Climate Change meeting in Durban, South Africa, as an observer, and our staff continues to participate in the Intergovernmental Panel on Climate Change.



ExxonMobil has research underway to more efficiently increase energy supplies, reduce emissions, and improve operational efficiency. Above, an employee works at the CFZ™ technology demonstration plant in Wyoming. For more information about this breakthrough technology, please see page 20.

We test a range of potential cost scenarios for energy-related GHG emissions in our *Outlook for Energy* (see page 4). These forecasts use a cost on CO<sub>2</sub> emissions to represent future climate policy options. ExxonMobil anticipates Organization for Economic Cooperation and Development (OECD) CO<sub>2</sub> costs reaching about \$80 per ton by 2040. At that time, we project China will impose costs of \$30 per ton, with many Non-OECD nations approaching \$20 per ton.

We engage regularly with governmental advisory panels and related scientific bodies around climate change issues. For example, in 2011, we contributed to the United States National Petroleum Council report on energy resources and to the IHS CERA publication on Sound Energy Policy for Europe, and we submitted testimony to parliamentary committees in the United Kingdom and Australia. During 2011, ExxonMobil representatives continued to speak on climate-related issues at events such as Net Impact, the International Petrochemical Conference, the World Petroleum Congress, and the World Shale Gas Conference.

**Funding of advocacy groups and research.** ExxonMobil supports many public policy and academic organizations that research and

promote discussion on issues affecting our business, including climate change. We elect to fund organizations whose research contributes constructively to the dialogue on effective policy and technology. We have ceased funding groups we believe were addressing the public policy discussion by questioning the science of climate change as opposed to exploring solutions to this complicated challenge.

We publish our support of 501(c)(3) organizations on our website. In 2011, our climate-related advocacy and research funding beneficiaries included the Massachusetts Institute of Technology, Stanford University, the Australian Bureau of Agricultural and Research Economics and Sciences, Battelle Pacific Northwest Laboratory, the Lamont Doherty Earth Observatory at Columbia University, the Brookings Institution, the American Enterprise Institute, the Council on Foreign Relations, Chatham House, Resources for the Future, and the Center for Strategic and International Studies.



Explore enhanced web content at [exxonmobil.com/citizenship](http://exxonmobil.com/citizenship)

### METHANE CAPTURE FROM MUNICIPAL LANDFILLS

In the first ExxonMobil project of its kind, we are tapping an East Baton Rouge Parish municipal landfill as an energy source for our Louisiana polyolefins plant. The manufacture of polyethylene and polypropylene at the Baton Rouge facility requires steam historically generated by three natural gas boilers. The landfill's 6 million tons of decomposing waste releases a gas composed of about 50 percent methane and 50 percent CO<sub>2</sub>.

After two years of research and development and \$1.8 million in facility upgrades, the methane capture project eliminates the flaring of landfill gas. We now treat and transport that gas nearly 6.5 kilometers to our plant to help fuel the boilers. Using this previously flared landfill gas as an energy source is equivalent to removing 59,000 cars from the road.

This project was cost-effective and environmentally beneficial for the plant and also generated a new revenue source for the city of Baton Rouge and East Baton Rouge Parish. The site was recognized with awards from both the American Chemical Council and the Louisiana Department of Environmental Quality for this effort. ExxonMobil expects to purchase more landfill gas as system capacity is added.



## Safety, Health, and the Workplace

### HIGHLIGHTS

**44%**

of management and professional new hires in 2011 were women

**4800**

attendees at global contractor safety forums held in 33 countries during 2011

**56**

technical scholarships awarded and 1091 global internships and co-op assignments sponsored

### PERFORMANCE OVERVIEW

#### What we said in 2010

- ▶ Learn from personnel and process safety metrics for continuous improvement
- ▶ Deploy recommendations from the Personnel Safety Study
- ▶ Evaluate deployment of OIMS enhancements at the assessable unit level
- ▶ Conclude cross-industry efforts to understand precursors for serious injuries and fatalities and develop effective prevention strategies
- ▶ Expand the *Culture of Health* initiative across the United States
- ▶ Identify the best candidates for an increasingly diverse workforce through practical work experience, scholarships, and internships

#### What we did in 2011

- ▶ Deployed recommendations from the Personnel Safety Study
- ▶ Implemented and evaluated OIMS enhancements
- ▶ Started implementing OIMS at XTO Energy Inc. (XTO)
- ▶ Concluded cross-industry research work on serious injury and fatality prevention
- ▶ Established a Steering Committee for the Control of Infectious Diseases
- ▶ Hired 2100 global professional employees, sponsored 1091 global internships and co-op assignments, and awarded 56 technical scholarships in the United States

#### What we plan to do

- ▶ Continue to learn from personnel and process safety performance metrics to help achieve our goal that *Nobody Gets Hurt*
- ▶ Pilot workshops and launch OIMS Leadership Academies
- ▶ Enhance the safety, health, and workplace systems at XTO
- ▶ Continue emphasis on “Actively Caring and Approaching Others”
- ▶ Follow up on results of cross-industry research on serious injury and fatality prevention
- ▶ Continue to attract, develop, and retain a premier workforce from the broadest possible pool of talent

The safety of our employees, contractors, and communities is the core of our commitment to operations integrity. We remain steadfast in our goal that *Nobody Gets Hurt*.

### Safety, security, and health management

Excellence in safety, security, and health in the workplace is a core value for our company. We manage the risks associated with our operations through the implementation of our *Operations Integrity Management System* (OIMS). Every ExxonMobil employee and contractor accepts safety as a job requirement, whether working at a desk or on an oil platform.

### Personnel safety

While our safety performance remains strong in the industry, in 2011, our combined employee and contractor workforce lost-time incident performance declined. This outcome reinforces our steadfast commitment to thoroughly investigate the underlying causes of incidents and focus relentlessly on effective risk management.

In 2011, XTO safety data were combined with data for the rest of ExxonMobil's operations, which introduced a basis change. XTO is in the process of implementing OIMS and is committed to achieving solid safety performance. It took ExxonMobil many years to develop its safety culture and to embed OIMS throughout its operations. We are confident that XTO will continuously improve performance as implementation proceeds.

The safety performance of legacy ExxonMobil assets (excluding those of XTO), through year-end 2011, did not meet our expectations. As a result, we have increased emphasis on the prevention of serious incidents, which can lead to lost-time injuries and fatalities. We continue to set high expectations for safety performance across our operations for all workers—contractors and employees. As always, our goal is to provide and maintain a workplace where *Nobody Gets Hurt*. We know this is achievable, and will continue to work toward that standard.

It is with deep regret that we report that nine workers were fatally injured in 2011 in connection with ExxonMobil operations. We thoroughly investigated each incident, determined root causes, and identified steps to prevent similar events in the future.

During 2011, we began to apply learnings from cross-industry research efforts to study improved approaches for the prevention of serious injuries and fatalities. Through these studies, ExxonMobil gained new insights into more effective prevention strategies that focus on identifying underlying causes and expanding data analysis associated with incidents and near-misses that have potential serious outcomes.

**Personnel safety study.** As a result of the personnel safety study concluded in 2010, we are enhancing our leadership training through the development and piloting of new OIMS Leadership Academies.

During 2011, we oriented global safety awareness efforts around “Actively Caring and Approaching Others”—an integral characteristic of an established and effective safety culture where all workers take ownership and accountability for their own and each other’s personal safety. Workers are empowered and encouraged to ask questions or to comment when another worker—whether peer or supervisor—appears to be at risk. Workers also learn how to constructively receive input from others, knowing it is intended to keep them from harm.

**Contractor safety.** From building pipelines to working on offshore platforms, thousands of contractors support our operations every day. At many of the projects that ExxonMobil manages, the majority of workers at the project site are contractors. When prequalifying contractors, we evaluate safety performance as a key criterion (see case study, page 36). In 2011, ExxonMobil Development Company conducted a series of global contractor safety forums for approximately 4800 attendees in 33 countries. The main theme of this effort was *Safety Excellence through Visible Leadership* and each forum featured a series of presentations intended to help contractors consider new ways to lead with safety practices. Planning is underway for another series of contractor safety forums in 2012.

**Process safety.** Process safety is a framework for managing the integrity of operating systems by applying good design principles, engineering, and operating and maintenance practices. Effective process safety management prevents the uncontrolled release of hydrocarbons and other hazardous substances to avoid significant incidents with potential for serious injuries and fatalities, widespread environmental impacts, and property damage. Our approach focuses on reducing risks and incidents through the flawless execution of OIMS. We subscribe to industry standards—the American Petroleum Institute’s Recommended Practice 754 and International Association of Oil & Gas Producers No. 456—which define process safety events and use a process safety incident triangle to represent events from Tier 1 through Tier 4.

During 2011, we had 71 Tier 1 process safety events. Incident analysis indicates that human factors and procedures were the contributing

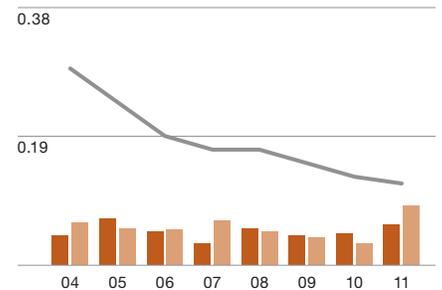


The “Actively Caring and Approaching Others” focus stems from ExxonMobil’s desire to eliminate all incidents and ensure *Nobody Gets Hurt*.

### Lost-Time Incident Rate<sup>1</sup>

(incidents per 200,000 work hours)

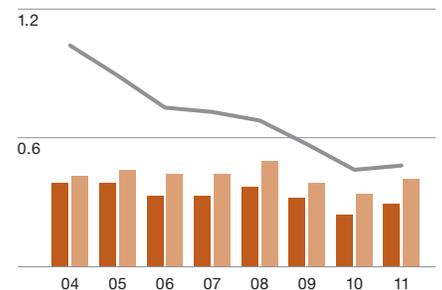
■ ExxonMobil employees ■ ExxonMobil contractors — API U.S. petroleum industry employee benchmark



### Total Recordable Incident Rate<sup>1</sup>

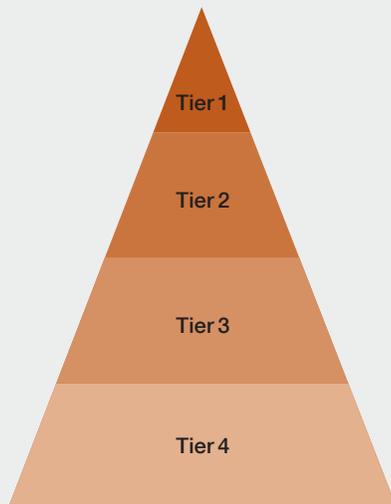
(incidents per 200,000 work hours)

■ ExxonMobil employees ■ ExxonMobil contractors — API U.S. petroleum industry employee benchmark



<sup>1</sup>Incidents include injuries and illnesses. Safety data are based on information available at the time of publication.

## PROCESS SAFETY TRIANGLE



Process safety events fall into two categories: Tier 1 and Tier 2. Tier 3 represents process safety “near-misses” and Tier 4 represents leading performance measures, such as on-time maintenance performance. The lower tiers are measured and tracked to prevent events in Tiers 1 and 2.

element for nearly half of these events. Our emphasis on process safety management across the company remains constant, as we investigate, analyze, and learn from these and lower severity Tier 2, 3, and 4 events and indicators. We focus on best practices in design, mechanical integrity, and upgrades using advanced technologies, and we train employees in process safety and effective procedures.

## Product stewardship and product safety

ExxonMobil works to minimize risks and impacts associated with the manufacture, use, and disposal of our products. We consider product stewardship issues in all stages, including inception, design and development, manufacture and storage, transport and distribution, marketing, use, and disposal.

As part of product stewardship, we assess safety, health, and environmental aspects as well as compliance with product safety legislation, both where our products are made and in their intended markets. OIMS and other management systems help ensure compliance with product stewardship regulations in more than 150 countries. Our *Product Stewardship Information Management*

*System* (PSIMS) applies common global processes and a global computer system to capture and communicate information on the safe handling, transport, use, and disposal of our products. ExxonMobil Biomedical Sciences, Inc. (EMBSI) coordinates with each of our business lines to monitor, advise, and evaluate a growing number of new regulatory requirements on our products.

EMBSI assesses human and environmental hazards along with risks of our products and their components, and develops hazard communication documents. In addition, ExxonMobil toxicologists, industrial hygienists, epidemiologists, physicians, and environmental scientists work to continually improve our understanding of occupational and environmental health.

Customer communication is a large part of product stewardship. During development and deployment, we identify hazard and risk management practices—including appropriate uses, potential health and environmental effects, personal protection and exposure controls, first aid measures, and disposal considerations—and communicate this information to customers via Safety Data Sheets, product data sheets, labels, and technical guidance. We tailor our product safety warnings to comply with local

## EMERGENCY PREPAREDNESS AND RESPONSE

Effective emergency preparedness is dependent on competent response teams. To develop and practice emergency response strategies, we establish Emergency Support Groups comprising representatives from business lines; human resources; law; safety, security, health, and environment; public affairs; and other technical advisors. To respond quickly and effectively to operational incidents, we routinely test these trained teams on a range of possible scenarios, including simulated product spills, fires, explosions, natural disasters, and security incidents.

Every site conducts emergency drills in accordance with regulatory requirements and OIMS guidelines. These drills range from routine fire drills to full-scale exercises. We operate in some parts of the world without clear emergency response requirements. In these cases, we apply global best practices to determine the frequency of emergency drills. Each year, we conduct at least one comprehensive drill in each of our operating regions.

**Inside a comprehensive response drill.** We conducted a comprehensive drill at our Sakhalin, Russia, facility in September 2011. The drill included 230 employees,

contractors, and specialists from at least four countries, and lasted two days. During emergency drills, participants run through realistic scenarios including real-time decisions and interaction with local authorities. The Sakhalin drill involved deploying several marine vessels for a simulated spill cleanup, modeling the trajectory of the spill, and conducting simulated dispersant application with helicopters. For the purpose of simulation, workers traveled to the location of the drill as they would in an actual situation. Several representatives from various Russian regulatory authorities participated. The exercise confirmed our readiness to respond and helped us identify improvements to the *Sakhalin Oil Spill Response Plan*.

**Response in action—Yellowstone River in Montana.** On July 1, 2011, ExxonMobil Pipeline Company (EMPCo) experienced a breach in its Silvertip Pipeline resulting in the release of an estimated 1509 barrels of crude oil into Yellowstone River near Laurel, Montana.

EMPCo immediately began implementing its emergency response plans, drawing upon local resources at the ExxonMobil Billings Refinery as well as experts from across the country. A Unified Command Center, led by the U.S. Environmental Protection Agency

(EPA) and including representatives from the State of Montana, was established. More than 1000 people were involved in the response and cleanup effort including ExxonMobil’s North America Regional Response Team, the Clean Harbors and Emergency Responder oil spill response organizations, and additional contractors.

EMPCo worked closely with the EPA and the Montana Department of Environmental Quality (MDEQ) to ensure cleanup goals and objectives were clearly defined, and subsequently completed as outlined by the Unified Command. Work now continues under the direction of the MDEQ and has now transitioned into reclamation and remediation activity. This includes a comprehensive soil and water monitoring and sampling program.

At the Laurel Crossing, EMPCo installed new pipeline approximately 60 feet below the river bottom. In addition, new pipeline was installed 30 feet or more below the river bottom near the shore at the Rock Creek and Clarks Fork crossings.

EMPCo takes full responsibility for the incident and cleanup, and continues to work cooperatively with all agencies involved in investigating the spill.

regulations; where product safety regulations do not exist, we apply responsible standards. In 2011, we distributed more than 300,000 Safety Data Sheets to customers in more than 130 languages.

**Life cycle assessments.** ExxonMobil Chemical Company follows the International Organization for Standardization (ISO 14040:2006 and 14044:2006) in developing life cycle assessments (LCAs). Two LCA examples include the assessment of our High Barrier Metallyte™ oriented polypropylene films (OPP) relative to aluminum foil, a product used for similar applications. It displayed lower energy consumption, reduced waste, and lower greenhouse gas (GHG) emissions. Another example involves our metallocene polyethylene (mPE) resins used in packaging construction products, such as mortar and cement mix, relative to paper. The analysis showed that mPE resins have several environmental advantages, including requirements for fewer raw material inputs.



#### STAKEHOLDER ENGAGEMENT

### Customer life cycle assessment

**One of our customers specializing in industrial packaging, NORDFOLIEN GmbH, approached ExxonMobil for help on an LCA to understand the environmental impact of polyethylene versus paper packaging. We developed a charter for the collaboration and agreed that ExxonMobil Chemical would conduct the analysis. An independent third-party external panel reviewed the LCA for completeness and transparency. The results showed that polyethylene sacks had significant environmental benefits over paper alternatives, as they are lighter, have lower energy and GHG profiles, and are more durable, minimizing product loss. We plan to continue engaging with our customers on other LCAs.**

### Workplace security

Protecting worker and community safety also means ensuring security and protection of information. Our security programs are designed to meet the challenges of the diverse locations where we operate. At ExxonMobil, *Security is Everybody's Business*. In 2011, we focused on enhanced security countermeasures for people, assets, and information in higher-threat locations where ExxonMobil operates. We also continued implementation of risk assessment processes to identify and implement asset-specific security enhancements. For more information about security at ExxonMobil, see page 45.

### Employee health

ExxonMobil provides support programs and services to help our employees live healthier lives. We consider workforce and community health issues as part of our project planning, using tools like Environmental, Socioeconomic, and Health Impact Assessments (ESHIA) (see page 18). We develop prevention programs and health care services to respond to emerging health issues in a timely manner. During 2011, we established a new infectious disease committee to monitor and address emerging disease-related issues.

**Culture of Health.** ExxonMobil's *Culture of Health* is our U.S. site-based health and wellness program. It provides a broad, systematic approach to health promotion activities in the workplace, including resources for ExxonMobil employees and family members to achieve personal health goals. After testing this program at two work sites, we expanded the program to all U.S. sites in 2011. *Culture of Health* offers a state-of-the-art health portal with a wellness library, meal planners, and wellness and fitness trackers. The program also includes on-site biometric screenings, annual health assessments to detect potential health risks, and telephone-based lifestyle coaching. More than 13,000 individuals participated in this program in 2011. Worksite-based program components are being added throughout 2012.

**Malaria Control Program.** Malaria costs the African continent an average of \$12 billion in lost gross domestic product annually and impacts household incomes through lost productivity and healthcare expenditures. The locations where we operate in Africa and parts of Asia Pacific are no exception. ExxonMobil's comprehensive *Malaria Control Program* covers both employees and contractors working in malaria-prone areas. It includes awareness campaigns, mosquito bite prevention tools, and anti-malaria medication, and promotes early diagnosis and treatment to fight malaria.

We track employee and contractor incidences of malaria in eight countries with upstream operations. In 2011, 11 malaria cases were reported out of the thousands of nonimmune workers located in or visiting endemic areas. To learn about our efforts to eradicate global malaria in the communities where we operate, see page 42.

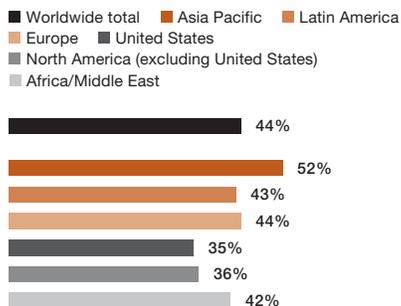
**StopAIDS.** Our workplace HIV/AIDS program, *StopAIDS*, combines educational programs with access to community-based care and treatment to keep healthy workers disease-free, and to educate HIV-positive workers on

#### SUPPORTING POLIO ERADICATION IN ANGOLA

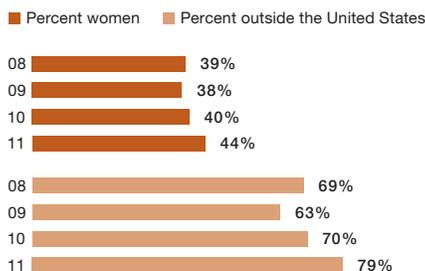
The World Health Organization has made great strides toward eradicating polio; only a handful of countries still report active cases. In Angola, one of the biggest barriers to achieving eradication is access to remote areas. The Angolan Ministry of Health received a \$600,000 grant from the Block 15 consortium operated by Esso Angola to purchase four-wheel-drive vehicles, motorcycles, and vaccine storage equipment for health officials and trained community health volunteers to vaccinate Angolans in isolated parts of the country. Angola reported only five cases of polio in 2011.

To complement our polio vaccine support, we also provided a \$1 million grant to the Ministry of Health's vaccination program in four provinces. Implemented in partnership with the Angolan Red Cross, more than 200,000 children under five years of age are being vaccinated against nine life-threatening childhood diseases: polio, diphtheria, tetanus, measles, whooping cough, yellow fever, hepatitis, meningitis, and pneumonia.

### 2011 Percent Female Management and Professional New Hires by Geographic Region<sup>2</sup>



### Management and Professional New Hires<sup>2</sup>



<sup>2</sup>Recruiting numbers for 2011 exclude XTO Energy Inc.

living with the illness. ExxonMobil does not test for HIV, and HIV status is not a factor in determining an employee's ability to work.

## Employment policies and practices

ExxonMobil focuses on developing a diverse workforce of highly talented individuals to help our business thrive. We use a long-term, career-oriented approach that begins with global recruitment of outstanding talent and continues with development from within through a wide range of assignments and experiences.

**Diversity.** ExxonMobil conducts business in almost every part of the world. The diversity of ideas, perspectives, skills, knowledge, and cultures across our company facilitates innovation and is a key competitive advantage. Through a range of programs, activities, and investments, we strive to create and maintain a diverse workforce, representative of the many geographies where we do business. We developed our *Global Workforce Diversity Framework* to attract, grow, and retain a premier workforce. A series of web-based trainings and tools help our employees understand effective cross-cultural communication and cultural sensitivities.

We support local employee networks around the world to foster a work environment committed to diversity and inclusion. These include the Asian Connection for Excellence (ACE); Black Employee Success Team (BEST); Global Organization for the Advancement of Latinos (GOAL); People for Respect, Inclusion, and Diversity of Employees (PRIDE); and Women's Interest Network (WIN). These groups often sponsor educational and community service programs for interested employees.

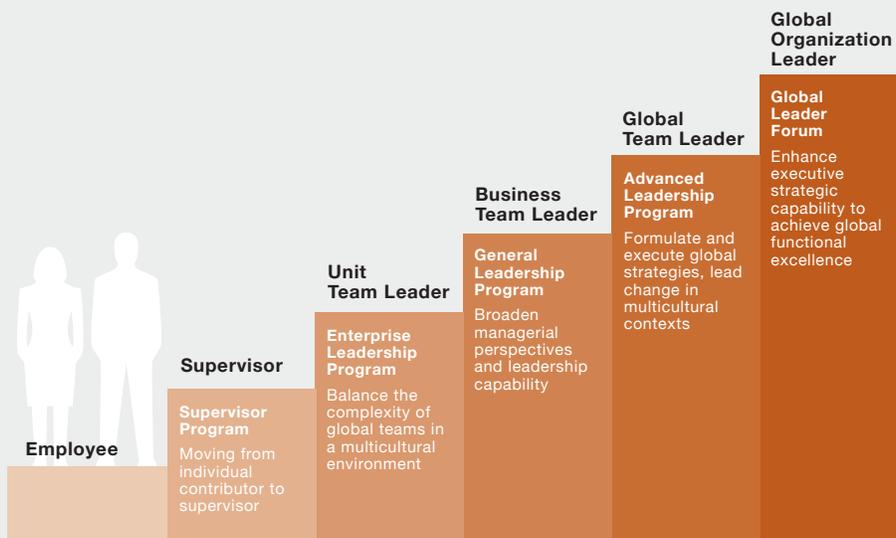
We also support diversity-based education programs such as the Hispanic Heritage Foundation, National Society of Black Engineers, Society of Women Engineers, Society of Hispanic Professional Engineers, and the National Action Council for Minorities in Engineering, among others. We believe these strategic investments in education will help build a global pool of talent in science, technology, engineering, and mathematics (STEM) fields to support the further development of the oil and gas industry. Without education today, we cannot advance technological innovation to help meet our future energy needs.

At the end of 2011, about 39 percent of our employees were located within the United States and 61 percent internationally. In 2011, approximately 34 percent of our executives were non-U.S. employees. We hired more than 2100 management and professional employees worldwide, about 79 percent of whom were outside the United States.

ExxonMobil is committed to promoting leadership opportunities for women globally and improving the gender balance within our company. Currently, women account for about 26 percent of our worldwide workforce, excluding company-operated retail stores. In 2011, 44 percent of management and professional new hires were women, significantly higher than the percentage of women in our broader employee population. Approximately 14 percent of executive employees worldwide are women. Our commitment to gender equality extends to all aspects of the employment relationship, including recruitment, hiring, promotion, transfer, termination, wage and salary administration, and selection for training.

## LEADERSHIP FRAMEWORK

Our business activities require leaders who can effectively work in a complex global environment. A deliberate and focused effort across our company ensures we identify and mentor individuals, design challenging work assignments, support on-the-job experiences, and provide training and education. The ExxonMobil Leadership Framework includes three major components: fundamental business principles, essential personal qualities, and behaviors to achieve premier business results. We embedded this Framework within our business practices and our people development processes.



To increase the representation of minorities in our U.S. operations, our hiring programs include outreach to identify diverse candidates. Based on U.S. Equal Employment Opportunity Commission reporting, minorities made up approximately 28 percent of our U.S. workforce and about 18 percent of officials and managers in 2011.

**Policies against discrimination and harassment.** Our *Standards of Business Conduct* govern our employment practices. These standards support our commitment to equal employment opportunities, prohibit harassment and discrimination in the workplace, and align with applicable laws and regulations in the countries where we operate. Any form of discrimination by or toward employees, contractors, suppliers, and customers in any ExxonMobil workplace is strictly prohibited. Our global, zero-tolerance policy applies to all forms of discrimination, including discrimination based on sexual orientation and gender identity. Harassment, even in its most subtle forms, directly conflicts with company policy and will not be tolerated. All employees are subject to disciplinary action, including termination, for any act of harassment. We employ a comprehensive education, training, and stewardship program to ensure this policy is understood, implemented, and followed by our employees throughout our worldwide operations. Each affiliate has adopted ExxonMobil's global standards with modifications only as needed to comply with country laws.

**Employee benefits and programs.** ExxonMobil Corporation is committed to being the world's premier petroleum and petrochemical company. Our benefits programs are part of a total employment package and are designed to support our business objectives and be responsive to the needs of employees throughout a career into retirement. They also support ExxonMobil in attracting and retaining the most qualified employees.

Providing access to healthcare at an affordable cost helps employees reduce distractions associated with healthcare issues, quality of care, and related financial concerns, enabling the employee to remain productive and focused on job responsibilities. Strong healthcare plans and health-related programs also reinforce the Corporation's commitment to safety and wellness.

Benefit coverage for spouses is based on legally recognized spousal relationships in the individual countries where we operate. In the United States, we have adopted the definition of spouse used in federal law. Employees in countries where national law recognizes same-sex relationships receive spousal benefits under ExxonMobil programs.



ExxonMobil conducts business in almost every part of the world. The diversity of ideas, perspectives, skills, knowledge, and cultures across our company facilitates innovation and is a key competitive advantage.

The funding levels of qualified pension plans comply with applicable laws or regulations. Defined benefit pension obligations are fully supported by the financial strength of the Corporation or the respective sponsoring affiliate.

**Flexible work environment.** Our workplace flexibility programs help us attract and retain talent, address individual employee needs, and maximize employee productivity. Each country's workplace flexibility programs differ based on legal requirements, infrastructure, and culture. Examples of employee programs providing flexibility include an adaptable workplace, modified work weeks, part-time regular employment, extended part-time employment, and adjustable work hours.

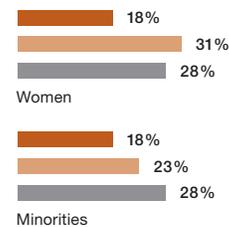
**Performance review process.** During the annual performance assessment and development process, all employees have a structured, documented discussion with their supervisors about work goals, training objectives, and development needs. This process provides the basis for ongoing employee coaching and continuous performance improvement. Employees are actively developed throughout the course of their careers with training, mentoring, and opportunities to join professional networks.

**Employee engagement.** ExxonMobil strives to communicate openly with our more than 82,000 employees. In 2011, presidents of the functional companies held more than 19 town-hall-style forums and numerous meetings with employees, addressing topics ranging from safety performance to long-term planning. We hold these forums across our operations. Employees have the opportunity to ask senior management questions on any topic during these sessions.

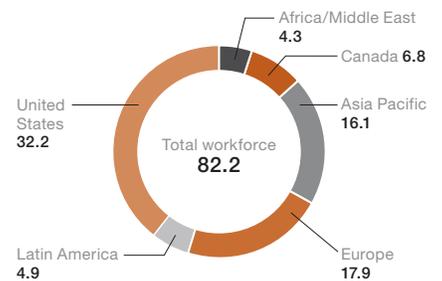
**2011 Percent Women and Minorities by Position in the United States**

Based on U.S. Equal Employment Opportunity Commission reporting

■ Officials and managers ■ Professionals ■ Total employees



**2011 Workforce by Geographic Region<sup>3</sup>**  
(thousands of employees)



<sup>3</sup>Data exclude company-operated retail store employees.



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# Corporate Governance

## HIGHLIGHTS

# 34

**stakeholder dialogues** or meetings with institutional and socially responsible or sustainable investors

# 82%

**of outstanding shares** represented at the Corporation's Annual Meeting

# 10 out of 10

**rating from Governance-Metrics International**, among top 1 percent of companies rated

## PERFORMANCE OVERVIEW

### What we said in 2010

- ▶ Include management proposals for shareholder advisory votes on executive compensation in the 2011 proxy statement
- ▶ Continue recruiting highly qualified non-employee directors
- ▶ Continue outreach to institutional and socially responsible or sustainable investors and other interested parties

### What we did in 2011

- ▶ Included management proposals for shareholder advisory votes on executive compensation in the 2011 proxy statement
- ▶ Participated in 34 stakeholder dialogues or meetings with institutional and socially responsible or sustainable investors
- ▶ Performed extensive internal and third-party audits covering global operations
- ▶ Reviewed annual safety, security, health, and environmental performance with the Public Issues and Contributions Committee (PICC) of the Board of Directors
- ▶ Took the Board of Directors to visit Alberta, Canada, to review affiliated operations, including the Kearl oil sands project

### What we plan to do

- ▶ Continue to recruit highly qualified non-employee directors
- ▶ Conduct Business Practices Reviews for all employees
- ▶ Continue outreach to investors, including participation in Sustainable Investment Research Analyst Network (SIRAN) calls on topics such as oil sands development
- ▶ Review annual safety, security, health, and environmental performance with the PICC of the Board of Directors
- ▶ Host the PICC to visit operations in Wyoming

Sound corporate governance requires clear expectations of high ethical standards and integrity in all business activities and investment decisions. ExxonMobil's ethics and high standards of business conduct allow us to operate in an economic climate where large-scale investments support our long-term business and contribute to the communities where we operate.

## Board of Directors

Our Board of Directors provides independent oversight of the Corporation's affairs. All directors stand for election at our Annual Meeting of Shareholders. At year-end 2011, 10 of 11 directors and all members of key Board committees, including the presiding director, were independent as defined by New York Stock Exchange (NYSE) guidelines. In 2011, the Board of Directors met 10 times, including a visit to Alberta, Canada, to review affiliated operations.

**Board leadership structure.** At this time, the Board serves the best interests of the shareholders through a leadership model with a combined chairman of the Board and chief executive officer (CEO). With more than 36 years of service in both domestic and international positions, the current CEO possesses in-depth knowledge of the Corporation and the challenges of an evolving energy industry. The Board believes these insights position him to provide exemplary leadership. The Board retains the authority to amend the By-Laws to separate the chairman and CEO positions at any time.

Each year, the independent Board members select an independent director to serve a minimum of two years as presiding director. The presiding director chairs executive sessions of the independent directors and works closely with the chairman to develop Board agendas, topics, and schedules, and review materials provided to the directors. All directors may request agenda topics for

Board or Board committee meetings, and all have authority to call special meetings of the independent directors.

**Board appointment process.** Achieving a Board of Directors that is diverse in gender, race, geography, experiences, and fields of expertise is critical to successful business in a globalized market. The Board Affairs Committee nominates director candidates in accordance with the *Guidelines for the Selection of Non-Employee Directors*. The committee looks for highly qualified non-employee candidates with demonstrated competency in a particular field, and a commitment to represent the interests of all shareholders. Other desirable qualities include:

- Financial expertise;
- Experience as the CEO or senior executive of a significant company or organization with responsibilities for global operations;
- Experience on one or more boards of significant public or nongovernmental organizations; and,
- Expertise resulting from significant professional or academically based scientific or research activities.

In 2011, the Board included female, African-American, and international perspectives. Current director qualifications are described in the proxy statement.

**Board committees.** Corporate citizenship topics fall under the purview of the Public Issues and Contributions (PICC), Board

Affairs, and Compensation Committees and are routinely reviewed at Board and Board committee meetings. Only independent directors serve on these committees, which met between four and seven times in 2011.

The entire Board is responsible for risk oversight. The committees help the Board carry out risk oversight by focusing on aspects relevant to their committee. Each committee's charter is available on our website.

**Executive compensation and strategic advantage.** At ExxonMobil, our compensation program is carefully structured to support long-term shareholder value given the capital-intensive nature of our business, long investment lead times, and the critical importance of managing risk. The most senior executives—including the CEO, named executive officers, and more than 1000 other U.S. executives—participate in a common compensation program.

Compensation decisions for executives take into account several key criteria, including results in the areas of safety, security, health, and environmental performance. The Operations Integrity Management System (OIMS) Framework, which establishes common expectations for addressing inherent risks in our business, takes priority over other business and financial objectives. ExxonMobil executives understand that their compensation will reflect how effectively they implement this Framework. The design of the compensation program, including the long

## PUBLIC ISSUES AND CONTRIBUTIONS COMMITTEE

The PICC reviews and provides advisory guidance on publicly significant policies, programs, and practices, including corporate citizenship topics. According to PICC chairman, Mr. Edward Whitacre, Jr., "The PICC's charter is to advise the Corporation on public issues, especially those relating to safety, health, and the environment, and on overall contributions objectives, policies, and programs. This role allows us to assess these activities, monitor performance and action plans to improve performance, and make site visits to ensure adherence to company policies and procedures."

Assessing safety, security, health, and environmental performance is a key part of the PICC's activities. The vice president of

safety, security, health, and environment provides the PICC with an annual overview presentation of our safety, security, health, and environmental performance. The PICC was particularly interested in learning about our safety program and water management initiatives during the 2011 presentation.

In April, the vice president of public and government affairs met with the PICC to discuss stakeholder perspectives on natural gas and hydraulic fracturing and the Corporation's outreach strategy. During the meeting, the PICC also discussed our corporate blog [exxonmobilperspectives.com](http://exxonmobilperspectives.com) as a means of two-way communication with the general public.

During 2011, the PICC also reviewed ExxonMobil's 2011 *Outlook for Energy*, Contributions Budget Guidelines for 2012, and proposed 2012 Contributions Budget of the Corporation.

The PICC members and other directors visit ExxonMobil operating sites and discuss insights. In 2010, the PICC visited the Port Allen Lubricants Plant and in 2011, the PICC members and other directors visited the Kearn project in Alberta, Canada. In 2012, the PICC plans to visit operations in Wyoming and will talk with employees and review site-specific safety and environmental performance data.



Our Board of Directors provides independent oversight of the management of the Corporation.

vesting requirements and risk of forfeiture of stock awards, ensures that senior executives have a strong financial incentive to protect the safety and security of our employees, the communities and environment in which we operate, and the sustainable value of the company for shareholders.

The Compensation Committee carefully considered the results of the 2011 advisory vote on executive compensation in which 67 percent of the votes cast were in favor of the company's compensation program. The Committee considered shareholder feedback on executive compensation received through a wide-ranging dialogue between management and shareholders. A more detailed description of the company's dialogue with shareholders and considerations by the Compensation Committee regarding the advisory say-on-pay vote is on page 33 of the company proxy issued April 12, 2012.

**Communicating with directors.** ExxonMobil's directors encourage open and transparent communication on corporate citizenship topics. Individuals can email our non-employee directors through the Corporate Governance page of our website or send written correspondence in care of the Secretary of the Corporation. ExxonMobil employees work closely with directors in responding to these letters and emails. Directors sometimes request that senior managers meet with shareholders to address particular topics.

## Shareholder relations

Every year, shareholders submit proposals regarding ExxonMobil's policies or operations for inclusion in our proxy statement. Typically, managers and the Board consider these proposals and the Corporation engages the proposal sponsor in a dialogue. If the Corporation and the sponsor reach a consensus, the proposal is often withdrawn. Otherwise—and unless excluded under U.S. Securities and Exchange Commission

rules—the proposal and the Board's response and recommendation are published in our proxy statement for review at the Annual Meeting of Shareholders.

In 2011, shareholders or groups owning more than 4 billion—or nearly 82 percent—of the outstanding shares were represented at the Corporation's Annual Meeting. We engage in constructive dialogue with our shareholders on a variety of issues throughout the year. For example, the Episcopal Church submitted a shareholder proposal on community environmental impact the past few years. ExxonMobil met with a representative from this organization in October 2011 to discuss ways to enhance community engagement at the Baton Rouge, Louisiana, facility. We offered the representative an opportunity to visit an ExxonMobil site there to talk with local community members. As a result of these activities, the shareholder proposal was not submitted for the 2012 Annual Meeting of Shareholders.

## Ethics

High standards of business conduct are a key competitive strength—critical to maintaining our global license to operate. Our presence in nearly every country of the world requires training on international trade laws, including the U.S. anti-corruption and antitrust laws, as well as those in other countries where we do business. All employees are expected to uphold the highest ethical standards of business integrity. They must comply with all applicable laws and accurately record and track all business transactions. Employees are subject to disciplinary action, including termination, for violations of our policies. Employees receive training on our ethics policy every four years through Business Practices Reviews, including a detailed review of our *Standards of Business Conduct*; implementation guidelines and procedures; and a review of antitrust, competition, and anti-corruption laws. These general training sessions, in addition to more comprehensive training given to relevant functions on a more frequent basis, are a condition of employment at ExxonMobil.

**Standards of Business Conduct.** Our *Standards of Business Conduct* define the global ethical conduct of the Corporation and its majority-owned subsidiaries. These *Standards* uphold the values of human rights, labor, the environment, and anti-corruption. The Board of Directors has adopted and oversees the administration of the *Standards*. No one has authority to make exceptions or grant waivers to the *Standards*. Disciplinary action is taken against any employee who violates these *Standards*. Employees are expected to review the *Standards* each year. While ExxonMobil is not a formal signatory of the United Nations *Global Compact*, its values represent key elements of our *Standards*.

### 2011 PROXY VOTE SUMMARY

Proxy item	Percent vote for <sup>1</sup>		
	2011	2010	2009
1. Election of Directors (average) <sup>2</sup>	96.0	95.3	97.5
2. Ratification of Independent Auditors <sup>2</sup>	98.8	98.9	98.5
3. Advisory Vote on Executive Compensation <sup>2</sup>	67.2	-	-
4. Frequency of Advisory Vote on Executive Compensation <sup>2</sup>	42.7 (3 years) 2.8 (2 years) 54.5 (1 year)	-	-
5. Independent Chairman	31.3	-	29.5
6. Report on Political Contributions	23.6	-	-
7. Amendment of EEO Policy	19.9	22.2	39.3
8. Policy on Water	6.9	6.7	-
9. Report on Canadian Oil Sands	27.1	26.4	-
10. Report on Natural Gas Production	28.2	26.3	-
11. Report on Energy Technology	6.1	6.7	-
12. Greenhouse Gas Emissions Goals	26.5	27.2	29.0

<sup>1</sup>Abstentions count for quorum purposes, but not toward voting on these proposals

<sup>2</sup>Proposals submitted by the Board

**Internal audits.** Regular internal audits and self-assessments help ensure the rigorous implementation of our control systems and *Standards*. ExxonMobil's internal audit team of more than 200 well-trained auditors annually audit about one-third of ExxonMobil's operations, conducting detailed assessments of facilities, business units, personnel, and records, and thoroughly investigating noncompliance with the *Standards*. These audits are conducted across all functions of the Corporation.

**Bribery and corruption.** Anti-corruption practices are an essential component of our compliance program, given that we operate globally and in many challenging environments. The *Anti-Corruption Legal Compliance Summary* outlines ExxonMobil's commitment to comply with the U.S. Foreign Corrupt Practices Act (FCPA), the United Kingdom Bribery Act, and global anti-corruption standards in all business relationships. ExxonMobil employees and contractors are prohibited from making payments to, or engaging in transactions with, government officials to improperly influence the performance of their official duties. Maintaining internal controls and keeping accurate and complete transaction records are required. Our standard language for procurement contracts includes a requirement to comply with all laws and keep accurate books and records, and where appropriate, contains specific anti-bribery commitments. For more information, please see the case study on integrity in the supply chain (page 36).

**Training.** Oil and gas exploration and production often take us to remote parts of the world, with changing political and regulatory climates. In 2011, approximately 13,400 employees took part in anti-corruption training. This training covers the basics of the FCPA, the United Kingdom Bribery Act, global anti-corruption standards, recent developments in enforcement, and compliance with our internal anti-corruption policy, guidelines, and processes. Employees in positions assessed to be higher-risk receive live training every year and within three months of entering their positions. Every two years, managers and professional employees not in higher-risk positions receive training. Every four years and in 2012, all employees will attend mandatory half-day Business Practices Reviews that include anti-corruption issues. ExxonMobil believes that face-to-face training is the most effective way to train employees in anti-corruption compliance; almost all anti-corruption training is conducted in an interactive live session. Additionally, we monitor world events and political changes and advise employees as appropriate.

**Systems and practices for reporting violations.** We reinforce our commitment to ethics and high standards of business conduct with the expectation for all employees to

report suspected violations of laws and company policies. The Corporation provides several confidential mechanisms for reporting, including a 24-hour phone number and mailing address. Employees can also report violations as a part of supervisory reviews. Confidentiality is respected throughout the investigation process, subject to legal requirements; penalizing or threatening an employee for filing a report is prohibited. A Hotline Steering Committee comprising security, audit, law, and human resources personnel reviews all reports of suspected violations. The Committee provides a quarterly report to the Audit Committee, including any violations or major issues. Violations lead to disciplinary actions, including dismissal.

## Global management standards and approaches

Our internal management systems help identify, track, and report the metrics that demonstrate and guide our performance. These systems enable us to comply with new regulations; where laws and regulations do not exist, they provide a framework for maintaining our high standards.

### **Operations Integrity Management System.**

The *Operations Integrity Management System* (OIMS) establishes common expectations for addressing safety, security, health, environmental, and social risks. OIMS provides a systematic, structured, and disciplined approach to measure progress and track accountability across business lines, facilities, and projects. We evaluate opportunities to improve the OIMS Framework every five years and make regular upgrades and adjustments. In 2011, Lloyd's Register Quality Assurance, Inc., reviewed our ongoing performance and attested that OIMS is consistent with the standard on environmental management systems of the International Organization for Standardization (ISO 14001:2004) and the Occupational Health and Safety Assessment Series for health and safety management systems (OHSAS 18001:2007). For information on how we implement OIMS across our operations, please see the Kearl site tour (page 10), the case study on integrity in our supply chain (page 36), and the Singapore site tour (page 48).

**Control systems.** ExxonMobil's *System of Management Control Basic Standards* defines essential principles and concepts that drive our business controls. Our Controls Integrity Management System is designed to assess and measure financial control risks, including procedures for mitigating concerns, monitoring compliance with standards, and reporting results to the appropriate operations and management groups within ExxonMobil. These company-wide financial controls meet or exceed the requirements of the Sarbanes-Oxley Act and NYSE listing standards.

PricewaterhouseCoopers LLP conducted an independent assessment that determined our internal controls system is effective for financial reporting. Regular self-assessments and audits help ensure that every operating unit consistently implements our controls and standards.

## Political advocacy and contributions

ExxonMobil supports policies that promote stable investment climates for long-term business viability. ExxonMobil makes political contributions to candidate committees, political parties, associations, and other political organizations, as permitted by applicable laws in the United States and Canada, and as authorized by the Board of Directors. The Corporation refrains from making political contributions in any nation other than the United States or Canada. In 2011, Exxon Mobil Corporation contributed a total of \$226,700 to legislative and gubernatorial candidates and caucuses in 14 U.S. states. Information about our political activities, policy, guidelines, and an itemized list of corporate political contributions are available on our website. ExxonMobil's employee- and retiree-funded political action committee (PAC) disbursed \$631,500 to federal candidates in 2011. Based on these contributions, CQ *Moneyline* listed the ExxonMobil PAC No. 84 in size compared to other PACs. Among corporate PACs, the ExxonMobil PAC ranked No. 33 in size in terms of receipts from employees and retiree shareholders, and No. 36 in size of total contributions to candidates. All rankings are compiled from publicly available data filed with the Federal Election Commission.

ExxonMobil, like many U.S. companies, labor unions, and other entities, lobbies the U.S. Congress and state legislatures, and complies fully with regulations by reporting federal lobbying expenses in quarterly disclosure reports to Congress. In 2011, ExxonMobil reported lobbying expenses of \$12.7 million. CQ *Moneyline* ranked ExxonMobil No. 21 for lobbying expenses. We lobbied on a number of public policy topics, including energy policy, trade, taxes, pipeline safety, security, and climate policy.

ExxonMobil also engages with trade associations at the national, state, and local levels. Participation in these organizations helps support our positions on issues critical to the shareholders' interests. Some of the support we provide to trade associations may be used for lobbying activities. ExxonMobil requires trade associations to report to us the portion of dues used for lobbying purposes; we include these amounts in quarterly public Lobby Disclosure Act filings.



Explore enhanced web content at [exxonmobil.com/citizenship](http://exxonmobil.com/citizenship)

## Integrity in our Supply Chain

Third parties providing services to ExxonMobil can impact our operations and reputation. Currently we rely on more than 175,000 suppliers of goods and services, including more than 85,000 third-party contractor personnel. Because our global reach expands well beyond our fence lines, we seek and develop relationships with suppliers that uphold our commitment to operations integrity.

Our supply chain management process begins when any of ExxonMobil's business lines identifies operational or project needs requiring the procurement of third-party goods, services, or materials. We apply a standardized procurement approach that allows our operations to share the same rigorous standards, accountability, and best practices worldwide. Our procurement staff is trained to conduct supplier prequalification assessments, which include anti-corruption due diligence where appropriate, perform restricted parties screening, and incorporate standard legal terms and conditions into contracts. After pre-qualification, our procurement professionals communicate project expectations or operational requirements that a potential or existing supplier must meet. We use procurement plans to describe our needs and recommend methods to achieve them.

### Supplier qualifications

ExxonMobil has in place a disciplined qualification process for suppliers. Once the business line has determined the operational requirements, procurement clearly communicates those requirements to potential suppliers and incorporates the operational requirements into the proposed agreement.

This process is used whether ExxonMobil is procuring a pump for a refinery, janitorial services at an office building, or hiring a fabricator to build an offshore structure. Potential suppliers and their capabilities are then assessed based on operational criticality and level of risk associated with the material or service required. Considerations include:

- Health and safety requirements;
- Technical requirements;
- Environmental requirements;
- Emergency response capabilities;
- Security and human rights standards;
- Design, construction, and project assurance and procedures;
- Product quality assurance, including product stewardship;
- Supplier operating, maintenance, and control processes; and,
- Financial qualifications.

Additionally, supplier selection takes into account both regulatory and ExxonMobil policies regarding local hiring, material use, supplier diversity, indigenous peoples support, historically underutilized segments of the population, and the local

economy. We comply with specific supplier-related requirements in each country where we operate.

When selecting a supplier, we evaluate the bids submitted and make a determination based on quality, technical capabilities, and cost. When we are procuring a component for a specific project, the safety and viability of the project may rely on assurances of product quality. For example, if we need to purchase pipe for one of our upstream projects, we perform extensive analysis and testing to confirm that the pipe complies with project specifications. For further information on some of these standards, see the Nigeria pipeline example (page 41).

### Local supplier development

It is one of ExxonMobil's priorities to consider local suppliers as part of our project agreements with host countries. We want to build and maintain globally competitive supply chain infrastructure wherever we operate to enhance supply chain security and reduce operational risk. Helping develop local suppliers to service the oil and gas industry is part of our national content strategy. For more information, see page 41.

## SUPPLY CHAIN TRANSPARENCY

Our *Statement on Labor and the Workplace* articulates our support for the principles of the International Labor Organization (ILO) 1998 *Declaration on Fundamental Principles and Rights at Work*, namely the elimination of child labor, forced labor, and workplace discrimination, and the recognition of the right to freedom of association and collective bargaining. Through our regimented procurement process, we seek business partners that observe similar standards. Purchases arranged for by our global procurement organization typically include contract language that requires adherence to all applicable laws and regulations, which would include all laws and regulations regarding safety, security,

health, the environment, and human rights. Furthermore, requests for quotations issued by our procurement staff typically include clauses relating to the prohibition of forced or child labor and the payment of wages in accordance with local laws. Participants in such tenders are required to adhere to those requirements as a condition of participating in the tender process.

An additional means of managing supply chain transparency involves auditing. A typical clause in our contracts requires suppliers and all their subcontractors to allow ExxonMobil access to all offices and work locations, to interview supplier and subcontractor personnel, and to make and retain

copies of any records concerning compliance with contract requirements and the law. We select a certain percentage of suppliers annually for such audits, which include a compliance review on contract provisions.

Human trafficking issues have received considerable attention in recent years. ExxonMobil proactively manages supply chain risks, including those associated with human trafficking, through our *Standards of Business Conduct and Statement on Labor and the Workplace*. We also seek to reduce the underlying conditions that lead to human trafficking by working to engender economic growth and personal prosperity in areas that otherwise offer few opportunities.

## Supplier monitoring

We use OIMS to manage risk across our operations. The OIMS Framework establishes expectations for managing and mitigating safety, security, health, environmental, and social risks in every aspect of our business, including our supply chain.

After selecting suppliers, each business line is responsible for managing the supplier relationship. Implementing OIMS Element 8—Third-Party Services—calls for the monitoring and stewardship of third-party performance. We provide feedback to suppliers, and when necessary, request that they correct deficiencies. In certain cases, we terminate the contractual relationship if performance does not meet expectations.

## Improving supply chain sustainability

ExxonMobil is working with our suppliers to identify sustainable alternatives throughout the supply chain. Our procurement organization’s Total System Cost approach is intended to identify and reduce waste and inefficiency in the supply chain. Additionally, we are assessing sustainability certifications for suppliers, products, and services. Our global procurement organization has begun training staff specifically on sustainability considerations in our purchase-to-pay processes and we aim to align sustainability efforts with major suppliers.

### MINORITY- AND WOMEN-OWNED BUSINESSES IN THE SUPPLY CHAIN

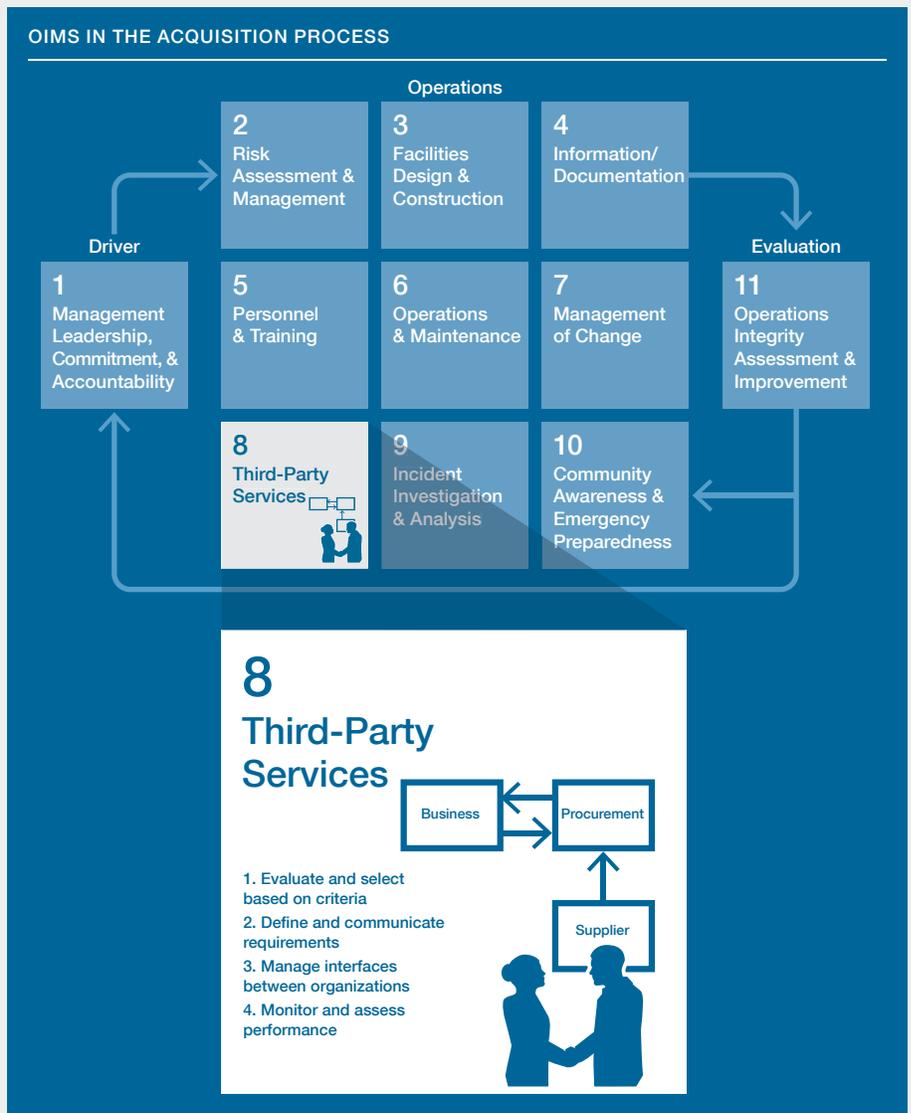
We cultivate diversity across our supply chain through our U.S.-based Supplier Diversity Program. This initiative proactively includes qualified minority- and women-owned business enterprises (MWBs) in our procurement sourcing process. In 2011, we achieved a significant milestone of purchasing materials and services worth \$869 million in direct spend and \$181 million in spend leveraged through contracts where suppliers purchase from MWBs on our behalf, for a total annual spend of over \$1 billion. In 2012, we will continue to grow our business relationships with over 1500 MWBs in the United States and look for opportunities in other parts of the world for similar supplier diversity programs.



### STAKEHOLDER ENGAGEMENT

## ExxonMobil “Buddy Manager System”

We expect third parties working for us to perform in a manner consistent and compatible with ExxonMobil’s policies and business objectives. One best practice called the “Buddy Manager System” is becoming widespread across our operations for enhancing the company-supplier relationship. Each primary supplier is assigned an ExxonMobil “buddy” who acts as a mentor, helping the individual or firm set performance objectives. “Buddies” provide advice and guidance, and help suppliers build accountability with ExxonMobil. At the Baytown Manufacturing complex, Rescar works as a third-party contractor providing railcar switching and repair services. The assigned ExxonMobil “Buddy Manager” works closely with Rescar senior management and the on-site team on improving the design and effectiveness of Rescar’s safety program. The ExxonMobil “Buddy Manager” conducts periodic field visits and site walk-throughs to verify and ensure Rescar is properly implementing safety plans. Over the years, this collaboration has significantly improved Rescar’s safety performance at the Baytown complex. At many of our locations, we have several suppliers that work in similar capacities. We encourage collaboration on safety issues among these partners, as it helps improve performance and encourage innovation.





## Economic Development

### HIGHLIGHTS

**65<sup>+</sup>**

**thousand employees**  
trained in 2011

**61%**

**of our employees**  
are located outside the  
United States

**\$278**

**million in combined corpo-  
rate and employee giving**  
in the form of cash, goods,  
and services worldwide

### PERFORMANCE OVERVIEW

#### What we said in 2010

- ▶ Work with the Medicines for Malaria Venture to fund clinical trials of new anti-malarial drugs in Papua New Guinea
- ▶ Fund 10 scholarships for a master's degree in Global Health Science at Oxford University to help train the next generation of health leaders in developing countries and emerging markets
- ▶ Approach a 90 percent Russian workforce in our Sakhalin-1 operations and projects by 2012
- ▶ Launch a *Latin America Businesswomen's Network*

#### What we did in 2011

- ▶ Launched a research study with the Cherie Blair Foundation for Women on mobile phone services that can help women entrepreneurs develop their businesses
- ▶ Worked with the Medicines for Malaria Venture to fund clinical trials of new anti-malarial drugs in Papua New Guinea
- ▶ Completed funding of a two-year commitment for 10 scholarships for health leaders from developing countries and emerging markets to obtain a master's degree in Global Health Science at Oxford University
- ▶ Launched a *Latin America Businesswomen's Network*

#### What we plan to do

- ▶ Partner with the United Nations Foundation to develop a report examining the most effective investments to advance women's economic empowerment
- ▶ Work with TRACE International to conduct a transparency forum for government officials in West Africa
- ▶ Continue efforts to achieve a 90 percent Russian workforce in our Sakhalin-1 operations and projects, now targeted for 2013
- ▶ Strategize science, technology, engineering, and mathematics (STEM) programs to achieve national content goals in Nigeria and Angola

ExxonMobil is committed to developing local economic capacity in a way that benefits people, communities, and our business over the long term. This strategic objective is embedded into our project plans. Supporting strong local economies where we operate enables economic growth and positively affects community health, education, gender equality, security, and environmental protection.

## Contributing to economic growth

Poverty, restricted access to education, insufficient business and technical skills, lack of employment opportunities, and corruption are just a few of the barriers to economic growth in many countries where ExxonMobil operates. These barriers will not be eliminated through aid alone, but through the creation of business frameworks that enable the development of local economies through skills development, job creation, and opportunities for investment. These issues are complex, and the private sector is limited in its ability to address them. Forming global partnerships is one part of creating long-term benefits for local communities.

In 2000, the United Nations adopted eight *Millennium Development Goals* (MDGs) aimed at improving living conditions and opportunities for the world's poorest people. As we expand our operations in developing countries, ExxonMobil has the opportunity to help catalyze economic development and support local efforts that make progress toward the MDGs. Achieving these goals depends on access to modern energy sources—a central aspect of our business.

## Transparency

As a core part of our commitment to maintaining the highest standards of ethical behavior, we actively support transparent government revenue reporting, a responsibility we share with our extractive industry peers.

We recognize that public disclosure of payments companies make to governments and governmental use of those payments strengthens accountability and good governance, reduces corruption, and promotes greater economic stability. To achieve the shared goal of revenue transparency, we participate in transparency capacity building initiatives, as well as a variety of multistakeholder discussions.

Since 2006, we have provided in-kind support of TRACE International workshops in Chad and Equatorial Guinea. TRACE conducts two-day anti-bribery law events that begin with a workshop for the local staff of TRACE member companies, including ExxonMobil and their local contractors, and conclude with a high-level anti-bribery compliance forum designed for government officials of the host country. These events, which draw the full support and participation of local

ExxonMobil management and staff, help local governments and contractors understand and comply with international anti-corruption conventions. We plan to work with TRACE in 2012 to conduct another workshop in West Africa.

In August 2011, ExxonMobil participated in a Revenue Watch Institute capacity building program, hosted by the Catholic University of Central Africa in Yaoundé, Cameroon. The program brought together almost 40 civil society representatives from eight African countries. ExxonMobil presented on a variety of topics to provide participants with a business perspective of the basic knowledge and tools for responsible revenue management and reporting. We will continue participating in similar programs around the world to help develop global transparency practices.

ExxonMobil has actively participated in *Extractive Industries Transparency Initiative* (EITI) since its inception in 2002 at both the secretariat and country levels, including continuous participation on the EITI board as either a primary or alternate member. Nearly 20 countries where we have operations are in the process of becoming, or have become, EITI members. The Corporation is supporting the application, validation, and membership processes of EITI participating countries such as Azerbaijan, Cameroon, Chad, Indonesia, Kazakhstan, Nigeria, and Norway and of potential new EITI countries including Australia, Brazil, Colombia, Mexico, Papua New Guinea, and the United States.

ExxonMobil's practical experience implementing EITI has shown that the best results are obtained when countries begin their disclosure processes in line with their own legislation, culture, and traditions, and adopt simple and straightforward mechanisms that ensure multistakeholder engagement and commitments. The level of aggregation and granularity of disclosure needs to consider each country's laws and capacity. It also needs to protect individual companies' proprietary information. Where disaggregated industry reporting is required, we work with that government and other interested parties.

Excessively detailed and disaggregated disclosure would necessitate the development of a separate set of global systems to capture, calculate, allocate, aggregate, and validate the data in ways that would not

materially support transparency objectives. ExxonMobil estimates that project-specific reporting could be both costly and difficult to implement. We believe that transparency disclosure rules should be written so as to not conflict with host country laws or contractual obligations. Project-specific disclosure called for in the Dodd-Frank financial reform could place certain publicly traded, private sector companies at a competitive disadvantage from securing new business opportunities, both by disclosing sensitive commercial data and by imposing different reporting standards on private versus state-owned companies.

## National content

Promoting social and economic development in the communities and countries where we operate is a business imperative. ExxonMobil works to build local capacity and sustain economic growth beyond the life cycle of our projects through comprehensive national content development programs.

We design national content programs around three focus areas: workforce development, supplier development, and strategic community investments. We work collaboratively with host governments and other stakeholders to implement national content initiatives. To ensure a systematic, long-term approach, we integrate national content into overall project execution through the *ExxonMobil Capital Projects Management System* (EMCAPS).

Every new upstream project in an emerging market must develop a project-specific national content plan. A plan consists of goals and objectives, an outline of the approach and requirements for the three focus areas, performance monitoring, and reporting. We integrate these plans into our day-to-day operating procedures, project strategies, and procurement efforts.

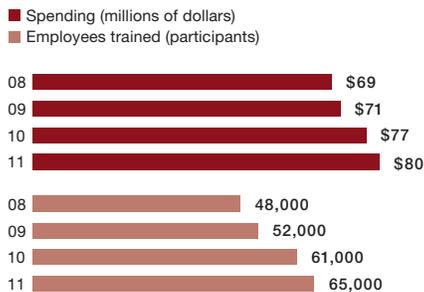
*Our National Content Development—Guidelines, Strategies, and Best Practices Guidebook* contains the key elements of a national content strategy and plan; models and tools for the successful development of national content; and roles and responsibilities at the corporate, country, and project levels.

ExxonMobil operates in countries with a diverse range of needs, challenges, and requirements. We carefully assess the social and economic conditions of each country and consider local factors such as regulatory requirements, local development goals,

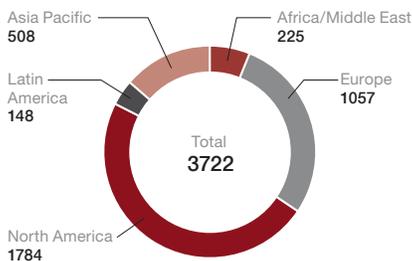


The Enterprise Development Center in Astana, Kazakhstan, has provided training to about 9000 local entrepreneurs since 2005. In 2011, ExxonMobil launched a new training center in Atyrau to develop suppliers in Kazakhstan's oil and gas region.

**Training Expenditures and Number of Employees Trained**



**Expatriates by Region of Origin**



stakeholder expectations, business environment, local capacity, and infrastructure. We incorporate the results of these assessments into our national content planning. During 2012, we plan to further refine national content planning, roles and responsibilities, and national content integration within EMCAPS.

**Workforce development**

At ExxonMobil, workforce development means growing our pool of diverse and talented employees by recruiting and training locally. Where pertinent, our contracts include requirements that contractors and suppliers hire and train a national workforce. Our goal is not only to maximize recruiting, but also to develop and build workforce capacity, including technical experts and leaders who can add value locally and compete globally. To achieve this goal, our national content programs must overcome obstacles in identifying and attracting skilled labor and professionals, matching workforce skills to business requirements, and retaining and developing a local workforce over the long term.

**Local hiring.** We believe we have a responsibility to build a legacy of economic progress by providing local employment opportunities, and investing in the workforce of our host countries. While local employment helps us meet our hiring needs, it also advances economic development and education in the countries where we operate. We implement a set of best practices to support local hiring, including on-campus recruiting, employee networking, trade organizations, referrals, and external search firms. Such practices have brought the percentage of nationals in our workforce in Kazakhstan to nearly 73 percent. By 2013, we expect Russian nationals to make up nearly 90 percent of the workforce at our Sakhalin operations. And, in Malaysia, 97 percent of our workforce is Malaysian, with 30 percent women. We aim to advance many of the host country nationals we train and hire through our national content program into roles in other countries to further develop their industry knowledge.

In 2011, approximately 61 percent of our employees were located outside the United States. ExxonMobil expatriates (individuals working in a country other than their country of permanent residence) share their expertise and train and mentor nationals for operational and leadership roles. In 2011, expatriates accounted for approximately 5 percent of our global workforce.

**Training and development.** Rigorous training and development programs allow us to meet local hiring objectives and develop local workforces. We use a proven global training curriculum customized to our operational

environment. Training typically covers ExxonMobil culture, ethics, and business practices; safety practices; environmental regulations; the English language; skill and facility-specific training; work assignments and on-the-job training; and mentoring and coaching. Over the long term, this helps us develop a pool of talented employees to meet future business needs both locally and around the world.

In Angola, we work strategically to achieve our recruitment targets and to develop local employees to their maximum potential. Technical students take part in a two- to three-year intensive training program that includes traveling to Canada for specialized technical training. In 2011, 31 production technicians completed the 18-month course and moved to on-the-job training. An additional 40 technicians began training in August 2011. We invite high-potential local employees to work on projects with other ExxonMobil affiliates to expose them to new opportunities and enhance their leadership abilities. Since 2007, the proportion of local Angolan employees to expatriate employees has been steadily increasing. In 2011, Angolans made up 72 percent of our local workforce.

Another example of capacity building is the technical skills development of local communities. ExxonMobil determined that young Nigerians, especially those living in the oil production areas of the country, lacked the education and technical skills necessary to compete for oil and gas industry jobs. To address this, we established a technical training center in Eket, which has over time produced a large part of ExxonMobil's Nigerian workforce and has provided skilled staff for other employers as well. To date, we have hired nearly 500 process, mechanical, instrumentation, and electrical graduates from the training center. More than 90 percent of our approximately 2000 employees in Nigeria are nationals.

In Indonesia, our affiliate, Mobil Cepu Limited, is developing a national workforce to operate and manage the Banyu Urip central processing facilities, pipeline, and floating offshore storage terminal. The training program was established in 2007 utilizing a training center located at Cepu. It takes approximately 15 months to complete the English language and basic oil and gas skills training program. The trainees then move into production operations to continue to acquire skills and competencies for operating and maintaining the facility equipment. The program also involves training at similar production operation facilities overseas, including the United States and Canada. This training program specifically meets the Indonesian government's objective to develop and maximize the country's employment opportunities.

Ongoing corporate and technical training facilitates career development for all of our employees. In 2011, our major business lines together spent more than \$79.9 million on employee training, reaching more than 65,000 participants. To strengthen our company's technical capacity, approximately 39,000 participants attended more than 4600 professional technical training sessions. In addition, more than 3800 employees at various management levels participated in ExxonMobil's leadership development training programs in 2011, 27 percent of whom were women and 60 percent non-U.S. employees. Our Upstream Technical Training Center is one of several world-class centers that deliver training programs every year on topics ranging from integrated exploration to reservoir simulation to fast-drill borehole management.

## Supplier development

Supplier development programs ensure that our procurement activities strengthen host country economies and promote ExxonMobil as a partner of choice. Our ultimate goal is to build and maintain a reliable and globally competitive supply chain wherever we operate. This means overcoming obstacles such as limited infrastructure and inadequate financing for local businesses, and often requires helping our suppliers meet our safety standards.

In 2011, a local manufacturer delivered and installed 2000 metric tons of specialized steel pipeline in the Edop-Idoho field offshore Nigeria, representing the first time the oil and gas industry has used pipe made in-country for an offshore application. ExxonMobil's Nigerian affiliate Mobil Producing Nigeria worked for more than four years with the manufacturer and a government agency to prepare the contractor to meet our specifications. This partnership has led to contracts creating hundreds of direct and indirect jobs for Nigerians. The local manufacturer has pending orders for more than 100 kilometers of specialized pipe, and it plans to continue to apply international technical standards as they work to meet local demand with globally competitive quality.

The limited local fabrication capacity in Nigeria, along with strict certification standards, had been obstacles in establishing local manufacturing capacity in the past. To overcome these hurdles, ExxonMobil arranged for joint visits with the manufacturer's employees to South Africa and South Korea to study mill facilities and materials procurement approaches. They also sent contractor employees to the United States to learn more about engineering standards. In Nigeria, ExxonMobil retained experienced inspectors to train the manufacturer in proper pipe-milling procedures.



ExxonMobil promotes opportunities to develop the skills and experience of our local suppliers. Above, ExxonMobil's Nigerian affiliate, Mobil Producing Nigeria, works with government officials to inspect the fabrication yard of locally sourced pipeline.

International contractors participated as well in establishing local sources for iron ore for pipe coating and developing highly-skilled welders. As a result, extensive tests performed both locally and internationally on the pipes manufactured in Nigeria confirmed that they met or exceeded our technical specifications.

In some cases, ExxonMobil can best address infrastructure demands and develop local capacity by working with suppliers as a group. We have launched enterprise centers in Chad, Kazakhstan, and Papua New Guinea that develop the capacity of local suppliers and improve their business skills. The Papua New Guinea liquefied natural gas (PNG LNG) project opened an Enterprise Center in April 2010, and this past year received their first independent contract to conduct staff training.

In 2005, ExxonMobil's affiliate, ExxonMobil Kazakhstan Inc., established an Enterprise Development Center (EDC) in the capital

city, Astana, to help achieve the local government's goal to diversify the economy beyond the oil and gas industry and support the development of small- and medium-sized businesses. Starting with ExxonMobil and the United States Agency for International Development's joint sponsorship, the Astana EDC during the past six years has provided training through International Labor Organization (ILO) certified technicians to 9000 entrepreneurs with a focus on female entrepreneurs. Based on the success of the center in Astana, ExxonMobil opened another EDC in 2011 in the oil and gas producing region of Atyrau, a traditionally underserved region of the country. Atyrau EDC plans to train more than 1600 entrepreneurs by year-end 2012. This initiative reinforces ExxonMobil's commitment to developing the local economy.



## STAKEHOLDER ENGAGEMENT

### Workforce development in Papua New Guinea

**At our PNG LNG project, we are exceeding our workforce forecast for Papua New Guinea nationals. The current construction workforce includes more than 8500 Papua New Guinean workers, approximately 60 percent of the total construction workforce. Training local workers is an essential element of our Papua New Guinea-specific national content plan.**

**In 2011, six engineers from our Graduate Training Development program began operations and maintenance technician training. Our next nine recruits, including one woman, will begin their program in 2012.**



Gerard Schulze, one of our first Papua New Guinean graduates, with a degree in mechanical engineering, described his experience. "When I started I had very little to no experience with the process and chemical engineering fields so it was a bit intimidating. The amount of manuals and documents that I had to read and understand in order to get up to speed with the process side of things was very overwhelming at first. However, with the help of fellow engineers and technical training, things began to pick up. I look forward to the many challenges and career development opportunities that are yet to come." For more information on our workforce development, visit [pnglng.com](http://pnglng.com).

## IMPLEMENTING STRATEGIC COMMUNITY INVESTMENTS

## Corporate Level Initiatives: 2011 Highlights



**ExxonMobil Malaria Initiative.** Last year, with support from ExxonMobil, Malaria No More's *NightWatch* program reached more than 5 million Cameroonians with educational messages about bed-net use. Partnering with local celebrities and community leaders, a message to remind people to use bed nets is broadcast at 9 p.m. each night when mosquitos take flight. During 2012 this program will be implemented in other African countries. Please visit [exxonmobil.com/malaria](http://exxonmobil.com/malaria).



**Math and Science Initiative.** In 2011, Astronaut Bernard Harris traveled to Africa to encourage more than 1000 students to reach their dreams by studying science, technology, engineering, and math (STEM). Dr. Harris also met with community leaders, educators, and key policy makers to discuss the need for strong STEM initiatives and the positive effects they bring. Learn more about this historic visit, as well as other ExxonMobil programs supporting math and science education at [exxonmobil.com/citizenship](http://exxonmobil.com/citizenship).



**Women's Economic Opportunity Initiative.** A new partnership with the Cherie Blair Foundation for Women will begin with comprehensive research on cellular phone technology. The findings from this research will identify mobile phone applications to advance women's economic opportunities. During the second phase of the project these applications will be piloted in three countries: Nigeria, Egypt, and Indonesia. Please visit [exxonmobil.com/womensinitiative](http://exxonmobil.com/womensinitiative).

**Focus on malaria prevention and control.** International health officials estimate malaria kills nearly 655,000 people annually—most of them pregnant women and children under the age of five. In addition to the tremendous human costs, this disease leads to losses of productivity and economic opportunity in developing economies. Since 2000, ExxonMobil and the ExxonMobil Foundation have contributed more than \$111 million toward the fight against malaria. Our funding has allowed our projects and operations to reach more than 66 million people by training nearly 180,000 healthcare workers and providing 13.1 million bed nets, 1.6 million doses of anti-malarial drugs, and more than 875,000 rapid diagnostic kits. We also bring our expertise in business management to ensure desired results are

achieved. The World Health Organization's *World Malaria Report 2010* shows a 10-percent decline in global malaria deaths between 2008 and 2009. While we are seeing some success in ending deaths from malaria, there is still more work to be done.

In 2011, we awarded around \$11 million to more than 25 organizations across Africa and in the Asia Pacific region. Work funded by these grants includes many types of malaria prevention and control initiatives like research into malaria vaccines and treatments and improved malaria prevention education. For example, \$500,000 went to support a malaria diagnostic laboratory in Ghana, to benefit efforts in the region.

## Strategic community investments

Through public-private partnerships and ongoing stakeholder engagement, we work to improve social and economic conditions wherever we operate. This is the third element of our national content approach.

We make strategic community investments at both the corporate and country level, and each serves different needs. Our corporate activities through the ExxonMobil Foundation include a focus on three global issues: women's economic participation, advancing math and science education, and prevention and control of malaria.

We selected these focus areas based on our ability to provide functional support beyond check writing, and each is linked closely to our continued operations. Women make up half the world's population, yet earn only 10 percent of the world's income. Math and science are increasingly important in today's careers, yet students' academic performance in these fields is declining. Malaria and its complications impact the household incomes of families in Africa. Each of these pressing issues threatens economies and communities around the world. Helping to address these issues enables the communities around us to thrive.

Our country-level community investments, stewarded locally, represent a key aspect of our national content strategy. We focus local investments on many of the social and economic challenges identified in our national content planning process. Around the world, country-specific investments address needs ranging from community water access to inoculations against disease. When determining where and how to invest, we consider the development goals of each community and the benefit to our operations. In Angola, we align our strategic community investments around the Angolan government's priorities of education, health, environment, agriculture, and family, which directly impact the individual

## Country-Led Initiatives: 2011 Highlights



**Mexico.** The Ministry of the Environment and Centre for Development and Population Activities (CEDPA) have formed a unique alliance with ExxonMobil to support the country and the company's common priorities: environmental stewardship and women's economic participation.

The week-long workshop focuses on training key members of the Ministry of Environment's Advisory Council for Sustainable Development in order to strengthen their communities via diverse projects that address a wide range of environmental and social issues. Since 2009, 48 men and women from the Council have participated in programs on advocacy, gender, and the environment, all of which are emerging issues in Mexico.



**Indonesia.** ExxonMobil's affiliates created a microfinance program to develop the entrepreneurial skills of Indonesian women living in underprivileged communities. These women normally would not qualify for loans through Indonesia's banking system due to their lack of a credit history or steady employment. Additionally, many Indonesians fear negative judgment from taking a bank loan. This microfinance program makes small collateral-free loans and equips new borrowers with financial skills through peer mentorship. Through the end of 2011, more than 15,000 Indonesian women have borrowed approximately \$500,000 with close to a 100 percent loan performance ratio. By helping women overcome cultural barriers and gain community recognition, the program leads to better outcomes for families and the surrounding community.

well-being and thus the productivity of the Angolan work force. For example, more than 70,000 Angolans now have direct access to modern health services, thanks to a \$950,000 contribution to build the first medical center in the Andulo municipality, Bié province.

Our worldwide spending includes contributions to nonprofit organizations; we also invest in social projects through various joint-venture arrangements, production-sharing agreements, and projects operated by others. In 2011, Exxon Mobil Corporation, our divisions and affiliates, and the ExxonMobil Foundation provided a combined \$234 million in cash, goods, and services worldwide. Of the total, \$124 million supported communities

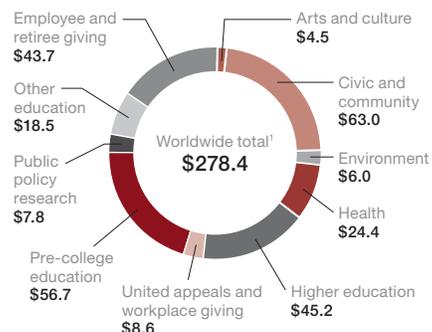
in the United States and \$110 million supported communities in other countries. For more information on both our corporate and country-specific strategic community investments, please see our website.

### Employee volunteerism and giving

Through company-sponsored volunteer programs, more than 23,000 ExxonMobil employees, retirees, and their families donated more than 728,900 volunteer hours to 5300 charitable organizations in 43 countries in 2011. Of this, 11,000 participants donated more than 168,100 hours to more than 1100 organizations in countries outside the United States.

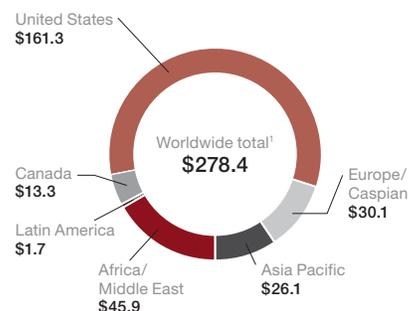
### 2011 Community Investments by Focus Area

(millions of dollars)



### 2011 Community Investments by Geographic Region

(millions of dollars)



<sup>1</sup>Total contributions include ExxonMobil corporate and employee and retiree giving through ExxonMobil's matching gift, disaster relief, and employee giving programs.

Employees and retirees donated \$44 million through ExxonMobil's matching gift, disaster relief, and employee giving programs. This includes more than \$3.6 million donated by ExxonMobil employees, retirees, dealers, and distributors to support disaster-relief efforts in response to the magnitude 9.0 earthquake that hit Japan in 2011. When combined with corporate donations, ExxonMobil—together with our employees and retirees—contributed \$278 million to community investments worldwide.



Explore enhanced web content at [exxonmobil.com/citizenship](http://exxonmobil.com/citizenship)



## Human Rights and Managing Community Impacts

### HIGHLIGHTS

**100%**

of registered grievances in Papua New Guinea are investigated and tracked through final closure

**5**

number of countries in which training was provided for new lead country managers

**79%**

of our private security personnel contracts have been enhanced to include provisions to address human rights concerns

### PERFORMANCE OVERVIEW

#### What we said in 2010

- ▶ Assess company policies and processes relative to the United Nations (U.N.) *Framework and Guiding Principles on Business and Human Rights*
- ▶ Complete human rights training in priority countries and assess follow-up needs for those who received training in the last three years
- ▶ Develop a computer-based human rights training module for efficient, wider availability
- ▶ Update the *Upstream Socioeconomic Management Standard*

#### What we did in 2011

- ▶ Reviewed company policies and processes relative to the U.N. *Framework and Guiding Principles on Business and Human Rights* and determined areas for continuous improvement
- ▶ Completed human rights training in sensitive countries, with additional sessions for new lead country managers in five countries
- ▶ Broadened human rights training programs to reach a more diverse group of personnel
- ▶ Updated the *Upstream Socioeconomic Management Standard*

#### What we plan to do

- ▶ Continue to review existing practices toward making appropriate adjustments relative to expectations under the U.N. *Framework and Guiding Principles on Business and Human Rights*
- ▶ Continue to update human rights training for sensitive countries, as well as means of reaching broader base of employees with duties relevant to human rights issues
- ▶ Launch the *Upstream Socioeconomic Management Standard* across all the upstream companies and continue to develop associated guidance

Oil and gas development requires operating in a variety of cultures and economic structures around the world. Our approach to engaging with the communities near our sites demonstrates our fundamental respect for human rights and our belief that strong, informed communities lead to a stable business environment.

## Community impacts and relationships

Oil and gas projects and operations can affect individuals, communities, and the environment. We strive to identify and mitigate potentially negative impacts and enhance the positive outcomes of our activities. By doing our job to the highest ethical standards, complying with applicable host-country regulatory requirements, and respecting local cultures and customs, we build supportive relationships in the communities where we operate.

ExxonMobil's upstream socioeconomic management process covers:

- Risk assessment and management;
- Human rights;
- Community relations;
- Indigenous peoples;
- Cultural heritage and diversity;
- Land use and resettlement;
- Economic development; and,
- Transparency and corruption.

We address these issues by adhering to corporate policies and expectations (page 32), complying with host-country regulatory requirements, applying universally recognized principles, engaging with external groups (page 7), and building local economic capacity (page 38).

In 2011, we revised our *Upstream Socioeconomic Management Standard* and expanded its application to all of the upstream companies. The *Standard* provides a set of best management practices and minimum expectations for the upstream companies. We believe a consistent approach helps our contractors, partners, and employees effectively manage socioeconomic issues and maintain our global license to operate. We used the recent update as an opportunity to enhance the usability of the *Standard*, incorporate progressing international protocols and expectations, and expand the application of the *Standard* across ExxonMobil's Upstream business.

## Respecting human rights

Our approach to human rights is consistent with the policy framework outlined in the 2008 report of John Ruggie, the U.N. Special Representative on Business and Human Rights. That framework recognizes the

distinctly different roles of governments and business with regard to human rights—the governments' duty to protect human rights and the corporations' responsibility to respect them.

The U.N. *Framework and Guiding Principles on Business and Human Rights* were released in 2011 to provide further guidance on implementing the "protect, respect, remedy" framework. These *Principles* emphasize operational due diligence: corporations should be aware of potential adverse impacts and implement prevention measures. We plan to formalize an *Upstream Environmental, Socioeconomic, and Health Impact Assessment (ESHIA) Technical Requirement* in 2012, and to ensure that our upstream projects address any human rights impact assessment gaps that may exist.

**Providing human rights training.** Our human rights awareness training program is based on ExxonMobil guidelines, practices, and priorities.

Training focuses primarily on employee awareness, company policies and approaches, company resources, and our commitment to respect human rights. Each session also includes information on the *Voluntary Principles on Security and Human Rights*, the requirements of our *Framework on Security and Human Rights*, and implementing the *Framework* in a given country. In 2011, we continued our approach of providing human rights training to key affiliates.

Our focus has been on training lead country managers and certain staff. In 2011, such training was provided in five countries; we also delivered dedicated human rights training to a broader scope of employees working in Papua New Guinea.

In 2012, as we work to implement new processes and guidance under our revised *Upstream Socioeconomic Management Standard*, we also plan to update our human rights training to reflect changing international guidance and to reach a broader group of employees.

**Policies and labor practices.** Our commitment to human rights includes our workforce and is supported by our *Standards of Business Conduct*, which is consistent with the spirit and intent of the U.N. *Universal Declaration of Human Rights* and the International Labor Organization (ILO) 1998 *Declaration on Fundamental Principles and Rights at Work*.

ExxonMobil's *Statement on Labor and the Workplace* articulates our support for the principles of the ILO *Declaration*, specifically the elimination of child labor, forced labor, and workplace discrimination, and the right to freedom of association and collective bargaining. We require all employees to comply with our policies. For information on our suppliers, please see the case study on integrity in the supply chain (page 36).

## Addressing security concerns

Security and respect for human rights can and should be compatible. ExxonMobil is committed to ensuring the security of company personnel and operations in a manner that respects human rights and fundamental freedoms.

### **Framework on Security and Human Rights.**

We actively participate in the *Voluntary Principles on Security and Human Rights*, a forum that provides for discussion and information-sharing among extractive industry sector companies, governments, and nongovernmental organizations. These *Voluntary Principles* affirm the constructive role that business can play in supporting and advancing human rights and security.

ExxonMobil's *Statement and Framework on Security and Human Rights* helps implement the *Voluntary Principles*. The *Framework* includes guidance on working with host government security personnel, instituting memoranda of understanding regarding host government-assigned security personnel, developing approaches for interacting with private security providers, and reporting and putting in place recordkeeping templates. Approximately 79 percent of our private security personnel contracts include requirements to address human rights concerns.

Establishing strong partnerships with the local community is the foundation of the Papua New Guinea liquefied natural gas (PNG LNG) project's security strategy. We have faced some security challenges as construction continues. We address these challenges through the implementation of our Security Plan, which is regularly monitored and reviewed. Building on our experience in Papua New Guinea and other regions, ExxonMobil has implemented a range of physical security countermeasures and contingency plans.



PNG LNG project team member Marilyn Wingi distributes a community newsletter on the project. Effective stakeholder engagement means providing local groups a communication channel to voice concerns related to a project.

During 2011, we strengthened security measures at our PNG LNG project facilities and worked to enhance police presence. To help build the skills of Papua New Guinea security personnel, selected team members attended a Site Security Contact Conference in Melbourne, Australia, while others attended

a specialized maritime safety and rescue training course in Brisbane, Australia. We also supported a course whereby Royal Papua New Guinea Constabulary instructors trained line officers on the *Voluntary Principles on Security and Human Rights*.

## Consultation with stakeholders

We aim to help develop human, social, and economic capacity in a way that benefits people, communities, and our business. Achieving this goal requires collaborative partnerships and active consultation with a range of stakeholders. Our *Best Practices in External Affairs* (BPEA) initiative focuses on building positive external relationships and is our strategic planning and management tool for external affairs. It governs community awareness programs, government relations, and national content development. The BPEA process identifies the specific needs, expectations, and interests of host communities and aligns these needs with our community investment efforts.

Ensuring mutual understanding, trust, and respect in our stakeholder relationships means providing local groups and individuals with a communication channel to voice and resolve concerns related to a development project without fear of retribution. Our *Upstream Socioeconomic Management Standard* includes provisions for establishing a systematic and transparent grievance mechanism process.

**Indigenous peoples.** ExxonMobil is committed to engaging with indigenous communities in a manner that is respectful of their cultures and customs. Through open consultation, we work to understand and incorporate indigenous perspectives into project planning, design, execution, and ongoing operations. Our approach is consistent with the principles of the *ILO Convention 169 Concerning Indigenous and Tribal Peoples in Independent Countries*, the *U.N. Declaration on the Rights of Indigenous Peoples*, the *International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability*, and the *World Bank Operational Policy and Bank Procedure on Indigenous Peoples*. Our projects and operations in Alaska, Canada, Papua New Guinea, and Sakhalin Island all involve working in communities of indigenous peoples.

Often, the first consultation with any group of indigenous people is to determine how they prefer to be engaged. Each community establishes its own preference for how often they meet with us, how long, and whom they choose to represent the community's wishes. In Alaska, we established a working group with the indigenous community in Kaktovik, a village of about 300 residents located in the region of our North Slope Point Thomson project. The working group, comprising leadership from Kaktovik and ExxonMobil, meets several times a year. At the same time, we conduct community meetings, open to all residents, twice a year to provide



### STAKEHOLDER ENGAGEMENT

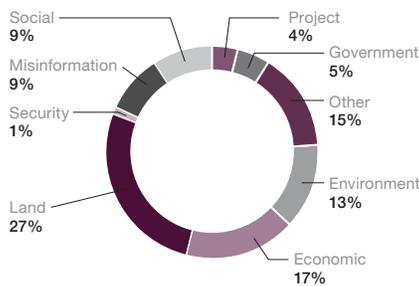
#### Papua New Guinea grievance mechanisms

The PNG LNG project uses a grievance process managed by ExxonMobil affiliate, Esso Highlands Limited. We capture concerns and complaints from local communities and manage them through a computer-based Information Management System (IMS). We investigate and respond to every grievance received, tracking and recording all grievances through final closure.

To reach those in the more remote areas of Papua New Guinea potentially affected by the project, we introduced a special grievance card. These cards record the same information as the IMS, but can be easily used in the field and sent back to the Port Moresby-based Community Affairs department for processing.

Sometimes, after careful analysis, we determine that a grievance relates to third parties unrelated to the project. The Papua New Guinea government is working to place government officers in the field to assist with such concerns. In other cases, we recognize an area for additional focus and work with the grievant to implement a remedy.

2011 Percentage of Grievances Registered by Category at PNG LNG



As may be expected with a project of this scale and complexity, and in a country with customary land rights, many community concerns relate to compensation for land access. Additionally, access to business development and employment opportunities can be a source of economic-related grievances. This is particularly the case where onshore pipelines are being installed. Many jobs associated with pipeline construction require short-term, highly skilled labor. Local communities often object to the limited employment opportunities available to them as a result. Community development projects are helping to address these types of concerns.

project updates. At Kearl in Alberta, Canada, Imperial Oil consulted with the First Nations' Industry Relations Corporations to develop a Reclamation Planning Group. The planning group is just one of several mechanisms for seeking indigenous input at Kearl (page 10).

We work to respond to community concerns throughout the life cycle of a project or operation. During exploration and development, we alter the project design where possible to respond to community concerns. In Papua New Guinea, we worked with community members who practice subsistence fishing to preserve access to local fishing areas during jetty construction and modified project plans in order to avoid a popular fishing reef.

Once our operations commence, we work to mitigate the risk of those operations on local populations. For example, in Sakhalin, Exxon Neftegas Limited's (ENL) main operations are within 20 kilometers of the Uilta, an indigenous people of 350 representatives. For many centuries, the Uilta have captured wild reindeer, domesticated them, and migrated with the herds across northern Sakhalin. To support operations on Sakhalin Island, ENL built a bridge across Chayvo Bay. Before the bridge was built, the reindeer herders crossed the bay by boat while their reindeer swam. ENL now stops all traffic to allow the herders to access the bridge on their annual reindeer drive.

We are sensitive to our local communities' concerns about balancing their cultural heritage with the need for economic development, even after our operations have ceased. Wherever we work with indigenous peoples, we support both local employment initiatives and cultural heritage programs through national content and strategic community investments, respectively. In Horn River, Canada, we encourage local supplier development through procurement and safety workshops, while supporting the Annual Summer Gathering and Trappers' Rendezvous as part of the First Nations' efforts to pass traditional knowledge from one generation to the next. At the same time that we train and hire local workers and suppliers in Papua New Guinea, we work to preserve the country's significant cultural heritage. To this end, we follow a *Cultural Heritage Management Plan* for our project activities and implement a cultural heritage tracking system, which collates and manages data collected since 2009. The *Cultural Heritage Management Plan* describes procedures for pre-construction surveys and the protocol for managing chance-finds of heritage value. We provide cultural heritage awareness and chance-finds training for applicable project personnel, including information on types of Papua New Guinea cultural

heritage sites and identification, classification, and documentation of chance-finds. We train earth-moving equipment operators and employ spotters to help recognize and identify cultural heritage artifacts and conduct archeological salvage activities at sites discovered during pre-construction surveys.

**Land use and resettlement.** We respect property rights in the countries where we operate, including those of traditional land users. The IFC revised *Performance Standards*, effective in 2012, requires clients to obtain the free, prior, and informed consent of indigenous peoples before initiating development activities on traditional lands. We are interested and engaged in the manner these new IFC *Standards* will be implemented.

While the updated *Upstream Socioeconomic Management Standard* includes considerations for securing free, prior, and informed consultation, our goal is to obtain the consent of local communities and other key impacted stakeholders regarding our operations. In practice, we strive for broad consensus and seek to ensure participative consultation as a key part of our planning and operating processes.

We minimize involuntary resettlement through project design; when resettlement is unavoidable, we seek to ensure the appropriate restoration of the livelihoods of displaced persons. In all cases when resettlement is unavoidable (e.g., for our PNG LNG project), we apply international best practice aligned with the IFC's *Performance Standards*, in conjunction with applicable host-country regulatory requirements.

When physical and economic displacement occurs, we develop and implement resettlement action plans that include landowner consultation, and surveying and mapping of housing structures, gardens, and other assets. In Papua New Guinea, we negotiate appropriate compensation with affected landowners or users in the presence of a third-party law firm provided by the project. The resettled landowner or user then identifies a new home and garden site. They are provided assistance to re-establish a household and gardens at the new location, including the introduction of improved agricultural techniques. We conduct livelihood restoration activities and monitor and evaluate progress for two years against a pre-resettlement baseline. Thus far in Papua New Guinea, 17 locations were identified where resettlement is deemed necessary.



A Fort Nelson First Nation elder shares information about traditional territory near the Horn River project during a consultation with an Imperial Oil employee. Through consultation, we work to understand and incorporate indigenous perspectives into project planning, design, execution, and operations.



Explore enhanced web content at [exxonmobil.com/citizenship](http://exxonmobil.com/citizenship)

# Operations Integrity: Delivering Value in Downstream and Chemical Operations

ExxonMobil's integrated Singapore facilities produce the base materials found in products used by millions of consumers every day all over the world.



Employees and contractors at our integrated manufacturing complex in Singapore focus on efficient, safe, and environmentally responsible operations by using worldwide expectations established through ExxonMobil's *Operations Integrity Management System (OIMS)*. This site tour captures operations integrity in action, including the challenges of integrated manufacturing.

## Overview of the Singapore integrated facility

ExxonMobil has operated in Singapore for over 40 years. Integration of our refinery and chemical facilities allows us to upgrade each molecule to its highest value as we leverage the advantages of a global functional organization and co-located manufacturing. The 605-thousand-barrel-per-day refinery produces primarily gasoline, diesel, jet fuel, propane, naphtha base oil, asphalt, and wax, and serves as the chemical plant's primary source of feedstock. The chemical plant in turn produces the basic building blocks for high-performance plastics and specialty chemicals used to make consumer goods such as clothing, upholstery, diapers, food storage, and cell phones.

Our ongoing, multi-billion-dollar chemical plant expansion in Singapore is the largest in the history of ExxonMobil Chemical and will more than double the plant's capacity to satisfy Asia Pacific's growing petrochemical demand. When complete, Singapore will be ExxonMobil's highest capacity integrated refining and chemical complex.

## Safety, health, and the workplace

**Process safety.** *OIMS Element 2—Risk Assessment and Management—requires the facility to manage process safety at the site through the identification, mitigation, and elimination of hazards and risks.*

ExxonMobil uses a comprehensive risk assessment process to identify hazards, assess risk levels, and follow up to ensure risk management decisions are implemented. With the philosophy of "we cannot fix what we do not know," emphasis is placed on a healthy risk discovery process. Hazard identification comes from multiple sources, including operational unit hazard reviews, equipment inspections, field audits, learnings from incidents and near misses, and employee and contractor input. Workers also undergo on-site, hands-on training to ensure they can perform the work competently and safely. And, we focus on effective procedures, including best practices for higher-risk activities, such as start-up of operations, which is a key area of emphasis as we bring new facilities online.

**Contractor safety.** *OIMS Element 8—Third-Party Services—requires the facility to evaluate and select third-party services using criteria that include an assessment of capabilities to perform work in a safe and environmentally sound manner.*

ExxonMobil employees promote their safety culture every day. While 2011 was not an incident-free year, the site implemented a series of safety initiatives and remains dedicated to the goal of achieving zero injuries. The application of OIMS principles drives expectations for safe performance of our employees and contractors.

This petrochemical expansion shows how all workers share ExxonMobil's safety values on-site. In mid-2010, the project's on-site workforce peaked at more than 22,000. Employees and contractors, working side-by-side, came from nearly 30 countries, spanning six continents, and speaking more than eight languages. Despite these challenges, the expansion project workers achieved about 64 million cumulative hours worked with no lost-time incidents at the end of 2011.

Employees and contractors are achieving safety results through programs implemented from the start of the petrochemical expansion. An on-site Safety Training Center helps workers meet performance expectations by helping them understand hazards and safe work practices. Workers must attend and pass an Enhanced Safety Orientation Course that includes modules on safety induction and oil and petrochemical safety. We use safety leading indicators to steward safety performance. Also, employees and contractors attend events, such as the project's yearly safety carnival, to refresh safety fundamentals.

We recognize safety challenges will arise as the site moves from construction to operations. Our detailed execution plans prepare us to address these challenges in a disciplined manner, and uphold our commitment to safety in every decision we make.

## Environmental performance

*OIMS Element 6—Operations and Maintenance—requires operation of facilities within established parameters and according to regulations, calling for effective procedures, structured inspection and maintenance programs, reliable equipment, and qualified personnel to consistently execute procedures and practices.*

Singapore is natural-resource constrained, which poses operational challenges for land use, energy efficiency, water consumption, and air emissions. ExxonMobil has successfully addressed these challenges through OIMS by focusing on flawless operations and continuous improvement.

Built primarily on reclaimed land, the chemical plant generates the majority of its electricity and steam on-site, mostly through cogeneration. Once online, the petrochemical expansion is expected to meet both plants' steam and electricity needs through additional cogeneration capacity.

The chemical plant's third-party vendors assist in reusing solid carbon waste. In 2011, instead of disposing it into Singapore's limited landfills, we sent about 6000 metric tons, or 30 percent of carbon waste, for reuse, mainly for energy recovery purposes.

Freshwater is scarce in Singapore, so we reduce its use on-site through innovative measures. In 2011, we completed a seawater intake system for the petrochemical expansion. The system will reduce potable water consumption and our use of water treatment chemicals. The project's

wastewater treatment unit will also use a membrane bioreactor to treat wastewater, resulting in high-quality effluent that can be recycled and used as cooling water.

## Managing climate change risks

*OIMS Element 6 also requires the business to establish goals for environmental performance, including greenhouse gas (GHG) emissions. The facility must identify alternatives, if applicable, and employ environmental improvement initiatives.*

Reducing energy consumption is a part of operations integrity. Projects executed by Singapore's Energy Special Emphasis Team saved approximately \$4.5 million in 2011. Since 2002, we have achieved a 16 percentage-point reduction in energy intensity. During 2012, we plan to reduce this by another 1 percent.

The flare system at the Singapore's integrated site serves as a safety relief valve for unplanned interruptions, such as a loss of power or the plant being unable to process or refine recovered materials. In 2010, a cross-functional flare reduction team enhanced flare monitoring and utilization, and revitalized the flare gas compressor system. Flare unit engineers monitor and troubleshoot the flare system daily. Site management encourages flaring reduction goals and incorporates flaring topics into daily employee operational briefings.

The refinery's 40-percent flare reduction in 2010 versus 2009 was equivalent to a 14,700 metric ton reduction of carbon dioxide (CO<sub>2</sub>). In 2011, the site achieved a flare reduction equal to 7800 metric tons of CO<sub>2</sub>, or 32 percent, compared with 2010. At the chemical plant, we reduced flaring nearly 50 percent since 2007 and 12 percent from 2010.

In addition to addressing community concerns, flaring reductions allow us to decrease GHG emissions and efficiently recover our process streams. We plan to continue evaluating flaring sources and analyzing system deficiency items to further reduce flaring in 2012.

### VIGNES SWAMINATHAR ENERGY LEADER, SINGAPORE REFINERY



I start my day by reviewing information from the data visualization program and shift superintendent reports

to understand the previous day's operations. This information is used to identify issues related to energy optimization and helps us propose steps to improve our performance. Managing energy projects can be challenging, but it is a fascinating role. I interface with engineers from different functions to determine the optimal energy projects. My role requires long-term planning and looking at the "bigger, future picture," with results often not visible in the near term. But it is always fulfilling to see what we've achieved after many months of planning. Not only do we generate significant energy savings for the plant, but I'm also happy to be part of the larger effort to help reduce our emissions and environmental footprint.



The addition of a second world-scale petrochemical facility in Singapore to our existing integrated operations will help meet increasing demand in Asia.

## IPIECA/GRI Content Index

Our corporate citizenship reporting was guided by the International Petroleum Industry Environmental Conservation Association/American Petroleum Institute (IPIECA/API) *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* (2010). This report also cross-references the Global Reporting Initiative (GRI) *G3.1 Sustainability Reporting Guidelines*. These standards can be downloaded at [ipieca.org](http://ipieca.org) and [globalreporting.org](http://globalreporting.org).

Reporting Overview	IPIECA/API	GRI	Where Reported
Letter from the Chairman and CEO		1.1	1
About ExxonMobil		2.1, 2.2, 2.3, 2.5, 2.8, 4.8, <i>EC1, EC9</i>	2-3
<i>The Outlook for Energy: A View to 2040</i>	E3	1.2, EC2	4-5
Report Philosophy and Materiality		2.4, 2.6, 3.1, 3.3-3.6, 3.9 ( <i>GRI, IPIECA</i> ), 3.12, 3.13, 4.17	inside front cover, 6, 50, inside back cover, back cover
Engagement		2.8, 3.2, 4.4, 4.14-4.16	7
Performance data	E1, E2, E4, E6, E7, E8, E9, E10, HS3, HS5, SE4, SE15, SE11, SE14, SE13, SE17, SE7, SE9, SE10	3.7-3.11, <i>EC1, EN8, EN13, EN16, EN20, EN22, EN23, EN30, LA1, LA2, LA7, LA13, HR2, SO6</i>	8-9
Operations Integrity: Developing Unconventional Resources at Kearl	E1, E5, E6, SE1, SE2	4.16, 4.17, <i>EN8, EN13, EN14, EN18, SO9, SO10</i>	10-11

Citizenship Focus Areas	IPIECA/API	GRI	Where Reported
<b>Environmental Performance</b>			
Environmental stewardship through responsible management		2.10, 4.8, 4.16, 4.17, DMA-EN, SO1, SO10	13, 18
Biodiversity and ecosystem services	E5	4.12, <i>EN11, EN12, EN13, EN14, EN15</i>	13-16
Hydraulic fracturing	SE1	4.16, 4.17, EN26, SO9, SO10	14
Freshwater management	E6	<i>EN8, EN9</i>	15
Spill performance	E8	EN23	15-16
Emissions and waste	E7, E10	EN20, <i>EN22, EN28, EN30</i>	16-17
Site remediation		<i>EN13</i>	19
Case Study: Technology	E2, HS4	<i>EN5, EN6, EN18, EN26</i>	20-21
<b>Managing Climate Change Risks</b>			
Mitigating GHG emissions in our operations	E1, E2, E4	3.9, <i>EN3, EN5, EN7, EN16, EN18, EN6, EN30</i>	23-24
Developing cutting edge technology	E2, E3	EN6, EN18	24
Encouraging responsible product use		EN6, EN26	24
Public policy debate	SE14	1.2, EC2, SO5	24-25
<b>Safety, Health, and the Workplace</b>			
Safety, security, and health management		DMA-LA	27
Personnel safety	HS1, HS3, HS5	4.8, <i>LA7</i>	27-28
Product stewardship and safety	HS4	4.11, 4.12, <i>DMA-PR, PR1, PR3</i>	28-29
Emergency response and preparedness	E8, HS5	4.11, EN23	28
Employee health	HS2	<i>LA8</i>	29
Employment policies and practices	SE15, SE16	DMA-LA, <i>LA1, LA2, LA3, LA12, LA13, LA14, EC3</i>	30-31
<b>Corporate Governance</b>			
Board of Directors		4.1, 4.2, 4.3, 4.4, 4.5, 4.7, 4.9, <i>4.10, LA13</i>	33-34
Shareholder relations		4.4, 4.16, 4.17	34
Ethics	SE11, SE12, SE18	SO2, SO3, SO4	34-35
Global management standards and approaches		4.8, 4.11, 4.12, <i>LA10</i>	35
Political advocacy and contributions	SE14	SO5, SO6	35
Case Study: Integrity in our Supply Chain	SE7, SE9, SE12	EC6, <i>HR2, HR5, HR6, HR7</i>	36-37
<b>Economic Development</b>			
Contributing to economic growth		DMA-SO, EC9, 4.12	39
Transparency	SE13	4.12, 4.13	39
National content	SE1, SE5	4.8, DMA-SO	39-40
Workforce development	SE17, SE6	EC7, <i>LA10, LA11</i>	40-41
Supplier development	SE7	EC6	41
Strategic community investments	SE4, SE5	<i>EC1, EC8, EC9, LA8</i>	42-43
Employee volunteerism and giving		<i>EC1, EC8</i>	43
<b>Human Rights and Managing Community Impacts</b>			
Community impacts and relationships	SE1, SE2, SE3	4.8, DMA-SO, SO1	45
Respecting human rights	SE8, SE9	4.8, 4.12, 4.13, DMA-HR, <i>HR2, HR3, HR5, HR6, HR7</i>	45
Addressing security concerns	SE10	4.8, 4.12, 4.13, <i>HR2, HR8</i>	45
Consultation with stakeholders	SE1, SE2, SE3, SE5	4.8, 4.12, SO1, <i>HR9, HR11</i>	46-47
Operations Integrity: Delivering Value in Downstream and Chemical Operations	E2, E4, E6, E10, HS5	<i>EN5, EN8, EN18, EN22</i>	48-49

DMA: Disclosure on Management Approach. GRI indicators in italics are partially reported. Indicators not in italics are fully reported, but may not be fully reported in individual sections of this report.

Environmental Resources Management, Inc. (ERM) reviewed ExxonMobil's 2011 Corporate Citizenship Report against the International Petroleum Industry Environmental Conservation Association/American Petroleum Institute (IPIECA/API) *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* (2010) and the Global Reporting Initiative (GRI) *G3.1 Sustainability Reporting Guidelines*. ERM found that the report contents address the indicators shown in this index.



**Terms of Engagement.** This Assurance Statement has been prepared for Exxon Mobil Corporation.

Lloyd's Register Quality Assurance, Inc. (LRQA) was commissioned by Exxon Mobil Corporation (ExxonMobil) to assure its processes used to produce the *Corporate Citizenship Report* for the calendar year 2011 (hereafter referred to as "the CCR"). Our terms of engagement were to review the processes for reporting safety, health, and environmental core IPIECA performance indicators and ExxonMobil-selected additional indicators. Verifying the accuracy of data and information was not included in the assurance. LRQA has reviewed ExxonMobil's reporting processes since 2005 (for the 2004 CCR).

**Management Responsibility.** ExxonMobil's management was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with ExxonMobil.

Ultimately, the Report has been approved by, and remains the responsibility of ExxonMobil.

**LRQA's Approach.** Our verification has been conducted against the requirements of LRQA's Report Verification procedure. The objectives of the assurance engagement were to verify the integrity of the processes used to determine material issues for reporting, and to evaluate consistency with the following industry guidelines:

- IPIECA/API, Oil and Gas Industry Guidance on Voluntary Sustainability Reporting (2010); and,
- API, Compendium of Greenhouse Gas (GHG) Emission Estimation Methodologies for the Oil and Gas Industry (February 2004).

To form our conclusions, the assurance was undertaken as a sampling exercise and covered the following activities:

- Reviewing the reported information to confirm the inclusion of all core safety, health and environmental performance indicators referenced in the IPIECA/API Guidance;
- Reviewing the documented reporting requirements against the applicable industry guidelines to assure consistency of scope, definition, and reporting for each of the relevant indicators;
- Reviewing the reporting processes at Headquarters and at each of the functional business levels to evaluate the processes used by ExxonMobil to assure completeness, consistency, and conformance to reporting requirements across its global operations;
- Reviewing the data-reporting processes at a sample of 11 operating sites to assess local understanding and implementation of reporting requirements. Sites selected were Antwerp Refinery, Belgium; Singapore Joint Site (refinery and chemical plant), Singapore; Upstream Production, Germany; Baton Rouge Plastics Plant, Louisiana; Pensacola Specialties Elastimers Plant, Florida; and lubricant facilities in Wakayama, Japan; Notre Dame de Gravenchon, France; Taichung, Taiwan; Serviburnu, Turkey; Tianjin, China; and Taicang, China;
- Reviewing the stakeholder engagement processes at Headquarters; and,
- Reviewing the processes used to aggregate the data and information at the corporate level for inclusion in the Report.

**Level of Assurance.** The opinion expressed in this Assurance Statement has been formed on the basis of a reasonable level of assurance.

**LRQA's Opinion.** Based on LRQA's approach, it is our opinion that ExxonMobil's reporting system was effective in delivering

safety, health, and environmental indicators that are useful for assessing corporate performance and reporting information consistent with IPIECA/API Guidance.

It should be noted that:

- Processes were in place to ensure that sites contributing to core safety, health, and environmental metrics understood corporate reporting obligations and were included in corporate safety, health, and environmental reporting;
- Methods used for calculating each metric were defined clearly and communicated;
- Processes were in place to ensure that the quantitative indicators were checked for completeness, consistency, and accuracy;
- Responsibility for annually reviewing and updating reporting guidelines was clear, with improvement in methodology regularly undertaken;
- Guidelines for GHG reporting were consistent with, and specifically refer to, the API Compendium for GHG Emissions Methodologies for the Oil and Gas Industry (February 2004); and,
- Active engagement with external stakeholders provided information for determining material issues.

**LRQA's Recommendations.** Observations and areas for potential improvement were provided in a report to ExxonMobil Management. These observations do not affect our conclusions.



Andrea M. Bockrath  
On behalf of Lloyd's Register Quality Assurance, Inc.  
30 March 2012

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This Assurance Statement is only valid when published with the Report to which it refers.

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