

Letter from the Chairman Sustainability and Advancing Climate Solutions

December 15, 2022



For too long, the conventional wisdom about ExxonMobil was that we had to make a choice to either meet the world's energy needs or play a leading role in the energy transition. That view has always been flawed.

The fact is, it is an "and" equation – one in which we can produce the products societies need and lead in reducing greenhouse gas emissions, both our own and others.

As the events of 2022 demonstrate, the need for a balanced approach has never been greater. We saw firsthand what happens when the market believes there will be a shortfall in energy supply. At the same time, in the U.S. we saw landmark legislation offer the policy and financial support needed to drive the growth of key lower-carbon emissions technology like carbon capture and storage. In both cases, ExxonMobil has been a leader, just as we have throughout our 140-year history.

In our sustainability efforts, we have made progress across a range of initiatives. For our own operations, we are well on our way toward meeting our previously announced medium-term plans to reduce corporate-wide greenhouse gas intensity by 20-30% by 2030 versus 2016 levels, and our long-term ambition to achieve net-zero Scope 1 and 2 emissions from our operated assets by 2050.

We have also begun to more directly address some of the shortcomings we see in how greenhouse gas emissions are currently calculated. Specifically, we are focused on efforts to reform the Scope 3 provisions of the Greenhouse Gas Protocol. It is increasingly important to society that we have a Scope 3 analysis that more accurately reflects the contributions of a company like ours to lowering society's emissions, factoring in not just the emissions associated with its products, but the emissions avoided by replacing higher emissions alternatives or production. Current Scope 3 calculations do not account for the intensity of emissions and, for instance, will punish a company for producing more natural gas to replace coal – even though we know that burning coal is more damaging to the atmosphere than natural gas. Simply put, the way Scope 3 accounting is done has the unintended consequence of encouraging wrong behaviors and does not support the technology and processes vital to a thoughtful energy transition. See our Advancing Climate Solutions 2023 Progress Report for more on this critical issue.

On the energy supply side, this past year we grew production to help meet the world's need for reliable energy. We did this by sustaining investments during the COVID downturn, even as many others pulled back, borrowing tens of billions of dollars to ensure we were positioned to produce the supply needed when economies recovered and demand increased.

Regarding reducing and capturing emissions, we announced approximately \$17 billion of lower-emission investments through 2027 – a \$2 billion increase over our prior plan. We reduced methane emissions intensity from operated assets by more than 40% versus 2016, signed a first-of-its-kind agreement to capture and store up to 2 million metric tons of CO₂ per year on behalf of a large fertilizer manufacturer, and started up one of North America's largest advanced recycling facilities.

We issued our first sustainability report more than 20 years ago. Over that time, we've seen market conditions rise to record highs and sink to unprecedented lows. Through it all, one thing remains clear – the world needs the energy and products we provide. We are proud of the fact that ExxonMobil plays a vital role in providing reliable and affordable energy and products while supporting a lower-emission future.

I encourage you to visit our [website](#), read our reports, and keep up with our ongoing communications to learn more about the many ways in which we are helping to create sustainable solutions that improve quality of life and meet society's evolving needs.

Thank you for your interest in ExxonMobil.

Sincerely,

A handwritten signature in black ink that reads "Darren Woods".

Darren Woods

Chairman/CEO, Exxon Mobil Corp