

External Citizenship Advisory Panel statement

ECAP statement on 2016 Corporate Citizenship Report

To the readers of this report,

As in prior years, we were asked to share our independent opinion on ExxonMobil's 2016 *Corporate Citizenship Report*. We reviewed and provided feedback on a draft of the report. In addition, we had the opportunity to engage across all levels of the company, including senior business executives, through in-person meetings, a site visit to XTO Energy Inc., telephone and email to discuss policy and strategy issues.

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

We would also like to recognize the valuable contribution of our colleague, Sarah Labowitz, who resigned from the ECAP in late 2016, and wish her well.

2016 Commentary

Taking strategic action and engaging with critics on climate change

As one of society's greatest challenges, climate change requires urgent action on the part of governments, business and civil society. The 2015 Paris Agreement, the world's first comprehensive climate agreement, adopted in the presence of leaders of 195 countries, became effective in 2016. ExxonMobil states that it shares the Paris Agreement's view of the seriousness of climate change, and we commend the company for urging the new U.S. administration to remain a party to the Agreement.

However, the company is engaged in a legal and public dispute with visible social actors centering on what the company knew about the implications of climate change, and when and what it decided to do about it. Although the company has every right to defend itself in the litigation, these criticisms highlight the need for more proactive and constructive dialogue with critics. The panel suggests that ExxonMobil's credibility on this issue would be strengthened if it took additional measures to promote public policies that reduce climate change-inducing greenhouse gas emissions, such as taking a leadership role to bring about a revenue-neutral carbon tax. Further, the company may want to more explicitly describe how it

is aligning its long-term corporate strategy and research priorities with climate change risks and opportunities. Since this letter was originally drafted based on 2016 company performance, we take note of significant movements in that regard, such as the recent letter to the President urging continued U.S. participation in the Paris Agreement, the company's participation as a founding member of the Climate Leadership Council, and the appointment to the board of Susan Avery, a climate scientist.

Providing more data context and comparative analysis

We appreciate ExxonMobil's robust reporting, including the synthesis of its quantitative performance through a summary data table. To enhance its reporting, ExxonMobil could explain why the particular metrics reported were chosen and how they align with methodological sources such as the Global Reporting Initiative, IPIECA, CDP, reporting under the United Nations *Guiding Principles on Business and Human Rights*, etc. It is also important to show both aggregate and normalized metrics similar to the approach taken for emissions or injury rates.

Lastly, additional context could be provided to demonstrate the strength of performance over time and, where appropriate, comparative performance with industry standards or competitors.

Leading voluntary initiatives

The current regulatory landscape for a range of environmental, social, human rights and governance issues is complex and uncertain. In times such as this, it is particularly important that leading companies take proactive and constructive voluntary actions. With this in mind, the company may want to play a greater role in supporting collective action and advocacy on key issues and report on what it is doing. For example, we commend ExxonMobil's decade-long leadership in revenue transparency and encourage the company to continue to take a strong position on this topic, including ongoing support for initiatives such as the Extractive Industries Transparency Initiative, despite the potential repeal of the Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1504.

We applaud ExxonMobil's recent advocacy efforts on amendments to the Toxic Substances Control Act. In other areas where regulations may be rolled back, it will be important for the company to discuss its position and the extent to which it supports regulatory or voluntary initiatives.

Lastly, ExxonMobil has developed an impressive suite of national content programs, encompassing skills development, local businesses and strategic community investment. We encourage the company to continue to strengthen these strategies and communicate how it is aligning itself with national development goals in countries of operation and with the Sustainable Development Goals.

Keeping pace with the maturing human rights landscape

With the maturing of human rights initiatives, there is a need for the company to keep pace in responding to stakeholder expectations and building industry-wide or multi-stakeholder coalitions to address human rights issues. As a participant in the *Voluntary Principles (VPs) on Security and Human Rights*, we encourage ExxonMobil to share good practices and lessons learned and participate actively in efforts to develop common standards of performance. This will be particularly important as the VPs shift to on-the-ground implementation. The company is right in letting its suppliers and contractors know about what it expects from them with regard to human rights initiatives such as the VPs. In the future, ExxonMobil should communicate the extent to which these expectations are part of supply contract requirements.

Lastly, the company should continue to reach its own decisions, but it should engage in a meaningful dialogue with affected stakeholders, including critics, and respond to the feedback it receives.

Leadership transition

As the bar continues to rise for good corporate citizenship, ExxonMobil will face increasingly higher expectations from investors and other stakeholders related to the company's management of environmental, social and governance issues. Strong leadership is more important than ever to demonstrate a sound management approach to these issues. Early 2017 brought a number of important leadership changes to the company, including the appointment of two new board members, as well as a new chairman and CEO. These changes reflect a diversity of gender, background and perspective, which we hope will better position the company to address these demands. We welcome these new leaders and look forward to working with them and the company's senior executives as they set the direction for the years ahead.

Sincerely,

Mark Cohen, Frank Loy, Jane Nelson, Salil Tripathi

June 2017