

External Sustainability Advisory Panel statement

For the last 10 years, the External Sustainability Advisory Panel has commented on ExxonMobil's sustainability reporting and transparency. In that time, the company has acted on many of our recommendations and we are encouraged by the progress. This year, the company has transitioned from a corporate citizenship report to a sustainability report, which connotes a greater sense of connectedness to global issues and deeper integration with corporate strategy. During our engagement period in 2017-2018, we had the opportunity to observe increased executive engagement in sustainability. Through meetings with the Chairman and CEO, and other senior business leaders in executive, operational and functional roles, we were able to engage the company on transparency, policy and strategy.

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

For past panel feedback statements, visit:
exxonmobil.com/sustainabilityreport

Linking sustainability to corporate strategy

Climate change, sustainable development and human rights are among the most pressing challenges facing society. Companies are responding by aligning their core business strategy around global initiatives that seek to address these trends – the Paris Agreement, the United Nations Sustainable Development Goals (SDGs) and the United Nations Guiding Principles for Business and Human Rights (UNGPs). We recognize ExxonMobil's progress in responding to these international issues and goals. We hope that the company will take further steps to demonstrate how climate change, the SDGs, human rights and other sustainability-related challenges link directly with corporate investments and programs central to its long-term business strategy. We also recommend that the sustainability report include more information on how the company is aligning its long-term business strategy and sustainability strategy, along with the risks and opportunities created by these issues.

Communicating the urgency of climate change

We commend ExxonMobil for the significant steps the company has taken over the past year to address climate change. Publication of the *Energy and Carbon Summary* in early 2018 is a crucial step demonstrating the company's progress in managing climate risk and responding to shareholder concerns. Continued investment in emerging energy technology research as well as dedicated efforts to reduce methane emissions are other areas of notable progress, alongside the company's decision to participate in collective action platforms such as the Climate Leadership Council and global Methane Guiding Principles, and its public support for the Paris Agreement. The company's recent announcement of efforts to further reduce greenhouse gas emissions from flaring and methane emissions through quantified reductions

of 25 percent and 15 percent respectively, by 2020, is a significant step forward.

Due to the possible negative impacts climate change poses to business operations, human rights and economic development around the world, we urge further integration of climate change into the core of ExxonMobil's business strategy. This includes through continued operational upgrades and near- and long-term research and product development programs.

Perhaps most important, we encourage ExxonMobil to lead by example and be bold in its interaction with governments, industry, academic institutions and civil society organizations in the development of public policies that reduce the threat of climate change.

Measuring performance and impact

Disclosure of future targets in addition to current performance data is becoming standard practice in corporate sustainability reporting. There is a growing movement where companies are publicly articulating "science-based targets" that align with current climate science. ExxonMobil's report thoroughly discloses current and past performance data. As mentioned, we value the recent announcement of forward-looking greenhouse gas reduction measures and would suggest a similar approach for other material issues. Disclosure of the company's most material and salient internal goals provides opportunity for external stakeholders to independently assess the company's strategy and future performance.

Stronger statements can also be added on the outcomes or impacts arising from the company's programs. Corporate investments and other performance data should be coupled directly with tangible impacts and outcomes that demonstrate ExxonMobil's impact on society. For example, the report discusses the amount of capital invested in developing energy

solutions with lower emissions. Emphasis could be added on the actual or potential impact of these investments for society. Describing a specific successful technology that resulted, or could result, from this investment could be more compelling than disclosing financial investment data alone. Incorporating these outcomes creates a more engaging report that demonstrates the types of impacts the company is creating for the environment, people and industry.

With respect to human rights, we recommend that the company be bold in stating its objective of no harm. Through many rigorous due diligence processes, ExxonMobil's approach to human rights, for example, closely aligns with the UNGPs. Greater specificity about practices and performance in this area would help the company align its reporting more effectively with societal and industry expectations of best practices. Measuring the impact on human rights quantitatively is difficult. Nevertheless, the company is already assessing impacts on staff and on communities in its areas of operation. We encourage it to expand efforts through further identification of potential adverse impacts, explaining processes used to identify these, and describing steps taken to mitigate them.

Engaging strategically with stakeholders

Companies like ExxonMobil have to understand and balance the needs of numerous individual and institutional stakeholders across different value chains and a wide range of cultures, regulations and operating environments. Some relationships are indirect and simple, while others are very complex. ExxonMobil's current disclosure around stakeholder engagement is not sufficiently specific, which can create the perception that the company is not fully disclosing engagement activities. We recommend that ExxonMobil describe its stakeholders and their priorities more explicitly, and how the

company has addressed their concerns. We also recommend that ExxonMobil describe limitations encountered with stakeholder interactions in countries where open consultation is difficult.

We appreciate that the company publishes a list of its political contributions and philanthropic giving to non-lobbying and nonprofit organizations. In the future, we would like to see more about the relationship between its contributions and its specific sustainability goals and/or programs.

Concluding remarks

We recognize the progress that ExxonMobil has made over the past year in publicly addressing complex sustainability issues and call on the company to drive this agenda forward, both through business activities and value chains, as well as through strategic partnerships with others. We encourage the company and its executives to be even more bold and transparent in all aspects of sustainability performance. ExxonMobil is a global leader that others follow in many areas of the energy industry. We believe that taking an increasingly ambitious, evidence-based and technologically innovative position on sustainability issues will provide the company with the opportunity to champion more substantial sustainability efforts worldwide, and to enhance long-term shareholder value.

Sincerely,

Craig Benson, Mark Cohen, Frank Loy, Jane Nelson,
Salil Tripathi

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External Sustainability Advisory Panel

ExxonMobil's External Sustainability Advisory Panel is composed of academics, nongovernmental organization representatives and former government employees who have expertise in a variety of environmental, social and governance topics.

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The External Sustainability Advisory Panel met with Chairman and CEO Darren Woods at ExxonMobil headquarters in Irving, Texas in May 2018. From the left: Frank Loy, Salil Tripathi, Jane Nelson, Darren Woods, Craig Benson and Mark Cohen.