PROXY PAPER

EXXON MOBIL CORPORATION

GLASS LEWIS

NYSE: **XOM**

ISIN: **US30231G1022**

MEETING DATE: 26 MAY 2021

RECORD DATE: 29 MARCH 2021

PUBLISH DATE: 17 MAY 2021

INDEX MEMBERSHIP: S&P 100; S&P 500; S&P GLOBAL 100; RUSSELL 1000; RUSSELL 3000

SECTOR: ENERGY

INDUSTRY: OIL, GAS AND CONSUMABLE FUELS

COUNTRY OF TRADE: UNITED STATES

COUNTRY OF INCORPORATION: UNITED STATES

HEADQUARTERS: TEXAS

VOTING IMPEDIMENT: NONE

COMPANY DESCRIPTION

Exxon Mobil Corporation explores for and produces crude oil and natural gas in the United States and internationally. It operates through Upstream, Downstream, and Chemical segments.

OWNERSHIP	COMPANY PROFILE	ESG PROFILE	COMPENSATION	COMPENSATION ANALYSIS	COMPANY UPDATES
PEER COMPARISON	VOTE RESULTS	APPENDIX	COMPANY FEEDBACK		

2021 CONTESTED PROXY - MANAGEMENT (BLUE) CARD

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Election of Directors	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.01	Elect Michael J. Angelakis	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.02	Elect Susan K. Avery	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.03	Elect Angela F. Braly	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.04	Elect Ursula M. Burns	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.05	Elect Kenneth C. Frazier	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.06	Elect Joseph L. Hooley	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.07	Elect Steven A. Kandarian	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.08	Elect Douglas R. Oberhelman	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.09	Elect Samuel J. Palmisano	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.10	Elect Jeffrey W. Ubben	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.11	Elect Darren W. Woods	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
1.12	Elect Wan Zulkiflee	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
2.00	Ratification of Auditor	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
3.00	Advisory Vote on Executive Compensation	FOR	**DO NOT VOTE**	• **Recommendation on Dissident card**
4.00	Shareholder Proposal Regarding Independent Chair	AGAINST	**DO NOT VOTE**	• **Recommendation on Dissident card**
5.00	Shareholder Proposal Regarding Right to Call Special Meetings	AGAINST	**DO NOT VOTE**	• **Recommendation on Dissident card**
6.00	Shareholder Proposal Regarding Audited Report on Net Zero Emissions 2050 Scenario Analysis	AGAINST	**DO NOT VOTE**	• **Recommendation on Dissident card**
7.00	Shareholder Proposal Regarding Report on Climate-related Activities	AGAINST	**DO NOT VOTE**	• **Recommendation on Dissident card**

8.00	Shareholder Proposal Regarding Political Contributions and Expenditures Report	AGAINST	**DO NOT VOTE**	• **Recommendation on Dissident card**
9.00	Shareholder Proposal Regarding Lobbying Report	AGAINST	**DO NOT VOTE**	• **Recommendation on Dissident card**
10.00	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	AGAINST	**DO NOT VOTE**	• **Recommendation on Dissident card**

2021 CONTESTED PROXY - DISSIDENT (WHITE) CARD

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Election of Directors	DO NOT VOTE	**SPLIT**	• **Diminishing returns and underperformance; Questionable strategy for future; Lacking critical expertise on board**
1.01	Elect Gregory J. Goff (Dissident Nominee)	DO NOT VOTE	**FOR**	• **Adds relevant oil and gas experience**
1.02	Elect Kaisa Hietala (Dissident Nominee)	DO NOT VOTE	**WITHHOLD**	• **Election of partial Dissident slate sufficient**
1.03	Elect Alexander A. Karsner (Dissident Nominee)	DO NOT VOTE	**FOR**	• **Adds relevant regulatory, technological and energy experience**
1.04	Elect Anders Runevad (Dissident Nominee)	DO NOT VOTE	**WITHHOLD**	• **Election of partial Dissident slate sufficient**
1.05	Elect Michael J. Angelakis	DO NOT VOTE	**FOR**	
1.06	Elect Susan K. Avery	DO NOT VOTE	**FOR**	
1.07	Elect Angela F. Braly	DO NOT VOTE	**FOR**	
1.08	Elect Ursula M. Burns	DO NOT VOTE	**FOR**	
1.09	Elect Kenneth C. Frazier	DO NOT VOTE	**FOR**	
1.10	Elect Joseph L. Hooley	DO NOT VOTE	**FOR**	
1.11	Elect Jeffrey W. Ubben	DO NOT VOTE	**FOR**	
1.12	Elect Darren W. Woods	DO NOT VOTE	**FOR**	
2.00	Ratification of Auditor	DO NOT VOTE	**FOR**	
3.00	Advisory Vote on Executive Compensation	DO NOT VOTE	**FOR**	
4.00	Shareholder Proposal Regarding Independent Chair	DO NOT VOTE	**FOR**	• **An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda**
5.00	Shareholder Proposal Regarding Right to Call Special Meetings	DO NOT VOTE	**AGAINST**	• **Not in the best interests of shareholders**
6.00	Shareholder Proposal Regarding Audited Report on Net Zero Emissions 2050 Scenario Analysis	DO NOT VOTE	**FOR**	• **Audited climate reporting could provide actionable information for shareholders**
7.00	Shareholder Proposal Regarding Report on Climate-related Activities	DO NOT VOTE	**AGAINST**	• **Not in the best interests of shareholders**

8.00	Shareholder Proposal Regarding Political Contributions and Expenditures Report	DO NOT VOTE	**AGAINST**	• **Not in the best interests of shareholders**
9.00	Shareholder Proposal Regarding Lobbying Report	DO NOT VOTE	**FOR**	• **Increased disclosure would allow shareholders to more fully assess risks presented by the Company's indirect lobbying activities**
10.00	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	DO NOT VOTE	**FOR**	• **Additional reporting would provide shareholders with assurance that Company funds were being spent in a manner that furthered its stated objectives**

DISCLOSURE NOTES

EXPLANATION FOR REPUBLICATION: May 19, 2021. We have corrected the record date displayed on page 1 to reflect March 29, 2021. Our voting recommendations are unchanged as a result of this revision.

ENGAGEMENT: On April 26, 2021, Glass Lewis held a conference call with senior executives and directors of Exxon Mobil Corp. to discuss the proxy contest. On April 28, 2021, Glass Lewis held a conference call with representatives of Engine No. 1 LLC and all its director nominees to discuss the proxy contest. On May 5, 2021, Glass Lewis held a conference call with additional Exxon directors who were not on our initial call with the Company.

ENGAGEMENT ACTIVITIES

Glass Lewis held the following engagement meetings within the past year:

ENGAGED WITH	MEETING DATE	ORGANIZER	TYPE OF MEETING	TOPICS DISCUSSED
Issuer	10 December 2020	Issuer	Teleconference/Web-Meeting	Board-Related, Compensation/Remuneration, Environmental and Social
Issuer	04 February 2021	Issuer	Teleconference/Web-Meeting	Compensation/Remuneration, Environmental and Social
SHP Proponent	17 February 2021	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Environmental and Social, Shareholder Proposal
SHP Proponent	22 March 2021	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Environmental and Social
Shareholder Advocacy Organization	22 March 2021	Other	In-Person	Environmental and Social

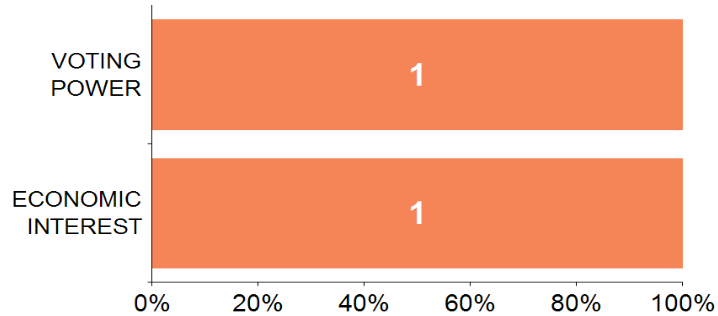
For further information regarding our engagement policy, please visit http://www.glasslewis.com/engagement-policy/.

SHARE OWNERSHIP PROFILE

SHARE BREAKDOWN

	1
SHARE CLASS	Common Shares
SHARES OUTSTANDING	4,233.5 M
VOTES PER SHARE	1
INSIDE OWNERSHIP	0.20%
STRATEGIC OWNERS**	0.20%
FREE FLOAT	99.80%

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 26-MAR-2021



TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	The Vanguard Group, Inc.	8.13%	United States	Traditional Investment Manager
2.	BlackRock, Inc.	6.55%	United States	Traditional Investment Manager
3.	State Street Global Advisors, Inc.	5.71%	United States	Traditional Investment Manager
4.	Geode Capital Management, LLC	1.49%	United States	Traditional Investment Manager
5.	FMR LLC	1.42%	United States	Traditional Investment Manager
6.	Northern Trust Global Investments	1.24%	United Kingdom	Traditional Investment Manager
7.	BNY Mellon Asset Management	1.16%	United States	Traditional Investment Manager
8.	Charles Schwab Investment Management, Inc.	1.01%	United States	Traditional Investment Manager
9.	Norges Bank Investment Management	0.94%	Norway	Government Pension Plan Sponsor
10.	Franklin Resources, Inc.	0.93%	United States	Traditional Investment Manager
11.	State Farm Insurance Companies, Asset Management Arm	0.79%	United States	Traditional Investment Manager
12.	First Eagle Investment Management, LLC	0.63%	United States	Traditional Investment Manager
13.	UBS Asset Management	0.62%	Switzerland	Traditional Investment Manager
14.	Morgan Stanley, Investment Banking and Brokerage Investments	0.56%	United States	Bank/Investment Bank
15.	Legal & General Investment Management Limited	0.56%	United Kingdom	Traditional Investment Manager
16.	T. Rowe Price Group, Inc.	0.50%	United States	Traditional Investment Manager
17.	Dimensional Fund Advisors L.P.	0.44%	United States	Traditional Investment Manager
18.	Capital Research and Management Company	0.42%	United States	Traditional Investment Manager
19.	Swiss National Bank, Asset Management Arm	0.39%	Switzerland	Traditional Investment Manager
20.	Amundi Asset Management	0.37%	France	Traditional Investment Manager

**COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 26-MAR-2021*
***CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.*

SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD[1]
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	N/A	15.00%
VOTING POWER REQUIRED TO ADD AGENDA ITEM	1.00%[2]	1.00%[2]
VOTING POWER REQUIRED FOR WRITTEN CONSENT	N/A	50.00%

[1]N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.
[2]SHAREHOLDERS MUST OWN THE CORRESPONDING PERCENTAGE OR SHARES WITH MARKET VALUE OF AT LEAST $2,000 FOR AT LEAST ONE YEAR.

COMPANY PROFILE

FINANCIALS

	1 YR TSR	3 YR TSR AVG.	5 YR TSR AVG.
XOM	*-36.2%*	*-16.6%*	*-7.7%*
S&P 500	*18.4%*	*14.2%*	*15.2%*
PEERS*	*-33.1%*	*-14.4%*	*-4.2%*

MARKET CAPITALIZATION (MM USD)	174,288
ENTERPRISE VALUE (MM USD)	249,845
REVENUES (MM USD)	179,784

*ANNUALIZED SHAREHOLDER RETURNS. *PEERS ARE BASED ON THE INDUSTRY SEGMENTATION OF THE GLOBAL INDUSTRIAL CLASSIFICATION SYSTEM (GICS). FIGURES AS OF 31-DEC-2020. SOURCE: CAPITAL IQ*

EXECUTIVE COMPENSATION

CHANGE IN CEO PAY	1 YR	3 YR	5 YR
	-35%	*-11%*	*52%*

SAY ON PAY FREQUENCY	*1 Year*	**COMPENSATION GRADE 2020**	*C*
GLASS LEWIS STRUCTURE RATING	*Fair*	**GLASS LEWIS DISCLOSURE RATING**	*Good*
SINGLE TRIGGER CIC VESTING	*No*	**EXCISE TAX GROSS-UPS**	*No*
CLAWBACK PROVISION	*Yes*	**OVERHANG OF INCENTIVE PLANS**	*2.61%*

CORPORATE GOVERNANCE

ELECTION METHOD	*Majority w/ Resignation Policy*	**CEO START DATE**	*January 2017*
CONTROLLED COMPANY	*No*	**AVERAGE NED TENURE**	*5 years*
DUAL-CLASS VOTING	*No*	**% OF WOMEN ON BOARD**	*25.0%*
STAGGERED BOARD	*No*	**ALLOWS PROXY ACCESS**	*Yes*
COMBINED CHAIR/CEO	*Yes*	**VIRTUAL-ONLY MEETING**	*Yes*
INDIVIDUAL DIRECTOR SKILLS MATRIX DISCLOSED	*No*		

ANTI-TAKEOVER MEASURES

POISON PILL	*No*
APPROVED BY SHAREHOLDERS/EXPIRATION DATE	*N/A; N/A*

AUDITORS

AUDITOR: PRICEWATERHOUSECOOPERS — **TENURE:** 87 YEARS

MATERIAL WEAKNESS(ES) IDENTIFIED IN PAST 12 MONTHS	*No*
RESTATEMENT(S) IN PAST 12 MONTHS	*No*

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

COMPANY REPORTS TO SASB/EXTENT OF DISCLOSURE: No; Not Applicable

CURRENT AS OF MAY 17, 2021

ENVIRONMENTAL, SOCIAL & GOVERNANCE PROFILE

ESG Risk Rating

Negligible	Low	Med	**High**	Severe

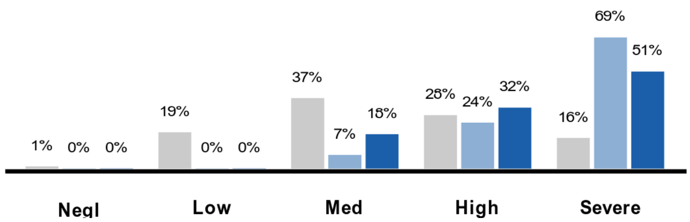
All data and ratings provided by: SUSTAINALYTICS

Data Received On: **March 27, 2021**

Rating Overview

The company is at high risk of experiencing material financial impacts from ESG factors, due to its high exposure and strong management of material ESG issues. Notably, its overall risk is higher since it is materially exposed to more ESG issues than most companies in our universe. The company is noted for its strong corporate governance performance, which is reducing its overall risk. Despite its strong management policies and programmes, the company has experienced a high level of controversies.

ESG Risk Rating Distribution



Relative Performance

	Rank*	Percentile*
Global Universe	10119 of 13676	**74th**
Oil & Gas Producers (Industry Group)	46 of 283	**17th**
Integrated Oil & Gas (Subindustry)	15 of 52	**28th**

** 1st = lowest risk*

Exposure to ESG Risk

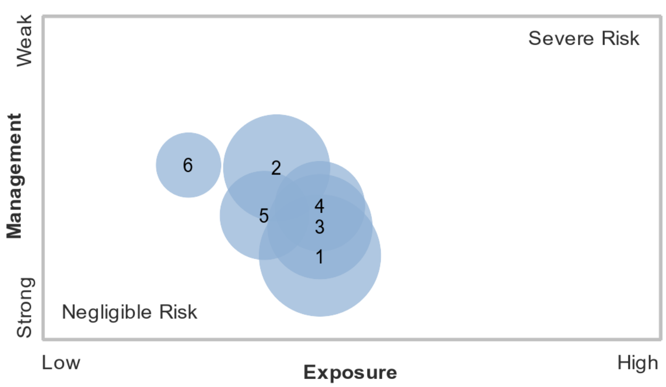
Low	Medium	**High**

Management of ESG Risk

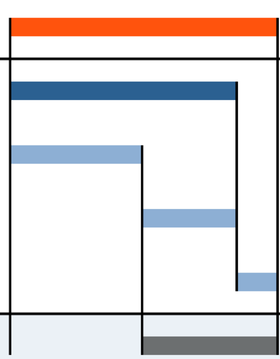
Strong	Average	Weak

Top Material Issues	ESG Risk Rating
1 Carbon - Products and Services	Med
2 Community Relations	Med
3 Carbon - Own Operations	Med
4 Corporate Governance	Low
5 Occupational Health and Safety	Low
6 Human Capital	Low

= Noteworthy Controversy Level



Risk Details



Exposure	
Company Exposure	The company's sensitivity or vulnerability to ESG risks.
Management	
Manageable Risk	Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
Managed Risk	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
Management Gap	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
Unmanageable Risk	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
ESG Risk Rating	
Overall Unmanaged Risk	Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.

NOTEWORTHY CONTROVERSIES

SEVERE

The Event has a severe impact on the environment and society, posing serious business risks to the company. This category represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.

- **No severe controversies**

HIGH

The Event has a high impact on the environment and society, posing high business risks to the company. This rating level represents systemic and/or structural problems within the company, weak management systems and company response, and a recurrence of incidents.

- **No high controversies**

SIGNIFICANT

The Event has a significant impact on the environment and society, posing significant business risks to the company. This rating level represents evidence of structural problems in the company due to recurrence of incidents and inadequate implementation of management systems or the lack of.

- **No significant controversies**

PRODUCT INVOLVEMENT*

Alcoholic Beverages	Oil Sands	Arctic Drilling	Tobacco
Range: 0-4.9%	**Range: 5-9.9%**	**Range: 0-4.9%**	**Range: 0-4.9%**
The company derives revenues from the distribution and/or retail sale of alcoholic beverages.	The company extracts oil sands.	The company is involved in oil and gas exploration in Arctic regions	The company derives revenues from the distribution and/or retail sale of tobacco products.

NO PRODUCT INVOLVEMENT

Genetically Modified Plants & Seeds | Pesticides | Adult Entertainment | Gambling | Controversial Weapons | Thermal Coal

* Range values represent the percentage of the Company"s revenue. N/A is shown where Sustainalytics captures only whether or not the Company is involved in the product.

DISCLAIMER

All data and ratings provided by:

SUSTAINALYTICS

https://www.sustainalytics.com/

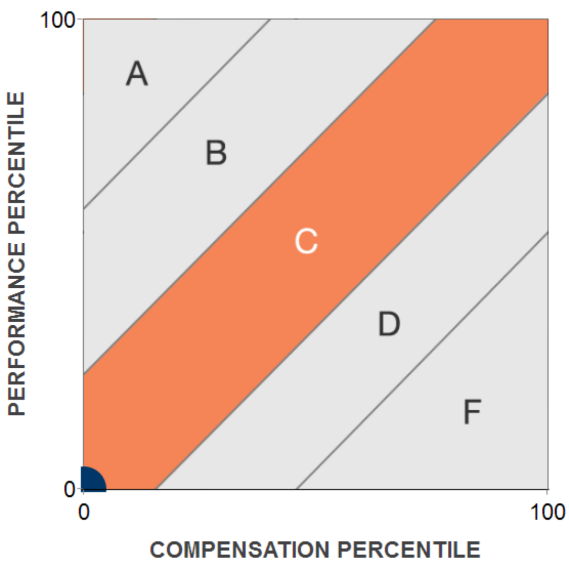
PAY-FOR-PERFORMANCE

Exxon Mobil's executive compensation received a **C** grade in our proprietary pay-for-performance model. The Company paid less compensation to its named executive officers than the median compensation for a group of companies selected based on Glass Lewis' peer group methodology and CGLytics' company data.The CEO was paid significantly less than the median CEO compensation of these peer companies. Overall, the Company paid significantly less than its peers and performed significantly worse than its peers.

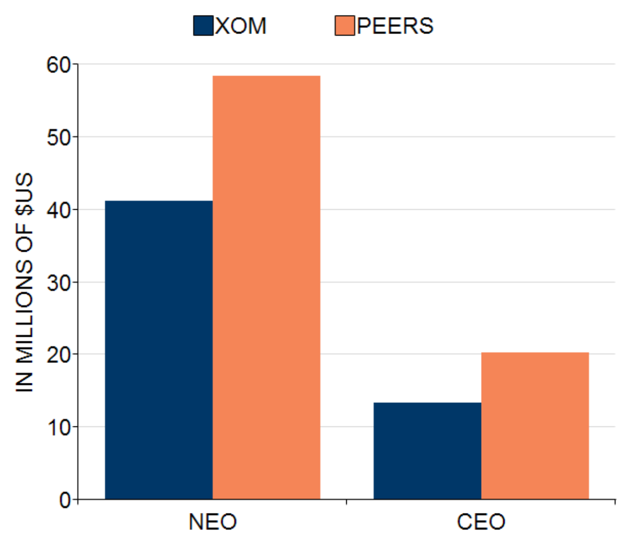
HISTORICAL COMPENSATION GRADE	**FY 2019:**	C
	FY 2018:	C
	FY 2017:	F

FY 2020 CEO COMPENSATION	**SALARY:**	$1,615,000
	GDFV EQUITY:	$8,605,900
	NEIP/OTHER:	$240,700
	TOTAL:	$10,461,600

FY 2020 PAY-FOR-PERFORMANCE GRADE



3-YEAR WEIGHTED AVERAGE COMPENSATION

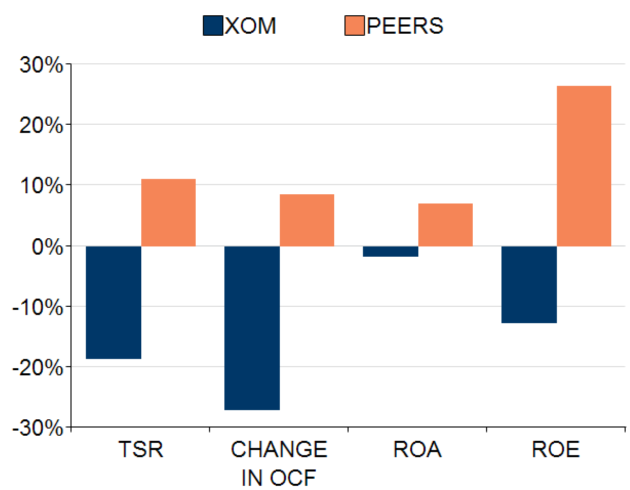


GLASS LEWIS PEERS VS PEERS DISCLOSED BY COMPANY

GLASS LEWIS	XOM
Chevron Corporation* AT&T Inc.* Verizon Communications Inc.* General Electric Company* International Business Machines Corporation* The Boeing Company* Intel Corporation Pfizer Inc.* Cisco Systems, Inc. Johnson & Johnson* The Procter & Gamble Company* Pepsico, Inc. Raytheon Technologies Corporation* Microsoft Corporation Ford Motor Company*	General Motors Company

ALSO DISCLOSED BY XOM

SHAREHOLDER WEALTH AND BUSINESS PERFORMANCE

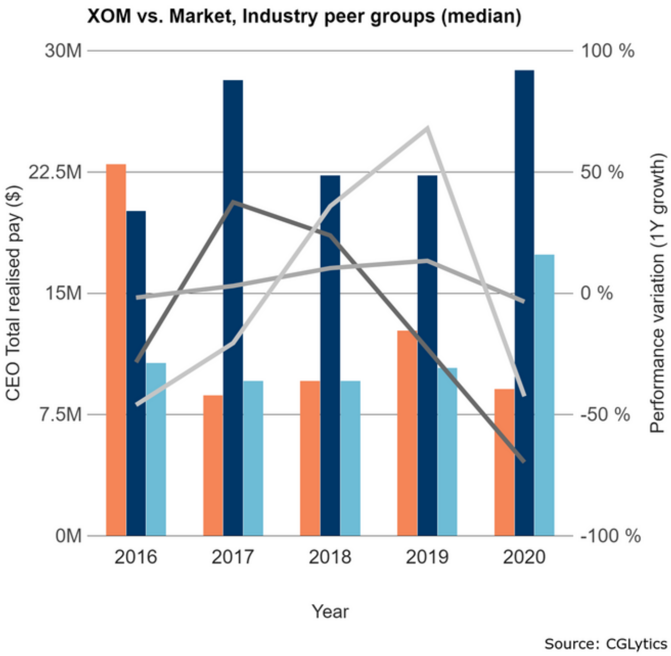


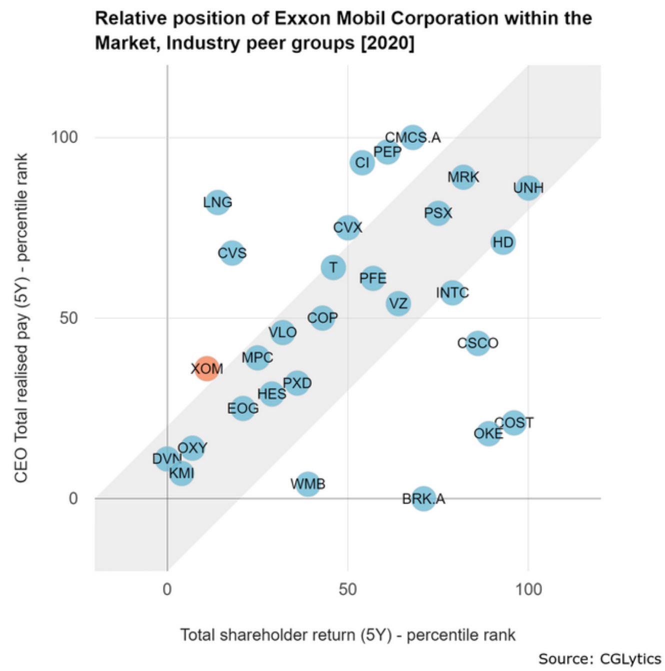
Analysis for the year ended 12/31/2020. Performance measures, except ROA and ROE, are based on the weighted average of annualized one-, two- and three-year data. Compensation figures are weighted average three-year data calculated by Glass Lewis. Data for Glass Lewis' pay-for-performance tests are sourced from CGLytics and company filings, including proxy statements, annual reports, and other forms for pay. Performance and TSR data are sourced from Capital IQ and publicly filed annual reports. For Canadian peers, equity awards are normalized using the grant date exchange rate and cash compensation data is normalized using the fiscal year-end exchange rate.

Glass Lewis peers are based on Glass Lewis' proprietary peer methodology, which considers both country-based and sector-based peers, along with each company's disclosed peers, and are updated in February and August. Peer data is based on publicly available information, as well as information provided to Glass Lewis during the open submission periods. The "Peers Disclosed by Company" data is based on public information in proxy statements and on companies' submissions. Glass Lewis may exclude certain peers from the Pay for Performance analysis based on factors such as trading status and/or data availability.

For details on the Pay-for-Performance analysis and peer group methodology, please refer to Glass Lewis' Pay-for-Performance Methodology & FAQ.

COMPENSATION ANALYSIS





Total realised pay (XOM)	Total realised pay (Market)	Total realised pay (Industry)	EBITDA (XOM)	EBITDA (Market)	EBITDA (Industry)

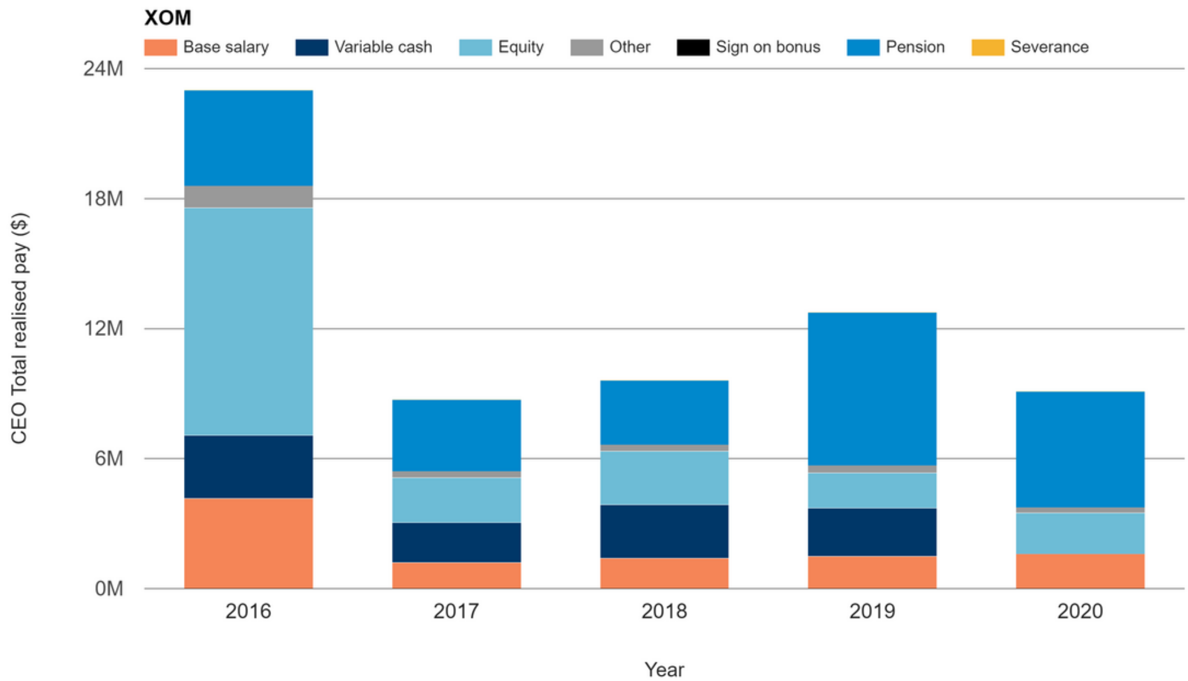
** All financial metrics are plotted at fiscal year growth rates in the graphs above. Absolute values are found in the tables below.*

	Total realised pay ($)*			EBITDA ($)*			ROA			ROIC		
Year	XOM	Market (Median)	Industry (Median)	XOM	Market (Median)	Industry (Median)	XOM	Market (Median)	Industry (Median)	XOM	Market (Median)	Industry (Median)
2016	23.0	20.1	10.7	23,244.0	14,864.0	3,386.0	0.8%	6.9%	0.2%	1.3%	10.5%	0.3%
2017	8.7	28.2	9.6	31,967.0	15,315.0	2,691.0	2.6%	6.4%	0.1%	3.9%	10.2%	0.1%
2018	9.6	22.3	9.6	39,584.0	16,904.0	3,657.0	3.9%	6.4%	2.3%	5.7%	9.5%	3.1%
2019	12.7	22.3	10.4	30,529.0	19,166.0	6,140.0	2.1%	7.3%	4.7%	3.0%	11.7%	7.4%
2020	9.1	28.8	17.4	9,258.0	18,498.0	3,532.0	-1.8%	7.1%	3.5%	-2.6%	10.8%	4.2%

** Values provided in millions.*

List of companies

Market peer group	AT&T Inc. (T), Berkshire Hathaway Inc. (BRK.A), Chevron Corporation (CVX), Cigna Corporation (CI), Cisco Systems, Inc. (CSCO), Comcast Corporation (CMCS.A), Costco Wholesale Corporation (COST), CVS Health Corporation (CVS), Intel Corporation (INTC), Merck & Co., Inc. (MRK), Pepsico, Inc. (PEP), Pfizer Inc. (PFE), The Home Depot, Inc. (HD), UnitedHealth Group Incorporated (UNH), Verizon Communications Inc. (VZ)
Industry peer group	Cheniere Energy, Inc. (LNG), Chevron Corporation (CVX), ConocoPhillips (COP), Devon Energy Corporation (DVN), EOG Resources, Inc. (EOG), Hess Corporation (HES), HollyFrontier Corporation (HFC), Kinder Morgan, Inc. (KMI), Marathon Petroleum Corporation (MPC), Occidental Petroleum Corporation (OXY), ONEOK, Inc. (OKE), Phillips 66 (PSX), Pioneer Natural Resources Company (PXD), The Williams Companies, Inc. (WMB), Valero Energy Corporation (VLO)



Source: CGLytics

Year	Total realised pay ($)	Base salary ($)	Variable cash ($)	Equity ($)	Other ($)	Sign on bonus ($)	Pension ($)	Severance ($)
2016	22,997,838	4,167,000	2,902,000	10,502,933	997,355	0	4,428,550	0
2017	8,722,333	1,200,000	1,848,000	2,066,010	282,544	0	3,325,779	0
2018	9,608,974	1,400,000	2,464,000	2,479,437	288,040	0	2,977,497	0
2019	12,739,317	1,500,000	2,216,000	1,616,238	336,482	0	7,070,597	0
2020	9,097,531	1,615,000	0	1,893,195	240,700	0	5,348,636	0

For further information on the peers and methodology, or to submit feedback, please see our FAQs.

The Compensation Analysis is based on Glass Lewis' proprietary methodology using CGLytic's proprietary platform. The intellectual property rights to the platform are vested exclusively in CGLytics, the brand under which Diligent Corporation operates and provides these services. Compensation figures are standardized and calculated by CGLytics based on information disclosed by the Company and its peers in their disclosures and proxy materials. For realizable pay reported for European and Australian companies, equity awards are normalized using the vesting date share price or when not disclosed by the Company using the year end share price. For U.S. and Canadian companies, realized pay is recorded as publicly disclosed in company proxy statements. Financial data deployed within the CGLytics platform is normalized and based on information provided by Capital IQ. CGLytics is a specialist provider of governance research and data analytics. It provides real time data and powerful analytical tools, for independent analysis of corporate governance practices of leading listed companies across the globe, in a single convenient solution. Diligent Corporation and/or its affiliates and suppliers do not make any representation or warranty, express or implied, of any nature, and do not accept any responsibility or liability of any kind, including with respect to the accuracy, completeness or suitability for any purpose of the information contained herein arising from the use of the CGLytics platform in connection with this Proxy Paper in any manner whatsoever.

PROPOSAL REQUEST: Election of twelve directors

ELECTION METHOD: Majority w/ Resignation Policy

RECOMMENDATIONS & CONCERNS:

DO NOT VOTE: **D. Woods** ; **M. Angelakis** ; **S. Avery** ; **A. Braly** ; **U. Burns** ; **K. Frazier** ; **J. Hooley** ; **S. Kandarian** ; **D. Oberhelman** ; **S. Palmisano** ; **J. Ubben** ; **W. Zulkiflee**

BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWNERSHIP**	COMMITTEES AUDIT	COMP	GOV	NOM	E&S^	TERM START	TERM END	YEARS ON BOARD
✔	Darren W. Woods* ·*CEO* ·*Chair*	56	M	Insider 1	Not Independent	Yes						2016	2021	5
✔	Michael J. Angelakis	56	M	Independent	Independent	Yes	✔					2021	2021	0
✔	Susan K. Avery	71	F	Independent	Independent	Yes			✔	✔	✔	2017	2021	4
✔	Angela F. Braly	59	F	Independent	Independent	Yes		✔			C	2016	2021	5
✔	Ursula M. Burns	62	F	Independent 2	Independent	Yes	C X					2012	2021	9
✔	Kenneth C. Frazier* ·*Lead Director*	66	M	Independent 3	Independent	Yes		✔	C	C		2009	2021	12
✔	Joseph L. Hooley	64	M	Independent	Independent	Yes	✔ X					2020	2021	1
✔	Steven A. Kandarian	69	M	Independent	Independent	Yes		✔			✔	2018	2021	3
✔	Douglas R. Oberhelman	68	M	Independent	Independent	Yes	✔ X					2015	2021	6
✔	Samuel J. Palmisano	69	M	Independent	Independent	Yes		C	✔	✔		2006	2021	15
✔	Jeffrey W. Ubben	59	M	Independent	Independent	Yes					✔	2021	2021	0
✔	Wan Zulkiflee	60	M	Independent	Independent	No			✔	✔	✔	2021	2021	0

C = Chair, * = Public Company Executive, X = Audit Financial Expert, ⊖ = Withhold or Against Recommendation

1. Chair, president and CEO.
2. Former chair (until May 2020) and CEO (until March 2020) of VEON Ltd., which sold telecommunication services to the Company for an amount totaling less than 1% of their gross revenues in fiscal year 2020.
3. Lead director. Chair, president and CEO of Merck & Co., Inc., which sold pharmaceuticals to and bought chemicals and oils from the Company for an amount totaling less than 1% of their gross revenues in fiscal year 2020.

***Percentages displayed for ownership above 5%, when available*
^Indicates board oversight responsibility for environmental and social issues. If this column is empty it indicates that the Company has not provided explicit disclosure concerning the board's role in overseeing environmental and social issues.

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
Darren W. Woods	Yes	Yes	None
Michael J. Angelakis	Yes	No	(2) Groupon, Inc.; TriNet Group, Inc.
Susan K. Avery	Yes	No	None
Angela F. Braly	Yes	No	(3) Brookfield Asset Management Inc.; Lowe's Companies, Inc.; The Procter & Gamble Company
Ursula M. Burns	Yes	No	(2) Nestlé S.A.; Uber Technologies, Inc.
Kenneth C. Frazier	Yes	Yes	(1) Merck & Co., Inc. C E
Joseph L. Hooley	Yes	No	(1) Aptiv PLC
Steven A. Kandarian	Yes	No	None

Douglas R. Oberhelman	Yes	No	(1) Bombardier Inc.
Samuel J. Palmisano	Yes	No	None
Jeffrey W. Ubben	Yes	No	(3) AppHarvest, Inc.; Enviva Partners, LP; Nikola Corporation
Wan Zulkiflee	Yes	No	(1) DRB-HICOM Berhad C

C = Chair, E = Executive

MARKET PRACTICE

INDEPENDENCE AND COMPOSITION	XOM*	REQUIREMENT	BEST PRACTICE
Independent Chair	No	No[1]	Yes[5]
Board Independence	92%	Majority[2]	66.7%[5]
Audit Committee Independence	100% ; Independent Chair	100%[3]	100%[5]
Compensation Committee Independence	100% ; Independent Chair	100%[2]	100%[5]
Nominating Committee Independence	100% ; Independent Chair	100%[2]	100%[5]
Percentage of women on board	25%	N/A[4]	N/A[4]
Directors' biographies	Proxy Statement		

** Based on Glass Lewis Classification*

1. *NYSE Listed Company Manual*
2. *Independence as defined by NYSE listing rules*
3. *Securities Exchange Act Rule 10A-3 and NYSE listing rules*
4. *No current marketplace listing requirement*
5. *CII*

Glass Lewis believes that boards should: (i) be at least two-thirds independent; (ii) have standing audit, compensation and nomination committees comprised solely of independent directors; and (iii) designate an independent chair, or failing that, a lead independent director.

PROXY CONTEST

The annual meeting of shareholders of Exxon Mobil Corp. ("Exxon" or the "Company") involves a contested election of directors by Engine No. 1 LLC ("Engine 1" or the "Dissident"), an investment firm that owns 0.2% of Exxon's outstanding common stock.

Exxon has expanded the size of its board and nominated a full slate of 12 director candidates for election at the annual meeting, including three new nominees who were recently appointed to the board in 2021. In contest, Engine 1 has nominated a short slate of four alternative candidates (Gregory Goff, Kaisa Hietala, Alexander Karsner and Anders Runevad) in opposition to four "excluded" Exxon nominees (Steven Kandarian, Douglas Oberhelman, Samuel Palmisano and Wan Zulkiflee).

Three of the targeted Exxon nominees excluded from Engine 1's "rounded out" slate are incumbent directors who have served on the Exxon board for between three and 15 years. The other excluded Exxon nominee, Mr. Zulkiflee, was appointed to the board in January 2021, in part due to the pending mandatory age-limit retirement of director William Weldon, who will retire from the board as of this year's annual meeting. In February 2021, the Exxon board appointed two additional directors, Michael Angelakis and Jeffrey Ubben, who along with six other incumbent directors including Darren Woods, chairman and CEO of Exxon, are standing uncontested for election to the board.

ELECTION PROCEDURE

Exxon is soliciting support for its nominees using the BLUE proxy card, while Engine 1 is soliciting support for its four alternative nominees, as well as the eight candidates nominated by Exxon other than the abovementioned excluded Exxon nominees, using the WHITE proxy card.

The 12 nominees who receive the most votes in favor will be elected to serve on the board for a one-year term expiring at the Company's next annual meeting of shareholders.

SHAREHOLDER SUPPORT

In December 2020, California State Teacher's Retirement System ("CalSTRs") announced its support for Engine 1's campaign and alternate slate of directors. CalSTRs' chief investment officer appeared in an interview on CNBC the same day that Engine 1 announced its public campaign. In April 2021, news outlets reported that two other pension funds, California Public Employees' Retirement System ("CalPERS") and New York State Common Retirement Fund ("NYS"), are also backing Engine 1's campaign and intend to vote for all four of Engine 1's nominees. According to a report, NYS also intends to withhold votes from certain of Exxon's incumbent directors. CalPERS, CalSTRS and NYS are the three largest pension funds in the U.S. and collectively hold 0.6% of Exxon's outstanding common stock, worth $1.5 billion in aggregate based on Exxon's recent stock price.

In May 2021, news outlets reported that the investment management division of British insurer Legal & General Group plc, which holds 0.6% of Exxon's outstanding common stock, will vote in favor of Engine 1's four director nominees and also intends to withhold votes from Exxon's chairman and CEO as well as its lead independent director.

Previously, in December 2020, two days after the public launch of Engine 1's campaign, news outlets reported that hedge fund D.E. Shaw & Co. LP ("D.E. Shaw") had built a sizable position in Exxon and was pushing the Company to cut spending to improve performance and maintain its dividend. It was subsequently reported in February 2021 that Exxon was in talks with D.E. Shaw that may lead to new director appointments or nominations in the weeks ahead. In March 2021, D.E. Shaw announced its support for the addition of Mr. Ubben and Mr. Angelakis to the Exxon board. The hedge fund, which owns 0.1% of Exxon's outstanding common stock, is expected to vote for the Company's slate of directors.

DISSIDENT ARGUMENT

According to the Dissident's solicitation materials, Engine 1 believes Exxon faces significant long-term challenges stemming from declining long-term returns and lower capital productivity for its core oil and gas assets, growing long-term demand uncertainty due to advancements in low and no-carbon technologies, and growing long-term business model risk as pressure increases for countries to lower carbon emissions. In the face of these risks and challenges, Engine 1 asserts Exxon has significantly underperformed its oil major peers and has failed to adjust its strategy to enhance long-term value. Engine 1 argues Exxon has focused on chasing production growth over value which has resulted in an undisciplined capital allocation strategy and has destroyed value even during periods of higher oil and gas prices. The Dissident believes Exxon's refusal to accept that fossil fuel demand may decline in the decades to come has led to a failure to take even initial steps towards evolution, attempting to obfuscate rather than address long-term business risk. In Engine 1's view, a lack of successful and transformative energy experience on the board has left Exxon unprepared for the future industry and economic environment and threatens continued long-term value destruction.

In the face of diminished returns, high debt levels and questions about Exxon's ability to maintain its dividend, Engine 1 believes repositioning Exxon for long-term value creation will require an understanding of the trends shaping the future of the energy sector and the threats and opportunities they create. In order to enhance and protect long-term value creation, Engine 1 has nominated four new independent directors for the Exxon board who the Dissident believes have successful track records in the energy sector and developing and executing business transformation strategies. Engine 1 states that its director nominees would help Exxon gradually but purposefully reposition to succeed in a decarbonizing world, make a long-term commitment to a coherent, returns-focused capital expenditures strategy and better align management incentives and performance goals with clear drivers of shareholder value. Engine 1 argues that election of all four of its nominees is critical to help the Exxon board address an array of industry challenges and to bring real change to a board that has refreshed itself for years without a significant change in performance or strategy.

Engine 1 believes Exxon has failed to develop and communicate a plan to reposition the Company for the future, relying instead on misleading arguments about its emissions and carbon capture capabilities. The Dissident criticizes Exxon's new Low Carbon Solutions business as being mostly a patchwork of existing projects, calling certain aspects of the Company's plan "vaporware," backed by minimal investment that to date has mostly produced only advertising. Engine 1 is of the view that even the most advanced carbon capture is highly unlikely to enable Exxon to avoid transforming its business model over the long-term. But rather than attempt to prepare a detailed diversification plan from the outside looking in, Engine 1 recognizes that repositioning Exxon for the future will be a massive internal effort requiring a wide array of skills. This underscores the key problem in the Dissident's view: the Exxon board lacks directors with experience of profitable and transformative energy industry success, which is required along with general business expertise to address the challenge the Company faces. The Dissident believes adding this experience will enable the board to begin the hard work of ensuring Exxon has a place in the future of energy.

Engine 1 has called for the Company to impose better long-term capital allocation discipline, overhaul its management compensation to better align incentives with shareholder value creation, and implement a strategic plan for sustainable value creation in a changing world by fully exploring growth areas (including more significant investment in clean energy). Engine 1 and its director nominees believe the right approach includes: (i) imposing better capital allocation discipline with a more forward-looking approach that only funds projects that can deliver a high rate of return at conservative oil and gas prices determined under probabilistically-weighted demand scenarios, and canceling or rejecting projects that fail this test; (ii) returning excess capital resulting from a more disciplined spending approach to investors or investing it to strengthen Exxon for the long-term; (iii) leveraging Exxon's scale and expertise in delivering energy by more fully exploring growth areas, including more significant investment in net-zero emissions energy sources and clean energy infrastructure, under the guidance of a special committee of the board with relevant experience for this purpose; (iv) setting long-term total emissions reduction targets that are truly Paris consistent; (iv) committing to more robust and independently verified methane reduction efforts; and (v) aligning performance goals and compensation policies with cost management, balance sheet-focused metrics, energy transition metrics, and value creation relative to the overall market.

BOARD RESPONSE

According to the Company's solicitation materials, Exxon has the right strategy and is uniquely positioned to meet the world's energy needs in a lower-carbon future. The Company believes it has delivered strong performance resulting from capital investments, corporate values and competitive strengths, and is overseen by a board that has unmatched expertise and will continue to guide the Company's successful transition in the evolving energy sector. The Company asserts, under the leadership of current chairman and CEO, Darren Woods, management and the board made tough decisions to improve Exxon's portfolio beginning in 2017, including counter-cyclical investments and long-cycle actions that are driving Exxon's performance and returns today. Exxon notes its total shareholder returns have outperformed the peer average for the last six months, one-, two- and three-year periods, while the Company has also continued to outperform peers on long-term return on capital employed. Further, the board emphasizes Exxon's consistent dividend growth for over 70 years, having maintained the dividend through 2020 despite challenging market environment.

The board argues it has maintained a disciplined capital allocation approach to deliver on the Company's long-term priorities of sustaining and growing the dividend, investing in the lower-carbon future, high-grading its oil and gas production profile and strengthening the balance sheet. In the Company's core business, Exxon states that it is executing a flexible investment strategy that prioritizes the highest-return opportunities and advantaged projects that will drive earnings and cash flow growth through 2025. High-return investments are expected to more than offset divestments and base decline, while cost reductions and advantaged investments are expected to enhance earnings power across a range of oil price and margin scenarios. To that end, Exxon delivered $3 billion of structural cost reductions in 2020 and is targeting an additional $3 billion by 2023. The Company expects available cash from operations to cover both its dividend and capital spending program while generating excess available cash at oil prices of $50 per barrel or higher, Excess capital will be used to pay down debt, invest in lower-carbon projects or distributed to shareholders, according to the Company's plan.

With regard to the energy transition, Exxon notes that multiple potential scenarios under 2°C pathways result in a wide range of projections. The Company expects oil and natural gas to remain essential to achieving society's ambitions, which will require significant ongoing investment to meet that demand. Exxon notes that 80% of demand for oil and gas is driven by three hard-to-decarbonize sectors: power generation, industrial and commercial transport. The Company acknowledges the significant growth in low-carbon energy but emphasizes available alternatives do not fully meet the needs of hard-to-decarbonize sectors. Further innovation is required in those areas, where Exxon has been active in developing technologies it believes will help industries reduce their emissions and decarbonize. The Company's diversification efforts are housed under a recently-launched Low Carbon Solutions business which seeks to leverage Exxon's existing core competencies in pursuit of low-carbon opportunities with large addressable markets. In particular, the board believes Exxon is uniquely positioned to succeed in carbon capture and storage, leveraging its position as the global CCS leader in what the Company estimates will be a $2 trillion addressable market by 2040. Additionally, this business segment will focus on progressing Exxon's efforts in fuel cells for lower-cost CCS, hydrogen and biofuels.

In terms of governance, the board states shareholder engagement has informed the Company's actions and claims to have adopted best practices in ESG in response to shareholder input. The board believes it plays an important role in overseeing the Company's strategy and has sought to continually refresh its membership with directors who have relevant expertise that support the pursuit of Exxon's core priorities. Since Mr. Woods was promoted to chairman and CEO in 2017, the board notes it has added six new independent directors in line with its updated strategy to ensure it has the skillsets to address changing market conditions and guide the business through challenging cycles. The current board includes three new directors who were appointed in 2021, additions the Company believes enhance the board's expertise in energy, capital allocation, investor perspective, and transition.

In responding directly to Engine 1's campaign, the Exxon board claims the Dissident has not constructively engaged with the Company to seek a resolution, despite multiple attempts by Exxon. By contrast, the board says its interactions with another investor earlier this year, D.E. Shaw, were highly constructive, resulting in D.E. Shaw's public support for the recent additions of Jeffrey Ubben and Michael Angelakis to Exxon's board. The Company claims Engine 1 is attempting to mislead investors on Exxon's plan and performance and has presented no alternative plan for the future or shareholder value creation. Furthermore, the Company argues that Engine 1's nominees lack breadth of experience, leadership at a global scale and skillsets that are needed by the Exxon board. In fact, the Company claims Engine 1's nominees pose a risk to the Company's plans to progress advantaged opportunities that improve long-term performance and support the dividend, will jeopardize the Company's continuing outperformance and will destroy shareholder value.

GLASS LEWIS ANALYSIS

In our evaluation of proxy contests, we consider whether a dissident shareholder has made a compelling case for change at a company, or whether the incumbent board has given shareholders reason to believe its members are appropriately qualified, informed and independent to oversee the company's direction. In general, we are reluctant to recommend the removal of incumbent directors, or the election of dissident nominees, unless certain critical issues are evident. We typically focus on the issues raised by a dissident shareholder, but we may also consider a board's or investor's track record, in the context of broader corporate governance and shareholder activism trends. We are more likely to seriously consider a campaign initiated by a long-term shareholder of the company or by an investor who has made a substantial economic commitment to the company.

Here, the Dissident has proposed a short slate, seeking four of the Company's 12 board seats. Given the recent appointments of three new directors by the Exxon board since the launch of Engine 1's campaign, one of whom is targeted for replacement by Engine 1, the election of the entire Dissident slate would result in six new directors joining the Exxon board this year (a net of two previously appointed by the Company and four nominated by the Dissident, under such a voting outcome). Based on the minority representation sought, we believe the Dissident must: (i) make a compelling case that the board has mismanaged or failed to properly oversee the company's performance and direction, or suffers from serious governance concerns; and (ii) nominate qualified director candidates, free from significant conflicts, who can be expected to proactively address any perceived deficiencies more effectively than the current directors, and to help oversee the execution of a plan or process that would be expected to lead to a superior outcome for all shareholders, from either a performance or a governance perspective.

Notably, in evaluating this short slate contest, we have held Engine 1's campaign to the same standard we apply to all shareholder activism campaigns seeking minority board-level representation. Absent from this framework is the additional requirement utilized when dissident shareholders seek majority or full control of a board. In those cases, an activist investor must present a detailed plan for improving the company's performance and returns, in our view. That said, while such a detailed plan is typically a requirement to earn Glass Lewis' support in control-slate contests, we further believe it is reasonable for investors to expect a dissident shareholder to offer some specific ideas as to how its director nominees intend to improve the company's operating performance, total shareholder returns or governance in campaigns seeking board representation or a change in company leadership.

To be sure, while our guidelines for evaluating proxy contests put the burden of proof on dissident shareholders to establish a case for change, we also believe that, in order for incumbent directors to earn the support of shareholders in a contested election, companies should provide convincing evidence that goes towards refuting a dissident's claims or supporting the Company's performance and plan under the current board's oversight. Further, we note that Glass Lewis' proxy contest review principles provide no added protection for incumbent directors based on their tenures or any roles they may serve on board committees or in management. To the contrary, beyond the criteria noted above, we evaluate contested elections of directors based on the relative experience, qualifications, perspectives and track records of the respective nominees who have been proposed on each slate by the dissident shareholder and the board.

EXECUTIVE SUMMARY

For years, Exxon has faced criticism and pressure from environmental activists and shareholders seeking to push the world's largest publicly-owned oil supermajor and one of the largest producers of greenhouse gas emissions to change its business strategy and adopt proposals or targets in response to climate change and society's transition toward a lower-carbon economy. Exxon has in large part historically resisted or ignored these calls, doubling down on its relatively insular focus on overseeing the operation and expansion of its core business. Now, perhaps under ripe conditions for such change, Engine 1, a newly formed and relatively small investment firm, has launched a campaign to refresh the composition of the Exxon board of directors in an effort to enable the Company to adopt a more cohesive and sustainable strategy. Although climate and environmental concerns are a focus of Engine 1's case against Exxon, investors should note this is not a simple ESG campaign with a myopic view on environmental or governance concerns and no regard for the economics of the business or shareholder value.

Rather, Engine 1 has focused on the link between long-standing and growing concerns over oil and gas companies' GHG emissions and the environmental impact of their core business, and the future economic viability of those business models in a world that is striving to become less reliant on oil and gas. We believe Engine 1 has presented a compelling case that, without a more concerted response and well-developed strategy for confronting the business risks and challenges related to the global energy transition, Exxon's returns, cash flow and dividend, and thus its shareholder value, are increasingly at threat. Fundamental to Engine 1's case for change is the assertion that as the energy sector evolves and society transitions away from fossil fuels, so must Exxon in order to protect and enhance value for its shareholders. Engine 1 highlights the risks and challenges that oil and gas companies face as a result of these secular trends, including declining returns, lower capital productivity, demand uncertainty and existential business model risk. Engine 1 argues that Exxon's response, strategy and performance to date in the face of these existential risks and challenges have been insufficient and inferior to its oil major peers — Chevron, Shell, Total and BP — resulting in significant relative underperformance over the last five and 10 years.

Notably, Engine 1's path forward for Exxon does not envision a wind-down strategy of the Company's assets and operations resulting in some eventual terminating payment to its shareholders (although the staunchest environmentalists might prefer that outcome). Rather, the stated objective of Engine 1 and its director nominees is for Exxon to successfully manage its core business while also defining a more sustainable role for itself amid the energy transition. Such a course may involve Exxon making significant investments in new or adjacent areas to its core business, or altering its operating and capital allocation priorities. But Engine 1's ultimate goal here appears to be the same as the Company's: to manage the business in a manner which not only protects but also creates sustainable value for shareholders. In order to do that, Engine 1 argues Exxon needs new independent directors from the outside that have business transition and energy experience to assist the incumbent and other newly appointed directors in making the critical capital allocation and business strategy decisions that will come to define Exxon's legacy in the ensuing decades.

Upon review of the arguments advanced by Engine 1 and the responses and counterpoints offered by Exxon, as well as our discussions with each party and their director nominees, we see validity in Engine 1's overall thesis and determined that a sufficient basis exists to support the election of certain of the Dissident's nominees. Our analyses generally confirm Engine 1's assertions regarding Exxon's underperformance versus peers in terms of long-term shareholder returns and an erosion to the Company's historical leading position on metrics crucial to investors such as return on capital and dividend growth, by which certain of Exxon's more progressive European peers have now taken the lead. In the face of these concerning trends, we find the board's response to date and its stated energy transition plan to be generally insufficient and lacking in key areas, such as relative investment and diversification. In our view, Exxon has not effectively communicated a compelling overall strategy and capital spending program that is indicative of a clear, cohesive plan for Exxon in a lower-carbon world. That includes recently touted plans for carbon capture and storage technologies, which do not yet appear to have the scale and economic viability needed to generate positive returns for investors or to serve as the centerpiece of an energy transition strategy. In the meantime, long-term risk continues to grow, threatening to the Company's existing business model, cash flows and returns.

That said, we recognize the transition will take time and the opportunity remains for Exxon to reverse its recent fall from grace and capitalize on near- and long-term opportunities, but we believe greater urgency is required on the part of the board to best position Exxon for the future and define its role in the evolving environment. Uncertainty abounds in global energy demand forecasts, potential pathways to reduced GHG emissions and the extent to which various energy sources and technologies will be utilized in the coming decades. Yet, through each up- and down-cycle of the oil and gas industry, we believe it is becoming more important for Exxon to formulate a plan for responsibly allocating capital and generating sufficient long-term returns in a manner which satisfies the interests and concerns of investors and other stakeholders. To that end, we believe Engine 1's director nominees offer a fresh perspective from backgrounds in the oil and gas or broader energy sector and have successful track records implementing, overseeing and advocating for proven strategies applicable to energy business transformations. In our view, certain of Engine 1's nominees would be particularly additive and complementary to the diverse range of experience and skillsets currently on the Exxon board, with the idea being to replace longer-tenured incumbents who have overseen an erosion in Exxon's overall performance and, in our view, have duplicative perspectives as other incumbents or are less likely to make the critical contributions needed to assist the Exxon board at this juncture.

We believe electing even a portion of Engine 1's slate would send a clear message of shareholder dissatisfaction with Exxon's recent direction and strategy and give the newly elected and appointed directors a mandate to develop and communicate a more comprehensive plan, which may entail following through on the Company's recent capital spending commitments or efforts to begin repositioning the Company for the future. We believe more proactively addressing the environmental, social and governance risks that are currently impacting the Company will ultimately translate into improved operational and financial performance as well as greater total returns and shareholder value. Under the oversight of a refreshed board augmented with new directors who bolster the board's collective expertise in critical areas where the board remains lacking, in our view, we believe a reconstituted board would be better equipped to formulate and oversee the implementation of a more credible and cohesive energy transition plan. Paired together with a disciplined, returns-focused strategy for Exxon's core business, which remains vitally important to medium- and long-term returns, we believe the Company would not only gain more favor from environmental groups and ESG-focused investors, but also better position Exxon to deliver enhanced and more sustainable financial returns and shareholder value. Therefore, in order to effect what we consider to be warranted and necessary change to Exxon's culture and overall strategic direction, we believe shareholders would be best served by supporting the election of multiple Engine 1 director nominees.

RELATIVE PERFORMANCE

To some extent, Exxon's fall from grace over the last decade is undeniable. It went from the most valuable company in the world in 2010, generating robust free cash flow worthy of the prestigious AAA credit rating, to seeing its market value erode by roughly $200 billion, having its credit rating downgraded after taking on significant debt and being removed from the Dow Jones Industrial Average stock index in 2020. Even at the end of 2015, Exxon was still the most valuable oil supermajor with a market capitalization twice that of Chevron, but Exxon lost nearly half its market value over the next five years and saw its market capitalization dwindle to less than Chevron's in early December 2020, just before Engine 1 launched its public campaign to change Exxon's board composition and strategy. In our view, the foregoing narrative regarding Exxon's historical performance is more nuanced and requires important context. That's especially the case when considering whether Exxon's performance has lagged peers that have more proactively responded to climate-related business risks, or whether the performance of Exxon's more progressive peers have been helped or hindered by previous and more significant investments in cleaner energy strategies or adoption of emission reduction targets.

As an initial point of context, we believe the Company rightly points out in its solicitation materials that a 10-year performance lookback period, which Engine 1 and others have relied on in part when making their case for change, goes back to a fundamentally different oil market than currently exists. At the beginning of the 2010s, Exxon and its peers benefited from higher and stable oil prices prior to the U.S. shale boom, which increased supply and pushed oil and gas prices lower. In response to the oil supply transition, Exxon states that it invested aggressively in lower cost projects and sought to reorganize its business and reposition its portfolio to focus on value and returns rather than overall production growth, as did nearly every operator in the upstream oil and gas industry. Exxon acknowledges its business and share price underperformed peers during this period between 2016 and 2018, which is reflected in the Company's trailing 5-year performance, a timeframe we believe remains relevant in this proxy contest. Starting in 2017, the Company states that management and the board made key decisions to improve Exxon's portfolio and business with counter-cyclical investments and long-cycle actions that the Company asserts are currently driving Exxon's performance and share price improvement today.

In particular, since 2017, Exxon states it rebuilt its portfolio by investing counter-cyclically to progress opportunities at lowest cost in order to deliver long-term value, implemented a plan to deliver cash flow to maintain the dividend and fund the Company's energy transition strategies (as further discussed below), invested in high-growth markets that will have durable returns and managed through the operational and market disruptions caused by COVID-19 and last year's OPEC+ oil price war. From 2018 through 2020, as the Company sought to remake its portfolio, the difference between Exxon's share price performance and that of its peers narrowed, according to the Company's materials. Following the repositioning of its portfolio to achieve what Exxon claims is currently among the industry's lowest cost of supply and after managing the business through the global pandemic and the significant decline in oil prices during 2020, the Company asserts management's strategy and execution has yielded peer-leading performance and returns, particularly since the recovery in oil prices and economic activity. To be sure, putting aside Exxon's individual portfolio decisions and business execution, we note that share prices in the oil and gas industry as a whole have rebounded sharply from the depths of the difficult industry and market conditions of 2020, driven primarily by a 60% recovery in oil prices since the start of the fourth quarter of 2020 and improved investor sentiment for the energy sector overall.

With this broader context in mind, as it relates to assessing Exxon's performance for purposes of this proxy contest, we are of the view that the Company's longer-term 10-year performance remains relevant but should not be the primary consideration in determining whether change is warranted at this time, given the transformation noted above in commodity prices, the industry and the market during that span, as well as the shift in strategies and plans that Exxon and its peers have undertaken in response to the evolving environment. In Exxon's case, it is worth noting the Company has undergone a fair amount of board turnover since 2017, when Darren Woods became chairman and CEO following the retirement of Rex Tillerson from those roles, as announced on December 14, 2016. Since then, Exxon has added six new independent directors, three of whom were appointed to the board earlier this year following the launch of Engine 1's campaign. We note only two of Exxon's directors have been on the board for more than 10 years, including lead director Kenneth Frazier and Samuel Palmisano, the former chairman and CEO of IBM, who serves as chairman of the Exxon compensation committee and is targeted for replacement by Engine 1. Three other independent directors have served on the board for at least five years, including Douglas Oberhelman, the former chairman and CEO of Caterpillar, who is also targeted for replacement on the Exxon board.

Total Shareholder Returns

In terms of performance metrics, we generally believe total shareholder return ("TSR") serves as a reasonable summary indicator of a company's historical performance, prospects and stated strategy, with due reference to the influence of various extrinsic factors beyond the control of management or the board. In order to establish a proper context, we believe any TSR analysis should be conducted on a relative basis compared against industry benchmarks and appropriate peer groups across a range of relevant measurement periods. Given the changes in Exxon's board room, management, strategy, industry and market sentiment in recent years, we're inclined to focus on the Company's relative performance and total returns over the last five years and since Exxon announced the promotion of Mr. Woods to chairman and CEO. In further considering appropriate measurement periods, we note the announcement of a dissident's director nomination generally serves as a standard end date for assessing TSR performance in a proxy contest. In this case, that is December 4, 2020, the last trading day before Engine 1 announced it intended to nominate directors for the Exxon board.

In assessing Exxon's relative performance, we compared the Company primarily to the four oil majors named in Exxon's proxy statement (Chevron, Shell, Total and BP), which together with Exxon are the largest of the so-called "supermajor" oil companies. We've also compared Exxon's total returns to those of a broader set of integrated oil companies, which includes the four supermajor peers named by Exxon plus other oil majors such as ConocoPhillips and Eni, as well as other large, global oil companies, but excluding the national or state-owned oil companies. In some sections of our report, we may refer to Shell, Total and BP as Exxon's European peers. For our TSR analysis, we've also included the total return of the S&P 500 Index as a broad measure of relative market performance, which includes Exxon as a main component in the market cap-weighted index. Further, we've included the change in Brent crude oil prices as an indicator of the commodity price environment during the selected review periods.

"UNAFFECTED" TOTAL SHAREHOLDER RETURNS PRIOR TO DISSIDENT NOMINATION

*As of **12/4/20**, last trading day prior to Engine 1's public nomination of directors*	1 YR	3 YR	5 YR	10 YR	SINCE 12/14/16 CEO TENURE [1]
Exxon Mobil Corp. (XOM)	-34%	-41%	-33%	-15%	-44%
Integrated Supermajor Peers [2]	-23%	-21%	18%	32%	-8%
Chevron Corp.	-16%	-12%	29%	63%	-4%
Royal Dutch Shell plc	-29%	-30%	8%	7%	-11%
TOTAL SE	-6%	-3%	29%	58%	15%
BP plc	-35%	-32%	-4%	-2%	-21%
XOM vs Peer Median	*-12%*	*-21%*	*-51%*	*-47%*	*-36%*
Integrated Global Peers [3]	-29%	-32%	6%	-15%	-12%
XOM vs Industry Median	*-6%*	*-9%*	*-39%*	*0%*	*-32%*
S&P 500 Index - Total Return	20%	46%	90%	249%	73%
XOM vs Market Index	*-55%*	*-87%*	*-123%*	*-264%*	*-117%*
Brent Crude Oil	-22%	-21%	13%	-46%	-10%
XOM vs Oil	*-13%*	*-20%*	*-46%*	*31%*	*-34%*

Notes: (1) Announcement of Rex Tillerson's retirement as chairman and CEO and appointment of Darren Woods as chairman and CEO effective 1/1/17 (Mr. Woods became a director and president of Exxon on 1/1/16); (2) Median returns of Chevron (NYSE:CVX), Shell (ENXTAM:RDSA), Total (ENXTPA:FP) and BP (LSE:BP), the four peers disclosed in Exxon's proxy statement, which together with Exxon are the largest "supermajor" oil companies, a group which may also include ConocoPhillips (NYSE:COP) and Eni (BIT:ENI); (3) Median returns of 15 companies, including all six other supermajors excluding Exxon and the non-state-owned oil companies included in the S&P Global 1200 Integrated Oil & Gas Index.

As shown above, Exxon's "unaffected" returns prior to the public launch of Engine 1's campaign were uniformly poor across all periods presented. Not only was Exxon's TSR significantly negative in each period shown, but the Company's total return was also the worst or tied for worst among the supermajor peer group in each period. While negative total returns were common for integrated oil and gas companies during these periods, it is worth pointing out that during the trailing 5- and 10-year periods prior to Engine 1's campaign, two supermajors (Chevron and Total) delivered strong positive returns that significantly outperformed their peers and the broader integrated global peer group. Several factors are likely attributable to Total's and Chevron's outperformance, be we note Total in particular has been more proactive than Exxon in pursuing renewable energy and low-carbon projects, incorporating renewables capacity and emissions reduction targets into its businesses, and communicating its energy transition strategy to investors. Meanwhile, we consider Chevron's asset portfolio is perhaps better positioned than Exxon's in terms of having a greater weighting towards lower-carbon and lower cost liquids and natural gas. We see Total and Chevron generally delivered the highest TSRs among the supermajors across all review periods included in our analysis. At the same time, we point out that BP, which has been nearly as vocal and active as Total when it comes to implementing an energy transition strategy, even reducing its dividend in order to increase investment in renewables, delivered among the lowest total returns for investors across the review periods included in our analysis.

Drawing attention to specific periods, we note that in the four years between Mr. Woods appointment as Exxon chairman and CEO and the announcement of Engine 1's campaign, Exxon shareholders incurred an oil major-worst negative TSR of -44%, which was more than twice as bad as the next worst TSR delivered by the supermajors over that span, BP's negative TSR of -21%. During just the three years preceding Engine 1's campaign, Exxon generated a similarly depressing negative TSR of -41%, which was more than three times the negative TSR of -12% suffered by Chevron's shareholders during that span and meaningfully worse than the negative TSRs delivered by each of Shell and BP, while an investment in Total generated only a modest loss during that span. With respect to the trailing 1- and 3-year periods through December 4, 2020, it is worth noting that, with due reference to the challenging commodity price and industry environment adversely impacting the core business of integrated oil majors during those spans (as evidenced by the greater than 20% declines in crude oil prices and the negative median returns of approximately -30% for the integrated global peer group during those periods), Exxon's TSR still underperformed those respective measures over each of those spans. Meanwhile, the S&P 500 Index delivered positive total returns of roughly 20% and 50% during the 1- and 3-year periods, despite the economic impact of the pandemic.

In addition to Exxon's pre-proxy contest returns discussed above, we believe Exxon's shareholders should take into consideration the Company's latest share price performance, which in our view remains relevant to their voting decisions in this proxy contest. That is particularly true in light of several developments since the launch of Engine 1's campaign with respect to the ongoing evolution in the energy sector, the significant recovery in oil demand and prices, recent earnings announcements by Exxon and each of its supermajor peers for the fourth quarter of 2020 and the first quarter of 2021, and Exxon's announcements with respect to emission reduction plans, the formation of its Low Carbon Solutions business and board refreshment. For the most part, we attribute the Company's stock price movements since the launch of Engine 1's campaign to these key developments, as they pertain to Exxon's underlying business performance and strategy, the prevailing commodity price and economic environment and investor sentiment and expectations for the role and returns that oil majors might play amid the evolving energy sector during the energy transition. To be sure, Engine 1's campaign has brought to focus Exxon's energy transition response and preparedness, or lack thereof in the view of some shareholders. As a result, Exxon's recent stock price performance in part reflects certain aspects of Engine 1's campaign, including what some may view as positive developments on those fronts from both a climate and returns perspective, but we do not believe the Dissident's campaign has been a primary driver behind Exxon's recent performance.

Looking at Exxon's most recent TSR performance through the last practicable date prior to our analysis, we take note of the sharp recovery and outperformance in Exxon's share price during the five months since Engine 1's campaign. Exxon's TSR of 47% during this span was roughly triple Chevron's total return of 16% and far exceeded the returns of all the European supermajor peers and the broader integrated global peer set, as well as the S&P 500 Index. The Company's 1-year trailing performance, beginning well before Engine 1's public campaign, tells a similar story, as Exxon's TSR bested that of all supermajor peers, edging out Total for the highest return, and ranked among the top third of the 15 companies included in the integrated global peer group. During the same 1-year period, crude oil prices more than doubled from their COVID-19 and 2020 price war lows, fueling much of the industry-wide gains, yet Exxon still delivered meaningful outperformance for investors relative to the returns of peers. On a trailing 3-year basis, while Exxon generated a negative TSR of -13%, that was better than the negative returns delivered by two of the European peers and was broadly in line with Total's and Chevron's negative TSR during that span. Over longer periods, we see Exxon's trailing 5-year performance and total returns since Mr. Woods was named chairman and CEO remain in the negative double digits, while all other supermajors delivered positive 5-year total returns and either positive or more modest negative total returns since Mr. Woods was named chairman and CEO of Exxon.

As of *5/13/21*, *latest practicable date*	SINCE 12/4/20 E1's NOM	1 YR	3 YR	5 YR	10 YR	SINCE 12/14/16 CEO TENURE [1]
	TRAILING TOTAL SHAREHOLDER RETURNS					
Exxon Mobil Corp. (XOM)	**47%**	**52%**	**-13%**	**-15%**	**8%**	**-17%**
Integrated Supermajor Peers [2]	11%	29%	-21%	22%	27%	3%
Chevron Corp.	16%	27%	-6%	30%	55%	11%
Royal Dutch Shell plc	4%	31%	-36%	5%	-2%	-7%
TOTAL SE	6%	50%	-11%	29%	46%	22%
BP plc	19%	24%	-31%	14%	8%	-6%
XOM vs Peer Median	***36%***	***23%***	***8%***	***-37%***	***-19%***	***-20%***
Integrated Global Peers [3]	18%	41%	-24%	9%	-19%	-2%
XOM vs Industry Median	***29%***	***11%***	***11%***	***-24%***	***27%***	***-15%***
S&P 500 Index - Total Return	12%	48%	57%	113%	252%	94%
XOM vs Market Index	***35%***	***5%***	***-70%***	***-128%***	***-243%***	***-111%***
Brent Crude Oil	36%	130%	-13%	39%	-40%	23%
XOM vs Oil	***11%***	***-77%***	***0%***	***-55%***	***49%***	***-40%***

Source: S&P Capital IQ. All returns calculated in U.S. dollars, based on primary equity listing of each company. Notes: (1) Announcement of Rex Tillerson's retirement as chairman and CEO and appointment of Darren Woods as chairman and CEO effective 1/1/17 (Mr. Woods became a director and president of Exxon on 1/1/16); (2) Median returns of Chevron (NYSE:CVX), Shell (ENXTAM:RDSA), Total (ENXTPA:FP) and BP (LSE:BP), the four peers disclosed in Exxon's proxy statement, which together with Exxon are the largest "supermajor" oil companies, a group which may also include ConocoPhillips (NYSE:COP) and Eni (BIT:ENI); (3) Median returns of 15 companies, including all six other supermajors excluding Exxon and the non-state-owned oil companies included in the S&P Global 1200 Integrated Oil & Gas Index.

Based on the foregoing analysis, we believe Exxon's long-term shareholders have reason to be dissatisfied with the total returns that their investments have yielded over the last three, five and 10 years, perhaps raising legitimate concerns regarding the development, communication and execution of Exxon's business strategy. We note that Exxon's generally poor shareholder returns over the last five and 10 years are in spite of the Company's continued payment of its dividend, which it has sustained through commodity price and market cycles, even when its underlying business performance declined. Further, Exxon's peer-lagging TSR performance during the trailing 5- and 10-year periods contrasts with its peer-leading average returns on capital during recent trailing 5- and 10-year periods and with Exxon's higher market valuation multiples (i.e., EV/EBITDA, P/CFPS and P/E) relative to all of the other supermajors during the last five years. As a possible explanation for this, we consider Exxon's negative relative returns over longer trailing periods may be due to Exxon's "fallen angel" status from its historical perch atop the integrated oil and gas industry for so many years prior. By virtue of its previous successes, Exxon had the most to lose as the industry came under pressure on all sides over the last five to 10 years and fell out of favor with certain investors.

We consider Exxon's shareholders representing "permanent capital," those that may be unable to sell their shares of Exxon because their mandates or strategies don't allow it, and who have traditionally been more passive in managing their investments, may feel particularly aggrieved by Exxon's relative TSR performance. The Company's deeply sub-par returns during certain periods have likely added to these shareholders' frustration with Exxon's historical unwillingness to engage constructively with even its largest institutional investors. Exxon's relative TSR performance may also affirm the view of some holders that the Company has failed to sufficiently address their concerns regarding governance, business strategy or the environment. That being said, we believe investors should remain mindful that Exxon has not dramatically underperformed its peers over all relevant time periods, as Engine 1's materials suggest. Our assessment of Exxon's TSR performance indicates that, despite the Company's long-term underperformance, which dates back to a different market and industry environment and the oversight of predecessor executives and directors, there have in fact been recent periods during which Exxon delivered strong performance relative to its peers, including during the last year as a recovery from the most recent down-cycle has taken hold and as Exxon's strategy and portfolio have continued to evolve. Engine 1 offers a fair counter to this point when it states, while Exxon may currently be a good trade the long-term goal should be on Exxon becoming a good investment.

Return on Capital

Turning to other performance metrics, in addition to TSR, we note Exxon identifies return on capital employed ("ROCE") and cash flow from operations and asset sales ("CFOAS") as key measures by which to gauge the Company's underlying business performance. TSR, ROCE and CFOAS are incorporated into the Company's executive compensation program, with CFOAS and TSR used as short-term metrics for evaluating annual results and all three measures used as long-term metrics for evaluating trailing 10-year results. According to Exxon's annual reports, the Company has consistently applied its ROCE definition for many years and views it as the best measure of historical capital productivity in the Company's capital-intensive, long-term industry. The Company has previously stated that ROCE is the best measure to evaluate management's performance and to demonstrate to shareholders that capital has been used wisely over the long term. In fact, former Exxon CEO Lee Raymond believed that ROCE was the "premiere number by which oil corporations should be judged," according to the book, Private Empire: ExxonMobil and American Power. As Engine 1 notes, current CEO Darren Woods has also emphasized the importance of ROCE, stating in 2019 that, "good management of this business over time and across price cycles has to be reflected in solid returns on capital employed."

Based on Exxon's ROCE standard, the Company's long-term performance continues to lead its peers, but the lead is narrowing quickly. As shown in the table below, despite Exxon reporting its first annual loss in 40 years in 2020, its 10-year rolling average ROCE remained above 10%, while other oil supermajors have seen their trailing returns on capital erode to the low-to-mid single digits. To be sure, Exxon's 10-year average ROCE has declined over the last several years, from low-to-mid 20% during the first half of the 2010s to just above 10% today. The industry as a whole has seen an erosion of returns on capital, which is even more apparent when looking at rolling 5-year averages. By that standard, Exxon actually has already lost its lead to Total in the most recent year, as Exxon's 5-year average return on capital through 2020 dwindled to 3.8% following a negative return of -8.9% in the year, versus a median annual return of -5.1% among the other four oil supermajors, all of which reported losses on the year after being negatively impacted by the unprecedented market conditions of 2020. Since 2018, Exxon's trailing 5-year return on capital has been under 10%, which critically is the approximate level of the Company's weighted average cost of capital, according to Engine 1's materials, indicating the Company's recent performance has been value destructive. Such a dynamic is not sustainable for any company, including Exxon, and may suggest that significant changes to the Company's business strategy and capital allocation plan are in order.

RETURN ON CAPITAL ROLLING AVERAGES

10-Yr Avg ROC [1]	2016	2017	2018	2019	2020	2021E [3]	2022E [3]	2016-2021E 5 YR CHG
				10-Year Average				
Exxon Mobil Corp. (XOM)	**19.5%**	**17.3%**	**14.7%**	**13.8%**	**10.8%**	**9.1%**	**7.4%**	**-10.4%**
Supermajor Peer Median [2]	10.4%	8.7%	7.9%	7.6%	5.9%	5.2%	4.8%	-5.1%
Chevron Corp.	14.3%	12.5%	10.7%	9.8%	7.8%	6.3%	5.1%	-8.0%
Royal Dutch Shell plc	10.6%	8.9%	8.0%	7.9%	6.1%	5.3%	4.7%	-5.4%
TOTAL SE	10.1%	8.5%	7.7%	7.3%	5.8%	5.2%	4.9%	-4.9%
BP plc	8.2%	6.7%	5.5%	4.5%	3.7%	2.7%	2.7%	-5.5%
XOM Rank (out of 5)	***1***	***1***	***1***	***1***	***1***	***1***	***1***	***5***

5-Yr Avg ROC [1]	2016	2017	2018	2019	2020	2021E [3]	2022E [3]	2016-2021E 5 YR CHG
				5-Year Average				
Exxon Mobil Corp. (XOM)	**13.8%**	**10.6%**	**9.1%**	**7.1%**	**3.8%**	**4.4%**	**4.3%**	**-9.4%**
Supermajor Peer Median [2]	6.0%	4.8%	4.8%	4.2%	2.8%	3.9%	4.3%	-2.1%
Chevron Corp.	8.9%	6.2%	5.2%	3.4%	2.4%	3.6%	4.0%	-5.4%
Royal Dutch Shell plc	6.3%	4.7%	5.0%	4.9%	3.3%	4.2%	4.6%	-2.1%
TOTAL SE	5.7%	4.8%	4.6%	5.5%	4.1%	4.7%	5.1%	-1.0%
BP plc	3.9%	3.1%	1.5%	1.6%	0.2%	1.5%	2.3%	-2.3%
XOM Rank (out of 5)	***1***	***1***	***1***	***1***	***2***	***2***	***3***	***5***

Source: S&P Capital IQ, company filings. Notes: (1) Return on capital calculated using standardized data from S&P Capital IQ, based on the methodology disclosed by Exxon for return on average capital employed (ROCE), which is net income attributable to the company, excluding the after-tax cost of financing, divided by total corporate average capital employed; (2) Peer set includes Chevron, Shell, Total and BP, the four peers disclosed in Exxon's proxy statement; (3) Based on analyst consensus estimates for calendar 2021 and 2022, according to Capital IQ.

We note that our return on capital ("ROC") analysis does not conform exactly to Exxon's reported ROCE figures, although we applied the same methodology as closely as possible using standardized data from S&P Capital IQ for Exxon and each of its peers. This resulted in a difference of less than 0.5% in Exxon's ROC compared to the ROCE it reported for any particular year. We believe our application of Exxon's ROCE methodology using standardized data for Exxon and each of its peers results in a fair, consistent assessment of the Company's ROC relative to peers. The Company reported a ROCE for 2020 of -9.3%, which it said would have been only -0.4% excluding the accounting treatment for impairment charges Exxon recorded in connection with a revised development plan. Using the Company's adjusted figure for 2020, Exxon's trailing 5-year average ROCE would have been 5.6%, still good for tops in the supermajor group, without adjusting peers' ROCE for any similar impairments they may have recorded in 2020 or prior years.

Based on our analysis, while Exxon has for the most part maintained its leading position in terms of long-term ROC relative to peers, we see evidence that Exxon's lead is slipping. Between 2005 and 2015, Exxon's annual ROC was greater than each of its four peers in every year. That was also the case in 2017, Mr. Woods' first year as Exxon's chairman and CEO. However, since then, Exxon's annual ROC was only tied for best with Shell in 2018, fell short of both Shell and Total in 2019 and was the second worst among peers in 2020, besting only BP's -10.8%, according to our analysis. Based on current consensus estimates from S&P Capital IQ, Exxon's expected annual ROC for 2021 of 6.8% is anticipated to be in line with the peer average but lower than the expected returns of each of the Company's three European peers, Shell (7.3%), Total (7.1%) and BP (6.9%). This trend of European leaders outperforming the historical U.S. leaders is apparent in the averages shown above as well, as both Total's and Shell's trailing 5-year average ROC exceeded Chevron's average returns in 2019 and 2020. As noted above, Total overtook Exxon by this 5-year metric in 2020 to become the leader among the oil supermajors. Total is expected to retain that top spot through at least the next two years, based on current consensus estimates. In addition, Shell's 5-year ROC is expected to exceed Exxon's by the end of 2022.

As a potential explanation for their recent outperformance, as discussed in greater detail below, we consider Total and Shell have been more responsive than each of Exxon and Chevron to climate-related concerns and risks impacting the long-term business strategies, investments and prospects of oil majors. To be sure, that is in large part explained by the greater pressures that European oil majors have faced earlier than their U.S. counterparts from environmental groups, governments, financial institutions and investors to adapt to the societal shift to a lower-carbon economy. In response, the European majors have been more apt to implement new strategies and transform aspects of their businesses. All three European majors have invested heavily in renewables, while Total and Shell have also been active in carbon capture and storage, downstream energy, sustainable transportation and battery storage. Meanwhile, Exxon and Chevron have minimal to no presence in those areas, other than CCS, according to a ranking by S&P Global Platts. The European oil majors have also adopted renewable capacity targets and pledged to meet net-zero ambitions, in some cases cutting their dividend to enable investment in these areas and divesting or writing-off projects that are likely to be rendered economically unviable by the energy transition. The European majors have also been more active in communicating and engaging with investors to explain their low-carbon strategies. While Exxon and Chevron have taken some encouraging steps in these directions, they have so far lagged European peers in this regard, in our view.

As these issues relate to oil majors' total returns on capital, S&P Global Platts points out, "paradoxically, the degree to which a successful energy transition strategy insulates producers from long-term exposure to oil prices is likely to have a direct impact on the return on capital employed, narrowing margins." This is apparent in the European peers' 5-year average ROC, which declined to the mid and low single digits in recent years, even prior the latest industry down-cycle, and before Chevron's and Exxon's ROC declined to similar levels. The European supermajors' returns have remained in that range, or declined even further in the case of BP, each year since 2016 as they invest and build out their energy transition strategies. To be sure, some of this decline may also be attributable to commodity price and economic cycles, differences in asset portfolios and management execution. Yet, one of the main differentiating factors is that European peers were first to transform certain aspects of their businesses and to invest heavily in clean energy and low-carbon solutions in response to climate change and shifts in energy demand. That, together with the fact that Exxon and Chevron historically generated meaningfully higher returns than the European peers in the first half of the 2010s, partly explains why the cumulative declines in 5-year rolling average ROC have been less muted for the European peers and so stark for the historical ROC industry leader, Exxon.

Based on the profitability and returns to date of oil majors that have more fully embraced the implications of climate change and the energy transition with significant investments and new strategies, investors may need to lower their expectations, if they haven't already, for the returns that oil majors may be capable of generating in a lower-carbon world with an increasing demand for cleaner energy sources. Looking at our analysis above, returns on capital for the entire group appear to be trending toward a "new normal" in the mid-to-high single digits, a far cry from the 15% to 20% ROC the supermajors averaged 10 and 15 years ago. This is already the case for the European peers that have made significant investments and changed their businesses in recent years in response to climate concerns and the energy transition, which to some extent has dragged down their returns relative to the U.S. oil majors. To be sure, we recognize that the pressure from governments and investors on oil majors is likely to intensify going forward and, as S&P Global Platts points out, the oil and gas producers that resist a bigger shift in their business model may lose out in the long term, with their investors potentially suffering even lower returns than were recently generated by the more progressive European oil majors. While returns of 5% to 10% do not seem an attractive incentive for oil majors to transform their businesses, a continued focus on their historical core business with the expectation for the higher returns of yesteryear no longer appears to be a reasonable strategy. Indeed, as noted above, Exxon's 5-year average trailing returns have already declined to the mid-to-high single digits and are being surpassed by the returns of its more progressive European peers.

Cash Flow and Capital Allocation

In further evaluating Exxon's relative business performance, we look to certain cash flow metrics the Company identifies as being important measures. The broadest among these is "available cash from operations," which according to Exxon provides an indication of cash flow available to fund shareholder distributions, capital expenditures and debt reduction. The primary source of cash is cash flow from operations and asset sales ("CFOAS"), which reflects the total sources of cash from both operating the Company's assets and from divesting assets when they are deemed to no longer contribute to the Company's strategic objectives. In terms of growing these critical cash sources, as shown in the table below, Exxon's business has lagged its supermajor peers in recent years. Both measures declined by 17% in 2019, even before the unprecedented conditions of 2020, which led to a 53% decline in both metrics. In both years, Exxon's declines were worse than the peer median decline. Further, we see Exxon's primary cash flow measure declined by a 5-year CAGR of 7% through 2019 and 14% through 2020, which in each case was roughly twice the median rate of decline of its peers. Acknowledging that 2020 was a particularly challenging year for all oil majors and recognizing the up-cycle that has recently taken hold, Exxon's cash flow is expected to recover sharply in 2021, based on current consensus estimates. Yet, even accounting for the expected rebound in cash generation, Exxon's 5-year CAGRs in available cash and CFOAS through 2021 are anticipated to lag the peer median, ranking 5th and 4th, respectively.

GROWTH IN SOURCES AND USES OF CASH

	Year-over-Year Growth					5-Year CAGR			
Available Cash from Ops [1]	**2017**	**2018**	**2019**	**2020**	**2021E [6]**	**2019**	**2020**	**2021E [6]**	**2022E [6]**
Exxon Mobil Corp. (XOM)	**29%**	**22%**	**-17%**	**-53%**	**104%**	**-8%**	**-14%**	**4%**	**0%**
Supermajor Peer Median [5]	64%	20%	-9%	-37%	37%	-3%	-7%	8%	0%
XOM Rank (out of 5)	*5*	*3*	*4*	*4*	*1*	*5*	*5*	*5*	*2*
Cash Flow from Ops & Assets [2]	**2017**	**2018**	**2019**	**2020**	**2021E [6]**	**2019**	**2020**	**2021E [6]**	**2022E [6]**
Exxon Mobil	**26%**	**21%**	**-17%**	**-53%**	**139%**	**-7%**	**-14%**	**10%**	**4%**
Supermajor Peer Median [5]	62%	22%	-9%	-37%	76%	-4%	-7%	15%	5%
XOM Rank (out of 5)	*5*	*3*	*4*	*4*	*2*	*5*	*5*	*4*	*4*
Capital & Explor Expenditures [3]	**2017**	**2018**	**2019**	**2020**	**2021E [6]**	**2019**	**2020**	**2021E [6]**	**2022E [6]**
Exxon Mobil	**20%**	**12%**	**20%**	**-31%**	**-31%**	**-4%**	**-7%**	**-5%**	**-4%**
Supermajor Peer Median [5]	-13%	21%	-5%	-27%	-13%	-7%	-10%	-8%	-4%
XOM Rank (out of 5)	*5*	*3*	*5*	*2*	*1*	*5*	*5*	*4*	*3*
Dividends & Repurchases [4]	**2017**	**2018**	**2019**	**2020**	**2021E [6]**	**2019**	**2020**	**2021E [6]**	**2022E [6]**
Exxon Mobil	**2%**	**5%**	**6%**	**0%**	**0%**	**-9%**	**-1%**	**3%**	**3%**
Supermajor Peer Median [5]	11%	45%	24%	-19%	2%	2%	4%	-4%	-5%
XOM Rank (out of 5)	*4*	*5*	*4*	*1*	*4*	*5*	*5*	*3*	*2*

Source: S&P Capital IQ, company filings. Notes: (1) Available cash from operations, defined by Exxon as sum of net cash provided by operating activities, net cash used in investing activities and disclosed capital and exploration expenditures (same methodology applied to peers); (2) Cash flow from operations plus asset sales (CFOAS), from statement of cash flows; (3) Worldwide capital and exploration expenditures (CapEx), as disclosed by Exxon (same methodology applied to peers); (4) Total dividends paid plus repurchases of stock, from statement of cash flows; (5) Peer set includes Chevron, Shell, Total and BP, the four peers disclosed in Exxon's proxy statement; (6) Based on analyst consensus estimates for calendar 2021 and 2022, according to Capital IQ (estimates not available for some metrics, including net cash used in investing activities, asset sales and repurchases of stock).

The two lower panels of the preceding table speak to certain of Engine 1's primary criticisms of Exxon's business performance and strategy. Specifically, as Engine 1 points out in its own materials, Exxon's capital expenditures ("CapEx") have outpaced cash generation despite declining returns on capital. In 2017, Mr. Wood's first year as chairman and CEO of Exxon, while the rest of the supermajors continued to reduce CapEx for a fourth consecutive year, extending a trend of lower investment that began in 2014, Exxon increased its CapEx by 20%, followed by a 12% increase in 2018 and another 20% increase in 2019, also a year when the other supermajors either reduced CapEx or maintained the same level of investment as 2018. Exxon's more aggressive CapEx plan left the Company more vulnerable to the next downturn, which unexpectedly occurred in 2020. That forced Exxon to take on significant debt, levering the balance sheet up to nearly 30% net debt/capital, compared to 18% at the end of 2016, primarily to maintain Exxon's substantial dividend payment. In 2020, we see Exxon reduced CapEx by 31% in response to the industry and economic downturn, and it is expected to reduce CapEx by a further 31% in 2021 based on consensus estimates, more than any of its peers. We consider these estimates, if met by Exxon management, would be indicative of newfound capital discipline by the board and management. Yet, at the same time, the Company's own plan forecasts CapEx returning to 2017-2019 levels after 2021.

In recent months, following the recovery in commodity prices and economic activity, Exxon management has argued the counter-cyclical investments it made beginning in 2017 are the root cause behind its current returns and increasing cash flow. The board also emphasizes the reliability of its dividend as a key element of Exxon's total returns for shareholder. Despite the industry and economic downturn and deteriorating business performance in 2020, Exxon maintained its dividend payment (as did Total and Chevron), while Shell and BP slashed their dividends to preserve cash or invest elsewhere. We suspect many of Exxon's investors are grateful for this, especially now that Exxon's cash flow is expected to recover throughout 2021, enabling the Company to repay a portion of its increased debt load while also meeting other capital allocation priorities. That said, it is notable that Exxon's 5-year CAGR for aggregate dividend payments and stock repurchases was negative through 2019 and 2020, ranking it last among its supermajor peers. So far, Exxon has been able to maintain its dividend payment through both up- and down-cycles, but investors should take note of the low and sometimes negative growth rates in Exxon's total distributions to shareholders in recent years. Looking forward, based on current consensus estimates for 2021 and 2022, Exxon's dividend payments are expected to continue to grow at a low rate, as are the dividends of its peers other than BP.

From a capital allocation standpoint, Engine 1 argues that Exxon's historical capital spending programs have been wasteful and destroyed shareholder value as the Company ramped up investments in its core business in the face of declining returns. According to Engine 1's analysis, Exxon's CapEx increased from an average of roughly 50% of cash flow from operations from 2001-2010 to 85% on average from 2011-2020. Our analysis below, focused on recent years during the tenure of Exxon's current leadership, shows that while Exxon's CapEx as a percentage of available cash exceeded that of peers in 2019 and 2020, on a cumulative 5-year total basis, the Company's proportional level of CapEx to available cash has been generally in line with the peer median. For the five years ending in 2020, Exxon's total CapEx amounted to 72% of available cash, matching the peer median. With CapEx expected to fall to 41% of available cash in 2021, the Company's 5-year rolling total CapEx is expected to decline to 67% of cumulative available cash in 2021, placing Exxon in the middle of the pack among its peers. Similarly, we see Exxon's CFOAS has been more than sufficient to cover CapEx on a trailing 5-year basis, with Exxon's 5-year coverage ranking 2nd among its peers in each of the last two years.

CAPITAL ALLOCATION AND CASH FLOW UTILIZATION

CapEx % of Available Cash (1)	Year-over-Year Growth 2017	2018	2019	2020	2021E (7)	5-Year Total 2019	2020	2021E (7)	2022E (7)
Exxon Mobil	**62%**	**57%**	**82%**	**122%**	**41%**	**70%**	**72%**	**67%**	**64%**
Supermajor Peer Median (6)	61%	61%	63%	78%	50%	78%	72%	62%	59%
XOM Rank (out of 5)	*4*	*3*	*5*	*5*	*2*	*2*	*3*	*3*	*3*

Dividends % of Available Cash (2)	2017	2018	2019	2020	2021E (7)	2019	2020	2021E (7)	2022E (7)
Exxon Mobil	**37%**	**32%**	**40%**	**87%**	**41%**	**44%**	**40%**	**39%**	**43%**
Supermajor Peer Median (6)	25%	28%	34%	41%	26%	27%	28%	28%	32%
XOM Rank (out of 5)	*1*	*2*	*2*	*1*	*1*	*1*	*1*	*1*	*1*

CFOAS / CapEx Coverage (3)	2017	2018	2019	2020	Q1-2021	2019	2020	2021E (7)	2022E (7)
Exxon Mobil	**1.44**	**1.55**	**1.07**	**0.73**	**3.05**	**1.27**	**1.23**	**1.35**	**1.44**
Supermajor Peer Median (6)	1.45	1.45	1.40	1.12	2.21	1.13	1.21	1.45	1.55
XOM Rank (out of 5)	*3*	*3*	*5*	*5*	*1*	*2*	*2*	*4*	*3*

FCF (4) / Dividend Coverage (5)	2017	2018	2019	2020	Q1-2021	2019	2020	2021E (7)	2022E (7)
Exxon Mobil	**0.73**	**0.99**	**0.15**	**-0.37**	**1.73**	**0.48**	**0.39**	**0.57**	**0.68**
Supermajor Peer Median (6)	1.34	1.01	0.80	0.25	2.69	0.42	0.52	0.88	1.00
XOM Rank (out of 5)	*4*	*3*	*5*	*5*	*3*	*3*	*4*	*5*	*5*

Source: S&P Capital IQ, company filings. Notes: (1) Worldwide capital and exploration expenditures (CapEx), as disclosed by Exxon, divided by available cash from operations (same methodology applied to peers); (2) Total dividends paid plus repurchases of stock, from statement of cash flows, divided by available cash from operations (same methodology applied to peers); (3) Cash flow from operations plus asset sales (CFOAS), from statement of cash flows, divided by CapEx; (4) Free cash flow (FCF) calculated as CFOAS minus CapEx; (5) FCF, divided by total dividends paid plus repurchases of stock; (6) Peer set includes Chevron, Shell, Total and BP, the four peers disclosed in Exxon's proxy statement; (7) Based on analyst consensus estimates for calendar 2021 and 2022, according to Capital IQ (estimates not available for some metrics, including net cash used in investing activities, asset sales and repurchases of stock).

With respect to dividend coverage, Exxon's annual free cash flow has not been sufficient to cover its dividend in most years since 2010 (the exceptions being 2018 and 2011). On a 5-year total basis, we see from the table above that Exxon's free cash flow amounted to less than 40% of the Company's total dividend payments and stock repurchases during that span. Notably, the first quarter of 2021 was the first time Exxon generated sufficient free cash flow to cover its dividend payment since the third quarter of 2018. The recovery in commodity prices and cash flow is expected to improve Exxon's 5-year dividend coverage in 2021 and 2022, but still to roughly only 60% to 70%, based on consensus estimates. Meanwhile, most of Exxon's peers are expected to have generated sufficient free cash flow over the five years ending in 2021 and 2022 to cover at least 90% of their estimated dividend payments, in some cases because they have reined in their capital spending and/or cut their dividends. In Exxon's case, the Company has primarily taken on debt to continue funding its dividend, only recently reducing its planned CapEx.

While the industry now appears to be in an up-cycle with growing cash flows, our analysis suggests Exxon's available cash will remain insufficient, on its own, to cover both Exxon's CapEx and dividend without continued reliance on some portion of debt to partially fund these capital allocation priorities. Exxon's current capital allocation plan projects that, based on an assumed Brent crude oil price of $50 to $55 per barrel, Exxon will generate cumulative available cash from operations of approximately $200 billion over the next five years (2021-2025), which it expects will be enough to sustain and grow the dividend. At these oil price levels, the Company expects to have a flexible capital spending program averaging out to $20 billion to $25 billion per year in CapEx after 2021's lower spend of $16 billion to $19 billion. Of that, Exxon notably plans to invest $3 billion in lower emission energy solutions. In the upstream business, the Company states its capital program prioritizes low cost-of-supply opportunities that generate in excess of 10% returns at an oil price even below $35 per barrel. However, that remains to be seen going forward, and will likely translate into sub-10% corporate ROCE, based on our analysis above. For at least the first quarter of 2021, amid the significant recovery in oil prices and demand, we note Exxon's capital allocation plan was successful, generating $9.6 billion in CFOAS, spending only $3.1 billion on CapEx and being left with $6.4 billion in free cash flow, more than enough to cover the $3.7 billion dividend. The

Company also repaid $4 billion in debt during the quarter.

Performance Takeaways

In considering the foregoing performance observations in the context of the issues raised during this proxy contest, on the one hand, we believe it is insufficient to simply point out the decline in Exxon's market value or its declining returns on capital and cash flows in recent years as a means of demonstrating that Exxon potentially has the wrong strategy for responding to the energy transition. Based on our analysis of total returns, it is not clear that significant investments in wind, solar, hydrogen, carbon capture and storage or other technologies and business would slow or reverse the decline in returns on capital and value that Exxon's shareholders and oil major investors as a whole have endured in recent years. In the near term, taking into account society's energy needs, the ongoing role for oil and gas to play during the energy transition and other market realities, investments in energy alternatives and significant business transformations appear more likely to result in lower cash flows and returns for shareholders, at least initially, than a continued sole focus on the core business. Under such circumstances, a business strategy that holds off on making significant investments in new technologies or non-core areas, at least until a more direct line of sight is established to increase the likelihood of those initiatives generating reasonable economic returns, could prove to be the best pathway for a major oil company to navigate the energy transition while also continuing to generate adequate returns for its shareholders.

That being said, we are inclined to believe that a "wait-and-see" strategy would give rise to significant, potentially untenable, risks for shareholders with respect to the lower end of the potential range of long-term returns and terminal values associated with such a path. As such, we tend to agree with Engine 1's contention that a relatively static strategy for the inevitable energy transition and de-carbonization of the economy would represent poor risk management on the part of the board and management and would increase the chances of continued value destruction. While it may be difficult, or even impossible at this time, to determine which strategic direction, business or technology will prove to be the best path for an oil major to pursue as demand for oil and gas eventually declines, it is also clear that a more concerted effort is required than that which Exxon has undertaken to date, in our opinion. After resisting for so many years what now appears to be inevitable, we believe Exxon has taken some initial encouraging steps in the right direction in terms of acknowledging and partially addressing the long-term risks to its business associated with climate change and the energy transition, including by diversifying operations and investing in technologies that reduce its carbon emissions and those of participants in other carbon-heavy industries. Yet, as discussed in greater detail below, we believe Exxon's movement on these fronts has been relatively minimal, particularly when compared to European oil majors. And the longer that continues, the greater the risk grows to Exxon's business model, cash flow, returns and shareholder value, in our view.

ENERGY TRANSITION STRATEGY

Our foregoing review of Exxon's recent business and share price performance only adds to the readily available evidence indicating the core business models of international oil companies are economically threatened by society's efforts to reduce GHG emissions and transition to lower-carbon and renewable sources for energy. Over the long-term, whether it is this decade or in 20 to 40 years, there is little doubt that a tipping point will be reached where global demand for oil and gas enters secular decline, resulting in lower cash flows, returns and value for the core business of Exxon and other oil majors. At the same time, we recognize that oil and gas will remain essential sources of energy during the transition with significant ongoing near- and mid-term demand. Indeed, according to the IEA, all energy sources are expected to remain important through 2040 across all the IPCC Lower 2°C scenarios, though the mix of energy and technology shifts over time. Across these scenarios, a wide range of outcomes can be observed, with oil and natural gas remaining essential components of the energy mix even in models with the lowest level of energy demand. In terms of specifics, according to Exxon's investor presentation, comparing the total energy demand mix for 2019 according to the IEA and the IPCC's 2040 average estimated demand, oil and natural gas is expected to decline from 55% to 48% of total demand, remaining integral to society's energy needs. As a result of energy demand trends, coupled with natural field decline, we note substantial new investments will be required in both oil and natural gas capacity, even under the IPCC Lower 2°C scenarios that contemplate substantial reductions in greenhouse gas emissions.

To better understand Exxon's long-term view and the strategy it has formulated in response, we look to the Company's Energy & Carbon Summary. Notably, the Company's long-range supply and demand forecast through 2040 yields emissions that are higher than any of the IEA's Paris-aligned scenarios. Furthermore, these emissions are even higher than the IEA's STEPS scenario, which projects emissions at a level comparable to governments' existing plans to meet the Paris Agreement. We consider this disparity will likely grow even further, as, every five years, countries are obliged to renew and upgrade their Paris commitments. This is a concern also raised by Engine 1, which argues Exxon is relying on forecasts that discount the possibility of a material energy transition. The Dissident believes this has resulted in continued aggressive investment in the Company's core business with relatively no material efforts toward gradual diversification, which leaves the Company and its shareholders vulnerable to further value destruction in alternate demand scenarios. Exxon counters that Engine 1 discounts the continuing role for oil and gas to play in the energy transition. In addressing its stated alignment with the Paris Agreement, Exxon maintains that its long-range forecasting is aligned in aggregate with countries' current Paris commitments, while also stating that its GHG emissions reduction targets are projected to be

Paris-aligned.

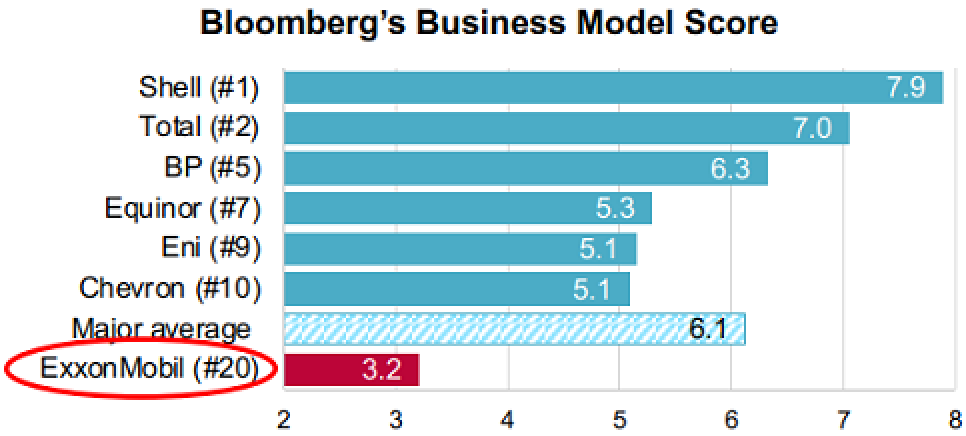
Broadly speaking, climate scenario analysis is, at best, an estimation exercise. The Company, recognizing this, utilizes the average demand from 74 scenarios identified by the IPCC as being Paris-compliant. However, by using an average of the IPCC Lower 2°C scenarios, we note the Company is taking an average of many assumptions made in the scenarios which result in a wide array of potential energy mixes. The implications of this speak to the disparity of potential outcomes which may occur with respect to the future role that various forms of renewable energy sources or low-carbon technologies might play in the energy transition, making it all the more difficult for companies to formulate and invest in their transition strategies and for investors to assess the feasibility or likelihood of those plans. For example, according to the Lower 2°C scenarios, by 2040, the share of total energy deploying carbon capture and storage ("CCS"), which is a primary focus of Exxon's transition strategy, averages at 10%, but ranges from 1% to 19%. The Company highlights that CCS utilization in global electricity generation only stood at 0.01% in 2018, as compared to the 10% reached by 2040 in the Lower 2°C scenarios' average. However, this disparity could be an order of magnitude different if scenarios on the lower or upper bounds of the group of IPCC scenarios that ultimately play out. For more information on the Company's scenario analyses, please refer to our analysis of Proposal 6.

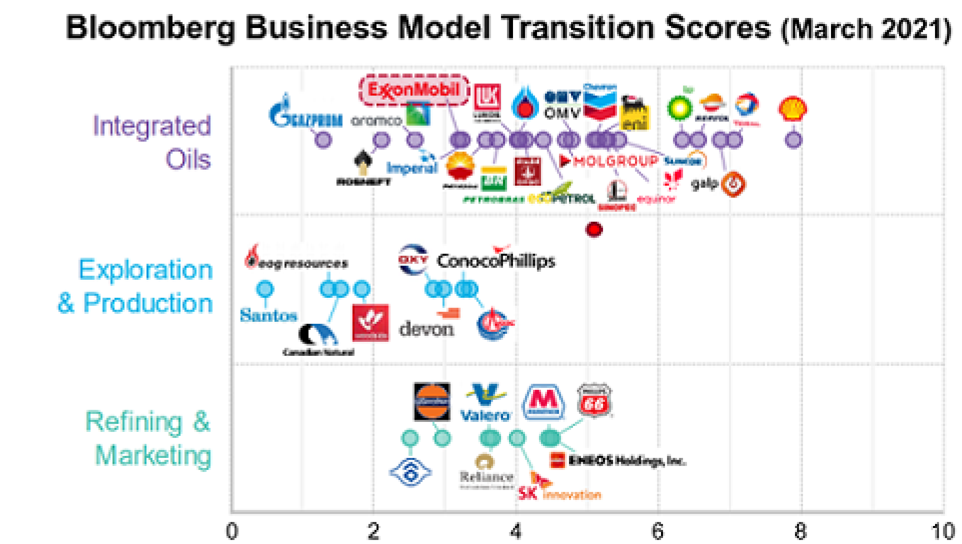
Not only does the disparity of potential outcomes impact oil majors' transition planning and strategies, but the range of possible outcomes with respect to the utilization and demand of energy sources and technologies going forward also has significant implications for oil majors' core business. According to S&P Global Platts Analytics, its modeling suggests that in a 2°C pathway, long-term average oil prices are substantially lower than the base case and enter secular decline once peak oil demand is reached in the mid-2020s. This point is an overarching theme of Engine 1's campaign, the existential business risk that oil majors face due to the fact that two-thirds of current global emissions come from countries that have pledged to reach net-zero emissions by 2050. Societal trends and growing commitments toward decarbonization and adherence to a 2°C or less pathway will continue to drive significant evolution across the oil and gas industry requiring significant long-term business model innovation in order for oil and gas companies to protect and enhance shareholder value.

Business Model Risk

Given the implications noted above, we believe it is relevant for investors to consider the relative exposure to business model risk that companies have across the oil and gas sector. In that regard, we take note of a ranking conducted by BloombergNEF, referenced in Engine 1's investor presentation, that scores the business models of Exxon and its peers in terms of preparedness for the energy transition. BloombergNEF scores the energy transition readiness of Exxon's business model at 3.2 out of 10 (with 10 being the best), which ranks Exxon 20th among approximately 40 global oil and gas peers, well below the oil major average. As shown in the charts below, European peers Shell and Total score the highest of all peers, but Chevron also ranks well ahead of Exxon at 10th. Engine 1 notes Exxon significantly lags other public integrated oil companies in BloombergNEF's transition-readiness score, ranking better only than the observed state-controlled oil companies.

The rankings also label Exxon a laggard in terms of investment in low-carbon as a percentage of total capital expenditures over the last five years (2015-2020). Exxon's aggregate investment amounted to less than 0.1% of total CapEx, versus nearly 0.5% for Chevron, roughly 4% for each of Shell and BP and roughly 14% for Total, according to Bloomberg's analysis. Such findings are consistent with other analyses, including by the IEA, which recently found investment to date by oil and gas companies outside their core business areas is less than 1% of total capital spend. Exxon counters by highlighting the scale of its investment relative to market size, stating that it is investing in CCS at more than 10x the rate it is investing in oil and gas and chemicals (relative to market size). In terms of a leader in this area, the IEA's analysis indicated Repsol's 25% of capital expenditure dedicated to low-carbon projects outpaces the proportion committed by the other majors. A recent article by S&P Global Market Intelligence noted the level of investment and implications related to trends in the energy sector that are consistent with these analyses and rankings.





Source: *Engine 1 investor presentation, p. 14, 26.*

Various Potential Paths

In response to the fundamental business risks posed by the global energy transition, over the last four years, oil and gas companies have branched out into new sectors, investing in renewable power generation, low-carbon technologies and mobility. According to S&P Global Platts' rankings of global oil majors' energy transition strategies, Total, Equinor, Repsol, BP and Shell are all taking determined steps to realize ambitious targets, adding renewables capacity, making further acquisitions in the downstream energy retail and EV charging space and setting out interim targets for renewables that get them to the long-term installed capacity figures and CO2 emissions targets.

Meanwhile, U.S. majors Exxon and Chevron have not bought into this vision yet, nor have they been under the same political and shareholder pressures to do so, S&P Global Platts observed. The oil majors' respective investments and targets in these areas are reflected in this infographic, which ranks Total and Shell 1st and 2nd based on their relatively large presence across carbon capture and storage, renewables, sustainable transportation and battery storage. Total and BP are the clear leaders in terms of installed renewable generation capacity. By comparison, Exxon ranks last, with minimal presence in these areas other than carbon capture, utilization and storage, efforts which we discuss in greater detail below. We note that Exxon has consistently stressed that its approach to energy transition would build on its existing hydrocarbons and petrochemicals business, rather than depart from it radically. It views CCS, hydrogen and biofuels from algae key means of achieving its strategy.

When determining which, if any, alternative strategies to pursue and how much and how fast to invest in those areas, other than the outside influence of governments, environmentalists and investors, we believe there are several considerations for oil executives and directors to consider. In our view, the oil majors must make their own assessments with respect to how various potential strategies align with their existing core competencies, asset portfolios, geographic presence and capital allocation and return objectives. Indeed, perhaps the biggest dilemma facing oil majors is not only which direction to pursue, but when and at what pace to invest significant sums of capital in those areas in order to generate sufficient returns for shareholders. Furthermore, when formulating their plans, Exxon and its peers need to find the appropriate balance between maintaining a continued focus on managing their traditional core businesses as efficiently as possible and extending the life of those operations, while also developing new business models that extend beyond their core traditional activities.

Another key consideration is determining to what degree and in which areas of its existing business or adjacent areas to pursue transformative strategies. As noted elsewhere, the U.S. majors have taken an approach that is more closely aligned with their traditional business models, focusing on improved efficiency, increased biofuels production and carbon capture, utilization and storage. S&P Global Platts notes that the diverse set of energy transition strategies range from procuring emissions offsets and improving operational efficiencies to pursuing a full-scale business model transformation. In benchmarking and analyzing various energy transition strategies, S&P Global Platts categorized the strategies that upstream oil and gas producers might pursue, in part based on their transformative nature. The four types it identified include: (i) emissions offsets (e.g., carbon credits); (ii) transformation of operations (e.g., CCS, reduced flaring, increased efficiency); (iii) transformation of product offering (e.g., hydrogen, biofuels); and (iv) transformation of business model (e.g., fundamental change in end users, delivery channels).

In principle, S&P Global Platts points out all four pathways are viable options to reduce entity-level CO2 emissions, but at their hearts each of these transformations has a different set of implications for what a low-carbon world would look like, and each strategy has its own specific challenges. Specifically, the research group notes that oil and gas producers that pursue carbon reductions strictly in terms of emissions offsets are exposed to the risk that long-term oil demand will continue to weaken, effectively leading to further reductions in asset value. As noted above, and discussed in Exxon's and Engine 1's solicitation materials, Exxon is generally of the view that declines in oil demand will not occur as quickly or to the extent others have forecast or expect, including Engine 1. We consider there remains substantial uncertainty in this regard, resulting in a wide range of success to failure associated with any individual aspect of an oil major's transition strategy. S&P Global Platts also notes the limits, both technological and natural, to efficiency gains that oil companies face when seeking to reduce emissions by transforming their environmental footprint. And while there may be long-term benefits to oil and gas producers that transform their product offering to include low-carbon solutions, based on current relative demand growth, S&P Global Platts notes there is still a need to build out supply and distribution infrastructure at scale, which we consider could ultimately dampen returns for companies and their investors.

Carbon Capture and Storage

As discussed above, a significant portion of Engine 1's campaign is centered around its concerns that, under Exxon's existing strategy, it will not be able to effectively compete in a low-carbon environment. For its part, the Company has outlined a transition strategy with the goal of reducing emissions in its operations consistent with the Paris Agreement and a 2°C pathway. A key element of Exxon's strategy lies in its execution of carbon capture and storage ("CCS") projects. Rather than focus on cleaner energy sources such as wind or solar, which form a large part of European oil major's transition strategies, through CCS, Exxon aims to capture the carbon dioxide released from traditional fossil fuel energy sources before it reaches the atmosphere. Once carbon emissions are captured, they are then piped to locations where they can either be utilized or stored underground.

In order to provide context which may be helpful to investors in assessing the current and future potential role of CCS in a lower-carbon world, we note that as of September 2020, there were approximately 20 CCS projects in commercial operation, most of which are in the U.S., Canada, Norway, and China. According to the IEA, 30 new projects have been agreed upon in the last three years. However, many more are necessary in order to reach the goals of Paris. The IEA states that CCS projects could reduce global CO2 emissions by almost one-fifth and that it could reduce the cost of mitigating climate change by 70%. CCS is expected, by most parties involved, to play an important role in the energy transition because there are many hard-to-decarbonize industries (such as fertilizer production, cement manufacturers, and steel mill operators) where it would be difficult and expensive for companies to operate off of renewable energy.

According to the IEA, while CCS is often viewed as a fossil fuel technology that competes with renewable energy for investment, in practice it has substantial synergies with renewables. We note CCS can also be used for the production of hydrogen, a clean-burning gas that could be used to replace fossil fuels in planes, trains, trucks, factories and home heating. Although it is possible to produce hydrogen from renewable energy sources, using CCS to produce hydrogen from fossil fuel gas is much more cost-effective. It should be noted that hydrogen also plays a key role in Exxon's climate transition strategy, though it appears that its production of hydrogen is currently viewed as a favorable byproduct, not the intended outcome, of its investments in CCS.

The IEA states that increased focus on limiting global warming to 1.5°C has spurred greater interest in mitigation options that go beyond renewables or power generation, including CCS. There is also increased focus on technology opportunities to reduce emissions where they are hard to abate, given the need to fully decarbonize the entire energy sector to reach net zero. By August 2020, 14 countries and the EU, representing about 10% of energy-related global CO2 emissions, had adopted or proposed formal net-zero emissions targets with a target date of 2045, 2050, or beyond. Similar targets are under discussion in about 100 other countries. On the corporate side, more than 20% of global oil and gas production is covered by 2050 net-zero commitments, with CCS expected to play a role in every case. The IEA states that the full implementation of recent net-zero pledges by 2050, as well as China's 2060 net-zero commitment, would cover around 50% of the energy-related CO_2 emission reductions required to move from its STEPS scenario to its well-below 2°C scenario or SDS scenario. These net-zero announcements are based on deployment of existing technologies, even though governments acknowledge there are scale and cost limitations requiring further technology breakthroughs to play a major role in accelerating progress toward 2°C and net-zero pathways. In our view, this is indicative of growing momentum and understanding for the role that CCS will play in the energy transition.

In terms of recent investment in CCS, we note that despite the COVID-19 pandemic, 2020 saw a number of new public funding announcements and project developments in CCS. For example, the U.K. government pledged to invest $995 million in CCS infrastructure and subsequently announced additional investment of $178 million to cut emissions from heavy industry, including through CCS. The U.S. government extended roughly $150 million in funding and grants for CCS development and deployment. And the Norwegian government announced it would provide $1.8 billion in funding for the Longship CCS project, including 10 years of operating support, bringing its total cost to an estimated $2.7 billion.

The private sector also announced several new investments, including by the Oil and Gas Climate Initiative (a group of 13 international oil and gas companies), which will invest in equipping a natural gas power plant in the U.S. with CCS. Additionally, Equinor, Shell, and Total announced plans to invest more than $700 million in the Northern Lights offshore CO_2 storage project, subject to government support. Equinor also announced it would lead a project to produce hydrogen from natural gas with CCS. There has also been spending on direct air capture research, including $22 million in funding from the U.S. Department of Energy and $128 million from the UK government. Climateworks, one of the leading direct air capture technology developers, raised $110 million, representing the largest private investment for direct air capture CCS. As it relates to Exxon's CCS plans, we consider these investments further legitimize the potential of the technology and the Company's pursuit of CCS initiatives as part of its energy transition strategy.

However, despite this potential, we note there are several reasons why CCS has not advanced as quickly as needed, as noted by the IEA. Primarily, CCS is not likely to make commercial sense in the absence of a financial incentive or emissions penalty, a key point Exxon itself acknowledges. Although there are some policies that could make CCS projects profitable (such as a 2018 tax credit that rewards companies for each metric ton of CO_2 they lock away and California laws that reward companies for carbon sequestration), these projects are generally aimed at capturing emissions from oil and gas extraction, compared to direct air capture. Other issues that have impeded investment include high costs, technical difficulties, technical risks, difficulties in allocating commercial risk among project partners, and problems securing financing. According to a 2020 McKinsey study, research and modeling suggest that CCS could expand from 50 million tons of CO_2 abatement to at least 0.5 gigatons a year by 2030, representing over 1% of current annual emissions, though it notes that the growth in CCS would not be possible without a supportive regulatory environment.

Further, CCS may only be cost-effective in certain circumstances. Approximately half of all carbon emissions are generated by factories, refineries, and power plants (the hard-to-decarbonize group). Some of these emissions, such as those from ethanol plants, can be captured via CCS for approximately $25 to $30 a ton. However, it can be significantly more expensive to capture emissions from sources in the hard-to-decarbonize industries, with costs ranging from $60 to more than $150 a ton. There are also other challenges in the rapid deployment of CCS, including a notable lack of pipelines available to transport captured CO_2 emissions and challenges in securing investments in and promoting innovation for carbon storage, particularly absent regulatory changes that incentivize this investment.

In further assessing the potential of CCS, we note Carbon Tracker stated in an April 2021 article that while many of the IPCC’s Paris-consistent climate models assume significant use of CCS, uncertainties around the economics and scalability of these technologies remain significant. Accordingly, it states that they should arguably be reserved for the last and hardest-to-abate emissions from certain industrial processes, instead of from end-user (Scope 3) emissions. Carbon Tracker concludes that a more conservative approach to over-reliance on CCS may mean leaning on other levers like production cuts, either returning capital or redeploying it into other sectors. It argues that the end result would be targets that are viewed as more credible for investors and civil society. That same Carbon Tracker article includes a table comparing various oil companies' efforts and investments with respect to CCS. Notably, Exxon's plans to invest $3 billion in lower emissions energy solutions such as CCS over the next five years, or roughly 3% of its total capital budget, compares to $2 billion (less than 1% of budget) by Chevron over the next eight years. Occidental Petroleum also intends to focus principally on CCS under its recently announced long-term net-zero strategy.

Relative Role and Growth of CCS

Additionally, it is important to note that, despite its relevance to the energy transition, CCS does not diminish the need for the world to reduce carbon emissions in other ways, such as through the use of solar and wind generation. That in part likely explains why Exxon's peers have pursued more diversified energy strategies. But Exxon has chosen to rely largely on the potential of CCS technology at scale. Yet, it would appear from the existing body of research on the subject, as well as our peer analysis of capital spending and returns, that being overly dependent on the forecasted growth in a relatively early-stage, un-scaled technology could be problematic to Exxon's participation in a lower-carbon future and to shareholder returns going forward. For example, even under optimistic assumptions regarding the amount of decarbonization necessary to meet the Paris Agreement's objectives, hundreds of gigatons of CO_2 will need to be captured and stored by society. Previous analysis suggested that by 2030, society would need to compress, transport, and buy an amount of CO_2 by volume that is two to four times the amount of fluids managed by the global oil and gas industry in 2019. These figures suggest the need for large-scale research and deployment of CCS technology at a significantly greater level than currently committed investment, which in turn will likely require an economic incentive (i.e., carbon tax) in order to facilitate such investment.

We note that some research has been critical of the reliance on CCS. For example, a Stanford researcher published a 2019 paper in the journal *Energy and Environmental Science* stating that carbon capture technologies are inefficient at pulling out carbon, and that it often increases local air pollution from the power required to run them, an issue not present with the use of renewable energy. Further, a 2019 paper from researchers at Lancaster University found that solar panels and wind turbines, coupled with energy storage, are more effective than using CCS at fossil fuel power stations. They also found that resources that would be spent on developing and installing CCS technologies would be better invested in creating more solar panels and wind turbines and focusing on developing energy storage options to support these energy sources.

On that note, in contrast to the slow pace of CCS growth, we note that growth in renewables is booming. According to the IEA, during the global pandemic in 2020, consumption declined for all fuels other than renewables. Additions in renewable capacity increased 45%, the highest year-on-year increase since 1999. Although conditions and relative demand could change post-pandemic, this trend is expected to become the "new normal" in 2021 and 2022, with renewables accounting for 90% of new power capacity expansion globally. Despite a slowdown in China, which continues to rely heavily on hydrocarbons, the rest of the world is expected to more than make up the difference. Renewables are also expected to expand significantly in India in 2021 and 2022, while capacity growth in Europe is forecast to increase 11%. Further, new regulatory momentum in the U.S. has led to a more optimistic forecast, specifically, a 21.8% revision over the IEA's previous forecasts.

We note that, even in the Company's own forecasting, it clearly shows the enormous growth potential of solar and wind, especially when compared to CCS. In a chart from Exxon's 2021 Energy & Carbon Summary, it shows how moving between scenarios from IEA's STEPS to the more stringent SDS, a number of technology deployments beyond efficiency improvement are needed to further reduce emissions. From 2019-2040 solar represents the largest opportunity for avoided emissions, followed closely by wind. The next largest category after solar and wind is CCS, although it is about half the size of solar (p.13). In our view, the comparative growth in low-carbon technologies and renewables provides important context for investors to consider when evaluating Exxon's and other oil majors' energy transition strategies.

Exxon's CCS Initiatives

Exxon believes it is uniquely positioned to succeed in carbon capture. The Company states it is the world leader in CCS, responsible for 40% of all CO_2 captured since 1970, and is a leader across CO_2 capture, CO_2 pipelines, and CO_2 geologic storage. Exxon argues that carbon capture leverages its core capabilities and advantages, including subsurface and reservoir expertise, project development and execution, and responsible and efficient operations. Exxon highlights that policy support is growing, with new CCS policies introduced in every region of the world since 2015. Over the next 10 years, it is targeting one-third lower CCS cost through R&D focused on effectiveness and efficiency improvements. This includes advanced materials for improved capture and concentration and design optimized for capital efficiency. In becoming a CCS leader, Exxon maintains that it will also be positioned to succeed in hydrogen, noting that low-carbon hydrogen from natural gas with CCS has cost and scale advantages compared to alternatives. It is developing a hydrogen project in Rotterdam to demonstrate fuel cell CCS technology.

The Company recently discussed its various projects under the newly-formed Low Carbon Solutions business, including in La Barge, Wyoming, where it is looking at a major expansion of its carbon capture facility. It is also working concepts in Singapore to be able to capture carbon off of its facilities and store it in nearby countries. The Company is working in several other countries in Asia that are interested in a low carbon solution, particularly as associated with the sale of natural gas. In Europe, the Company is working in Rotterdam, Antwerp, and the UK. While these projects mostly relate to CCS at its own operating sites, the Houston Ship Channel Project would entail collecting and storing CO_2 on behalf of other primary emitters.

Additionally, the Company announced the proposed Houston Ship Channel Project in April 2021, which would be the world's largest CCS project, intended to collect emissions from refineries, petrochemical plants, and other industrial facilities along the Houston Ship Channel. The $100 billion project would be dependent on "critical enablers" including a supportive regulatory and legal framework, adequate financial incentives, broad industry and government alignment, and public support. According to Exxon, early projections show that the facility could store 50 million tons of CO_2 per year beneath the Gulf of Mexico by 2030, greater than all CCS projects currently operating around the world. Exxon also maintains that that figure could double by 2040.

According to the Company's VP for planning and business development, the project capitalizes on the "phenomenal storage resource" in the Gulf Coast. Further, addressing the "critical enablers" that the project is dependent on, the Company's low carbon solutions president states that Exxon has discussed the project with policymakers at several levels. This includes the city of Houston, the state of Texas, and Washington, D.C., including senior policymakers in the Biden administration. Nevertheless, the Company maintains that getting regulatory support "is going to be a heavy lift."

Most recently, in May 2021, the Dutch government granted a consortium that includes Shell and Exxon, as well as industrial gas suppliers, approximately $2.4 billion in subsidies for a project that aims to capture CO2 emitted by factories and refineries in the Rotterdam port area and store it in empty Dutch gas fields in the North Sea. The project is expected to become operational in 2024, when it will be one of the largest CCS projects in the world. The Dutch government is helping to bridge the gap in costs between the European Union Emissions Trading Scheme and the costs of CCS through the subsidies.

Engine 1 has criticized certain of Exxon's efforts in CCS as "vaporware," mostly generating advertising, but we believe such criticism are too harsh. That being said, at this stage, we tend to agree with Engine 1's larger point that Exxon's CCS efforts are unlikely to enable the Company to avoid more substantive long-term business transformation. Echoing existing concerns about the lack of adequate incentivization, Engine 1 also criticizes Exxon's Houston project as having little chance of success given the lack of a federal carbon tax. Exxon defends its capability to advance low-carbon technologies with a timeline in its investor presentation that dates back to opening the Labarge Plant in 1986, the world's largest carbon capture plant. The Company lists a range of research and development collaborations and major commercialization milestones in CCS achieved since then. While we recognize the potential associated with CCS and believe these initiatives represent an encouraging step forward by Exxon in terms of taking action to implement an energy transition strategy, as it relates to CCS specifically, we remain cognizant of the significant obstacles and challenges that remain before CCS is likely to achieve sufficient scale or become economically viable.

We are concerned regarding the necessity and degree to which successful execution of the Company's strategy is reliant on external factors, which Exxon describes as "critical enablers." In our view, the success of the Company's existing CCS projects and any planned expansion of CCS project technologies depends in large part on a favorable regulatory framework, such as the broad adoption of a price on carbon, a carbon tax, or a carbon trading scheme. Indeed, we consider the effective deployment of CCS is almost wholly dependent upon regulatory intervention, which is concerning given the fickle nature of many governments, particularly in the U.S. Given this enormous uncertainty, and the reality that CCS will only become economically viable when there is governmental support, we are concerned regarding a lack of information as to how the Company is hedging its bet on CCS (and hydrogen, to the extent that it is dependent upon CCS), should the regulatory incentives or penalties necessary to make the process financially viable not materialize. To its credit, Exxon has shown the potential of CCS, and highlights the expected role it will play in order to meet the goals of Paris. We also consider the importance of this technology in meeting global climate objectives is also confirmed by bodies such as the IEA and further legitimized by investments from both the public and private sectors, including by some of Exxon's peers. Still, we believe investors should understand the extent to which the Company is relying on the broader proliferation of CCS in order to execute its energy transition strategy, which over time will become a greater component of its overall business strategy and, in our view, a determining factor of shareholder value and total returns.

Assessment of Exxon's Strategy

On the whole, Exxon's strategy is focused on advancing two priorities to maximize shareholder value: (i) invest in lower-carbon technologies to expand opportunities in the energy sector's long-term future; and (ii) driving cash flow improvements in the Company's existing core businesses with a disciplined, value-driven approach. With regard to Exxon's core business, the Company intends to continue its investment in advantaged projects with low break-even costs and high expected returns across a range of commodity price scenarios, with a focus on increasing cash flow while maintaining existing production levels. The Company will also seek to improve the competitiveness of its core asset portfolio through structural operating cost improvements. Guided by these objectives, the Company believes it will be positioned to responsibly meet the continued demand for oil and gas and high-value products. Meanwhile, Exxon's response to the energy transition will be channeled primarily through its newly launched Low Carbon Solutions business, which will seek to help address society's ambition to reduce emissions in hard-to-decarbonize sectors, targeting new CCS, hydrogen and, biofuels opportunities with large addressable markets and high growth. The Company believes this initiative leverages decades of technology expertise at scale and competitive advantages demonstrated in existing value chains and will help it achieve reducing emissions in its operations consistent with the Paris Agreement and a 2°C pathway.

As discussed above, we believe it is important for oil majors to have such a two-pronged strategic approach, seeking to continue maximizing returns from core operations while also gradually diversifying their operations for the energy transition and society's shift to a lower-carbon economy. As Engine 1 argues, and to some extent our performance analysis above confirms, Exxon's European peers have shown that it is possible to implement a diversification strategy and more fully embrace long-term total emissions reduction targets while maintaining focus on core business profitability and earnings industry-leading returns. We would also agree with Engine 1 that, with the right strategic oversight, Exxon can play a profitable role in the energy transition. Moreover, we consider the effective communication of a more developed, compelling and coherent energy transition to strategy to investors will further promote the enhancement of long-term sustainable value for shareholders. Commentary from an equity research firm highlighted in Engine 1's materials noted, "there is further valuation upside if the majors can demonstrate a credible transition strategy as it means the terminal value of these businesses are not zero."

We recognize the numerous factors the Exxon board and management team have likely considered in developing the Company's energy transition strategy. Exxon's CEO has remarked that decisions regarding energy transition strategies boil down to deciding at what cost and at what return the Company should pursue such strategies. Engine 1 itself believes any diversification strategy must be profitable over the long term to be sustainable. In that regard, we believe Exxon is at least thinking and speaking about these challenges the right way. Recent communications regarding Exxon's energy transition emphasize the importance of matching the Company's core competencies with the areas in which it intends to focus its Low Carbon Solutions business. Exxon believes its competitive advantages and core skills can be leveraged with existing assets to capitalize on emerging opportunities in CCS, hydrogen and biofuels, where Exxon sees large, growing addressable markets developing over the next 20 years. Comparatively, Exxon sees less of a strategic fit and insufficient returns in wind, solar and nuclear markets. We note that equity analysts have observed the renewables industry is currently prioritizing scale over returns, which ironically is what Engine 1 has criticized Exxon for doing in recent years in the oil and gas industry.

Although the oil and renewables markets are in fundamentally different stages of development with diverging growth trajectories, a disciplined focus on returns would seem to be the right approach for managing the energy transition and is likely to serve oil companies and their investors well in the long term, in our view. We consider the relatively low current returns associated with renewables may be less attractive to Exxon and its investors than the potential returns of CCS, if it achieves scale and is implemented to the extent some have projected under certain critical conditions. To be sure, Exxon does not appear to be late on CCS, which might be said if it embarked on a substantial renewables strategy at this point, possibly leading to lower returns. For CCS, we could envision a scenario under which the technology and applications gain more investment and momentum, as well as regulatory support around the world, enabling the scale and economic incentives to make it a profitable business. With Exxon's leading position in CCS, this scenario could theoretically lead to high returns on investment and shareholder value. That said, we don't believe investors or companies should be thinking about this as a binary "either, or" proposition.

More broadly, we acknowledge there is no easy or right answer for oil companies navigating the challenges they face as the industry and society move toward some eventual tipping point. Still, it would seem insufficient and potentially value destructive in its own right to do nothing at this stage, in our view. Yet, according to third-party rankings, benchmarking and analyses, as noted above, Exxon has made relatively little progress on these fronts relative to peers. S&P Global Market Intelligence recently noted that both Exxon and Chevron have started to address investor concerns around climate change but have not made the same level of investment or set comprehensive emissions-reduction targets embraced by their European peers, which the analysis above confirms. Exxon continues to rank near the bottom of its peer group in terms of its level of investment in renewables and clean energy technologies. In the meantime, over the past five quarters, the eight largest integrated majors have collectively taken write-downs of more than $100 billion, according to figures compiled by the IEA, with Shell and Exxon leading the way with over $20 billion in write-downs each, which demonstrates the risk and potential adverse value implications of staying the historical course of focusing only on the traditional core business of oil majors. Hence, we consider Exxon is currently lagging its peers in two energy transition-related areas that have a direct impact on value: (i) incurring substantial write-downs related to past investments in its core business; and (ii) making only minimal investment in alternative energy or emerging technologies that, once more fully adopted and scaled, will not only likely lead to future oil and gas asset impairments but will also be the source of the energy sector's future long-term returns.

Strategic Takeaways

We consider both the board and Engine 1 believe Exxon has a dual mandate to continue meeting current energy demands by investing in and efficiently operating its core business while also investing in lower-carbon solutions in order to gradually reposition the Company for the energy transition. However, the two sides differ on the anticipated pace of the transition, the level of future oil and gas demand and the rate of growth or decline in the utilization of energy sources and technologies to enable society to achieve its ambitions of a lower-carbon future. On a company level, Exxon and its peers must strive to balance maintaining current profitability and returns from their core business while simultaneously determining the appropriate pace at which to reduce investment in less-attractive fossil fuel projects and plow more investment into alternative energy and/or low-carbon solutions. Engine 1 is particularly critical of Exxon's long-term business planning, which in its view is based on more optimistic projections for oil and gas demand than the consensus view. Exxon counters that Engine 1 discounts the continuing role for oil and gas to play in the energy transition.

Exxon's view may explain the Company's current investment priorities. As late as March 2020, the Company's plan called for more than $200 billion of CapEx investment in its core business through 2025. While the Company has reduced that planned spending by nearly half following the economic and industry disruptions of the last year, as well as what some believe was an acceleration in the global energy transition, the Company's planned spending in its core business continues to far outpace its planned investment of $3 billion in lower emission energy solutions through 2025, which we acknowledge may be justified given current demand and technological realities. With regard to Exxon's diversification strategy, the Company believes the best fit for its existing operations and competitive advantages is carbon capture, hydrogen, and biofuels. Yet, Engine 1 criticizes Exxon's efforts to date in these areas, claiming they have delivered more advertising than results. Be it related to Exxon's algae biofuels program or the more recently touted focus on and potential of CCS, we would tend to agree with the Dissident on this point. Although we recognize the evolving nature of CCS and other low-carbon technologies, as well as regulatory, economic and scale limitations of these potential solutions, perhaps justifying the relatively low level of Exxon's investment and returns to date in these areas, we're left with the feeling Exxon isn't doing enough in terms of preparing or investing for the future.

Ultimately, we don't believe the Company has made a compelling case that CCS will become economically viable or grow to the scale required for CCS to serve as the apparent centerpiece of Exxon's energy transition strategy. The conditions necessary for CCS to play a larger role in the energy transition simply do not exist at this time. While that may change in the future, we consider the uncertainty is likely too great for Exxon to go "all-in" on CCS as its primary diversification strategy. In contrast to the Company's stated plans, we see that Engine 1 and its nominees believe capturing long-term business diversification opportunities and managing business risk requires more dynamic long-term planning than has been exhibited by the Company to date. While Exxon has taken some action to seek to address these issues, it appears unlikely that Exxon will be able to avoid more significant transformation of its business model over the long-term, in our view. On the whole then, we consider Exxon's response to climate change and the oncoming energy transition has generally been insufficient thus far. We believe many more difficult decisions lay ahead for the Exxon board, and we expect a more concerted effort and dedicated investment in pursuit of a potential pathway for the Company to take in the energy transition will be required to protect and deliver sustainable value for shareholders.

BOARD COMPOSITION

Perhaps the central point of Engine 1's campaign is that Exxon's strategy and performance has until now been formulated and overseen by a board of directors that is generally lacking in energy sector and business transformation experience. Exxon's board is predominantly comprised of independent directors who are retired CEOs of large publicly-traded companies outside of the energy sector, such as IBM, Caterpillar, Xerox, MetLife, Anthem and Merck (Ken Frazier announced his upcoming retirement in February 2021). While these directors have impressive backgrounds and collectively possess a wealth of general business and executive leadership experience, given the range and significance of the challenges and opportunities facing Exxon as the energy sector evolves, we believe the board must ensure it has the appropriate mix of perspectives, experience and skillsets which are needed today to help the Company with the key decisions that will define Exxon's role in both the industry and the energy transition. Yet, the current board draws on the experience of individuals who come more from the healthcare, financials and IT sectors than industrials and energy, and remains lacking in climate and business transformation experience, in our view.

To its credit, the Exxon board has refreshed its membership in recent years, which according to the Company has been driven by strategic changes in the industry and with the input of shareholders. Exxon states it aims to have a diverse board representing a range of backgrounds, knowledge, and skills relevant to the Company's business and the needs of the board, and reflective of Exxon's stakeholder population. The board cites director additions prior to Engine 1's campaign, including Susan Avery in 2017 to add climate expertise, Steve Kandarian in 2018 to bolster risk management experience and Jay Hooley in 2020 to add investor perspective. Furthermore, after the launch of Engine 1's campaign in December 2020, the board added three additional directors to address its needs with respect to energy, capital allocation and business transition experience, as well as climate expertise and investor perspective. The newest appointments include Wan Zulkiflee, the former CEO of Petronas, Malaysia's state-owned oil and gas company, Michael Angelakis, the former CFO of Comcast and Jeffrey Ubben, the co-founder of ValueAct Capital and the founder of Inclusive Capital Partners, who in recent years has focused on social and environmental investing, specifically climate change.

We believe the most recent appointments are in some ways an acknowledgement of the areas and the extent to which the Exxon board was lacking prior to public statements by Engine 1 and D.E. Shaw, another activist investor that pushed for Exxon to refresh its board and strategy after the launch of Engine 1's campaign. That said, we believe each of these recent additions are additive to the Exxon board, particularly Messrs. Angelakis and Ubben, who were appointed following what Exxon says were more constructive discussions with D.E. Shaw. With respect to Exxon's engagement with Engine 1, discussions have clearly not been as amicable, resulting in this proxy contest.

According to the Dissident's proxy statement, in January 2021 one of the Company's advisors stated Exxon did not intend to appoint or even meet with any of Engine 1's nominees and was not concerned that institutional investors might expect Exxon to consider Engine 1's nominees. The advisor indicated no final decisions had been made and that Engine 1 should encourage Exxon's CEO and lead director to consider its nominees. When the two sides met, the Company's lead director stated that Engine 1's nominees did not meet the board's criteria for new directors, which he described generally as having held the CEO role at companies with large market capitalizations, scale, and geographic scope, according to the Dissident's proxy statement. Engine 1 responded by questioning whether it would be appropriate to reconsider such director criteria, given Exxon's underperformance over the last decade, which we consider a valid point by Engine 1. The Dissident also pointed out that at least two of Engine 1's nominees met such criteria while others offered expertise in areas described by Exxon as being important to the Company's future. We'd agree with Engine 1 that, while large cap CEO experience is helpful as part of an overall board mix, transferable skills and track records of performance should be important considerations as well.

For its part, the Company states it informed Engine 1 during their meeting in January 2021 that the Dissident's director candidates would be considered in accordance with the Company's governance practices. In February 2021, the Exxon board affairs committee considered and discussed the credentials, qualifications, skillsets and past experience of director candidates, including Messrs. Angelakis and Ubben, as well as the four candidates nominated by Engine 1, according to the Company's proxy statement. The board committee compared each candidate to the board's director qualification standards (described on p. 23-29 of proxy statement) and determined to recommend that the board elect Messrs. Angelakis and Ubben, each of whom meet the board's standards and would bring skill sets and qualifications consistent with the board's ongoing refreshment and succession planning needs. As part of its review, the committee found that none of the Engine 1 director candidates meet the standards or needs of the Company's board, according to its proxy statement. Engine 1 states that Exxon never interviewed or asked to interview any of its nominees and notes the Company ultimately appointed three new directors, two of whom have no large public company CEO experience.

Looking at the Company's director qualification standards, as disclosed in the proxy statement, we see it prioritizes individuals who have achieved prominence in their fields, demonstrated by experience serving as a CEO or other prominent leader of an international organization. The Company also values experience and demonstrated expertise in managing large, relatively complex organizations, such as a company or organization with global responsibilities. As noted in Exxon's proxy statement (p. 24) a component of this experience relates to operational matters and requirements, including maintenance needs, labor relations, and regulatory requirements. Based on the board's self-assessment, 75% of its directors have such experience, most of which is outside the energy sector. We note that such experience has a relatively low level of representation on the board versus existing combined experience in other noted director qualification categories, such as large/complex organizations, global business leadership, financial experience and risk management, which range from 83% to 100% across directors comprising the board's current composition.

Further, by the Company's own assessment, the board has relatively little experience in cyclical businesses, such as commodities, as only 25% of directors meet this qualification. The Company states that understanding the unique challenges of a cyclical or commodity business provides helpful insights for assessing Company strategies, challenges, and opportunities. Indeed, we consider such experience is critical for Exxon's current situation, based on our analysis and discussion above of the Company's performance and strategy. We see another relatively low area of current expertise on the board is scientific, technical and research experience, which is embodied by only 50% of Exxon's directors, according to the Company. Yet, Exxon states such experience is directly applicable to developing new products and businesses, mitigating emissions, and protecting the environment. In light of our foregoing review of the Company's energy transition strategy and the ongoing concerns that we and certain investors have in this regard, including Engine 1, these disciplines and perspectives appear to be under-represented on the Exxon board.

The lack of perspective and certain skillsets on the Exxon board is the overarching point of Engine 1's campaign. In seeking to address these weaknesses, we believe Engine 1 has nominated a slate of candidates who would significantly enhance the specific areas we note above as currently lacking, using the Company's own assessment of its current directors' qualifications and experience, and which the Company itself states is valuable and important. Thus, while we recognize that the Exxon board has sought to proactively refresh its membership even before Engine 1's campaign, we consider the board's most recent director appointments are positive additions, but are also reactive to the concerns raised by Engine 1, D.E. Shaw and other investors regarding board composition. The new additions also serve as an acknowledgement by Exxon and partial validation of certain issues raised by Engine 1's campaign. Moreover, we believe the current composition of the Exxon board remains lacking in critical areas of experience and expertise and could further be enhanced by the election of certain candidates on the Engine 1 slate.

Director Nominees

We understand Engine 1 developed its slate of director candidates with the stated objective of injecting into the Exxon board a diverse set of experiences in global energy operations and value-creating business transformations in the energy and other sectors that the Dissident believes will help the other members of the board deliver sustainable, long-term shareholder value by addressing the fundamental issues facing the Company as it looks toward the future. Engine 1 notes that its nominees include two former CEOs named by Harvard Business Review as among the best performing in the world across any industry, one of whom helped lead an energy industry transformation in a business that Exxon is pursuing, and a former U.S. Assistant Secretary of Energy who is an expert in carbon capture, smart grids, and other areas that the Dissident believes will be critical to Exxon's long-term future. We see Engine 1's nominees have experience across oil and gas and renewable energy, including with respect to successful energy business transformations that led to significant shareholder value creation. To be sure, these individuals' experience in one aspect of the energy sector or another (i.e., wind, solar, carbon capture) does not necessarily mean they would advocate for Exxon to take the same focus. But, in our view, their experience could be valuable in rounding out the Exxon board's perspective and understanding of various strategies as it charts a course for Exxon to pursue in the coming years.

Looking closer at the Dissident's nominees, we believe the experience and perspectives of Gregory Goff and Alexander Karsner, in particular, would be valuable to the Exxon board at this juncture, complementary to the backgrounds of other directors and additive even after the Company's recent appointments. Mr. Goff was CEO of Andeavor, a petroleum refining, marketing and logistics company, until its sale to Marathon Petroleum in 2018 for $35 billion. During his tenure, Engine 1 notes that Andeavor generated total returns of over 1,200%, significantly outperforming the U.S. energy sector's total return of 55% during that span. Prior to Andeavor, Mr. Goff had a 30-year career with ConocoPhillips, where he held various leadership positions in the exploration and production segment and the downstream segment. We believe Mr. Goff's experience as the chairman, president and CEO of Andeavor and as the vice chairman of the board of Marathon Petroleum until 2019, as well as his previous experience in the oil and gas industry, would significantly enhance the level of relevant industry and operational experience among Exxon's independent directors, which in our view remains insufficient despite the appointment of Mr. Zulkiflee. We expect Mr. Goff's insight would help to improve and sustain the performance of Exxon's core business as a key component of a comprehensive long-term strategy, while also helping to address Exxon's historically insular culture and improving the board's engagement and communications with shareholders.

Turning to Mr. Karsner, we believe he is a forward-thinking strategist with regulatory, innovation and technological experience in the energy sector that would be valuable in assisting the Exxon board as it fully considers and navigates the challenges and opportunities of the energy transition. Engine 1 notes that Mr. Karsner began his career developing large-scale energy infrastructure and has led or contributed to project development, management and finance of those activities. Engine 1 also highlights his experience as a private equity investor, venture partner and advisor for successful clean tech startups including Nest and Tesla. Since 2015, Mr. Karsner has served as senior strategist at X (formerly Google X), the innovation lab of Alphabet Inc., where he is part of the executive leadership team and involved in shaping strategy for technology, policy, and commercialization at the nexus of natural resources and AI, machine learning, geospatial engineering, and high-performance computing, according to the Dissident's proxy statement. We also note Mr. Karsner has served on the board of Applied Materials, a leading semiconductor equipment company, since 2008.

Further, we highlight Mr. Karsner's policymaking experience, having served as U.S. Assistant Secretary of Energy from 2005 to 2008, where he was responsible for multi-billion dollar federal R&D programs. In this role, he also helped assemble bipartisan support to implement or enact major legislation which remains foundational to the framework of federal energy policy and regulation today, according to the Dissident. We believe Mr. Karsner's technological and regulatory experience across both the conventional and alternative/new energy sector would be instrumental in helping the Exxon board and management to take a more holistic view and formulate and execute a more cohesive energy transition strategy. That would include advancing Exxon's efforts in CCS from both a technological and regulatory perspective. While Exxon claims that Mr. Karsner has multiple gaps across the criteria it seeks in director candidates, we believe his relevant policy experience and technical expertise with respect to renewables and energy technologies would enhance the board's humility, peripheral vision and long-term strategic perspective, leading to insightful contributions as the Exxon board continues to develop and oversee the implementation of an energy transition strategy in a rapidly evolving environment.

Importantly, we believe the addition of these two Engine 1 nominees would be additive to the board when considering the experience, skillsets and perspectives of the Company's incumbent directors, including those who the Dissident has targeted for replacement. They include the Company's longest-tenured director, Mr. Palmisano, who after 15 years on the Exxon board, currently serving as chairman of the compensation committee and a member of the board affairs committee who dismissed all of Engine 1's candidates as being underqualified, may bear more responsibility than other directors for Exxon's long-term TSR underperformance, its lack of relevant industry experience and general unpreparedness, in our view, for the global energy transition. Exxon points to Mr. Palmisano's role as chairman and CEO of IBM during its business transformation, but Engine 1 notes that IBM is generally regarded as a company that was caught unprepared for the evolution in its industry, though we note IBM fared somewhat better under Mr. Palmisano's leadership.

Engine 1 is also targeting Mr. Oberhelman, the former CEO of Caterpillar, who has relevant experience in a capital intensive, cyclical business similar to oil and gas, as Exxon points out. Yet, Engine 1 counters by noting Caterpillar's total returns underperformed its sector and the market during Mr. Oberhelman's tenure. On the margin, we consider his experience in a business similar to oil and gas may not be as beneficial to Exxon at this time as individuals who have more direct, relevant and recent experience in the oil and gas industry and energy sector itself. The other incumbent director targeted by Engine 1 is Mr. Kandarian, who has strategic transformation experience in the financial sector, having made MetLife a simpler company with less market sensitivity and more sustainable cash flow, according to the Company. We also recognize Mr. Kandarian's broad experience in risk management, which according to the Company is well represented on the board with 100% of current directors having such experience. Yet none of Mr. Kandarian's experience is related to a commodity-linked business, the energy sector, manufacturing, or technology, which as noted above is lacking on the board and, in our view, more relevant to Exxon's situation and challenges at this time.

As it relates to Mr. Zulkiflee, who was only recently added to the Exxon board but is also targeted for replacement by Engine 1, while his addition adds to the board's industry experience, as Engine 1 points out, Petronas is a state-owned company, which Exxon's shareholders should consider is less comparable to Exxon given the different competitive and governance environments in which the companies operate. Further, although Exxon claims Mr. Zulkiflee helped position Petronas to navigate the energy transition, pursuing both solar and CCS, we see little evidence that Petronas has played a major role in advancing any significant energy transition strategy. As Engine 1 points out, Exxon also has long-standing operational ties to Petronas, which suggests Exxon didn't conduct a particularly far-reaching search when it looked to fill the void of oil and gas experience on its board among independent directors. We believe such experience is critical in order to enable the board to assist management in setting strategic priorities and, when necessary, challenging or holding senior management to account. On balance, we consider Mr. Zulkiflee's appointment to be additive to the Exxon board in this regard, given that it at least partially addresses what Engine 1 and other investors considered to be a major weakness of the board at the launch of Engine 1's campaign to reform Exxon.

DIVERSITY POLICIES AND DISCLOSURE

FEATURE	COMPANY DISCLOSURE
Director Race and Ethnicity Disclosure	Aggregate
Diversity Considerations for Director Candidates	Gender and race/ethnicity
"Rooney Rule" or Equivalent	Not disclosed
Director Skills Disclosure	Aggregate
***Overall Rating: Fair**	
Percentage of Racial/Ethnic Minorities on Board (If Available): 25.0%	

*For more information, including detailed explanations of how Glass Lewis assesses these features, please see Glass Lewis' *Approach to Diversity Disclosure Ratings*.

The Company has provided fair disclosure of its board diversity policies and considerations. Areas to potentially improve this disclosure are as follows:

Race and Ethnicity Disclosure - The Company has not disclosed the racial/ethnic diversity of directors in a way that is delineated from other diversity measures and on an individual basis. Glass Lewis believes that shareholders benefit from clear disclosure of racial/ethnic board diversity on an individual basis.

"Rooney Rule" - The Company has not disclosed a policy requiring women and minorities to be included in the initial pool of candidates when selecting new director nominees (aka a "Rooney Rule"). Glass Lewis believes that policies requiring the consideration of minority candidates are an effective way to ensure an appropriate mix of director nominees.

Skills Disclosure - The Company has not disclosed a matrix of director skills and competency by individual. Glass Lewis believes that shareholders benefit when director skills and qualifications are disclosed in a single matrix including each individual member of the board. The board could improve its disclosure of director skills and experience by providing an individualized matrix.

RECOMMENDATION

Based on our analysis and review of Exxon's performance, strategy and current board composition, we are of the opinion that further incremental changes to the board are warranted and needed in order to better position Exxon for the evolving industry environment and oncoming global energy transition. While Exxon claims to have evolved its strategy and maintained its historical leadership position among oil majors, our review finds the Company's competitive position and financial returns have eroded, and its stated strategy to address the underlying reasons for this diminished performance is generally insufficient. The Company's leading position in the industry is slipping, its long-term total shareholder returns have lagged certain European peers and its long-term returns on capital have deteriorated to levels at or even below the Company's estimated cost of capital.

While the Exxon board has recently refreshed itself with needed oil and gas, capital allocation, investor perspective and climate-related business transformation experience, we believe the board remains lacking in critical areas, such as energy and cyclical business experience, scientific and technological research expertise and regulatory experience. More broadly, we agree with Engine 1 that past refreshment of the board pursuant to the Company's seemingly outdated framework has not resulted in the significant change in strategic direction or improvement in performance that investors and other stakeholders are increasingly demanding in the current environment.

Therefore, we believe incremental changes will help to ensure the Exxon board is composed of individuals who possess the range of relevant, successful experience, skillsets and perspectives that will be needed for the Company to address the critical issues it faces, and to more fully explore the potential pathways and role Exxon might play in the energy sector going forward. As the global energy transition continues, the Exxon board will need to make critical strategic and capital allocation decisions, seeking to balance the need to preserve current profitability in core operations against the need to plan for the long-term future of the business. We expect the Company will increasingly need to evaluate and invest in strategies that will gradually and profitably reposition Exxon. Additionally, the Company will need to respond to the rapidly evolving global regulatory landscape as countries and industries increase efforts to decarbonize, with directors determining whether and when to pursue emerging low carbon solutions and technologies, such as carbon capture and biofuels.

Although we recognize the complexity of the challenge and the uncertainty associated with the range of various potential scenarios and pathways under which Exxon seeks to maximize returns and value, to this point we agree with Engine 1 that the Exxon board has failed to demonstrate the foresight needed to position the Company for long-term value creation. Regardless of the scenario and the pacing at which society and the energy sector evolves, we believe the board will benefit from the addition of individuals with relevant backgrounds and insightful perspective who have already had success across both conventional and alternative energy and in responding to the challenges of the current environment. As Engine 1 states, reasonable people may differ as to where the energy industry is going in the decades to come, but what is less debatable is that capitalizing on the opportunities and managing the risks created by rapid technological, policy, and market changes will require successful and diverse energy experience on the Exxon board.

Based on the current composition of the Exxon board, we believe Messrs. Goff and Mr. Karsner are most additive in terms of bringing fresh independent perspective and relevant industry, operational and regulatory experience. In our view, each of these two Dissident nominees are qualified and well-suited to work with the other Exxon directors towards more fully addressing the opportunities and threats currently facing the Company with a focus on generating economic returns and protecting and enhancing shareholder value. Though the Company has taken some positive actions in these respects since the launch of Engine 1's campaign, we believe shareholders should support the Dissident's efforts in order to further enhance board oversight. We expect the election of these two directors would better position Exxon to conduct a more robust exploration of various paths to pursue amid the energy transition, develop a more cohesive strategy and capital spending plan and oversee the execution of those plans in a manner which generates sufficient returns and enhances long-term value for shareholders.

Accordingly, we believe shareholders should use the Dissident's WHITE proxy card to vote as follows:

FOR Dissident nominees Goff (1.01) and Karsner (1.03);

WITHHOLD from Dissident nominees Hietala (1.02) and Runevad (1.04); and

FOR all other Company nominees (1.05 through 1.12).

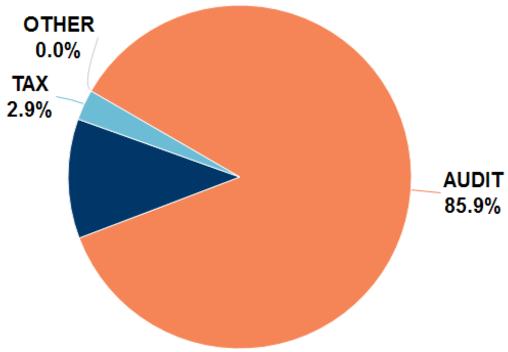
2.00: RATIFICATION OF AUDITOR

FOR

PROPOSAL REQUEST:	Ratification of PricewaterhouseCoopers	
PRIOR YEAR VOTE RESULT (FOR):	96.4%	
BINDING/ADVISORY:	Advisory	
REQUIRED TO APPROVE:	Majority of votes cast	
AUDITOR OPINION:	Unqualified	

RECOMMENDATIONS & CONCERNS:

FOR- No material concerns



AUDITOR FEES

	2020	2019	2018
Audit Fees:	$35,900,000	$34,600,000	$31,400,000
Audit-Related Fees:	$4,700,000	$6,900,000	$8,800,000
Tax Fees:	$1,200,000	$1,000,000	$1,000,000
All Other Fees:	$ 0	$ 0	$ 0
Total Fees:	$41,800,000	$42,500,000	$41,200,000
Auditor:	Pricewaterhouse Coopers	Pricewaterhouse Coopers	Pricewaterhouse Coopers

Years Serving Company:	87
Restatement in Past 12 Months:	No
Alternate Dispute Resolution:	No
Auditor Liability Caps:	No
Lead Audit Partner:	Thomas Euclid Smith Jr.
Critical Audit Matter(s):	2 • The Impact of Proved Oil and Natural Gas Reserves on Upstream Property, Plant and Equipment, Net • Impairment Assessment of Certain Upstream Property, Plant and Equipment, Net

GLASS LEWIS ANALYSIS

The fees paid for non-audit-related services are reasonable and the Company discloses appropriate information about these services in its filings.

We recommend that shareholders vote **FOR** the ratification of the appointment of PricewaterhouseCoopers as the Company's auditor for fiscal year 2021.

3.00: ADVISORY VOTE ON EXECUTIVE COMPENSATION

FOR

PROPOSAL REQUEST:	Approval of Executive Pay Package	**PAY FOR PERFORMANCE GRADES:**	**FY 2020** C **FY 2019** C **FY 2018** C
PRIOR YEAR VOTE RESULT (FOR):	90.6%	**RECOMMENDATION:**	FOR
STRUCTURE:	Fair		
DISCLOSURE:	Good		

EXECUTIVE SUMMARY

SUMMARY ANALYSIS

The Company's pay program remains unusual for this market, but the long vesting periods and supporting disclosure convincingly suggest that it remains appropriate. Furthermore, the nil-payouts for the 2020 STI cycle, the sustained alignment of pay with performance, and the reduced dollar value of equity awards suggest that the Company has been exercising its significant discretion under the plan judiciously. We accordingly recommend that shareholders support this proposal.

COMPENSATION HIGHLIGHTS

- STI: Largely discretionary and subject to performance-based deferral; no payout for most recent performance cycle
- LTI: Time-based
  - Awards under this plan are subject to extensive service-based vesting requirements
  - The dollar value of equity awards decreased significantly as compared with 2019 (-32% for the CEO), though the absolute number of granted shares increased as a result of the Company's lower share price at grant
- One-time: None granted during the past fiscal year

SUMMARY COMPENSATION TABLE

NAMED EXECUTIVE OFFICERS	BASE SALARY	BONUS & NEIP	EQUITY AWARDS	TOTAL COMP
D. W. Woods *Chairman and CEO*	$1,615,000	-	$8,434,725	$15,639,061
A. P. Swinger *Senior Vice President; PFO*	$1,541,500	-	$4,081,584	$9,842,972
N. A. Chapman *Senior Vice President*	$955,000	-	$3,941,691	$8,356,348
J. P. Williams, Jr. *Senior Vice President*	$1,044,667	-	$3,501,440	$7,949,308
N. W. Duffin *President, ExxonMobil Global Projects Company*	$1,225,250	-	$2,851,349	$7,176,637

CEO to Avg NEO Pay: 1.88: 1

CEO SUMMARY

	2020 D. W. WOODS	2019 D.W. WOODS	2018 DARREN W. WOODS
Total CEO Compensation	$15,639,061	$23,494,929	$18,777,787
1-year TSR	-36.2%	7.2%	-15.1%
CEO to Peer Median *	0.7:1	1.1:1	0.9:1
Fixed/Perf.-Based/Discretionary **	18.0% / 0.0% / 82.0%	11.2% / 6.8% / 82.1%	10.7% / 7.8% / 81.5%

* Calculated using Company-disclosed peers. ** Percentages based on the CEO Compensation Breakdown values.

CEO COMPENSATION BREAKDOWN

FIXED	**Cash**		**$1.9M**
	Salary		$1.6M
	Benefits / Other		$240,700
		Total Fixed	$1.9M

PERFORMANCE-BASED	**Earnings Bonus Units ("EBUs")**		**$0.0M**
	Bonus Program (STI)		$0
	Target/Maximum	N/A	
	Metrics	Grants: Annual Earnings (bonus pool); Committee Discretion (individual) Vesting: Cumulative EPS (individual)	
	Performance Period	1 year	
	Additional Vesting / Deferral Period	3 years	
		Total Performance-Based	$0.0M

TIME-VESTING/ DISCRETIONARY	**RSUs**		**$8.4M**
	Long-term Incentive Plan		$8.4M
	Vesting / Deferral Period	10 years (ratable; see note)	
	Cash		**$0.0M**
	Bonus Program (STI)		$0
	Target/Maximum	N/D	
	Metrics	Annual Earnings (bonus pool); Committee Discretion (individual)	
		Total Time-Vesting/Discretionary	$8.4M

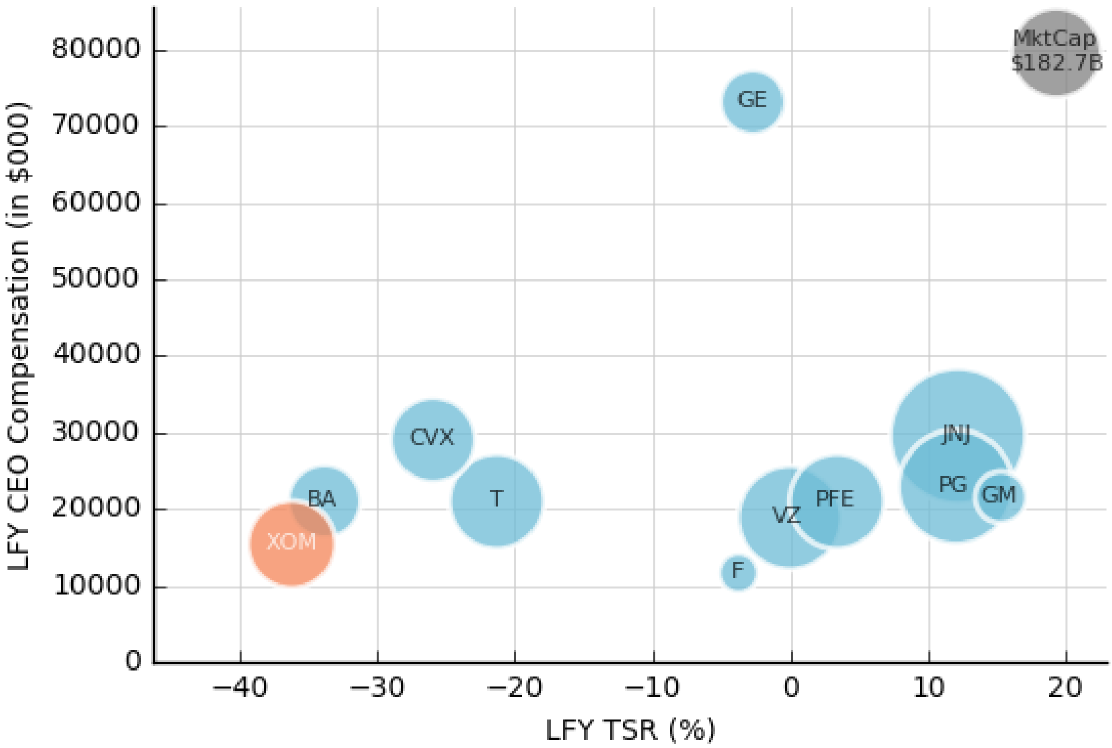
Awarded Incentive Pay	**$8.4M**
Total Pay Excluding change in pension value and NQDCE	**$10.3M**

* Excludes $5.3 million attributable to change in pension value and NQDCE. Of that sum, $2.9 million is attributable to changes in interest rates

PEER GROUP REVIEW [1 2 3 4]

The Company compares NEO compensation to a peer group consisting of 12 companies. Total NEO compensation is not benchmarked to a specific percentile of the peer group.

	MARKET CAP	REVENUE	CEO COMP	1-YEAR TSR	3-YEAR TSR	5-YEAR TSR
75th PERCENTILE OF PEER GROUP	$243.1B	$127.1B	$29.0M	11.9%	6.7%	10.5%
MEDIAN OF PEER GROUP	$183.6B	$88.5B	$21.4M	-1.4%	-0.1%	7.9%
25th PERCENTILE OF PEER GROUP	$94.6B	$71.0B	$21.0M	-21.4%	-8.3%	2.1%
COMPANY	$174.3B (47th %ile)	$179.8B (Highest)	$15.6M (10th %ile)	-36.2% (Lowest)	-16.6% (Lowest)	-7.7% (12th %ile)



1 Market capitalization figures are as of fiscal year end dates. *Source: Capital IQ*

2 Annual revenue figures are as of fiscal year end dates. *Source: Capital IQ*

3 Annualized TSR figures are as of fiscal year end dates. *Source: Capital IQ*

4 Annual CEO compensation data based on the most recent proxy statement for each company.

EXECUTIVE COMPENSATION STRUCTURE - SYNOPSIS

FIXED

Base salaries did not increase significantly during the past fiscal year.

SHORT-TERM INCENTIVES

	STI PLAN
AWARDS GRANTED (PAST FY)	*Cash and earning bonus units ("EBUs")*

TARGET PAYOUTS	*Not disclosed*
MAXIMUM PAYOUTS	*Not disclosed*
ACTUAL PAYOUTS	*None*

Performance is measured over one year. Half of awards are paid in cash and half are deferred as EBUs which pay out upon achievement of the hurdle below within 3 years of grant.

The funding of the bonus pool is set based on the prior year, proportionally adjusted by two-thirds of the change in annual earnings. Individual payouts for NEOs are determined on a largely discretionary basis.

Because earnings were negative for the year, no awards were granted under this plan

BONUS POOL METRICS		**ANNUAL EARNINGS**
		Absolute
	Weighting	100%
	Actual Performance	Negative earnings

LONG-TERM INCENTIVES

LTI PLAN

AWARDS GRANTED (PAST FY)	*RSUs*
TIME-VESTING PAYOUTS	*205,000 shares for the CEO and up to 99,200 shares for the other NEOs*

Time-vesting awards vest over 10 years (50% after 5 years, 50% after 10 years)

No performance-based awards are granted under the plan.

Awards are granted based on a non-formulaic assessment of progress towards strategic objectives and financial metrics over the past 10 years. Considerations include safety and operations integrity, return on average capital employed (10-year average), cash flow from operations (10-year average) and asset sales, and total shareholder return (10-year period). Awards are settled in stock.

RISK-MITIGATING POLICIES

CLAWBACK POLICY	*Yes - Limited*
ANTI-HEDGING POLICY	*Yes*
STOCK OWNERSHIP GUIDELINES	*Yes - all NEOs*

SEPARATION & CIC BENEFITS

HIGHEST SEVERANCE ENTITLEMENT	*None*
CIC EQUITY TREATMENT	*Double-trigger acceleration*
EXCISE TAX GROSS-UPS	*No*

OTHER FEATURES

LFY CEO TO MEDIAN EMPLOYEE PAY RATIO *	*86:1*
E&S METRICS	*Yes*
BENCHMARK FOR CEO PAY	*26th percentile*

* Highest disclosed, if applicable

GLASS LEWIS ANALYSIS

This proposal seeks shareholder approval of a non-binding, advisory vote on the Company's executive compensation. Glass Lewis believes firms should fully disclose and explain all aspects of their executives' compensation in such a way that shareholders can comprehend and analyze the company's policies and procedures. In completing our assessment, we consider, among other factors, the appropriateness of performance targets and metrics, how such goals and metrics are used to improve Company performance, the peer group against which the Company believes it is competing, whether incentive schemes encourage prudent risk management and the board's adherence to market best practices. Furthermore, we also emphasize and evaluate the extent to which the Company links executive pay with performance.

PROGRAM FEATURES [1]

POSITIVE	NEGATIVE
• Alignment of pay with performance • STI-LTI payout balance • No single-trigger CIC benefits • Anti-hedging policy • Clawback policy for NEOs • Executive stock ownership guidelines for NEOs	• No performance-vesting LTI awards • STIP awards are largely discretionary

[1] Both positive and negative compensation features are ranked according to Glass Lewis' view of their importance or severity

AREAS OF FOCUS

No Performance-Based Long-Term Incentives
Policy Perspective: We generally believe that shareholders benefit when variable compensation levels are based on metrics with pre-established goals and are thus demonstrably linked to the performance of the Company. Strictly time-based long-term awards may not sufficiently tie executive interests with those of shareholders.

Analyst Comment: This issue is qualified by the considerable vesting periods attached to equity awards and the limited acceleration opportunities.

Incentive Limits on Short-Term Awards
Policy Perspective: A lack of disclosed caps on short-term incentive plan payouts runs contrary to best practices and shareholder interests, as management may receive excessive compensation that is not strictly tied to Company performance. We believe that such caps provide an important assurance for shareholders around executive pay levels and certain risks generated by incentive plans.

Performance Formulas for Short-Term Awards
Analyst Comment: Under the STI plan, the initial short-term incentive award allocation is determined by pay grade and individual performance after the bonus pool size is determined. The structure of the awards requires formulaic future results for significant portions of award to pay out, and the board's administration of this plan has been reasonable. Still, shareholders should remain mindful of the structure in place for these grants.

2020 PAY FOR PERFORMANCE: C

Policy Perspective: "C" grades in the Glass Lewis pay-for-performance model indicate an adequate alignment of pay with performance, where the gap between compensation and performance rankings is not significant.

CONCLUSION

We recommend that shareholders vote **FOR** this proposal.

4.00: SHAREHOLDER PROPOSAL REGARDING INDEPENDENT CHAIR

FOR

PROPOSAL REQUEST:	That the board chair be an independent director	**SHAREHOLDER PROPONENT:**	Olga Monks Pertzoff Trust 1945 as lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	32.7%	**REQUIRED TO APPROVE:**	Majority

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda

GLASS LEWIS REASONING

- An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda without the management conflicts that a CEO or other executive insiders often face, leading to a more proactive and effective board of directors;
- Separation of the roles of chair and CEO eliminates the conflict of interest that inevitably occurs when a CEO is responsible for self-oversight; and
- The presence of an independent chair fosters the creation of a thoughtful and dynamic board that is not dominated by the views of senior management.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy would be phased in for the next CEO transition.*

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

Proponent's Perspective

- The role of the CEO and management is to run the Company, while the role of the board is to provide independent oversight of management and the CEO;
- There is a potential conflict of interest for a CEO to be her/his own overseer as chair while managing the business;
- The combination of chair and CEO in a single person weakens a corporation’s governance structure;
- Chairing and overseeing the board is a time-intensive responsibility;
- A separate independent chair frees the CEO to manage the Company and build effective business strategies;
- With the unprecedented climate change challenges facing global energy companies as they face important transitions to a low carbon economy, it is important to ensure the Company’s governance is the best it can be and that the board is empowered to provide strong direction and leadership; and
- To simplify the transition, this new policy would be phased in when the next CEO is chosen.

Board's Perspective

- Separating the chair and CEO positions in all cases, and relinquishing the board’s authority and flexibility to choose the best leadership structure, would not be in the best interest of shareholders or improve its ability to provide effective oversight;
- Adoption of a singular approach without the flexibility to adapt to company-specific circumstances would compromise the board's ability to assess and implement the optimal oversight framework;
- Having the current chair and CEO roles combined results in significant benefits for shareholders;
- At present, the combined chair and CEO role ensures items of greatest importance for the business are brought to the attention of, and reviewed by, the board on a timely basis;
- As new issues arise, market dynamics change, or risk exposures evolve, the chair/CEO is best positioned, with deep Company knowledge and industry experience, to highlight those issues with the board, ensuring appropriate oversight and discussion;
- The independent members of the board elect a director to serve as lead director, which must be independent and has specific authority and broad oversight responsibilities that were further strengthened in 2020; and
- Only a minority of S&P 500 companies have adopted an independent chair.

GLASS LEWIS ANALYSIS

Glass Lewis believes that the appointment of a chair of the board who is independent of management, i.e. not also serving as CEO, is nearly always preferable to having a single individual lead both the board and the executive team. We view an independent chair as better able to oversee the executives of the Company and set a pro-shareholder agenda without the inherent conflicts that a CEO or other executive insiders face. This, in turn, leads to a more proactive, responsive and effective board of directors.

For more information on empirical evidence concerning the separation of chair and CEO, please see Glass Lewis' *In-Depth: Independent Board Chair*.

We recognize that the board has a lead director with the following roles and responsibilities:

- Calling, chairing, and setting the agenda for executive sessions of the non-employee directors;
- Providing feedback to the chair;
- Chairing meetings of the board in the absence of the chair;
- Reviewing and approving the schedule and agenda for all board meetings and reviewing associated materials distributed to the directors, in consultation with the chair;
- Advising the chair on the quality, quantity, and timeliness of information flow;
- Reviewing committee meeting schedules;
- Engaging with shareholders, as appropriate; and
- Leading the annual performance evaluation of the board.

The lead director also serves as chair of the board affairs committee, with authorities that include:

- Establishing the criteria for director engagement with shareholders;
- Providing comments and suggestions to the board on board committee structure, operations, member qualification, and member appointment;
- Overseeing independent director succession planning, remuneration, requests for additions to board memberships, and resignations;
- Establishing and maintaining procedures for interested parties to communicate with non-employee directors;
- Considering board governance practices and procedures including any changes to governance guidelines; and
- Providing oversight of the performance and effectiveness of the evaluation process for the board and its committees.

In addition, the lead director, working together with the compensation committee, oversees the annual evaluation of the CEO, the communication of resulting feedback to the CEO, and the review of CEO succession plans (2021 DEFC14A, p. 23). The Company also states in response to this proposal that the lead director leads the board in its oversight of the Company's response to critical issues, offering the oversight of management responses to the COVID-19 pandemic as an example (2021 DEFC14A, p.71).

We recognize that the Company has appointed a lead independent director and has listed the duties and responsibilities of the position, providing some independent board leadership to balance the power of the combined chair and CEO. However, we ultimately believe vesting a single person with both executive and board leadership concentrates too much responsibility in a single person and inhibits independent board oversight of executives on behalf of shareholders. We believe adopting a policy requiring an independent chair may, therefore, serve to protect shareholder interests by ensuring oversight of the Company on behalf of shareholders is led by an individual free from the insurmountable conflict of overseeing oneself. We believe that this resolution is reasonably crafted and that shareholders should support this proposal.

We recommend that shareholders vote **FOR** this proposal.

5.00: SHAREHOLDER PROPOSAL REGARDING RIGHT TO CALL SPECIAL MEETINGS

AGAINST

PROPOSAL REQUEST:	That 10% of shareholders are able to call a special meeting without the need to get court approval	**SHAREHOLDER PROPONENT:**	Kenneth Steiner
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	26.8%	**REQUIRED TO APPROVE:**	Majority

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

AGAINST - • Not in the best interests of shareholders

GLASS LEWIS REASONING

- The Company already has in place a 15% threshold for the calling of a special meeting.

PROPOSAL SUMMARY

Text of Resolution: *Shareholders ask our board to take the steps necessary to amend the appropriate company governing documents to give the owners of a combined 10% of our outstanding common stock the power to call a special shareholder meeting without the need to get court approval.*

Proponent's Perspective

- Management entrenchment is so well defended at an online shareholder meeting that shareholders should have a corresponding greater flexibility in calling for a special shareholder meeting.

Board's Perspective

- The Company's shareholders are able to call a special meeting in two ways;
- Shareholders holding at least 15% of shares outstanding can call a special meeting or alternatively, under New Jersey law, shareholders holding at least 10% of outstanding stock may call a special meeting upon a court order showing good cause; and
- The most common special meeting threshold among S&P 500 companies is 25%.

GLASS LEWIS ANALYSIS

Glass Lewis strongly supports the right of shareholders to call special meetings. However, in order to prevent abuse and waste of corporate resources by a very small minority of shareholders, we believe that shareholders representing at least a sizable minority of shares must support such a meeting prior to its calling.

When reviewing proposals seeking to grant shareholders this right we typically consider:

- Company size;
- Shareholder base in both percentage of ownership and type of shareholder (e.g., hedge fund, activist investor, mutual fund, pension fund, etc);
- Responsiveness of board and management to shareholders evidenced by adopting progressive shareholder rights policies (e.g., majority voting, declassifying boards, etc.) and reaction to shareholder proposals;
- Company performance and the steps taken to improve poor performance (new executives/directors, spin-offs, etc.);
- The existence of anti-takeover protections or other entrenchment devices;
- Opportunities for shareholder action (e.g., proxy access, the ability to act by written consent); and
- The existing ability for shareholders to call a special meeting.

In this case, we note that the Company already has a 15% threshold for the calling of a special meeting. Moreover, the Company has other corporate governance best practices, including proxy access and a declassified board. As such, we find that the existing threshold is sufficient, particularly given the other opportunities for the exercise of other shareholder rights. Accordingly, we are not convinced that support for this proposal is warranted at this time.

We recommend that shareholders vote **AGAINST** this proposal.

6.00: SHAREHOLDER PROPOSAL REGARDING AUDITED REPORT ON NET ZERO EMISSIONS 2050 SCENARIO ANALYSIS

FOR

PROPOSAL REQUEST:	That the Company issue an audited report on the impacts of the IEA Net Zero 2050 scenario	**SHAREHOLDER PROPONENT:**	Christian Brothers Investment Services, Inc. as lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Audited climate reporting could provide actionable information for shareholders

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- Given the totality of circumstances, we believe that adoption of this proposal would provide shareholders with meaningful and actionable information, which is increasingly crucial given the need for investors to factor climate-related information into their overall investment decision-making processes.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: Shareholders request that ExxonMobil's Board of Directors issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the IEA Net Zero 2050 scenario, would affect its financial position and underlying assumptions. The Board should summarize its findings to shareholders by January 31, 2022, and the report should be completed at reasonable cost and omitting proprietary information.*

Supporting Statement: Proponents recommend that in issuing the report, the company take account of information on:

• Assumptions, costs, estimates, and valuations that may be materially impacted; and

• The potential for widespread adoption of net-zero goals by governments and peers.

Proponents recommend that the report be supported by reasonable assurance from an independent auditor.

Proponent's Perspective

- As evidence of the severe impacts from climate change mounts, policymakers, companies, and financial bodies are increasingly focused on the economic impacts from driving GHG emissions to well-below 2° C below pre-industrial levels (including 1.5° C ambitions), as outlined in the Paris Agreement;
- Many Company peers (including BP, Eni, Equinor, Repsol, Royal Dutch Shell, and Total) have committed to major GHG reductions, including setting 'net zero emission' goals by 2050;
- Investors are calling for high-emitting companies to test their financial assumptions and resiliency against substantial reduced-demand climate scenarios, and to provide investors insights about the potential impact on their financial statements;
- As of November 2020, the Company had neither committed to net-zero emissions by 2050 across its value chain, nor disclosed how its financial assumptions would change from doing so, while

Board's Perspective

- The Company's existing disclosures already cover a range of third-party scenarios and potential outcomes that make this proposal duplicative and unnecessary;
- The Company's 2021 Energy & Carbon Summary includes analyses through 2040 on 74 Intergovernmental Panel on Climate Change "Lower 2°C" and International Energy Agency scenarios consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") guidance on scenario analysis;
- A separate report based on a single scenario would be inferior to existing disclosures, inconsistent with TCFD guidance, and potentially misleading to stakeholders;
- The Energy & Carbon Summary already analyzes scenarios with lower oil and gas demand by 2030 than the IEA Net Zero 2050 scenario;
- The IEA Net Zero Scenario assumes drastic behavior changes

the audit reports for other high GHG-emitting companies clearly discussed this connection;
- In 2020, BP, Shell, and Total reviewed their 2019 financial accounting practices in light of the accelerating low-carbon energy transition, and all three subsequently adjusted critical accounting assumptions, resulting in material impairments, and disclosed how climate change affected the adjustments; and
- In October 2020, the International Energy Agency issued a new 'Net Zero 2050' scenario which describes what it would mean for the energy sector globally to reach net-zero GHG emissions by 2050, and this more aggressive global action to curtail climate change is consistent with a 1.5°C temperature increase globally.

Christian Brothers Investment Services has filed an exempt solicitation urging support for this proposal

occur in the near term and it requires many technologies be deployed that have not yet been commercialized or built; and
- As the Company has communicated in the Energy & Carbon Summary, its business strategies and investment plans are aligned with the aggregate of the Paris Agreement Nationally Determined Contributions.

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that management and reporting of environmental and social issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

In this case, the Company's principal business involves the exploration for, and production of, crude oil and natural gas and manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and a wide variety of specialty products. Affiliates of the Company conduct extensive research programs in support of these businesses (2020 10-K, p.1). Given the nature and scope of the Company's operations, it could be subject to significant risks with respect to both climate change and the regulatory implications or investor pressures that come as a result of climate change. For more information concerning climate change conventions and regulations, please see Glass Lewis' *In Depth: Climate Change*. In addition, for more information concerning Scope 3 emissions, please see Glass Lewis' *Scope 3 Emissions - Investor Primer*.

REGULATIONS CONCERNING COMPANIES' CLIMATE-RELATED DISCLOSURE

Under the Biden administration, there has been a significantly increased focus on corporate disclosures concerning companies' climate risks. For example, in February 2021, the SEC announced the creation of a new role of Senior Policy Advisor for Climate and ESG in the office of Acting Chair Allison Herren Lee. The following month, the SEC announced the creation of a Climate and ESG Task Force in the Division of Enforcement, which will develop initiatives to proactively identify ESG-related misconduct. Its initial focus will be to identify any material gaps or misstatements in issuers' disclosure of climate risks under existing rules, while it will also evaluate and pursue tips, referrals, and whistleblower complaints on ESG-related issues, and provide expertise and insight to teams working on ESG-related matters across the Division. Additionally, the SEC is asking its staff to evaluate its disclosure rules "with an eye toward facilitating the disclosure of consistent, comparable, and reliable information on climate change." To facilitate the staff's assessment, the SEC provides several questions that would be useful to consider; one reads: "What are registrants doing internally to evaluate or project climate scenarios, and what information from or about such internal evaluations should be disclosed to investors to inform investment and voting decisions?"

Additionally, Gary Gensler, the newly-appointed SEC chair has indicated that he will work to provide investors with meaningful climate risk disclosures, and these efforts may be supported by regulators or new rules to that effect (Kirkland & Ellis. "Improving Climate Governance Under the Biden Administration." *Corporate Secretary*. March 23, 2021). In preparation for increased regulation and enforcement propelling existing market trends, companies have taken a number of actions including assigning some responsibility for oversight of published climate data to the audit committee (Kirkland & Ellis. " Improving Climate Governance Under the Biden Administration." *Corporate Secretary*. March 23, 2021). This is consistent with the Task Force on Climate-related Financial Disclosures, which states:

> *A company should ensure its strategy and scenario disclosures comply with sound corporate reporting principles and are subject to appropriate controls and quality checks, including oversight and review by boards, audit committees, and management.*

CLIMATE-RELATED RISKS

In its most recent annual report, the Company recognizes climate change and GHG emissions as material risks. Specifically, it recognizes that driven by concern over the risks of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce GHG emissions or production and use of oil and gas. These include the adoption of cap and trade regimes, carbon taxes, trade tariffs, minimum renewable usage requirements, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. Political and other actors and their agents also increasingly seek to advance climate change objectives indirectly, such as by seeking to reduce the availability of or increase the cost for, financing, and investment in the oil and gas sector and taking actions intended to promote changes in business strategy for oil and gas companies. Depending on how policies are formulated and applied, they could have the potential to negatively affect investment returns, make the Company's products more expensive or less competitive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon sources such as natural gas. Current and pending GHG regulations or policies may also increase the Company's compliance costs, such as for monitoring or sequestering emissions (p.3).

CLIMATE SCENARIOS

According to the IPCC, a climate scenario is a plausible representation of future climate that has been constructed for explicit use in investigating the potential impacts of anthropogenic climate change. Climate scenarios often make use of climate projections (descriptions of the modeled response of the climate system to scenarios of GHG and aerosol concentrations), by manipulating model outputs and combining them with observed climate data. There are a wide variety of scenarios depicting myriad considerations and differing outcomes. In many instances, these scenarios are modeled after the goals of the Paris Agreement, which aims to limit warming well below 2°C, and ideally 1.5°C.

In scenarios that limit warming to 1.5°C, carbon emissions reach net zero on average between 2050 to 2052. Whereas, in scenarios that limit warming to 2°C, carbon emissions reach net-zero on average between 2070 (in scenarios with a greater than 66% likelihood of limiting warming to 2°C) to 2085 (50-66% likelihood).

All climate scenarios can be broadly assigned into two categories: (i) scenarios that articulate different policy outcomes (i.e., level of temperature increase) and the energy and economic pathways that would likely result in achieving temperature increases around the desired outcome, (transition scenarios); and (ii) scenarios that start with a range of atmospheric GHG concentration and articulate the likely resulting temperature ranges. IEA scenarios, including the scenario by this proposal, tend to follow the first approach and IPCC scenarios, including the IPCC Lower 2°C scenarios, which are referenced by the Company, the second approach.

This proposal requests that the Company issue an audited report to shareholders on whether and how a significant reduction in fossil fuel demand, envisioned in the International Energy Agency ("IEA") Net Zero 2050 scenario, would affect its financial position and underlying assumptions. Although the proponent does not provide substantial background regarding why it is requesting that the Company conduct analysis of this specific scenario, it notes that the Company has neither committed to net-zero emissions by 2050 across its value chain (which includes emissions from customer use of its products) nor has it disclosed how its financial assumptions would change from doing so (p.73).

IEA Net Zero 2050 Scenario

One of the most commonly-used IEA scenarios in discussing Paris alignment is the Sustainable Development Scenario ("SDS"). The IEA maintains that the SDS is fully aligned with the Paris Agreement's objective to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Specifically, the SDS holds the temperature rise to below 1.8°C with a 66% probability without reliance on global net-negative CO_2 emissions, which is equivalent to limiting the temperature rise to 1.65°C with a 50% probability.

However, the SDS has received criticism for not strictly adhering to a 1.5°C target. For example, in November 2019, a letter was sent to the IEA's executive director from over 60 members of the business, investment, and NGO communities as a follow-up to a similar letter sent in April 2019. The signatories of the letter called on the IEA to increase the ambition of the SDS to present a reasonable probability of reaching net-zero emissions by 2050 (not 2070) and limiting warming to 1.5°C (not 1.8°C), while also noting that it should include a precautionary approach to negative emissions technologies, and the steps needed to follow that pathway.

In response to this criticism, the IEA introduced in its most recent World Energy Outlook, published in October 2020, a scenario which corresponds to the energy sector globally reaching net-zero emissions by 2050. It refers to this new scenario as Net Zero Emissions by 2050 ("NZE2050"). Currently, the IEA has only provided data on this scenario through 2030; in NZE2050, total CO_2 emissions would need to fall by around 45% from 2010 levels by 2030, meaning that energy sector and industrial process CO_2 emissions would need to be approximately 20.1 Gt, or 6.6 Gt lower than in the SDS in 2030. In January 2021, the IEA announced that it would produce a comprehensive roadmap for the energy sector to reach NZE2050, including what is needed to put emissions on a path in line with a temperature rise of 1.5°C. The roadmap will be released on May 18, 2021.

The Company's Climate Scenario Analysis

The Company states in response to this proposal that its most recent Energy & Carbon Summary includes analyses through 2040 on 74 IPCC “Lower 2°C” and IEA scenarios consistent with the TCFD guidance, which states that scenario analyses should “evaluate a range of hypothetical outcomes by considering a variety of alternative plausible future states (scenarios) under a given set of assumptions and constraints" (2021 DEFC 14A, p.74).

These "Lower 2°C" scenarios are pathways limiting peak warming to below 2 °C during the entire 21st century with greater than 66% likelihood. The Company provides a chart illustrating potential global CO_2 emissions trajectories of the Lower 2°C and the IEA's SDS and STEPS (which projects emissions at a comparable level generally in line with the 2030 NDC submissions from Paris Agreement signatory countries), relative to the Company's own 2019 Outlook for Energy (p.14).

Notably, the pathway under the 2019 Outlook for Energy through 2040 is slightly more emissions-intensive than the IEA STEPS and significantly more emissions-intensive than the IEA SDS. In other words, the Company's long-range supply and demand forecast yields emissions higher than any of the IEA's Paris-aligned scenarios, including the IEA's NZE2050 scenario, the subject of this proposal.

For the purposes of analyzing energy demand, the Company uses the average of the Lower 2°C scenarios' growth rates for different energy sources (p.15). Specifically, the Company states on page 52:

> *Since it is impossible to know which elements, if any, of these models are correct given the inherent uncertainty in energy demand modeling, an average of all 74 scenarios was used to approximate growth rates for various energy types as a means to estimate trends to 2040 indicative of hypothetical 2°C pathways.*

Accordingly, the Company's analysis of 2°C scenarios is intended to address the potential impacts to the Company’s proved reserves and resources through 2040 and beyond, considering the average of the IPCC Lower 2°C scenarios’ oil and natural gas growth rates (p.17).

Auditing of Climate Reporting

Investors commonly lack sufficient, credible information to make actionable decisions based on companies' climate-related disclosures. As noted by the Center for American Progress, there are a number of significant challenges in interpreting these reports. Specifically (i) most voluntary climate reports have limited cross-comparability between firms; (ii) it is difficult to relate information in a climate report to financial statements; (iii) companies tend to include best-case scenarios; and (iv) reports are often not audited. It further states:

> *High-quality disclosure that reduces information asymmetries between the providers and users of capital improves the efficiency of capital allocation, reduces the cost of that capital, and boosts investment. This synergistic effect of information disclosure in well-functioning capital markets is needed now more than ever to weather the extreme disruption of the energy transition that has already begun.*

As such, it states that accounting and auditing are key tools in communicating reliable climate information to investors and the market.

The Center for American Progress also states that, from an auditing and reliability perspective, it is essential that companies undertake a robust scenario analysis. Further, it states that without high-quality assurance to validate the rigor of the processes and the reasonableness of the assumptions and estimates used in scenario analysis, disclosures are likely to be superficial and overly optimistic, as they have been to date. It outlines three ways that audits improve reporting:

- Auditors have inside access to management records, allowing them to probe, test, and challenge management’s statements in financial reports, including both line items and footnote disclosure;
- Audits go beneath the surface of management claims in ways that even SEC file reviews cannot, providing market confidence in reporting; and
- The auditor is responsible for evaluating a company’s ability to continue as a going concern and for disclosing when, based on that evaluation, there is substantial doubt about a company’s ability to do so.

COMPANY AND PEER ANALYSIS

Company Name	Exxon Mobil Corporation (NYSE: XOM)	Chevron Corporation (NYSE: CVX)	ConocoPhillips (NYSE: COP)
	The board receives insight on risks and potential mitigations on relevant issues from both corporate and external experts. There is at least	The board oversees strategic planning and risk management, both of which include climate change issues. The board has access to education and training on	The board oversees the corporate position on climate change and related strategic planning and risk

Board Oversight	one session per year where the full board engages on the latest developments in climate science and policy. Further details the role of each board committee in overseeing climate-related risks (pp.6-7).	climate-related materials and to internal subject matter experts. The board also receives regular briefings on climate-related issues. Further details the role of each board committee in overseeing climate-related risks (pp.5,7).	management policies and procedures, including those for managing climate-related risks and opportunities. Further details the roles of specific board committees (pp.6-7).
Board Accountability	All directors are elected for a one-year term.	All directors are elected for a one-year term.	All directors are elected for a one-year term.
Materiality of GHG Emissions	Yes	Yes	Yes
Sustainability Reporting	Provides a sustainability report, outlook for energy, and energy and carbon summary.	Provides a sustainability report and climate change resilience report.	Provides a sustainability report and climate report.
Reports to TCFD Recommendations	Yes	Yes (p.60)	Yes
Two-Degree Scenario Planning	Yes (p.17)	Yes (p.32)	Discloses four scenarios used to assist capital allocation decisions, which are derived from corporate estimates and 3rd party independently published projections, and states that it believes all four scenarios result in global emissions trajectories that may be capable of being Paris aligned (p.50).
IEA NZE2050 Scenario Disclosure	States in response to this proposal that the energy and carbon summary already analyzes scenarios with lower oil and gas demand by 2030 than the IEA NZE2050 scenario. Further lists the significant behavior changes required in the scenario, as well as noting that it requires technologies to be deployed that have not yet been commercialized or built (p.74).	States that under the NZE2050 scenario, overall market and portfolio impacts are expected to be similar to those in the SDS scenario but on a more accelerated time horizon. Also states that it plans to update its analysis of scenarios as information is released from the IEA. Provides additional disclosure in its climate report, including a chart showing forecasted demand of energy sources in NZE2050 through 2030 (pp.22,35).	Does not appear to provide any disclosure regarding the IEA NZE2050 scenario.
Scope 1 and 2 Emissions Disclosure	Yes (p.38)	Yes (pp.54-57)	Yes (p.78)
Scope 3 Emissions Disclosure	Yes (p.43)	Yes (pp.55, 58)	Yes (p.80)
GHG Emissions Received Third-Party Assurance	Yes, but states that the assurance engagement did not include verifying the accuracy of information reported.	Yes (expected to be limited) (p.56). See also 2019 assurance statement.	Yes (limited)

Scope 1 and/or 2 Emissions Reduction Targets	Has an intensity target to reduce the intensity of operated upstream GHG emissions by 15-20% by 2025 compared to 2016 levels. This will be supported by a 30-50% decrease in methane intensity and a 35-45% decrease in flaring intensity across its global operations. These plans cover Scope 1 and 2 emissions from operated assets and are projected to be consistent with the goals of the Paris Agreement. Also plans to align with the World Bank's initiative to eliminate routine flaring by 2030.	Has upstream intensity targets for 2028 from 2016 for oil (40% reduction), gas (26% reduction), methane (53% reduction) and flaring (66% reduction, including 0 routine flaring by 2030). Also states that it intends to set new metrics every five years in alignment with the Paris Agreement requirement that governments report their performance in five-year stocktakes.	Has a medium-term intensity target to reduce its GHG emissions intensity from 35-45% by 2030 from a January 1, 2017 baseline. The target covers Scope 1 emissions and Scope 2 gross operated emissions. Also maintains targets regarding methane emissions and routine flaring.
Scope 3 Emissions Reduction Targets	Does not appear to maintain a Scope 3 emissions reduction target.	Does not appear to maintain a Scope 3 emissions reduction target.	Does not appear to disclose a Scope 3 emissions reduction target.
Net Zero Ambition/Target	No, but states that it proactively collaborates with governments and organizations to advance policy and technology development in support of net zero (p.47).	No, but states that it supports the Paris Agreement and its goal to, as implied by the IPCC, reach global net zero in the second half of the century (p.14).	Yes
Targets Certified by SBTi	No	No	No

Summary	
GRI/SASB-Indicated Sustainability Disclosure	GRI
Peer Comparison	The Company and Chevron maintain comparable disclosure and neither have long-term emissions reduction targets; both lead ConocoPhillips regarding scenario analysis disclosure, including discussion of the NZE2050 scenario. However, ConocoPhillips is the only company to maintain a net zero ambition.
Analyst Note	The Company can reasonably improve the usefulness of its disclosures by employing an independent auditor and further reporting to a demand-constrained scenario as envisioned by the IEA NZE2050.

TPI Score Comparison

Led by asset owners and supported by asset managers, the Transition Pathway Initiative ("TPI") assesses companies' preparedness for the transition to a low-carbon economy, supporting efforts to address climate change. As of April 2021, 104 investors globally have pledged support for the TPI representing over $26 trillion combined AUM. Using publicly available information, the TPI assesses companies on two dimensions:

1) Management Quality: the quality of companies' management of their GHG emissions and of risks and opportunities related to the low-carbon transition, which is assessed against a series of criteria that places companies on one of five levels, from lowest to highest quality; and

2) Carbon Performance: how companies' carbon performance now and in the future might compare to the international targets and national pledges made as part of the Paris Agreement.

The TPI has assessed the Company, Chevron, and ConocoPhillips, and all assessments were conducted on relatively comparable dates. The Company and Chevron both maintain a level three score, classified as "integrating into operational decision making," while ConocoPhillips has a level four management quality score, classified as "strategic assessment." The TPI further rates all three companies' carbon performance as not aligned with sectoral Paris Agreement benchmarks.

RECOMMENDATION

This proposal contains two primary elements: (i) the request for disclosed scenario analysis against the IEA NZE2050 scenario, which corresponds to the energy sector globally reaching net-zero emissions by 2050; and (ii) reporting on the IEA NZE2050 scenario that is supported by reasonable assurance from an independent auditor.

We recognize that the IEA currently only provides data on its NZE2050 scenario through 2030, although it has stated that further data will be available in May 2021. In consideration of this timeline, we have some reservations regarding the proponent's request that the report be made available by January 31, 2022. However, given that this is a precatory proposal and the Company has not raised this concern in response to this proposal, we do not believe it is significant enough to warrant significant concern.

Moreover, we believe that, as has been the case with the IEA's other energy transition scenarios, companies will likely integrate the NZE2050 scenario into their scenario analysis reporting. This will become increasingly pertinent as support grows among investors for companies to demonstrate how their businesses will fare in a significantly demand-constrained scenario, such as that envisioned by the NZE2050. In the energy sector, impacts could be quite significant, as demonstrated by Carbon Tracker in a recent report which found that the Company is among the "least well prepared," given that "80% or more of its business as usual project portfolio would not be competitive if climate change is limited to 1.6°C."

This proposal is also requesting that the report be supported by reasonable assurance from an independent auditor. As discussed in our analysis of this proposal, support for audited climate disclosure is growing, both from investors and the SEC. This can be attributed to some degree to the significant uptick in companies providing climate reporting in recent years, which reflects productive engagement with shareholders on the topic (the Company is no exception). Despite the increased dialogue between investors and companies on issues related to climate change and transition planning and the attendant disclosure provided by companies on these issues, shareholders still lack comparable, comprehensive, and independently-verified disclosure. These qualities can be extremely important factors, given that shareholders are relying on such information to inform investment decisions.

We recognize the speculative nature of many of the assumptions on which companies must rely in order to conduct scenario analysis. We also understand that auditing this information is a relatively nascent practice. However, we believe that it is an important step in the incorporation of such information into companies' financial statements. As has been seen with several European oil majors, including several of the Company's named peers, the incorporation of such information can have significant impacts on companies' overall projections and their ability to deliver accurate and decision-useful disclosure to the market.

Given the totality of circumstances, we believe that adoption of this proposal would benefit shareholders and the Company. The production of audited information concerning how the scenario envisioned in NZ2050 would impact the Company's financial position would provide shareholders with meaningful and actionable information, which is increasingly crucial given the need for investors to factor climate-related information into their overall investment decision-making processes. Further, given investor concern regarding the Company's management of climate issues, as evidenced by Engine No 1's campaign against the Company, we also believe that the production of such information would help to provide shareholders with some assurance that the Company was considering various scenarios and providing shareholders with meaningful disclosure concerning those considerations.

In light of the above, we believe support for this proposal is warranted and that shareholders would benefit from the production and auditing of the requested information.

We recommend that shareholders vote **FOR** this proposal.

7.00: SHAREHOLDER PROPOSAL REGARDING REPORT ON CLIMATE-RELATED ACTIVITIES

AGAINST

PROPOSAL REQUEST:	That the Company publish an annual report of costs and benefits of the Company's voluntary climate-related activities	**SHAREHOLDER PROPONENT:**	Steven Milloy
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	4.1%	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

AGAINST - • Not in the best interests of shareholders

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- We believe that the Company maintains adequate disclosure concerning its climate-related initiatives and do not believe that further disclosure concerning the actual costs and benefits of such initiatives would benefit shareholders to any degree.

Note: Glass Lewis recommends that shareholders carefully scrutinize proposals such as this that purport to seek more information about a company's environmental and social risk exposure but may, in fact, be intended to frustrate a company's actions in those areas.

PROPOSAL SUMMARY

Text of Resolution: *Resolved:*

Shareholders request that, beginning in 2021, ExxonMobil publish an annual report of the incurred costs and associated significant and actual benefits that have accrued to shareholders, the public health and the environment, including the global climate, from the company's environment-related activities that are voluntary and that exceed U.S. and foreign compliance and regulatory requirements. The report should be prepared at reasonable cost and omit proprietary information.

Proponent's Perspective

- Corporate managements sometimes engage in the practice of 'greenwashing,' which is defined as the expenditure of shareholder assets on ostensibly environment-related activities but possibly undertaken merely for the purpose of improving the company's or management's public image;
- Insincere 'green' posturing and associated touting of hypothetical or imaginary benefits to public health and the environment may harm shareholders by wasting corporate assets, and deceiving shareholders and the public by accomplishing nothing real and significant for the public health and environment; and
- The Company should report to shareholders what are the actual benefits being produced by its voluntary to demonstrate whether they are real and worthwhile.

Board's Perspective

- Transparency and accurate disclosure are important for shareholders to adequately assess potential risks and benefits of investments, and the Company works to ensure the information it provides is timely, factual, vetted by subject-matter experts, grounded in third-party data, and compliant with regulations;
- All opportunities inclusive of those undertaken to address the risks of climate change are rigorously evaluated to support the objective of generating long-term shareholder value;
- Part of the Company's objective is to contribute to society's growing need for energy while mitigating the potential impacts of climate change;
- Safe, reliable, and responsible operations, including steps to reduce emissions, are correlated with strong financial and operating performance;
- The Company's sustained investment in research and development plays an important role in positioning the Company to develop next-generation solutions and progress

breakthroughs in areas such as carbon capture, biofuels and energy-efficient process technology; and

- Next-generation solutions are critical to addressing the risks of climate change, and have the potential to be used across the highest-emitting sectors of the global economy including power generation, industrial, and commercial transportation.

GLASS LEWIS ANALYSIS

In general, we believe it is prudent for management to assess its potential exposure to all risks, including environmental issues and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. When there is no evidence of egregious or illegal conduct that might suggest poor oversight or management of environmental or social issues that may threaten shareholder value, Glass Lewis believes that the management and reporting of environmental issues associated with business operations are generally best left to management and the directors who can be held accountable for failure to address relevant risks on these issues when they face re-election.

Glass Lewis believes that investors should take a look at proposals such as this on a case by case basis in order to determine if the requested report will clearly lead to an increase in shareholder value. In this case, the proponent requests that the Company produce a report outlining "the incurred costs and associated significant and actual benefits" to "shareholders, the public health and the environment, including the global climate," from the Company's environment-related activities that exceed U.S. and foreign compliance and regulatory requirements. Without evidence that the Company has severely mismanaged these issues and given the Company's already significant disclosure in this area, we believe that these issues are best left to the board and management, who have more information concerning its operations and are thus in a better position to accurately judge how certain initiatives will affect the Company.

Further, Glass Lewis recommends that shareholders carefully scrutinize proposals such as this that purport to seek more information about a company's environmental and social risk exposure but may, in fact, be intended to frustrate the company's actions in certain related areas. In any case, we are not convinced that the additional disclosure requested by the proponent would provide any added benefit to shareholders.

COMPANY DISCLOSURE

The Company provides extensive reporting concerning its environmental initiatives on its website and its in regulatory filings.

In its TCFD-indicated 2021 Energy & Carbon Summary, the Company discusses its climate strategy at length. The Company states that the four pillars of its climate strategy are:

- Mitigating emissions in its operations;
- Providing products to help customers reduce their emissions;
- Developing and deploying scalable technology solutions; and
- Proactively engaging on climate-related policy.

The Company states that it strives to deliver superior results while providing products and services that are essential to the health and welfare of billions of people around the world. Further, it states that it is committed to providing reliable and affordable energy to support human progress while advancing effective solutions that address the risks of climate change, and that it is working to be part of the solution (p.4).

The Company also discusses how it is positioning its business for a lower-carbon energy future, including investing in:

- low-cost liquefied natural gas;
- advantaged, integrated assets with proprietary process and catalyst technology to improve the yield of high-value products consistent with demand trends;
- high-value sectors in chemicals due to robust growing demand; and
- research and development to develop next generation solutions and progress breakthroughs in areas such as carbon capture, biofuels, and energy-efficient process technology, which have the potential to be used across multiple sectors.

Additionally, regarding plastic waste, the Company states that it is working on advanced recycling solutions that create and capture value from plastic waste with opportunities for lower overall GHG emissions over the full life cycle of the plastic (p.11).

For further analysis of the Company's climate-related disclosures, please refer to our analysis of Proposal 6.

THE PROPONENT

This proposal, ostensibly seeking more information concerning the benefits of the Company's environmental initiatives, should be carefully reviewed by socially responsible investors. The proponent of this proposal, Steven Milloy, has long been linked to the Company and "advocated as a corporate shareholder against climate alarmism during the 2000s," according to his biography on Burn More Coal, a group that he co-leads. For example, he attacked an intergovernmental study in the mid-2000s which warned that the Arctic was warming at almost twice the rate as that of the rest of the world. At the same time, he was running two organizations that received roughly $90,000 from the Company and ran a site that attacked the corporate social responsibility movement (Chris Mooney. "Some Like it Hot." *Mother Jones*. May/June 2005).

In light of the above, we believe that shareholders should carefully consider the proponent's motivations and intentions in submitting this resolution when casting their vote on this proposal.

RECOMMENDATION

Upon review, we believe that the Company maintains adequate disclosure concerning its environmental initiatives and the link to long-term shareholder value and do not believe that further disclosure concerning the actual costs and benefits of such initiatives would benefit shareholders to any degree. We believe that issues concerning capital allocation and operational functions (issues which this proposal addresses to a large degree) are topics best managed by the board and management. We believe that the Company has provided sufficient disclosure concerning its efforts to prepare for a lower-carbon economy, and believe that its suite of current disclosures provides shareholders with an adequate view of the Company's considerations and operational objectives. Moreover, given the proponent's failure to provide a demonstration of how the Company has acted in an illegal or egregious manner with respect to the undertaking of its climate-related initiatives or its long-term responsiveness to public policy or regulatory initiatives, we do not believe that adoption of this proposal is warranted.

We recommend that shareholders vote **AGAINST** this proposal.

8.00: SHAREHOLDER PROPOSAL REGARDING POLITICAL CONTRIBUTIONS AND EXPENDITURES REPORT

AGAINST

PROPOSAL REQUEST:	That the Company provide a semi-annually updated report regarding its political contributions and expenditures	**SHAREHOLDER PROPONENT:**	The Unitarian Universalist Association as lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	30.9%	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:
AGAINST - • Not in the best interests of shareholders

GLASS LEWIS REASONING

- The Company has provided reasonable and accessible disclosure regarding its direct political spending process and expenditures and has provided accessible information regarding its policies and associated oversight.

PROPOSAL SUMMARY

Text of Resolution: *Resolved, that the shareholders of Exxon Mobil Corp. (‘Exxon’ or ‘Company’) hereby request the Company to prepare and semiannually update a report, which shall be presented to the pertinent board of directors committee and posted on the Company’s website, disclosing the Company’s:*

> *(a) Policies and procedures for making electoral contributions and expenditures (direct and indirect) with corporate funds, including the board’s role (if any) in that process; and*
>
> *(b) Monetary and non-monetary contributions or expenditures that could not be deducted as an ‘ordinary and necessary’ business expense under section 162(e)(1)(B) of the Internal Revenue Code, including (but not limited to) contributions or expenditures on behalf of candidates, parties, and committees and entities organized and operating under section 501(c)(4) of the Internal Revenue Code, as well as the portion of any dues or payments made to any tax-exempt organization (such as a trade association) used for an expenditure or contribution that, if made directly by the Company, would not be deductible under section 162(e)(1)(B) of the Internal Revenue Code.*

The report shall be made available within 12 months of the annual meeting and identify all recipients and the amount paid to each recipient from Company funds. This proposal does not encompass lobbying spending.

Proponent's Perspective

- The proponents support transparency and accountability in corporate electoral spending;
- Disclosure is in the best interest of the Company and its shareholders;
- Publicly available records show the Company has contributed at least $19.2 million in corporate funds since the 2010 election cycle, including over $6.5 million in 2020 alone;
- The Company does not disclose direct independent expenditures, payments to trade associations that the recipient organization may use for election-related purposes, payments to any other tax-exempt organizations such as 501(c)(4)s that could be used for election-related purposes, and payments to influence the outcome of ballot measures;
- Adoption of this proposal would bring the Company in line with a growing number of leading companies which present this information on their websites.

Board's Perspective

- Disclosure requirements outlined by federal and state laws are both adequate and equitable in that they require the same level of disclosure from all participants in the political process;
- In addition to federal and state regulations, the Company's political contributions are subject to a strict internal review process that requires approval by the chair as directed by the Company’s Political Activities Guidelines;
- The political contributions of the Company, as well as the contributions of the PACs established by the Company, are reviewed with the board annually, and procedures are subject to controls and routinely verified during internal audits of the Company’s political activities; and
- With respect to contributions to third-party organizations, the Company publishes a list of all U.S. trade associations in which the Company or its affiliates are members and to which it made payments of $100,000 or more and a portion of which was reported and used for lobbying; and
- Contributions to third-party organizations represent approximately 95% of the Company's annual trade association expenditures.

GLASS LEWIS ANALYSIS

Companies should provide sufficient disclosure of the use of company funds for political purposes, including grants made to politically active trade associations in order to allow shareholders to evaluate the use of such grants as well as the oversight provided over the making of such grants. Shareholders should evaluate whether benefits of the additional disclosure outweighs the burden to the company.

We believe that companies should consider their exposure to risk stemming from making corporate political expenditures and the nature of board oversight over such spending. Informative disclosure and a robust board oversight of political contributions are important components of corporate accountability. In our view, a rigorous board oversight process can mitigate a company's legal, reputational, and financial risks by ensuring that donations are made in accordance with federal and state laws, consistent with a company's stated values, and will clearly lead to the protection or enhancement of long-term shareholder value.

Given the dramatic increase in overall political spending and the Citizens United Supreme Court decision, investors, spurred by risk concerns, are increasingly seeking more information from companies about their political activities. For detailed information on corporate political spending, including the history, relevant regulation, various ways companies contribute to political causes, and empirical evidence regarding such spending, please see Glass Lewis' *In-Depth: Corporate Political Spending*.

When evaluating whether the report requested would benefit shareholders, Glass Lewis reviews the following information: (i) whether the disclosure provided by the Company is accessible and meaningful; (ii) the level of oversight afforded to the Company's corporate political spending; (iii) how the Company's disclosure and oversight compares with that of its peers; and (iv) any risks to shareholder value as a result of the Company's corporate political spending.

COMPANY ANALYSIS

Company Name	**Exxon Mobil Corporation (NYSE: XOM)**	**Chevron Corporation (NYSE: CVX)**	**ConocoPhillips (NYSE: COP)**
Level of Oversight	States that, each year, the VP for public and government affairs presents political contributions and lobbying expenditures to the full board, along with the board's public issues and contributions committee. Also states that lobbying and political engagements are addressed as part of the board's oversight of the enterprise-risk framework, including potential reputational risk.	The public policy committee annually reviews the policies and procedures, expenditures, and public disclosure practices related to corporate political activities, including political contributions and direct and indirect lobbying.	The public policy committee periodically reviews, makes recommendations to the board, and monitors compliance with programs and practices regarding government relations, political/regulatory risk management, and political contributions, among others. The public policy committee also reviews and approves the budget for political contributions and monitors compliance with the budget.
Corporate Political Spending Policy	Yes	Yes	Yes
	Provides an annually-updated itemized list of state-level corporate political contributions and states that	Provides an itemized list of	Provides an 18-month rolling itemized list of corporate political contributions and states that its policy is not to make independent expenditures without collaboration of the candidate, and that while its policy is not to make independent expenditures, exceptions may be granted. States that while ConocoPhillips did not

Direct Political Contributions Disclosure	it contributed $300,000 to five national political organizations of state officials and $240,000 to over 200 state-level candidates and nine committees in six U.S. states in 2020.	Provides an itemized list of corporate political contributions and a 2020 aggregate total.	make independent expenditures from July 1, 2019 to December 31, 2020, its subsidiary, ConocoPhillips ANS Marketing Company, contributed to the Senate Leadership Fund and Congressional Leadership Fund in 2019, both of which are independent expenditure-only committees. It provides information on this and other corporate political expenses.
Indirect Political Contributions Disclosure / Trade Associations Memberships	Provides a list of U.S.-based trade associations to whom in 2019 it or its affiliates provided $100,000 or more in support and a portion of that was reported as being used for lobbying. States that they represent approximately 95% of its annual trade association expenditures.	Provides a list of trade associations to which it pays more than $100,000 annually and a portion of the dues may be used for lobbying, and states that they represent approximately 94% of its annual trade association membership expenditures.	Provides an itemized list of its "other" contributions to trade associations, 527 organizations, nonprofit advocacy groups, and other organizations. States that it stipulates that none of its national trade association dues be applied to independent expenditures focused on the election or defeat of any federal candidates for the period January 1, 2013 – December 31, 2020. Further discloses a list of business and trade associations with membership dues over $50,000 and states that, of its total annual payments, approximately 17% were used for lobbying purposes in 2020.
2020 CPA-Zicklin Score	61.4 (Second Tier)	78.6 (Second Tier)	90.0 (Trendsetter)

Summary	
Peer Comparison	The Company and its peers provide comparable disclosure regarding direct political contributions. The Company slightly lags Chevron regarding indirect political contributions disclosure, as Chevron reports the portion of its trade association payments that may be used for lobbying. Both the Company and Chevron lag ConocoPhillips, which discloses business and trade associations at a $50,000 threshold, compared to $100,000 for both the Company and Chevron.
Analyst Note	The Company provides adequate direct political spending disclosure and has recently improved its indirect political spending disclosure.

RECOMMENDATION

Upon review, we find that the Company has provided adequate disclosure regarding its political spending process, policies, and expenditures. Further, the Company has met and exceeded the legal requirements for political expenditure disclosure and has provided readily accessible information regarding the policies governing its political contribution activities and oversight process. We note that the Company has improved its disclosure over the last year by providing a list of U.S.-based trade associations to whom in 2019 it or its affiliates provided $100,000 or more in support and a portion of that payment was reported as being used for lobbying. However, we believe the Company could improve the substance of its trade association membership expenditures by specifying the portion of its payments to such organizations that were used for lobbying purposes. Given the nature of membership in trade organizations, we recognize the challenges of disclosing indirect political contributions and expenditures made with the Company's funds by such organizations. Accordingly, we believe support for Proposal 9, which is focused on indirect lobbying activities, is warranted at this time. However, we will continue to monitor the transparency and accessibility of the Company's political contribution and expenditure policies and practices going forward and at this time we find the Company's disclosure to be reasonable.

We recommend that shareholders vote **AGAINST** this proposal.

9.00: SHAREHOLDER PROPOSAL REGARDING LOBBYING REPORT

FOR

PROPOSAL REQUEST:	That the Company annually report on its lobbying practices and policies	**SHAREHOLDER PROPONENT:**	The United Steelworkers as lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	37.5%	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Increased disclosure would allow shareholders to more fully assess risks presented by the Company's indirect lobbying activities

GLASS LEWIS REASONING

- While we recognize that the Company has improved its disclosure of this important area in recent years, we believe shareholders would benefit from enhanced disclosure regarding the Company's indirect lobbying expenditures at this time.

PROPOSAL SUMMARY

Text of Resolution: *Resolved, the shareholders of ExxonMobil request the preparation of a report, updated annually, disclosing:*

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by ExxonMobil used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, including in each case the amount of the payment and the recipient.

3. Description of management's and the Board's decision-making process and oversight for making payments described above.

For purposes of this proposal, a 'grassroots lobbying communication' is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. 'Indirect lobbying' is lobbying engaged in by a trade association or other organization of which ExxonMobil is a member.

Both 'direct and indirect lobbying' and 'grassroots lobbying communications' include efforts at the local, state and federal levels. A lobbying activities alignment assessment is not encompassed by this proposal.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on ExxonMobil's website.

Proponent's Perspective

- Full disclosure of the Company's direct and indirect lobbying activities and expenditures would allow shareholders to assess whether its lobbying is consistent with its expressed goals and in shareholder interests;
- The Company spent $120,450,000 from 2010 – 2019 on federal lobbying but this does not include state lobbying expenditures, where the Company also lobbies but disclosure is uneven or absent;
- The Company spent $4,226,747 on lobbying in California from 2010 – 2019 and between €3,250,000 – 3,499,999 on lobbying in Europe for 2019;
- The Company belongs to the American Fuel & Petrochem Manufacturers, American Petroleum Institute, Business Roundtable, Chamber of Commerce, Consumer Energy Alliance ("CEA"), and National Association of Manufacturers, which altogether spent $122,009,109 on lobbying for 2019;
- CEA has drawn attention for its involvement in a grassroots campaign that sent emails based on the same template and using 'the names and addresses of people without their knowledge;'
- The Company does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying;
- The Company's lack of trade association lobbying disclosure

Board's Perspective

- The Company follows a strict internal review and oversight process to ensure its public policy positions are aligned with lobbying activities;
- The Company's positions on many key issues are available through a variety of sources, including the Company's website, 2021 Energy & Carbon Summary, Sustainability Report, press releases, and Exxchange, the Company's advocacy community portal, and lobbying and political contributions are aligned with these publicly available positions;
- The Company's participation in trade associations enables it to effectively advocate for positions it supports, share its views with other companies, and influence trade association policy debates;
- The Company publishes on its website details on its trade association approach and participation, including a list of key recipient organizations and the primary policy topics relevant to the Company in which those organizations are involved;
- The Company encourages trade associations to support initiatives that it believes in, including the goals of the Paris Agreement and the United Nation's Sustainable Development Goals;
- As is true of all nonprofit groups it supports, the Company conducts an annual evaluation of the merits of each organization

presents reputational risks that could harm long-term value creation;

- The Company supports the Paris climate agreement, yet a 2019 report found it was one of five companies spending $1 billion as part of a 'carefully-managed trend of campaigns designed to portray positive messaging combined with negative policy lobbying on climate change in an effort to maintain public-facing support while simultaneously blocking the creation of binding policies;' and
- Norway's largest private asset manager Storebrand divested from the Company citing its lobbying practices 'amid growing concern about trade groups lobbying to soften green finance rules in Europe.

The United Steelworkers has filed an exempt solicitation urging support for this proposal

and reserves the right to initiate, sustain, or withdraw support at any time;

- A well-established process is in place to authorize individual employee engagement in lobbying activities;
- Existing disclosure laws provide a consistent, equitable, and common standard for transparency for all individuals and organizations that participate in the political process; and
- The proponent's specific positions on lobbying disclosure included in this proposal are most appropriately addressed to the U.S. Congress, the Executive Branch, and state and local governments.

GLASS LEWIS ANALYSIS

Upon review, we find that the Company has provided adequate disclosure regarding its direct political spending process, policies and expenditures. Further, the Company has met and exceeded the legal requirements for political expenditure disclosure and has provided readily accessible information regarding the policies governing its direct lobbying activities and oversight process. We note that the Company has improved its disclosure in recent years by providing an itemized list of its publicly available information and policy contributions. We also note that the Company has improved its disclosure over the last year by providing a list of U.S.-based trade associations to whom in 2019 it or its affiliates provided $100,000 or more in support and a portion of that was reported as being used for lobbying. However, we believe the Company could improve the substance of its trade association membership expenditures disclosure by specifying the portion of its payments to such organizations that were used for lobbying purposes. Given the nature of membership in trade organizations, we recognize the challenges of disclosing indirect lobbying and political contributions and expenditures made with the Company's funds by such organizations. However, as has been seen in other markets, additional scrutiny is being placed on energy companies regarding their climate-related positions and whether they contribute to groups that do not act in accordance with such positions, the subject of Proposal 10. Given the Company is a global leader in its industry, we believe that such disclosure may be warranted at this time as to provide shareholders with a sufficient basis upon which they may assess the risks to which the Company is exposed as a result of its indirect lobbying and political activity. Accordingly, we believe that additional specificity in the Company's existing disclosures is warranted and that shareholders would benefit from the production of the disclosure requested by this proposal.

We recommend that shareholders vote **FOR** this proposal.

10.00: SHAREHOLDER PROPOSAL REGARDING LOBBYING ACTIVITY ALIGNMENT WITH THE PARIS AGREEMENT

FOR

PROPOSAL REQUEST:	That the Company report on alignment of its lobbying activities with the Paris Climate Agreement	**SHAREHOLDER PROPONENT:**	BNP Paribas Asset Management as lead proponent of a filing group
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Additional reporting would provide shareholders with assurance that Company funds were being spent in a manner that furthered its stated objectives

SASB MATERIALITY

PRIMARY SASB INDUSTRY: Oil & Gas - Exploration & Production

FINANCIALLY MATERIAL TOPICS:

- *Greenhouse Gas Emissions*
- *Water Management*
- *Security, Human Rights & Rights of Indigenous Peoples*
- *Reserves Valuation & Capital Expenditures*
- *Management of the Legal & Regulatory Environment*
- *Air Quality*
- *Biodiversity Impacts*
- *Community Relations*
- *Workforce Health & Safety*
- *Business Ethics & Transparency*
- *Critical Incident Risk Management*

GLASS LEWIS REASONING

- We believe the requested report would ensure that the Company was transparent in its policy objectives, would mitigate against reputational risks, and would provide shareholders with assurance that Company funds were being spent in a manner that furthered its stated objectives.

PROPOSAL SUMMARY

Text of Resolution: *Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, ExxonMobil's lobbying activities (direct and through trade associations) align with the goal of limiting average global warming to well below 2 degrees Celsius (the Paris Climate Agreement's goal). The report should also address the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks.*

Proponent's Perspective

- According to the United Nations Environment Programme's most recent annual 'Emissions Gap Report' (November 26, 2019), critical gaps remain between the commitments of national governments and the actions required to prevent the worst effects of climate change;
- Corporate lobbying that is inconsistent with the goals of the Paris Agreement presents regulatory, reputational, and legal risks to investors, and these efforts also present systemic risks to economies, as delays in implementation of the Paris Agreement increase the physical risks of climate change, pose a systemic risk to economic stability and introduce uncertainty and volatility into portfolios;
- Of particular concern are trade associations and other politically active organizations that speak for business but too often present forceful obstacles to progress in addressing the climate crisis;
- Unabated climate change will have a devastating impact on the proponent's clients, plan beneficiaries, and the value of their portfolios;
- In 2019, 200 institutional investors managing $6.5 trillion wrote to the Company, seeking to understand how it is managing this issue;
- More than a dozen large European companies have reached agreement with investors, as Shell, BP, and Total have published reports evaluating the positions their trade associations are taking on climate change; and
- The Company should be commended for its public support for

Board's Perspective

- The Company provides extensive public disclosure on its lobbying and political contributions and is recognized as a transparency leader in this area;
- The Company is committed to transparency in its lobbying and political activities;
- Beyond publicly-available information, the Company provides reports with further detail on its political activities for the past 10 years;
- The Company's extensive public disclosures sufficiently address the concerns outlined in this proposal and using additional funds to generate the report requested by this proposal would be an unnecessary use of corporate resources and therefore not in the best interests of the Company and all of its shareholders;
- It is in the best interests of the Company and all of its shareholders to participate in the political process by engaging in a government relations program;
- While the Company may not agree with all of the positions of every industry, trade, or policy organization in which the Company participates, the Company believes continued participation with these organizations has the best opportunity to influence their positions in a manner that aligns with the long-term interests of all of the Company's shareholders; and
- Engaging only with groups that already align with the Company's positions would undermine its ability to build and expand coalitions in support of its positions, including those on sustainability.

strong methane regulations and its decision to withdraw from at least one membership organization due to its positions on climate change, but publicly available information on the Company's ongoing lobbying efforts through trade associations still presents serious concerns.

BNP Paribas has provided additional information urging support for this resolution

The California Public Employees' Retirement System has filed an exempt solicitation urging support for this proposal as well as the Dissident's campaign.

GLASS LEWIS ANALYSIS

Glass Lewis believes that companies should provide sufficient disclosure of the use of company funds for political and lobbying purposes, including grants made to politically active trade associations in order to allow shareholders to evaluate the use of and the oversight provided over the making of such grants. We believe that it is important that companies actively evaluate how their funds are being used and ensure that any political or lobbying expenditure furthers the company's stated goals and values. This is particularly important for ensuring that a company's spending is aligned with its key strategic and material issues.

COMPANY DISCLOSURE

The Company states that "without exception," its "lobbying efforts are aligned with its publicly available positions," though it is not apparent if this statement refers to both direct and indirect lobbying. The Company further notes that it has supported the goals of the Paris Agreement on climate since its inception, and has consistently voiced support for U.S. participation in the agreement. It also states that it actively engaged with government officials to encourage remaining in the Paris Agreement. Regarding external engagements, it states that it is a member of the Oil & Gas Climate Initiative, which brings together 12 major energy companies to collaborate on emission reduction technology and best practices, as well as the Climate Leadership Council, which advocates for a carbon tax in the U.S. It further provides key criteria of climate policies that it actively supports.

Further, the Company notes that in recent years, several trade associations we have had leadership positions in, such as the American Petroleum Institute and U.S. Chamber of Commerce, have taken positions more closely aligned with the Company's views on climate change. It further states that it encourages its trade associations to support initiatives that it believes in, including the goals of the Paris Agreement, and that it believes trade associations it participates in are well aware of its support for the Paris Agreement.

The Company also states that it considers whether trade association memberships or any perceived policy misalignments pose a material risk to the Company, including potential risks related to shareholder relations, legal, financial, and the Company’s reputation. It lists several principles that guide its approach, noting that it reserves the right to initiate, sustain, or withdraw support for an organization at any time.

PEER COMPARISON

To compare, **Chevron Corporation** (NYSE: CVX) has published a climate lobbying report in response to a shareholder proposal at its 2020 annual meeting which received majority support. Primarily, the report includes a table comprising information on how key trade associations to which Chevron paid more than $100,000 in annual dues in 2019 (a portion of which may be used for general lobbying) contribute to and advance the dialogue regarding climate change. Additionally, Chevron provides some examples of international trade association engagement on climate change issues. Chevron also details board oversight of climate lobbying, stating that the public policy and sustainability committee reviews, among other things, Chevron's lobbying activities and budget, including trade association memberships, to assess the value of these activities and alignment with Chevron's positions and interests, including those related to climate change and the firm's views related to the Paris Agreement.

To further compare, **ConocoPhillips** (NYSE: COP) provides a table detailing alignment with various associations' position / public statements on climate change; these groups include: American Petroleum Institute, Business Roundtable, International Oil & Gas Producers Association, National Association of Manufacturers, Natural Gas Supply Association, U.S. Chamber of Commerce, and Western States Petroleum Association. However, it is unclear what the dues threshold is for the associations to be reported, with ConocoPhillips stating that this represents an "illustrative" overview.

Summary

Peer Comparison	Overall, we find the Company lags both ConocoPhillips and Chevron regarding climate-related lobbying alignment disclosure. Chevron provides a climate lobbying report, but does not compare its positions to those of trade associations. ConocoPhillips provides disclosure that is most in line with the request of this proposal, although it is only an illustrative list and states whether the firm is aligned with the association, without a description of how the firm's positions compare.
Analyst Note	The Company states that its lobbying efforts are aligned with its publicly available positions, although it does not provide disclosure indicating this to be the case. The Company's analyzed U.S.-based peers provide some disclosure on this topic, and its European peers provide expansive disclosure that wholly satisfies this proposal's request.

European Peer Disclosure

In 2019, a number of European oil majors significantly enhanced their disclosure concerning how they determine whether there is alignment between their positions and that of their trade associations and whether their lobbying is aligned with the companies' climate positions and ambitions.

In April 2019, Shell published its first Industry Associations Climate Review, which includes a review of relationships with 19 industry associations chosen because their positions on climate-related policies brought them to the attention of investors and NGOs, and because they operate in regions or countries where Shell has significant business activities. The report showed how Shell assessed alignment with those 19 associations on climate-related policy, and it outlined the actions Shell intended to take when it found differences (p.3). One year later, Shell published a follow-up report, including detailing payments made in 2019 to all industry associations featured in the previous report and showing actions taken over the last year to address differences in climate-related policy with the nine industry associations where it found some misalignment. It also showed the steps Shell took to strengthen the internal governance of its memberships of industry associations over the past year (p.1). Most recently, in 2021, Shell published yet another report, doubling the number of reviewed associations to 36, while also providing information on its payments to the groups (p.3).

In 2019, BP conducted a detailed review of how key trade associations' climate-related activities and positions align with its own, selecting 30 associations on the basis that they are actively involved in energy policy discussions and salient to stakeholders. BP stated that it would look to further strengthen its systems and governance, while also committing, as appropriate, to provide periodic updates internally to the board and to stakeholders. It also stated that it plans to undertake another review "in around two years' time" (p.3).

Total conducted a similar review in 2019, reviewing the most significant industry associations to which Total belongs to review their stance on climate issues. Out of all the associations it examined, 30 were considered high-priority, and those were selected on the basis of their impact and reputation and the attention they receive from investors and NGOs (pp.50-51). Total updated that review in 2020 (p.50), although its disclosures on the topic are significantly more brief compared to that provided by both Shell and BP. Total states that each year, it reviews the main associations' policies on climate change to confirm they coincide with its own (p.7).

This enhanced disclosure concerning Paris-aligned lobbying at European oil majors is particularly salient, as the Company currently names four peers against which it assesses its business performance: Royal Dutch Shell, Total, BP, and Chevron. As noted above, we see some room for improvement with regard to Chevron's disclosure on this issue, particularly when compared to that of its European counterparts. However, it appears that the Company is a significant outlier among its named peers, as it is the only one that does not provide disclosure specifically addressing the issue raised by this proposal.

RECOMMENDATION

This proposal is requesting that the Company provide information concerning how its lobbying activities, both directly and through trade associations, align with the Paris Climate Agreement's goals. Given that issues related to climate change are of material relevance to the Company and that the Company states that it has supported the goals of the Paris Agreement on climate since its inception, while also stating that "without exception, [its] lobbying efforts are aligned with its publicly available positions," we believe that such an evaluation would ensure that the Company's spending is aligned with its stated priorities and objectives.

Moreover, there is a growing acknowledgment by investors and companies in the Company's industry that ensuring alignment between stated values and lobbying expenditures, including those of trade associations, is an important consideration. As noted above, a number of European and Australian companies have begun providing information concerning how they are ensuring that corporate funds are being spent in ways that further their objectives with respect to climate policy, which is essentially the disclosure sought by this resolution. Given the influence of companies and their trade associations on issues of public policy, it is important that companies ensure that their influence is wielded in a transparent and responsible manner and in a way that ensures their long-term sustainability. We believe that when companies actively lobby, whether directly or indirectly, in a manner that seems to contradict their espoused priorities and positions, it can result in the inefficient use of corporate resources, confuse a company's messages, and expose a company to significant reputational risks.

The requested disclosure is particularly important in shedding light on the spending conducted through the Company's trade associations. Adoption of this proposal may provide assurance that the Company is monitoring the policy positions of these organizations and, when necessary, distinguishing its divergent views on such issues. Given that these organizations represent their member companies, when trade associations' positions differ from those of certain of its members, it is important that its member companies take steps to ensure that its positions are not misconstrued. We believe that this reporting would provide such assurance.

Given the above, we believe that support for this proposal is warranted at this time. It is our view that the requested report would ensure that the Company was being transparent in its policy objectives, mitigate against reputational risks, and provide shareholders with some assurance that Company funds were being spent in a manner that furthered its stated objectives.

We recommend that shareholders vote **FOR** this proposal.

COMPETITORS / PEER COMPARISON

	EXXON MOBIL CORPORATION	CHEVRON CORPORATION	VERIZON COMMUNICATIONS INC.	GENERAL ELECTRIC COMPANY
Company Data (MCD)				
Ticker	XOM	CVX	VZ	GE
Closing Price	$56.18	$105.07	$57.38	$12.85
Shares Outstanding (mm)	4,233.5	1,927.9	4,138.1	8,784.7
Market Capitalization (mm)	$237,839.3	$202,569.6	$237,447.0	$112,882.8
Enterprise Value (mm)	$313,396.3	$246,232.6	$367,944.0	$171,840.8
Latest Filing (Fiscal Period End Date)	12/31/20	12/31/20	12/31/20	12/31/20
Financial Strength (LTM)				
Current Ratio	0.8x	1.2x	1.4x	1.6x
Debt-Equity Ratio	0.44x	0.36x	2.18x	2.10x
Profitability & Margin Analysis (LTM)				
Revenue (mm)	$179,784.0	$94,471.0	$128,292.0	$79,619.0
Gross Profit Margin	31.8%	46.6%	60.1%	17.0%
Operating Income Margin	-5.7%	-3.5%	24.5%	-0.2%
Net Income Margin	-12.5%	-5.9%	13.9%	7.2%
Return on Equity	-12.8%	-4.0%	27.8%	16.9%
Return on Assets	-1.8%	-0.9%	6.5%	-0.0%
Valuation Multiples (LTM)				
Price/Earnings Ratio	-	-	13.3x	21.2x
Total Enterprise Value/Revenue	1.7x	2.6x	2.9x	2.2x
Total Enterprise Value/EBIT	-	-	11.7x	-
Growth Rate* (LTM)				
5 Year Revenue Growth Rate	-5.7%	-5.1%	-0.5%	-7.2%
5 Year EPS Growth Rate	-	-	-0.3%	28.5%
Stock Performance (MCD)				
1 Year Stock Performance	50.7%	51.7%	14.9%	70.0%
3 Year Stock Performance	-22.9%	-7.0%	24.0%	-1.7%
5 Year Stock Performance	-33.1%	10.8%	7.1%	-58.7%

Source: Capital IQ

MCD (Market Close Date): Calculations are based on the period ending on the market close date, 03/25/21.
LTM (Last Twelve Months): Calculations are based on the twelve-month period ending with the Latest Filing.
*Growth rates are calculated based on a compound annual growth rate method.
A dash ("-") indicates a datapoint is either not available or not meaningful.

VOTE RESULTS FROM LAST ANNUAL MEETING MAY 27, 2020

Source: 8-K (sec.gov) dated June 2, 2020

RESULTS

NO.	PROPOSAL	FOR	AGAINST/WITHHELD	ABSTAIN	GLC REC
1.1	Elect Susan K. Avery	96.34%	3.23%	0.42%	For
1.2	Elect Angela F. Braly	83.76%	15.80%	0.44%	For
1.3	Elect Ursula M. Burns	94.85%	4.72%	0.43%	For
1.4	Elect Kenneth C. Frazier	82.57%	16.89%	0.53%	For
1.5	Elect Joseph L. Hooley	97.41%	2.12%	0.48%	For
1.6	Elect Steven A. Kandarian	96.22%	3.30%	0.47%	For
1.7	Elect Douglas R. Oberhelman	97.03%	2.51%	0.47%	For
1.8	Elect Samuel J. Palmisano	94.11%	5.45%	0.44%	For
1.9	Elect William C. Weldon	96.87%	2.65%	0.48%	For
1.10	Elect Darren W. Woods	92.83%	6.73%	0.44%	For
2.0	Ratification of Auditor	96.39%	3.20%	0.41%	For
3.0	Advisory Vote on Executive Compensation	90.58%	8.45%	0.96%	For

SHAREHOLDER PROPOSALS*

NO.	PROPOSAL	FOR	AGAINST	GLC REC
4.0	Shareholder Proposal Regarding Independent Chair	32.66%	67.34%	For
5.0	Shareholder Proposal Regarding Right to Call Special Meetings	26.76%	73.24%	Against
6.0	Shareholder Proposal Regarding Report on Climate-related Activities	4.14%	95.86%	Against
7.0	Shareholder Proposal Regarding Report on Risks of Gulf Coast Petrochemical Investments	24.47%	75.53%	For
8.0	Shareholder Proposal Regarding Political Contributions and Expenditures Report	30.95%	69.05%	Against
9.0	Shareholder Proposal Regarding Lobbying Report	37.55%	62.45%	For

*Abstentions excluded from shareholder proposal calculations.

APPENDIX

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to www.glasslewis.com/public-company-overview/ for information and contact directions.

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