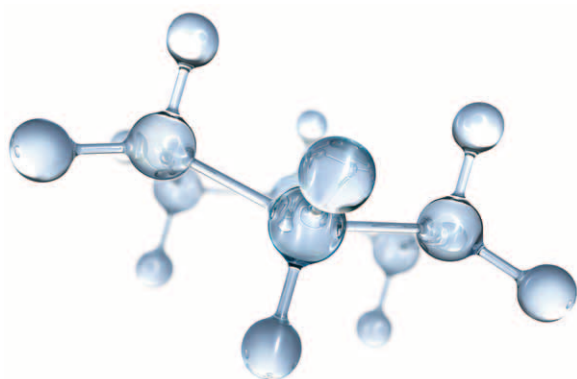


2010 Corporate Citizenship Report

# ExxonMobil

Taking on the world's toughest energy challenges.™



## ABOUT THIS REPORT

ExxonMobil's 2010 *Corporate Citizenship Report* details our environmental, social, and governance performance. The report continues our annual practice of reporting on both our achievements and areas for improvement as we work to deliver energy to meet growing world needs.

### Reporting standards

This report was produced in accordance with the reporting guidelines and indicators of the International Petroleum Industry Environmental Conservation Association (IPIECA) and the American Petroleum Institute (API) *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* (April 2005). In December 2010, our involvement in a three-year, industry-wide process to update the *Guidance* concluded with the publication of a new guide. We plan to report in accordance with the updated *Guidance* beginning in reporting year 2011. The *Guidance* is intended to facilitate the comparison of nonfinancial reporting across companies, help companies engage stakeholders, drive performance, and promote understanding of sustainability issues.

The majority of these indicators are also consistent with the indicators used by the Global Reporting Initiative (GRI) in the *G3 Sustainability Reporting Guidelines* (see our IPIECA/GRI index on page 48).

### Scope of the report

The report covers ExxonMobil's operations as of December 31, 2010, unless otherwise indicated. Both qualitative descriptions and quantitative metrics are used to explain our policies, programs, and practices. For environmental performance data, the unit of measure is metric, unless otherwise labeled. Financial information is reported in U.S. dollars.

ExxonMobil reports greenhouse gas emissions on an equity basis for all our business operations, reflecting our percent ownership in an asset. Environmental, safety, and health data are reported for those operations under direct ExxonMobil management and operational control. In 2010, ExxonMobil acquired XTO Energy Inc. (see pages 10, 16, and 30). XTO's integration is discussed in general terms, but specific sustainability performance data will not be presented until integration has been completed. Exxon Mobil Corporation has numerous affiliates, with many names that include ExxonMobil, *Exxon*, *Mobil*, and *Esso*. For convenience and simplicity, those terms, and terms such as Corporation, company, our, we, us, and its, are sometimes used as abbreviated references to specific affiliates or affiliate groups.

### Assurance

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

### Feedback

External feedback on our report is a key component of our continuous improvement strategy. Comments are reviewed by management and, in many instances, incorporated into the report. We solicit feedback and identify information gaps, strengths, and weaknesses through a variety of mechanisms, including our Web site, interviews with employees, opinion leaders from nongovernmental organizations, academia, socially responsible or sustainable investment firms, industry analysts, and our External Citizenship Advisory Panel (see page 9). For additional information, to view previous reports, or to provide comments, please visit [exxonmobil.com/citizenship](http://exxonmobil.com/citizenship) or contact:

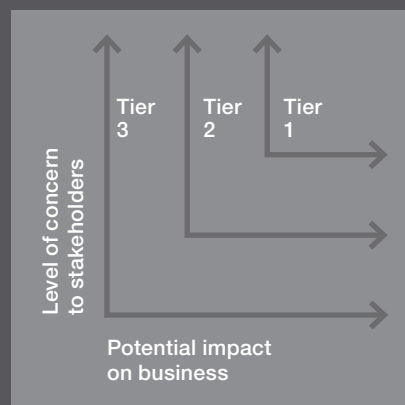
Ms. Erica Bauer Nevas  
Corporate Citizenship  
ExxonMobil  
800 Bell St.  
Houston, Texas 77002  
[citizenship@exxonmobil.com](mailto:citizenship@exxonmobil.com)

## Materiality analysis

Our materiality analysis process identifies economic, environmental, and social issues that are of particular interest and concern to both our stakeholders and business operations. Material issues may have a significant current or future impact on our company and may expand beyond financial reporting or regulatory issues. We identify issues of external significance by monitoring stakeholder expectations and concerns through direct dialogue, public debate, legislation, international agreements, and feedback on our report. To further evaluate issues of global significance, we look to international reporting standards and expectations, such as the United Nations *Global Compact* and the *Millennium Development Goals*.

Priority issues are determined by using a three-tiered review system that rates each issue based on its level of significance to different stakeholder groups as well as its cumulative business impact. This analysis allows us to monitor recurring issues and to identify emerging issues.

The results of the analysis are reviewed by ExxonMobil senior management and are used to build the content of our report. The process promotes internal understanding of corporate citizenship and sustainability issues and helps to shape our strategies and objectives. In this report, we discuss those material issues within the context of ExxonMobil operations. For additional information, see our Web site ([exxonmobil.com/analysis](http://exxonmobil.com/analysis)).



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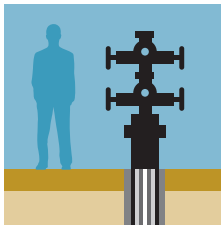
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## Letter from the Chairman and CEO

REX W. TILLERSON, CHAIRMAN AND CEO

“Without leadership by example and without thoughtful, honest, and objective self-assessment, no system is sustainable.”

Statement to the National Commission on the BP Deepwater Oil Spill and Offshore Drilling,  
November 9, 2010

## Welcome to the 2010 Corporate Citizenship Report

This past year, everyone with an interest in the energy industry—and in corporate citizenship more generally—was reminded of the critical importance of corporate accountability and responsibility.

The Deepwater Horizon incident in the Gulf of Mexico last summer shook our industry and the confidence of many of our stakeholders. After 14,000 deepwater wells drilled successfully around the world, this isolated incident caused many to ask fundamental questions about what it means to be a good corporate citizen in the energy industry. The incident was a painful reminder about the importance of integrity and responsible operations.

As you will read in this report, ExxonMobil remains committed to a systematic and unwavering focus on corporate responsibility at all levels. Our own experience after the *Exxon Valdez* oil spill fundamentally shaped the way our company understands and manages risk. It motivated us to recommit ourselves—that safety, operational excellence, environmental protection, financial discipline, and ethical standards must be a part of our business each and every day.

This year's *Corporate Citizenship Report* details our systematic approach to managing our global operations, and the measures we employ to successfully operate in a variety of environments. It describes how we address the challenges of developing energy resources—and supplying that energy to world markets while delivering a return to our shareholders.

There is no question that this requires the constant management of risk. The sustainability of our business is based on our ability to apply consistent processes and systems in our daily operations to ensure that risk is identified, planned for, and successfully managed. We recognize that embedding the highest standards of safety, environmental performance, ethics, economic stewardship, and community engagement in every aspect of our activities is critical to protecting local communities and supporting our company's long-term success.

It is also critical to meeting the shared challenge that the world faces: how to provide the energy required for economic growth and improved standards of living while protecting the environment. This challenge is acute because oil and natural gas reserves are often located in remote and sensitive regions. To develop these resources while respecting the local environments and communities in which they are found, we must employ the highest industry safety, environmental, and social standards. For example, our project in Papua New Guinea traverses areas requiring careful environmental and cultural planning. As you will read in this report, we are conducting social and environmental surveys in that country and are adapting our project activities accordingly.

To meet growing global energy demand, society will increasingly rely upon new ways to produce resources. One example is Canada's oil sands—the second largest oil reserves in the world. Investments in the development and deployment of improved technologies for extraction and transport of this valuable resource are critical. And when done successfully, these technologies can minimize impacts to the environment. Natural gas is another example. Vast amounts of natural gas are located in shale formations around the world. By combining technology with operational excellence, we can safely unlock these supplies for the benefit of this generation and the next. We recognize that there are multiple viewpoints on the appropriate production and use of these resources—as there are with all energy sources—and we are committed to constructive engagement with our stakeholders on these issues.

2010 was a year of significant challenge for the energy industry. We know that the confidence of stakeholders is critical to the industry's ability to operate and to be successful. From ExxonMobil's perspective, we are committed to maintaining this confidence by continuing to operate safely, responsibly, and in a manner that promotes the long-term economic, environmental, and social health of our communities.

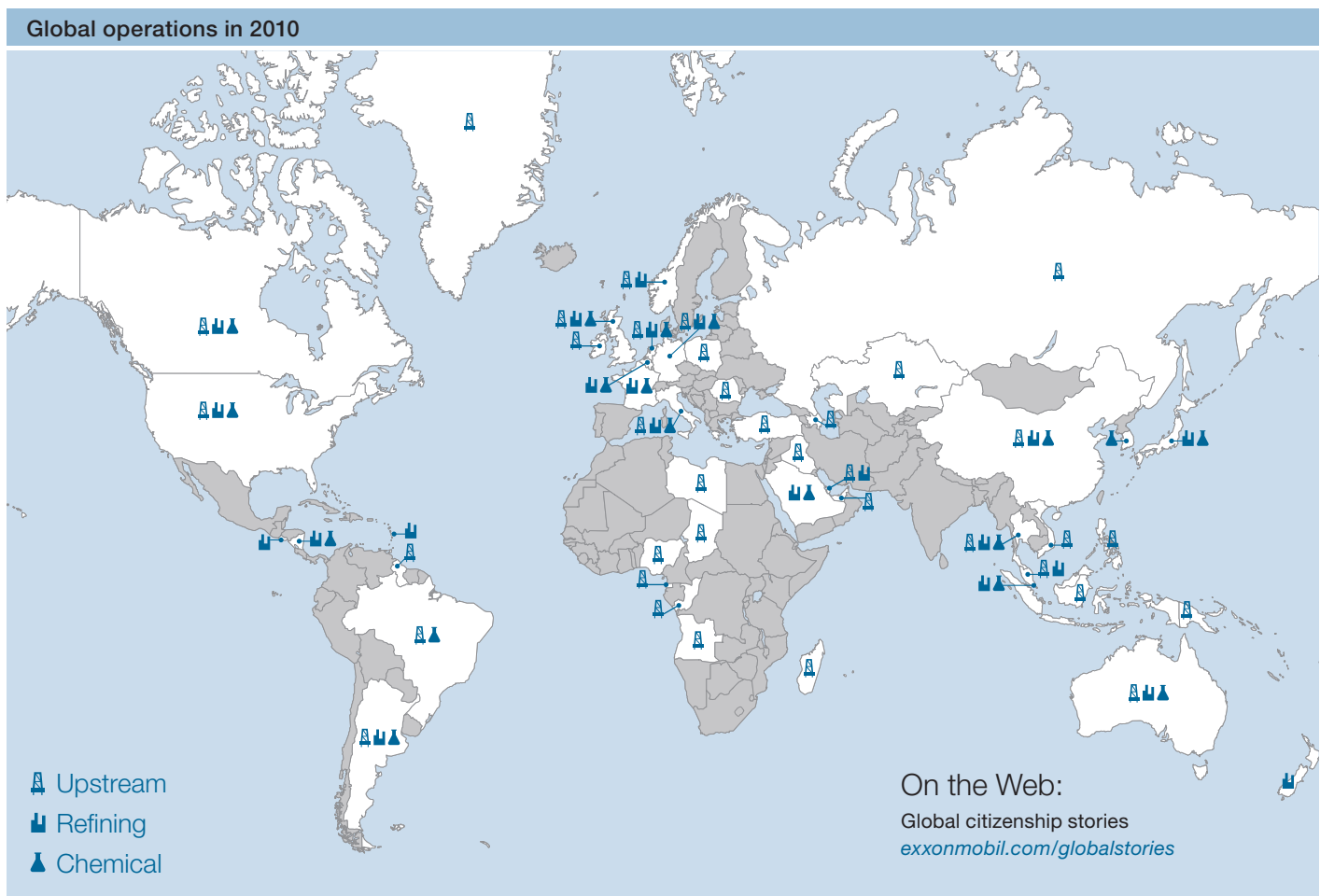
We hope you find our *2010 Corporate Citizenship Report* useful in understanding how ExxonMobil addresses challenges in these important areas. We welcome your comments.



Rex W. Tillerson  
Chairman and CEO

## About ExxonMobil

ExxonMobil uses innovation and technology to deliver energy and petrochemical products to meet the world's growing demand. Our people, technical expertise, financial strength, and global reach provide a competitive advantage and ensure broad exposure to high-quality opportunities—from conventional exploration to opportunities that require close integration across our businesses. Our extensive research programs support operations, enable continuous improvement in each of our business lines, and explore new and emerging energy sources and technologies. The Corporation comprises 10 separate companies, making up the Upstream, Downstream, and Chemical businesses.



### HIGHLIGHTS

**\$30.5**

**billion** in earnings

**\$32.2**

**billion** in capital and  
exploration expenditures

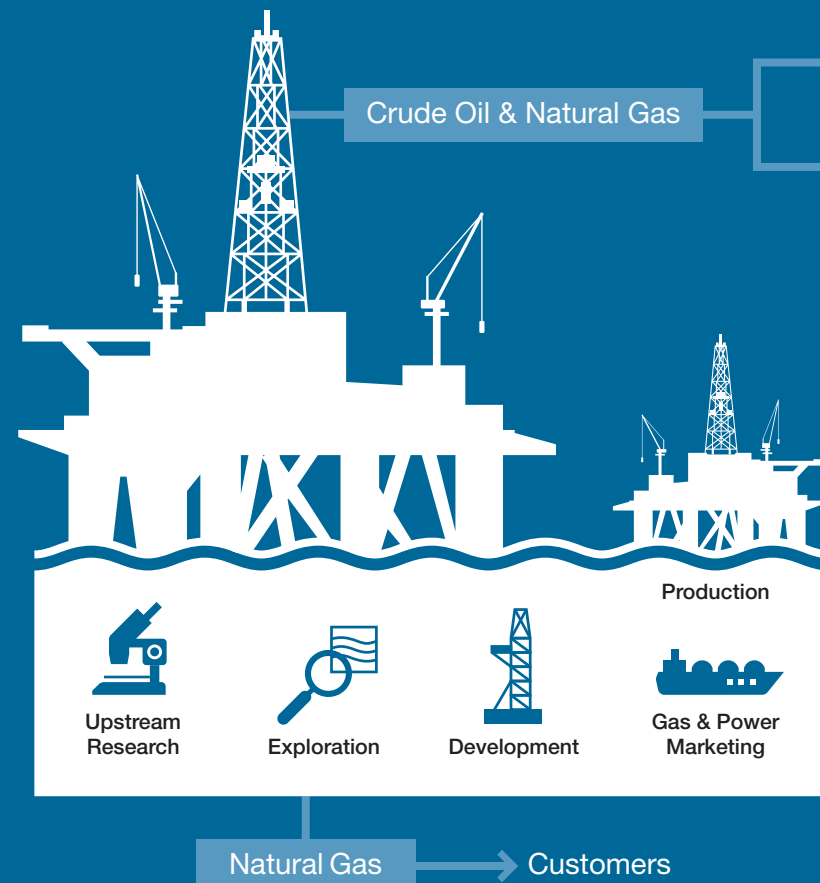
**25**

**billion** oil-equivalent  
barrels of proved reserves

## Upstream

Our upstream asset base includes exploration and production acreage in 38 countries and production operations in 24 countries around the world. Our current portfolio of more than 130 major development projects has the potential to develop more than 26 billion net oil-equivalent barrels during its lifetime.

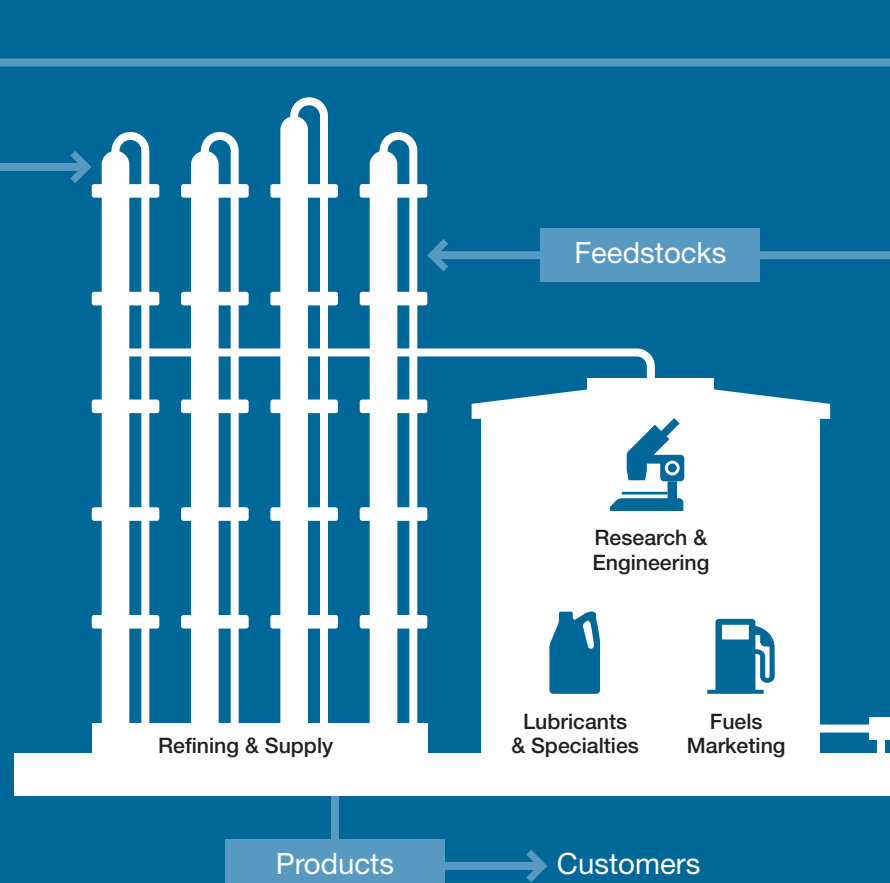
In 2010, three major upstream projects started operations, adding an equivalent of 120 thousand net oil-equivalent barrels a day to production at peak performance. Between 2011 and 2013, we anticipate the start-up of 11 major projects. We sell natural gas in almost all major and developing markets. Total net oil and gas production available for sale in 2010 averaged 4.4 million oil-equivalent barrels per day.



## Downstream

As the largest global integrated refiner, ExxonMobil has interests in 36 refineries in 21 countries. We market our fuel products to millions of customers worldwide through more than 26,000 retail service stations and four Fuels Marketing business lines—Retail, Industrial and Wholesale, Aviation, and Marine. We are the world's largest supplier of lubricant basestocks and a market leader of high technology and globally recognized synthetic lubricant brands, such as *Mobil 1* and *Mobil SHC*. We are also a leading supplier of asphalt and specialty products.

In 2010, refinery throughput averaged 5.3 million barrels per day and petroleum product sales were 6.4 million barrels per day.



## Chemical

ExxonMobil is a leader in the petrochemical industry, with interests in 51 wholly owned and joint-venture manufacturing facilities around the world. Our product portfolio is a unique combination of commodity and specialty businesses that have been developed through proprietary technology. We are one of the largest producers of aromatics and olefins, the basic petrochemical building blocks, and polyolefins, including plastics such as polyethylene and polypropylene. Our world-scale, integrated facilities allow us to produce a diverse set of less cyclical specialty products that deliver advanced performance and value to our customers in a broad array of applications. More than 90 percent of our businesses are ranked first or second in global market position.

In 2010, chemical prime product sales totaled 25.9 million metric tons.



### HIGHLIGHTS

**3**  
major upstream projects started operations

**4.4**  
million oil-equivalent barrels of net oil and gas production per day

Interests in  
**36**  
refineries in 21 countries

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

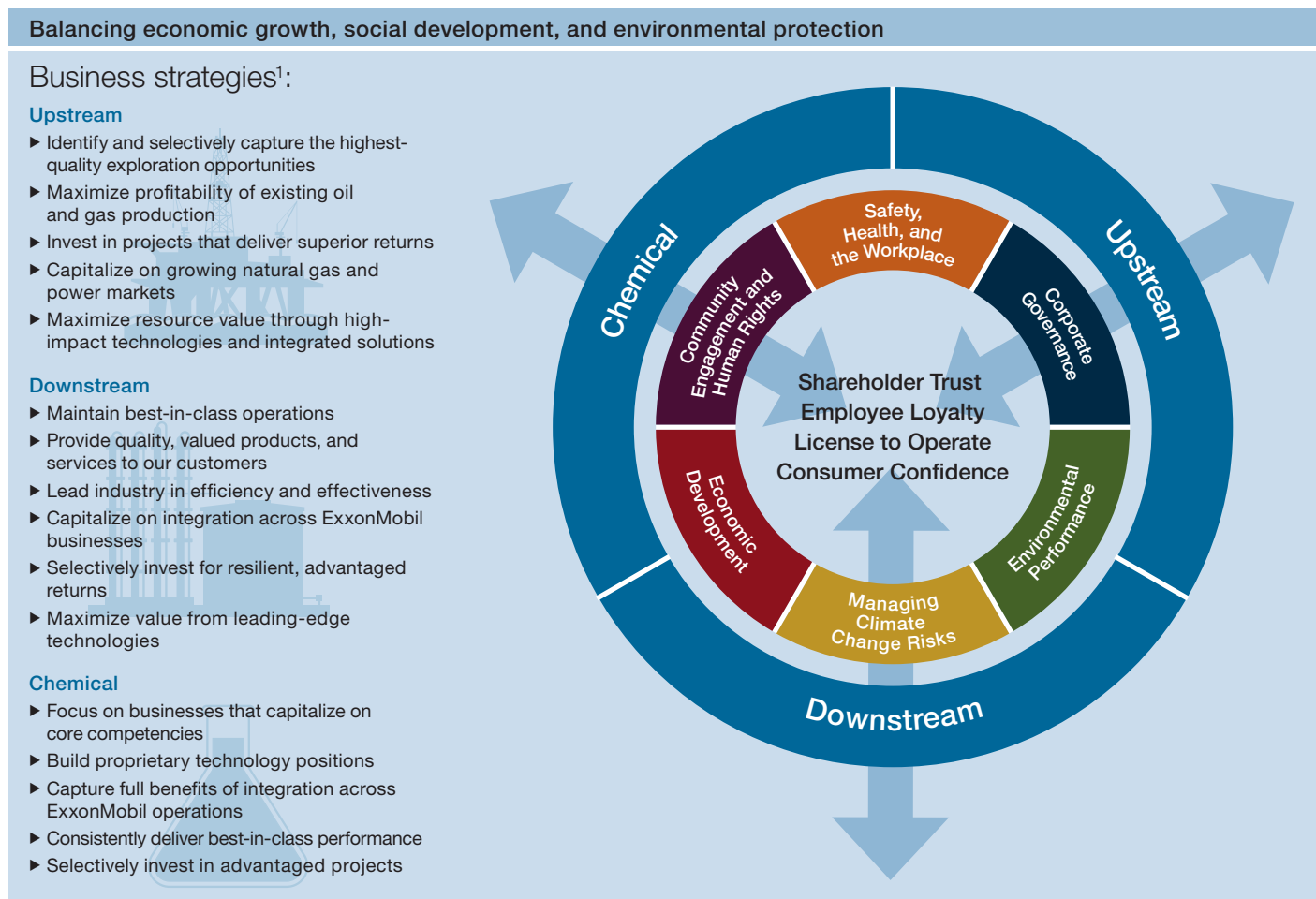
Interests in  
**51**  
manufacturing facilities, both wholly owned and joint venture

**25.9**  
million metric tons of chemical prime product sales

# Sustainability

Our world faces a major challenge: meeting rising global energy demand—which lifts people out of poverty and improves living standards—while addressing the environmental impacts that come with energy use. It is this challenge that lies at the heart of discussions about sustainability and the energy industry. Without energy, there can simply be no improvement in the quality of life of the world's citizens.

ExxonMobil is committed to addressing the challenge of sustainability—balancing economic growth, social development, and environmental protection so future generations are not compromised by actions taken today. We take our commitments in these areas very seriously; they are critical to our ability to do our job well, every day.



In this report, we articulate how we address the challenge of sustainability through six focus areas: Safety, Health, and the Workplace (page 12); Corporate Governance (page 20); Environmental Performance (page 24); Managing Climate Change Risks (page 32); Economic Development (page 38); and Community Engagement and Human Rights (page 44).

These focus areas span the length and breadth of our business, and we recognize the critical importance of continuous improvement and excellence in each area.

We work in sensitive environmental and social locations to find and produce new sources of energy. Many of our refining facilities are located close to homes and businesses. We supply essential chemical products to make other industries—such as modern computing, medical supplies, and automobiles—possible. In all such activities—and in the many others, which together comprise our business—a constant focus on sustainability is critical to our success.

And, given the events of 2010 in the Gulf of Mexico, we are reminded of the fundamental importance of operations integrity. Without a commitment to responsible operations and careful planning in all activities, the energy industry cannot lay claim to being sustainable.

It is the goal of this report to outline for stakeholders how ExxonMobil puts our commitment to sustainability into practice every day. We invite comment and dialogue on this important area from all who take an interest in our company and our industry.

<sup>1</sup>Business strategies referenced in the 2010 *Financial & Operating Review*



## The Outlook for Energy: A View to 2030

*The Outlook for Energy: A View to 2030*, our long-term forecast of supply and demand trends, projects global energy demand in 2030 to be about 35 percent higher than it was in 2005—even with substantial gains in efficiency. Meeting this rising demand for energy in a safe and environmentally responsible way is ExxonMobil’s mission and is a key challenge facing governments and societies worldwide. The scale and nature of this challenge is described in the *Outlook*, which we use to help guide our investment decisions. We also share it publicly to encourage broader understanding of energy issues.



Doha, Qatar. Many of the hallmarks of human progress—the improvements in how people live, work, and stay safe and healthy—are enabled by energy. As societies and technologies develop, people’s energy usage will continue to evolve.

### Population and economic growth drive demand

Population growth continues to be a key factor behind rising energy demand. Today, the world’s population is approaching 7 billion, but as personal incomes grow, population expansion will slow—a trend emerging in the last decade. By 2030, the global population will reach about 8 billion.

Other major influences on energy demand include economic growth and increasing prosperity. From 2005 to 2030, the global economy will expand at an average rate of 2.8 percent per year, but growth will be fastest in Non-OECD<sup>1</sup> countries. By 2030, demand in these nations will rise by more than 70 percent, led by China and India, while energy demand in OECD countries will remain essentially flat as efficiency gains help offset demand growth.

### Energy-related CO<sub>2</sub> emissions growth moderates

Meeting the world’s energy challenges goes beyond balancing supply and demand; it also

requires managing the risks posed by rising greenhouse gas (GHG) emissions. We project global energy-related carbon dioxide (CO<sub>2</sub>) emissions will increase about 25 percent from 2005 to 2030. Although substantial, this increase is significantly lower than the projected 35-percent growth in energy demand, reflecting expected efficiency gains and a shift toward less carbon-intensive energies over time. Globally, we anticipate efficiency gains will not only curb global energy demand growth by almost 65 percent through 2030, but also contribute significantly to offsetting 75 percent of the potential growth in CO<sub>2</sub> emissions.

In OECD countries, CO<sub>2</sub> emissions will decline through 2030 even as economic output grows by more than 60 percent and population grows by 10 percent. This shift will be spurred in part by government policies designed to reduce emissions by imposing a cost on CO<sub>2</sub>. For the purposes of the *Outlook*, ExxonMobil anticipates that by 2020, adoption of these policies will be equivalent to adding CO<sub>2</sub> costs of about \$30 per metric ton in OECD countries, rising to \$60 per metric ton by 2030. At these levels, natural gas and

other lower-carbon energy sources become increasingly cost competitive, particularly in the power generation sector.

Non-OECD countries will see gains in energy efficiency and increase their share of cleaner fuels, but the resulting CO<sub>2</sub> savings are more than offset by the tremendous rise in energy demand needed to fuel rapid economic development. By 2030, these nations will account for approximately two-thirds of energy-related CO<sub>2</sub> emissions worldwide.

### Diverse mix of reliable, affordable energy sources required

With the scale of the world’s energy needs already enormous, it is clear that a mix of reliable, affordable energy sources must continue to be developed in order to provide the energy needed for economic growth and societal development. As new technologies advance, our energy sources evolve—growing cleaner and more diverse. Through 2030, there will be significant shifts in the composition of the world’s energy, but oil, natural gas, and coal are projected to remain the most significant energy sources.

<sup>1</sup>Dividing the world’s nations into two groups—according to membership in the Organization for Economic Cooperation and Development (OECD)—is useful for studying energy trends. This is because the more than 30 members of the OECD—including Australia, most of Europe, Japan, New Zealand, South Korea, and the United States—generally have more mature economies and well-developed patterns of energy use. Non-OECD countries will have different energy-use patterns because their economies are rapidly advancing.

By 2030, they will provide just under 80 percent of global energy, down slightly versus today. Nuclear, along with wind, solar, and biofuels, is projected to grow rapidly, supplying about 8 percent and 3 percent of the world's energy needs in 2030, respectively.

### Liquid supplies diversify

By 2030, total liquids demand is expected to reach slightly more than 100 million oil-equivalent barrels per day. Because of their high energy density, availability, and convenience, liquid fuels will continue to be the fuel of choice for transportation—the sector responsible for about 85 percent of projected liquids demand growth.

Resources requiring advanced technologies to unlock supplies that exist in geographically challenging locations or that require more complex extraction technologies will play an increasing role in meeting liquids demand. By 2030, deepwater and oil sands resources will likely contribute close to 20 percent of worldwide liquids supply, while natural gas liquids will contribute an additional 10 percent.

### Natural gas adapts to growing needs

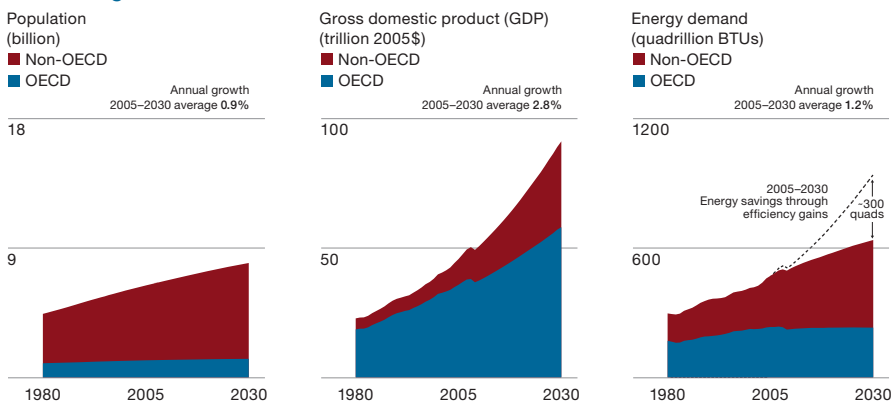
Natural gas is expected to be the fastest-growing major fuel source through 2030, with its share of global energy rising from about 20 percent to about 25 percent, displacing coal as the second most prominent source of energy worldwide (see case study, page 30). This rapid expansion of natural gas demand through 2030 reflects several important factors. One is a steep rise in Non-OECD demand in the residential, commercial, industrial, and power generation sectors. The second is a shift away from coal for power generation in order to reduce CO<sub>2</sub> emissions in OECD countries.

Given its abundance, affordability, dependability, and properties as a cleaner-burning fuel, expanded use of natural gas can help meet growing demand while enabling advancement of environmental goals worldwide.

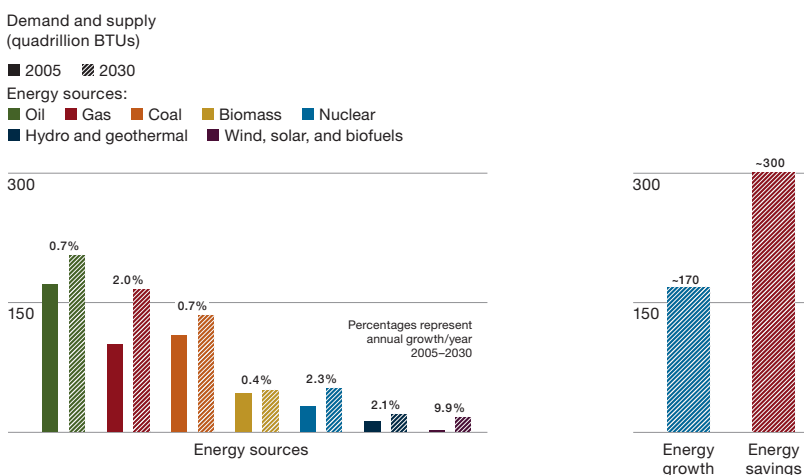
### Taking on the world's toughest energy challenges

Supplying reliable, affordable energy in a safe and environmentally sound manner is critical to enabling advancement and prosperity. Meeting growing demand will require an integrated set of solutions to expand all economic energy sources, accelerate gains in efficiency, reduce energy-related CO<sub>2</sub> emissions, and develop new energy technologies. To provide solutions at the scale embodied in the *Outlook*, the world will need tremendous levels of investment sustained over decades; an unwavering drive for

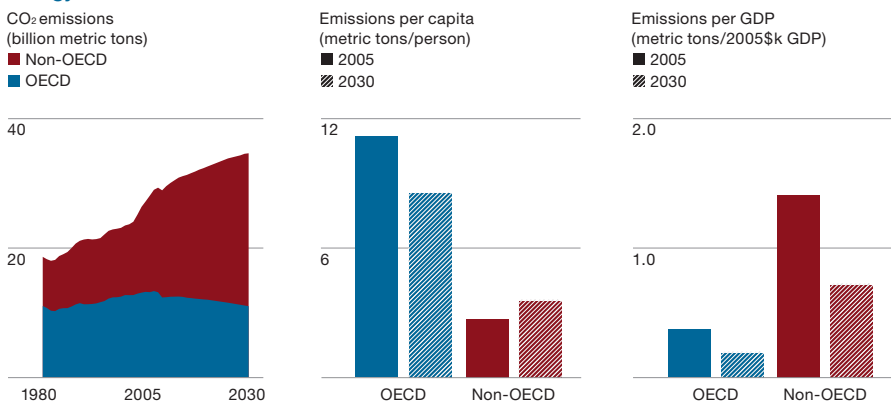
### Global Progress Drives Demand



### Diverse Fuel Mix Meets Demand



### Energy-Related CO<sub>2</sub> Emissions Growth Moderates



innovation, new technology, and operational excellence; and reliable policies that promote a level playing field for pursuing a diverse mix of commercially viable energy solutions. To learn about ExxonMobil's contributions in these areas, see pages 32 to 37.

### On the Web:

*The Outlook for Energy: A View to 2030*  
[exxonmobil.com/energyoutlook](http://exxonmobil.com/energyoutlook)

# Engagement

Like most energy providers, we operate at the center of challenging issues that require transparency and responsiveness. Our increasingly diverse group of stakeholders includes governments, non-governmental organizations (NGOs), communities, shareholders, customers, suppliers, employees, and others. External engagement is fundamental to how we conduct our business.

Ongoing dialogue and engagement with our stakeholders provide opportunities to listen to concerns, identify material issues, and benchmark performance against expectations. We focus our engagement efforts primarily on groups and individuals directly impacted by, or who have a direct impact on, our operations.

Our engagement takes many forms, including internal and external one-on-one and group dialogues and briefings; senior executive speeches; quarterly earnings teleconferences; focus groups; community consultations; e-mail communications; publications, such

as the *Corporate Citizenship Report*, *Summary Annual Report*, *The Outlook for Energy*, and *ExxonMobil Perspectives*; and content on our Web site.

It can be challenging to address certain stakeholder issues that directly conflict with our business practices. Additionally, it is not uncommon for us to encounter opposing stakeholder views. For example, many diverse viewpoints exist surrounding shale gas development using hydraulic fracturing (see page 30). We listen to all perspectives on the energy debate and consider these discussions in long-term planning.

## On the Web:

*Summary Annual Report*  
[exxonmobil.com/sar](http://exxonmobil.com/sar)

*Financial & Operating Review*  
[exxonmobil.com/fo](http://exxonmobil.com/fo)

Energy Issues and Policy Blog  
[exxonmobilperspectives.com](http://exxonmobilperspectives.com)

*The Outlook for Energy: A View to 2030*  
[exxonmobil.com/energyoutlook](http://exxonmobil.com/energyoutlook)

Send us your feedback  
[citizenship@exxonmobil.com](mailto:citizenship@exxonmobil.com)

## EXXONMOBIL STAKEHOLDERS

<p><b>Governments</b></p> <p><b>6</b> continents with exploration and production activities</p> 	<p><b>Communities and NGOs</b></p> <p><b>524</b> interactive sessions with 44,000 individuals</p> 	<p><b>Shareholders</b></p> <p><b>~2.5</b> million individuals and more than 2000 institutions</p> 
<p><b>GOAL</b> Collaborate with public policy leaders on issues of mutual interest</p> <p><b>EXAMPLE</b> Oil spill response</p> <p>In April 2010, the oil spill in the Gulf of Mexico highlighted the importance of effective emergency response practices. ExxonMobil engaged with policymakers and industry leaders to address capabilities in oil spill prevention and emergency response. Through joint industry task forces, congressional briefings, and multiple consultations with the <i>National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling</i> and the U.S. Departments of Interior and Energy, we supplied input into the response mechanisms and future policy development. For information about our participation in the development of a marine well containment system, see page 27.</p>	<p><b>GOAL</b> Enhance trust and communication through knowledge sharing</p> <p><b>EXAMPLE</b> Operational transparency through guided tours</p> <p>The Esso refinery and chemical facility at Fawley is the largest in the United Kingdom. Each year, employees at Fawley volunteer to participate in local community projects. To further engage the community and promote understanding of operations at the facility, guided tours are offered to local residents. Each tour provides visitors with an introductory presentation of Fawley operations, including a detailed overview of safety, in which visitors learn about the site's safety performance as well as community emergency response procedures. In 2010, more than 500 residents toured the facility, responding positively to seeing firsthand the level of security, environmental controls, and safety procedures implemented at the site.</p>	<p><b>GOAL</b> Discuss performance and address shareholder concerns</p> <p><b>EXAMPLE</b> Conducting shareholder meetings</p> <p>In 2010, we held approximately 35 meetings and teleconferences with institutional investors and socially responsible investors on issues, including oil sands development, shale gas development, and executive compensation. One of our institutional investors, the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), suggested we adopt principles for climate change action. We conducted several calls with the AFL-CIO and concluded that our approach to climate action is consistent with their principles. The proposal was withdrawn following our agreement to aggregate and post our views and principles to manage long-term risks from climate change in one location on our Web site (<a href="http://exxonmobil.com/climate">exxonmobil.com/climate</a>).</p>

## External Citizenship Advisory Panel

In 2009, we established our first External Assessment Panel (EAP) to provide an independent review of ExxonMobil's corporate citizenship public reporting, including the materiality analysis process, content, clarity, and relevance. The panel's comments on both the 2008 and 2009 *Corporate Citizenship Reports* have been used to enhance our external reporting.

As part of ExxonMobil's commitment to continuous improvement, we are adjusting the focus of external feedback to include ongoing dialogue on citizenship practices, rather than focusing solely on the development of the *Corporate Citizenship Report*. In 2011, we will establish an External Citizenship Advisory Panel (ECAP), in place of the previous EAP, to provide feedback on the development of ExxonMobil's citizenship activities, strategy, and communications.

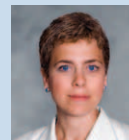
The ECAP consists of five members, external to ExxonMobil, each with recognized expertise in environmental, social, or governance issues. Over the course of the year,

panelists will be invited to participate in a range of activities and discussions relevant to citizenship at ExxonMobil. These include reviewing a draft of the *2010 Corporate Citizenship Report* and participation in a tour of ExxonMobil operating facilities, which will provide an opportunity for firsthand observation of our operating standards, processes, and programs. Panelists will also convene to discuss environmental, safety, and social issues of external concern. ExxonMobil subject matter experts and senior management representatives will engage with the panelists on these issues.

We anticipate these opportunities for dialogue with the ECAP will not only continue to shape our *Corporate Citizenship Report*, but will also enhance our overall approach to addressing stakeholder interest in the company's approach to corporate citizenship.



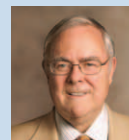
**Mark Cohen**  
Vice president for research  
Resources for the Future



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



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



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



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

### Customers

**Millions**  
of consumers  
and industrial  
customers



#### GOAL

Provide trusted,  
quality products  
to customers

#### EXAMPLE

Packaging  
optimization

Our lubricants business provides customers with leading-edge technology products. Our synthetic lubricants and greases are used across a wide range of automotive and industrial applications to help extend equipment life and reduce the number of oil changes needed. We continue to work with customers to develop sustainable product solutions. In 2010, we redesigned our U.S. multiquart<sup>1</sup> packaging to incorporate sustainability considerations from both our customers' and ExxonMobil's standpoints. The new packaging reduces plastic resin consumption by up to 7 percent. The redesigned bottles and cartons also allow more cases per pallet, improving transportation efficiency and optimizing retailers' shelf-space utilization.

### Suppliers

**~175,000**  
suppliers of  
goods and  
services



#### GOAL

Train local suppliers  
to develop a reliable  
supply chain

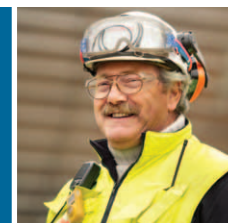
#### EXAMPLE

Papua New Guinea—  
local supplier base

In April 2010, the Papua New Guinea project opened a resource center to help local companies strengthen their management skills (see page 42). More than 4900 Papua New Guinean businesspeople received information about the project and more than 1000 businesses registered with the supplier database. This database provides access to domestic company profiles, business assessment summaries, domestic business-to-business opportunities, and center events. We have allocated more than \$1 million to the center to support local supplier registration, assessment, training, and communication events. The project has invested more than \$550 million in Papua New Guinean service contracts for the supply of goods and services.

### Employees

**~83,600**  
employees<sup>2</sup> in  
77 countries  
around the world



#### GOAL

Promote a  
leadership- and  
safety-based  
culture

#### EXAMPLE

ExxonMobil Australia  
leadership and safety  
program

At ExxonMobil, safety is a core value. In 2009, ExxonMobil Australia launched a program to enhance leadership behavior and improve the safety culture at our Gippsland operations. Approximately 95 percent of the workforce responded to a safety culture survey and identified improvement opportunities. In response to feedback, in 2010, the Production Company delivered the *ExxonMobil Fundamentals of Safety* course to 600 employees and contractors. Participants in this two-and-a-half-day program learned best practices in safety leadership and developed safety improvement plans. Employees who completed the training demonstrated improved behavior and a commitment to positively influence safety.

<sup>1</sup>One quart is approximately equal to 1 liter.

<sup>2</sup>Number includes XTO Energy Inc. employees following the June 2010 all-stock transaction with ExxonMobil.

## Performance Data

Efficiently collecting and managing data related to our six citizenship focus areas and the overall financial health of the Corporation is essential to measure performance. To ensure that the citizenship data provided in our performance data table and elsewhere in this report are relevant, we selected indicators based on guidance provided by the International Petroleum Industry Environmental Conservation Association (IPIECA) and cross-referenced the Global Reporting Initiative (GRI) G3 *Sustainability Reporting Guidelines*.

### Long-term financial resource management

ExxonMobil's responsibility is to provide competitively priced energy supplies to our customers while delivering value to our shareholders. Because the investments we make today can impact our financial performance for decades, we utilize a disciplined approach to pursue and select the most attractive investment opportunities. In 2010, we continued investing at record levels—more than \$32 billion in capital and exploration expenditures for the year—and we expect to invest more than \$165 billion over the next five years.

**Creating shareholder value.** We seek to deliver superior shareholder value through disciplined capital investments, operational excellence, and the maintenance of a long-term industry perspective. We expect this approach to translate into strong earnings and cash flows throughout the business cycle, which provides the basis for business investments and distributions to shareholders.

Approximately 2.5 million individual shareholders own about 50 percent of ExxonMobil's common stock. The remaining 50 percent

of shares are owned by institutions, including those that manage mutual funds and pension funds. For more than 100 years, the Corporation has paid dividends. In 2010, shareholder distributions from dividend payments and net share purchases totaled more than \$20 billion. Annual dividend payments per share have increased for 28 consecutive years—by 5 percent in 2010 and 53 percent over the last five years.

**Reserves replacement.** At year-end 2010, ExxonMobil had proved reserves totaling nearly 25 billion oil-equivalent barrels or nearly 15 years of reserves life at current production levels. In 2010, we replaced 209 percent of production including property sales and 211 percent excluding property sales. Our five-year average replacement ratio was 131 percent. We have replaced more than 100 percent of production for 17 consecutive years, as determined on ExxonMobil's basis, reflecting our strategic focus on resource capture and a disciplined approach to investment and project execution.

**Taxes.** In 2010, ExxonMobil's worldwide tax expenses amounted to more than \$89 billion, about three times our earnings in the same period. In 2010, our worldwide effective income tax rate was 45 percent.

### XTO Energy Inc.—Data integration

In June 2010, ExxonMobil acquired XTO Energy Inc. Financial and production data reported for 2010 include XTO performance. As part of the integration process, ExxonMobil and XTO are currently assessing XTO's environmental, health, safety, human resources, and social data collection requirements and processes. Once program differences have been identified, we will implement a plan to ensure consistent data collection. XTO environmental, health, safety, human resources, and social data will not be reported until this integration process is complete.

	2007	2008	2009	2010
<b>Company Profile</b>				
Net income, billions of dollars	40.6	45.2	19.3	30.5
Sales and other operating revenue, billions of dollars	390	460	302	370
Net liquids production, millions of barrels per day	2.6	2.4	2.4	2.4
Natural gas production available for sale, billions of cubic feet per day	9.4	9.1	9.3	12.1
<sup>1</sup> Oil-equivalent production, millions of oil-equivalent barrels per day	4.2	3.9	3.9	4.4
Refinery throughput, millions of barrels per day	5.6	5.4	5.4	5.3
Petroleum product sales, millions of barrels per day	7.1	6.8	6.4	6.4
Chemical prime product sales, millions of metric tons	27.5	25.0	24.8	25.9
<sup>2</sup> Taxes to governments, billions of dollars	106	116	79	89
Benefits to employees, billions of dollars (wages, salaries, pensions, and other benefits)	13	13	15	15
Spending with suppliers, billions of dollars	231	286	183	231
Capital and exploration expenditures, billions of dollars	21	26	27	32
Long-term debt at year end, billions of dollars	7.2	7.0	7.1	12.2
Total assets at year end, billions of dollars	242	228	233	303
<sup>3</sup> Distributions to shareholders, billions of dollars	36	40	26	20

<sup>1</sup>Gas converted to oil-equivalent at 6 billion cubic feet = 1 million barrels.

<sup>2</sup>Income, sales-based, and other taxes and duties.

<sup>3</sup>Cash dividends to ExxonMobil shareholders and share purchases to reduce shares outstanding.

## Citizenship Data

**Interpretation:** An interpretation indication is provided where ExxonMobil considers the performance trend to be generally desirable (■), undesirable (■), or mixed (■). No interpretation is provided if not applicable. For more analysis and interpretation of data, please see corresponding pages.

	2007	2008	2009	2010	Interpretation	Page #
<b>Safety, Health, and the Workplace</b>						
Fatalities – employees	0	0	4	0	■	13
Fatalities – contractors	8	5	4	3	■	13
<sup>1,2</sup> Lost-time incident rate – employees (per 200,000 work hours)	0.031	0.053	0.042	0.043	■	14
<sup>1</sup> Lost-time incident rate – contractors (per 200,000 work hours)	0.065	0.049	0.040	0.031	■	14
<sup>1,2</sup> Lost-time incident rate – total workforce (per 200,000 work hours)	0.048	0.051	0.040	0.036	■	14
<sup>1,2</sup> Total recordable incident rate – employees (per 200,000 work hours)	0.33	0.37	0.31	0.23	■	14
<sup>1</sup> Total recordable incident rate – contractors (per 200,000 work hours)	0.43	0.49	0.39	0.34	■	14
<sup>1,2</sup> Total recordable incident rate – total workforce (per 200,000 work hours)	0.38	0.43	0.35	0.29	■	14
<sup>3</sup> Number of regular employees at year end, thousands	81	80	81	84		17
Percent of workforce – non-U.S.	63	63	63	60		17
Percent women – global workforce (excluding company-operated retail stores)	25	25	26	26	■	17
Percent management and professional new hires – women	38	39	38	40	■	17
Percent management and professional new hires – non-U.S.	71	69	63	70		17
<b>Corporate Governance</b>						
Corporate political contributions – U.S. state campaigns and national 527s, millions of dollars	0.27	0.45	0.49	1.1		23
<b>Environmental Performance*</b>						
Marine vessel spills (owned and long-term leased), number of hydrocarbon spills > 1 barrel	0	0	0	0	■	27
<sup>2</sup> Other spills (not from marine vessels), number of oil, chemical, and drilling fluid spills > 1 barrel	253	211	242	210	■	27
Hydrocarbons spilled (oil spilled), thousands of barrels	7	20	17	8	■	27
Other spills, thousands of barrels	1	0	1	40	■	N/A
Controlled hydrocarbon discharges to water, thousands of metric tons	1.7	1.8	1.4	1.3	■	N/A
Sulfur dioxide (SO <sub>2</sub> ) emitted, millions of metric tons	0.21	0.19	0.16	0.14	■	28
Nitrogen oxides (NO <sub>x</sub> ) emitted, millions of metric tons	0.16	0.15	0.13	0.12	■	28
<sup>2</sup> Volatile organic compounds (VOCs) emitted, millions of metric tons	0.31	0.25	0.22	0.22	■	28
<sup>2</sup> VOCs emitted, metric tons per 100 metric tons of throughput or production						
Upstream	0.084	0.069	0.068	0.073	■	28
Refining	0.015	0.012	0.011	0.012	■	28
Chemical	0.039	0.043	0.036	0.036	■	28
Total hazardous waste disposed from operations, millions of metric tons	0.1	0.4	0.8	1.3	■	28
Environmental expenditures, billions of dollars	3.8	5.2	5.1	4.5		29
<b>Managing Climate Change Risks*</b>						
<sup>2</sup> Greenhouse gas emissions, absolute (direct equity, CO <sub>2</sub> -equivalent emissions), millions of metric tons	139	130	128	132	■	34
<sup>2</sup> Greenhouse gas emissions, normalized (direct equity, CO <sub>2</sub> -equivalent emissions, excluding cogeneration and Hong Kong Power), metric tons per 100 metric tons of throughput or production						
Upstream	19.8	18.7	18.1	18.5	■	34
Downstream	17.4	17.0	16.7	16.6	■	34
Chemical	42.0	39.8	40.2	38.2	■	34
Energy intensity, normalized versus <i>Global Energy Management System</i> (GEMS) base year (2000) – refining	93.2	93.4	92.6	91.4	■	34
Energy intensity, normalized versus GEMS base year (2001) – chemical steam cracking	90.6	91.3	90.3	89.3	■	34
Cogeneration capacity in which we have interest, gigawatts	4.5	4.6	4.9	4.9	■	35
<sup>2</sup> Hydrocarbon flaring (worldwide activities), millions of metric tons	8.0	5.7	4.4	3.6	■	34
<b>Economic Development</b>						
Number of employee participants in corporate and technical training (thousands)	35	48	52	61		40
Total corporate and technical training expenditures, millions of dollars	61	69	71	77		40
U.S. spending with minority- and women-owned businesses, millions of dollars	583	603	863	812	■	40
<sup>4</sup> Community investments, millions of dollars	206.6	225.2	235.0	237.1	■	43
United States	124.1	144.6	143.0	154.8		43
Rest of world	82.5	80.6	92.0	82.3		43
<sup>5</sup> Number of <i>Extractive Industries Transparency Initiative</i> (EITI) participating countries	6	8	8	7		43
<b>Community Engagement and Human Rights</b>						
<sup>6</sup> Number of countries in which affiliates received dedicated human rights awareness training	N/A	7	8	1	■	46
<sup>6</sup> Percent of private security contracts with enhanced language	N/A	50+	60	75	■	47

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

<sup>2</sup>Historical data were updated to reflect improved information, including data collected through the newly introduced *Environmental Data Management System*.

<sup>3</sup>Regular employees are defined as active executive, management, professional, technical, and wage employees who work full-time or part-time for ExxonMobil and are covered by ExxonMobil's benefit plans and programs. Number includes XTO Energy Inc. employees following the June 2010 all-stock transaction with ExxonMobil.

<sup>4</sup>Total contributions include ExxonMobil corporate and XTO donations and employee and retiree giving through ExxonMobil's matching gift, disaster relief, and employee giving programs.

<sup>5</sup>In countries where ExxonMobil has an upstream business presence.

<sup>6</sup>Data first reported in 2008. Human rights and security training has been completed in 16 countries over the past three years.

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



## Safety, Health, and the Workplace

### HIGHLIGHTS

# 10%

reduction in  
lost-time  
incident rate

# 98%

of tested workers  
were compliant  
with anti-malarial  
drug regimens

# 40

technical scholarships  
awarded and 1263 global  
internships and co-op  
assignments sponsored

### PERFORMANCE OVERVIEW

#### What we said in 2009

- ▶ Implement proposed enhancements to personnel safety metrics and stewardship processes
- ▶ Implement leading process safety metrics
- ▶ Deploy enhancements introduced through the 2009 updates to the *Operations Integrity Management System (OIMS) Framework*
- ▶ Participate in cross-industry efforts to understand precursors for serious injuries and fatalities
- ▶ Continue to attract, develop, and retain a premier workforce from the broadest possible pool of talent

#### What we did in 2010

- ▶ Enhanced leading and lagging process safety metrics and conducted a personnel safety study
- ▶ Continued to lead industry with combined contractor and employee workforce lost-time incident rates at best-ever levels
- ▶ Deployed enhancements to the OIMS Framework
- ▶ Participated in cross-industry efforts to understand precursors for serious injuries and fatalities
- ▶ Participated in joint industry task forces to learn from the spill in the Gulf of Mexico
- ▶ Hired 2474 professional employees

#### What we plan to do

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

## Safety and operations integrity are the foundations of ExxonMobil's business. Nothing is more important.

### Safety, security, and health management

We hold our commitment to excellence in safety, security, and health in the workplace as a core value—one that shapes decision making at every level. This commitment is documented in our safety, health, and product safety policies and security expectations, which are implemented through our OIMS Framework (see page 18). Both contractors and employees are required to follow these expectations as a condition of employment. In 2010, we deployed enhancements to the OIMS Framework, including expectations related to leadership, process safety, and assessment of OIMS effectiveness.

### Personnel safety

In 2010, we once again recorded best-ever combined employee and contractor workforce lost-time incident rates. We have reduced our workforce lost-time incident rate by an average of 9 percent per year since 2006 and 10 percent from 2009 to 2010. A key driver in this performance improvement is the expectation that all workers take action when they observe a coworker who may be in an at-risk situation. Where applicable, our recognition programs reinforce this proactive engagement.

However, we are saddened to report that we experienced three worker fatalities in 2010. We thoroughly investigated the causes and contributing factors associated with each incident to learn from them and to prevent similar events in the future. We have also joined cross-industry working groups with representatives from oil and gas and other industries to better understand the precursors to serious injuries and fatalities. The

groups aim to develop a set of principles, criteria, and methods for more effective intervention to prevent serious injuries and fatalities.

We will not be satisfied until we achieve our goal of a workplace where *Nobody Gets Hurt*. It is our responsibility to ensure that every individual who works at one of our sites returns home as safe and sound as when he or she reported to work.

**Personnel safety study.** Achieving *Nobody Gets Hurt* in the workplace requires us to continuously assess and enhance our systems, programs, and practices. Experience has demonstrated that each enhancement can lead to a period of significant improvement, often followed by a plateau in performance at an improved incident rate. Recognizing this, we conducted a personnel safety study to identify new strategies to further improve our safety performance. Over the course of the study, the team identified two principal themes: the importance of leadership behavior and the role of performance metrics.

In 2010, we promoted the concept of “actively caring” for coworkers. This further establishes an environment where workers will approach each other when they see potential hazards or unsafe behaviors, regardless of whether the worker is a supervisor, experienced employee, or contractor. In addition, we are emphasizing safety leadership behaviors relevant to roles, workplaces, and organizations in training and coaching sessions. For example, in 2010, more than 1000 employees and contractors participated in safety leadership workshops in the Development, Production, Chemical, and Refining and Supply Companies.

Another emerging theme identified in the study is that traditional safety reporting and measurement based on incident rates and percentages alone may not always help drive improvement. To make safety more personal, we are expanding the use of a new metric, which captures all incidents, including first-aid and minor incidents. By adding a personal element, this metric will better communicate the real meaning of *Nobody Gets Hurt*. It will also enhance our “reporting culture” and our ability to capture, analyze, and learn from incidents with significant potential consequences, rather than just those with actual consequences. We aim not only to analyze safety incidents after they happen, but also to identify exposures and at-risk behaviors before they lead to safety incidents.

**Addressing human factors.** Because many of our employees and contractors work in shifts around the clock in diverse operations and locations, we recognize the important role of human factors in reducing workplace risks. These human factors may include worker fatigue, ergonomic considerations, and physical and mental demands. Our Human Factors Technology Center of Excellence supports ongoing efforts to incorporate human factors technology into engineering design and construction, workplace layout, safety systems and practices, and behavior-based systems.

Incident investigation and analysis revealed employee awareness of potential hazards is often a significant contributor to the prevention of incidents. Our behavior-based safety approach, outlined in the *Loss Prevention System*, provides employees with consistent tools to identify and mitigate risks associated with specific tasks, to

### Contractor safety in Singapore

The Singapore Parallel Train (SPT) project workforce is very diverse, with employees and contractors hailing from 30 countries and speaking more than eight languages. To safely complete the project, we introduced a variety of training tools to align this large and diverse contractor workforce with our high safety standards.

Our on-site SPT Safety Training Center provides an Enhanced Safety Orientation Course that must be completed before any worker gains access to the site. The course is conducted in eight languages and provides training in construction safety, oil and petrochemical safety, and

basic safety standards. Since 2008, more than 70,000 workers have received training through the center.

At the existing Singapore Chemical and Refining manufacturing sites, we introduced the Contractor Supervisor Safety Leadership Initiative in 2009 to train all contractor supervisors in safety leadership and communication. In addition to site-specific training, a one-day Contractor Supervisor Safety Workshop (CSSW) is required to receive certification as a contractor supervisor. The CSSW focuses on basic roles and responsibilities and reinforces the safety mindset. Other training modules

are delivered as needed and cover such topics as hazard recognition and working at heights.

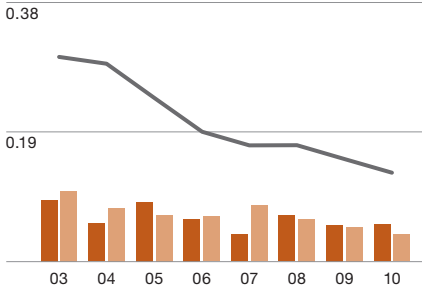
Since the program's implementation in 2009, more than 500 contractor supervisors have received safety training through the initiative. ExxonMobil safety management values are now widely applied by supervisors, and the use of safety and equipment checklists for work planning and execution has also improved.



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

(incidents per 200,000 work hours)

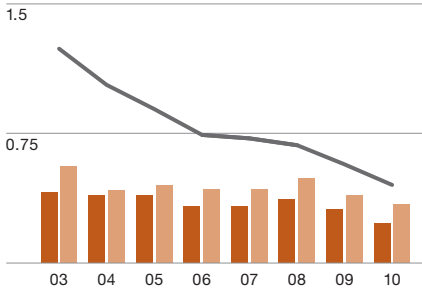
■ ExxonMobil employees ■ ExxonMobil contractors  
— API U.S. petroleum industry employee benchmark



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

(incidents per 200,000 work hours)

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



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

conduct self-assessments while working, to observe others and provide feedback on their behaviors (see below), and to analyze losses and near-losses. By identifying and preventing at-risk behaviors, the likelihood of incidents occurring or escalating can often be greatly reduced. In 2010, many sites launched efforts to further engage employees and contractors in behavior-based safety systems.

**Process safety**

Effective process safety management leads to the prevention of uncontrolled releases of hydrocarbons, chemicals, and other substances. Failure to contain these substances can lead to significant incidents such as fires and explosions, with potential for serious injuries and fatalities, widespread environmental impacts, and property damage. Our process safety management framework focuses on reducing risks and incidents through OIMS, including facility design and operation. We continuously seek to improve these areas by learning from incidents and near-misses in our own operations and across our industry. We are committed to learning lessons from the tragic Deepwater Horizon incident and are working with joint industry task forces to develop improved prevention, containment, and response plans. In 2010, we implemented new process safety metrics to enhance our ability to learn from all levels of incidents.

At our facilities, we focus on best practices in design, mechanical integrity, and upgrades using advanced technologies.

In our operations, we focus on training employees in process safety and effective procedures, including best practices for our higher-risk activities, such as start-up and shut-down of operations when maintenance is conducted (see OIMS case study, page 19).

**Risk management and emergency preparedness**

Risks associated with safety, security, health, and the environment are inherent in our business. ExxonMobil takes a disciplined approach to business continuity planning and emergency preparedness. Emergency Support Groups—comprising business lines; human resources; law; finance; safety, security, health, and environment; public affairs; and other technical advisors—develop and exercise emergency response strategies. Emergency Response Teams are organized at local and regional levels to respond to incidents as needed.

Effective preparedness is dependent on training. Response team training includes orientation, simulations, and full exercises. Every site conducts emergency drills on a frequent basis, ranging from routine fire drills to full-scale exercises. In 2010, comprehensive drills were conducted in Angola, Barbados, Cameroon, Canada, Chad, Equatorial Guinea, Germany, Guam, and the United States. These drills often involve 100 or more representatives from ExxonMobil; local affiliates; local, state, and federal governments; and industry.

**A culture of safety**

To be fully effective and to drive sustained safety performance improvements, we proactively develop a safety culture grounded in leadership at every level of the organization.



**Djekilamber Mbainade**

*Contracted pipefitter, Chad*

The day's appointed safety observer

*Each morning, the supervisor designates a new safety observer. Today, it was me so I had the job of leading the morning toolbox safety meeting. This morning, we talked about personal protective equipment needed for today's work, expected hazards, and then we did a "step back 5x5." That's a procedure where we all talk about hazards and what to do about them before beginning a task. Then I watched closely all day. I guard the safety of my friends. While they concentrate on work, I concentrate on their safety. I have the power to stop the work if I see something happening where I can help. Even though my job is pipefitter, we all learn all the time about safety, how we can keep ourselves and our team members safe.*

## Workplace security

At ExxonMobil, *Security is Everybody's Business*. We provide security and safeguards to protect our people, facilities, business information, and other assets. In 2010, we completed a multiyear, comprehensive project to strengthen security at our facilities globally. For more information about security at ExxonMobil, see page 47.

## Employee health

A healthy workforce benefits our business and the broader community. At ExxonMobil, we provide programs and services to help our employees live healthier lives. We incorporate workforce and community health considerations into project planning (see pages 39 and 41).

Participation in prevention programs is key to maintaining a healthy workforce and responding to emerging health issues. In 2010, a cholera outbreak occurred in Port Moresby, Papua New Guinea. In response, we established a cholera response working group to identify measures to prevent further spread of the disease. Initiatives like publishing prevention-related materials for employees and contractors, establishing a screening process upon camp entry, ensuring adequate handwashing facilities, and establishing cholera triage areas prevented the spread of cholera to project worksites. Through a partnership with the Salvation Army, the project also helped establish a community cholera care clinic in Port Moresby.

### **Workplace Malaria Control Program.**

Approximately half of the world's population live in areas at risk of malaria transmission. ExxonMobil has established strong business partnerships to effectively protect employees and contractors working in malaria-prone areas. Our *Malaria Control Program* comprehensively combats malaria through awareness, mosquito bite prevention,



International Marine Transportation employees conduct safety drills on a range of possible scenarios to respond quickly and effectively to incidents.

preventive medication, and early diagnosis and treatment. Insecticide use is kept to a minimum to protect the health of our workers and to minimize environmental impacts.

We track employee and contractor incidences of malaria in eight countries with upstream operations. In 2010, 11 malaria cases were reported out of the thousands of nonimmune workers located in or visiting endemic areas. Approximately 98 percent of workers tested were compliant with preventive drug regimens. To learn about our efforts to create healthy communities, see page 41.

**Employee StopAIDS.** Our workplace HIV/AIDS program, *StopAIDS*, combines risk mitigation education with access to community-based care and treatment to keep healthy workers disease-free and to educate HIV-positive workers on living safely with the illness. ExxonMobil does not test for HIV, and HIV status is not a factor in determining an employee's ability to work.

More broadly, in December 2010, ExxonMobil affiliates in Nigeria and Papua New Guinea supported World AIDS Day. Activities to

commemorate the day included employee and contractor communications from senior managers, educational leaflets, souvenirs, and donations to local health centers.

## Product stewardship and product safety

We actively identify and evaluate ways to mitigate possible effects of our products on both people and the environment while improving product performance. During the development of, and prior to marketing our products, we assess safety, health, and environmental (SHE) aspects as well as compliance with product safety legislation, both where the products are made and in their intended markets. Rigorous assessments required by government authorities are conducted and updated as new information becomes available to assure the safety of a new or modified product. Products used in particular markets, such as those that come in contact with food, undergo additional SHE assessments as appropriate.

In addition, we provide information to those who transport, use, and dispose of our products, including appropriate uses, potential

## Product stewardship in the Chemical business

Increasingly, our customers look to us to help them achieve their sustainability goals. In 2008, we created our Chemical Research Sustainability Team, which is responsible for conducting life cycle analyses (LCA) to support every Chemical business unit. LCAs allow us to evaluate product benefits and to design products in response to customer demands. Typically, an LCA study can take from three to more than 12 months to complete, depending on the breadth and complexity of the project.

In 2007, a European Union (EU) regulation for chemicals manufactured or used in EU member states went into effect. The REACH regulation requires manufacturers or importers to register and provides the European Chemical Agency with the right to evaluate and authorize chemicals. In 2010, ExxonMobil submitted more than 500 dossiers covering all substances needing registration by the 2010 regulatory deadline. We are now focused on updating our Safety Data Sheets and preparing dossiers for lower-volume substances with

2013 and 2018 registration deadlines. The objectives of REACH are aligned with our commitment to product stewardship and accessibility of information.

Through the International Council of Chemical Associations, ExxonMobil Chemical promotes the safe management of chemicals as outlined in the principles of the Global Product Strategy. We support voluntary programs such as Responsible Care® and the Global Product Strategy in developing regions of the world.



Achieving *Nobody Gets Hurt* in the workplace requires us to continuously assess and enhance our systems, programs, and practices.

health and environmental effects, personal protection and exposure controls, first aid measures, and disposal considerations. Through a disciplined surveillance process, we tailor our product safety warnings to comply with current and emerging local regulations. In 2010, more than 400,000 Safety Data Sheets covering more than 130,000 unique products were distributed to customers in more than 85 languages.

OIMS and other management systems ensure compliance with product stewardship regulations in more than 150 countries. Our *Product Stewardship Information Management System (PSIMS)* applies common global processes and a single global computer system to capture and communicate information on the safe handling, transport, use, and disposal of our products. PSIMS incorporates more than 5000 automated assessments to consistently appraise product characteristics and uses for compliance with existing global laws and regulations, and to provide responsible standards to specify precautions where laws and regulations do not exist or are considered inadequate.

## Employment policies and practices

Our employment practices are governed by our *Standards of Business Conduct*, which support our commitment to equal employment opportunity, prohibit harassment and discrimination in the workplace, and are consistent with applicable laws and regulations of the countries in which we operate.

**Policies against discrimination and harassment.** Any form of discrimination by or toward employees, contractors, suppliers, and customers in any ExxonMobil workplace is strictly prohibited. Our global, zero-tolerance policy applies to all forms of discrimination, including discrimination based on sexual orientation and gender identity. Harassment, even in its most subtle forms, is in direct conflict with company policy and will not be tolerated. All employees are subject to disciplinary action up to, and including, termination for any act of harassment. We have deployed a comprehensive education, training, and stewardship program to ensure this policy is understood, implemented, and followed by our employees throughout our worldwide operations. Each affiliate has adopted ExxonMobil's global standards, with modifications as required for compliance with country law.

**Employee benefits and programs.** We provide all employees with a competitive package of benefits and programs, which varies based on the legal requirements and culture of countries. Benefit coverage for spouses is based on legally recognized spousal relationships in the individual countries where we operate. In the United States, we have adopted the definition of spouse used in federal law, which provides benefits to heterosexual couples. Employees in countries where national law recognizes same-sex relationships are provided spousal benefits under ExxonMobil programs.

We take our benefit plan commitments seriously. The funding levels of all qualified pension plans are in compliance with standards set by applicable law or regulation. All defined benefit pension obligations are fully supported by the financial strength of the Corporation or the respective sponsoring affiliate.

**Employee engagement.** ExxonMobil seeks to create an environment of open communication with our more than 83,000 employees. During the annual performance assessment and development process, all employees have a structured, documented discussion with their supervisors about work goals, training objectives, and development needs. This process provides the basis for ongoing employee coaching and continuous performance improvement. Employees are actively developed throughout the course of their careers with training, mentoring, and opportunities to join professional networks.

Engagement with senior management takes place in the form of employee forums, where senior managers engage with employees on many topics such as business or safety performance, public policy, and long-term planning. During these forums, employees may ask questions on any topic. In 2010, Management Committee members and the presidents of the functional companies held more than 25 meetings with employees.

In 2010, ExxonMobil and XTO Energy Inc. completed an all-stock transaction to create a new organization focused on global development

## Building a Culture of Health

In the United States, our ExxonMobil medical plan includes a program, *Partners in Health*, to help employees and their families manage long-term health by focusing on disease management, prevention, and lifestyle habits. In addition to these *Partners in Health* tools, from 2009 to 2010, a *Culture of Health* pilot program was

implemented at the Brookhollow office complex in Houston, Texas, and the Joliet Refinery in Illinois to expand opportunities for employees to identify health risks and adopt healthier lifestyles.

Many employees took advantage of the online health assessment, on-site biometric screenings, and one-on-one telephone calls

with health coaches. On-site programs such as physical activity challenges and weight-loss support groups encouraged a culture of health in the workplace. In 2011, an expansion of this program is expected in the United States.



We foster a work environment that treats all employees with respect, values unique perspectives, encourages individual growth and achievement, and rewards people based on their performance.

and production of unconventional natural gas resources. ExxonMobil and XTO personnel worked alongside each other in a transition team in Fort Worth, Texas, to prepare the merged company for operations. ExxonMobil and XTO management have taken all necessary steps to ensure that our colleagues at XTO understand how important they are to the success of the new organization.

**Diversity.** Our global reach is evident in more than just our physical locations. The diversity and inclusion of thought, skill, knowledge, and culture of our global workforce make us more competitive, more resilient, and better able to navigate the complex and constantly changing global energy business. Our *Global Workforce Diversity Framework* is intended to attract, develop, and retain a premier workforce; actively foster a work environment where individual and cultural differences are respected and valued; and identify and develop leadership capabilities of employees to perform effectively in a variety of environments. Local employee networks exist in various locations and provide a positive, informal environment for career development information, act as an advisory group to management, build cultural awareness, and support community outreach.

At year-end 2010, about 40 percent of our employees were located within the United States and 60 percent internationally. In 2010, approximately 34 percent of our executives were non-U.S. employees. We hired more than 2400 management and professional employees worldwide, of whom approximately 70 percent were outside the United States.

ExxonMobil promotes leadership opportunities for women globally to improve the gender balance within our company. Currently, women account for about 26 percent of our worldwide workforce, excluding company-operated retail stores.

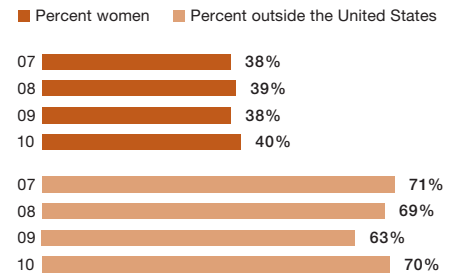
In 2010, 40 percent of management and professional new hires were women, significantly higher than the percentage of women in our broader employee population. Approximately 14 percent of executive employees worldwide are women, compared to 13 percent in 2009. One significant challenge in attaining gender balance in technology companies like ExxonMobil is a long-standing trend of fewer women selecting college majors and careers in science, technology, engineering, and mathematics. ExxonMobil is supporting efforts to make access to science, technology, engineering, and mathematics education more widely available, particularly to women and minorities in the United States (see pages 42 and 43).

We are also working to increase the representation of minorities, including African-Americans, Hispanics, Asians, and Native Americans, in our U.S. operations. For example, our hiring programs include outreach to ensure diverse candidates are identified. Based on U.S. Equal Employment Opportunity Commission reporting, minorities comprised approximately one-third of our U.S. workforce and 21 percent of officials and managers in 2010.

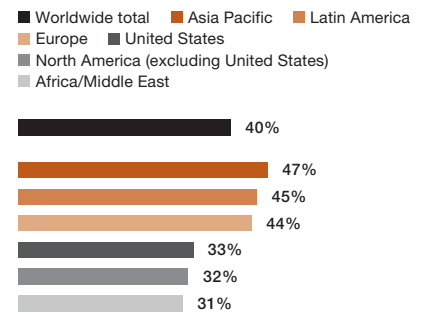
**On the Web:**

- Safety and health policies [exxonmobil.com/managementssystems](http://exxonmobil.com/managementssystems)
- ExxonMobil Malaria Initiative [exxonmobil.com/health](http://exxonmobil.com/health)
- Global citizenship stories [exxonmobil.com/globalstories](http://exxonmobil.com/globalstories)
- Safety, health, and environment awards [exxonmobil.com/awards](http://exxonmobil.com/awards)
- U.S. employment diversity data [exxonmobil.com/diversity](http://exxonmobil.com/diversity)

**Management and Professional New Hires**

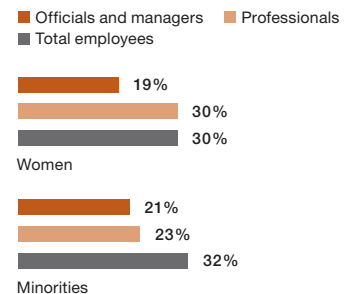


**2010 Percent Female Management and Professional New Hires by Geographic Region**



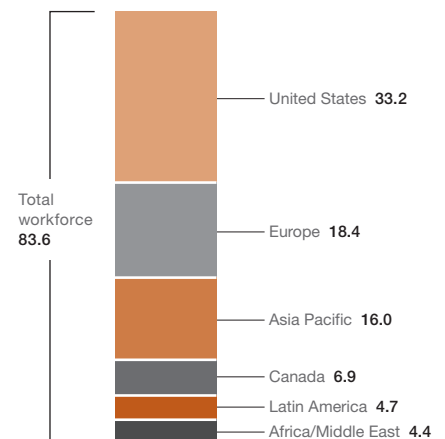
**2010 Percent Women and Minorities by Position in the United States**

Based on U.S. Equal Employment Opportunity Commission reporting



**2010 Workforce by Geographic Region\***

(thousands of employees)



\*Data exclude company-operated retail store employees and include XTO Energy Inc. employees following the June 2010 all-stock transaction with ExxonMobil.

## Operations Integrity Management System

ExxonMobil's approach to ensuring integrity in our operations was fundamentally influenced by the 1989 *Valdez* oil spill. The accident triggered a re-evaluation of our understanding of risk management at a fundamental level. Today, a comprehensive Framework—called the *Operations Integrity Management System* (OIMS)—underpins every operating decision we make.

A key outcome of the *Valdez* oil spill was the realization that safety is more than a priority. It must be a value that shapes our decision making at every level of the organization. Ensuring this vision was incorporated into our day-to-day activities required a top-to-bottom review of all operations with the intention of reorganizing the company to make safety—of people, facilities, and the environment—the center of decision making. ExxonMobil's goal of driving accidents and incidents to zero has not yet been achieved, but through OIMS we continue to pursue it.

### The OIMS Framework

The OIMS Framework establishes common worldwide expectations for addressing safety, security, health, environmental, and social risk in every aspect of our business. OIMS guides the activities of more than 83,000 employees and roughly an equal number of third-party contractors around the world. OIMS does not just provide oversight; it fundamentally drives our operations from top to bottom.

Through OIMS, ExxonMobil monitors, benchmarks, and measures our performance. OIMS consists of 11 separate Elements that address all aspects of management (see graphic). The standard 11 Elements and 65 Expectations included in OIMS are the same for all employees, no

matter where they are in the organization. From there, it is the responsibility of the businesses to supplement the Framework by establishing and maintaining guidelines relevant to their specific activities. Finally, local management systems provide additional guidance, including processes and procedures, responsible and accountable resources, and feedback mechanisms for continuous improvement.

A critical component of the OIMS Framework is assessment and improvement. OIMS requires us to regularly evaluate our operations. Approximately 50 to 70 assessments are conducted annually, performed not only by trained safety, security, health, and environmental experts, but by cross-functional, cross-regional teams. In this way, the knowledge and observations employees gain are taken back to their jobs and spread across the organization.

To further drive continuous improvement, the Framework is periodically updated to address learnings, often based on internal or external events that need to be institutionalized and embedded into the Framework.

### Success factors

Many other companies have similar systems in place, some of which were influenced by OIMS. The unique aspect of OIMS is the



ExxonMobil employees understand that OIMS is part of their job. Employees are trained to identify hazards, assess risks, and to speak up about any issues they observe.

degree to which the system is integrated into our day-to-day operations.

One of the greatest benefits of OIMS is that it enables ExxonMobil—a large organization that operates across diverse cultures and geographies—to speak the same language when it comes to safety and risk management.

OIMS is part of our culture. Its components allow our employees to drive our organization's success. Our goal is not simply to follow procedures. A culture of compliance

### The Blackbeard Well:

#### Element 2 - Risk Assessment and Management and Element 7 - Management of Change

ExxonMobil's systematic and disciplined approach serves as a critical tool to manage the risks associated with oil and gas exploration and development.

In September 2006, drilling efforts were underway on a challenging exploration well in the Gulf of Mexico called Blackbeard, where seismic reports suggested the presence of approximately 1 billion barrels of oil and gas. In accordance with OIMS Element 2 (Risk Assessment and Management), an extensive risk

assessment was conducted prior to starting the operation in order to identify potential hazards—everything from hurricanes to the location of underground formations. From that risk assessment, we developed a project plan that included specific risk mitigation procedures.

After drilling to a depth of more than 30,000 feet and investing \$187 million, measurements indicated higher pressures than previously predicted, increasing the risk of continued drilling.

OIMS Element 7 (Management of Change) requires that once the drilling plan has commenced, any change in the plan must be evaluated, approved, and documented. Taking into account the potential well pressure, we assessed risks and evaluated mitigation strategies. After management review, we concluded that the level of risk associated with continued drilling outweighed the potential benefits. Drilling operations were discontinued and the well was safely abandoned.



alone can lead to complacency. We seek to create a culture in which employees meet and challenge procedures so they can be improved when needed.

The 11 Elements of OIMS are fundamental to safe and responsible operations. But the first and last Elements—Management Leadership, Commitment, and Accountability and Operations Integrity Assessment and Improvement—are perhaps the most critical. Without leadership by example and without thoughtful, honest, and objective self-assessment, no system is sustainable.

Our journey toward achieving zero incidents is far from complete, but we have made significant progress. More importantly, we are dedicated to learning until we do achieve our vision of a workplace where *Nobody Gets Hurt*, where *Security is Everybody's Business*, and where our environmental performance can *Protect Tomorrow. Today*.

#### On the Web:

OIMS Framework  
[exxonmobilsafety.com](http://exxonmobilsafety.com)

#### Safely shutting down and restarting operations: Element 6 - Operations and Maintenance

ExxonMobil's manufacturing sites regularly conduct large-scale maintenance efforts called turnarounds, which can range in scope from a single piece of equipment to an entire facility. During a turnaround, relevant components are shut down, inspected, upgraded, and then restarted. Experience shows that these periods of nonroutine activity can pose greater potential for safety and environmental incidents. OIMS Element 6 provides detailed tools and checklists to reduce the potential for error by providing a systematic process to ensure hazards are identified, procedures are clear and understood, and controls are in place.

In 2010, the Baytown Refinery in Texas conducted its largest-ever turnaround. The event required approximately 3500 contractors and more than 450

employees to work more than 1.8 million hours on six units. In anticipation of the large influx of personnel and work activity on-site, a special safety campaign was implemented. The turnaround management team conducted a comprehensive risk analysis and developed risk management procedures. They also used peer reviews, daily and weekly safety meetings, and recognition programs to reinforce and sustain the safety culture. By the end of the turnaround, only one recordable incident occurred, involving a minor finger injury. As part of our commitment to safety, we held a mandatory contractor safety stand-down to discuss and review incident prevention tools. Lessons learned from this turnaround were also shared with other sites in an effort to drive incidents to zero.



# Corporate Governance

## HIGHLIGHTS

# 33<sup>+</sup>

**thousand employees** received anti-corruption training

# 81%

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

# 10 out of 10

**rating** from GovernanceMetrics International, among top 1 percent of companies rated

## PERFORMANCE OVERVIEW

### What we said in 2009

- ▶ Continue recruiting highly qualified non-employee director candidates
- ▶ Continue outreach to institutional and socially responsible or sustainable investors and other interested parties
- ▶ Participate in Sustainable Investment Research Analyst Network (SIRAN) calls on greenhouse gas emissions reduction technologies and other environmental, safety, and governance issues
- ▶ Review and update corporate policies and procedures based on requirements from the U.S. Securities and Exchange Commission or congressional legislation

### What we did in 2010

- ▶ Our shareholders elected two new non-employee directors after one non-employee director retired
- ▶ Enhanced engagement with socially responsible or sustainable investors and other interested parties through approximately 35 conference calls and meetings
- ▶ Participated in SIRAN calls on deep-water drilling and algae technology
- ▶ Expanded reporting in the proxy statement on risk oversight by the Board, the Board's structure, and considerations for selecting Board candidates
- ▶ Conducted anti-corruption training worldwide for personnel who may interact with government agencies and officials

### What we plan to do

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

Good corporate governance creates a climate conducive to long-term investments and underpins the foundation of sustainable economic growth. In an industry where business and investment decisions can have impacts for decades, the benefits of implementing strong corporate governance practices are also enduring.

The methods we employ to achieve results are as important as the results themselves. We observe the highest standards of integrity and ethics to develop, approve, and implement projects designed to be responsive to society's present and future energy and petrochemical needs.

## Board of Directors

Our Board of Directors provides independent oversight of the management of the Corporation. All directors stand for election at our Annual Meeting of Shareholders. At year-end 2010, 10 of 11 directors and all members of key Board committees, including the presiding director, were independent as defined by New York Stock Exchange (NYSE) guidelines. In 2010, the Board of Directors met nine times and our Audit, Board Affairs, Compensation, and Public Issues and Contributions Committees each met between 5 and 11 times. The Board annually conducts group performance and effectiveness evaluations. Individual director performance reviews are not a part of this process. For more information about the Board, see our proxy statement.

**Board structure.** At this time, the Board believes the interests of all shareholders are best served through a leadership model with a combined chairman of the Board and chief executive officer (CEO). With more than 35 years of service, the current CEO possesses in-depth knowledge of the Corporation, putting him in the best position to provide broad leadership for the Board. The Board retains the authority to separate the positions of chairman and CEO if deemed appropriate in the future.

The independent members of the Board annually select an independent director to serve as presiding director, to act as a liaison with the chairman, and to chair Board meetings in his absence. Although this position is subject to annual elections, there is an expectation that the same director will serve for at least two years. The presiding director chairs executive sessions of the non-employee directors and provides feedback to the chairman. All directors have the authority to call executive sessions, which are regularly scheduled without management present, unless requested by the presiding director.

**Board committees.** Corporate citizenship topics fall under the purview of the Public Issues and Contributions, Board Affairs, and Compensation Committees and are routinely reviewed at Board and Board committee meetings.

Risk oversight is the responsibility of the full Board. The committees help the Board carry out this responsibility by focusing on specific aspects of risk that are relevant to their committee. Each committee's charter is available on our Web site.

**Diversity.** Maintaining a Board of Directors that is diverse in gender, race, experience, geography, life experiences, and fields of expertise is a top priority for ExxonMobil. In 2010, the Board included female, African-American, and international perspectives. The Board Affairs Committee serves as the nominating committee and follows the *Guidelines for the Selection of Non-Employee Directors* that describe qualification criteria of directors. This committee considers recommendations from shareholders, directors, and others on director candidates and engages an executive search firm to help identify new director candidates.

**Executive compensation.** At ExxonMobil, the most senior executives—including the CEO, named executive officers, and about 1200 other U.S. executives—participate in a common compensation program. Compensation decisions for executives take into account several key criteria, including

results in the areas of safety, security, health, and environmental performance. For example, ExxonMobil's success in managing risk in these areas is achieved through emphasis on flawless execution of our OIMS Framework (see page 18), and executives understand that their compensation will reflect how effectively they implement this Framework. The design of the executive compensation program, including the long vesting requirements and risk of forfeiture of stock awards, ensures that senior executives have a strong financial incentive to protect the safety and security of our employees, the communities and environment in which we operate, and the value of the company for shareholders.

**Communicating with directors.** ExxonMobil's directors encourage open and transparent communication. Key topics include executive compensation, environmental or other public issues, dividends, common stock price, gasoline prices, and corporate governance. The Corporate Governance page of our Web site allows individuals to send e-mails to our non-employee directors. Written letters can also be sent in care of the Secretary of the Corporation.

## Shareholder proposals and proxy statements

Every year, shareholders submit proposals regarding the company's operations or corporate governance. Management and the Board consider these proposals and typically

### 2010 Proxy vote summary

Proxy item	Percent vote in favor <sup>1</sup>		
	2010	2009	2008
Election of directors (average) <sup>2</sup>	95.3	97.5	96.8
Ratification of independent auditors <sup>2</sup>	98.9	98.5	98.0
Special shareholder meetings	36.8	40.8	--
Incorporate in North Dakota	3.0	4.8	--
Advisory vote on executive compensation	41.2	41.4	40.7
Amendment of Equal Employment Opportunity Policy	22.2	39.3	39.6
Policy on water	6.7	--	--
Wetlands restoration policy	9.1	--	--
Report on Canadian oil sands	26.4	--	--
Report on natural gas production	26.3	--	--
Report on energy technology	6.7	--	9.4
Greenhouse gas emissions goals	27.2	29.0	30.9
Planning assumptions	7.8	--	--

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

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





Our Board of Directors provides independent oversight of the Corporation.

seek a dialogue with the proposal sponsor. If the dialogue successfully addresses the concerns of the sponsor, the proposal is often withdrawn. Otherwise and unless excluded under U.S. Securities and Exchange Commission rules, the proposal and the Board's response and recommendation are published in our proxy statement for review at the Annual Meeting of Shareholders.

In 2010, about 3.8 billion—or nearly 81 percent—of the outstanding shares were represented at the Corporation's Annual Meeting. In 2010, actions taken related to issues reflected in shareholder proposals included the development of a land conservation strategy and the doubling of certified wildlife habitat programs; drafting a public communication on oil sands; and refinement of a document highlighting best practices and chemical disclosures relating to natural gas production.

## Ethics

ExxonMobil transacts business activities in nearly every country of the world, necessitating regular training on international trade laws, including the anti-corruption and antitrust laws of the United States and other countries where we do business. All employees are expected to uphold high ethical standards

and business integrity. They must comply with all applicable laws and accurately record and track all transactions. Employees are subject to disciplinary action up to, and including, termination for violations of our policies. Employees receive training on our ethics policy every four years through Business Practices Reviews, including a detailed review of our *Standards of Business Conduct*; implementation guidelines and procedures; and a review of antitrust, competition, and anti-corruption laws. These general training sessions, in addition to more comprehensive training given to relevant functions, are a requirement of employment at ExxonMobil. This training is supplemented by annual redistribution of the policy to ensure ongoing employee awareness. The next general review session is scheduled for 2012.

***Standards of Business Conduct.*** Our commitment to ethics creates a competitive advantage for the Corporation and helps ensure shareholder value. Our culture of ethical standards and compliance is documented in our *Standards of Business Conduct*, which foster the values of human rights, labor standards, the environment, and anti-corruption as outlined in the United Nations *Global Compact*. While ExxonMobil is not a formal signatory of the *Global Compact*, its values are key elements of

our *Standards*. The Board of Directors has adopted and oversees the administration of the *Standards*—the foundation policies of the Corporation. The *Standards* articulate expectations and define the basis for the worldwide conduct of the Corporation and its majority-owned subsidiaries. Employees are expected to review the *Standards* each year. Disciplinary action is taken against any employee who violates these *Standards*. There are absolutely no exceptions to this approach.

**Internal audits.** Regular internal audits and self-assessments help ensure the rigorous implementation of our control systems and *Standards*. ExxonMobil's internal audit team annually audits about one-third of ExxonMobil's operations, conducting detailed assessments of facilities, business units, personnel, and records, and thoroughly investigating noncompliance with the *Standards*.

**Bribery and corruption.** We maintain our strong commitment to anti-corruption practices in all of our operations worldwide. The *Anti-Corruption Legal Compliance Summary* details our commitment to compliance with the U.S. Foreign Corrupt Practices Act (FCPA) and global anti-corruption conventions in all business relationships, including those with consultants, agents, and intermediaries. To ensure compliance, ExxonMobil employees and contractors are prohibited from making improper payments to, or engaging in improper transactions with, government officials to influence the performance of their official duties. As required under the FCPA, we maintain appropriate internal controls and keep accurate and complete records of the transactions in which we engage.

In a few parts of the world, we conduct oil and gas exploration and production in remote areas where there may only be a limited number of local businesses and a small technically skilled population. Government structures and local business practices are sometimes closely linked through social and family relationships. In these challenging situations, ExxonMobil steadfastly upholds our commitment to full

## Supplier standards

Suppliers and contractors are expected to adhere to all local laws and regulations, as well as ExxonMobil policies, procedures, and prequalification requirements. This includes compliance with our requirements regarding safety, security, health, environment, and human rights, as well as the principles of our *Standards of Business*

*Conduct*. A contractor who violates our *Standards* will be in breach of contract and may be subject to contractual and legal remedies, including, in some cases, denial of access to our facilities and termination of the contract. Our procurement staff is trained to conduct prequalification assessments, which include anti-corruption due

diligence; restricted parties screening; and standard legal terms and conditions, including human rights, labor practices, financial and operational qualifications, export restrictions, and security concerns, including the Customs-Trade Partnership Against Terrorism.

compliance with the FCPA and local laws, even if it requires extensive analysis of business relationships to ensure transparency. Our standard language for all contracts includes a requirement to comply with all laws and to keep accurate books and records, and where appropriate, contains specific anti-bribery commitments. For all new agreements and renewals, our procurement staff assesses baseline information obtained in procurement processes to recognize warning signs, and when necessary, consults the law department. In addition, procurement staff must comply with a mandatory screening process to ensure that proper anti-corruption due diligence is being performed on intermediaries in countries that are assessed to be high-risk for corruption. This process involves identifying high-risk parties, gathering additional information on those parties, and consulting with the law department.

**Training.** Political and regulatory landscapes across the globe are constantly changing and require diligent anti-corruption training programs. In 2010, more than 33,000 employees whose positions may require interaction with government agencies or officials received anti-corruption training. This training covered the basics of the FCPA, global anti-corruption standards, recent developments in enforcement, and compliance with internal anti-corruption guidelines and processes. Additionally, we monitor events and political changes and alert employees as appropriate. Every four years, all employees attend mandatory Business Practices Reviews that address anti-corruption issues (see Ethics, on page 22).

**Reporting and investigating suspected violations.** All employees are responsible for reporting any and all suspected violations of company policies. The Corporation provides several confidential mechanisms for reporting, including a 24-hour hotline phone number and mailing address. It is a violation of the Corporation's procedures for an employee to be penalized or threatened in any way after filing a report. A Hotline Steering Committee, comprising security, audit, law, and human resources personnel, handles suspected violations and provides a report to the Audit Committee on a quarterly basis. All reports of suspected violations of law, business practices, or internal control procedures are thoroughly investigated, and major issues or violations are reported to the Audit Committee. Appropriate disciplinary action is taken for all violations, and no exceptions are made based on level of employment.

## Management systems

Across all areas of the Corporation, ExxonMobil complies with applicable laws and regulations, and where laws and regulations do not exist, we maintain the use of our internal standards. Our management systems help identify, track, and report the metrics that demonstrate and guide our performance over time. They also provide the structure that enables our operations to adapt to new or altered regulations.

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

Our *Operations Integrity Management System* (OIMS) addresses all aspects of managing safety, security, health, environmental, and social risks at our operations worldwide (see page 18).

OIMS conforms with recognized safety, security, health, environmental, and chemical industry standards (for example, Responsible Care®), and requires us to assess the effectiveness of the system on a regular basis. In 2010, Lloyd's Register Quality Assurance, Inc., reviewed our ongoing performance and attested that OIMS is fully consistent with the standard on environmental management systems of the International Organization for Standardization (ISO 14001:2004) and the Occupational Health and Safety Assessment Series for health and safety management systems (OHSAS 18001:2007).

**Control systems.** The ExxonMobil *System of Management Control Basic Standards* defines the basic principles and concepts that drive our business controls across operations worldwide. Our *Controls Integrity Management System* provides a structured approach to assessing and measuring financial control risks, developing procedures for mitigating concerns, monitoring compliance with standards, and reporting results to the appropriate operations and management groups within ExxonMobil. These company-wide financial controls meet or exceed the requirements of the Sarbanes-Oxley Act and NYSE listing standards.

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

## Political involvement

ExxonMobil makes political contributions to candidate committees, political parties, associations, and other political organizations, as permitted by applicable laws in the United States and Canada, and as authorized by the Board of Directors. In 2010, Exxon Mobil

Corporation contributed a total of \$396,000 to legislative and gubernatorial candidates and caucuses in 15 U.S. states. Information about our political activities, policy, guidelines, and an itemized list of these corporate political contributions are available on our Web site.

In the 2009 to 2010 election cycle, ExxonMobil's employee- and retiree-funded political action committee (PAC) disbursed \$1.2 million, mostly to federal candidates. Based on the 2009 to 2010 election cycle contributions, *CQ Moneyline* listed the ExxonMobil PAC No. 114 in size compared to other PACs and candidate and/or party committees. Among corporate PACs, the ExxonMobil PAC ranked No. 41 in size in terms of receipts from employees and retiree shareholders, and No. 46 in size of total contributions to candidates. All rankings are compiled from publicly available data filed with the Federal Election Commission.

**Political lobbying and advocacy.** ExxonMobil tracks proposed legislation and engages with governments around the world to advocate our position on policies that impact our operations. Lobbying and advocacy activities are necessary to ensure the company's long-term success and protect shareholder value. ExxonMobil actively lobbies the U.S. Congress and state legislatures on a number of public policy topics, including access to resources, taxes, energy policy, trade, and climate policy.

We fully comply with regulations by reporting federal lobbying expenses in quarterly disclosure reports to Congress. A complete list of federal issues lobbied by ExxonMobil in the United States in 2010 can be found in the public disclosure section of the U.S. Senate Web site. In 2010, ExxonMobil reported lobbying expenses totaling \$12.4 million in our public Lobby Disclosures Act filings.

## On the Web:

Management systems and policies  
[exxonmobil.com/managementsystems](http://exxonmobil.com/managementsystems)

Corporate governance  
[exxonmobil.com/governance](http://exxonmobil.com/governance)

Proxy statements  
[exxonmobil.com/proxymaterials](http://exxonmobil.com/proxymaterials)

ExxonMobil financials  
[exxonmobil.com/investor](http://exxonmobil.com/investor)

Political action committee disbursements  
[fec.gov](http://fec.gov)

Political contributions  
[exxonmobil.com/political](http://exxonmobil.com/political)

Federal issues lobbied  
(search "Exxon Mobil" as registrant)  
<http://soprweb.senate.gov/index.cfm?event=selectfields>



# Environmental Performance

## HIGHLIGHTS

# 0

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

# 6%

**reduction** in combined NO<sub>x</sub>, VOCs, and SO<sub>2</sub> emissions

# 2600<sup>+</sup>

**hectares** of protected wildlife habitat added

## PERFORMANCE OVERVIEW

### What we said in 2009

- ▶ Re-emphasize spill prevention measures to restore our improvement trend
- ▶ Introduce the *Corporate Environmental Data Management System*, a computer-based system to improve data integrity and analysis capability
- ▶ Expand application of *Project Environmental Standards* across the Corporation
- ▶ Expand the number of facilities participating in wildlife habitat enhancement and conservation programs

### What we did in 2010

- ▶ Led an industry effort to engineer and construct a well containment system in response to the Deepwater Horizon incident
- ▶ Focused spill prevention efforts on human factors and the sites with the highest spill rates in recent years
- ▶ Began upgrading site systems to improve environmental data management
- ▶ Adopted the *Expectations for Project Environmental Standards*
- ▶ Achieved our 70-percent air emissions reduction goal from U.S. refining facilities from 2000 baseline levels two years early
- ▶ Developed a database to better understand water resources and biodiversity sensitivity worldwide

### What we plan to do

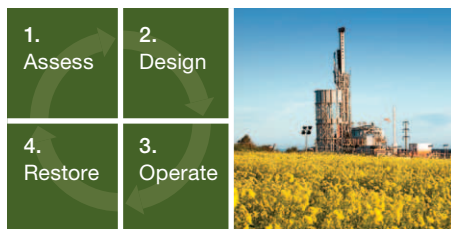
- ▶ Evaluate and implement lessons learned from the Deepwater Horizon incident
- ▶ Focus on infrastructure upgrades and special programs at the sites with the highest spill rates
- ▶ Study practices to minimize waste generation and increase re-use and recycling in our Lubricants and Specialties business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

As one of the leading petroleum and natural gas companies, ExxonMobil takes our environmental responsibilities very seriously. The Deepwater Horizon incident was a tragic event that reminded our entire industry of the need to be ever-vigilant in the areas of safety and environmental protection. To produce energy responsibly, we must understand and actively manage environmental risks and relentlessly focus on operational excellence.

## Managing to reduce environmental impacts

Our *Operations Integrity Management System* (OIMS, see page 18) provides a systematic and disciplined approach to managing safety, security, health, environmental, and social risks. OIMS is consistent with the standard for environmental management systems established by the International Organization for Standardization (ISO 14001:2004). Together, our Corporate Environment Policy and OIMS Framework set an expectation that all projects will be developed, constructed, maintained, and operated using appropriate standards—including where regulations are not adequately protective of the environment.

Our *Protect Tomorrow. Today.* initiative outlines our expectations for each business to deliver superior environmental performance, drive environmental incidents with real impact to zero, and achieve industry-leading performance in focus areas of importance to each business. Progress toward these goals is managed through our *Environmental Business Planning* (EBP) process, which integrates environmental improvement into overall business plans and strategies. The businesses use EBP to identify key environmental drivers, set targets in high-priority focus areas, and identify actions to achieve these targets.



## A life cycle approach to environmental protection

Life cycle thinking contributes to managing the full range of potential environmental and social impacts associated with our operations and products. We take a holistic approach to understanding our impacts from initial exploration activities to eventual closure.

### Assessing our surroundings

Delivering superior environmental performance starts with planning. For new projects, risk-based Environmental, Socioeconomic,

and Health Impact Assessments (ESHIA) are conducted to review community concerns, sensitive environmental habitats, land use, air quality, water management, waste management, biodiversity, noise, public health, and future regulatory developments. The ESHIA process requires engagement with key stakeholders throughout the project's life cycle. The results, which include opportunities for avoiding, reducing, and mitigating potentially negative impacts as well as enhancing project benefits, are integrated into project evaluation, planning, and decision making. Early identification of potential impacts allows us to develop project alternatives, reduce impacts to the environment, improve safety, and decrease operating costs.

**Protecting biodiversity.** We recognize that protecting biodiversity—the variety and complexity of life—is an important conservation issue that presents broad challenges. We successfully operate in sensitive areas by implementing scientifically sound, practical, and sustainable solutions rooted in environmental aspects assessment and risk management. These processes recognize a variety of factors such as rarity, vulnerability, and cultural value of biodiversity and ecosystems. These factors determine the levels of risk associated with our operations and appropriate actions to manage those risks. To protect particular species and sensitive habitats, we take steps such as modifying engineering design, construction, and operating practices, and enhancing wildlife habitats at our properties. We also support advocacy, research, and partnerships to protect biodiversity outside our fence line.

In 2010, we screened our sites against databases of the International Union for Conservation of Nature (IUCN) and World Protected Areas (WPA). We are currently utilizing this information to identify opportunities for enhancing measures to protect biodiversity at major facilities or project sites in the immediate vicinity of these areas.

Gathering and analyzing sound environmental data is an important aspect of our assessment process. We continue to work with the United Nations World Conservation Monitoring Centre (WCMC) to develop a comprehensive database for worldwide environmental conservation. In 2010, we also partnered with NatureServe and National Geographic to improve a mapping tool that lists threatened and endangered species as

well as ecological system descriptions in the United States. The enhancements will allow users, including ExxonMobil, to better identify and evaluate the potential conservation value of land across the United States.

In Qatar's Ras Laffan liquefied natural gas operation, water treated with trace amounts of chlorine must be used in the process of cooling gas to liquid. ExxonMobil Research Qatar conducted an environmental research project studying coastal water quality near Ras Laffan Industrial City. The two-year research project concluded that the very low concentrations of chlorination by-products associated with Ras Laffan cooling water discharges do not pose a risk to marine life. A report of the study was shared with the Qatari Ministry of the Environment as part of our ongoing engagement in the Gulf Region.

ExxonMobil's 14 sites with Wildlife Habitat Council (WHC) certification increased the number of hectares actively managed for wildlife from 140 in 2009 to more than 2600 in 2010. We have also identified additional sites for future WHC certification.

In 2010, ExxonMobil contributed more than \$3 million to organizations dedicated to biodiversity and land conservation. For example, in a unique partnership with the scientific community, the Angolan government, and the private sector, ExxonMobil and the Block 15 consortium contributed more than \$1 million between 2008 and 2010 to support efforts to protect the critically endangered Angolan Giant Black Sable antelope. The funding enabled the conservation program to relocate nine females and one male to a 400-hectare sanctuary within the Cangandala National Park. The sanctuary increases breeding opportunities and in 2010 led to the birth of two offspring.

### Designing our facilities and operations

ExxonMobil integrates environmental concerns and regulatory requirements early in the project design process, as part of the *ExxonMobil Capital Projects Management System* (EMCAPS). Potential risks are analyzed for avoidance and reduction options, and practical alternatives are included from the start. We comply with all applicable host-country regulatory requirements and, where there are none, we perform to standards that are protective of the environment.



A unique public-private partnership in Angola led to the birth of a rare Angolan Giant Black Sable antelope calf in 2010.

In 2010, we implemented *Expectations for Project Environmental Standards* to establish a consistent approach across the Corporation. Each business is expected to develop, maintain, and consistently apply *Project Environmental Standards* applicable to the specific risks of that business. The businesses are now developing applicable *Standards*, and this effort will be completed by year-end 2013.

For example, the ExxonMobil Development Company's *Environmental Standards* set the basis for responsible environmental development of upstream projects, including in regions of the world that do not have comprehensive environmental protection requirements. These project *Environmental Standards* include:

- Air emissions (sulfur dioxide (SO<sub>2</sub>), volatile organic compounds (VOCs), and particulate matter);
- Nitrogen oxides (NO<sub>x</sub>) emissions;
- Drill cuttings discharge, water management, waste management, and land use;
- Flare and venting;

- Energy efficiency and greenhouse gases (GHGs);
- Marine geophysical operations; and,
- Socioeconomic impacts.

Through the *Expectations for Project Environmental Standards* initiative, these *Standards* are being implemented across all upstream companies. To date, the *Standards* for drill cuttings discharge, flare and vent reduction, and energy efficiency and GHGs have been adopted by all upstream companies.

### Operating with integrity

OIMS outlines our approach to communicating expectations, measuring progress, and striving to improve environmental performance. Our Environment Policy encourages concern and respect for the environment and emphasizes every employee's responsibility for environmental performance. Employees are expected to actively prevent environmental incidents, and to respond quickly and effectively when incidents occur.

## Assessing our surroundings in Papua New Guinea

The Papua New Guinea (PNG) liquefied natural gas (LNG) project is an integrated development that includes gas production and processing facilities in the Southern Highlands and Western Provinces of Papua New Guinea, connected by more than 700 kilometers of pipelines.

Papua New Guinea is one of the least explored countries on earth, largely due to its rugged, mountainous terrain and dense vegetation. It is also a nation of rich biodiversity and distinctive cultures of people who are closely linked to the natural environment.

This environment, as well as the complexity, scale, and scope of the project, make it one of the most challenging projects ever undertaken in our industry.

Our goal is to develop and operate the PNG LNG project in a way that protects Papua New Guinea's natural and social environments while helping to bring economic benefits to its citizens. This will require proven technology and experts, use of ExxonMobil management systems such as OIMS, and extensive engagement and involvement of local communities.

In such a unique location, impact assessments are a critical part of project design, construction, and operation. In 2009, the PNG LNG Project Environmental Impact

Statement (EIS) was submitted to and approved by the government as part of the project permitting process.

The EIS describes the biophysical and social environment and builds on work completed over the past 20 years by the petroleum industry. Altogether, there have been 5700 social surveys involving more than 24,000 interviews with local people, representing more than 40 percent of all households in the project area. In addition, biodiversity studies were undertaken for 78 sites, which produced nearly 4000 records for fauna species alone and identified more than a thousand species of plants. Overall, some 80 species of vertebrate fauna and higher plants that were new to science have been identified.

The EIS was an initial step in the development of our environmental and social management processes. The project's Environment Permit requires more detailed analyses to identify site-specific sensitivities and mitigation practices prior to facility and infrastructure construction, including the pipeline route and associated project footprint.

Pre-construction surveys identify potential impacts of construction activities on community infrastructure as well as environmental and social sensitivities. They address concerns related to archaeology, cultural heritage, ecology, invasive species,

and water quality. The resulting constraint maps, including mitigation options and recommendations to reduce impacts to communities and the environment, support decision making across all project locations.

Sensitivities identified are managed through mitigation measures originally detailed in the EIS and further refined in the Environmental and Social Management Plans and pre-construction surveys.

To date, pre-construction surveys and reports have been finalized for 95 sites, and third-party experts have identified more than 1400 mitigation measures aimed at, for example:

- Avoiding particularly sensitive ecological features;
- Minimizing vegetation clearance and overall project footprint;
- Preventing the introduction and spread of weeds and animal pests;
- Controlling erosion and sedimentation and resulting impacts on water quality;
- Promptly reinstating and stabilizing banks following construction of river crossings;
- Controlling access to new project roads;
- Using timber from approved sources only;
- Handling, treating, and disposing of project solid wastes and wastewaters properly; and,
- Minimizing noise from construction and operations.

The ability to efficiently collect and manage environmental information is essential for achieving compliance and improving performance. In 2010, we implemented the first of a two-phase project to systematize and improve our environmental data information collection system. Phase one, referred to as C-EDMS, was successfully implemented across the Corporation in 2010. Phase two, S-EDMS, will be rolled out to sites and integrated with existing emissions monitoring and measurement systems from 2011 to 2017.

**Spill prevention.** Spill prevention is of utmost importance to protect human health and the environment. ExxonMobil's operations integrity requirements seek to prevent spills by strengthening procedures, building in layers of protection, inspecting and maintaining equipment, training operators, and conducting tests and drills.

**Marine vessel spill performance.** For more than four years, vessels owned and operated by our marine affiliates have safely transported all cargoes without any spills to water greater than 1 barrel. In addition, it has been more than three years since the last spill from a barge, and there were no spills from long-term chartered ships in 2010.

We attribute this performance in part to the rigorous and systematic screening process used by our marine affiliates to examine hundreds of technical, operational, and other noncommercial factors. The people and processes involved in our marine activities are dedicated to continuous efforts to improve safety and environmental performance.

Unfortunately, one single-voyage chartered vessel experienced a spill in 2010 in Texas. ExxonMobil actively monitored the ship owner's spill response and subsequent investigations.

**Other spill performance.** In 2010, the total volume of hydrocarbons spilled to land or water was about 8 thousand barrels, 60 percent of which was recovered at the site of the spill. The number of nonmarine hydrocarbon spills greater than 1 barrel in 2010 was 25 percent lower than in 2006 and 11 percent lower than 2009. In 2009, we did not meet our expectation of continued improvement of our spill performance. In 2010, we increased emphasis on spill prevention and re-established our improvement trend.

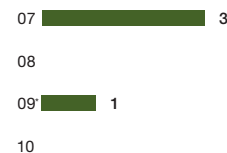
After thorough analysis, we focused our effort on human behaviors that contribute to spills globally. Implementation of the *Global Human Factors Best Practice Guide* is intended to instill a zero-spill mindset throughout the organization. The *Guide* outlines 17 high-risk elements and corresponding procedures to reduce the likelihood of a human factor oil spill. In addition, we focused on achieving improvements at the refining sites with the highest spill rates over the last several years. A comprehensive improvement strategy was developed, which included root-cause analysis, targeted equipment upgrades, enhanced risk mitigation through selective inspections, and improved recordkeeping. In the Upstream, we implemented oil spill prevention initiatives by establishing teams to address issues common to multiple areas and to standardize prevention practices by enhancing personnel training and by improving surveillance techniques for early identification of spill risks.



The interim marine well containment system significantly exceeds previous U.S. Gulf of Mexico containment capabilities, including the speed of deployment.

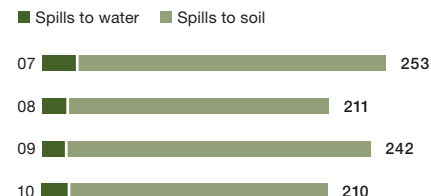
**Marine Vessel Spills (Owned and Long-Term Leased)**

Number of hydrocarbon spills less than 1 barrel  
\* This spill was from a long-term leased vessel.



**Other Spills (Not from Marine Vessels)**

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



**Marine well containment system**

Today, deepwater production accounts for more than 5 percent of worldwide liquids supply, up from only 1 percent a decade ago. Ensuring this valuable resource is available to consumers means that the oil and gas industry must work more diligently to prevent tragic incidents such as the 2010 Deepwater Horizon spill in the Gulf of Mexico. While ExxonMobil believes such incidents are preventable, we recognize the energy industry should have been better prepared to respond. That is why ExxonMobil is leading a multicompany effort to build a new rapid-response marine well containment system for the Gulf of Mexico. The system, involving a \$1 billion initial commitment from the four sponsor companies, will provide pre-engineered, constructed, and tested containment technology and equipment to be deployed within 24 hours of a deepwater spill in the Gulf at depths up to 10,000 feet.

This system builds on more than 40 years of internal oil spill response research. In recent years, we have spent between \$2 million and \$3 million per year on oil spill cleanup research, and we are conducting significant additional research in drilling and deepwater developments totaling more than \$40 million per year. We are working with operators and national oil companies operating in other regions besides the Gulf of Mexico regarding the applicability of such systems. We support industry task forces under the International Association of Oil and Gas Producers and the International Petroleum Industry Environmental Conservation Association in assessing global needs and solutions for well containment, as well as other innovative solutions for spill response and cleanup.

ExxonMobil is also participating in joint industry task forces to:

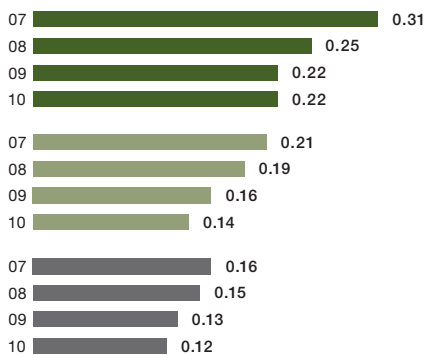
- Enhance drilling reliability;
- Improve safety, health, and environmental performance;
- Recommend improvements to equipment design, testing protocols, research and development, and regulations; and,
- Protect public interests.

Following our engagement with the *National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling*, we will continue to seek lessons learned from the incident and integrate them into our own plans and operations.

## Air Emissions

(millions of metric tons)

■ VOCs ■ SO<sub>2</sub> ■ NO<sub>x</sub>



**Air emissions reductions.** The use of fossil fuels releases VOCs, SO<sub>2</sub>, NO<sub>x</sub>, and particulates, which can contribute to air quality issues since high concentrations of these compounds can impact human health and the environment. ExxonMobil is co-sponsoring an interdisciplinary five-year research program, coordinated by the Health Effects Institute, focused on determining which particle constituents impact health. Research findings will be used to develop more cost-effective emission control strategies targeting particles with the highest public health concern. The final results of the research should be available in 2013.

In 2010, our combined air emissions of VOCs, SO<sub>2</sub>, and NO<sub>x</sub> decreased by 6 percent from 2009 and 36 percent from 2006 levels. By year-end 2010, our U.S. refining facilities reduced combined NO<sub>x</sub> and SO<sub>2</sub> emissions by over 70 percent from 2000 levels. With these reductions, we achieved our 2012 commitment two years early. Since 2006, our global Chemical operations have been averaging a reduction per unit of production of 6 percent per year for VOCs and 3 percent per year for NO<sub>x</sub>. Greenhouse gas emissions are discussed in the Managing Climate Change Risks section of this report (see page 32).

**Freshwater management.** A reliable supply of water is essential for life and for developing both fossil fuel and renewable sources of energy. With competing demands for water, regulations and international standards are growing more stringent. Protecting and preserving freshwater resources involves understanding supply and demand trends at the local level, assessing potential effects on quality and quantity, and implementing steps to appropriately address challenges.

The prudent utilization of water resources, particularly freshwater resources, is a global issue that requires local understanding and

action. In 2010, we used the World Business Council for Sustainable Development's water tool to identify regions where we operate that may have water scarcity concerns. Information on water stress and scarcity in the vicinity of our operations serves as an important element of environmental aspects assessment and risk management. Managing risks may include identifying and using alternate water supplies, reducing water use and increasing efficiency through technology, and considering external projects to address sustainability of supplies for all users of a particular water resource.

In 2010, the net consumption of fresh water at our operations was 2140 million barrels, representing a 1-percent reduction from 2009. Sites across our operations in scarce or stressed areas implemented a variety of projects to reduce water consumption in 2010. For example, the Altona Refinery in Australia improved the control system in its cooling towers, resulting in a 3-percent reduction in freshwater consumption.

**Waste management.** ExxonMobil's approach to waste management begins with reducing waste at its source, followed by re-using and recycling waste, and finally disposing of any remaining waste in compliance with local regulations.

The amount of hazardous waste disposed in 2010 from our ongoing operations totaled 1.3 million metric tons. The majority of this volume, 1.2 million metric tons, was produced water, which is typically not considered hazardous, but which has been classified as hazardous waste by one local authority. Excluding this, we re-used or recycled about 43 percent of the hazardous waste generated by our operations.

## Dispersants enhance natural degradation of oil

All marine environments contain naturally occurring microbes that feed on and break down crude oil. This means crude oil is largely biodegradable. Spilled oil tends to float on the surface of water in slicks. Treating a spill with dispersants allows very small droplets of oil to form, which then become distributed and diluted below the water's surface. This enhances the access of microbes to the oil, thus increasing the rate of degradation.

While the benefits of using dispersants have been questioned by stakeholders concerned about their chemical composition, studies have shown that dispersants

are less toxic than oil, and dispersed oil breaks down faster than undispersed oil. When used appropriately, modern dispersants have low environmental and human health risk. For example, an Environment Canada study found a common dish soap to be 25 times more toxic to rainbow trout than a common dispersant. In its 2005 report on modern dispersants and associated effects, the National Research Council stated that the toxicity of dispersed oil results primarily from the oil itself, and not from the dispersants.

The dispersants developed by ExxonMobil contain ingredients that are used safely in a variety of consumer products, such as skin creams, cosmetics, and mouthwash. ExxonMobil continues to advance dispersant technology and has developed a new dispersant gel that could further reduce concerns about adding chemicals to the environment. This new gel can treat the same amount of oil with two-thirds less chemical volume than other dispersants. If final product stability tests are successful, ExxonMobil expects commercialization of this new dispersant in 2011.

In 2010, the Baton Rouge Chemical Plant in Louisiana reduced the amount of metal waste it disposed by more than 140 metric tons by identifying a recycling facility that could process nickel, molybdenum, and cobalt waste.

Hazardous waste generated during site remediation activities varies from year to year due to the nature and timing of remediation and reclamation projects. In 2010, our remediation activities generated approximately 0.6 million metric tons of hazardous waste.

**Environmental expenditures.** Our worldwide environmental expenditures in 2010 totaled about \$4.5 billion. This included about \$1.9 billion in capital expenditures and about \$2.6 billion in operating expenses. In 2010, 83 fines and settlements paid accounted for less than one-fourth of 1 percent of total environmental expenditures or about \$11 million.

## 4 Restoring the environment

Remediation and restoration activities reduce our overall environmental impact. We have improved ExxonMobil's remediation results through a globally consistent approach.

**Site remediation.** Created in 2007, the ExxonMobil Environmental Services (EMES) functional organization has established a systematic framework for remediating soil and groundwater at ExxonMobil affiliate facilities, inactive properties, and formerly owned sites around the world. Our ultimate goal is to enhance asset and community value while creating opportunities for beneficial re-use of inactive properties. One of the challenges posed by this work is determining how to characterize and measure progress of these projects. To this end, EMES has identified metrics to define and benchmark our progress.

In 2010, EMES stewarded approximately 9000 active projects worldwide. Some sites require minimal to no remediation activity, while others pose longer-term challenges.



In Sakhalin, Russia, leading-edge technology was applied to drill extended-reach wells from the shoreline to the Chayvo field. This allowed for horizontal drilling under the sea floor and eliminated the need for a second offshore platform while minimizing and in some cases eliminating environmental risks.

More than 6.5 million work hours were devoted to remediation and restoration activities, which included the disposition of more than 100 sites for beneficial re-use.

**Phytoremediation technology.** One method to effectively manage contamination is phytoremediation, which employs vegetation for the in situ treatment of contaminants in soil and groundwater. Although phytoremediation is considered an emerging technology, many in the regulatory community have recognized it as an effective, economical, and environmentally sustainable method of site remediation. ExxonMobil is making progress in applying the appropriate use of this technology at several sites. For example, on a 30-hectare portion of a site in East Providence, Rhode Island, we planted more than 13,000 trees, shrubs, and native grasses in order to reduce contaminant leaching and to control erosion.

**Land conservation.** Through our work with conservation organizations such as the Land Trust Alliance (LTA) and The Nature Conservancy, ExxonMobil continues to progress land conservation as a viable disposition option.

Last year, we reported on remediation activities at two former fuels storage terminal sites located on Long Island, New York, whose operations date back to the early 1900s. In 2010, ExxonMobil began developing plans to restore the coastal habitat within the boundaries of these properties. In partnership with the LTA, EMES is identifying local land trust candidates for potential stewardship of conservation easements on these two properties. This approach would help to ensure the properties remain designated as conservation land in perpetuity, thus protecting these natural resources from future development and providing community benefits including environmental education opportunities.

### On the Web:

Marine well containment  
[exxonmobil.com/MWCC](http://exxonmobil.com/MWCC)

Safety, health, and environment awards  
[exxonmobil.com/awards](http://exxonmobil.com/awards)

## Improving supply chain sustainability

ExxonMobil is working with our suppliers to identify sustainable alternatives throughout the supply chain. Our procurement organization's Total System Cost approach is intended to identify and reduce waste and inefficiency in the supply chain. Additionally, our global sourcing strategy development process encourages the consideration of environmental performance when making sourcing decisions.

Recent actions in our upstream operations in Cameroon and Chad illustrate the benefits of Total System Cost efforts. An

initiative to consolidate shipments into larger 40-foot containers rather than shipping many smaller-sized containers resulted in a 30-percent reduction in the total number of shipments, thereby reducing total fuel consumption and air emissions.

Within our Chemical operations, direct deliveries of polyolefin products to customers in rail cars increased from 26 percent in 2005 to 43 percent in 2010. This decreased the number of trips to rail storage yards by more than 5000, reducing diesel fuel consumption

by about 1.2 million liters per year—the equivalent of removing about 585 cars from U.S. roads.

Our efforts to improve supply chains extend to our own products and deliveries as well. For example, we seek to fill truckloads and optimize packaging to reduce the number of trips while providing associated fuel and cost savings.



## Natural Gas: An Abundant, Cleaner-Burning Energy Solution

The world faces multiple energy and environmental challenges. We must provide safe, reliable, affordable, and environmentally responsible supplies of energy in order to sustain and improve living standards for people worldwide. Given its abundance, affordability, and lower carbon profile, natural gas is already helping us to address these challenges.

By 2030, we expect natural gas to surpass coal as the second-largest source of energy, behind oil. In our *Outlook for Energy*, we project natural gas will satisfy more than 25 percent of the world's demand for energy in 2030, which represents about twice the amount used in 2000. This demand will be met through a major technological shift that has unlocked massive reserves in the United States and around the world.

### Powering a brighter, cleaner energy future

A major use of natural gas is as a fuel to produce electricity. Increasing natural gas use in power generation presents a very cost-effective and large-scale option currently available to reduce greenhouse gas emissions.

Compared to coal-fired plants, natural gas-fired power plants can cut carbon dioxide (CO<sub>2</sub>) emissions by up to 60 percent. In addition, gas-fired plants significantly reduce particulate and waste generation, and virtually eliminate mercury emissions, while also having low emissions of nitrogen oxides and sulfur dioxide.

Another benefit of natural gas-fired power generation is that it is competitive without subsidies or mandates. Moreover, where governments adopt policies that make CO<sub>2</sub> and other emissions more costly, natural gas will be even more competitive in the power generation sector, as compared to coal. Installing carbon capture and storage technology could also further reduce emissions (see page 35).

### Hydraulic fracturing

As the world's largest public natural gas producer, ExxonMobil brings supplies of this cleaner-burning energy source to global markets in a safe, reliable, and responsible manner. As part of this undertaking, we engage with stakeholders on a range of topics related to natural gas production and transportation.

With the rise of unconventional natural gas and oil production around the world, one topic garnering significant media and political attention is the industry-wide practice of hydraulic fracturing.

Extracting natural gas from certain formations, including shale, tight sandstones, and coal beds, requires drawing the resource through openings about one half the width of a human hair. Hydraulic fracturing uses water pressure to create hairline fractures in rocks deep underground so natural gas can flow. The amount of time needed to fracture each well stage is typically only four to eight hours, as compared to the weeks it can take to complete the many steps needed to drill a well.

Interestingly, hydraulic fracturing is not a new technology. Our industry has safely employed the technology as part of drilling more than 1 million wells since the 1940s. What is new is the combination of the fracturing practice with other techniques, such as horizontal drilling and multizone stimulation.

### Addressing stakeholder concerns

Stakeholder groups have recently expressed concerns about potential environmental and health issues, including freshwater use, the migration of gases and hydraulic fracturing additives to groundwater or to the surface, and the handling of by-products. ExxonMobil addresses these concerns by carefully designing and completing our wells and rigorously managing the entire process.

ExxonMobil chairs the American Petroleum Institute working group that has developed four best management practice documents encompassing the life cycle of unconventional resource development. We work with state governments and multistate entities to address concerns, establish effective regulatory frameworks, and implement industry consensus on best management practices.

Government and independent reports confirm that stimulating wells with hydraulic fracturing poses no inherent risk to water supplies. Part of this finding has to do with the fact that natural gas resources are separated from groundwater by thousands of feet of impermeable rock. Still, our industry takes extra precautions to protect and conserve water supplies.

### Protecting fresh water

Water supply, especially in water-stressed regions, is an environmental issue of growing importance and one ExxonMobil takes seriously. Hydraulic fracturing requires fresh water, though not nearly as much as other

### ExxonMobil and XTO Energy Inc. merger

The merger of ExxonMobil and XTO Energy Inc. combines the strengths of our organizations to help us to further unlock the growing natural gas potential in the United States. According to the Massachusetts Institute of Technology, there are enough

unconventional natural gas resources in the United States to meet the country's needs for 100 years at current consumption rates.

This is great news for America's energy security and the economy. Natural gas production generates jobs and revenues

for local, state, and federal governments. In 2008, natural gas contributed \$385 billion to the U.S. economy and supported nearly 3 million American jobs.

energy production operations. Compared to coal production, hydraulic fracturing uses about one-tenth the amount of water.

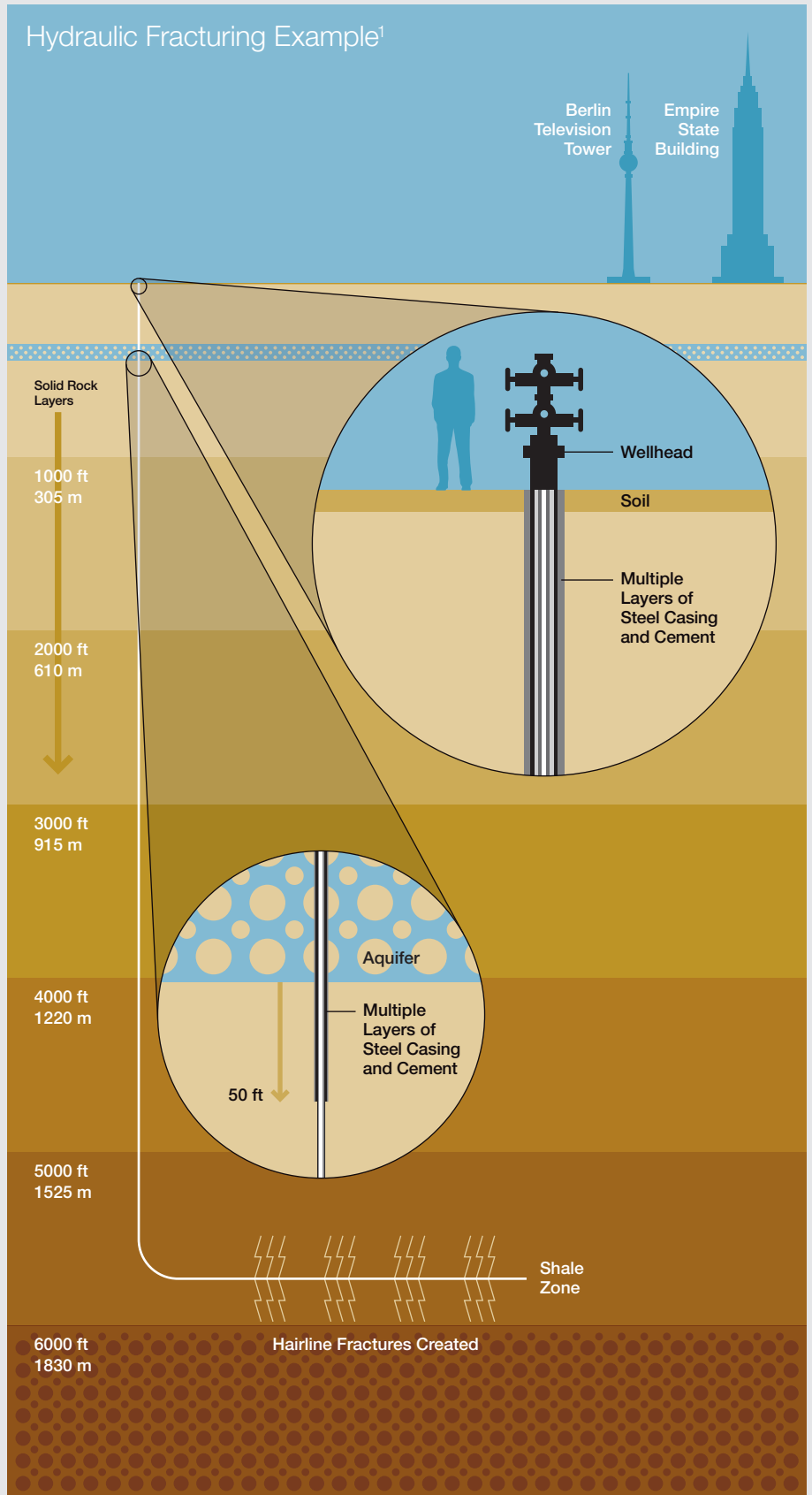
To minimize environmental impacts and burden on local water infrastructure, ExxonMobil is using increasing amounts of recycled water. In 2011, our operations in the Marcellus region in the northeastern United States will expand the use of recycling produced water in our fracturing process. In addition, pipelines will be laid where feasible to transport fresh water for the process. This will reduce the need for pits to temporarily store fresh water and will reduce truck traffic. In all cases, we appropriately treat or dispose of remaining by-products according to local, state, and federal regulations. Additionally, all of our drilling rigs in the Marcellus region use closed loop drilling fluid systems. These systems eliminate drilling pits, reducing the overall site footprint.

With reports of potential contaminants in drinking water sources, the use of additives in hydraulic fracturing fluids has been a focal point of debate. ExxonMobil's natural gas production operations use the smallest proportion of fluid additives needed to be safe and effective. Fracturing fluids typically used in our operations contain approximately 99.5 percent water and sand, and 0.5 percent special purpose additives. These ingredients are necessary to reduce friction, prevent bacterial growth, and minimize scale formation that can corrode pipes.

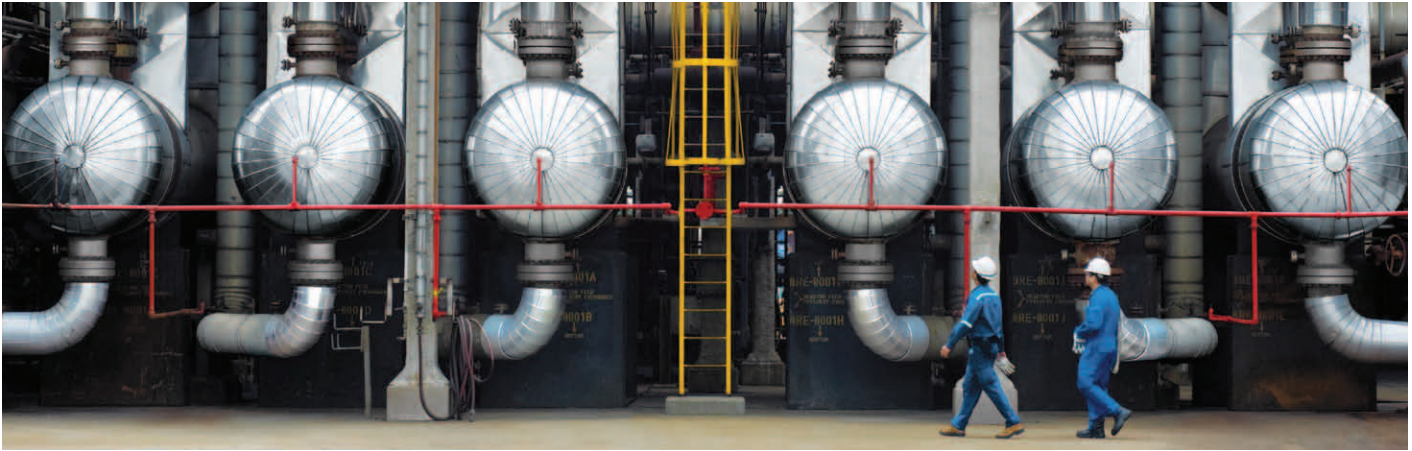
A vital component of building community trust is transparency of operations. We support the disclosure of the ingredients used in hydraulic fracturing fluids, including on a site-specific basis. We work with industry associations to provide regulators and first responders the information they require about fracturing ingredients. We also participate in the state-based national database for fracturing fluid ingredients jointly sponsored by the Ground Water Protection Council and the Interstate Oil and Gas Compact Commission. This database is now available to the public and provides a transparent, consolidated source of information across industry on a site-by-site basis.

**On the Web:**

Natural Gas  
[exxonmobil.com/naturalgas](http://exxonmobil.com/naturalgas)



<sup>1</sup>The diagram represents a typical well design for a shale gas operation. Other well designs vary to meet the local geology.



# Managing Climate Change Risks

## HIGHLIGHTS

~5

**million metric tons** of CO<sub>2</sub> captured for underground injection

20%

**reduction** in upstream hydrocarbon flaring

\$1.6

**billion** invested to improve energy efficiency and reduce GHG emissions since 2006

## PERFORMANCE OVERVIEW

### What we said in 2009

- ▶ Improve energy efficiency by at least 10 percent between 2002 and 2012 across our worldwide refining and chemical operations
- ▶ Continue efforts to reduce upstream hydrocarbon flaring
- ▶ Advance technology solutions for reducing greenhouse gas (GHG) emissions
- ▶ Engage with governments globally on developments in climate change policy

### What we did in 2010

- ▶ Improved energy efficiency and remained on track to achieve our 2012 goal for refining and chemical operations
- ▶ Supported research on fuel from algae with the opening of a new greenhouse research and testing facility
- ▶ Advanced carbon capture and storage (CCS) and CFZ™ technology to reduce GHG emissions
- ▶ Engaged with governments globally on climate change policy

### What we plan to do

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

Addressing the risks of climate change will require significant efforts by industry, government, and society. Expanding energy supplies to meet global demand while developing technologies that reduce GHG emissions are among the world’s greatest challenges.

At ExxonMobil, our strategy to reduce GHG emissions is focused on increasing energy efficiency in the short term, implementing proven emission-reducing technologies in the near and medium term, and developing breakthrough, game-changing technologies for the long term. Technological innovation will play a central role in our ability to increase supply, improve efficiency, and reduce emissions. Approximately 90 percent of the GHG emissions generated by petroleum products are released when customers use our products, and the remaining 10 percent are generated by industry operations.<sup>1</sup> Therefore, technology is also needed to reduce energy-related emissions by end users.

Mitigating operational greenhouse gas emissions

In our operations, we focus on five key levers to reduce GHG emissions: flare reduction, energy efficiency, cogeneration of power and steam, carbon capture and storage (CCS), and production efficiency. Since 2006, we have invested \$1.6 billion in activities that

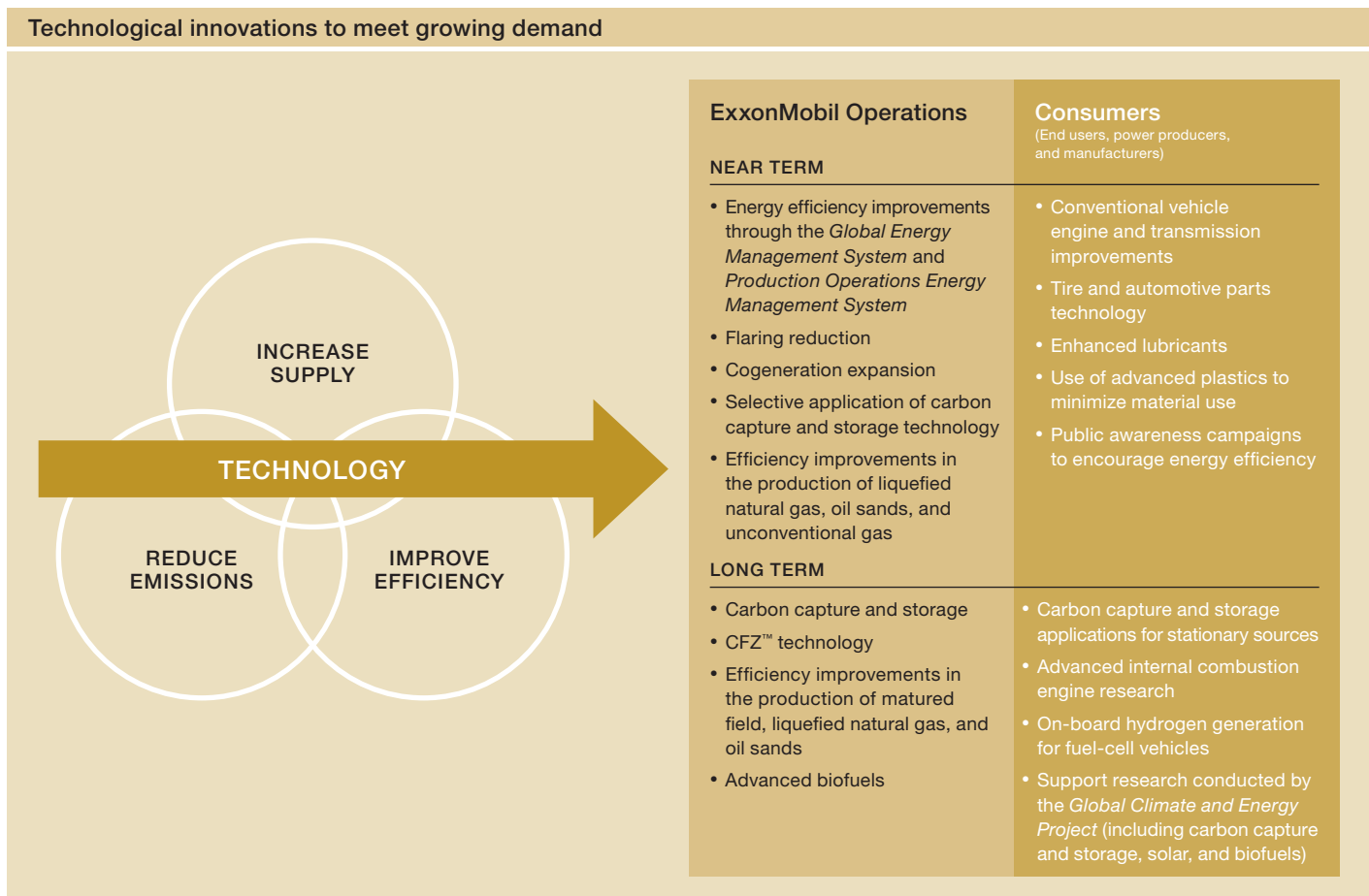
improve energy efficiency and reduce GHG emissions. In addition, we have invested over \$5 billion in gas utilization and commercialization projects to reduce routine natural gas flaring.

**Greenhouse gas emissions.** In 2010, direct GHG emissions<sup>2</sup> from our equity operations were 132 million metric tons. Indirect GHG emissions from purchased electricity and steam at our equity operations were estimated to be 15 million metric tons. After subtracting the equity GHG emissions from the production of electricity and steam exported from our operations (included in our direct emissions), our net equity GHG emissions were estimated to be 127 million metric tons. This is an increase of about 4 million metric tons, or 3 percent from 2009. While increases from new projects such as liquefied natural gas production in Qatar and operations in Iraq increased GHG emissions by 5 million metric tons, we offset GHG emissions by 3 million metric tons through energy management and flare reductions. The remainder was due to normal variations in operations.

**Flaring.** Hydrocarbon gases are naturally brought to the surface during crude oil extraction. In some instances, this associated gas is flared or burned, either as a safety measure or as a means of disposal. Gas is flared only when alternate options to utilize the associated gas have been exhausted.

Commercial alternatives for associated gas require a business environment with the right conditions, including available markets, infrastructure investments, and appropriate regulations—currently not available in many countries. Reducing the amount of flared gas is an ongoing challenge for ExxonMobil’s operations in areas with limited infrastructure for putting the natural gas to beneficial use.

In 2010, our upstream flaring averaged 350 million cubic feet per day, a reduction of more than 20 percent from 2009 and nearly 60 percent from 2006. We continue to seek opportunities to reduce flared gas as a means of decreasing our overall GHG emissions. Our operations in Nigeria and Equatorial Guinea account for the greatest percentage

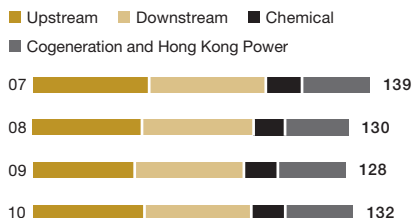


<sup>1</sup>International Energy Agency

<sup>2</sup>Our calculations are based on the guidance provided in the *Compendium of Greenhouse Gas Emission Estimation Methodologies for the Oil and Gas Industry* (American Petroleum Institute) and the *Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions* (International Petroleum Industry Environmental Conservation Association).

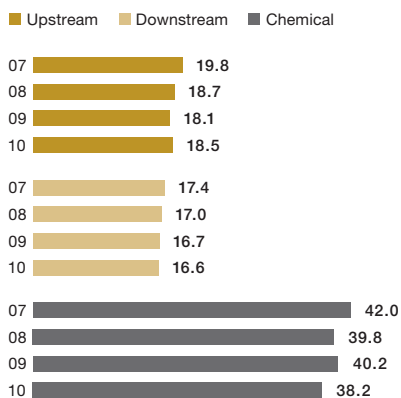
### Greenhouse Gas Emissions (Absolute)

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



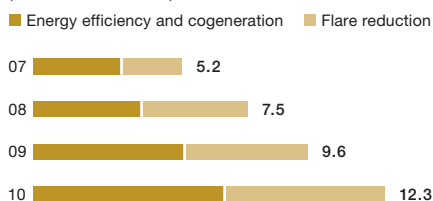
### Greenhouse Gas Emissions (Normalized)

Direct equity, CO<sub>2</sub>-equivalent emissions excluding cogeneration and Hong Kong Power (metric tons per 100 metric tons of throughput or production)



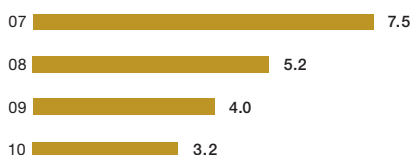
### Greenhouse Gas Reductions from ExxonMobil Actions

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



### Hydrocarbon Flaring from Upstream Oil and Gas Production

(millions of metric tons)



of flared gas, contributing about 70 percent of our upstream flaring. We continue to make infrastructure investments to improve gas management in these countries. In 2010, we achieved an almost 40-percent reduction in flaring in Nigeria and a more than 10-percent decrease in Equatorial Guinea compared to 2009.

#### Efficiency in ExxonMobil operations.

Producing fuel and petrochemicals requires significant amounts of energy. In 2010, our operations consumed approximately 1.47 billion gigajoules of energy. Since 2000, we have used our *Global Energy Management System* (GEMS) to systematically identify and address operational efficiency opportunities.

We remain on track to achieve our goal of improving energy efficiency across our worldwide refining and chemical operations by at least 10 percent between 2002 and 2012. We have improved energy efficiency by an average of 7.5 percent in refining and more than 10 percent in chemical since 2002. At our Baton Rouge Chemical Plant in Louisiana, we are upgrading existing equipment to improve energy efficiency, reliability, and raw material flexibility. We anticipate the upgrades will be completed by the end of 2011 and will reduce annual GHG emissions by approximately 80,000 metric tons. At Beaumont, Texas, we constructed a steam line from the chemical plant to the refinery, where there is a demand for steam. The line will reduce annual costs by more than \$1.5 million and will reduce GHG emissions by 21,000 metric tons per year, or the equivalent of removing 4000 cars from U.S. roads.

In 2010, the four buildings at our Brookhollow campus in Texas received U.S. Environmental Protection Agency ENERGY STAR Awards, the national symbol for superior energy efficiency and environmental protection. Overall, the Brookhollow campus has reduced its total energy consumption by 27 percent from 2007 through 2010, or by 13,320 gigajoules.

Our Global Real Estate and Facilities group has been working on a Green Assets initiative to minimize the environmental footprint of our assets by utilizing best practices from building standards such as LEED, BREEAM, and Green Star. The group also developed design criteria to reduce energy consumption in facilities in the United States, which are now being expanded internationally.

#### Improving efficiency in upstream oil sands production.

Canada's oil sands are ranked second only to Saudi Arabia in terms of recoverable oil reserves. We recognize there is concern among a range of stakeholders regarding the increased energy intensity and water use associated with developing oil sands.

Oil sands crude has similar CO<sub>2</sub> emissions to other heavy oils and generates 6 percent more CO<sub>2</sub> emissions than the U.S. crude supply average for the full life cycle, according to Cambridge Energy Research Associates. According to Environment Canada, since 1990, Canada's oil sands industry has reduced production-related emissions by almost 40 percent per barrel. We recognize there is still work to be done. ExxonMobil and our Canadian affiliate, Imperial Oil, are committed to reducing GHG emissions at our oil sands facilities by investing in the development of incremental improvement and game-changing technologies. These technologies, coupled with cogeneration, can result in even greater emissions reductions.

At our Kearl oil sands mining project, we will deploy a new proprietary technology—paraffinic froth treatment—to remove fine clay particles and water from the bitumen and produce a product suitable for pipeline transport to market, eliminating the need for an on-site upgrader. Processing bitumen once, rather than twice (in an upgrader and at a refinery), reduces life cycle GHG emissions. We have also developed a new technology called LASER (liquid addition to steam to enhance recovery) to improve in situ oil sands recovery. The LASER technology allows for more energy-efficient and higher recovery of bitumen and will reduce the GHG intensity of this process by about 25 percent. Our cyclic solvent process, currently under development, is a nonthermal method for recovering heavy oil that could potentially reduce the GHG intensity of heavy oil production by about 90 percent.

Using cogeneration in oil sands production reduces our energy requirements and provides an efficient means for producing electricity and steam at the same time. Cogeneration planned for Kearl will reduce CO<sub>2</sub> emissions by 500,000 metric tons a year, compared to purchasing electricity for the first phase of the project. Cogeneration facilities at our Cold Lake in situ operation reduced CO<sub>2</sub> emissions by 40 percent compared with generating electricity from coal-fired plants and processing steam from conventional boilers.

Another important concern surrounding oil sands development in Canada is the impact of water withdrawal on the Athabasca River in Alberta. About 3 percent of the average natural flow of the Athabasca is allocated to the oil industry, half of which is used. At our Kearl oil sands project, we are constructing a water storage system to reduce water withdrawal from the Athabasca River during low-flow periods. Kearl will also use advanced technologies to recycle water and

reduce water demand. Water extracted from the Athabasca River will be re-used about 18 times. Our Cold Lake facility uses half a barrel of fresh water for each recovered barrel of bitumen. To significantly reduce water consumption, approximately 95 percent of the water recovered from oil production is treated, recycled, and re-injected as steam.

ExxonMobil and Imperial Oil are also progressing promising research on nonaqueous extraction. This emerging technology has the potential to virtually eliminate the need for water and thus revolutionize bitumen extraction recovery for oil sands mining operations.

**Cogeneration.** As an industry leader in cogeneration—the simultaneous production of electricity and heat or steam that can be used for industrial purposes—we have interests in more than 100 cogeneration facilities in more than 30 locations. ExxonMobil has interests in about 4900 megawatts of cogeneration capacity around the world—enough to supply electricity to more than 2 million U.S. homes each year. In 2011, close to 400 megawatts of capacity will be added through the start-up of new facilities in Singapore and the Netherlands.

**Carbon capture and storage.** ExxonMobil has been active in developing and applying CCS component technologies since the 1980s. CCS is a process to safely and effectively capture, transport, and store CO<sub>2</sub> in underground geologic formations such as saline reservoirs, depleted oil or gas reservoirs, or deep coal beds. Through our natural gas operations in Wyoming and our equity interest in the Sleipner field in Norway, we captured approximately 5 million metric tons of CO<sub>2</sub> for underground injection in 2010.

Our LaBarge Shute Creek facility in Wyoming completed an \$86 million expansion in 2010 of the world's largest carbon capture plant. The facility has the capacity to capture approximately 365 million cubic feet of CO<sub>2</sub> per day. The captured carbon dioxide is sold to companies for enhanced oil recovery, helping to extend the productive lives of mature oil fields.

## Improving customer efficiency

Energy efficiency—technologies and actions that enable us to do the same, or more, with less energy—is one of the largest and lowest-cost approaches to extend our world's energy supplies and reduce GHG emissions. We believe gains in energy efficiency through 2030 will reduce global energy demand growth by about 65 percent and will offset more than 75 percent of the carbon dioxide emissions that would have been expected without efficiency gains.



In 2010, ExxonMobil completed an expansion of the world's largest carbon dioxide capture plant located near La Barge, Wyoming. The expanded plant will help reduce GHG emissions and enhance oil production in the United States.

ExxonMobil's customers include both businesses and individual consumers. Improving energy efficiency can benefit both.

**Improving efficiency in the industrial sector.** The industrial sector is one of the largest direct and indirect consumers of energy. Through 2030, we predict efficiency improvements will offset 60 percent of the demand growth in the two largest industrial subsectors: heavy industry and chemicals. ExxonMobil is proud to work directly with manufacturers such as Toyota and GE to help them develop more energy-efficient products for their consumers and to improve their own operational efficiency.

Our Lubricants and Specialties business regularly engages with industrial customers to develop lubricants and oils that provide increased fuel economy, longer oil life, and extended equipment life. These products include:

- *Mobil SHC* synthetic lubricants and greases—recognized for longer oil performance cycles compared to conventional oils—help extend industrial equipment life, produce less used oil, and offer potential energy and replacement cost savings;
- *Mobilgear SHC XMP* delivers optimum equipment protection and oil performance for extreme operating conditions associated with wind turbines; and,
- *Mobil SHC Pegasus* delivers a high level of performance to a wide range of natural gas engines used for cogeneration and is one of the first gas engine oils to offer fuel economy benefits in this sector.

**Improving efficiency for the individual consumer.** We actively support initiatives to reduce consumer emissions from the use of our products in the transportation sector. To improve the efficiency of the global vehicle fleet, ExxonMobil is working with external partners such as automobile and tire manufacturers.

## Doha Carbon and Energy Forum

In late 2010, approximately 150 experts from internationally renowned academic, industrial, and governmental institutions convened at the Doha Carbon and Energy Forum in Qatar to discuss the challenge of increased energy use, finite energy reserves, and the impact of greenhouse gas emissions. The event was organized by the Qatar Foundation for Education, Science, and Community Development; Qatar Petroleum; and ExxonMobil Qatar Inc. The forum reviewed recommendations on current, emerging, and innovative technologies relevant to Qatar and the Gulf region. It is anticipated that the Qatar Foundation-Energy and Environment Research Institute will follow up on the recommendations of the forum.



HE Abdullah bin Hamad Al-Attiyah, Deputy Premier and Chairman of the Emiri Diwan and then Minister of Energy and Industry and Chairman of Qatar Petroleum



Energy efficiency is one of the most effective tools available for reducing GHG emissions. The high efficiency cogeneration plant at the Antwerp refinery in Belgium reduces Belgium's carbon dioxide emissions by approximately 200,000 metric tons per year.

By developing near-term and long-term advances in vehicle, fuel, and lubricant technology, we can help significantly reduce transportation-related GHG emissions (see below).

### Investing in long-term scientific research

ExxonMobil is investing in long-term scientific research that may have transformative potential for the economy and the environment.

**Global Climate and Energy Project.** In 2002, ExxonMobil made a long-term research commitment by becoming a founding sponsor of the *Global Climate and Energy Project* (GCEP) at Stanford University in California. We have since contributed more than half of our \$100 million commitment to the program. This pioneering research program is focused on identifying breakthrough energy technologies that reduce GHG emissions and that could be developed on a large scale within a 10- to 50-year time frame. GCEP has sponsored more than 66 research programs at 27 institutions in Australia, Europe, Japan, and the United States.

**Advancing renewable biofuels.** ExxonMobil is focused on improving the efficient supply of current energy sources, such as oil and natural gas, while developing potential new sources, such as biofuels from algae.

Algae-based biofuels may provide an attractive option that could be used to supplement petroleum fuels within the current supply and use system and with the existing vehicle fleet.

In 2009, we announced our collaboration with Synthetic Genomics Inc. (SGI) to research algae-based biofuels. This research and development program is a long-term effort, and if milestones are successfully met, we expect to invest more than \$600 million.

In 2010, we commissioned a new greenhouse research and testing facility in La Jolla, California, to supplement ongoing work in the laboratory. In the greenhouse, scientists and engineers are experimenting with different algae growth systems, light levels, temperature conditions, and carbon dioxide and nutrient concentrations in a setting that more closely reflects real-world conditions. This will help us better evaluate whether large-scale volumes of affordable biofuel can be made from algae.

Because scientists are using both naturally occurring and engineered strains of algae to identify optimal characteristics for growth, harvesting, and bio-oil recovery, environmental considerations and safety were factored into the design and construction of the greenhouse. The facility is built in a secure area of the SGI campus and has containment and treatment systems for all greenhouse waste streams.

## Improving efficiency in transportation

**Mobil 1 Advanced Fuel Economy** can improve fuel economy by up to 2 percent versus motor oils most commonly used.

**Alternative fuel research** could make fuels more available and affordable with lower life cycle GHG emissions.

**Advances in the internal combustion engine** could achieve significant fuel economy improvement.

**Advanced tire lining technology** keeps tires properly inflated longer. Cars with properly inflated tires may save up to an extra tank of gas annually.

**Fuel cell with onboard hydrogen generation** could be up to 80 percent more fuel efficient than today's internal combustion engine.

**Strong, light-weight plastics** help reduce vehicle weight. For every 10-percent drop in vehicle weight, fuel economy improves by ~7 percent.

Algae-based biofuels present potential environmental benefits compared to other biofuels. At the La Jolla testing facility, algae are cultivated in salt water drawn from the nearby Pacific Ocean. A commercial algae-growing and algae-harvesting farm could use land and water unsuitable for crops, eliminating competition for acreage or fresh water intended for human or agricultural use.

The next phase of our project is to build a larger testing facility in an outdoor setting; work on this phase has already begun. Successful research could create an integrated system where algae, fed on CO<sub>2</sub> captured from a large stationary source, would then be refined into a variety of transportation fuels.

### Public policy debate

A number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce GHG emissions, including cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. Assessing policy options to reduce emissions requires an understanding of their likely effectiveness, scale, and cost, as well as their implications for economic growth and quality of life. While the final determination and timing of policy belongs to governments, ExxonMobil is—and will continue to be—a constructive participant in these discussions.

Our scientists, engineers, and managers participate in research and assessment activities, such as the Intergovernmental

Panel on Climate Change (IPCC). In 2010, one of our scientists participated as a reviewer in an IPCC report on renewable energy technologies and organized a workshop to provide industry input to the IPCC on this report. We work with legislative and regulatory processes around the globe to assist in the design of practical, cost-effective ways to implement climate policies.

Effective public policy should promote innovation, encourage competition, set goals, and provide a broad framework for entrepreneurs and innovators to achieve these goals. When considering policy options, ExxonMobil advocates an approach that:

- Ensures a uniform and predictable cost of carbon across the economy;
- Lets market prices drive the selection of solutions;
- Maximizes transparency to companies and consumers;
- Reduces administrative complexity;
- Promotes global participation; and,
- Is easily adjusted to future developments in climate science and the economic impacts of climate policies.

A well-designed carbon tax is better able to accommodate these key criteria than other alternatives, such as cap and trade. Importantly, a carbon tax can be made revenue-neutral via tax offsets in other areas. Combined with further advances in energy efficiency and new technologies spurred by

market innovation, such a carbon tax could play a significant role in addressing the challenge of rising GHG emissions. International accords and underlying regional and national regulations for GHG reduction are evolving with uncertain timing and outcomes, making it difficult to predict their business impact. In 2010, we engaged in discussions around these issues with numerous governments and legislators from Australia, Canada, the European Union, Japan, Singapore, and the United States.

We test a range of potential cost scenarios for energy-related GHG emissions in our *Outlook for Energy* (see page 6), which we prepare each year to assess the business environment and use in our investment evaluations.

### On the Web:

Climate and emissions

[exxonmobil.com/climate](http://exxonmobil.com/climate)

Carbon Disclosure Project response

[exxonmobil.com/cdp](http://exxonmobil.com/cdp)

Our actions to reduce GHG emissions

[exxonmobil.com/emissions](http://exxonmobil.com/emissions)

Global Climate and Energy Project

[gcep.stanford.edu](http://gcep.stanford.edu)

Oil sands

[exxonmobil.com/oilsands](http://exxonmobil.com/oilsands)

Climate change risks

[exxonmobil.com/10k](http://exxonmobil.com/10k) (page 4)

Algae research

[exxonmobil.com/algae](http://exxonmobil.com/algae)

## Technology Management System

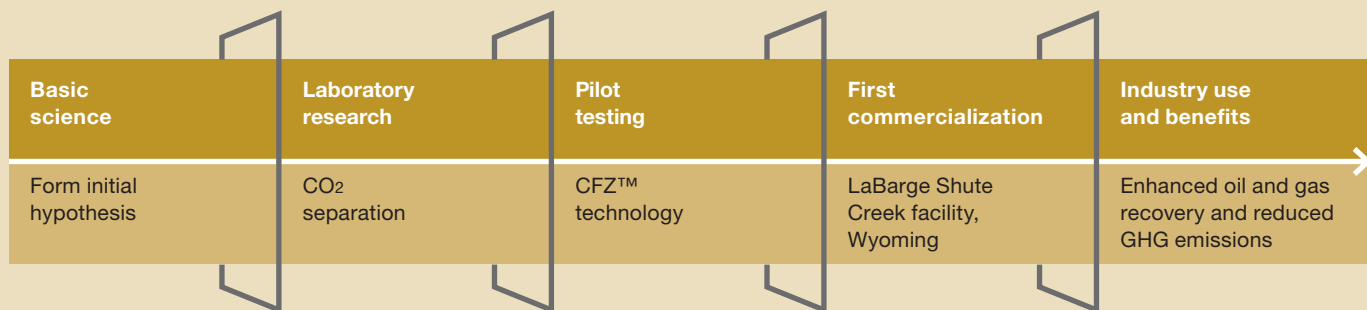
ExxonMobil pursues research into proprietary breakthrough technologies that will not only enhance existing business, but provide step changes in the Corporation's competitive position. Research and development of an energy breakthrough technology may take 10 to 20 years, with up to an additional decade before the technology achieves widespread use.

ExxonMobil utilizes a *Technology Management System* to steward this process. This system consists of several gates, each of

which must be completed prior to moving on to the next phase of development. Assuming the likelihood of passing each gate is about 70 percent, the probability of reaching broad deployment would be about 8 percent. A simplified version of this pipeline can be seen below for carbon capture and storage technology.

For example, in 2011, we will begin testing our proprietary CFZ™ technology in a commercial demonstration plant near La Barge,

Wyoming. This testing will occur more than two decades after we received our first patent on the technology. CFZ™ technology freezes CO<sub>2</sub> and effectively separates it as well as other impurities, enabling us to process gas with high concentrations of CO<sub>2</sub>. The technology could both unlock vast new natural gas resources and make CCS more affordable and efficient.







## Economic Development

### HIGHLIGHTS

**\$77+**

**million** spent on corporate and technical training

**60%**

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

**\$237**

**million** in combined corporate and employee giving in the form of cash, goods, and services worldwide

### PERFORMANCE OVERVIEW

#### What we said in 2009

- ▶ Spend \$1 billion a year with U.S. minority- and women-owned businesses by year-end 2012
- ▶ Work with the governments of Cameroon, Equatorial Guinea, Kazakhstan, and Nigeria to advance their *Extractive Industries Transparency Initiative* (EITI) validation efforts before the March 2010 deadline
- ▶ Study the benefits of our operations-related and social investments to host communities
- ▶ Continue to expand the *ExxonMobil Malaria Initiative* to relevant tropical countries outside of Africa

#### What we did in 2010

- ▶ Spent \$812 million with U.S. minority- and women-owned businesses
- ▶ Elected to serve on the Iraqi EITI Council
- ▶ Launched a new national content Web-based toolkit
- ▶ Awarded \$1 million to technologies identified through the *Women / Tools / Technology: Building Opportunities and Economic Power Challenge*
- ▶ Conducted a pilot Supplier Diversity Training in Accra, Ghana, with our *Africa Businesswomen's Network* members

#### What we plan to do

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

Contributing to economic development in the countries where we operate is part of ExxonMobil's business strategy. We focus on economic growth as a precondition for achieving development targets such as the United Nations *Millennium Development Goals*, which encompass a full range of corporate responsibility issues, from environmental sustainability and combating HIV/AIDS to promoting gender equality and achieving universal primary education.

Achieving sustainable impact is no small challenge, especially when faced with competing local priorities, high expectations of the pace of progress, and shifting political agendas. As a significant presence in many emerging markets, ExxonMobil works alongside a host of other actors to overcome the many barriers to economic growth.

### National content

It is a business imperative that our presence contributes to the social and economic development of local communities and host nations. By establishing comprehensive programs in the areas of workforce development, supplier development, and strategic community investments, we help to build capacity and sustain economic growth beyond the life cycle of our projects. Collectively, we refer to this approach as national content.

A successful national content program requires long-term perspective driven by clearly defined and consistently applied management processes. National content is integrated into overall project and execution through the *ExxonMobil Capital Projects Management System* (EMCAPS). As part of EMCAPS, every new upstream project in an emerging market must develop a project-specific National Content Plan.

A plan consists of goals and objectives; an outline of the approach and requirements for workforce development, supplier development, and strategic community investments; performance monitoring; and reporting.

Individual plans are customized for each country to account for local factors such as regulatory requirements, business environment, workforce capability, supply base, and infrastructure. As a project progresses from one stage of development to the next, the National Content Plan must be reviewed and revised accordingly.

Our contractors also play a significant role in the execution of the National Content Plan. In many instances during the project phase, our Engineering, Procurement, and Construction (EPC) contractors drive much of the workforce and supplier development. We ensure that our national content priorities are met by including requirements in our EPC contracts. EPC contractors are expected to execute these plans through their subcontractors.

*Our National Content Development—Guidelines, Strategies, and Best Practices Guidebook* provides an overview of the key elements of a National Content Strategy and Plan; models and tools for the successful development of national content components; and roles and responsibilities at the corporate, country, and project levels. This past year, we launched a new national content Web-based toolkit consisting of best practices, sample tools for national content implementation, and case studies.

### Workforce development

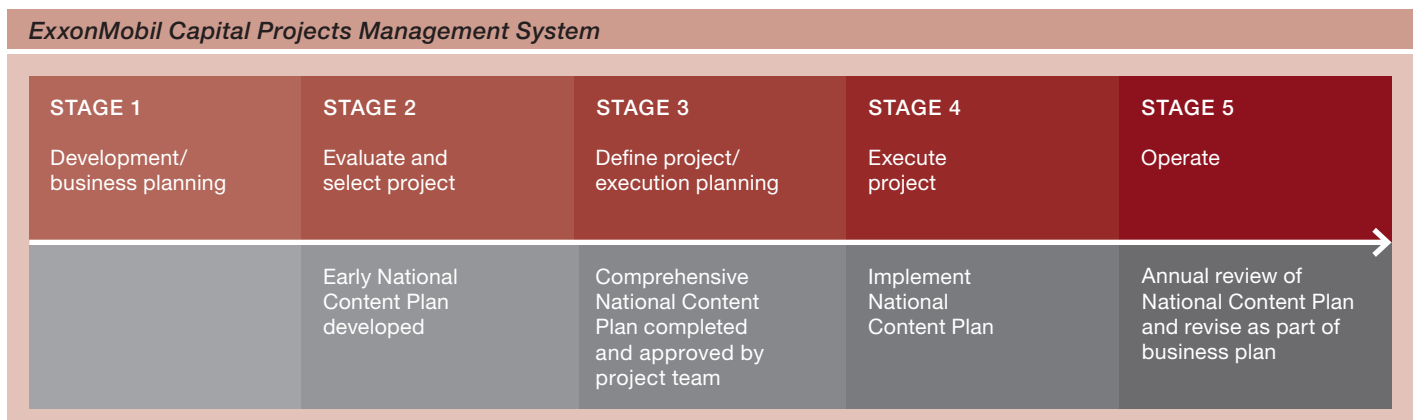
Workforce development is a long-term approach to recruiting and training that enables the Corporation to meet future staffing needs and business objectives. Where applicable, we include requirements in our

contracts for our contractors and suppliers to hire and train a national workforce. We strategically implement development programs to meet local hiring objectives and overcome challenges related to availability of experienced candidates and in-country training capabilities.

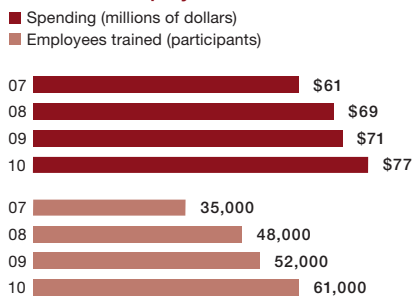
**Local hiring.** We have made significant strides in hiring host country nationals. The company uses a variety of best practices to support local hiring, including on-campus recruiting, campus recruiting focused on nationals studying abroad, employee networking, trade organization and Web site referrals, and external search firms.

In 2010, approximately 60 percent of our employees were located outside the United States. ExxonMobil expatriates (individuals working in a country other than their country of permanent residence) are deployed around the globe to share their expertise as well as train and mentor nationals for operational and leadership roles. In 2010, expatriates accounted for approximately 5 percent of our total workforce.

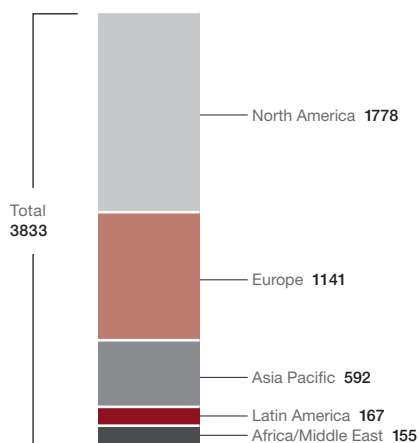
**Training and development.** With careful attention to the job requirements of each stage of development, we apply global principles in a proven training curriculum to address local challenges. Training typically covers ExxonMobil culture, ethics, and business practices; safety practices; environmental regulations; English language; skill-specific training; facility-specific training; work assignments and on-the-job training; and mentoring and coaching.



### Training Expenditures and Number of Employees Trained



### Expatriates by Region of Origin



In addition to early career training, we provide corporate and technical training to employees throughout their careers. In 2010, our major business units together spent more than \$77 million on training, reaching more than 61,000 participants. To strengthen our technical capacity, approximately 35,000 participants attended more than 3700 professional technical training sessions.

Nearly 3300 employees at various levels of management participated in ExxonMobil's leadership development training programs in 2010. Approximately 25 percent of participants were women and 59 percent were non-U.S. employees.

### Supplier development

Supplier development is a long-term investment of time, people, and resources to improve supply chain reliability, reduce costs, strengthen host country economies, and promote ExxonMobil as a partner of choice. We are dedicated to working with host governments, nongovernmental organizations (NGOs), and other stakeholders to develop local capacity. The focus on supplier development begins in the early stages of the project life cycle and continues to evolve throughout the life of the operation. Our ultimate goal is a stable and globally competitive supply chain.

To consistently develop local suppliers, best practices are institutionalized through our global processes. These practices include local supplier databases, enterprise centers for business development and training, tailored work scopes, supplier forums, and electronic bidding.

Another proactive approach we employ is to break down large bid packages into scopes of work that enable local suppliers to compete for—and win—small projects. For example, in Indonesia, camp management projects were divided into catering, maintenance, and

pest control. As local contractors develop their capability and expertise, they begin to compete for bigger packages.

**Purchasing from minority- and women-owned businesses.** Expanding opportunities for minority- and women-owned business enterprises (MWBs) and local suppliers provides economic growth to local areas, expands our supplier base, and builds customer and supplier loyalty.

In the United States, our *Supplier Diversity Program* ensures that qualified MWBE suppliers are included in our procurement sourcing process. In 2010, we made continued progress toward our goal of purchasing materials and services worth \$1 billion annually from MWBEs by year-end 2012. This represents 7 percent of our total procurement-managed spending in the United States. In 2010, we spent \$812 million, representing a 36-percent increase since 2006.

We are considering opportunities to further expand our program internationally in Australia, Canada, China, and the United Kingdom. In the United Kingdom, we introduced tools to allow procurement staff to more easily identify and work with minority suppliers. Access to diverse suppliers, defined differently by country, poses challenges as supplier diversity programs mature internationally.

In addition to offering supply chain opportunities to MWBEs, ExxonMobil funds scholarships for suppliers to attend specialized programs at business schools in the United States.

### Strategic community investments

As we invest in communities, we pursue long-term projects with strategic goals that are aligned with global and social priorities as well as our business strengths. We seek to have a more meaningful impact by focusing the majority of our spending on significant challenges in the regions where we operate.

### Best practice: Workforce development in Russia

Exxon Neftegas Limited (ENL) and its contractors currently employ more than 570 Russian nationals, making up 80 percent of the Sakhalin-1 project workforce. As Russian national employees are trained and gain experience, they will approach 90 percent of the workforce by 2012. A small local population, combined with a complicated economic crisis in the 1980s and 1990s that steered people away from geology, engineering, or construction, created the current competitive market for skilled workers.

To successfully compete for national workers and meet its needs for skilled field personnel, ENL invests in the training and development of national personnel. In 2000, ENL started its own technician training program. After training three groups, ENL contracted PKT Training Services to create the Sakhalin Technical Training Center (STTC).

All training performed at the STTC is mapped against a Competency Assurance Program that includes necessary knowledge, awareness, and skills assessments. Today, the training programs meet Russian regulatory

standards and are internationally accredited. The STTC facility provides on-the-job training as well as theoretical instruction and networking opportunities. In 2010, 41 trainees graduated from the program, bringing the total since 2000 to 167.

#### Percent of Local Workforce in Sakhalin



Our worldwide spending includes contributions to nonprofit organizations as well as funds invested in social projects through various joint-venture arrangements, production-sharing agreements, projects operated by others, and contractual social bonus arrangements. In 2010, Exxon Mobil Corporation, our divisions and affiliates, including XTO Energy Inc., and the ExxonMobil Foundation provided a combined \$199 million in cash, goods, and services worldwide. Of the total, \$119 million supported communities in the United States and \$80 million supported communities in other countries.

Our signature programs address three long-term social challenges that directly impact the success of our own business: eliminating malaria; advancing economic opportunities for women; and improving education, especially in mathematics and science. Ongoing stakeholder engagement helps us to identify local projects and partnerships that support our strategic investments. We believe that public-private partnerships are key to improving difficult social and economic issues.

**ExxonMobil Malaria Initiative.** Ending the spread of malaria will require multiple approaches, including bed-net distribution, preventive education, and research into new and accessible treatments. Over the last decade, ExxonMobil has emerged as a corporate leader in the fight against malaria. Since 2000, we have made cash grants of more than \$83 million to help fund malaria programs across sub-Saharan Africa. Our funding has allowed our partners to reach more than 39 million people; provided 11.4 million bed nets, 1.6 million doses of anti-malarial drugs, and 820,000 rapid diagnostic kits; and trained 116,000 health-care workers. Our funding also helped to



Malaria is preventable, treatable, and curable. Research shows that when three-quarters of the people in a community use bed nets, the incidence of malaria infection decreases and the actual mosquito population is reduced by 90 percent.

develop three new pediatric anti-malarial drugs and gain acceptance for the first-ever malaria vaccine.

In 2010, ExxonMobil awarded more than \$14 million to 21 organizations for projects across Africa and expanded our work into the Asia Pacific region, where malaria is also endemic. See the global citizenship stories on our Web site for numerous examples of our specific contributions to malaria initiatives.

**Women's Economic Opportunity Initiative.** Enabling women to reach their economic potential is a critical driver of social development and progress. When women are able to generate and control income, they invest a large share of it in the health, education, and well-being of their families. This benefits the entire community.

We focus on three key strategies to improve women's economic opportunities globally: developing women entrepreneurs and business leaders, creating a level playing field for

women's economic participation, and identifying and deploying technologies to accelerate women's economic advancement. In 2010, ExxonMobil made grants totaling more than \$9 million—bringing our cumulative investment since 2005 to \$41 million—to help women in 88 countries fulfill their economic potential and drive change in their communities.

In partnership with Ashoka's Changemakers and the International Center for Research on Women (ICRW), we implemented the *Women / Tools / Technology: Building Opportunities and Economic Power Challenge* that identified 268 transformative solutions from 67 countries to promote women's economic advancement through technology. At the 2010 *Clinton Global Initiative* annual meeting, we announced \$1 million in grants to support the expansion of high-impact, sustainable technology-driven business models identified through the challenge. One exemplary technology is a solar-powered drip irrigation system that enables women farmers to grow crops during a dry season. To further support

### Best practice: Supplier development in Chad

Using local suppliers can be challenging where local business expertise has not fully developed or where safety and product quality standards have not yet been met. Esso Exploration and Production Chad Inc. (EEPCI) works to improve local business and operating performance.

EEPCI conducted a major assessment of local supplier skills in 2006 and found significant gaps in accounting, risk management, human resources, and other areas. Together with the Chamber of Developing Enterprise and the Chadian Chamber of Commerce, EEPCI opened an Enterprise Center in 2006 to address gaps observed during

the supplier assessment. The Center rates suppliers for eligibility for EEPCI contracts and provides training to rated suppliers to improve their business and technical skills.

In 2007, EEPCI introduced an electronic procurement system and has since trained more than 22 suppliers on electronic bidding, a skill that allows local suppliers to better participate in EEPCI's bidding process. While preserving the integrity of the bidding process, the system facilitates the application process and checks for completeness and errors.

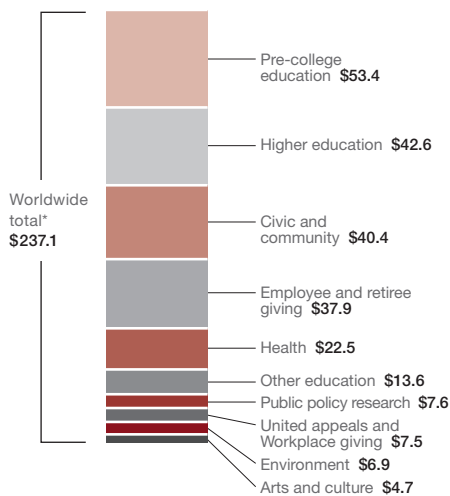
Together with the International Finance Corporation (IFC), the Center developed strategies and programs with financial

institutions to help local businesses access financial resources and demonstrate their ability to execute a contract. In 2010, four training sessions were held for 42 participants. The training included the IFC small- and medium-enterprise training package, which addresses private sector management performance gaps and business needs.

To date, more than 300 small and medium enterprises have received training at the Enterprise Center. Chadian companies were awarded contracts for services totaling \$110 million in 2010.

## 2010 Community Investments by Focus Area

(millions of dollars)



\*Total contributions include ExxonMobil corporate and XTO donations and employee and retiree giving through ExxonMobil's matching gift, disaster relief, and employee giving programs.

grant recipients, we are working with the Thunderbird School of Global Management's Emerging Markets Laboratory to provide on-the-ground business consulting support.

We continue to support skills training for women entrepreneurs through regional businesswomen's networks, which focus on expanding the number of women succeeding in business and advocating for policies to remove legal barriers. Our partner, Vital Voices, has provided training, business exchange programs, and networking opportunities to 4100 participants in the Middle East and North Africa and more than 7000 women in sub-Saharan Africa. We will support the launch of a *Latin America Businesswomen's Network* in 2011.

To aid supplier development, we supported our partner Vital Voices in conducting a four-day supplier diversity pilot program in Ghana for participants from our African businesswomen network hubs in Cameroon, Ghana, Kenya, Nigeria, South Africa, and Uganda. Content included key steps for becoming a supplier to multinational corporations, and for implementing in-country supplier diversity training sessions and pilot activities in their home countries. In 2011, the African businesswomen network hubs will build on the 2010 supplier diversity training by engaging with government and private sector officials

to clarify their procurement processes and encourage increased purchasing from women-led businesses.

**Education.** Globally, a strong focus on education empowers communities and builds the foundation for human progress. Healthy and educated communities also create a stable operating environment and a future pool of talented candidates for employment. Since 2006, our contribution to education efforts has totaled nearly \$421 million. In 2010, we directed nearly \$110 million to education worldwide, of which more than \$42 million was dedicated to math and science education in the United States.

### Pan-European math and science program.

Our regional presence is a strategic advantage that we employ to maximize the benefits of our community investments. In 2010, ExxonMobil designed a pan-European program to help students ages 15 to 18 think in practical ways about the energy issues they will face in the future. Partnered with Junior Achievement Young Enterprise Europe, ExxonMobil funds the *Sci-Tech Challenge* to encourage interest in math-, science-, and technology-oriented careers.

The three-year, \$839,000 program will reach approximately 10,000 students. In 2010, approximately 60 schools, nearly 150 volunteers, and more than 1200 students from Belgium, France, Germany, the Netherlands,

## Applying national content best practices in Papua New Guinea

We are applying best practices and lessons learned across our projects and operations to develop an effective National Content Plan for improving the economic and social well-being of Papua New Guinea.

### Workforce development

Similar to our Sakhalin, Russia, operations, our strategy is to increase the participation of Papua New Guinean employees over the life span of the project, and to provide the necessary technical and professional skills training for working on existing and future projects.

To facilitate implementation of this strategy, the project is building several training facilities. The Port Moresby Construction Training Facility, which officially opened in 2010, and the Juni Construction Training Facility will train up to 4000 students during the construction phase of the project. More than 400 trainees graduated from a temporary training facility in 2010, including 84 women. To prepare for project start-up, 76 individuals were recruited to attend the Production Operations Training Center in Port Moresby in 2010, including 20 women.

A class of a similar size will be recruited in 2011. Successful graduates will be prepared to operate and maintain this world-class liquefied natural gas production facility.

### Supplier development

The project supports the development of the local business economy through the purchase of goods and services in Papua New Guinea and by developing long-term supplier relationships. Through 2010, we had already exceeded our commitment to spend \$450 million in Papua New Guinea, with local spending totaling more than \$550 million. Local capacity is promoted by helping suppliers meet global standards, providing training for entrepreneurs, and creating business opportunities for local small and medium enterprises. In March 2010, the project opened a resource center to assist selected Papua New Guinean suppliers to strengthen their business processes and skills. We include requirements in our contracts with our multinational suppliers to prioritize the hiring of local firms, implement training, and execute a local business development

program. Local suppliers must be financially sound, technically capable, and competitive in price and quality.

### Strategic community investments

The project aims to improve living standards by investing in sustainable health, education, and agriculture projects. As part of our National Content Plan, we are committed to spending \$20 million on strategic community investment projects during the construction phase and \$5 million a year during the production phase. Through the *ExxonMobil Malaria Initiative*, the project collaborated with the *Rotarians Against Malaria Program* on logistics, planning, and bed-net distribution. Project sites were also added to the *National Malaria Surveillance Program* and plans are under development for enhanced malaria diagnostics at relevant community clinics. More than 1000 community members have been tested for malaria and were treated if positive. We are also working with Medicines for Malaria Venture to fund clinical trials of new anti-malarial drugs in Papua New Guinea.

Norway, and the United Kingdom participated through online tools, national and regional competitions, and classroom events. Nearly 1200 students completed the online quiz based on general knowledge and our *Outlook for Energy: A View to 2030*.

**Focusing on math and science in the United States.** Demand for science, technology, engineering, and mathematics (STEM) professionals is rapidly expanding, yet fewer and fewer students are choosing to prepare for these important career tracks. In 2010, we continued to encourage students to study math and science through programs such as the *National Math and Science Initiative (NMSI)* and the *Harris Foundation*. Through *U Teach*, *Mickelson ExxonMobil Teachers Academies*, and the *Sally Ride Science Academy brought to you by ExxonMobil*, we continue to give teachers the skills necessary to motivate students to pursue careers in math and science. For details about each of these programs, visit our Web site.

We also introduced new partnerships and initiatives to further advance math and science in the United States:

- *Change the Equation*: In 2010, Rex W. Tillerson, chairman and CEO, joined the board of *Change the Equation*, a CEO-led initiative launched by President Obama to encourage STEM literacy.
- *NMSI Young Leaders Program*: This program, founded by ExxonMobil and *Fortune* magazine, seeks to address the gender gap in STEM fields by matching female college juniors majoring in STEM subjects with female executives working in these fields at Fortune 500 companies. In 2010, 22 pairs of executives and students participated in the mentoring program.

- *Sally Ride Science Academy*: The Academy focuses on curriculum augmentation to make math and science more relevant, especially with young girls. In 2010, we moved from the pilot phase to conduct three academies, bringing the total number of educators trained to about 400. They have since trained more than 850 additional teachers.

We continued to support diversity-based education programs such as the *Hispanic Heritage Foundation*, *National Society of Black Engineers*, *Society of Women Engineers*, *Society of Hispanic Professional Engineers*, and the *National Action Council for Minorities in Engineering*, among others.

## Employee volunteerism and giving

In 2010, more than 24,800 ExxonMobil employees, retirees, and their families worldwide donated more than 779,500 volunteer hours to 5500 charitable organizations in 43 countries through company-sponsored volunteer programs. Of this, 12,500 participants donated more than 179,400 hours to more than 1200 organizations in countries outside the United States.

Employees and retirees donated \$38 million through ExxonMobil's matching gift, disaster relief, and employee giving programs. When combined with corporate donations, ExxonMobil—together with our employees and retirees—contributed \$237 million to community investments around the world.

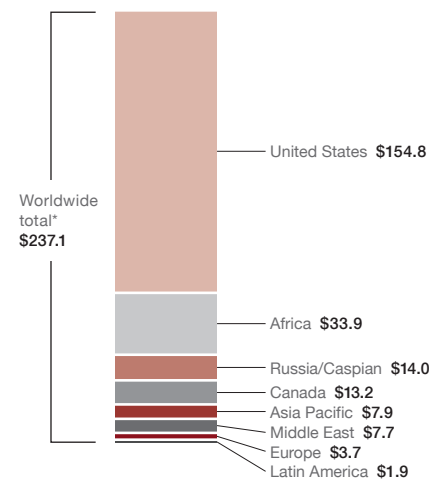
## On the Web:

*ExxonMobil Malaria Initiative*  
[exxonmobil.com/health](http://exxonmobil.com/health)

*Women's Economic Opportunity Initiative*  
[exxonmobil.com/womensinitiative](http://exxonmobil.com/womensinitiative)

## 2010 Community Investments by Geographic Region

(millions of dollars)



\*Total contributions include ExxonMobil corporate and XTO donations and employee and retiree giving through ExxonMobil's matching gift, disaster relief, and employee giving programs.

### Worldwide giving

[exxonmobil.com/contributions](http://exxonmobil.com/contributions)

### Global citizenship stories

[exxonmobil.com/globalstories](http://exxonmobil.com/globalstories)

### Math and science

[exxonmobil.com/mathandscience](http://exxonmobil.com/mathandscience)

### *Change the Equation*

[changetheequation.org](http://changetheequation.org)

### *National Math and Science Initiative*

[nationalmathandscience.org](http://nationalmathandscience.org)

### *Sci-Tech Challenge*

<http://scitech.ja-ye.org>

### Transparency

[exxonmobil.com/transparency](http://exxonmobil.com/transparency)

## Promoting revenue transparency

With good governance and accountability, the value generated from natural resources can provide a better standard of living and increased opportunities for the citizens of host countries. As part of our commitment to honest and ethical behavior, ExxonMobil is an active participant in transparency and anti-corruption programs. Transparency initiatives are designed to increase disclosure of government revenues from the production of oil, gas, and minerals, with the goal of greater accountability by governments on how they spend revenues.

We support initiatives such as the *Extractive Industries Transparency Initiative (EITI)*, the *Group of Eight (G-8) Transparency Initiative*, and the *United Nations Convention Against*

*Corruption*. EITI is a unique collaboration among governments, companies, civil society, institutional investors, and international organizations. Together, we share the goal of implementing global principles that support improved governance through the verification and disclosure of extractive industry payments to governments and government revenue from those companies while protecting confidential company information.

We provide assistance to our newest partners as they seek to implement greater transparency. At the same time, we recognize that transparency initiatives can only be sustainable when national governments have ownership and responsibility. In 2010, Iraq joined EITI as a candidate country and ExxonMobil

will serve on the Iraqi EITI Council. In Papua New Guinea, our project has the potential to boost the country's gross domestic product and provide a catalyst for employment and further industry development. Project team members from Esso Highlands Limited are active members of Transparency International and acknowledge the government's bilateral Memorandum of Understanding. Over the past several years, ExxonMobil has been active in the multistakeholder committee working to implement the EITI process in Equatorial Guinea. As part of that effort, Equatorial Guinea EITI published its first revenue report in 2010. However, Equatorial Guinea did not complete its required validation within the prescribed time period and was delisted by the EITI Board last year.



# Community Engagement and Human Rights

## HIGHLIGHTS

# 95

**pre-construction surveys** finalized in Papua New Guinea

# 2

**Voluntary Principles** briefing sessions conducted with security forces in Nigeria

# 75%

**of private security personnel contracts** enhanced to include provisions to address human rights concerns

## PERFORMANCE OVERVIEW

### What we said in 2009

- ▶ Continue deployment of security and human rights training to appropriate staff
- ▶ Further implement our *Framework on Security and Human Rights* through self-assessments and other processes
- ▶ Engage in international dialogues such as the *Voluntary Principles on Security and Human Rights*, the Fund for Peace, and consultations with John Ruggie, United Nations Special Representative on Business and Human Rights
- ▶ Continue to integrate human rights concerns into existing business operations

### What we did in 2010

- ▶ Continued to provide security and human rights training in priority countries
- ▶ Distributed security and human rights materials through regular, systematic communications
- ▶ Participated in several social and human rights conferences and working groups, as well as consultations with U.N. Special Representative Ruggie
- ▶ Evaluated upstream socioeconomic management processes and began consolidating for consistency
- ▶ Conducted an in-depth assessment of *Framework* implementation in Papua New Guinea

### What we plan to do

- ▶ Assess company policies and processes relative to U.N. Special Representative Ruggie's final report
- ▶ Complete human rights training in priority countries and assess follow-up needs for those who received training in the last three years
- ▶ Develop a computer-based human rights training module for efficient, wider availability
- ▶ Update the *Upstream Socioeconomic Management Standard*

ExxonMobil's community relationships are an essential element of our global business. The quality of the relationships we develop with local communities has a direct impact on the long-term success of our activities.

## Community impacts and relationships

Our approach to managing local community impacts consists of several core elements, including adhering to corporate policies and expectations (see page 22), applying national laws and universally recognized principles, assessing risks and opportunities, engaging with external groups (see page 8), and building local economic capacity (see page 39). At ExxonMobil, we call this socioeconomic management. This area encompasses several distinct topics, including human rights, labor and workplace rights, economic development, cultural heritage, land use, social and environmental considerations, treatment of communities and indigenous peoples, security, and relationships with host-country governments.

For major upstream projects, the ExxonMobil Development Company applies its *Upstream Socioeconomic Management Standard*. As project teams apply our *Operations Integrity Management System*, the *Standard* provides guidance specific to key socioeconomic issues that should be identified and addressed throughout the upstream resource development life cycle, including:

- Consultation with relevant communities, government officials, and appropriate stakeholder organizations to share information, solicit feedback, and respond to expressed concerns;
- Identification of potential issues including, but not limited to, the management of cultural and heritage properties, interaction with indigenous or vulnerable populations, involuntary resettlement, compensation, employment and training, and the procurement of goods and services; and,
- Development of appropriate prevention (or enhancement), control, mitigation, and monitoring strategies related to potential socioeconomic impacts.

In 2010, the upstream companies formed a socioeconomic task force to assess current processes for planning and implementing socioeconomic management programs in new ventures. The task force developed recommendations to standardize and integrate approaches, tools, and organization into existing business systems. One outcome was the decision to include *Socioeconomic Principles* to guide our approach in several social areas. We believe further refinement of the *Management Standard* will help our

contractors, partners, and employees to better execute upstream projects consistently with our company values and, as such, help us maintain our license to operate.

**Impact assessment and mitigation.** We recognize our activities can impact host communities and other stakeholders. We strive to identify and avoid or mitigate negative impacts and enhance positive outcomes. At the start of major projects, an Environmental, Socioeconomic, and Health Impact Assessment (ESHIA) is conducted to assess the potential impacts of our activities throughout the project and operations life cycle. We consult with the public during the ESHIA process and integrate results into decision making, including impact avoidance and mitigation plans, and in some cases, modifying aspects of the project design or execution plan.

## Consultation and engagement

Wherever ExxonMobil operates, we work with stakeholders through consultation and act with respect toward individuals with diverse cultures.

Our *Best Practices in External Affairs* (BPEA) initiative focuses on building positive external relationships and is integrated with our *Operations Integrity Management System* (see page 18). BPEA is our strategic planning and management tool for external affairs, which ensures implementation of consistent community awareness programs, including information provision, dialogue, and collaboration with local communities.

We believe engagement is a two-way communication and recognize the need for local populations to be able to voice and resolve concerns related to a project without fear of retribution. Our *Upstream Socioeconomic Management Standard* includes provisions for establishing a grievance mechanism where appropriate. While our BPEA engagements provide an important means to hear and address community concerns, grievance mechanisms provide a systematic and transparent process for local people to raise concerns, which can be addressed by the company within an appropriate time frame.

### Indigenous peoples and cultural heritage.

We value cultural heritage and customs in the communities where we operate and incorporate these considerations into project planning, design, execution, and ongoing operations.

The Papua New Guinea liquefied natural gas (PNG LNG) project area comprises a rich and diverse cultural mix of some 13 ethnic groups, 46 language groups, and more than 400 clans. Most of these communities rely primarily on subsistence-oriented production, maintain a close physical and spiritual relationship to ancestral territories, consider themselves as distinct lingo-cultural groups, and retain customary social and political institutions. The unique cultural heritage of these groups needs to be preserved for the benefit of current and future generations.

As part of the PNG LNG project's pre-construction surveys, cultural heritage specialists conduct detailed studies in consultation with communities to identify areas and features of cultural and historic significance. This important phase of activity is conducted before approval being granted for project access to potential worksites. In some cases, the project facilities were re-designed to avoid features. To date, pre-construction surveys and reports have been finalized for 95 sites, and third-party experts have identified more than 1400 mitigation measures.

Once a site is approved and access granted, pre-construction surveys are again conducted before work is allowed to commence on-site. These surveys involve assessing each worksite, often with landowners, to further identify sites of significance such as burial grounds, sacred waterways, or areas containing artifacts. In populated areas, surveys include discussions with local people who are knowledgeable of the area. For known sites, the focus of the Cultural Heritage Management Plan is twofold: to avoid those sites which are to be protected from disturbance, and to establish the process for the compensation, management, clearance, and salvage of sites that are authorized by the government for disturbance. We work closely with the landowner or clan to determine appropriate mitigation measures, including customary ceremonies.

In addition to known cultural heritage sites, construction activities can disturb or alter unrecorded archaeological finds within the project work area. The project has agreed on a protocol for managing the preservation and appropriate treatment of these finds with the Papua New Guinea National Museum and Art Gallery. The protocol deems that, following analysis and documentation, any material found is transferred to the gallery.





In Papua New Guinea, we are responding to community members' requests to build a new walking path when our operations overlapped with an existing path.

**Land use and resettlement.** We respect property rights in the countries in which we operate. We strive to achieve free, prior, and informed consultation of impacted communities before we implement new operations. We seek to avoid resettlement through project design, and where resettlement is unavoidable, we seek to ensure appropriate restoration of livelihoods of displaced persons.

As a result of the PNG LNG project, we are currently engaging in resettlement activities. Resettlement may be necessary due to physical or economic displacement, involving the loss of shelter, assets, income streams, or means of livelihood resulting from land acquisition or obstructed access to economic resources (land, water, and forest). The PNG LNG project has made efforts to avoid resettlement activities wherever possible. However, when necessary, resettlement activities are conducted in accordance with international best practice, as defined by the International Finance Corporation *Performance Standards on Social and Environmental Sustainability* and the laws of Papua New Guinea. The project's goal for resettlement is to give displaced people the opportunity to, at a minimum, restore their livelihoods and standards of living.

For communities where resettlement is deemed to be necessary, Resettlement Action Plans were developed based on local needs and circumstances, and in consultation with affected people. Customary land ownership is perhaps the single most important feature of Papua New Guinean society. The complex portfolio of land rights defines social identity, group membership, and access to resources such as forest, power, and ritual status. This unique social organization presents some challenges with resettlement and often requires a case-by-case approach.

For project-affected households, a non-profit Papua New Guinean law practice acts as an independent advisor with respect to their rights, responsibilities, and options concerning resettlement in the context of both national Papua New Guinean legislation and the project's plans and provisions. This assists households to better understand the resettlement process, particularly the valuation, compensation, and assistance options. The resettlement process also has a strong monitoring and evaluation component to achieve the project's goal of livelihood restoration.

A total of 13 project locations were identified where resettlement is deemed to be necessary.

## Respecting human rights

We respect human rights in our operations, not just because doing so fosters a stable business environment, but more importantly, because it is the right and responsible thing to do.

We continue to participate in the consultation process outlined by John Ruggie, the United Nations Special Representative on Business and Human Rights. Professor Ruggie's 2008 report set forth a widely accepted policy framework for managing business and human rights challenges based on distinct yet complementary responsibilities for governments and corporations as well as effective remedies in cases of abuse.

The "protect, respect, remedy" framework outlines the duty of governments to protect against human rights abuses by third parties, the corporate responsibility to respect human rights, and the need for improved access to effective remedy mechanisms. Under this framework, the corporate responsibility to respect human rights involves due diligence, having policies in place, conducting impact assessments, and establishing mechanisms to track performance. As discussed in this

section, ExxonMobil's approach is consistent with the basic components of this framework. We look forward to reviewing Professor Ruggie's final recommendations in 2011 that offer further guidance on how corporations can put the framework into practice.

**Labor policies and practices.** Our commitment to human rights is supported by the policies in our *Standards of Business Conduct*, which are consistent with the spirit and intent of the United Nations *Universal Declaration of Human Rights* and the *1998 Declaration on Fundamental Principles and Rights at Work* of the International Labor Organization (ILO).

Our *Statement on Labor and the Workplace* articulates our support for the principles of the ILO *Declaration*, namely the elimination of child labor, forced labor, and workplace discrimination, and the recognition of the right to freedom of association and collective bargaining. All employees are required to comply with our policies.

We seek business partners that observe similar standards. Our standard contract language requires adherence to all national laws and regulations. We prescreen suppliers and mandate compliance with all applicable laws regarding business practices and human rights. All requests for quotations include clauses relating to the prohibition of forced or child labor and the payment of wages in accordance with all local laws.

**Providing human rights training.** Our human rights training is based on ExxonMobil guidelines, practices, and priorities, and is informed by guidance from the International Petroleum Industry Environmental Conservation Association and other sources. Training materials are periodically updated to reflect new developments in the human rights arena as well as to incorporate feedback from trainees.

The training focuses primarily on employee awareness, company policies and approaches, company resources, and our commitment to respecting human rights. Each session also includes information on the *Voluntary Principles on Security and Human Rights*, the requirements of our *Framework on Security and Human Rights*, and the status of implementation of the *Framework* in the given country. Human rights and security training has been completed in 16 countries over the past three years.

In 2010, we continued to provide dedicated human rights training to key affiliates and staff, including lead country managers (LCMs). Human rights is a recurring component in both quarterly LCM communications

and new LCM training. Following an initial three-year implementation period, we have nearly completed training sessions in all priority countries identified on the basis of a variety of criteria, including the specific level of security threat, acute and dynamic issues, and external nongovernmental organization (NGO) ratings. We are now assessing progress in each of the countries to determine follow-up actions. Training will also be provided on a wider spectrum to employees via a computer-based training module or other means.

## Addressing security concerns

ExxonMobil is committed to safeguarding company personnel and property in a manner that respects human rights and fundamental freedoms.

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

Since 2002, we have been an active participant in the *Voluntary Principles on Security and Human Rights*, a forum for discussion and information-sharing among extractive industry companies, governments, and NGOs. To help implement the *Principles*, ExxonMobil's *Framework on Security and Human Rights* provides expectations for our majority-owned operating affiliates. The *Framework* includes guidance on working with host government security personnel, memoranda of understanding regarding host government-assigned security personnel, approaches for interacting with private security providers, and reporting and record-keeping templates. Currently, 75 percent of our private security personnel contracts have been enhanced to include provisions to address human rights concerns.

Human rights is a priority in our Nigerian operations. There have been security challenges and increasing tension in oil production communities in the country. To ensure the safety of our personnel and the communities around our operations, we actively advocate respect for human rights by government security personnel, as well as by private security providers who secure our assets. In 2010, our security team organized two briefing sessions on the *Principles* for host government security forces assigned by the Nigerian government to our facilities. Similar training will be conducted in 2011 as well.

In Papua New Guinea, our project team works closely with contractors and the community on security issues. Project security challenges are systematically addressed in accordance with the Security Plan, which is regularly monitored and reviewed. A Security and Community Affairs workshop, held in mid-2010, provided valuable insight to all parties for maintaining a consistent approach



Employee training is an important element of our effort to address human rights challenges facing our industry and specific operations.

to addressing security concerns in Papua New Guinea, and reinforced the integration of these issues.

Police deployed in support of the project have undergone training in the *Principles* by trainers approved by the International Red Cross. Complaints will be fully reported in accordance with the executed memorandum of understanding and the *Principles*. Investigations will be led by the Royal Papua New Guinea Constabulary Internal Investigation Unit with oversight from the Papua New Guinea government ombudsman.

## On the Web:

Human rights policies and practices  
[exxonmobil.com/humanrights](http://exxonmobil.com/humanrights)

Papua New Guinea liquefied natural gas project  
[pnglng.com](http://pnglng.com)


## IPIECA/GRI Content Index

Our corporate citizenship reporting was guided by the International Petroleum Industry Environmental Conservation Association/American Petroleum Institute (IPIECA/API) *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* (April 2005). This report also cross-references the Global Reporting Initiative (GRI) *G3 Sustainability Reporting Guidelines*. These standards can be downloaded at [ipieca.org](http://ipieca.org) and [globalreporting.org](http://globalreporting.org).

Reporting Overview	IPIECA/API	GRI	Where Reported
About this report and assurance		2.1, 2.3, 2.4, 2.6, 2.9, 3.1, 3.3-3.9, 3.11, 3.12, 3.13, 4.13	Inside cover, 48, inside back cover, back cover
Letter from the Chairman and CEO		1.1	2-3
About ExxonMobil		2.2, 2.3, 2.5, 2.7, 2.9	4-5
Sustainability		1.2	5
<i>The Outlook for Energy: A View to 2030</i>		1.2, EC2	6-7
Engagement	SOC8, SOCA5	2.8, 3.2, 4.4, 4.14-4.17, EC6, EN26, SO1	8-9
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Citizenship Focus Areas	IPIECA/API	GRI	Where Reported
<b>Safety, Health, and the Workplace</b>			
Safety, security, and health management	H&S1, H&S2, H&S4	4.8, DMA-LA, LA7	12-14
Employee health	H&S3	LA8	15-16
Product stewardship and product safety	H&S5	4.11, 4.12, DMA-PR, PR1, PR3	15-16
Employment policies and practices	ECOA2, SOC4	DMA-LA, LA1, LA3, LA12, LA13, EC3	16-17
Case study: <i>Operations Integrity Management System</i>	ENV6, H&S1	4.8, 4.11	18-19
<b>Corporate Governance</b>			
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<b>Environmental Performance</b>			
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Assessing our surroundings	ENVA9	DMA-EN, EN13, EN14, SO1	25-26
Designing our facilities and operations	ENV6	4.8, DMA-EN	25-26
Operating with integrity	ENV1, ENVA3, ENVA5, ENVA6, ENVA7	2.10, 4.8, EN8, EN20, EN22, EN23, EN26, EN28, EN30	26-29
Restoring the environment		EC6, EN13	29
Case study: Natural gas		4.17, EN26	30-31
<b>Managing Climate Change Risks</b>			
Mitigating operational greenhouse gas emissions	ENV3, ENV4, ENV5, ENVA8	2.10, 3.9, EN5, EN7, EN16, EN18	32-35
Improving customer efficiency		EN6, EN18, EN26	35-36
Investing in long-term scientific research	ENVA8	EN6, EN18, EN26	36-37
Public policy debate	SOCA1	1.2, EC2, SO5	37
<b>Economic Development</b>			
National content	SOC8, SOCA5	4.8, DMA-SO, EC9	38-40
Workforce development	SOC5, SOCA3	EC7, LA10, LA11	39-40
Supplier development	SOCA5	EC6	40-41
Strategic community investments	SOCA4, SOCA5	EC1, EC8, EC9, LA8	40-43
Employee volunteerism and giving		EC1, EC8	43
Promoting revenue transparency	ECOA1	4.12, 4.13	43
<b>Community Engagement and Human Rights</b>			
Community impacts and relationships	SOC8, SOCA6, SOCA7	4.8, DMA-SO, SO1	44-45
Consultation and engagement	SOCA6, SOCA7	SO1	45-46
Respecting human rights	SOC1, SOC7	4.8, 4.12, 4.13, DMA-HR, HR2, HR3, HR5, HR6, HR7	46-47
Addressing security concerns	SOC9	4.8, 4.12, 4.13, HR2, HR8	47

DMA: Disclosure on Management Approach.

GRI indicators in italics are partially reported. Indicators not in italics are fully reported, but may not be fully reported in individual sections of this report.

 Environmental Resources Management, Inc. (ERM) reviewed ExxonMobil's 2010 Corporate Citizenship Report against the International Petroleum Industry Environmental Conservation Association/American Petroleum Institute (IPIECA/API) *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* (April 2005) and the Global Reporting Initiative (GRI) *G3 Sustainability Reporting Guidelines*. ERM found that the report contents address the indicators shown in this index.

**Scope of the Assurance.** Lloyd's Register Quality Assurance, Inc. (LRQA) was commissioned by Exxon Mobil Corporation (ExxonMobil) to assure the reporting processes used in the creation of the ExxonMobil 2010 Corporate Citizenship Report ("the Report"). The objectives of the assurance engagement were to verify the integrity of the processes used for determining material issues and for reporting, and to evaluate consistency with the following industry guidelines:

- IPIECA/API, *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* (April 2005); and,
- API, *Compendium of Greenhouse Gas Emission Estimation Methodologies for the Oil and Gas Industry* (February 2004).

The LRQA scope of assurance was limited to processes for the reporting of safety, health, and environmental core IPIECA performance indicators and ExxonMobil-selected additional indicators. Verification of the accuracy of data and information was not included in the review scope. ExxonMobil has prepared and approved the Report and fully acknowledges its sole responsibility for the accuracy of all data and information contained within it. LRQA has reviewed ExxonMobil's reporting processes since 2005 (for the 2004 CCR).

**Approach.** The assurance engagement was based on interviews with key personnel to identify the processes in place to fulfill the core IPIECA indicators followed by reviews of the processes for collecting, compiling, and reporting these indicators at the corporate, functional-business, and operating-unit levels.

These reviews comprised:

- A review of the reported information to confirm the inclusion of all core safety, health and environmental performance indicators referenced in the IPIECA/API *Guidance*;
  - A review of the documented reporting requirements against the applicable industry guidelines to assure consistency of scope, definition, and reporting for each of the relevant indicators;
  - A review of the reporting processes at Headquarters and at each of the functional business levels to evaluate the processes used by ExxonMobil to assure completeness, consistency, and conformance to reporting requirements across its global operations;
  - Reviews of the data-reporting processes at a sample of 11 selected operating sites to assess local understanding and implementation of reporting requirements. Sites include refineries in Slagen, Norway and Sriracha, Thailand; Australia Upstream; lubricant facilities in Paulsboro, New Jersey; Uddevalla, Sweden; Ulsan, Korea; Comma, England; Asher, Egypt and Alexandria, Egypt; a films plant in La Grange, Georgia and a chemical plant in Beaumont, Texas;
  - A Headquarters review of the stakeholder engagement process; and,
  - A review of the processes used to aggregate the data and information at the corporate level for inclusion in the Report.
- Conclusions and findings.** Based on the scope of the LRQA assurance engagement and the data and information presented for review, objective evidence was available to support the following conclusions at a high level of assurance:
- Processes are in place that ensure sites contributing to core safety, health, and environmental metrics understand

corporate reporting obligations and are included in corporate safety, health, and environmental reporting;

- The methods used for calculating each metric are clearly defined and communicated;
- Data collection begins at the operating-site level and is ultimately collated and combined into Corporation-wide metrics;
- Processes are in place to ensure that the quantitative indicators are checked for completeness, consistency, and accuracy;
- Responsibility for annually reviewing and updating reporting guidelines is clear and improvement in methodology is regularly undertaken;
- Guidelines for greenhouse gas emissions reporting are consistent with, and specifically refer to, the API *Compendium for GHG Emissions Methodologies for the Oil and Gas Industry* (February 2004);
- Active engagement with external stakeholders provides feedback for determining material issues; and
- LRQA believes the ExxonMobil reporting system is effective in delivering safety, health, and environmental indicators that are useful for assessing corporate performance and reporting information consistent with IPIECA/API *Guidance*.

Observations and areas for potential improvement are provided in a report to ExxonMobil Management. These observations do not affect our conclusions.



Andrea M. Bockrath  
On behalf of Lloyd's Register Quality Assurance, Inc.  
8 April 2011



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