



Corporate Citizenship and Sustainability

- **ExxonMobil - Who we are and what we do**
 - largest global refiner (interests in 38 refineries in 21 countries), refining capacity of 5.2 million bpd
 - Exploration and production acreage in 38 countries; production in 24 countries
 - Production of 4.4 million NOEB per day
 - 130 major development projects in upstream
 - Largest onshore U.S. natural gas producer
 - Petrochemical operations – interests in 51 manufacturing facilities worldwide
 - Over 80,000 employees worldwide



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Defining Sustainability

ExxonMobil is committed to addressing the challenge of sustainability

balancing economic growth

social development and environmental protection

so that future generations are not compromised by actions taken today.

(2010 Corporate Citizenship Report)



Sustainable Development: *“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”*

(1987 UN Brundtland Report)



Managing Sustainability Issues

- **Corporate-level issue management team**
 - Subteams in various functions – i.e., Development Company Socioeconomics Team; Procurement teams and initiatives
 - Stewardable objectives
- **Annual reports via *Corporate Citizenship Report***
 - http://www.exxonmobil.com/Corporate/Imports/ccr2010/pdf/community_ccr2010.pdf
- **Participation in external initiatives to develop sustainability reporting and performance standards**
 - IPIECA, IFC, Carbon Disclosure Project
 - Engagement with partners/customers
 - **Steward performance in 6 Focus Areas – Corporate Governance, Safety & Health, Environmental Performance, Managing Climate Change Risks, Economic Development, Human Rights & Security**



Sustainability Issues for ExxonMobil

- **Upstream**
 - Major projects in developing/undeveloped areas
 - Oil sands
 - Shale gas
- **Refining & Supply**
 - GHG emissions, low carbon fuels
- **Chemicals/Fuels/Lubes**
 - Disclosure issues; customer queries



Upstream Issues

- **Lifecycle approach** – managing impacts from exploration to project closure
 - Biodiversity protection
 - species, habitats, community engagement
 - Security and Human rights
 - Labor policies/practices, training, contracting
 - Socioeconomic impacts
 - National content, workforce/supplier development
 - Environmental & Safety
 - Flaring
 - Waste management/Water use and management; spill prevention



PNG LNG Project

The PNG LNG project is located near communities that continue to depend on a subsistence economy.

The project is expected to accelerate the types of change that previous resource development has already brought.

Socio-economic considerations associated with the PNG LNG project include:

- Consulting effectively with stakeholders
- Providing employment, training and local business development
- Contributing to health, education and agricultural initiatives
- Avoiding cultural sites and sacred sites
- Payment of compensation, fairly and transparently





Biodiversity Considerations

Remote nature of parts of project area and low population density mean conservation values of those locations are high; numerous local landforms including sinkholes, pinnacles, caves, springs, waterfalls

The environment in project areas ranges from ridges and ravines, volcanic landforms at high elevations, to lowlands of Kikori basin and delta landforms of the Gulf of Papua.

- Plant diversity high - 6,000 to 12,000 species of plants
- Diverse fauna - approximately 90 species of mammals, 400 species of birds and nearly 50 species of bats.
- General remoteness, lack of soil fertility and tropical diseases have kept human populations low.
- Industrial development to date in Kikori River basin has involved oil and gas production and commercial logging near the coast.





Biodiversity Considerations

Project has developed environmental mitigation measures to protect environment from direct and indirect impacts.

Goal - direct impact of project on biodiversity to be localized, with limited habitat loss from land clearance.

- Study of 12 biological regions affected by the project concludes none are at risk due to land clearing.
- Detailed impact assessments and studies to minimize habitat loss and sensitive area impacts
- Hides Ridge is most sensitive area due to rugged terrain, high biodiversity and slow rates of plant regeneration. Measures in place include reduction of area of clearing required and control of access.



Regeneration of the crude oil export pipeline ROW approaching Mubi valve station.
May 1998



May 2005





GHG Disclosure Issues and Drivers

- **GHG Mandatory Reporting Rule**
 - 40 CFR Part 98 (74 Fed. Reg. 5620) requires reporting of GHG emissions from listed sources, and others who emit > 25K tons CO₂e per year
- **Socially Responsible Investment Community/NGO's**
 - Pushing for more disclosure/communication; CERES advocacy
 - Shareholder resolutions and NGO litigation and advocacy
- **SEC Interpretive Guidance** - www.sec.gov/rules/interp/2010/33-9106.pdf
 - Jan 2010: no “new” requirement; guidance on how existing disclosure requirements apply to developments relating to climate change
 - Not yet finalized
- **Carbon Disclosure Project**
 - Global project to report GHG emissions
- **ASTM Disclosure Guidance**
 - ASTM E2718 -10: Guide for Financial Disclosures Attributed to Climate Change



Chemicals Sustainability

- **Science-based approach**
 - Lifecycle approach to product and packaging evaluation, as outlined in ISO 14001 and our Standard for Environmental Management Systems
- **Management systems**
 - OIMS
 - Product safety and product quality policies
- **Product stewardship / safety**
 - Investments of nearly \$100 million on safety testing and evaluations over 10 years
 - Employment of more than 100 full-time scientists performing product assessments and toxicology and environmental impact studies
 - Leverage industry for common health and environmental studies
- **Technology**
 - Developing new/improving existing products and processes to improve energy efficiency, minimize environmental impacts, better serve customers' needs, and comply with regulations.





Chemicals/Fuels/Lubes

- **Disclosures & Registrations**
 - U.S., other legal and regulatory requirements (TSCA, REACH, etc.)
 - Market entry issues
 - SEC/FTC compliance – How “green” are you?/FTC green guides
- **Supply Chain Management**
 - Use procurement organization to recognize sustainability opportunities globally
- **Customer engagement**
 - Share success stories/ respond to queries
- **Third-party ratings**



GHG & Carbon Emissions

- **Areas of focus**
 - Flare reduction
 - Lifecycle GHG emissions issues
 - Energy and production efficiency
 - Cogeneration
 - New technologies
 - Carbon capture & storage



The Role lawyers play

- Advise on marketing claims and statements to third parties and in materials used in external communications
- Advise on compliance with disclosure laws and regulations
- Work with clients on inquiries from customers/regulators/third parties



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Sustainability

Back-up Information



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SEC Reporting - 2010 ExxonMobil 10K

Climate change and greenhouse gas restrictions. Due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. These requirements could make our products more expensive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shifting hydrocarbon demand toward relatively lower-carbon sources such as natural gas. Current and pending greenhouse gas regulations may also increase our compliance costs, such as for monitoring or sequestering emissions.

Government sponsorship of alternative energy. Many governments are providing tax advantages and other subsidies and mandates to make alternative energy sources more competitive against oil and gas. Governments are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. We are conducting our own research efforts into alternative energy, such as through sponsorship of the Global Climate and Energy Project at Stanford University and research into hydrogen fuel cells and fuel-producing algae. Our future results may depend in part on the success of our research efforts and on our ability to adapt and apply the strengths of our current business model .



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Chevron 2010 SEC Form 10K

Regulation of greenhouse gas emissions could increase Chevron's operational costs and reduce demand for Chevron's products.

Continued political attention to issues concerning climate change, the role of human activity in it, and potential mitigation through regulation could have a material impact on the company's operations and financial results. International agreements and national or regional legislation and regulatory measures to limit greenhouse emissions are currently in various stages of discussion or implementation. For instance, the Kyoto Protocol and California's Global Warming Solutions Act, along with other actual or pending federal, state and provincial regulations, envision a reduction of greenhouse gas emissions through market-based regulatory programs, technology-based or performance-based standards or a combination of them. The company is subject to existing greenhouse gas emissions limits in jurisdictions where such regulation is currently effective, including the European Union and New Zealand. In 2010, the U.S. Environmental Protection Agency (EPA) finalized two regulations under the Clean Air Act that establish greenhouse gas emission standards for new light-duty vehicles and clarify preconstruction permitting requirements for new or modified stationary source facilities with greenhouse gas emissions that exceed 75,000 tons per year of carbon dioxide equivalent. In addition, the EPA recently agreed to develop additional regulations on greenhouse gas emissions from utilities and refineries. The agency is beginning to develop these new regulations, which are scheduled to be effective in May 2012 (utilities) and November 2012 (refineries), so it is not possible to predict their impact at this time.

The U.S. Congress has previously considered and may in the future consider legislation aimed at reducing greenhouse gas emissions. At this time it is not possible to predict any specific Congressional actions in 2011 or beyond, and it is unclear how any such legislation would reconcile with the Clean Air Act or current EPA regulations.

In December 2010, California adopted regulations implementing the cap and trade program requirements of the state's Global Warming Solutions Act, also known as AB32. The first compliance period of the cap and trade program begins in 2012 and ends in December 2014. Chevron may incur costs associated with emissions reduction activities, and the purchase of allowances or credits for its facilities in California. In addition, Chevron's purchased energy costs from utilities may increase starting in January 2012, when electricity generators are required to purchase allowances or credits for electricity sold in California



Links to Additional Sustainability Reports for 2010

ExxonMobil [A life cycle approach to environmental protection](#)

G.E. [GE Citizenship Commitment Areas](#)

WalMart [Walmart Corporate Sustainability](#)

Starbucks [Starbucks Environmental Stewardship](#)