ExxonMobil

Taking on the world's toughest energy challenges.™

2007 Corporate Citizenship Report

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LRQA Assurance Summary Statement. Lloyd's Register Quality Assurance, Inc. (LRQA) believes the ExxonMobil reporting system is effective in delivering safety, health, and environmental indicators, which are useful for assessing corporate performance and for reporting information consistent with the IPIECA/API *Guidance*. For the full assurance statement, see the inside back cover.

about this report

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). The majority of these indicators are also consistent with the indicators used by the Global Reporting Initiative (GRI) in the *Sustainability Reporting Guidelines* Version 3.0 (G3).

Our *2007 Corporate Citizenship Report* describes our efforts in a range of areas relating to the financial, environmental, and social performance of the Corporation. The report is intended for anyone interested in learning more about our corporate citizenship.

We address our corporate citizenship accomplishments, the challenges we face, and our future plans to meet these challenges. In addition to describing our approach to corporate citizenship, including our engagement activities and performance in the most material issues to our business operations, the report also provides an overview of our energy outlook to 2030, which shapes our corporate citizenship challenges. In this year's report, we are interpreting trends in our citizenship performance data in terms of our company operations. Additional information about our company, our operations, and our management systems can be found on our Web site (*exxonmobil.com*).

We value your feedback on this report and our performance in addressing financial, environmental, and social issues. Comments for improvement received for the *2006 Corporate Citizenship Report* were incorporated into this report. We solicited feedback through a variety of mechanisms, including our corporate reporting Web site (*exxonmobil.com/citizenship*), online surveys, business-reply cards, and interviews with opinion leaders from nongovernmental organizations (NGOs), academia, and financial institutions. Business for Social Responsibility (BSR), an advisory organization on corporate social responsibility of which we are a member, also provided a detailed review of our 2006 report.

For additional information and to provide comments, please contact:
Ms. Noa Gimelli
Corporate Citizenship
ExxonMobil
3225 Gallows Road
Fairfax, VA 22037
E-mail: *noa.gimelli@exxonmobil.com*

On the cover: The design represents the five material areas discussed within the report (see our materiality analysis on page 6).

Note: This report covers ExxonMobil and all of its corporate subsidiaries under the brands ExxonMobil, Exxon, Mobil, *and* Esso. *The report reviews our corporate citizenship performance as of December 31, 2007. Most environmental data are reported in metric units. Financial information is reported in U.S. dollars.*

corporate citizenship at ExxonMobil

ExxonMobil's primary role—and most important benefit to society—is to safely provide reliable and affordable supplies of energy to people around the world. Doing this well is essential to improving standards of living, and we are committed to doing so in a financially, environmentally, and socially responsible manner.

Our business model incorporates high standards of integrity, legal compliance, governance practices, and management control systems, and is key to achieving sustainable performance and good corporate citizenship. How we achieve business results everywhere we operate is as important as the results themselves.

At ExxonMobil, corporate citizenship is embedded in our business model and effectively integrates good corporate governance, safety, and environmental and social responsibility into all aspects of our global business. When we promote stable operating environments, sound governance systems, and skilled workforces, we promote our own success.

We take our commitment to corporate citizenship seriously, and we apply the same consistency, discipline, and ingenuity in meeting our obligations as we do in how we manage our financial resources. At ExxonMobil, being active and involved citizens in the communities where we live and operate begins at the top. Our corporate citizenship commitments are governed by the Board of Directors and its Public Issues, Board Affairs, Contributions, Compensation, and Audit Committees. We expect our employees to integrate corporate citizenship into their work-related activities and decision-making processes. We also actively encourage our employees at all levels to get involved by making financial contributions and volunteering their time and services.

Operating ethically and responsibly is embedded in our business culture through our *Standards of Business Conduct*, and is monitored, enforced, and improved upon through our globally deployed systems, which include the *Controls Integrity Management System*, *Operations Integrity Management System* (OIMS), *Best Practices in External Affairs* (BPEA), and *Framework on Security and Human Rights*.

Our corporate citizenship activities also help reduce known barriers to development in countries where we operate, which helps create stability and progress. We address development challenges by delivering affordable energy; creating jobs; generating revenues for governments; supporting social investments and philanthropic activities in the areas of local capacity, education, and health; and participating in public policy dialogue and advocacy activities. This allows us to have a positive impact on the communities where we operate and is consistent with the objectives of the United Nations *Millennium Development Goals*.

a closer look

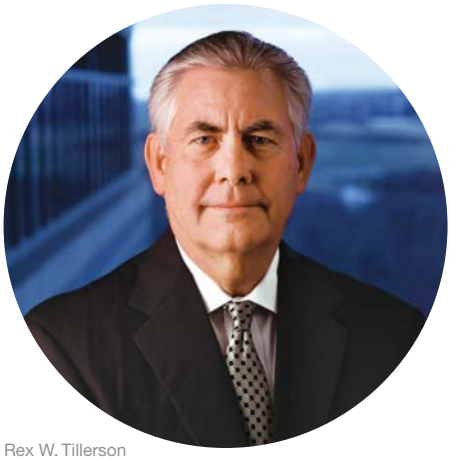
Managing corporate citizenship

Our *Standards of Business Conduct* provide each employee with guidelines on ethics, conflicts of interest, non-discrimination, and harassment in the workplace. Our *Controls Integrity Management System* and *Operations Integrity Management System* (OIMS) form the framework by which we manage safe, reliable, and ethical operations globally as well as corporate citizenship issues.

Look for this icon to find out how we integrate corporate citizenship throughout our operations.

CEO statement

a long-term perspective



Rex W. Tillerson
Chairman and CEO

environmental performance

Conducting our business in a manner that is protective of the environment and addresses greenhouse gas emissions

▸ **See page 14**

workplace

Leading the industry with our workforce safety and health performance as a result of our high standards for managing our operations worldwide

▸ **See page 26**

At ExxonMobil, we know our business has a direct impact on many lives. The oil and gas we produce—and the technologies we have developed—make it possible for millions of people around the world to light and heat their homes, fuel their vehicles, and power their businesses.

Energy helps economies grow and individuals prosper, and is essential to modern society. Fulfilling this need for energy is the foundation of our business and a source of motivation for our company's 81,000 employees.

operating responsibly

ExxonMobil is committed to operating in a responsible manner toward all whose lives we touch—our employees, our shareholders, our customers, and the communities in which we do business—and our shared environment. This commitment is an integral part of our decisions. We know that operating responsibly wherever we do business makes ExxonMobil a better company—a better employer, a better neighbor, and a better corporate citizen.

Companies like ours play an important role in meeting the world's energy needs. Meeting these needs is a tremendous challenge. Today, the world uses the energy equivalent of approximately 250 million barrels of oil every day. By 2030, as populations grow and economies expand, global energy demand is expected to be about 40 percent higher than it was in 2005.

ExxonMobil is focused on helping meet global energy demand while also meeting our responsibilities as a corporate citizen. As the world's largest publicly traded international energy company, we bring a unique perspective to discussions on how best to meet the world's energy needs, and we recognize our important role as a leading global corporate citizen. We also have a responsibility to listen. We incorporate input from shareholders and others into our approach for addressing corporate citizenship issues.

our commitment in five areas

Our *2007 Corporate Citizenship Report* details ExxonMobil's commitment in five areas: environmental performance, workplace, corporate governance, transparency and human rights, and community development. In this year's report, we share our successes in these areas and highlight challenges that remain.

- **Environmental Performance.** Companies are responsible for managing the environmental impact of their operations. The issue of greenhouse gas emissions is being considered by a broader community that includes not only energy companies, environmental groups, and scientists, but also energy consumers, policy makers, and the media. ExxonMobil supports an increased awareness of how energy shapes our world as well as discussions on policies that seek to reduce greenhouse gas emissions.

corporate governance

Sustaining our commitment to high ethical standards, legal compliance, and operations integrity through our company-wide *Standards of Business Conduct*

▸ **See page 34**

transparency and human rights

Helping to establish transparency agreements to disclose government revenues in the countries in which we have significant investments

▸ **See page 40**

community development

Supporting community programs that reduce known barriers to development through strategic investments in health, education, and opportunities for women and girls

▸ **See page 44**

We continue to take action to reduce greenhouse gas emissions in our operations and to develop new technologies that enable more efficient energy use. We are also committed to participating in the continuing public dialogue on this important issue.

● **Workplace.** We have been leading the industry with our low incident rates for workforce safety and health. In 2007, we achieved our best-ever safety and health performance. We remain committed to long-term capacity building in the countries where we operate. Our approach to national content development at the local level includes investments, creation of jobs, and the transfer of knowledge and skills to employees, contractors, and suppliers.

● **Corporate Governance.** ExxonMobil is committed to sound corporate governance and high ethical standards wherever we conduct business. Our company-wide *Standards of Business Conduct* provide our workforce across all operations with guidelines on ethics, conflicts of interest, nondiscrimination, and harassment in the workplace.

● **Transparency and Human Rights.** In this report, you will find a discussion of our efforts to help establish transparency agreements with governments of countries in which we have significant investments as well as our efforts to address corruption through our support of the *Extractive Industries Transparency Initiative*.

● **Community Development.** ExxonMobil believes in creating a positive and lasting social impact in the countries in which we operate. Our operations strengthen economic growth through investment, employment, and the purchase of local goods and services. We focus on supporting community programs that reduce known barriers to development. Our strategic community investment activities include enhancing health conditions, improving education, and expanding opportunities for women and girls. These investments help to alleviate poverty, promote social progress, and increase economic growth.

looking forward

Meeting the world's energy needs—safely, responsibly, and reliably—has been ExxonMobil's mission for more than 125 years. We approach this commitment with discipline, a long-term view, and a results-oriented attitude.

ExxonMobil strives to be the world's premier petroleum and petrochemical company. We are proud of our financial and operating results, but we are equally proud of our culture of integrity and commitment to act in a safe and responsible manner toward employees, the environment, and local communities. And we look forward to building upon this record of accomplishment. The same strengths that have enabled our past achievements prepare us to succeed in the future.

Helping meet the world's growing energy needs in a responsible way is a challenge ExxonMobil is proud to take on.

Rex W. Tillerson
Chairman and CEO

engagement activities

communication and engagement

We engage with the communities in which we operate as well as with governments, nongovernmental organizations (NGOs), shareholders, customers, suppliers, employees, and others to help identify and manage issues of mutual concern and interest. We do this with the goal of fostering understanding, trust, and cooperation on key issues.

Engagement is a key component of our corporate citizenship strategy. It helps us identify those issues that are most material to our business operations, which we discuss in this *Corporate Citizenship Report* (see our materiality analysis on page 6).

Our engagement takes many forms, including internal and external dialogues, e-mail communications (*citizenship@exxonmobil.com*), publications such as the *Corporate Citizenship Report*, and content on our Web site (*exxonmobil.com*).

broad-based engagement activities

Engaging with governments to effectively advocate our company's position on issues of mutual interest

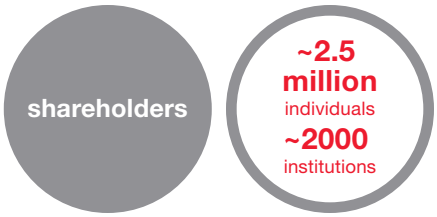
- Negotiation and dialogue with host countries
- Sharing of relevant information with governments and regulators on legislative impacts
- Participation in the *Extractive Industries Transparency Initiative* (EITI)
- Participation in the dialogue on the *Voluntary Principles on Security and Human Rights*

Example: We continued working with the governments of Azerbaijan, Equatorial Guinea, Kazakhstan, Madagascar, and Nigeria to help implement the *Extractive Industries Transparency Initiative*. This work included drafting language for memorandums of understanding, developing reporting templates and guidelines, defining terms of reference, giving presentations, and participating in workshops.

Incorporating community engagement activities into all aspects of our business to share information on operational processes and listen to external concerns

- Community consultation and feedback mechanisms embedded in our *Best Practices in External Affairs* (BPEA)
- Environmental, Social, and Health Impact Assessments (ESHIAs) for new projects to incorporate community concerns
- Community engagement in emergency preparedness response planning and drills
- Citizenship Engagement Forums to share perspectives with NGOs, socially responsible investors, academics, and think tanks throughout the United States, Europe, Asia, and Africa
- Speaker forums at universities, community groups, and business organizations worldwide
- Partnerships with local NGOs and associations

Example: Starting in 2006 and continuing in 2007, we established the Chad-Cameroon land use mitigation action plan to address issues of increased land requirements. As part of the project, multiple and ongoing consultations have been conducted with representatives from impacted communities in the oil field area.



Interacting with institutional and individual shareholders to discuss our performance and listen to concerns throughout the year

- Meetings with shareholders, including the Annual Meeting of Shareholders
- Shareholder dialogues and shareholder magazine
- Proxy statement
- Quarterly earnings communications, *Summary Annual Report,* and *Financial and Operating Review*
- Securities and Exchange Commission filings
- Meetings with analysts, including the annual meeting
- Correspondence with non-employee directors, individually or as a group

Example: In 2007, we held 18 meetings with shareholder groups, including the California Public Employees' Retirement System (CalPERS), California State Teachers' Retirement System (CalSTRS), Ceres, the Episcopal Church, F&C Asset Management, Interfaith Center on Corporate Responsibility (ICCR), Investor Network on Climate Risk (INCR), the Needmor Fund, Rockefeller Family Fund, Teachers' Retirement System of the City of New York, and Walden Asset Management.

To be effective, our outreach efforts must be built on honest, transparent, accurate, and timely information. Over the past year, our engagement activities covered a wide range of topics, including environmental, governance, and social issues. These efforts have helped ExxonMobil shape our approach to addressing challenges in our operations.

In 2007, examples of topics raised that we found to be most relevant to ExxonMobil and that are incorporated into our business plans included:

• **Energy security and environmental matters, including climate change:** Through speeches and dialogues around the world, we are presenting our views on energy security and climate change, and we are working to reduce our emissions, improve the efficiency of our consumers' use of energy, and develop new energy technologies (see page 15);

• **Human rights:** Through ongoing participation and involvement in the *Voluntary Principles on Security and Human Rights*, we developed our *Framework on Security and Human Rights* and are also initiating human rights training (see page 42); and,

• **Community development:** Through feedback and dialogue with local and international NGOs, we tailor our international corporate giving to meet the needs of the communities in which we operate (see page 44).

In 2008, we plan to increase the frequency with which we hold meetings and discussions with third parties to supplement our Citizenship Engagement Forums, an expansion of our Opinion Leader Dialogues. Forums are held to increase understanding of the varied views of the issues, and the company's positions and actions.

Communicating with our customer base, including end-users of our products as well as industrial and wholesale customers

- Customer feedback and customer care programs
- Customer service organizations and surveys
- Customer seminars and symposia events
- Ongoing business-to-business communications and interactive conference calls

Example: In 2007, Customer Care for ExxonMobil handled more than 60,000 inquiries from North American customers. These included a wide range of topics such as requests for service station information, customer experience feedback, and general inquiries about Exxon Mobil Corporation.

Ongoing day-to-day contact and negotiation with suppliers worldwide

- Local supplier training in negotiation, business planning, and bidding
- National content development
- Supplier diversity program targeting women- and minority-owned businesses
- Financial support to advocacy groups for local businesses and women- and minority-owned enterprises

Example: Supplier training programs were conducted in conjunction with locally developed enterprise centers in Angola and Chad. In addition, other businesses were mentored through our microfinance and microcredit programs on Sakhalin Island, Russia. In Chad, more than 200 suppliers have been trained in the use of the ExxonMobil electronic bidding system. We also provided dedicated training on ExxonMobil processes and systems to suppliers in Nigeria.

Engagement between our workforce and ExxonMobil management through our open-door communication policy

- Employee forums
- Employee participation in various committees
- Diversity management councils
- Employee diversity network groups
- Union representation
- Employee human resources intranet sites
- Confidential employee hotline

Example: In 2007, members of the company's Management Committee hosted 32 employee forums in the United States and 28 abroad. Forums allow employees to engage directly with senior management on a range of issues. This year, issues included financial, safety, and environmental performance across business lines; the company's future plans; and ExxonMobil's position on global climate change.

engagement activities

materiality analysis

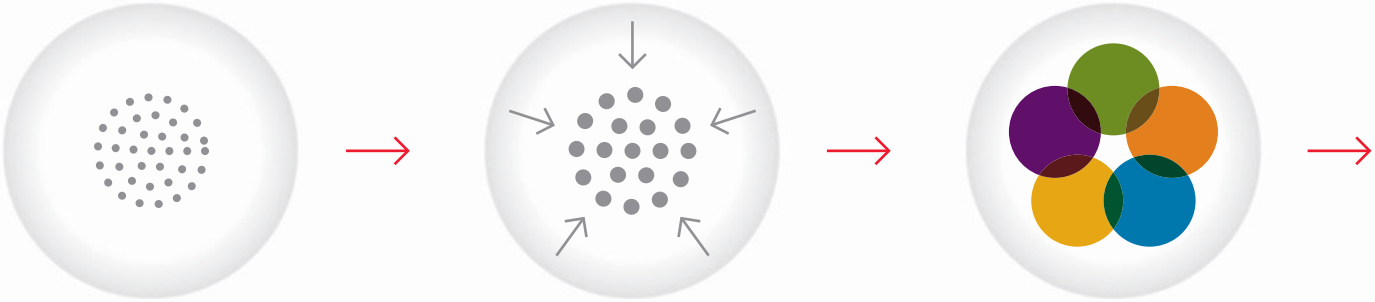
At ExxonMobil, we use materiality analysis to identify social and environmental challenges and opportunities that are important to external audiences, and to prioritize them in our business strategies.

A combination of external stakeholder engagement and internal strategic alignment ensures that this process is transparent and credible.

By linking our nonfinancial performance with our business strategies, we focus our efforts on longer-term value drivers that contribute to the success of our company.

The materiality analysis helps us to ensure that the content of the *2007 Corporate Citizenship Report* is useful to readers, promotes better internal understanding of corporate citizenship issues, and shapes our ongoing approach to corporate citizenship by targeting rapidly emerging issues and aligning these with our business strategies.

We discuss these material issues in the context of ExxonMobil operations specifically.



1.

Identify issues of concern

▸ Framed by our projections for global energy demand and supply as described in our *Outlook for Energy*

We are focused on safely and reliably helping to meet growing energy demand to improve the quality of life for people around the world, while working to reduce our impact on the environment and enhance our contribution to the communities in which we operate. Material issues are defined as those that may have a significant current or potential impact on our company, that are of significant concern to external groups, and that we are able to address in a reasonable manner.

2.

Assess issues identified

▸ Informed by diverse perspectives

- In-depth interviews with global nongovernmental organizations
- In-depth interviews with academia
- In-depth interviews with financial institutions
- Employee input through survey cards
- Detailed review by Business for Social Responsibility (BSR)

Direct feedback was used to identify the environmental and social issues of most concern to our key external groups. We also reviewed internally the issues that have the most significant impact on our business strategy.

3.

Focus on material areas

▸ Defined by our analysis

The issues that were identified as most material to external groups and that are critical to our company's business strategies are organized according to five material areas.

- Environmental performance
- Workplace
- Corporate governance
- Transparency and human rights
- Community development

ExxonMobil's
Outlook for Energy

4.

Review priority issues

▸ Addressed in the context of ExxonMobil operations specifically

In ExxonMobil's *2007 Corporate Citizenship Report*, we discuss the most significant and strategic issues in more detail and introduce these as priority issues (as presented above in each material area) at the beginning of each section of the report. Priority issues were determined by using a three-tiered internal review system that included the relative importance of the issue to both external and internal audiences. This assessment was reviewed by senior management.

summary of citizenship activities

2007 achievements, challenges, and future plans

2007 achievements

environmental performance

Best-ever energy efficiency performance

Record-low number of spills, including zero spills from company-operated marine vessels

3 percent reduction in greenhouse gas emissions from 2006 level

23 percent reduction in combined emissions of volatile organic compounds, nitrogen oxides, and sulfur dioxide from our operations since 2004

$1 billion+ invested in cogeneration projects since 2004 to improve efficiency and reduce emissions

Established the ExxonMobil Environmental Services organization to better manage our remediation and nonoperating site activities

workplace

Best-ever combined employee and contractor workforce lost-time incident rate

Upgraded safety training and expectations for truck and passenger vehicle operators

Trained thousands of contractor supervisors and managers on safety leadership and expectations

Developed more effective processes and tools to deliver human resources services as part of an ongoing effort

Emphasized development of our workforce and gender diversity worldwide as part of an ongoing effort

Continued to roll out our strategy for national content development in our developing and operating areas

corporate governance

10 out of 10 score from GovernanceMetrics International

$89 billion in effectively stewarded investments in our Upstream, Downstream, and Chemical businesses over the last five years, including $21 billion in 2007 alone

101 percent of reserves replaced

110 percent of reserves replaced over last five years

Adopted Board of Directors' *Statement on Incentive Compensation in Case of Restatement*

Updated *Corporate Governance Guidelines* to include provision of New Jersey law for calling of special shareholder meetings

transparency and human rights

Partnered with interested governments as they move toward transparency in managing their oil and gas interests

Continued to play leadership role in shaping industry support for the *Extractive Industries Transparency Initiative*

Developed human rights training presentation for use in global operations

Served in leadership role to help address human rights issues as a representative on the *Voluntary Principles on Security and Human Rights* Steering Committee

community development

$40 million in grants awarded to the *Africa Health Initiative* since 2000

$11 million+ awarded as grants since 2005 to the *Educating Women and Girls Initiative*

Supported local nongovernmental organizations (NGOs) in Angola and Indonesia to develop their capacity to effectively partner with multinational companies

$1 billion+ invested in education worldwide in the last 30 years

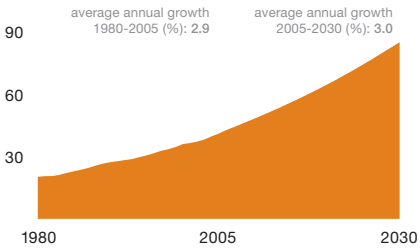
$125 million committed to support the *National Math and Science Initiative* to improve math and science education in the United States

challenges	future plans
• Continuing the pace of implementation of energy efficiency opportunities • Implementing planned projects to reduce flaring in Nigeria given security and partner funding issues • Meeting increasing energy needs while decreasing greenhouse gas emissions • Continuing to reduce our environmental footprint, particularly in ecosystems with sensitive characteristics • Meeting rigorous improvement targets established through our *Environmental Business Planning*	• Improve energy efficiency by at least 10 percent between 2002 and 2012 across our worldwide refining and chemical operations • Continue historical trend in spill reduction • Reduce the normalized emissions of volatile organic compounds and nitrogen oxides from our chemical operations by 5 percent per year • Reduce upstream hydrocarbon flaring volumes by 50 percent over the next several years as our planned projects are implemented • Develop cost-effective technologies to increase future energy supplies, improve energy efficiency, and reduce greenhouse gas emissions
• Improving further our industry-leading personnel safety performance • Strengthening systems to identify and reduce the risk of process safety incidents • Sustaining effective malaria and HIV/AIDS control programs in Africa • Developing the capacity of local economies and the local workforce to benefit from our operations beyond the life span of a project	• Emphasize hazard recognition and reduce risk tolerance in our workforce through behavior-based safety tools • Enhance use of human factors technology to address issues such as worker fatigue and ergonomics • Work through the American Petroleum Institute to develop industry indicators for process safety • Continue to improve security measures to further enhance the protection of our people and assets • Create economic opportunities for local businesses, develop locally competitive supply chains, and expand and publicize details of national content development on our Web site
• Continuing to deliver superior returns across the business lines • Improving mutual understanding of company positions and corporate citizenship issues with shareholders • Ensuring that corporate governance practices facilitate effective management of enterprise risks and support growth in shareholder value • Continuing to communicate our principles-based *Corporate Governance Guidelines* with shareholders • Continuing to minimize potential risks of our business activities and products on people and the environment	• Manage succession of non-employee directors to maintain effective independent oversight • Continue to demonstrate high ethical standards • Hold frequent meetings and discussions with socially responsible investors, institutional investors, and other interested parties • Supplement these shareholder meetings with Citizenship Engagement Forums • Continue to review and enhance corporate governance policies and procedures to ensure best approaches are in place considering current circumstances
• Gaining the consent of host governments for increased disclosure on financial revenues from oil and gas • Maintaining security at operations within a framework that promotes respect for human rights • Promoting the *Voluntary Principles on Security and Human Rights* in joint ventures in which ExxonMobil has minority participation	• Continue supporting transparency initiatives that apply universally to all companies • Complete human rights awareness training • Host human rights workshop for companies, NGOs, and governments in Latin America to provide information and tools for managing human rights challenges
• Supporting economic growth and development in countries in Africa to make progress toward meeting the United Nations *Millennium Development Goals* • Partnering with local NGOs in developing countries to effectively implement and manage in-country programs • Improving the performance of students in math and science, to train future scientists and engineers	• Continue to expand geographic reach of the *Global Women in Management Program* to Nigeria and Mexico in 2008 and to the Middle East and Latin America in 2009 to help build capacity of local NGOs • Support six additional *Global Women in Management Program* workshops reaching 156 women and two additional coaching workshops for more than 50 new coaches • Host three Mickelson ExxonMobil Teachers Academy sessions in 2008 to train 600 elementary school teachers

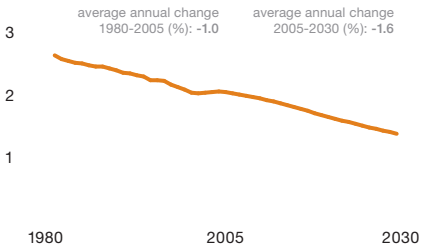
outlook for energy

view to 2030

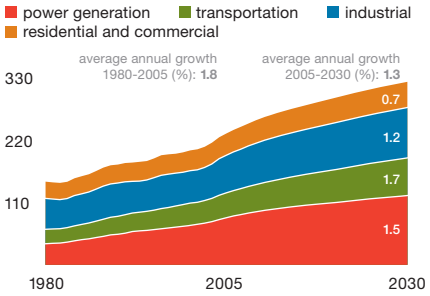
worldwide economic output
(trillions of dollars, 2005-dollars)



global energy intensity
(barrels of oil-equivalent/thousand dollars gross domestic product, 2005-dollars)



world energy demand by sector
(millions of oil-equivalent barrels per day)



Our outlook is focused on the world's rising energy needs and how we expect these needs to be met. The challenges reflect the global scope of this task as well as substantial objectives related to economic development, energy security, and the environment.

ExxonMobil's *Outlook for Energy* summarizes our assessment and projections for expected global energy demand and supply through 2030. It is the outcome of an ongoing process that has been conducted for decades. The process considers fundamental drivers of overall energy demand, including economic progress, population growth, and substantial gains in energy efficiency. In addition, our outlook reflects a wide variety of factors affecting the use of particular types of energy, including supply and demand technologies, potential public policy initiatives, and economics. The findings influence our long-term strategies and investment plans. Additional information on the *Outlook for Energy* is available on our Web site (*exxonmobil.com/energyoutlook*).

Progress Drives a Growing Need for Energy. The world's economy runs on energy. Future energy use will be driven by a growing global population that continues to seek better living standards. Global economic output, as measured by gross domestic product, is likely to increase by close to 3 percent annually through 2030, similar to historical trends.

While growing, the global economy is becoming more energy efficient. Energy intensity—the amount of energy used per unit of economic output—has improved significantly over the past 25 years. The rate of improvement is likely to increase as advanced technologies are developed and deployed. As a result, energy intensity in 2030 will be almost 50 percent below the level of 1980.

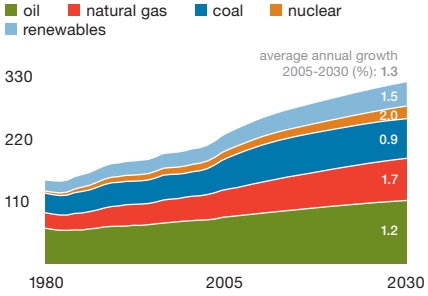
Global energy demand—expressed in millions of oil-equivalent barrels per day—is expected to increase by 1.3 percent per year on average from 2005 to 2030, even with significant efficiency gains. The vast majority of the increase in demand will be in developing countries, where economies are growing most rapidly and modern energy supplies are still a precious commodity for millions of people. While the use of renewable fuels will continue to grow, oil, natural gas, and coal will remain the primary sources of energy through 2030.

Power Generation and Growing Electricity Demands. The largest end-use sector today—and the one with the greatest volume growth going forward—is power generation. Both economic development and rising prosperity drive the demand for electricity. As developing countries become more prosperous and billions of people move up the economic curve, demand for electricity will increase significantly. Meeting this demand will require strong growth in fuel supplies for power generation.

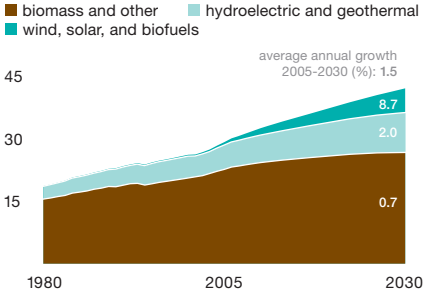
On a global basis, coal will remain the largest source of power through 2030, although natural gas will see the largest increase in use. While more efficient technologies and cleaner fuels will continue to penetrate the power generation sector, the predominance of coal will have significant implications for overall carbon dioxide (CO_2) emissions.

Expanding Transportation Demand. The fastest growing sector—and the one most important to oil demand—is transportation, which includes vehicles, ships, trains, and airplanes. Transportation is essential to today's world—whether aiding the provision of goods and services, or getting people to local or international destinations. Global economic progress, growing populations, and rising individual prosperity will remain strong drivers of transportation demand.

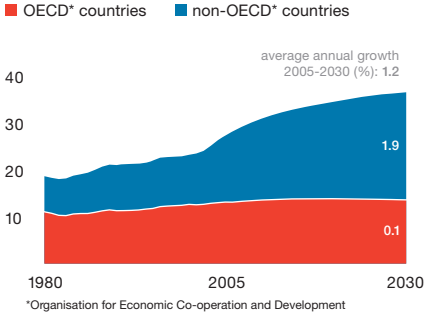
world energy demand by fuel
(millions of oil-equivalent barrels per day)



renewables
(millions of oil-equivalent barrels per day)



energy-related CO_2 emissions
(billions of metric tons of CO_2 per year)



*Organisation for Economic Co-operation and Development

As the number of vehicles continues to rise, energy efficiency will become increasingly important. Significant gains are expected to come from evolutionary changes to conventional engine technologies, along with market penetration of advanced vehicle technologies.

Global Energy in Perspective. Meeting the growing need for reliable and affordable energy supplies remains a tremendous challenge. Access to resources, large investments, ongoing technology development, and sound energy markets, including international trade, are critical. In assessing the global energy future, the expected contribution of all primary energy sources should be recognized.

Oil consumption, driven by transportation and industrial demand, will likely increase at 1.2 percent per year. Natural gas consumption is expected to grow at 1.7 percent per year, driven by increasing demand for power generation from efficient fuels with relatively low carbon intensity. Demand for coal—which has a high carbon intensity—is likely to rise less than 1 percent per year. Nuclear power generation is expected to grow significantly, particularly after 2020.

Renewable fuels will also gain share, with an overall growth rate of 1.5 percent per year. Most of this segment is made up of traditional biomass (for example, wood, charcoal, and dung), hydroelectric, and geothermal energy with relatively modest growth. In contrast, "modern" renewables (wind, solar, and biofuels) are likely to grow rapidly, at about 9 percent per year on average, supported by government subsidies and mandates. These energy sources currently represent about 0.5 percent of world energy and are expected to reach approximately 2 percent by 2030.

Rising Energy Demand and CO_2 Emissions. Global energy-related CO_2 emissions are likely to increase by 1.2 percent per year on average, with non-OECD countries representing close to 95 percent of the annual growth over the outlook period. Addressing rising CO_2 emissions while providing more energy to support progress and better living standards is a significant challenge. While a variety of options exist to mitigate CO_2 emissions, each carries a cost ultimately borne by individuals. Effectively addressing this issue requires a thorough understanding of the scale, cost, and trade-offs involved, recognizing the importance of energy to human progress.

Economic expansion is a desire for billions of people around the world, and providing the energy necessary for growth is imperative. Our approach to addressing these challenges is pragmatic, with a long-term perspective. We remain committed to finding practical, broad-based solutions that will help ensure availability of reliable and affordable energy for people around the world.

conclusions from our *Outlook for Energy*

1 **Economic progress will drive energy demand significantly higher by 2030, up nearly 40 percent versus 2005, even with substantial gains in efficiency. This growth will be concentrated in the non-OECD countries, where economies are growing rapidly and where billions of people require access to growing quantities of energy to improve their quality of life.**

2 **Oil, natural gas, and coal will be indispensable to meet the demand for reliable and affordable energy for the foreseeable future. Since renewable fuels start from a small base, they will not significantly alter the global energy mix over the outlook period, even with rapid growth. Fossil fuels are expected to continue to provide 80 percent of energy in 2030.**

3 **Significantly addressing global CO_2 emissions growth will require the combination of many challenging and essential elements, including global participation, step changes in energy efficiency, significant technology gains, and massive investment over decades.**

business overview

company profile

2007 business highlights

net income **$40.6 billion**

Record earnings performance in each of our business lines

capital and exploration expenditures **$21 billion**

Highest-ever investment in capital and exploration projects

liquids and gas production **4.2 million** oil-equivalent barrels per day

Produced more barrels per day than any of our competitors

refinery throughput **5.6 million** barrels per day

Throughput on par with 2006 as divestments offset by volume growth

petroleum product sales **7.1 million** barrels per day

Sales performance remained strong, compared with 2006 figures

chemical prime product sales **27.5 million** metric tons

Sales grew in 2007 with premium product sales volume 8 percent higher

ExxonMobil is the world's largest publicly traded integrated petroleum and natural gas company. Our company and its affiliates are present on a global scale.

We operate facilities and market products around the world, and explore for oil and natural gas on six continents. We lead the industry in almost every aspect of the energy and petrochemical business.

To help meet the world's growing energy needs, ExxonMobil is involved in the exploration and production of crude oil and natural gas; the manufacture of petroleum products; and the transportation and sale of crude oil, natural gas, and petroleum products. We are a major manufacturer and marketer of commodity and specialty petrochemicals and have interests in electric power generation facilities. Our extensive research programs support operations, enable continuous improvement in each of these businesses, and explore emerging energy sources and technologies.

Upstream. ExxonMobil's asset base is large, geographically diverse, and economically robust across a range of business environments. The company holds exploration and production acreage in 36 countries and production operations in 24 countries around the world. In 2007, seven major upstream projects started production. ExxonMobil sells natural gas in almost all major and developing markets to power companies, industrial users, and distributors. Total 2007 oil and gas production available for sale averaged 4.2 million oil-equivalent barrels per day.

Downstream. ExxonMobil's network of reliable and efficient manufacturing plants, transportation systems, and distribution centers provides clean fuels, lubricants, and other high-value products and feedstocks to customers around the world. ExxonMobil has interests in 38 refineries located in 21 countries and markets its products through more than 32,000 retail service stations. Our products and services are also provided to nearly 1 million customers worldwide through our three business-to-business segments—Industrial and Wholesale, Aviation, and Marine. In 2007, refinery throughput averaged 5.6 million barrels per day, and petroleum product sales were 7.1 million barrels per day. ExxonMobil is the world's No. 1 supplier of lube basestocks and a leader in marketing finished lubricants, asphalt, and specialty products. Worldwide, we market products under the *Exxon*, *Mobil,* and *Esso* brands.

Chemical. ExxonMobil is a leader in the petrochemical industry with interest in 49 wholly owned and joint-venture facilities around the world. We hold strong positions in many of the largest-volume and highest-growth petrochemicals in the global economy. The company is one of the largest producers of olefins, the basic petrochemical building block. We are also one of the largest producers of polyolefins, which include polyethylene, the largest-volume plastic, and polypropylene, one of the fastest-growing polymers. More than 90 percent of chemical capacity is employed in businesses where we rank first or second in worldwide market position.

Technology. Many oil and gas resources are found in remote areas with difficult operating environments. The complexity of these environments places greater emphasis on technological innovation. Over the past five years, ExxonMobil has invested about $3.5 billion in research. As new technologies are developed, our global functional organization enables rapid deployment and value capture. We have remained an industry leader in technology by focusing on both breakthrough concepts and process modifications that enhance performance across our business lines.

business highlights data

	2004	2005	2006	2007
Company profile				
Net income, billions of dollars	25.3	36.1	39.5	**40.6**
[1] Sales and other operating revenue, billions of dollars	291	359	365	**390**
Net liquids production, millions of barrels daily	2.6	2.5	2.7	**2.6**
Natural gas production available for sale, billions of cubic feet daily	9.9	9.3	9.3	**9.4**
[2] Oil-equivalent production, millions of oil-equivalent barrels daily	4.2	4.1	4.2	**4.2**
Refinery throughput, millions of barrels daily	5.7	5.7	5.6	**5.6**
[3] Petroleum product sales, millions of barrels daily	7.5	7.5	7.2	**7.1**
Chemical prime product sales, millions of metric tons	27.8	26.8	27.4	**27.5**
[4] Taxes to governments, billions of dollars	87	99	101	**106**
Benefits to employees, billions of dollars (wages, salaries, pensions, and other benefits)	11	12	12	**13**
Spending with suppliers, billions of dollars	162	211	212	**230**
Long-term debt at year end, billions of dollars	5.0	6.2	6.6	**7.2**
Total assets at year end, billions of dollars	195	208	219	**242**

citizenship performance data

Interpretation: An interpretation indication is provided where the performance trend is considered to be generally desirable (●), undesirable (●), or mixed (●) by ExxonMobil. No interpretation is provided if not applicable.

	2004	2005	2006	2007	Interpretation
Environmental performance					
Marine vessel spills (owned/operated and long-term leased), number of hydrocarbon spills > 1 barrel	1	0	0	**0**	●
Other spills (not from marine vessels), number of oil, chemical, and drilling fluid spills > 1 barrel	474	370	295	**252**	●
Hydrocarbons spilled, thousands of barrels	60	12	40	**8**	●
Controlled hydrocarbon discharges to water, thousands of metric tons	2.2	2.0	1.9	**1.7**	●
Total hazardous waste disposed, thousands of metric tons	391	297	238	**168**	●
Sulfur dioxide (SO_2) emitted, millions of metric tons	0.28	0.25	0.24	**0.21**	●
Nitrogen oxides (NOx) emitted, millions of metric tons	0.18	0.16	0.16	**0.15**	●
Volatile organic compounds (VOCs) emitted, millions of metric tons	0.40	0.36	0.31	**0.29**	●
Volatile organic compounds (VOCs) emitted, metric tons per 100 metric tons of throughput or production					
Upstream	0.086	0.084	0.071	**0.073**	●
Refining	0.023	0.018	0.016	**0.015**	●
Chemical	0.059	0.049	0.043	**0.039**	●
Greenhouse gas emissions, absolute (direct equity, CO_2-equivalent emissions), millions of metric tons	139	138	146	**141**	●
Greenhouse gas emissions, normalized (direct equity, CO_2-equivalent emissions, excluding cogeneration), metric tons per 100 metric tons of throughput or production					
Upstream	21.5	21.2	22.5	**21.3**	●
Downstream	18.3	17.3	17.6	**17.4**	●
Chemical	45.8	44.3	43.9	**41.6**	●
Hydrocarbon flaring (worldwide activities), millions of metric tons	7.1	7.7	8.2	**8.1**	●
[5] Energy intensity, normalized versus GEMS* base year (2000)—refining	95.3	93.8	93.9	**93.2**	●
[6] Energy intensity, normalized versus GEMS* base year (2001)—chemical steam cracking	94.5	92.2	91.6	**90.6**	●
Cogeneration capacity in which we have interest, gigawatts	3.6	4.3	4.3	**4.5**	●
Environmental expenditures, billions of dollars	2.9	3.3	3.2	**3.8**	
Workplace					
[7] Number of regular employees at year end, thousands	86	84	82	**81**	
Fatalities—employees	0	3	3	**0**	●
Fatalities—contractors	6	5	7	**8**	●
[6] Lost-time incident rate—employees (per 200,000 work hours)	0.044	0.069	0.049	**0.030**	●
[6] Lost-time incident rate—contractors (per 200,000 work hours)	0.062	0.054	0.052	**0.063**	●
[6] Lost-time incident rate—total workforce (per 200,000 work hours)	0.053	0.061	0.051	**0.046**	●
[6] Total recordable incident rate—employees (per 200,000 work hours)	0.39	0.39	0.33	**0.32**	●
Total recordable incident rate—contractors (per 200,000 work hours)	0.42	0.45	0.43	**0.43**	●
Total recordable incident rate—total workforce (per 200,000 work hours)	0.41	0.42	0.38	**0.37**	●
Percent of workforce—non-U.S.	62	63	63	**63**	
Percent new professional hires—non-U.S.	78	73	72	**71**	
Percent women—global workforce (excluding company-operated retail stores)	23	23	24	**25**	●
Corporate governance					
Capital and exploration expenditures, billions of dollars	15	18	20	**21**	
[8] Distributions to shareholders, billions of dollars	15	23	33	**36**	
Corporate political contributions—U.S. state campaigns and national 527s, millions of dollars	0.34	0.34	0.41	**0.13**	
Transparency and human rights					
Number of transparency agreements	3	4	5	**5**	
Community development					
[9] Community investments, millions of dollars	132.4	167.6	170	**206.6**	●
[9] United States	95.2	112.7	109.1	**124.1**	
[9] Rest of world	37.2	54.9	60.9	**82.5**	

[1] Sales and other operating revenue includes purchases/sales contracts with the same counterparty in 2004 and 2005. Effective January 1, 2006, these purchases/sales contracts were recorded on a net basis.
[2] Gas converted to oil-equivalent at 6 billion cubic feet = 1 million barrels.
[3] Petroleum product sales reported net of purchases/sales contracts with the same counterparty.
[4] Income, sales-based, and other taxes and duties.
[5] Historical data adjusted to reflect updated methodology by third party (Solomon Associates).
[6] Historical data updated to reflect improved information.
[7] Regular employees are defined as active executive, management, professional, technical, and wage employees who work full time or part time for the Corporation, and are covered by the Corporation's benefit plans and programs.
[8] Cash dividends to ExxonMobil shareholders and share purchases to reduce shares outstanding.
[9] Historical data adjusted to include employee- and retiree-giving.
* *Global Energy Management System*

environmental performance

priority issue
managing climate change risks

Reducing greenhouse gas emissions through technological advances in energy production and initiatives that reduce consumer emissions

case study
sustaining global water supplies

Managing water use—developing measures to reduce water use in ExxonMobil operations
See page 24

priority issue
protecting biodiversity

Minimizing our environmental footprint by incorporating high standards to protect and mitigate potential impacts to biodiversity

ExxonMobil strives to conduct business throughout the world in a manner that is protective of the environment and compatible with the environmental and economic needs of the communities in which we operate. We are committed to improving our environmental performance through scientifically sound and practical solutions with the goal of driving incidents with real environmental impact to zero.

managing our environmental performance

Our *Operations Integrity Management System* (OIMS) helps us manage our safety, health, and environmental risks worldwide (see page 37). Through OIMS, we communicate expectations, measure progress, and drive continuous improvement in environmental performance. OIMS meets the standard for environmental management systems (ISO 14001:2004) established by the International Organization for Standardization.

Risk Management and Emergency Preparedness. Risks associated with safety, security, health, and the environment are inherent in the energy and petrochemical business. Recognizing these risks, ExxonMobil takes a disciplined and systematic approach to business continuity planning and emergency preparedness.

To strengthen our capability to respond quickly and effectively to operational incidents, we routinely test the trained teams at our operating sites on a range of possible scenarios. These scenarios include responding to simulated product spills, fires, explosions, natural disasters, and security incidents. In 2007, we conducted six major regional emergency response drills in Bermuda, California, Cyprus, the Gulf of Mexico, Malaysia, and Sakhalin Island, Russia. We also conducted a corporate response drill involving ExxonMobil Aviation. In addition, we conducted numerous drills and workshops around the globe to validate the readiness of ExxonMobil affiliates to address an influenza pandemic outbreak. Additional information on our emergency prevention and response systems is available on our Web site (*exxonmobil.com/emergencyresponse*).

Environmental Management and Planning. Our environmental management processes are guided by our *Protect Tomorrow. Today.* initiative, which outlines our expectations for delivering superior environmental performance and achieving industry leadership in priority areas of importance to each business.

Our *Environmental Business Planning* (EBP) process, which integrates environmental improvement into overall business plans and strategies, is used by our businesses to identify key environmental drivers that are specific to their processes and activities, set targets in key focus areas, and identify projects and actions to achieve those targets. For example, eliminating spills is an important leadership priority for our businesses, while reducing flaring is a significantly higher priority for our production businesses where flare levels are higher. Additional information about EBP is available on our Web site (*exxonmobil.com/ebp*).

a closer look

Meeting growing energy demand and addressing climate risks

"The challenges of energy security, economic growth, and environmental protection are increasingly merging, leading to an unusual confluence of public policy issues. Positioned at the three-way intersection of these challenges are energy companies like ExxonMobil, which have become the focus of much public policy debate. Although ExxonMobil is the largest of the publicly traded international energy companies, we account for no more than 2 percent of the world's daily energy needs.

There are legitimate concerns about the risks of climate change due to rising greenhouse gas emissions resulting from the world's enormous requirements for fossil fuels and changes in land use around the planet, both of which are associated with global economic growth. But there is all too often also a tendency to underestimate the size and scope of the energy demand challenge ahead, to overestimate the ability of alternative energy sources to meet this demand, and to underestimate the role petroleum-based technologies can play in solving the challenges we face.

The climate change challenge has been decades in the making—and is likely decades in the managing. It is worldwide in its extent, with potential impacts touching all corners of the globe. And, it too, involves enormous complexity. The variables are nearly countless, and the cause-and-effect chains convoluted. Without question, evidence shows that the earth's average temperature has warmed approximately 0.7 degrees Celsius in the last century. Without question, many global ecosystems, especially polar ones, are showing signs of warming. Without question, emissions and concentrations of carbon dioxide (CO_2)—one of several greenhouse gases—have increased during this same time period. The burning of fossil fuels and changes in land use are significant sources of CO_2 emissions.

It has become increasingly clear that climate change poses risks to society and ecosystems that are serious enough to warrant action—by individuals, by businesses, and by governments. Companies have a responsibility to take action to combat the rise of greenhouse gas emissions, and ExxonMobil is doing so in several substantive ways (see page 16). Any effective and sustainable approach to addressing climate risk must also incorporate common-sense, proven risk-management principles—assessing costs and benefits, and taking the actions most likely to achieve benefits at the lowest cost.

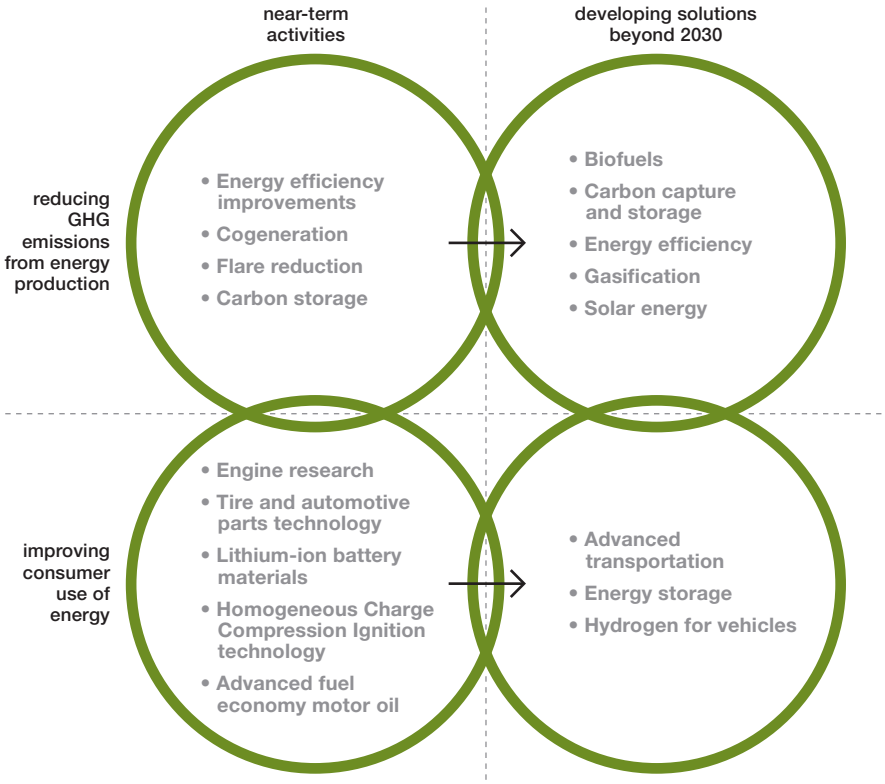
We all must engage in the search for solutions if we are to succeed. Many thoughtful policy proposals have been put forward in Europe and the United States, aimed at reducing greenhouse gas emissions. ExxonMobil has been—and is committed to being—a constructive participant in the dialogue on climate change, lending what insights and expertise we have for consideration. We will not all share the same perspectives or views, of course. However, I believe that diversity of opinion ultimately enriches public discourse. But we do all share a commitment to addressing the risks of climate change in meaningful ways."

Based on remarks by Rex W. Tillerson, Chairman and CEO, Exxon Mobil Corporation, at the Royal Institute for International Affairs (Chatham House) in London on June 21, 2007.

a closer look

ExxonMobil's actions to reduce greenhouse gas emissions

At ExxonMobil, we are seeking ways to reduce greenhouse gas (GHG) emissions from our own operations as well as from energy use by consumers. We are working on technologies with the potential for near-term impact on emissions, while at the same time looking for breakthrough technologies for the future. To make a meaningful contribution to future GHG reductions, new technologies must be cost-effective and have the potential to be deployed on a large scale. Our research on both near-term and future technologies is conducted by our own research staff, in partnership with academic and private groups, and through programs such as the *Global Climate and Energy Project* at Stanford University.



Read more about each of these topics on pages 17 to 20.

Wherever we operate, we meet local regulations for environmental performance, and where there are no local regulations, we operate to standards that we believe are protective of the environment. We base these standards on sound science and comprehensive risk assessments. For example, ExxonMobil Development Company, which manages ExxonMobil's major new upstream projects worldwide, developed *Environmental Standards* for nitrogen oxides emissions, offshore drill cuttings discharges, flare and venting reduction, water management, waste management, and land use. These *Standards* allow us to identify environmental improvement opportunities early in project planning when they can be implemented most effectively.

priority issue

managing climate change risks

ExxonMobil shares with policy makers, industry, and consumers the global challenge of addressing risks posed by increases in global greenhouse gas (GHG) emissions. While climate change remains extraordinarily complex, increasing scientific evidence makes it clear that rising GHG emissions pose risks to society and ecosystems. These risks justify the development and implementation of responsible actions by governments, companies, and individuals.

Taking sensible action today is necessary to develop effective and meaningful solutions, both for the short term and long term. Technological advances—in how the world produces energy as well as how energy is used by consumers—will be critical. Meaningful approaches must be affordable to consumers in the developed and developing world and allow for continued economic growth and improvement in global living standards.

ExxonMobil believes that the long-term objective of a climate change policy should be to reduce the risk of serious impacts on society and ecosystems, while considering the importance of energy to global

economic development. Managing these risks will require effort and decisions over many decades. During that time, policies need to be flexible to respond to evolving scientific knowledge, experience with policy implementation, and changes in the global economy and technology. This flexibility is critical for identifying and progressing the most cost-effective solutions to address the risks posed by rising GHG emissions. We are reducing GHG emissions from our own operations as well as from energy use by consumers. Our approach is to seek the most attractive solutions, which are both cost-effective and have the potential to be deployed at a large scale.

ExxonMobil's actions to reduce greenhouse gas emissions

Reducing Greenhouse Gas Emissions from Energy Production.

In 2007, GHG emissions from our equity operations were 141 million metric tons. Despite changes in our businesses toward more energy-intensive production, our GHG emissions were reduced by about 5 million metric tons from 2006. About 3 million metric tons of this reduction resulted from efficiency actions taken in 2007, while the balance of the reduction was due to changes in our operations and better GHG emissions measurement in some of our facilities. Through efficiency actions taken in 2006 and 2007, we reduced GHG emissions by about 5 million metric tons in 2007, equivalent to removing about 1 million cars from roads in the United States.

Energy Efficiency Improvements. In 2007, our operations consumed approximately 1.55 billion gigajoules of energy and achieved best-ever energy efficiency in our Refining and Chemical businesses.

Through our *Global Energy Management System* (GEMS), we have identified opportunities to improve energy efficiency by 15 to 20 percent at our refineries and chemical plants, and have implemented about 60 percent of these. Over the past several years, we have been improving the energy efficiency of our Refining and Chemical businesses at a rate two to three times faster than the industry.

We are on track to meet our target of improving energy efficiency across our worldwide refining and chemical operations by at least 10 percent between 2002 and 2012. This target is consistent with the American Petroleum Institute's *Voluntary Climate Challenge Program* in the United States.

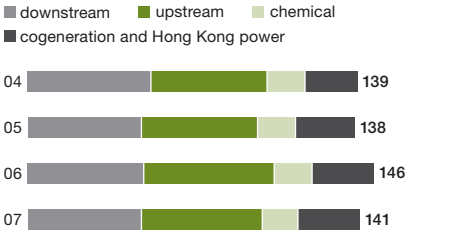
Cogeneration. Cogeneration is the simultaneous production of electricity and useful heat or steam. By capturing the by-product heat that would otherwise be lost when power is generated, we are able to make steam or use the heat directly within our manufacturing and production facilities. The latest turbine technology allows cogeneration to be approximately twice as efficient as traditional methods of separate steam and power production.

As an industry leader in the use of cogeneration applications, we have interests in about 100 cogeneration facilities in more than 30 locations worldwide. We have invested more than $1 billion into cogeneration projects since 2004, bringing the combined power generation capacity at facilities in which we have an interest to more than 4.5 gigawatts in 2007. With new facilities under construction around the world, we expect to increase this capacity to more than 5 gigawatts in the next three years. Our cogeneration project in Antwerp, Belgium—on schedule to start up in 2008—will integrate recovered heat into the refinery process, which is unique in the industry for a large-scale project.

Flare Reduction. Across our operations, we are working to reduce flaring of gas that has no economic outlet as well as gas that is flared as a result of maintenance or unexpected operating events. ExxonMobil Development Company developed *Flare and Venting Reduction Standards* for use in the design of major upstream projects. We continue to implement procedures and projects to improve operations reliability and thereby reduce the flaring associated with unexpected operating events and equipment maintenance. In 2007, total hydrocarbon flaring from our worldwide activities was 8.1 million metric tons.

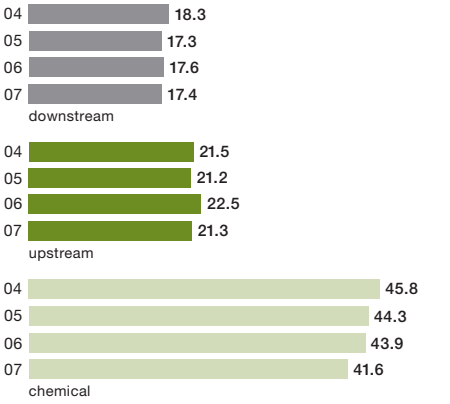
greenhouse gas emissions (absolute)

direct equity, CO_2-equivalent emissions (millions of metric tons)



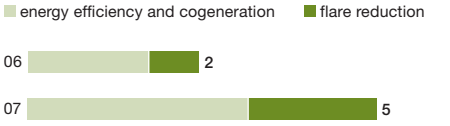
greenhouse gas emissions (normalized)

direct equity, CO_2-equivalent emissions excluding cogeneration (metric tons per 100 metric tons of throughput or production)



greenhouse gas emissions reduction from ExxonMobil actions in 2006 and 2007

direct equity, CO_2-equivalent emissions (millions of metric tons)



hydrocarbon flaring from upstream oil and gas production

(millions of metric tons)

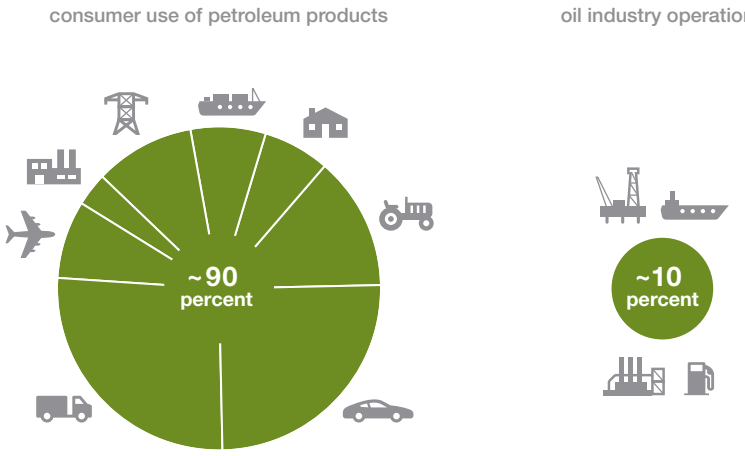
a closer look

Reporting greenhouse gas emissions

ExxonMobil has reported our greenhouse gas (GHG) emissions since 1998. We base our calculations on the guidance provided in the internationally endorsed *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). Calculating GHG emissions from specific petroleum products, such as gasoline or diesel fuel, is straightforward because their carbon content is well-known and essentially all of this carbon is converted to carbon dioxide when the fuel is combusted as a transportation fuel. However, identifying which fuel sales are attributed to which member of the petroleum industry is difficult because the supply system for crude and petroleum products is complex, with multiple changes of ownership.

There is a wide range in the fraction of GHG emissions that are generated from petroleum industry operations relative to consumer use of petroleum products. On a global basis, the International Energy Agency estimates that on average about 10 percent of petroleum-related GHG emissions are from industry operations. ExxonMobil believes that producers, refiners, distributors, and end-users should each be responsible for managing and reporting the emissions generated from activities under their control. To this end, we are taking actions to reduce emissions from our own operations and are working on technologies to help consumers reduce their emissions (see page 19).

Distribution of GHG emissions from use of petroleum



Our operations in Nigeria continue to be the largest source of flaring among our operations globally. To eliminate routine gas flaring in Nigeria, we are investing more than $4 billion in gas utilization and commercialization projects. Progress on these projects is challenged by operational and security issues as well as partner funding. Our East Area Project compression platform came onstream in 2006 and is currently re-injecting about 1.3 million metric tons of gas per year. The full impact of this project and others under development is expected to continue to reduce flaring in years to come.

We continue to be an active member of the World Bank's Global Gas Flaring Reduction Partnership, exploring additional opportunities for gas recovery and addressing barriers to implementing economically feasible alternatives to gas flaring. We remain engaged with governments seeking to progress gas utilization and commercialization programs.

Our refineries continued implementation of *Flaring Best Practices* and reduced flaring by approximately 15 percent in 2007. For example, our Altona refinery in Australia constructed a light hydrocarbons recovery unit, which significantly reduced flaring. Since start-up in 2007, this unit recovered more than 10,000 metric tons of light hydrocarbons for sale as liquefied petroleum gas and gasoline.

Carbon Capture and Storage. We are involved in carbon capture and storage projects in several locations. These projects recover carbon dioxide (CO_2) that would otherwise be released to the atmosphere and inject it into oil and gas reservoirs or deep saline aquifers. We continued our partnership with the European Commission and other organizations in the CO_2ReMoVe project, designed to develop and demonstrate reliable methods for monitoring CO_2 storage in geological reservoirs. Over the next few years, the project will evaluate a range of technologies to monitor the injection and storage of CO_2. One of the sites being studied is the Sleipner Field, offshore Norway, where we have participated in the capture and geologic storage of more than 1 million metric tons of CO_2 each year since 1998. We also supported the joint-industry *Carbon*

Capture and Sequestration Technologies Program at the Massachusetts Institute of Technology and the International Energy Agency's *Greenhouse Gas Research and Development Programme*.

In addition, within our internal operations, we continue to gain valuable experience in CO_2 recovery at our LaBarge Shute Creek facility in Wyoming. A proposed project will expand the sale of CO_2 for enhanced oil recovery and reduce CO_2 emissions by 2 million metric tons per year.

Developing Solutions Beyond 2030. We conduct internal research as well as work with universities and other businesses to develop global energy technologies designed to significantly reduce greenhouse gas emissions in the long term. This includes proprietary research efforts in areas such as gasification, biofuels, and carbon capture and storage. For example, we are conducting research on more efficient and cost-effective technologies for separating CO_2 and studying long-term CO_2 storage in geological formations.

We are a founding sponsor of the *Global Climate and Energy Project* (GCEP) at Stanford University. Now entering its sixth year, this pioneering research effort is focused on identifying breakthrough energy technologies that reduce GHG emissions and have the potential to be deployed on a large scale.

GCEP funding continues to support scientists at Stanford University as well as at other research institutions in the United States, Australia, Japan, and Europe. In 2007, GCEP announced awards totaling $15 million to support eight new collaborative research programs in areas such as advanced transportation, batteries, solar energy, advanced conversion of coal, and advanced materials and catalysts.

Improving Consumer Use of Energy. We actively support initiatives to reduce consumer emissions from the use of our products in the transportation sector. These include research efforts with external partners to address the fuel and vehicle as a single system to improve efficiency.

Engine Research. ExxonMobil researchers, together with major vehicle and engine manufacturers such as Toyota and Caterpillar, are developing more efficient, cleaner-burning internal combustion engines and engine control systems that could improve the fuel economy of future vehicles by up to 30 percent versus current gasoline engines.

Tire and Automotive Parts Technology. Together with tire manufacturers, we are introducing a new tire lining technology that uses up to 80 percent less material in the manufacturing process. This makes tires lighter and keeps them properly inflated longer, both of which contribute to greater fuel efficiency. Car parts, such as bumpers and fuel tanks, made from advanced ExxonMobil plastics help reduce vehicle weight by about 10 percent, which helps improve fuel efficiency by more than 5 percent.

Lithium-Ion Battery Materials. ExxonMobil Chemical Company developed a new generation of separator films that are expected to improve the power, capacity, and safety of lithium-ion batteries used in hybrid and electric vehicles. Lighter, smaller, and more durable batteries will help improve the energy efficiency and affordability of hybrid and electric vehicles.

Homogeneous Charge Compression Ignition Technology. ExxonMobil is working with vehicle and engine manufacturers to develop Homogeneous Charge Compression Ignition technology for gasoline engines. This technology enables gasoline engines to achieve the high efficiency levels of diesel engines, resulting in improved fuel economy.

Advanced Fuel Economy Motor Oil. In the United States, ExxonMobil's Lubricants and Specialties organization will launch *Mobil 1 Advanced Fuel Economy*, a synthetic motor oil that is expected to improve fuel economy by up to 2 percent,* compared to those grades most commonly used. If one-third of U.S. motorists reduce their gasoline consumption by 2 percent, it would prevent the emission of about 8 million metric tons of carbon dioxide per year, equivalent to taking about 1.5 million cars off the road.

a closer look

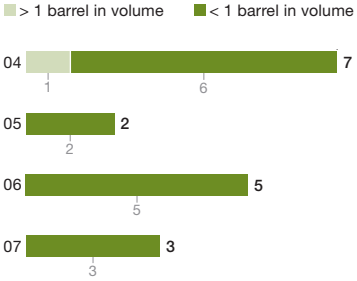
How ExxonMobil helps consumers in Canada

Imperial Oil Limited, our Canadian affiliate, has supported the Clean Air Foundation's *Car Heaven Program* since its inception in 2000. In Canada, the program facilitates retiring older, higher-emitting vehicles at no cost to the owner and provides incentives for the purchase of new vehicles or other cleaner alternatives. To date, the *Car Heaven Program* has helped to remove more than 73,000 vehicles from Canada's roads, preventing smog-forming emissions of 12,000 metric tons and carbon monoxide emissions of 50,000 metric tons.

*Actual savings are dependent upon vehicle/engine type, outside temperature, driving conditions, and current engine oil viscosity.

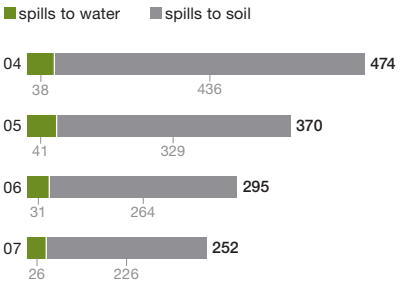
marine vessel spills (owned/operated and long-term leased)

(number of hydrocarbon spills)



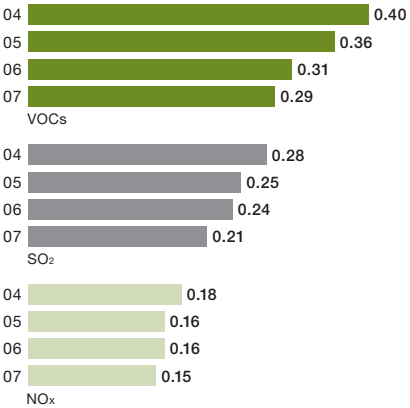
other spills (not from marine vessels)

(number of oil, chemical, and drilling fluid spills > 1 barrel)



air emissions of VOCs, SO_2, and NOx

(millions of metric tons)



Developing Solutions Beyond 2030. In conjunction with QuestAir Technologies in Canada, Plug Power Inc. in the United States, and Ben Gurion University in Israel, we are developing an on-vehicle hydrogen production system. The system converts conventional hydrocarbon fuels, such as gasoline or diesel, into hydrogen to power a fuel cell contained within the vehicle. This technology could be up to 80 percent more fuel-efficient and emit 45 percent less CO_2 than today's internal combustion engine.

reducing our environmental impact

Spill Prevention. ExxonMobil is committed to the prevention of spills from our operations. Our industry-leading spill performance is a result of ongoing upgrades, key equipment replacements, and comprehensive inspection and surveillance programs. The number of spills in 2007 was down by about 15 percent from 2006 and continued a trend that has resulted in an average 13-percent reduction per year since 2000. In 2007, our total volume spilled was about 8000 barrels, most of which was recovered at the site of the spill.

Despite achieving a record low in both the number and volume of spills in 2007, we continue to strive for further improvement. We conduct spill reduction awareness communications and workshops in key areas. We also prioritize and incorporate spill reduction opportunities into site-specific environmental plans. For example, in our Malaysian upstream operation, we launched a *Field-Wide Spill Prevention Program* in 2007 to promote more effective on-the-deck cleaning.

We are particularly proud of our marine spill performance in 2007. There were no spills from ExxonMobil-operated vessels, and spills from our marine operations—whether operated by ExxonMobil or not—amounted to a fraction of a teaspoon of oil per million barrels transported.

Air Emissions from Operations. ExxonMobil is working to reduce the emissions of volatile organic compounds (VOCs), sulfur dioxide (SO_2), and nitrogen oxides (NOx) from our operations. We have implemented cost-effective new technologies and adopted new operating practices to reduce air emissions, driven in part by new regulatory requirements but also in response to community priorities. As a result of these efforts, our combined emissions of VOCs, SO_2, and NOx decreased by 23 percent from 2004 levels. For example, at our Meerhout polymers plant in Belgium, we are implementing an innovative approach to reduce VOCs emissions by recycling gas at higher pressure. This will reduce our energy costs by 4 percent and our VOCs emissions by about 30 percent. This change, together with other efforts, will decrease the plant's air emissions by about 40 percent and reduce energy consumption by about 10 percent from 2003 levels.

We continued upgrading our U.S. manufacturing facilities to reach the target of reducing our combined NOx and SO_2 emissions by 70 percent from our 2000 baseline levels. By year-end 2007, we achieved between 50 and 60 percent of our reduction target. All seven of our U.S. refineries have implemented some reduction measures and are continuing to make further upgrades. Upgrades and facility improvements for air emissions reduction include selective catalytic reduction to control NOx emissions, installation of sulfur recovery processes, and additional flare gas recovery. For example, our Baytown olefins plant in Texas just completed a multiyear investment program expected to reduce NOx emissions by about 1000 metric tons per year. New facilities include proprietary ultra-low-NOx burners that achieve a 50-percent reduction over the Best Available Control Technology for steam-cracking furnaces.

At several of our refineries and chemical plants, we use innovative optical imaging technology to efficiently inspect valves, connectors, pumps, and other piping system components for leaks. This infrared video camera system also helps the sites to detect emissions from storage tanks, heating and cooling equipment, and other sources, enabling rapid repairs. ExxonMobil engineers have conducted studies to expand the capabilities of this new technology and have shared the learnings with industry through numerous publications and presentations.

Waste Management. ExxonMobil uses a tiered approach to reduce both hazardous and nonhazardous waste. We first work to reduce waste at its source. If the waste is not fully eliminated, we recycle or reuse materials where possible. Any remaining waste is either treated to render it nonhazardous or disposed of in compliance with local regulations. For example, at our LaGrange films plant in Georgia, we developed a new method for cleaning equipment that eliminated 90 percent of the hazardous waste generated and also significantly reduced the costs associated with the handling and disposal of these wastes. Additionally, ExxonMobil Development Company developed an *Environmental Standard* for waste management for use in the design of major upstream projects. This *Standard* establishes project planning and full-cycle waste management requirements.

Over the last five years, we successfully reused or recycled on average about 40 percent of the hazardous waste generated. The amount of hazardous waste for disposal decreased by more than 50 percent from 2004 to 2007. Our total hazardous waste disposed in 2007 was 168,000 metric tons, about 30 percent less than in 2006.

Water Management. We have a responsibility to surrounding communities and the environment for managing our water use, especially in areas where water availability is limited. ExxonMobil continually seeks ways to reduce water use and preserve water quality through the design and operation of our facilities, recycling and reuse, and measures to prevent water pollution (see case study on page 24). In 2007, our operations had a net consumption of 323 million cubic meters of fresh water.

Site Remediation. Consistent with our commitment to continuous improvement, we established the ExxonMobil Environmental Services (EMES) organization in 2007 to manage and steward our remediation and nonoperating site activities around the world. The mission of EMES is to protect the environment, health, and safety of ExxonMobil employees, contractors, and our neighbors through remediation, reclamation, and site management services. Best-in-class property management programs are proactively deployed to prevent, contain, and mitigate environmental risks. Ultimately, our goal is to enhance asset and community value while at the same time creating opportunities for beneficial use of idle properties.

For example, ExxonMobil is actively remediating the former Fairmont coal and coke production facility in West Virginia, which we sold more than 60 years ago but re-purchased in 1997 after the owner went bankrupt. We developed an on-site recycling program to blend contaminated materials with coal, which is used by a nearby power plant as a fuel source. Since 2004, more than 300,000 metric tons of waste material have been reused by the power plant rather than needing disposal, providing sufficient input material to generate electricity for about 30,000 homes for one year. The site is being redeveloped for commercial use.

Regulatory Compliance and Expenditures. In 2007, our worldwide environmental expenditures totaled about $3.8 billion. This includes about $1.5 billion in capital expenditure and $2.3 billion in operating expense. Fines and settlements paid in 2007 represent about one-tenth of one percent of our total environmental expenditures.

priority issue

protecting biodiversity

Because our business spans the globe, we operate in a variety of ecosystems, some with sensitive characteristics. To address this challenge, we work under the industry's highest standards of environmental management. ExxonMobil sites incorporate biodiversity protection through their respective *Environmental Business Planning* efforts to limit our footprint in sensitive locations. These are tailored to accomplish environmental and biodiversity protection targets that are specific to each location. Additional information is available on our Web site (*exxonmobil.com/biodiversity*).

ExxonMobil considers that biodiversity conservation can go hand-in-hand with economic development through careful management of the environment. Through strategic community investments, we also support programs that build the local capacity of communities to maintain and protect their natural resources. Our efforts are an integral part of national content development (see page 31) and implemented through our planning tools such as *Best Practices in External Affairs* (BPEA).

Identifying Sensitive Areas. For new projects and developments, we conduct Environmental, Social, and Health Impact Assessments (ESHIAs) and integrate assessment results into project decision-making. Our assessments consist of an evaluation of biological, chemical, and physical characteristics, including people's health and socio-economic needs as an integral part of the environment. With the help of computer specialists, map builders, and land use experts, we typically analyze surrounding land use in each project's development area. This enables engineers to collaborate with environmental and socio-economic experts to identify sensitive areas before construction begins. With the use of satellite imagery, we are able to better assess how areas are impacted by the project and identify ways in which facilities could be redesigned to reduce their impacts.

Developing Mitigation Actions. We updated our *Environmental Aspects Guide* in 2007 to improve identification and development of appropriate mitigation steps to address potential environmental impacts associated with our operations. We use a five-step process to ensure that 1) potential environmental impacts are identified and characterized; 2) the natural, social, and regulatory setting is understood; 3) other applicable and relevant criteria are considered; 4) alternatives are identified; and 5) significance is assessed.

a closer look

Mitigating potential impacts on biodiversity around the world

Examples of our mitigation actions around the world include developing codes of practice for field activities to protect specific species and sensitive habitats, undertaking extensive reclamation efforts to restore degraded sites to environmentally acceptable conditions, and participating in initiatives that enhance the wildlife and habitat attributes of our properties.

Canada

Sable Offshore Energy Project, Nova Scotia

ExxonMobil developed a code of practice to provide operational guidance for mitigating impacts to the Gully—a submarine canyon recognized as an area of extremely high biological productivity and designated as a Marine Protected Area by the Canadian government. This code addresses, among other issues, vessel routing and aircraft flights near the Gully as well as waste management.

United States

St. Mary's Island, Houston, Texas

ExxonMobil successfully restored St. Mary's Island, providing almost 5 hectares of nesting habitat for coastal shorebirds, foraging habitat for upland and wading birds, marine edge habitat for marine fish, and resting areas for migrating species. The site has been certified since 2003 by the Wildlife Habitat Council.

Brazil

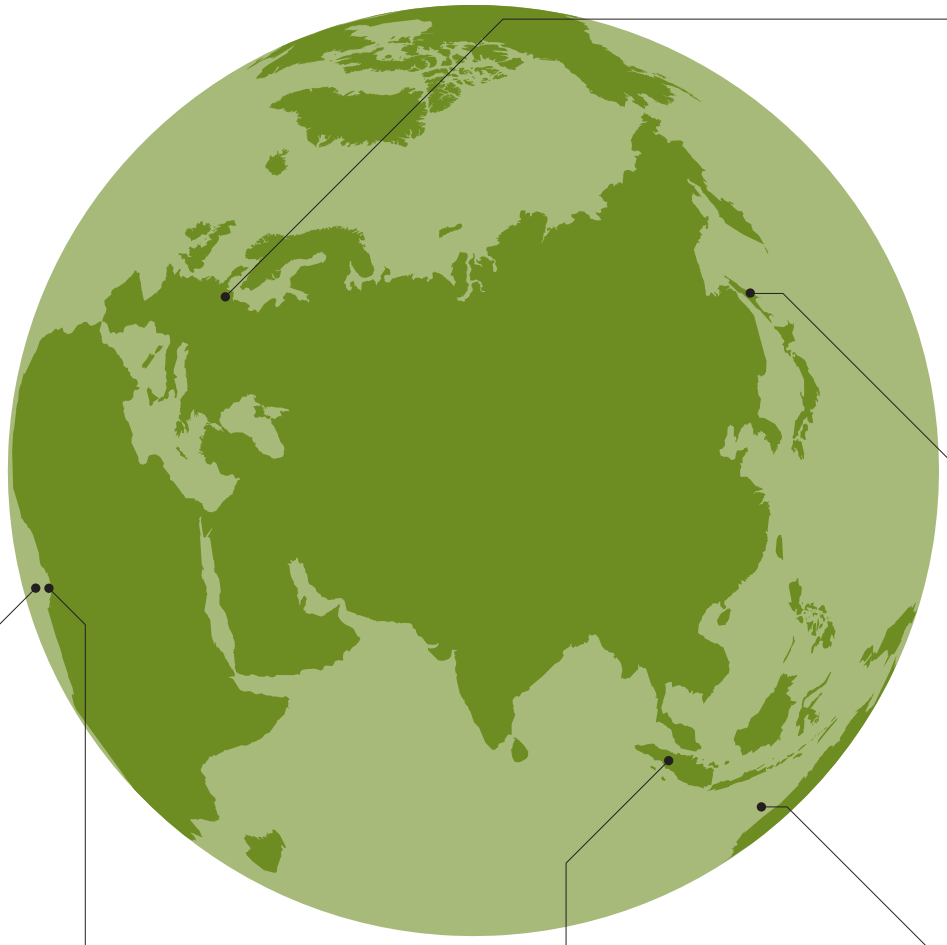
Mamirauá and Amanã Sustainable Development Reserves, Central Amazon Region

ExxonMobil has been supporting the *Esso-Mamirauá Environmental Education Program* to promote environmental awareness. The program supports 20 rural schools located inside the Mamirauá Reserve, provides materials on environmental education and natural resources management, and develops environmental ambassadors to share with others information on protecting the environment.

Equatorial Guinea

Bioko Island, Gulf of Guinea

ExxonMobil has been supporting the *Bioko Biodiversity Protection Program* to protect wildlife, including endangered primates and sea turtles. As a result, we are building awareness and expertise among the local academic, government, and civil communities on the importance of biodiversity. We also contributed to generating scientific understanding necessary for policy makers to reach the decision to institute a new law that bans hunting of endangered primates on the island.



Germany

Saxonia, Schleswig-Holstein, and Hamburg

ExxonMobil has been supporting reforestation projects since the 1990s to address concerns about acid rain as well as a variety of other environmental issues, including the importance of trees for the sequestration of carbon dioxide. We have planted more than 800,000 trees over 300 hectares of sparsely wooded areas through 2007.

Russia

Chayvo Production Facility, Sakhalin Island

ExxonMobil has been helping to preserve and protect Steller's Sea Eagles by designing our facilities so that they avoid existing nest sites. We created a 700-meter buffer zone around each nest located near our operations, which is kept clear of people and machinery during the sensitive nesting season.

Cameroon

Pipeline Right-of-Way Soil Erosion Control

Our joint venture in Cameroon has launched a three-year revegetation and erosion control campaign, which is being implemented by a local contractor, using natural fertilizer and indigenous grasses. We are restoring areas that have remained bare three years after our initial reclamation efforts along the pipeline right-of-way due to the harsh climate, steep slopes, and poor soil conditions.

Indonesia

South Lhoksukon Field, Aceh Province

ExxonMobil has been implementing a revegetation project for a site approaching its end of production phase, covering an area of 20 hectares. We are planting about 16,500 trees to re-establish a sustainable native plant community similar to its original environmental condition and to improve wildlife habitat.

Australia

Liquefied Natural Gas Plant-Gorgon Project, Barrow Island

ExxonMobil and its co-venturers have committed to providing $45 million to address potential impacts on biodiversity, supplementing our 2003 commitment of $30 million for additional conservation benefits to the state. This includes supporting increased protection of turtle populations in areas away from Barrow Island and ongoing responsibility for removing non-indigenous species if introduced following commencement of the project.

case study

sustaining global water supplies:

managing water use

global concern

Water scarcity and reduced water quality threaten all parts of the world. Water is essential in the production and processing of oil and gas, in terms of both technical and safety issues.

our approach

- Managing water use in our operations around the world
- Developing measures to reduce water use in our operations
- Implementing technological and operational innovations
- Making strategic community investments

Water sustains life on earth, and access to clean water is essential to economic development. The majority of global human health issues are linked to poor hygiene and the lack of safe drinking water. About 1.1 billion people in developing countries are estimated to lack adequate access to clean water, while 2.6 billion lack access to basic sanitation.

On a global basis, industry accounts for 23 percent of water withdrawn from the environment for human use. The largest water consumer within industry is the power generation sector due to its needs for cooling water. The refining and petrochemicals industries also use water for cooling as well as within the chemical processes themselves.

Both developed and developing nations are increasingly faced with issues of water scarcity and reduced water quality. Access to clean water vitally affects the health of people and the ability of businesses to operate around the world. Businesses that create strategies to effectively respond to this challenge will also be able to better manage operating costs in the future. Approaches include developing new technologies and increasing operational efficiency to improve water use in operations.

developing measures to reduce water use in ExxonMobil operations

To address this growing global concern, we conducted a water survey in 2006 to identify areas in which we operate where water is a potentially scarce resource and to better understand our operations' water use patterns. Water is essential in the production and processing of oil and gas, in terms of both technical and safety issues. ExxonMobil is actively engaged in managing water use in our operations around the world. We track our water use at facilities and understand its significance at the global level. Where water scarcity is a potential issue, we consider opportunities to reduce consumption.

ExxonMobil addresses water use the same way we evaluate the implications of any other potential environmental impact associated with our operations. This is consistent with our risk assessment approach, which ensures that environmental improvement opportunities are identified and implemented. Particularly where water scarcity is a potential problem, our *Environmental Aspects Guide* helps us develop appropriate mitigation measures for our operations.

ExxonMobil Development Company developed an *Environmental Standard* for water management, which requires major upstream projects to meet specific criteria for discharges and consumption. The *Standard* establishes project planning and design

requirements for major upstream projects to reduce unnecessary usage of water resources—both surface and groundwaters.

ExxonMobil operations around the world integrate water improvement targets in their respective *Environmental Business Planning* efforts. Our approaches include technological and operational innovations as well as strategic community investments to enhance water use efficiency and reduce water quality deterioration. Where appropriate, activities include on-site water reuse, purchase of gray water (treated wastewater) for use as process water, and enhancements in processes to decrease water needs.

Technological Innovation. As part of an upcoming capacity expansion at our Singapore chemical plant, we will be installing innovative wastewater treatment technology to reduce the impact of the expansion on water use. Unlike a traditional wastewater treatment plant, this technology produces high-quality water that can be reused, thus reducing overall water demands as well as the generation of sludge that needs disposal. The design targets a reduction in water use of 1.7 million to 2.2 million cubic meters per year, which would offset up to 15 percent of the increased water consumption associated with the expansion.

Operational Innovation. At the Cold Lake operation of our Canadian affiliate, Imperial Oil Limited, water is used to generate steam, which is injected into the reservoir to heat the viscous hydrocarbon so that it can be recovered. Due to the large volume requirements for steam, specialized techniques were developed for recycling water produced with hydrocarbon. Nearly all produced water is recycled, thus reducing the amount of water needed to about one-tenth of the amount required previously. The operation recycles about 98 percent of the water produced during oil recovery operations. Imperial Oil Limited also developed the use of brackish (saline) water as an alternative water supply. This nonpotable water alternative is used during periods of high water demand and allows the operation to inject more steam without increasing its need for fresh water.

Across our Australian sites, we implemented measures to reduce water consumption. In some cases, we also created water use awareness campaigns to educate surrounding communities about our water-saving initiatives. While each site approached the problem differently, our major Australian facilities established Water Conservation Teams to identify opportunities for water savings and implemented water conservation training for employees and contractors on-site. Because of this initiative, water reduction projects are already demonstrating great results, with some sites reducing water use by up to 50 percent. For example, water use at our Longford site decreased to 3000 cubic meters a day in 2006, representing a 40-percent reduction over 2001. Water use at Long Island Point in 2006 was the lowest on record, and in 2007 the site further reduced its water use by 33 percent—equivalent to the average annual water use of approximately 350 households.

At our Slagen refinery in Norway, we started using otherwise unusable groundwater instead of fresh water in our desalter operations. This represents approximately 25 percent of our total water intake. As a result, we reduced our freshwater intake by approximately 200,000 cubic meters per year.

Strategic Community Investments. In 2007, we supported a project in eastern Thailand focused on preserving sensitive rainforest and mangrove areas, and providing sufficient water supplies to support surrounding agricultural and community use. ExxonMobil constructed 80 check dams of local materials over an area of more than 2000 hectares. These dams are designed to slow water flow along steep slopes, which also reduces top soil nutrient loss and prevents wildfires due to increased humidity. Communities assisted with the construction of the dams and now ensure their maintenance. As a result, 11,000 community members benefit directly from adequate water supplies and indirectly from reduced top soil nutrient loss and increased biodiversity.

▸ looking forward

Sustaining global water supplies requires investing in education

Responsible management of our operations is a critical component of ExxonMobil's contribution to addressing global water supply issues. A sustainable global solution, however, requires global involvement—that is why ExxonMobil and its affiliates are committed to investing in environmental education of students, the general public, and future decision makers.

For example, our Canadian affiliate, Imperial Oil Limited, is partnering with the nonprofit SEEDS Foundation to bring environmental education to junior- and high-school students in Canada. Through its *Habitat in Balance Program*, the Foundation developed a tool that will help students make critical decisions about water management in business development scenarios. The Web-based tool, developed in 2007, will be available in 15,000 Canadian schools, providing students with a framework to understand the complex challenges of water use and management.

In the United States, ExxonMobil has supported the Environmental Literacy Council since its founding in 1997. The Council fosters environmental literacy by providing Web-based and printed information to the general public as well as resources to teachers who reach thousands of students. Its work covers a range of topics, including the challenges to conserving the global water supply, ecosystems, droughts, and floods.

workplace

priority issue
workplace safety

Protecting the safety of our employees, contractors, customers, and the public by implementing policies to manage personnel and process safety

priority issue
employment policies and practices

Fostering a work environment free of harassment and discrimination that encourages employee growth and engagement with management

priority issue
workplace health

Addressing employee and community health risks through workplace malaria control, HIV/AIDS prevention programs, and strategic management of emerging health issues

ExxonMobil is committed to conducting our business in a manner that protects the safety and health of our employees, contractors, customers, and the public. We strive for an incident-free workplace and have set a global safety and health goal of zero injuries and illnesses. We believe that our commitment to safe, secure, and incident-free operations will contribute to improved operations reliability, lower costs, and higher productivity.

safety and health management

Our company-wide *Operations Integrity Management System* (OIMS) helps us implement our policies for managing safety, health, and environmental risks (see page 37). It is our primary tool for managing both personnel and process safety. OIMS meets the requirement of the international occupational health and safety management system specification (OHSAS 18001:1999).

Through OIMS, our work processes are clearly described, risks are identified and mitigated, critical procedures are developed, and workforce responsibilities are defined.

priority issue

national content development

Promoting national content development by training local employees and contractors, purchasing local goods and services, and strategically investing in communities

case study

combating the spread of HIV/AIDS

Focusing on sub-Saharan Africa—keeping our workforce healthy and disease-free through prevention, treatment, and local capacity building

See page 32

To meet OIMS expectations for risk management, each operating site is expected to follow up and investigate incidents, including "near misses," to identify root causes and contributing factors. In addition, sites determine actions needed to reduce the risk of similar incidents and implement changes to prevent recurrence. Additional information about our safety and health policies as well as OIMS is available on our Web site (*exxonmobil.com/managementsystems*).

Our approach to safety and health management is yielding results, but we will not be satisfied until we have achieved a work environment in which *Nobody Gets Hurt*—our unifying goal. Our employee and contractor workforce lost-time incident rate is industry-leading. In 2007, we achieved new record-low incident rates of 0.37 recordable incidents and 0.046 lost-time incidents per 200,000 work hours for our combined employee and contractor workforce. There were no employee fatalities, but we are saddened to report that we had eight contractor fatalities in 2007. These fatalities were the result of operating incidents (six) and third-party acts of violence (two).

priority issue

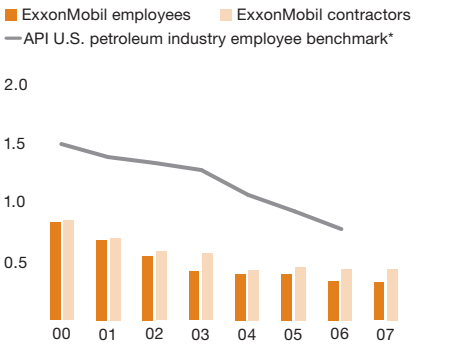
workplace safety

Workforce Safety. Our employees and contractors receive rigorous training before commencing work in our facilities. They participate in safety teams, conduct safety observations, and suggest ongoing improvements in safety procedures.

We emphasize the importance of strong safety leadership to our employee and contractor workforce to further strengthen our safety culture. In 2007, more than 1300 of our contractor supervisors and managers participated in leadership workshops conducted by ExxonMobil Development Company. With each member of our workforce, we are focusing on improved hazard recognition and a lower tolerance for risk. Through this emphasis and increased safety observations, our Fuels Marketing Company, for example, reduced the number of passenger vehicle accidents by more than 50 percent in 2007 from the 2004 level.

total recordable incident rate

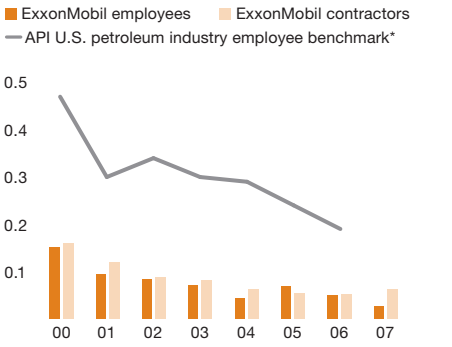
(incidents per 200,000 work hours)



*2007 API U.S. petroleum industry benchmark data not available at time of printing.

lost-time incident rate

(incidents per 200,000 work hours)



*2007 API U.S. petroleum industry benchmark data not available at time of printing.

To contribute to industry-wide safety improvement, we share best practices and lessons learned among ExxonMobil organizations and within our industry. We co-sponsor the Robert W. Campbell Award, which honors companies that achieve high levels of excellence by integrating safety, health, and environmental management into their overall business operating systems. Additional information on this and other safety and health awards is available on our Web site (*exxonmobil.com/awards*).

Process Safety. We design inherent safety into our facilities by implementing sound standards and procedures during facility design, construction, and start-up activities. Additionally, we have quality-assurance processes to verify that materials received meet design specifications and that construction is in accordance with applicable standards. For example, at our Sakhalin-1 Project in Russia, we installed a special high-integrity pressure protection system to protect the export oil system. We also protected storage tanks with unique double-rimmed floating roofs to reduce the likelihood of roof failure due to water or snow load.

We operate our facilities within established operating envelopes and applicable regulations. To operate in this way requires structured inspection and maintenance programs, regular testing of integrity critical equipment, and strict procedures to maintain safe operating envelopes. Additionally, we apply advanced technologies in many of our manufacturing facilities to alert operators to investigate potentially abnormal operating events.

We evaluate and train our employees and contractors on an ongoing basis to ensure that individual and team skills match the requirements needed for safe and reliable operations. For example, our Upstream business has a competency assurance process for operating and maintenance staff that involves identifying the requirements for every position and a gap analysis of employee skills. It includes training and mentoring on the job. In some complex projects, this also involves assigning new operators to ongoing operations elsewhere, after completion of basic training.

priority issue

workplace health

ExxonMobil operations depend on a healthy workforce. We take health issues seriously, whether work-related or not, that impact our workforce wherever we operate in the world. Based on ExxonMobil's internal guidance for reporting illnesses, which draws on U.S. Occupational Safety and Health Administration (OSHA) recordkeeping regulation, there were 41 work-related illness cases among our employees in 2007. Of these cases, two led to lost work time. The main causes of our illness cases were repetitive stress injuries and hearing impairment. We employ a number of programs and metrics to identify and manage work-related illnesses, including those not captured by OSHA recordkeeping guidance.

Workplace *Malaria Control Program*. ExxonMobil has the most comprehensive *Malaria Control Program* of any operator in Africa, covering both employees and contractors. The program combats malaria through awareness, bite prevention, antimalarial medication, and early diagnosis and treatment. Over the last three years, we successfully decreased the number of malaria cases among our employees and contractors. In 2007, we recorded no cases of malaria among our (nonimmune) expatriate employees, and there were no reported cases of serious malaria among our national (semi-immune) employees. ExxonMobil business travelers to malaria-prone areas are also expected to comply with the *Malaria Control Program*.

Employee *StopAIDS*. Our comprehensive workplace HIV/AIDS program, *StopAIDS*, combines risk mitigation education with access to community-based care and treatment. Now in its fourth year, the program has been implemented in our sub-Saharan African operation sites and is expanding to Indonesia and Sakhalin Island, Russia. Read more about our efforts to combat the spread of HIV/AIDS in our case study on page 32.

Strategic Health Management. In developing countries, ExxonMobil employs a strategic management approach to track employee health and to develop prevention programs and health care services to respond to emerging health issues in a timely manner.

Our Environmental, Social, and Health Impact Assessment (ESHIA) process helps us identify opportunities for addressing potential health impacts associated with our projects. By incorporating workforce and community health considerations into project planning, we also support the broader economic and social development of the communities in which we operate (see national content development on page 31). We look for opportunities to strengthen existing infrastructure by improving on-site emergency capability and upgrading hospitals located in the immediate vicinity of our operations.

For example, as part of our Sakhalin-1 Project, Exxon Neftegas Limited invested significant funds to upgrade hospitals and medical equipment in the towns of Dekastri, Nogliki, and Okha in Russia, rather than building separate facilities to meet the medical needs of our workforce. These investments have broadened the capabilities of the hospitals' surgeons and trauma specialists as well as enhanced the quality of medical services available in the area to both the residents and our workforce.

security

Our high-quality security program, which includes personnel awareness regarding potential threats, helps ensure that we can continue to operate in a safe and secure manner. In 2007, we continued implementing physical and procedural security measures at many of our sites to effectively protect our personnel and operations. Security measures consider threats, the practicality of implementation, and relationships with the communities in which we operate. We continue to improve our threat assessment and response capabilities, which are critical for reacting in a timely and appropriate manner given the dynamic threat environment in which we operate.

To further strengthen our security program, we are continuously looking for improvement opportunities and integration of security into existing systems and processes, including OIMS. These efforts include increased workforce involvement and improved capabilities for reporting and analysis. In 2008, we will reinforce the *Security Is Everybody's Business* message by introducing enhanced awareness programs and training site personnel on specific security program elements. We have developed a program to share successful security processes among security personnel at ExxonMobil facilities worldwide.

priority issue

employment policies and practices

ExxonMobil actively fosters a productive work environment that allows each of our 81,000 employees throughout our global operations to contribute fully to the achievement of superior business results. Open-door communication promotes fairness, respect, and effective engagement between management and the workforce. We provide numerous opportunities for interaction, including regular employee forums with senior management on a variety of business issues and other topics of employee interest and concern (see page 5).

Our employment practices are governed by our *Standards of Business Conduct*, which support our commitment to equal employment opportunity and prohibition of harassment in the workplace (see page 36). Additional information about our employment policies and practices is available on our Web site (*exxonmobil.com/managementsystems*).

We support elimination of coerced or compulsory labor, abolition of child labor, and freedom of association. We recruit our employees and provide working conditions —including payment of wages and benefits— in accordance with applicable laws and regulations. ExxonMobil employees are at, or above, the legal employment age in the country of their employment. Employees have the right to join associations and choose representative organizations for the purpose of engaging in collective bargaining in a manner consistent with applicable laws, rules, and regulations as well as local customs.

Equal Employment Opportunity Policy. Qualified individuals are provided with equal employment opportunities in compliance with all applicable laws and regulations. Additionally, it is the Corporation's policy to make special efforts to:

• Support diversity in the workforce and enhance the representation of women and minorities through training and development programs;

a closer look

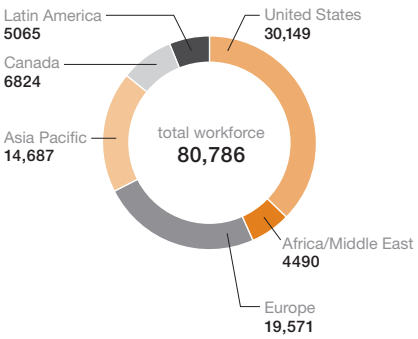
Continuing to meet our goal of *Nobody Gets Hurt*

Since 2000, we have reduced our workforce lost-time incident rates by an average of more than 15 percent per year. We are continuing this trend and to meet this challenge, we are strengthening our focus in the following areas:

• **Human Factors:** We are developing training for our managers and workers on key concepts of human factors technology—such as worker fatigue and ergonomics—and how to integrate solutions into our operations. We are also building a Human Factors Network to leverage available expertise for best practice transfer and global support; and,

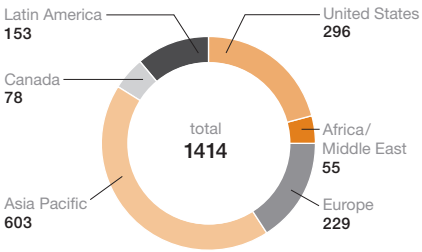
• **Vehicle Safety:** From 2004 to 2007, we had eight employee and contractor fatalities due to vehicle-related incidents. These incidents occurred outside our facilities and involved factors beyond our control. To address these risks, we rigorously train our heavy-vehicle operators. In addition, we recently updated our passenger and light-service vehicle operator guidelines and will provide further training to our workforce. In 2008, we plan to develop country-specific vehicle safety management plans.

2007 workforce by geographic region*



*Data exclude company-operated retail store employees.

2007 female management and professional new hires by geographic region



percent of women and minorities by position in the United States in 2007

Based on U.S. Equal Employment Opportunity Commission reporting

	women	minorities
officials and managers	18.4	19.7
professionals	29.2	20.9
total employees	31.1	32.6

- Provide flexible work arrangements that help meet employee needs for balancing work and family obligations. Our *Workplace Flexibility Programs* include flexible work arrangements and focused assistance programs;

- Reasonably accommodate qualified disabled individuals to perform the essential functions of their jobs; and,

- Emphasize management responsibility in these matters at every level of the organization.

Harassment in the Workplace Policy. Harassment in any form—sexual, racial, religious, or other—is prohibited at ExxonMobil. Our policy also prohibits certain behaviors that are considered inappropriate in a business setting and incompatible with mutual employee respect. We thoroughly investigate any harassment claims, and evaluate compliance with our harassment policy through an annual stewardship process.

Nondiscrimination Policy. 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. We have deployed a comprehensive education, training, and stewardship program to ensure this policy is implemented and followed by our employees throughout our worldwide operations.

ExxonMobil provides benefit coverage to spouses—whether heterosexual or homosexual—based on legally recognized spousal relationships. We determine eligibility according to laws with respect to 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 has the effect of limiting coverage to heterosexual couples only. However, ExxonMobil employees in the Netherlands, Canada, and other international locations—where national law recognizes same-sex relationships—are provided spousal benefits under the ExxonMobil program.

Diversity. Our *Global Diversity Framework* helps us build a talented and diverse workforce, which is critical to maintaining our position as the world's leading energy and petrochemical company. ExxonMobil is committed to promoting leadership opportunities for women globally and improving the gender balance in our company. Currently, women comprise about 25 percent of our worldwide workforce, excluding company-operated retail stores. Approximately 12 percent of executive employees are women, compared to 9 percent in 2000.

We are also working to increase the representation of minorities, including African-Americans, Hispanics, Asians, and Native Americans in our U.S. operations. Based on U.S. Equal Employment Opportunity Commission reporting, minorities made up approximately one-third of our U.S. workforce and about 20 percent of officials and managers in 2007. ExxonMobil has long supported networks that provide professional development, mentoring, and coaching for women, African-American, and Hispanic employees. In 2007, the Asian Connection for Excellence (ACE) was formed for Asian employees to facilitate sharing of Asian cultures and enhance our effectiveness in working with business partners in Asia.

workforce development

ExxonMobil benefits from the cultural differences, knowledge, and skills of our employees who represent the diverse communities of the world. Their combined contributions allow us to achieve superior business results and operate in a socially responsible manner. We also have a responsibility to build a legacy of economic progress by maximizing the number of local employment opportunities and investing in the workforce of our host countries, in particular in emerging and developing economies.

At year-end 2007, ExxonMobil's worldwide workforce numbered nearly 81,000 employees, of which about 37 percent were located within the United States and 63 percent internationally. Expatriates comprised nearly 4 percent of our total workforce. In 2007,

ExxonMobil hired more than 3700 management and professional employees worldwide, of which approximately 38 percent were women and 71 percent were hired outside the United States.

Workforce Nationalization. Our strategy for workforce nationalization involves increasing the number of national employees over the life span of a project and providing the necessary training and education to develop people for both operational and leadership roles. Over the short term, we employ expatriates—those working outside of their home countries on ExxonMobil assignments—to share their expertise, train, and mentor the national workforce. This ensures the long-term success of our projects and helps us to integrate into the communities in which we operate (for our approach to national content development, see below).

Training and Development. ExxonMobil is committed to attracting, developing, and retaining the best people from the broadest possible employee pool to meet our business needs worldwide. We strive to provide our employees with the best career opportunities in our industry. We encourage individual growth and achievement of career goals.

In 2007, our training reached more than 35,000 participants, and training expenditures totaled more than $61 million. To strengthen our technical capacity, we conducted more than 500 in-house technical courses for about 13,000 participants.

Through a combination of work assignments and training, our employees develop the necessary leadership capabilities for performing effectively in a variety of environments. In 2007, more than 3200 employees at various levels of management from around the world participated in ExxonMobil's leadership development training programs. Approximately 23 percent of participants were women and 55 percent were non-U.S. employees.

In addition, we developed world-class technical training programs for new employees in our operations in Angola, Cameroon, Chad, Equatorial Guinea, Indonesia, Italy, Nigeria, and on Sakhalin Island, Russia. We fund technical and apprentice training programs, both in-country and internationally, to help the national workforce develop the necessary operations and maintenance skills to work at oil and gas facilities.

For example, since 1996, we have spent more than $30 million on training and development in Equatorial Guinea. This has benefited more than 100 national technicians who participated in three-year training programs as well as 47 other national employees who were trained in a variety of programs abroad.

Our commitment to training extends beyond ExxonMobil employees. In some cases, personnel from national oil companies work in our offices and participate in technology workshops and training programs, which further contributes to building national capacity.

a closer look

Training welders on Sakhalin Island, Russia

The Welder Training Program—sponsored by Exxon Neftegas Limited, the U.S. Agency for International Development (USAID), and Sakhalin Alaska College—provides skills training to handle advanced welding equipment, which affords Sakhalin residents greater employment opportunities. In 2005, the first 15 students graduated from the program and developed the necessary skills to work on complex construction activities related to the Sakhalin-1 Project. There are now more than 60 graduates, and we are assessing opportunities to increase the scale and reach of this program on Sakhalin Island as well as in other locations around the world.

priority issue

national content development

One of the most important contributions we make to the countries in which we operate is to ensure that the benefits from our projects are sustainable over the long term and that the government and communities do not depend solely on our presence. To do so, we employ a variety of economic support and incentive programs for capacity building, collectively referred to as national content development.

ExxonMobil has engaged in national content development for decades. Our approaches differ between countries as a function of existing infrastructure, industrial base, and local supplier capabilities. Plans for national content development are unique to each location and formalized through our business processes, at the local, regional, and global level. Our global strategy for national content development is broadly focused on three areas:

- **Workforce development:** Training employees and contractors in technical and professional skills necessary for working on existing and future projects and operations (see pages 30 and 31);
- **Supplier development:** Purchasing local goods and services, and increasing the capability of suppliers to help them meet global industry standards in order to qualify for contracts with ExxonMobil and others (see our case study on page 50); and,
- **Strategic community investments:** Providing investments in health, education, and infrastructure that assist in the development of local capabilities and improve the socio-economic environment of host communities (see page 46).

In 2007, we continued rolling out our strategy for national content development into developing and operating areas. To assist with aligning and sharing best practices across our operations, we developed our *National Content Development – Guidelines, Strategies, and Best Practices* as well as tools to help facilitate a coordinated approach. In addition, we shared the lessons learned and best practices with host governments, national oil companies, joint-venture partners, and suppliers to help develop a collaborative approach across the international community.

case study

combating the spread of HIV/AIDS:

focusing on sub-Saharan Africa

global concern

HIV/AIDS impacts the lives of many more people than those infected with the disease. Developing nations are hardest hit, with roughly 7 percent of the adult population in sub-Saharan Africa infected.

our approach

- Conducting health risk assessments to analyze prevalence of HIV/AIDS
- Developing a comprehensive workplace prevention program, *StopAIDS*
- Encouraging safer behavior to keep employees healthy
- Strengthening local capacity to better prevent and diagnose HIV/AIDS

AIDS has killed more than 25 million people since the disease was first recognized in 1981. With millions of new infections each year, the total number of people living with HIV continues to rise, making it one of the most devastating epidemics known to man. Anti-retroviral therapy can be used to extend survival and improve quality of life, but there is no known cure for AIDS.

HIV/AIDS impacts the lives of many more people than those infected with the disease. Developing nations are the hardest hit, with 65 percent of new infections occurring in sub-Saharan Africa, where roughly 7 percent of the adult population is infected with HIV/AIDS.

keeping our workforce healthy and disease-free

The health of our workforce, now and in the future, is a significant concern for us. We ensure that our employees and their families have access to programs that can be effective in preventing and slowing the spread of the HIV/AIDS epidemic. We also encourage contractors and other business partners to incorporate similar programs into their own businesses to enable them to adequately manage risk.

Throughout our operations, we conduct health risk assessments to analyze the prevalence of HIV in the background population; understand risk factors for HIV transmission in the general population; evaluate the quality of local and national health services infrastructure and its capacity in the diagnosis, treatment, and care of HIV/AIDS; and determine the level of access to care provided to employees and families via company health plans.

To further mitigate risks to employees, we then determine if a workplace prevention program is necessary. In parts of the world, such as sub-Saharan Africa, where we determined that health services infrastructure was generally insufficient and company health plans did not always provide access to treatment of HIV/AIDS as for any other disease, we developed a comprehensive workplace prevention program, *StopAIDS*, in 2004.

focusing on sub-Saharan Africa

Assisting our 4000 employees and their families in mitigating the HIV risk is important for the long-term sustainability of our business and the economic growth of sub-Saharan Africa. Our comprehensive workplace program combines prevention through encouraging safer behavior and changing attitudes, with treatment and education of HIV-positive workers on how to live safely with the illness through access to community-based care.

We are addressing the needs of the sub-Saharan region through several approaches. The *StopAIDS* program has now been implemented through our affiliates in Angola, Cameroon, Chad, Equatorial Guinea, and

Nigeria. We are also supporting capacity building programs through our *Africa Health Initiative* and our affiliates.

Preventing and Treating HIV/AIDS Through *StopAIDS*. More than 375 peer educators and facilitators, selected from within ExxonMobil, have been trained by external experts at Population Services International and are delivering confidential adult health education. We have tracked the success of the program through a voluntary and confidential workplace survey. Its success is measured through a survey of employee knowledge, attitude, and practice, and the results are being used to identify local program gaps and needs. In 2007, average voluntary attendance of our employees in education sessions ranged from about 50 to 75 percent, which is considered to be a good participation rate for a voluntary program.

We do not test for HIV, and HIV status is not a factor in determining an employee's ability to work. HIV/AIDS care and treatment are offered through our company-sponsored health plans and HIV/AIDS is addressed like other illnesses. Our employees and their families utilize community-based, confidential Voluntary Counseling and Testing (VCT) centers for voluntary HIV testing, confidential counseling, and treatment. Community-based VCT centers have emerged in most urban areas in the five sub-Saharan African countries where we operate. In 2007, we extended the *StopAIDS* program to families, contractors, and surrounding communities of each affiliate.

StopAIDS coordinators in each country continue to provide updated information on the availability of voluntary counseling, testing facilities, and medical treatment. We encourage our affiliates' *StopAIDS* groups to join nationally recognized organizations and networks to share best practices for addressing challenges associated with combating the spread of HIV/AIDS.

Our *StopAIDS* program is embedded in safety, health, environmental, and other company training systems and is managed by each participating country's *StopAIDS* Committee. Additional information about *StopAIDS* is available on our Web site (*exxonmobil.com/health*).

Strengthening and Developing Local Health Care Capacity. In 2007, the *StopAIDS* coordinator in our joint venture in Cameroon and peer educators conducted an HIV/AIDS awareness campaign at a school. The event attracted more than 1000 students and teachers and addressed various topics, including myths and beliefs about HIV/AIDS. The focal point was taking responsibility for personal actions.

We are working in partnership with the Academic Alliance Foundation to train African physicians in the latest HIV/AIDS treatment and technology at the Infectious Diseases Institute at Makerere University in Uganda. The Institute provides training for health care workers and researchers in effective prevention strategies, new diagnostic tools, and care and treatment protocols for infectious diseases. To date, more than 1000 African health care workers from 23 countries have been trained at the Institute.

In 2007, we continued to support Safe Blood for Africa in its efforts to implement blood quality programs in Angola, Equatorial Guinea, and Nigeria. For example, for the fourth year, we supported the ExxonMobil Nigerian National Training Institute, which provides training on safe blood practices to staff at blood centers, testing labs, and hospital transfusion services. We organized 23 trainings that included a total of 262 participants and addressed blood screening procedures according to the World Health Organization standard for HIV/AIDS, among other infections. In 2007, more than 50,000 HIV rapid test kits were distributed through the ExxonMobil Akwa Ibom Blood Relief Plan throughout Akwa Ibom state in Nigeria.

Over the past three years, Esso Angola has been sponsoring a behavioral-change program in Bengo province to educate the community on HIV/AIDS. The program's goal is to reach 65 families per week through door-to-door health campaigns and eventually educate the province's entire population of approximately 100,000 people. As a result, more people are voluntarily being tested for HIV/AIDS. In 2007, our awareness campaign reached more than 13,000 people and nearly 3000 volunteered to get tested.

▸ **looking forward**

Expanding our program to Indonesia and Russia

A credible workplace HIV/AIDS education program can be a key aspect of any strategy to mitigate the potential health impacts of large development projects.

With the help of well-respected nongovernmental organizations, we are in the process of rolling out culturally appropriate education programs modeled after our *StopAIDS* program approach in Indonesia and on Sakhalin Island, Russia, where we have new projects.

In Indonesia, Family Health International is assisting with the development of a bloodborne disease prevention program that expands the focus beyond traditional HIV to also include other preventable life-threatening infections such as hepatitis B.

On Sakhalin Island, Population Services International is coordinating the local program rollout, with surveys of employee knowledge, attitude, and practice; peer education programs; and approaches to facilitate access to community-based voluntary counseling and testing resources.

corporate governance

priority issue
product stewardship

Minimizing the risks associated with the manufacture, use, and disposal of our products on people and the environment

priority issue
political involvement

Tracking legislation, engaging with governments around the world to advocate our position, and, where appropriate, making political contributions

priority issue
ethics

Expecting honest and ethical behavior of employees at all levels through adherence to company policies and controls

ExxonMobil has an unwavering commitment to high ethical standards and operations excellence. Our standards of ethics and business integrity, together with our workforce, are our most valuable assets. Our corporate governance systems and practices are critical to our success. We take a disciplined approach to corporate governance in every aspect of our business and at every location where we operate. We care about how results are obtained, not just the results.

At ExxonMobil, we have a long-standing history of leadership in corporate governance. In 2007, GovernanceMetrics International awarded us a score of 10 out of 10, an increase from previous years. Only 1 percent of companies rated received this score. RiskMetrics Group rated our company above 92 percent of other oil and gas companies on corporate governance issues, and above 53 percent of the Standard & Poor's (S&P) 500.

financial resource management

ExxonMobil recognizes that it is our responsibility to help meet the world's growing energy needs while providing competitively priced supplies to our customers and

delivering value to our shareholders. Our earnings enable us to continue making sizable investments in energy production and technologies that benefit society. ExxonMobil is investing at record levels—a total of $89 billion on six continents over the last five years and almost $21 billion in 2007 alone.

Investments for the Long Term. Our investment decisions are driven by the availability of long-term opportunities. Our portfolio consists of about 120 projects that are expected to ultimately produce about 24 billion oil-equivalent barrels (net). ExxonMobil participated in seven major upstream project start-ups in 2007, and in 2008, we anticipate 12 more start-ups around the world. At peak production rates, these projects are expected to add nearly 600 thousand oil-equivalent barrels per day. We also continue to invest in cost-effective capacity expansion of our existing facilities to enhance refinery capacity and yield.

Shareholders and Distribution of Returns. Approximately 2.5 million individual shareholders own about 40 percent of ExxonMobil's common stock, and the remaining shares are owned by institutions, including those that manage mutual funds, teacher equity funds, and public employee pension funds. We are committed to delivering superior shareholder value through disciplined capital investment, operational excellence, and a long-term, consistent industry perspective. This approach results in superior earnings and cash flows throughout the business cycle. This model has enabled ExxonMobil stock to consistently outpace the S&P 500 Index over the past 5-, 10-, and 20-year periods.

Over the past five years, we have distributed nearly $118 billion to our shareholders through quarterly dividend payments and share purchases to reduce shares outstanding. In 2007, our total shareholder distributions were $36 billion, including $28 billion in share purchases. For more than 100 years, the Corporation has paid dividends, and annual dividends per share have increased every year over the past 25 years. Annual dividend payments per share increased by 7 percent in 2007 from 2006, and 49 percent since 2002. Additional information about ExxonMobil financials is available on our Web site (*exxonmobil.com/investor*).

Board of Directors

As of year-end 2007, of the 12 directors on our Board, 10 are independent as defined by New York Stock Exchange (NYSE) guidelines. Only independent directors serve on our Board Affairs, Compensation, Audit, Public Issues, and Contributions Committees. In 2008, two non-employee directors will retire from the Board under the Board's usual retirement guidelines. The Board will elect one new non-employee director in January, and a second new non-employee director is expected to be elected to the Board at the Annual Meeting of Shareholders in May. The Board Affairs Committee serves as ExxonMobil's nominating committee and follows *Guidelines for the Selection of Non-Employee Directors* that describe qualification criteria of directors.

The Board schedules frequent, regular executive sessions (for independent directors only) generally after each regular Board meeting. In 2007, the Board of Directors met 10 times, and our Committees on Board Affairs, Compensation, and Audit met between 6 and 11 times. This year, climate change topics were again prominent on agendas of both the Public Issues Committee and the full Board.

At ExxonMobil, the Committees on Public Issues, Board Affairs, Contributions, Compensation, and Audit oversee and routinely review corporate citizenship issues. Key topics reviewed by the committees in 2007 included:

- **Public Issues Committee:** Reviewed our safety, health, and environmental performance as part of our annual corporate stewardship process and the activities of the *Global Climate and Energy Project* (see page 19);

- **Board Affairs Committee:** Reviewed the requirements to call special shareholder meetings, and clarified our *Corporate Governance Guidelines* to highlight that special meetings can be called by the Board, Chairman, President, or the holder or holders of at least 10 percent of the outstanding shares in accordance with New Jersey law; and,

a closer look

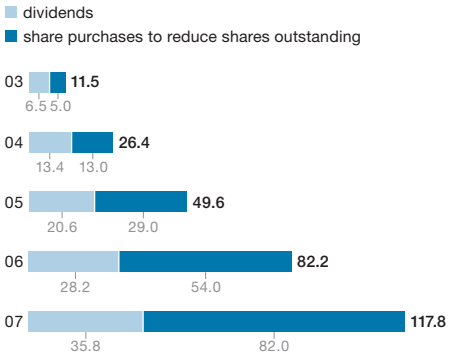
Communicating with directors

ExxonMobil's directors welcome and encourage communications with our shareholders. On average, 15 communications are received per month and responded to as appropriate. The Board Affairs Committee established and oversees procedures for shareholders and other interested persons to communicate with the independent directors. These procedures are published in the proxy statement and posted on our Web site (*exxonmobil.com/governance*).

Written communications should be addressed to the director or directors in care of the Secretary of the Corporation, who will forward as intended or hold for review at the next regular Board meeting. Alternatively, shareholders may send e-mails to a specific director directly from the corporate governance page of our Web site (*exxonmobil.com/directors*).

cumulative distributions to shareholders (over past five years)

(billions of dollars)



a closer look

Shareholder proposals and proxy statements

As part of our shareholder engagement process (see page 4), the Corporation receives shareholder suggestions each year. Some of these are in the form of shareholder proposals to be presented in our proxy statement for consideration at the Annual Meeting of Shareholders. Significant suggestions are carefully considered by management and/or the Board of Directors. Typically, we seek a dialogue with the proposal sponsor prior to the distribution of our proxy statement to more fully discuss each other's position. This dialogue often produces a satisfactory solution, and the proposal is withdrawn by the sponsor. However, when agreement is not reached—for example, such as on adopting a bylaw to recoup unearned incentive pay—the proposal and the Board of Directors' response and recommendation are published in our proxy statement (see our Web site, *exxonmobil.com/proxymaterials*). Shareholders vote on each proposal at the Annual Meeting of Shareholders. The Board further evaluates the proposals receiving significant support from shareholders and takes action as appropriate.

Example:

Proposal on adopting a bylaw to recoup unearned incentive pay.

Shareholder request:

The Board of Directors should adopt a bylaw to recoup unearned incentive bonuses or other incentive payments to senior executives if it is later reasonably determined that their performance targets were not achieved or resulted from overstated financial or operating results.

Board response:

The Board agrees that senior executives should not profit on the basis of overstated financial or operating results. However, the Board believes this proposal is unnecessary since the company has long had programs and practices in place to address these concerns and has taken steps to further clarify this intent.

The Board's new *Statement on Incentive Compensation in Case of Restatement* supports this view (see our Web site, *exxonmobil.com/governance*). Consistent with the *Statement*, the Board also amended the *Short-Term Incentive Program*—under which incentive bonuses and other payments are granted and paid to our executives—to give the Board the right to require repayment from executive officers in case of a material negative restatement of financial or operating results.

With the addition of the new *Statement* and amendment to the *Short-Term Incentive Program*, we believe that ExxonMobil has taken the necessary action to enable the company to recoup compensation from executive officers as contemplated by the proposal. In fact, we believe the company's action is more effective for this purpose than a bylaw action would be and, therefore, substantially implements the proposal.

ExxonMobil's incentive programs are carefully structured so that at any given time, and in most cases for many years after retirement, a substantial portion of an executive's personal net worth in the form of outstanding incentive awards will be subject to cancellation or forfeiture if the executive is found to have engaged in detrimental activity.

• **Compensation Committee:** Drafted language stating that the Board would seek to obtain from each executive officer an amount corresponding to any incentive award that would not have been granted or paid had the results as originally reported been equal to those restated in case of a financial or operating results restatement.

management systems

We comply with all applicable laws and regulations, and where laws and regulations do not exist, we operate using the highest industry standards in all aspects of our business. Our global policies and practices, including our *Corporate Governance Guidelines*, reflect our commitment to high ethical standards. At ExxonMobil, our commitment to high ethical standards, legal compliance, and integrity in the execution of our business-wide operations is steadfast in every country in which we operate. By embedding this commitment into our company culture and implementing it through our management systems, we ensure long-term sustainable performance.

Standards of Business Conduct. ExxonMobil's *Standards of Business Conduct* form the foundation for this commitment and provide each ExxonMobil employee around the globe and our non-employee directors, with a common set of ethical standards. The *Standards* consist of guiding principles, 16 foundation policies, and open-door communication procedures. No one at ExxonMobil has the authority to make exceptions or grant waivers with respect to the *Standards*. Our integrity and reputation depend on our employees' understanding of and compliance with these policies. Employees, including supervisors and managers, are subject to disciplinary action up to, and including, termination for violation of our policies. In addition, contractors who violate our policies may be denied site access.

Control Systems. Business control systems are rigorously applied at our operations worldwide. Regular self-assessments and audits ensure that operating controls and standards are met by every operating unit. Our *System of Management*

Control Basic Standards defines the basic principles, concepts, and standards that drive our business controls. Our *Controls Integrity Management System* provides a structured approach for assessing financial-control risks, establishing procedures for mitigating concerns, monitoring conformance with standards, and reporting results to management.

Our financial controls meet or exceed the requirements of the Sarbanes-Oxley Act and the NYSE listing standards. In accordance with Sarbanes-Oxley and confirmed in an independent assessment by registered auditors of PricewaterhouseCoopers LLP, a management-issued report on internal controls over financial reporting concluded that our internal controls system is effective.

Operations Integrity Management System. Our *Operations Integrity Management System* (OIMS) has been in place since 1992 and addresses all aspects of managing safety, health, security, and environmental risks at our facilities worldwide. OIMS is a framework of management systems designed to identify hazards and manage associated risks. It provides a systematic, structured, and disciplined approach across our businesses and facilities worldwide and enables us to measure progress and management accountability in these areas. It also ensures that we appropriately engage the communities in which we operate. We expect our business-line managers to comply with all OIMS requirements, from project inception to ongoing operations, and conduct OIMS reviews in our operations annually.

Additionally, the overall effectiveness of OIMS is reviewed every five years and adjusted accordingly. As a result, OIMS has been gradually upgraded to include behavioral safety, security, environmental aspects, and enhanced community involvement.

In 2007, Lloyd's Register Quality Assurance, Inc. (LRQA), which reviewed our performance in 2004, attested again that OIMS meets the requirements of the ISO 14001 standard for environmental management systems.

Furthermore, LRQA recognized that OIMS also meets all the requirements of the Occupational Health and Safety Assessment Series for health and safety management systems (OHSAS 18001).

Best Practices in External Affairs. At ExxonMobil, we are continually working to enhance the quality of our community engagement and external relations. Our *Best Practices in External Affairs* (BPEA) initiative is our strategic planning and management tool for global external affairs, which allows ExxonMobil affiliates to seek and practice excellence in community relationships (see page 44) and national content development (see page 31). This tool helps us better understand the viewpoints and concerns of the diverse communities in which we operate. In 2007, we implemented BPEA as part of the Community Awareness element of OIMS for key facilities across our global operations.

Additional information about the *Standards of Business Conduct*, *Controls Integrity Management System*, OIMS, BPEA, and other management systems is available on our Web site (*exxonmobil.com/managementsystems*).

priority issue

product stewardship

ExxonMobil is dedicated to minimizing the risks and impacts associated with the manufacture, use, and disposal of our products. Our priority is to continue to produce essential commodities in a manner that preserves and protects human health, safety, and the environment. We actively identify and evaluate potential risks to ensure minimal effects on both people and the environment, while improving product performance. To ensure that our products are used in a safe manner, we communicate potential risks and specify proper product management processes to consumers, third parties, and the public. Additional information about our product stewardship policy and our *Product Stewardship Information Management System* is available on our Web site (*exxonmobil.com/products*).

a closer look

United Nations *Global Compact*

ExxonMobil supports the ideals of the United Nations *Global Compact* in the areas of human rights, labor standards, the environment, and anti-corruption. While we are not a signatory of the *Global Compact*, its basic values are embedded in our *Standards of Business Conduct*, which govern how we operate around the world.

Human Rights

• We promote respect for human rights and believe human rights abuses should be condemned (see page 42).

Labor Standards

• At ExxonMobil, we uphold the freedom of association and recognize the right of collective bargaining, we oppose all forms of forced or compulsory labor, we condemn child labor, and we do not discriminate in respect of employment and occupation (see page 29).

Environment

• We incorporate a precautionary approach to environmental challenges through science-based risk management (see page 15).

• We support initiatives to promote greater environmental responsibility (see page 14).

• We encourage the development and diffusion of environmentally friendly technologies (see page 16).

Anti-Corruption

• We condemn all forms of corruption, including extortion and bribery (see pages 38 and 40).

a closer look

Supply chain

The terms and conditions of our procurement contracts require our suppliers and contractors to adhere to the local laws and regulations of the countries where they are working for us. In addition, our suppliers and contractors must also adhere to the specific requirements of ExxonMobil policies and procedures on safety, health, security, and the environment, including the principles of our *Standards of Business Conduct*. The same requirements also apply to supplier development under our approach to national content development, to ensure that suppliers meet our standards for safety and integrity in our operations. We periodically conduct audits and reviews of our suppliers and contractors to ensure adherence to our terms and conditions.

Product Life Cycle and Risk Assessment. To assess potential risks associated with chemical substances, we developed processes to understand potential accumulation of our products and by-products in the environment and humans. ExxonMobil recently developed new computer-based tools to predict the environmental behavior and potential hazards of our products. Computer models are used to better understand product characteristics such as persistence and accumulation in air, water, or soil as well as toxicity to bacteria and fish.

These tools help us predict potential risks to human health, safety, and the environment and improve the design of our products. Findings are used to improve product design through use of less hazardous materials. For example, ExxonMobil's Lubricants and Specialties organization developed a commercial vehicle engine lubricant formulation to improve environmental performance by reducing sulfur, ash, and phosphorous content without sacrificing operational performance.

Product Safety. Recently, several regulatory and scientific reviews in the United States and Europe confirmed the safety of our two high-molecular-weight phthalate plasticizers and concluded that no further measures were needed to regulate the use of these products beyond the limited restrictions that already apply in toy manufacturing. If we learn that our products, in specific applications, do not meet the safety standards established by our policy, we discontinue selling the products in those applications.

Global Responsible Care Charter. ExxonMobil Chemical Company is a signatory of the International Council of Chemical Association's *Global Responsible Care Charter*. Through OIMS, we are continuing our efforts to improve our safety, health, and environmental performance; manage chemical safety in a risk-based approach supported by sound scientific information; and facilitate the continued application of *Responsible Care* principles across the business value chain.

priority issue

ethics

ExxonMobil complies with all governmental laws, rules, and regulations applicable to our business. We expect employee candor at all levels and adherence to company policies and controls. Employees are responsible for reporting suspected violations of law or corporate policy to management. Each year, our employees are required to confirm that they have read and are familiar with the policies set forth in our *Standards of Business Conduct*. We conduct detailed training on the *Standards* on a regular basis to ensure that employees understand company expectations.

Our *Standards of Business Conduct* include a Code of Ethics and Business Conduct, which outlines our policies to prevent bribery and corruption (for our transparency initiatives, see page 40). It includes clear guidance on ethics, gifts and entertainment, conflicts of interest, antitrust, and directorship policies. Responsibilities for authorizing, approving, and recording financial transactions are appropriately segregated to reduce risks. All payments to third parties are expected to comply with the Foreign Corrupt Practices Act and our *Guidelines for Payments to Third Parties*. Additional information about our policies is available on our Web site (*exxonmobil.com/managementsystems*).

Internal Audits. On average, one-third of corporate business activities and operating units are audited by our internal audit department each year, and operating units also undergo regular self-assessments. ExxonMobil deploys approximately 250 specially trained internal auditors throughout our facilities and business units. Internal auditors have unrestricted access to facilities, personnel, and records. Independent investigations are conducted in situations of potential noncompliance with ExxonMobil's *Standards of Business Conduct*.

Investigations of Potential Policy Violations. Internal auditors and management investigate suspected violations of law, business practices, or internal control procedures, which include conflicts of interest, exceeding transaction authority limits, falsified expense reports, misuse of company assets and credit cards, and petty theft. Potential cases of noncompliance are identified through internal control procedures, supervisory reviews, hotline calls, and employee or third-party tips. Each case is thoroughly investigated through document reviews and interviews. Confidentiality is maintained throughout the process, and results are reviewed with audit personnel and business management to determine appropriate action.

Violations by employees lead to disciplinary actions up to, and including, separation from the company. Significant matters are reported to the Audit Committee of the Board of Directors. The Board makes no exception for cases involving an executive officer or director.

Reporting Suspected Violations. The Corporation provides a number of mechanisms to employees for reporting suspected violations, including a hotline phone number and mailing address. Correspondence is

handled by a Hotline Steering Committee, comprised of security, audit, law, and human resources personnel, and reported to the Audit Committee on a quarterly basis. We expect persons responding to employee questions, concerns, complaints, and suggestions to use discretion to maintain confidentiality and protect anonymity to the greatest extent possible. No action can be taken or threatened against any employee for asking questions, voicing concerns, or making complaints in conformance with company procedures.

priority issue

political involvement

ExxonMobil makes political contributions to candidate committees, political parties, associations, and other political organizations, where permitted by applicable laws and as authorized by the Board of Directors. According to our policy, ExxonMobil employees, including directors and officers, individually engaging in political activities are expected to do so as private citizens and not as company representatives. Personal, lawful, political decisions do not influence compensation, job security, or opportunities for advancement. Also, like many corporations, trade associations, labor unions, and special interest groups, ExxonMobil tracks proposed legislation.

Political Contributions. The Board of Directors regularly reviews political contributions made by ExxonMobil and our Canadian affiliate, Imperial Oil Limited. Where required by law, these contributions are reported to governing agencies. In 2006, ExxonMobil began posting information about our corporate political contributions on our Web site. In 2007, we started publishing an itemized list of political contributions made by the Corporation, which we update annually. We also posted our policy and guidelines for political activities on the Web site. Information about our contributions to political organizations at the national and state level in 2007 is available on our Web site (*exxonmobil.com/political*).

In the United States, ExxonMobil contributes to political candidates in certain states where applicable laws allow. Exxon Mobil Corporation contributed a total of $132,100 to legislative and gubernatorial candidates and caucuses in seven states in 2007.

Canada is the only other country where an ExxonMobil affiliate makes political contributions. Imperial Oil Limited, a majority-owned Canadian affiliate of Exxon Mobil Corporation, adheres to strict guidelines and legal limits when making political contributions to registered political parties. In Canada, contributions are published by the Chief Electoral Officer. Additional information is available on the Elections Canada Web site (*www.elections.ca*).

Political Lobbying and Advocacy. We engage with governments around the world to effectively advocate the company's position when necessary. Lobbying is highly regulated in the United States. ExxonMobil fully complies with regulations by reporting federal lobbying to the U.S. Congress in a semiannual lobbying disclosure report. In 2007, ExxonMobil incurred lobbying expenses—including direct and indirect lobbying expenses as well as salaries, benefits, and overhead costs such as building rental and utilities—totaling $16.9 million under the Internal Revenue Code 162(e) reporting definition. A complete list of federal issues lobbied by ExxonMobil in the United States in 2007 can be found online in our lobbying reports to Congress (search for "Exxon Mobil" as registrant on *sopr.senate.gov*).

In addition to corporate lobbying efforts, ExxonMobil has a grassroots advocacy program called the Citizen Action Team (CAT). Employees and retirees receive periodic e-mail communications from the CAT about important pending legislation and energy issues. CAT e-tools enable members to contact their elected officials to express their views on issues of concern to them. In 2007, 24 CAT messages were sent to employees and retirees, and more than 20,000 messages were sent to elected officials using CAT e-tools.

a closer look

ExxonMobil Political Action Committee

The ExxonMobil Political Action Committee (PAC) restricts solicitation for voluntary contributions to eligible executive retirees and senior-level managers and professionals. PAC funds are designated for candidates who favor the strengthening of the free enterprise system and hold views consistent with the best interests of Exxon Mobil Corporation. In 2007, the first year of the 2007 to 2008 election cycle, the ExxonMobil PAC recorded total receipts of $450,625 from individual participants, and disbursed a total of $296,129, mostly to federal candidates. In 2007, according to *CQMoneyline.com*, the ExxonMobil PAC ranked approximately 225th in disbursements in their listing of the top 500 PACs. Reports on how PAC funds are used can be viewed on the Federal Election Commission Web site (*www.fec.gov*).

public policy research contributions

ExxonMobil promotes discussion on issues of direct relevance to the company. We contribute to a wide range of academic and policy organizations that research and promote dialogue on significant domestic and foreign policy issues, including the Brookings Institution, the American Enterprise Institute, the Council on Foreign Relations, the Center for Strategic and International Studies, and Resources for the Future. In 2008, we will discontinue contributions to several public policy research groups whose position on climate change could divert attention from the important discussion on how the world will secure the energy required for economic growth in an environmentally responsible manner. Additional information about our U.S. contributions can be found on our Web site (*exxonmobil.com/contributions*).

transparency and human rights

priority issue
international transparency and anti-corruption programs

Supporting transparency programs to help governments increase disclosure of financial information

Standards of Business Conduct

Supporting the spirit and intent of the United Nations *Universal Declaration of Human Rights* and the International Labor Organization *Declaration on Fundamental Principles and Rights at Work*

priority issue
human rights

Promoting respect for human rights and serving as a positive influence in communities in which we operate, while safeguarding the security of our operations

ExxonMobil is committed to honest and ethical behavior and opposes corruption by supporting transparency. We are also committed to promoting respect for human rights and to serving as a positive influence in the communities where we operate. It is the right and responsible thing to do, and doing so promotes stable and constructive business environments.

priority issue
international transparency and anti-corruption programs

As part of our commitment to honest and ethical behavior, ExxonMobil constructively participates in transparency and anti-corruption programs. We offer our assistance to countries seeking to implement greater transparency in order to increase disclosure of financial information, which is fundamental to good governance. This can help stabilize the investment climate of a country, which is critical for attracting the large-scale investments necessary for meeting the world's growing energy demands.

We are an active participant of transparency initiatives that apply universally to all companies—publicly traded, private, and state-owned—with an interest in a country's extractive industry; protect truly proprietary information; and do not violate the laws of a host government or a company's contractual obligations.

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*, because they are consistent with our commitment to sound corporate governance and high ethical standards.

Extractive Industries Transparency Initiative. Established in 2002, EITI encourages governments to voluntarily disclose the revenues they receive from oil, gas, and mining operations, with revenues verified by reports of company payments to governments. EITI starts by gaining consent from host governments for reporting of government revenues and payments by companies. For the most part, implementing countries have called for disclosure of company payments aggregated for all reporting companies. This meets the primary purpose of transparency initiatives, to help ensure that governments use their revenues to benefit the citizens of the country.

EITI's multistakeholder engagement process is just as important as the information that is disclosed by the process. The commitment of governments to disclosure helps establish a culture of accountability and reduced corruption. ExxonMobil believes that EITI is a better approach than other proposals that mandate disclosure of payments by companies without involving host governments in the decision-making process.

Gaining the consent of host governments for increased disclosure requires government-to-government dialogue with the assistance of international financial institutions such as the World Bank and International Monetary Fund. These institutions assist host governments in developing the necessary tools for increasing their transparency in managing their oil and gas interests. The presence of a senior government official to champion the initiative and oversee its implementation played a critical role in Azerbaijan, Kazakhstan, and Nigeria, and is essential to the progress being made in implementing EITI in Chad, Equatorial Guinea, and Madagascar.

Given the breadth and depth of our experience with EITI and commitment to support its implementation, ExxonMobil was elected to the EITI Board in 2006 to help represent other international oil companies. We are playing a leadership role in shaping industry support for EITI and helping EITI transition to a more internationalized governance structure.

Our involvement with EITI, participation in many World Bank workshops, encouragement and assistance to governments, and engagement with multiple interested parties have enhanced our reputation as a leader in promoting transparency.

Transparency Agreements. We have been actively involved in helping to establish transparency agreements to disclose government revenues in the countries in which we have significant investments:

• Chad (transparency agreement since 1999): Since its inception, our project has been governed by conventions and contracts that promote transparency. Payments to the Chadian government have been posted on the Esso Chad and World Bank Web sites since first oil in 2003. Before EITI, our affiliate in Chad helped facilitate implementation of a Revenue Management Plan (RMP)—initially developed by the World Bank and the government of Chad in 1999 and revised in 2006—which includes monitoring by representatives of civil society. The revised RMP continues to devote substantial resources to the top-priority poverty reduction sectors. Through year-end 2007, Chad's oil revenues have reached $2.5 billion. Our participation in 2007 in a government-initiated process to further discuss EITI will promote consistency with project agreements already in place. In early 2008, we plan to sponsor and attend an anti-corruption workshop organized in Chad by TRACE International, a nonprofit membership organization that specializes in anti-corruption due diligence reviews and compliance training for members;

a closer look

Working with governments and civil society to implement the *Extractive Industries Transparency Initiative*

• ExxonMobil has played a key role in assisting countries such as Azerbaijan, Kazakhstan, and Nigeria in their efforts to implement the *Extractive Industries Transparency Initiative* (EITI).

• We are participating in Cameroon's implementation of EITI, which has already resulted in the publication of two reports by the government of Cameroon.

• ExxonMobil is playing an industry leadership role in assisting the government of Equatorial Guinea with implementation of reporting under EITI, by helping educate civil society on EITI and by getting stakeholders in the EITI process to agree on the government's work plan for EITI implementation. We helped prepare a model EITI implementation work plan, a memorandum of understanding for stakeholders, reporting templates, and terms of reference for implementation, which are being reviewed by the government of Equatorial Guinea, civil society, and participating companies.

• We are also providing assistance to the government of Madagascar regarding the current status of EITI implementation in light of EITI's new validation procedure.

• During 2007, Esso Chad participated in meetings with Chadian government officials and civil society to facilitate the establishment of a transparency regulation. In December, the government of Chad issued a decree, which establishes EITI rules and monitoring processes for extractive industries.

• **Azerbaijan (transparency agreement since 2004):** The government of Azerbaijan has published reports on its oil and gas revenues every year since 2003. ExxonMobil played a leadership role by helping the State Oil Fund develop the reporting templates, guidelines, and the memorandum of understanding signed by stakeholders;

• **The Joint Development Zone of Nigeria/São Tomé and Príncipe (transparency agreement since 2004):** Payments to the Joint Development Authority, aggregated for all companies for the award of Block 1, were made public by the government in 2004 under a transparency clause. The transparency clause was jointly approved by companies and the Joint Development Authority;

• **Kazakhstan (transparency agreement since 2005):** ExxonMobil participates in the National Stakeholders Council, which is planning to develop and publish a report on oil and gas revenues in 2008. We drafted the terms of reference for the National Stakeholders Council to oversee implementation of EITI. We played a leading role in preparing the memorandum of understanding signed by the government, parliament, companies, and nongovernmental organizations (NGOs) to begin implementing EITI in Kazakhstan. We plan to present on behalf of the industry at Kazakhstan's first EITI national conference in 2008; and,

• **Nigeria (transparency agreement since 2006):** Results of the audit of oil and gas activities from 1999 to 2004 have been posted on the Nigeria EITI Web site. Discrepancies between reported company payments and government revenues were reconciled. ExxonMobil provided advice and support for the implementation of Nigeria's version of EITI, which includes a three-part audit of financials, management processes, and physical volumes.

priority issue

human rights

ExxonMobil's *Standards of Business Conduct* support our commitment to human rights (see page 36). Our *Standards* are consistent with the spirit and intent of the United Nations *Universal Declaration of Human Rights* as it applies to private companies and with the 1998 *Declaration on Fundamental Principles and Rights at Work* of the International Labor Organization. We hold ourselves to our corporate expectations on compliance and practices, and we encourage contractors and suppliers to observe similar standards. We establish operations only in places where we are able to abide by our *Standards*.

ExxonMobil actively promotes respect for human rights and is committed to complying with all applicable laws and regulations. The responsibility for protecting and enforcing human rights as well as for developing a legal framework for maintaining security is, and must remain, the responsibility of governments. However, we believe our business presence can and should have a positive influence on the treatment of people in the communities in which we operate.

Security is a fundamental need shared by individuals, communities, businesses, and governments alike. Safeguarding company personnel and property is critical, and companies must do so in a manner that is consistent with the laws of the countries in which they operate, while respecting human rights. In certain locations, government security forces may be required to take defensive measures to protect personnel, facilities, and operations. Any human rights violations that may occur during such operations are unacceptable and should be condemned.

Framework on Security and Human Rights. Security and respect for human rights can, and should, be compatible. ExxonMobil formally documented our support of the *Voluntary Principles on Security and Human Rights* in 2005 through our *Statement of Principles on Security and Human Rights*. Our accompanying *Framework on Security and Human Rights* provides a comprehensive set of expectations to our majority-owned operating affiliates on how to manage our interactions with both host government-assigned security and private security providers.

During 2005 and 2006, ExxonMobil rolled out our *Framework on Security and Human Rights* to majority-owned operating affiliates around the world. To facilitate implementation, we developed supporting model documents, including guidelines for dealing with host government security, language for memorandums of understanding for relationships with host country government security, language for contracts with private security providers, and reporting and recordkeeping templates. We use these documents to promote respect for human rights in locations in which we do business.

A component of our implementation of the *Voluntary Principles* and our *Framework* includes identifying effective ways to convey our human rights beliefs and expectations to host governments. For example, in 2006, ExxonMobil Oil Indonesia entered into a memorandum of agreement (MOA) with BPMIGAS, the country's agency responsible for managing upstream oil and gas operations, to establish expectations for government-assigned security in Aceh province, where the company operates. A similar MOA is anticipated in 2008 for operations in Cepu province, also in Indonesia.

In addition to our own implementation efforts of the *Voluntary Principles*, ExxonMobil believes that constructive engagement among governments, NGOs, and companies can lead to practical guidance that will help address difficult human rights issues. We share many of our experiences regarding security practices and procedures, country human rights situations, and community consultations with participants in the *Voluntary Principles*. We also actively participate in organizations such as the International Petroleum Industry Environmental Conservation Association (IPIECA), Business for Social Responsibility (BSR), and the U.S. Council for International

Business to provide information and perspectives to enhance fundamental freedoms, including human rights. We will continue to exchange information and ideas with human rights NGOs through our Citizenship Engagement Forums (see page 4).

Future Plans. In 2008, as part of our regular internal audits and OIMS internal and external assessments, we will continue to test and validate compliance of ExxonMobil majority-owned affiliates with our *Framework* as well as expectations for government-assigned and private security providers.

To further educate our employees and to emphasize the importance of awareness and respect for human rights, we developed an ExxonMobil human rights training presentation for use in our worldwide operations. We anticipate global training to be completed in 2008.

By providing training and raising awareness of human rights issues among our security providers, we help prevent potential human rights abuses in countries where we operate. Although more challenging in joint ventures in which ExxonMobil has only minority participation, we are exploring ways to promote the *Voluntary Principles* in those relationships as well as with contractors who hire private security providers when working on ExxonMobil projects and facilities.

ExxonMobil will also be hosting a workshop with IPIECA and the Regional Association of Oil and Natural Gas Companies in Latin America and the Caribbean (ARPEL). Scheduled to be held in Argentina in 2008, the workshop will include participants from governments, NGOs, multilateral institutions, and companies. The workshop will explore the interface between the extractive industry and communities, with a focus on human rights issues unique to Latin America. It will feature experts and practitioners to highlight regional human rights experiences and learnings and will provide information and tools for managing human rights challenges.

Additional information about ExxonMobil's policies and practices is available on our Web site (*exxonmobil.com/humanrights*).

a closer look

Involvement with the *Voluntary Principles on Security and Human Rights*

The *Voluntary Principles on Security and Human Rights* were established with the recognition that businesses and members of civil society can play a unique role in promoting human rights. The *Voluntary Principles* serve as a forum for engagement among governments, nongovernmental organizations, and extractive companies, with the goal of respecting human rights while maintaining the safety and security of company operations. The *Voluntary Principles* provide guidance on three major components: risk assessment, engaging with public security forces, and interacting with private security forces.

We have been an active participant in the *Voluntary Principles* dialogue since 2002, and worked extensively with participants to devise robust language on participation criteria and procedures for involvement in the *Voluntary Principles*. In 2007, ExxonMobil was elected to serve as one of two corporate representatives on the *Voluntary Principles'* Steering Committee. In that leadership position, we have advocated for a constructive and inclusive process to improve human rights implementation efforts and awareness. We are also involved with developing appropriate governance and reporting mechanisms for the *Voluntary Principles*.

Although there have been many successes, the *Voluntary Principles* are faced with periodic challenges. Recent challenges have involved whether the dialogue should be inclusive or exclusive in nature. Along with most participants in the *Voluntary Principles*, we advocated for greater engagement with certain host governments that demonstrate an interest, willingness, and ability to commit themselves to the guidelines and procedures of the *Voluntary Principles*. One of our primary goals is to achieve common levels of understanding and acceptance of the *Voluntary Principles* among government-assigned security forces. We believe that human rights conditions on the ground will improve more efficiently and effectively when host governments are engaged in dialogue and are provided with the practical tools and guidance necessary to carry out their human rights responsibilities.

ExxonMobil is also participating in in-country *Voluntary Principles* task forces to advance integration of the *Voluntary Principles* into host country policies and practices. We are supporting efforts by governments, civil society, and multilateral institutions to provide human rights training and education for public security forces as well as to strengthen state institutions to ensure accountability for, and protection of, human rights.

community development

priority issue
strategic community investments
Funding programs that promote economic growth and thereby reduce known barriers to development in countries in which we operate

case study
supporting economic progress
Developing local and national suppliers—creating opportunities through national content development in Angola, Indonesia, and Russia

See page 50

priority issue
education partnerships and investments
Improving educational programs worldwide to enhance math and science skills and spur development and economic growth

Making the most of energy resources is about more than oil and gas production—it is about forming a global partnership for development, and creating and delivering sustainable, long-term benefits to local communities. Our community involvement extends beyond philanthropy to job creation and supporting local businesses. We become an active participant in every community where we operate, and we are committed to making a positive and lasting contribution built on mutual trust and respect.

community relations management

Our *Best Practices in External Affairs* (BPEA) initiative helps us tailor our decisions regarding external affairs to the unique business, country, and community context in which we operate. To address the Community Awareness element of our *Operations Integrity Management System* (OIMS), we use BPEA as the strategic planning tool to ensure implementation of community awareness programs, including active dialogue and consultation with local communities (see page 37). This dialogue includes emergency planning and preparedness programs that are essential for the

protection of the public, the environment, and company personnel and assets in the event of an incident (see page 4).

Public Consultations. Because understanding and respecting local customs is critical for our continued presence in communities, we meet with community leaders and associations to exchange information and better address local issues. We conduct large-scale public consultations during our Environmental, Social, and Health Impact Assessment (ESHIA) process and encourage interested parties to ask questions about potential impacts to their communities and environment. We respond by providing additional information, incorporating mitigation plans in our project planning, and in some cases, modifying aspects of the project design. We engage with nongovernmental organizations (NGOs) to help ensure that our public consultation initiatives are as effective as possible.

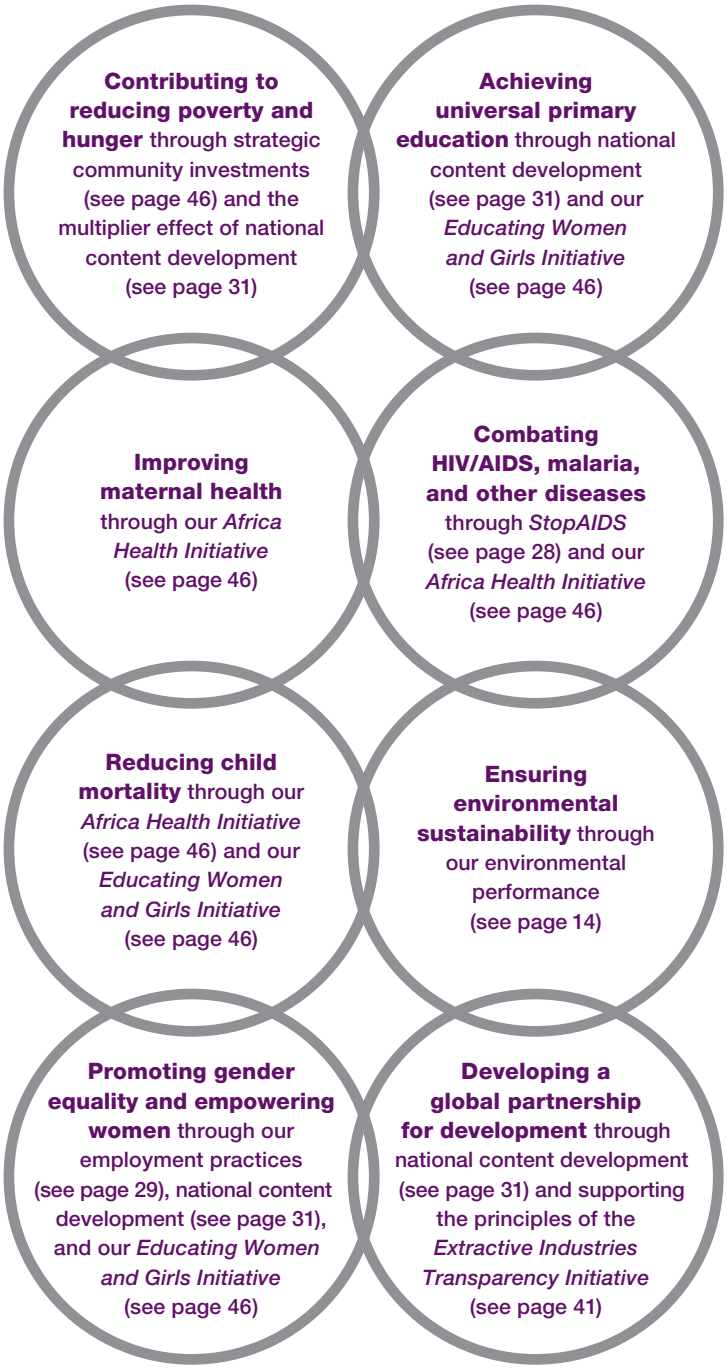
Indigenous Communities. Because of their ethnic isolation from mainstream society, indigenous communities can be especially vulnerable to development. ExxonMobil conducts frequent consultations to help address the special needs of indigenous communities in areas where we operate. We mediate and resolve community concerns in a timely manner, and we follow the principles of the International Labor Organization (ILO) Convention 169 concerning Indigenous and Tribal Peoples in Independent Countries, the United Nations *Declaration on the Rights of Indigenous Peoples*, and the World Bank *Operational Policy* and *Bank Procedure on Indigenous Peoples*. Our programs for indigenous communities provide both short- and long-term improvements to living standards, with initiatives that address health care, skills development, and housing.

Property Rights and Resettlement. We respect property rights in the nations in which we operate. Only with the free, prior, and informed consultation of impacted communities will we implement new operations. Direct compensation programs and community programs that provide micro-development projects are incorporated into our projects. In rare cases where our

a closer look

United Nations *Millennium Development Goals*

Although governments are primarily responsible for achieving the United Nations *Millennium Development Goals*, progress toward achieving the targets associated with each goal by 2015 can be made only through a collaborative effort by governments, business, development institutions, and civil society. ExxonMobil funds programs that promote economic growth and thereby reduce known barriers to development in countries in which we operate. Our presence helps countries make progress by:



a closer look

Strategic community investments through national content development on Sakhalin Island, Russia

North Sakhalin Credit Program. In 2004, the Sakhalin-1 Project Consortium and the U.S. Agency for International Development (USAID) launched the $500,000 *North Sakhalin Credit Program* to support financially viable small businesses that would not otherwise receive funding from commercial banks.

To date, the program has loaned more than $1.3 million to small businesses and helped to create or sustain more than 500 jobs and 100 businesses. In 2007, the *North Sakhalin Credit Program* became self-sustaining as a result of its market-based design. Building on the program's success on Sakhalin Island, we are currently exploring the possibility of launching a similar program in Khabarovsk Krai, the location of an oil-exporting terminal.

Women's Health Clinic. The Sakhalin-1 Project Consortium and the project operator, Exxon Neftegas Limited, contributed $3 million to complete construction of a women's health clinic. In 2007, the new clinic opened in Yuzhno-Sakhalinsk, the capital of Sakhalin Oblast, and offers world-class medical care to up to 300 patients daily, including women living in remote towns. Additionally, the clinic provides medical care to Exxon Neftegas Limited's 600 employees and their families.

projects may require the resettlement of affected persons, we compensate people fairly and justly, and follow the World Bank *Operational Policy* and *Bank Procedure on Involuntary Resettlement*.

priority issue

strategic community investments

We have a long tradition of investing in programs that support education, health, and infrastructure through the ExxonMobil Foundation and the Corporation. We partner with local institutions, NGOs, governments, and development agencies to design our strategic investment programs. This is an integral element of national content development (see page 31), and allows us to have a greater impact on the communities in which we operate and helps create regional stability.

The ExxonMobil Foundation awards grants through our two signature initiatives—the *Africa Health Initiative* and *Educating Women and Girls Initiative*—to charitable organizations working in Africa and other developing regions around the world where we have significant business operations.

Africa Health Initiative. As a major investor in Africa, ExxonMobil recognizes that improving health in Africa is a necessary foundation for economic growth and development, and is critical to achieving the company's business objectives as well. Our *Africa Health Initiative* was established to improve the health of people on the African continent. Since we launched the *Africa Health Initiative* in 2000, we have invested approximately $40 million to support efforts to fight malaria.

In 2007, we awarded $12.4 million in grants to support awareness of and access to malaria treatment and prevention options, to promote strategies to build health care capacity at the community level, to fund research and development of new drugs and vaccines, and to improve international advocacy initiatives. For example:

• Through a strategic partnership with Malaria No More, ExxonMobil contributed $3 million to American Idol's charitable initiative *Idol Gives Back*. The initiative provides life-saving bed nets and other critical interventions in the fight against malaria. In 2008, we plan to expand our support of Malaria No More through *Idol Gives Back*;

• Africare initiated a community-based malaria project in Kibala, in the Kwanza Sul province of Angola. In partnership with the Ministry of Health and local authorities, the Talanganda health post was constructed in an area without health care to serve 15,000 people from nine surrounding villages. Local health workers, including nurses at the new health post, were trained in the diagnosis and treatment of malaria. They are supervising more than 900 community health volunteers and 50 traditional birth attendants, who are active in promoting awareness of malaria prevention options in 138 local communities; and,

• MediSend International is supporting the training of technicians from Angola, Equatorial Guinea, and Nigeria to learn how to maintain medical equipment. This helps build local capacity to ensure that available medical equipment is operational.

According to the Malaria R&D Alliance, the ExxonMobil Foundation is the largest private sector donor—second only to the pharmaceutical industry—to malaria research activities. Additional information about our *Africa Health Initiative* and efforts to reduce malaria is available on our Web site (*exxonmobil.com/health*).

Educating Women and Girls Initiative. Although the education of women and girls is closely tied to good health and women's economic empowerment, women and girls in many countries do not get the educational support they need and deserve. To help reduce barriers that prevent girls from being educated and to equip women to become leaders in their community, we launched our *Educating Women and Girls Initiative* in 2005. Extensive research confirms that programs directed at educating women and girls can have a multiplier effect for local communities, leading to better health conditions, reducing poverty, and slowing the spread of HIV/AIDS.

In 2007, the ExxonMobil Foundation made grants totaling more than $6 million, bringing our cumulative investment to more than

$11 million in Africa and other developing countries. We funded projects in areas including infrastructure, safety, and sanitation improvements of primary and secondary schools; teacher training; vocational and nonformal education, including courses on life skills, health, and civic responsibility; leadership and management training; and business development and micro-enterprise. For example:

• Save the Children and Africare, together with the Angolan Ministry of Education, are addressing the education and health needs of women and children in Kibala, in the Kwanza Sul province of Angola. Building on enthusiastic community support for the first six schools, the ExxonMobil Foundation funded the construction of four more schools and three community health posts. More than 300 students will benefit from each of the 10 new schools, including hundreds of girls who would otherwise not have had access to safe education. The community health posts will benefit more than 6600 people in the region, supplying vaccines and essential medicines. Together with the Angolan Ministry of Health, 60 teachers, 500 health professionals, and dozens of community health volunteers are being trained in basic hygiene, nutrition, and the causes of and treatments for malaria and other common childhood diseases;

• In Kazakhstan, the Astana Enterprise Development Center—established by the U.S. Agency for International Development (USAID) in 2006—has provided business training to more than 4200 entrepreneurs, of whom more than 75 percent were women, and technical assistance to 131 small-medium enterprises, of which 51 were woman-owned or -managed; and,

• In 2007, our support enabled 52 mid-level women managers of NGOs from more than 23 developing countries to participate in leadership and management development workshops through the Centre for Development and Population Activities' (CEDPA) *Global Women in Management Program* (GWIM). We also expanded CEDPA's *Alumni Coaching Program*—launched in 2005 with a grant from the ExxonMobil Foundation—by supporting a coaching workshop for 25 women leaders from around the world. The GWIM workshops are designed to strengthen program and financial management as well as communication, fundraising, and leadership skills of women managers working in community organizations in developing countries. To ensure continued professional growth and application of new skills after training, each GWIM graduate is paired with an alumni coach for a one-year professional coaching relationship. Graduates also join a network of more than 5200 CEDPA alumni who are working to improve communities worldwide. In 2008, CEDPA will conduct the program in Nigeria for women across Africa in addition to the United States and a Spanish language program in Mexico. In 2009, CEDPA will expand the program to the Middle East and Latin America.

We focus funding efforts through our *Educating Women and Girls Initiative* on local NGOs, consistent with our commitment to build the capacity of host countries to effectively partner with multinational companies such as ExxonMobil. For example, an NGO in Indonesia is drawing on the training model of the *Global Women in Management Program* to enhance the skills of community leaders. In Angola, two local NGOs are benefiting from direct funding to develop the necessary capacity to become more effective partners for implementing our *Educating Women and Girls Initiative*. Additional information about our *Educating Women and Girls Initiative* is available on our Web site (*exxonmobil.com/womenandgirls*).

priority issue

education partnerships and investments

ExxonMobil has a long history of supporting and improving educational programs. In the developed world, we target math and science education because a basic understanding of these subjects is increasingly important in today's highly competitive, technology-driven world. In developing countries, basic education is necessary to spur development and economic growth. In 2007, we directed more than $69.7 million to education worldwide.

a closer look

Community health dispensaries in Chad

To help meet the needs of the communities in the Oilfield Development Area of Chad, ExxonMobil refurbished and upgraded three community dispensaries. The first one, in Kome, was completed and turned over to the community in 2005, and two in Mokassa and Miandoum were completed in 2007. Since completion, more than a thousand patients have been treated at the dispensaries. ExxonMobil also provides logistical support to the national polio vaccination days and distributes mosquito bed nets. We have reached thousands of people through health education campaigns about the dangers of HIV/AIDS and how to prevent the disease.

a closer look

Practical Skills Training Center for Rural Women, China

In China, many girls from low-income families in rural areas are forced to discontinue their formal education and move to cities in hopes of finding a job. The Practical Skills Training Center for Rural Women launched a program to help girls with this transition by providing vocational and language training among other topics. By 2006, 5400 students from across China had benefited from this program. In 2007, ExxonMobil China helped support another program focused specifically on providing computer training and life skills to start a new life in the city. Several girls in the program were offered jobs prior to completing the program.

Focus on Math and Science. ExxonMobil relies on technology and innovation in every aspect of its business, and knowledge of math and science is critical in the energy sector. We employ approximately 15,000 scientists and engineers to help produce and deliver energy supplies safely, reliably, and affordably. The technological innovations necessary to facilitate human progress and meet key challenges in the years ahead will require a global workforce highly skilled in fields making use of math and science.

Excellence in math and science education is directly correlated to the ability of countries to successfully compete and prosper in the global community of the 21st century. For example, the United States ranks behind other countries in terms of the proportion of students who perform well in math and science and pursue degrees in these subjects. Many math and science teachers in the United States do not have the benefit of strong content knowledge and training specific to the subjects they teach.

In 2007, ExxonMobil continued investing heavily in math and science education in the United States. We supported initiatives that encourage students to take an active interest in careers in the math and science fields, support the professional development of highly qualified teachers, and promote involvement of women and minorities in these subjects.

National Math and Science Initiative. ExxonMobil became a founding sponsor of the *National Math and Science Initiative* (NMSI) in 2007 and committed $125 million to support the Initiative, the largest-ever corporate gift for math and science education in the United States. NMSI is a nonprofit organization that facilitates the national scale-up of programs that have a demonstrated impact on improving math and science education. NMSI's initial focus is on scaling up two programs.

The *Advanced Placement and Pre-Advanced Placement Training and Incentives Programs*™ provide rigorous training to Advanced Placement (AP) teachers in math, science, and English as well as financial incentives to coach less experienced AP and pre-AP teachers. Over five years, the number of students passing AP tests in English, math, and science has significantly increased in schools that offer the programs.

UTeach has successfully operated at the University of Texas since 1997 and has more than doubled the number of certified students becoming math, science, or computer science teachers. *UTeach* encourages math and science majors to become teachers by offering an integrated four-year degree plan, early teaching experiences, and financial assistance for undergraduates.

In 2007, NMSI awarded grants in seven states for *Advanced Placement and Pre-Advanced Placement Training and Incentives Programs*™ and to 12 universities to start *UTeach* programs. Over the next five years, NMSI plans to make additional awards for the expansion of both programs. Additional information is available on our Web site (*exxonmobil.com/mathandscience*) or NMSI's Web site (*nationalmathandscience.org*).

Key U.S. Partnerships. Through grants to the National Science Teachers Association's *Building a Presence for Science Program* and the Mathematical Association of America, we are continuing to support the development of math and science teachers and professionals.

In 2005, ExxonMobil partnered with golf professional Phil Mickelson to launch the national Mickelson ExxonMobil Teachers Academy in Fairfax, Virginia. The Academy provides elementary school teachers with the skills necessary to facilitate student learning and motivate children to pursue careers in math and science. Three sessions are held annually, and to date, a thousand teachers have completed this program and are inspiring students to learn. In 2008, ExxonMobil will host three Mickelson ExxonMobil Teachers Academy sessions, during which 600 elementary school teachers will be trained.

Diversity Initiatives. ExxonMobil works to ensure that access to science, technology, engineering, and mathematics education is made available, particularly to women and minorities in the United States. In 2007, we supported, among others, the Hispanic Heritage Foundation by sponsoring the first Hispanic Heritage Award for Math and Science, increasing our total support of the Foundation to $1.2 million. We continued to be longtime supporters of the United Negro College Fund, American Indian College Fund, National Society of Black Engineers, Society of Women Engineers, Society of Hispanic Professional Engineers, and the National Action Council for Minorities in Engineering (NACME). The Corporation also funded programs at universities and national associations to increase the enrollment of women and minority students in geoscience degree programs.

U.S. Educational Matching Gifts Program. Initiated in 1962, the *U.S. Educational Matching Gifts Program* provides a $3-for-$1 matching gift for ExxonMobil employees and retirees who donate to higher education through the ExxonMobil Foundation. In 2007, 953 U.S. colleges and universities, the United Negro College Fund, the Hispanic Scholarship

Fund, and the American Indian College Fund benefited from more than $24 million in matching funds.

International Education Initiatives. Our worldwide operations expose us to diverse educational systems and conditions. These range from modern technology-based classrooms to basic infrastructure often in countries where education is not easily accessible. ExxonMobil strives to meet educational needs that are specific to individual countries, and in the developing world we focus on improving infrastructure. For example:

- **Geoscience Learning Center, Kazakhstan:** We helped establish a Geoscience Learning Center at the Kazakh National Technical University (KazNTU). The Center provides resources and learning opportunities, including presentations by experts from ExxonMobil. This helps prepare students enrolled in the geoscience program to work in the oil and gas industry. From 2004 to 2007, ExxonMobil Kazakhstan Inc. provided monthly scholarships to 14 students studying geoscience at KazNTU, three of whom have also been offered summer internships;

- **Career Counseling Unit, Qatar:** We have supported projects targeting low-income families and community development through the Social Development Center since 2001. In 2007, the ExxonMobil Foundation contributed $300,000 to finance the Center's Career Counseling Unit, which provides career guidance and skills training to high-school and university students. Career counselors help students explore their career interests and prepare for the job market;

- **INJAZ—Junior Achievement Worldwide Affiliate, Egypt:** INJAZ teaches young Egyptian students how business helps improve a community's prosperity and inspires them to become entrepreneurs. Throughout the academic year, INJAZ reaches more than 13,000 students, mainly from underprivileged communities. In 2007, 36 ExxonMobil Egypt employees volunteered to help teach the INJAZ curriculum and shared their professional experience with youth at local schools and national universities by teaching practical skills on how to succeed in the private sector; and,

- **Sriracha Refinery Scholarship Fund, Thailand:** Children in many rural areas are unable to complete 12 years of formal education due to the economic burden on their families. In an effort to provide less fortunate children with the education they deserve, our Sriracha refinery created a scholarship fund sponsored by ExxonMobil with additional donations from ExxonMobil employees. Since the fund's inception in 1998, almost 800 students have been able to pursue their education, and in 2007 alone, 190 students received funding.

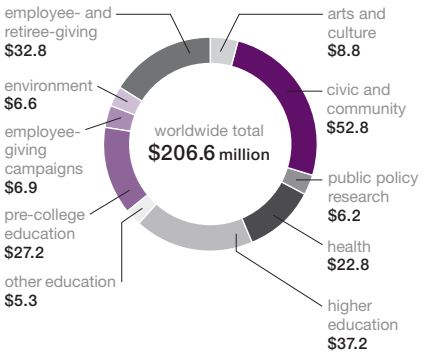
community investments and employee volunteerism

Worldwide Community Investments. 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 2007, Exxon Mobil Corporation, its divisions and affiliates, and the ExxonMobil Foundation provided a combined $173.8 million in cash, goods, and services worldwide. Of the total, $93.9 million supported communities in the United States and $79.9 million supported communities in other countries around the world.

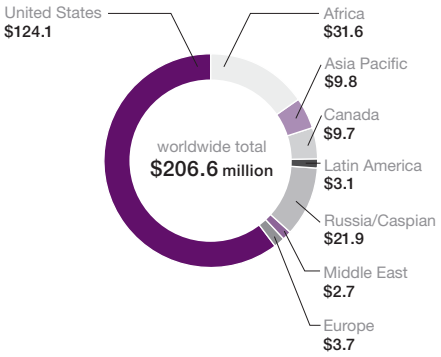
Employee Volunteerism and Giving. ExxonMobil employees, retirees, and their families also contribute their own time and money to charitable organizations. In 2007, more than 15,300 ExxonMobil employees, retirees, and their families worldwide donated more than 686,000 volunteer hours to more than 5400 charitable organizations in 29 countries through company-sponsored volunteer programs. Of the total volunteers, 8200 participants donated more than 85,000 hours to almost 900 organizations in countries outside the United States.

Employees and retirees donated $32.8 million through ExxonMobil's matching gift, disaster relief, and employee-giving programs. When combined with corporate donations, ExxonMobil—together with its employees and retirees—contributed $206.6 million to community investments around the world.

ExxonMobil 2007 community investments by focus area
(millions)



ExxonMobil 2007 community investments by geographic area
(millions)



case study

supporting economic progress:

developing local and national suppliers

global concern

Entrepreneurs in developing countries can help vitalize local economies. The lack of an enabling business framework and supporting services infrastructure are just a few of the barriers to economic growth.

our approach

- Purchasing goods and services in-country
- Investing in capacity building of local contractors, suppliers, and vendors
- Developing a reliable supply chain of local goods and services
- Contributing to economic progress and stability of communities

Widespread poverty, restricted access to education, insufficient business and technical skills, and lack of new employment opportunities are just a few of the barriers to economic growth in developing countries around the world. Entrepreneurs in these countries can help build local economies, but in many cases, the lack of an enabling business framework and supporting services infrastructure undermines their efforts.

By purchasing goods and services in-country and developing long-term supplier relationships, multinational companies can serve as a focal point for supporting the development of a local business community. Multinational companies are creating opportunities for small and medium enterprises, which contributes to the development of a local business framework and the necessary infrastructure to support sustained economic growth. As local suppliers and contractors grow, they create the financial, technical, and managerial expertise that continues to expand local capacity and capability to support the oil and gas industry in the long term.

creating opportunities through national content development

ExxonMobil's presence in communities generates revenues and taxes, creates jobs, and supports community development projects. One of the cornerstones of national content development is creating economic opportunities for local businesses and investing in developing the capacity and capability of local contractors, suppliers, and vendors. This fosters the development of a reliable and sustainable supply chain of local goods and services benefiting our operations because local suppliers understand our needs as well as the local business environment. We are particularly proud of our accomplishments to date. Some of these are featured below.

Angola. Based on our success with local suppliers in our Kizomba A and B offshore projects, we are continuing to expand their capabilities in the development of Kizomba C. We recognized early in the project life cycle that existing and potential local service providers were needed. We invested in training to enhance the capability of local suppliers to deliver goods and services that were aligned with our needs for quality and safety, and our schedule. By developing the use of qualified and cost-competitive local suppliers, we are contributing to building Angola's future capacity to support the oil and gas industry.

In 2007, project activities included completion of a tie-back to existing Kizomba A facilities and ongoing construction of Kizomba C. We purchased goods and services in-country, awarded contracts for in-country fabrication and logistics support, and provided training and development to Angolan personnel. We also invested in local pipe fabrication yards

to develop the capacity to execute the more complex work necessary for producing the high-strength steel components required in the construction of the Kizomba C Project.

Over a two-year period, we employed more than 1.5 million Angolan work hours in the construction of Kizomba C. We expect to complete our Kizomba C Project in 2008 and are projecting local supplier spending to reach over $1.5 billion. This will bring total spending with local suppliers for development activities in Angola to almost $4 billion, which does not include ongoing local expenditures for production.

Indonesia. At ExxonMobil, our primary goal is that every project achieves the desired outcome in a safe and environmentally responsible manner. To accomplish this goal in our Banyu Urip Development Project in the Cepu Field, Mobil Cepu Limited developed with Indonesian suppliers and contractors safety, health, environmental, and construction standards that meet our expectations. More than 90 percent of the work—equivalent to more than 133,000 work hours—was completed by Indonesians, and the project was completed with zero incidents. We are projecting to spend $1 billion on Indonesian goods and services to complete the project over the next four years. In the process, we are committed to helping develop the capacity of Indonesian suppliers to successfully bid on future work in the oil and gas industry.

Once operational, the Banyu Urip Development Project will provide employment opportunities to more than 400 Indonesians. Currently, we are training 61 of our future employees at the Pusdiklat MIGAS training facility, an educational institution owned and managed by the Indonesian government agency responsible for overseeing oil and gas operations. Another 40 to 50 Indonesians are expected to be enrolled in 2008. The curriculum includes comprehensive training and certification in oil and gas technology as well as full English language immersion.

In addition, we plan to invest $3 million to $4 million, in partnership with the government of Indonesia, to train more than 100 Indonesians to join our highly specialized and skilled workforce. This training initiative capitalizes on Indonesian manpower and resources from the surrounding Cepu and Bojonegoro areas. It is the first time that the formal training phase for the start-up of a new ExxonMobil project will use 100 percent local resources —91 percent are services and 9 percent are materials.

Russia. Cement is an essential element in any drilling operation. During the initial drilling phases of our Sakhalin-1 Project, our drilling contractor imported cement from Singapore because there was no local supplier. We worked collaboratively with our contractor and the American Petroleum Institute to identify a cement factory on the Russian mainland serving eastern Russian and western Siberian markets.

Working together with the factory and the drilling contractor, we developed a plan for testing and evaluating the quality of the cement. We also developed the logistics for transporting the cement from the factory overland and by ship to the wellsite. Following positive test results, every well in the Sakhalin-1 Project is now supplied by this cement manufacturer. We continue to regularly assess the facility for safety and quality, to help ensure that ongoing issues and opportunities are actively addressed by the local manufacturer. To meet our construction specifications, we also provided training to Russian suppliers on international standards. This ensures that the quality of the manufactured product is consistent, reliable, and meets the expectations of ExxonMobil as well as other companies in the industry.

To date, we have placed orders for cement worth approximately $2.5 million with this Russian factory and eliminated the need for cement imports from Singapore and long-term storage. In addition to being cost-competitive, the Russian manufacturer is a key part of our supply chain, which allows us to maintain our world-class drilling operations on Sakhalin Island, including some of the longest extended-reach-drilling wells in the world. The factory employs more than 1500 people and plans to increase capacity by 50 percent by the end of 2009.

▸ looking forward

Continuing to focus our efforts in Nigeria

In 2008, we will be creating national content development plans for specific projects through our *ExxonMobil Capital Project System* (EMCAPS). A strategic element of the planning phase of future projects will include the creation of a national content development plan that is formalized and integrated into project plans. The national content development plan addresses the national content objectives of local and national governments and also outlines how we will meet these objectives.

Recognizing the strategic importance of developing national content, our affiliates in Nigeria established a national content department to ensure appropriate focus. In 2007, our ExxonMobil affiliate, Mobil Producing Nigeria, increased the value of expenditures on Nigerian content to approximately $1.5 billion, completed more than 200,000 engineering work hours in-country by Nigerian engineering companies, and purchased 14,000 feet of pipe in-country. In Nigeria, 87 percent of our employee workforce is Nigerian. With the inclusion of national content development in the EMCAPS process, we expect to continue to build on our significant achievements in Nigeria by further focusing on workforce development, supplier development, and strategic community investments in 2008 and beyond.

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 index is also cross-referenced with the Global Reporting Initiative (GRI) indicators defined in the *Sustainability Reporting Guidelines* Version 3.0 (G3).

Report section	IPIECA/API	GRI	Where reported
Corporate citizenship at ExxonMobil		1.2, 2.1, 2.3, 3.1–8, 3.12, 4.1, 4.8, 4.12	inside front cover, 1, 8–9, 52, back cover
CEO statement		1.1–2	2–3
Assurance statement		3.13, 4.12	52, inside back cover
Engagement activities			
Communication and engagement	SOC-8, ECO-A1	2.5, 2.8, 3.5, 4.4, 4.12, 4.14, 4.16–17	4–5
Materiality analysis		1.2, 3.5, 3.7, 4.17	6–7
Outlook for energy			
View to 2030		1.2, EC 2, EC 9	10–11
Business overview			
Company profile and business highlights data	ECO-1, ECO-A2, ECO-3	2.1–8, EC 1	12–13, back cover
Citizenship performance data	ENV-1, ENV-2, ENV-A3, ENV-3, ENV-4, ENV-A6, H&S-4, SOC-3, SOC-A4, ECO-A1, ECO-2	2.8, 3.9, 3.11, EC 1, EN 16, EN 18, EN 20, EN 22-23, EN 30, LA 1, LA 7, LA 13, SO 6	13
Environmental performance			
Managing our environmental performance	ENV-6	4.11–12, DMA-EN, EC 2	14–15, 37
Managing climate change risks		4.11, 4.13, EC 2, EN 18, EN 26	15–17
Reducing greenhouse gas emissions from energy production	ENV-3, ENV-4, ENV-5, ENV-A8	3.9, 4.12–13, EN 3, EN 5, EN 16, EN 18	17–19
Improving consumer use of energy	ENV-A6, ENV-A8	EN 6, EN 18, EN 20, EN 26	19–20
Spill prevention	ENV-1	DMA-EN, EN 23	20
Air emissions from operations	ENV-A6	EN 20	20
Waste management	ENV-A3, ENV-A5	EN 22	21
Water management	ENV-A7	EN 8	21, 24–25
Site remediation		DMA-EN	21
Regulatory compliance and expenditures		EN 28, EN 30	21
Protecting biodiversity	ENV-A9	4.8, DMA-EN, EN 12–14	21–23
Workplace			
Workplace safety and health	H&S-1, H&S-2, H&S-3, H&S-4	2.10, 4.12, EC 8–9, DMA-LA, LA 7–8	26–29, 32–33, 37
Security	SOC-9	DMA-HR	29
Employment policies and practices	SOC-4, SOC-7	4.16, DMA-LA, LA 1, LA 13, DMA-HR	29–30
Workforce development	SOC-4, SOC-5, SOC-A3	EC 7, EC 9, DMA-LA, LA 1, LA 11, LA 13	30–31
National content development	H&S-3, SOC-A3, SOC-8, SOC-A5	4.8, EC 6–9, DMA-LA, LA 8, LA 11, SO 1	31, 50–51
Corporate governance			
Financial resource management	ECO-2, ECO-3	2.6, 2.10, DMA-EC, EC 1	34–35
Board of Directors		4.1–4, 4.7, 4.9	35–36
Management systems	ENV-6, H&S-1, SOC-8	4.8, 4.12, DMA-EC, DMA-EN, DMA-LA, DMA-SO	36–37
Product stewardship	H&S-5	4.12, DMA-EN, EN 26, DMA-PR, PR 1	37–38
Ethics	SOC-2, SOC-6	DMA-HR, DMA-SO, SO 3–4	38–39
Political involvement	SOC-3, SOC-A1	SO 5–6	39
Transparency and human rights			
International transparency and anti-corruption programs	SOC-A5, ECO-A1	4.12–13	40–42
Human rights	SOC-1, SOC-9	4.8, 4.12–13, DMA-HR	42–43
Community development			
Community relations management	SOC-8	4.16, DMA-SO, SO 1	37, 44–46
Indigenous communities	SOC-A6	DMA-HR, 4.12	45
Property rights and resettlement	SOC-A7	4.12	45–46
Social investments	SOC-A3, SOC-8, SOC-A4, SOC-A5	4.13, EC 1, EC 7–9, DMA-LA, LA 8, DMA-HR	21–22, 25, 32–33, 46–51

DMA: Disclosure on Management Approach

Environmental Resources Management, Inc. (ERM) reviewed ExxonMobil's *2007 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) *Sustainability Reporting Guidelines* Version 3.0 (G3). We found that the report contents address the indicator requirements shown in the IPIECA/GRI content index.

assurance statement

Scope of the Assurance. Lloyd's Register Quality Assurance, Inc. (LRQA) was commissioned by Exxon Mobil Corporation to review the reporting processes used in the creation of the ExxonMobil *2007 Corporate Citizenship Report.* The objectives of the review were to validate the integrity of the reporting processes 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 scope of the assurance was limited to processes for the reporting of safety, health, and environmental core IPIECA performance indicators and ExxonMobil-selected additional indicators. Verification of data accuracy was not included in the review scope. ExxonMobil fully acknowledges its sole responsibility for the accuracy of all information contained within the report.

Approach. The assurance was based on interviews with key personnel to identify the processes in place to fulfill the 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 (SH&E) 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 to assure completeness, consistency, and accuracy of metrics reporting across ExxonMobil's global operations;

• Reviews of the data-reporting processes at a sample of selected operating sites to assess local understanding and implementation of reporting requirements; and,

• A review of the processes used to aggregate the information at the corporate level for inclusion in the final report.

Conclusions and Findings. Based on the scope of the assurance and the information presented for review, objective evidence was available to support the following conclusions:

• ExxonMobil has processes in place that ensure sites that contribute to safety, health, and environmental metrics understand corporate reporting obligations and are included in corporate SH&E 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 (GHG) emissions reporting are consistent with and specifically refer to the API, *Compendium of Greenhouse Gas Emission Estimation Methodologies for the Oil and Gas Industry* (February 2004); and,

• LRQA believes the ExxonMobil reporting system is effective in delivering safety, health, and environmental indicators that are useful for assessing corporate performance and for reporting information consistent with IPIECA/API *Guidance*.

Thomas F. Sliva
On behalf of Lloyd's Register Quality Assurance, Inc.
April 30, 2008

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ExxonMobil

5959 Las Colinas Blvd.
Irving, Texas 75039-2298
exxonmobil.com

ExxonMobil is a publicly traded company. The New York Stock Exchange (NYSE) is the principal exchange on which Exxon Mobil Corporation common stock (symbol XOM) is traded. Worldwide, ExxonMobil markets fuels and lubricants under three brands.

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