PROXY PAPER

EXXON MOBIL CORPORATION

GLASS LEWIS

NYSE: **XOM**

ISIN: **US30231G1022**

MEETING DATE:	31 MAY 2017
RECORD DATE:	06 APRIL 2017
PUBLISH DATE:	12 MAY 2017

COMPANY DESCRIPTION

Exxon Mobil Corporation explores for and produces crude oil and natural gas in the United States, Canada/South America, Europe, Africa, Asia, and Australia/Oceania.

INDEX MEMBERSHIP:	S&P 100; S&P 500; S&P GLOBAL 100; RUSSELL 1000; RUSSELL 3000; DOW JONES COMPOSITE AVERAGE; DJSI NA; DOW JONES INDUSTRIAL AVERAGE
SECTOR:	ENERGY
INDUSTRY:	OIL, GAS AND CONSUMABLE FUELS
COUNTRY OF TRADE:	UNITED STATES
COUNTRY OF INCORPORATION:	UNITED STATES
HEADQUARTERS:	TEXAS
VOTING IMPEDIMENT:	NONE
DISCLOSURES:	REFER TO APPENDIX REGARDING ENGAGEMENT, CONFLICTS OF INTEREST AND EXPLANATION FOR REPUBLICATION

OWNERSHIP	**COMPANY PROFILE**	**ESG PROFILE**	**COMPENSATION**	**PEER COMPARISON**	**VOTE RESULTS**
APPENDIX					

2017 ANNUAL MEETING

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Election of Directors	FOR	**FOR**	
1.01	Elect Susan K. Avery	FOR	**FOR**	
1.02	Elect Michael J. Boskin	FOR	**FOR**	
1.03	Elect Angela F. Braly	FOR	**FOR**	
1.04	Elect Ursula M. Burns	FOR	**FOR**	
1.05	Elect Henrietta H. Fore	FOR	**FOR**	
1.06	Elect Kenneth C. Frazier	FOR	**FOR**	
1.07	Elect Douglas R. Oberhelman	FOR	**FOR**	
1.08	Elect Samuel J. Palmisano	FOR	**FOR**	
1.09	Elect Steven S Reinemund	FOR	**FOR**	
1.10	Elect William C. Weldon	FOR	**FOR**	
1.11	Elect Darren W. Woods	FOR	**FOR**	
2.00	Ratification of Auditor	FOR	**FOR**	
3.00	Advisory Vote on Executive Compensation	FOR	**FOR**	
4.00	Frequency of Advisory Vote on Executive Compensation	1 YEAR	**1 YEAR**	
5.00	Shareholder Proposal Regarding Independent Board Chair	AGAINST	**FOR**	• **An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda**
6.00	Shareholder Proposal Regarding Majority Vote for Election of Directors	AGAINST	**FOR**	• **Majority voting increases board accountability and performance**

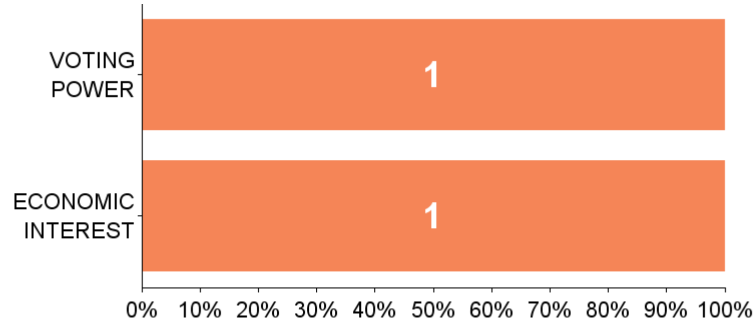
7.00	Shareholder Proposal Regarding Right to Call a Special Meeting	AGAINST	**FOR**	• **The Company could reasonably lessen the burden on shareholders right to call a special meeting**
8.00	Shareholder Proposal Regarding Restricting Precatory Proposals	AGAINST	**AGAINST**	
9.00	Shareholder Proposal Regarding Gender Pay Equity Report	AGAINST	**AGAINST**	
10.00	Shareholder Proposal Regarding Lobbying Report	AGAINST	**AGAINST**	
11.00	Shareholder Policy Regarding Dividend Policy	AGAINST	**AGAINST**	
12.00	Shareholder Proposal Regarding Climate Change Policy Risk	AGAINST	**FOR**	• **Increased disclosure would allow shareholders to more fully assess risks presented by climate change**
13.00	Shareholder Proposal Regarding Methane Emissions Reporting	AGAINST	**FOR**	• **Additional disclosure would allow shareholders to understand how the Company is monitoring and managing methane emissions**

SHARE OWNERSHIP PROFILE

SHARE BREAKDOWN

	1
SHARE CLASS	Common Shares
SHARES OUTSTANDING	4,237.3 M
VOTES PER SHARE	1
INSIDE OWNERSHIP	0.20%
STRATEGIC OWNERS**	0.20%
FREE FLOAT	99.80%

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 18-MAY-2017



TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	The Vanguard Group, Inc.	7.06%	United States	Traditional Investment Manager
2.	BlackRock, Inc.	5.87%	United States	Traditional Investment Manager
3.	State Street Global Advisors, Inc.	5.09%	United States	Traditional Investment Manager
4.	BNY Mellon Asset Management	1.34%	United States	Traditional Investment Manager
5.	Northern Trust Global Investments	1.33%	United States	Traditional Investment Manager
6.	Wellington Management Group LLP	1.18%	United States	Traditional Investment Manager
7.	Geode Capital Management, LLC	0.97%	United States	Traditional Investment Manager
8.	Capital Research and Management Company	0.93%	United States	Traditional Investment Manager
9.	State Farm Insurance Companies, Asset Management Arm	0.88%	United States	Traditional Investment Manager
10.	Norges Bank Investment Management	0.86%	Norway	Government Pension Plan Sponsor
11.	T. Rowe Price Group, Inc.	0.74%	United States	Traditional Investment Manager
12.	Dimensional Fund Advisors LP	0.62%	United States	Traditional Investment Manager
13.	Bank of America Corporation, Asset Management Arm	0.62%	United States	Traditional Investment Manager
14.	Teachers Insurance and Annuity Association of America - College Retirement Equities Fund	0.55%	United States	Traditional Investment Manager
15.	Legal & General Investment Management Limited	0.53%	United Kingdom	Traditional Investment Manager
16.	UBS Asset Management	0.47%	Switzerland	Traditional Investment Manager
17.	Charles Schwab Investment Management, Inc.	0.45%	United States	Traditional Investment Manager
18.	Columbia Management Investment Advisers, LLC	0.43%	United States	Traditional Investment Manager
19.	J.P. Morgan Asset Management, Inc.	0.38%	United States	Traditional Investment Manager
20.	Morgan Stanley, Investment Banking and Brokerage Investments	0.38%	United States	Bank/Investment Bank

**COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 18-MAY-2017*
***CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.*

SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD[1]
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	N/A	10% (only upon court approval)
VOTING POWER REQUIRED TO ADD AGENDA ITEM	1.0%[2]	1.0%[2]
VOTING POWER REQUIRED FOR WRITTEN CONSENT	N/A	50.0%

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

COMPANY PROFILE

FINANCIALS

	1 YR TSR	3 YR TSR AVG.	5 YR TSR AVG.
XOM	*19.9%*	*-0.6%*	*4.3%*
S&P 500	*12.0%*	*8.9%*	*14.7%*
PEERS*	*26.7%*	*-2.8%*	*3.8%*

MARKET CAPITALIZATION (MM USD)	374,281
ENTERPRISE VALUE (MM USD)	419,891
REVENUES (MM USD)	197,518

*ANNUALIZED SHAREHOLDER RETURNS. *PEERS ARE BASED ON THE INDUSTRY SEGMENTATION OF THE GLOBAL INDUSTRIAL CLASSIFICATION SYSTEM (GICS). FIGURES AS OF 31-DEC-2016. SOURCE: CAPITAL IQ*

EXECUTIVE COMPENSATION

CHANGE IN CEO PAY*	1 YR	3 YR	5 YR
	0%	*-3%*	*-22%*

**SOURCE: EQUILAR.*

SAY ON PAY FREQUENCY	*1 Year*	**P4P 2016**	*F*
GLASS LEWIS STRUCTURE RATING	*Fair*	**GLASS LEWIS DISCLOSURE RATING**	*Good*
SINGLE TRIGGER CIC VESTING	*No*	**EXCISE TAX GROSS-UPS**	*No*
CLAWBACK PROVISION	*Yes*	**OVERHANG OF INCENTIVE PLANS**	*3.31%*

BOARD & MANAGEMENT

ELECTION METHOD	*Plurality w/ Resignation Policy*	**CEO START DATE**	*January 2017*
STAGGERED BOARD	*No*	**AVERAGE NED TENURE**	*7 years*
COMBINED CHAIR/CEO	*Yes*		

ANTI-TAKEOVER MEASURES

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

AUDITORS

AUDITOR: PRICEWATERHOUSECOOPERS	**TENURE: 20 YEARS**
MATERIAL WEAKNESS(ES) IDENTIFIED IN PAST 12 MONTHS	*No*
RESTATEMENT(S) IN PAST 12 MONTHS	*No*

CURRENT AS OF MAY 12, 2017

ENVIRONMENTAL, SOCIAL & GOVERNANCE PROFILE

OVERALL ESG SCORE

Average Performer

Comparative Industry: **Oil & Gas Producers**

Board oversight for ESG Issues: **Yes**

All data and ratings provided by:

SUSTAINALYTICS

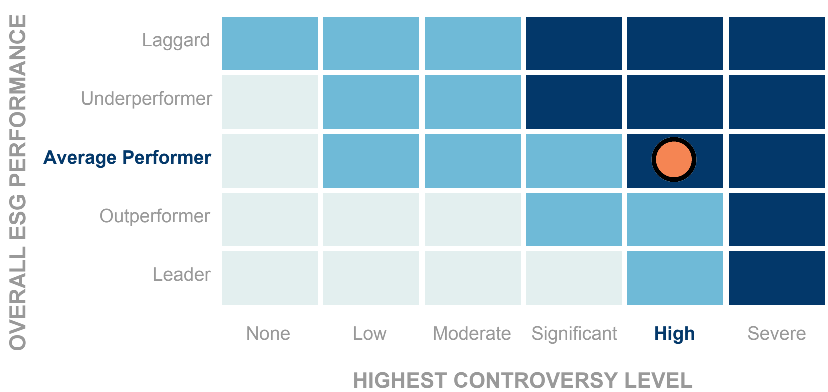
Last Update: **May 01, 2017**

ANALYST COMMENTARY

ExxonMobil is the world's largest independent oil and gas company by revenue. The company typically generates the majority of its revenue from upstream operations; however, due to the low oil price throughout 2015, just 39% of 2015 revenue came from the company's upstream operations, down from 79% in 2013 and 2014. Exxon derives revenue from a wide range of regions globally, and the company's strategy involves a diversity of new projects, including offshore, oil sands, arctic and shale. Exxon's risk exposure is driven by its involvement in a variety of production methods that are technically more challenging or have greater environmental impacts. Approximately 8% of the company's production comes from oil sands, which has a relatively high carbon intensity and exposes Exxon to carbon risk. Exxon derives more than 6% of its oil and gas production from arctic regions and has plans for extensive offshore exploration plans in Arctic areas in Russia, Alaska, Canada, Greenland and Norway. These areas pose challenges for spill management, due to harsh conditions, remoteness and sensitive ecosystems. Exxon also operates in countries that have experienced significant community conflict, leading to disruption of the company's operations. For example, in 2016, Nigerian militants bombed oil and gas infrastructure, including Exxon's. For these reasons, we consider Carbon-Own Operations, Emissions, Effluents and Waste, and Community Relations to be key issues for the company. The company's significant involvement in unconventional oil and gas assets, combined with its broad geographic asset base, requires Exxon to manage a wide range of ESG issues. These are managed via board-level committees, though ESG performance is only integrated in the company's executive compensation structure as it relates to safety and operational integrity. The company's ESG disclosure is considered adequate/average, but generally falls short of best practice for reporting frameworks and guidelines, such as GRI and CDP. Darren Woods replaced Rex Tillerson as CEO in January 2017. Woods is a veteran of Exxon's refining and chemical divisions and has served as senior vice-president since 2014. No changes to Exxon's approach to ESG issues are expected as a result of this leadership change. It has been involved in a wide range of controversies, though these have generally been managed effectively. Overall, we have a neutral view of the company's management of relevant ESG issues.

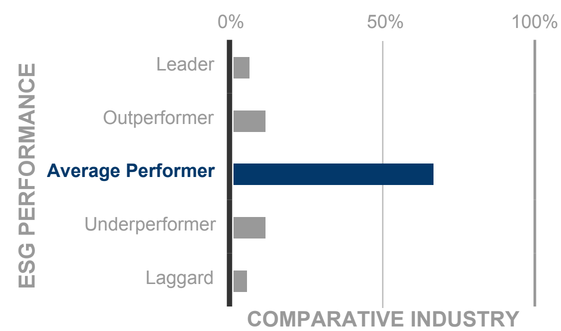
ESG RISK PROFILE

The graph below compares the Company's ESG performance to its involvement in controversies in order to provide an assessment of the Company's ESG risk profile.



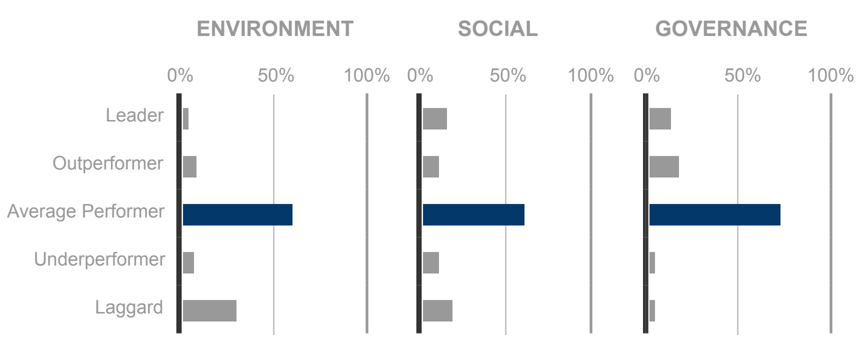
OVERALL ESG PERFORMANCE

The graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category.



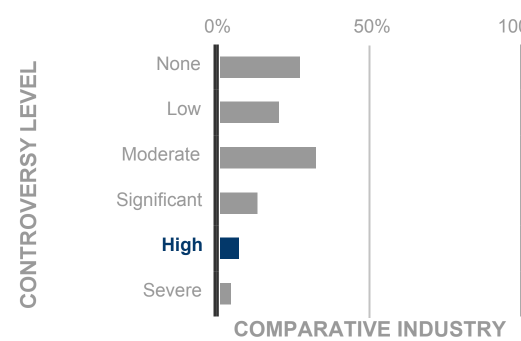
ESG PILLAR PERFORMANCE

For each pillar, the graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category. The governance pillar shown below is measured by Sustainalytics based on the Company's governance of sustainability issues.



HIGHEST CONTROVERSY LEVEL

The graph below indicates the percentage of companies in the comparative industry that fall within each controversy level.



Rows and categories shown in dark blue or bold represent the Company's category for the relevant assessment.

NOTEWORTHY CONTROVERSIES

SEVERE

Severe controversies are the most serious controversy level. They have the greatest negative impact on stakeholders and generate the greatest risk to a company's financial performance. Such controversies are highly exceptional. They indicate egregious practices and generally reflect a pattern of gross negligence, with the Company refusing to address the issue and/or concealing its involvement.

No severe controversies

HIGH

High-impact controversies are those that have major negative sustainability impacts and typically generate significant business risk to the Company. Such controversies are generally exceptions within an industry. They typically involve a pattern of negative events or impacts and indicate a lack of company preparedness to properly manage key sustainability issues.

Society & Community Incidents:

- **Complicity in Human Rights Violations**

SIGNIFICANT

Significant controversies have notable negative sustainability impacts and may generate business risk to the Company. Such controversies may be isolated or they may suggest a pattern, but they are generally not exceptional within an industry. However, they raise questions about whether a company's management systems are being implemented effectively and are able to address the issue in a satisfactory manner.

Operation Incidents:

- **Emissions,Effluents and Waste**

Public Policy Incidents:

- **Lobbying and Public Policy**

PRODUCT INVOLVEMENT*

Arctic Drilling

Range: N/A

The company is involved in oil and gas exploration in Arctic regions

Oil Sands

Range: 5%-9.9%

The company extracts oil sands.

NO PRODUCT INVOLVEMENT

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

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

Please refer to the FAQ for further details about this page.

All data and ratings provided by:

SUSTAINALYTICS

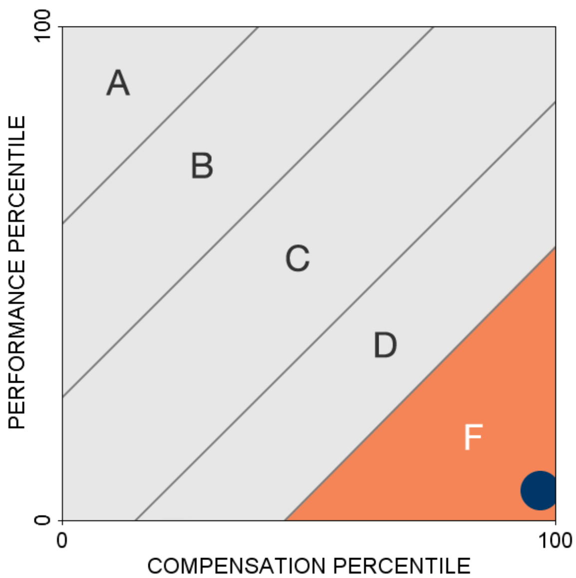
PAY-FOR-PERFORMANCE

Exxon Mobil's executive compensation received an **F** grade in our proprietary pay-for-performance model. The Company paid more compensation to its named executive officers than the median compensation for a group of companies selected using Equilar's market based peer algorithm.The CEO was paid more than the median CEO compensation of these peer companies. Overall, the Company paid significantly more than its peers, but performed worse than its peers.

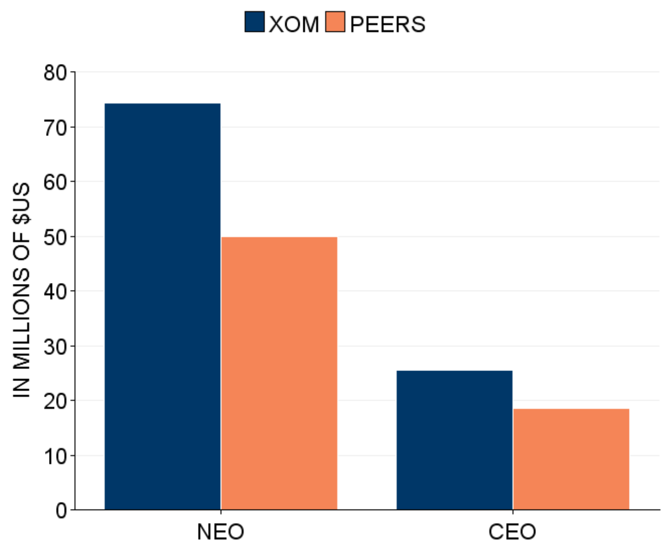
HISTORICAL COMPENSATION GRADE		
	FY 2016:	F
	FY 2015:	F
	FY 2014:	F

FY 2016 CEO COMPENSATION		
	SALARY:	$3,167,000
	GDFV EQUITY:	$19,642,500
	NEIP/OTHER:	$2,245,850
	TOTAL:	$25,055,350

FY 2016 PAY-FOR-PERFORMANCE GRADE



3-YEAR WEIGHTED AVERAGE COMPENSATION

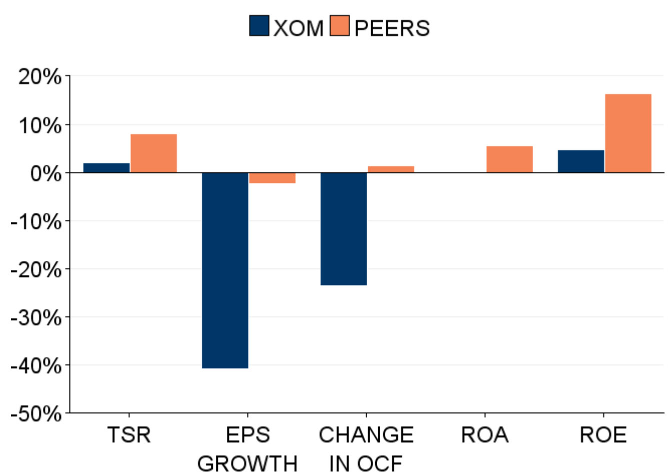


EQUILAR PEERS VS PEERS DISCLOSED BY COMPANY

EQUILAR	XOM
Chevron*	Total SA
Ford Motor Company*	Royal Dutch Shell plc
The Boeing Company*	BP plc
IBM*	Caterpillar Inc.
AT&T Inc.*	
Verizon Communications Inc.*	
The Procter & Gamble Company*	
General Electric Company*	
Pfizer Inc.*	
United Technologies Corporation*	
HP Inc.	
Intel Corporation	
Johnson & Johnson*	
Marathon Petroleum Corporation	
Pepsico, Inc.	

**ALSO DISCLOSED BY XOM*

SHAREHOLDER WEALTH AND BUSINESS PERFORMANCE



Analysis for the year ended 12/31/2016. Performance measures, except ROA and ROE, are based on the weighted average of annualized 1, 2, and 3 year data. Compensation figures are weighted average 3-year data calculated by Glass Lewis based on information disclosed by the Company and its peers in their proxy filings. For Canadian peers, equity awards are normalized using the grant date exchange rate and cash compensation data is normalized using the fiscal year average exchange rate.

Equilar peers are updated in January and July. Peer data is based on public information, as well as information provided to Equilar during its open submission periods. The “Peers Disclosed by Company” data is based on public information only. Glass Lewis may exclude certain peers from the Pay for Performance analysis based on factors such as trading status and/or data availability. For details of exclusion criteria, go to:www.glasslewis.com. For more information about Equilar peer groups, go to: www.equilar.com

1.00: ELECTION OF DIRECTORS

FOR

PROPOSAL REQUEST: Election of eleven directors **ELECTION METHOD:** Plurality w/ Resignation Policy

RECOMMENDATIONS & CONCERNS:

FOR: S. Avery ; **M. Boskin** ; **A. Braly** ; **U. Burns** ; **H. Fore** ; **K. Frazier** ; **D. Oberhelman** ; **S. Palmisano** ; **S. Reinemund** ; **W. Weldon** ; **D. Woods**

BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWNERSHIP**	COMMITTEES AUDIT	COMP	GOV	NOM	TERM START	TERM END	YEARS ON BOARD
✔	Darren W. Woods* *·CEO* *·Chair*	52	M	Insider 1	Not Independent	Yes					2016	2017	1
✔	Susan K. Avery	67	F	Independent	Independent	Yes			✔	✔	2017	2017	0
✔	Michael J. Boskin	71	M	Independent	Independent	Yes		✔			1996	2017	21
✔	Angela F. Braly	55	F	Independent	Independent	Yes			✔	✔	2016	2017	1
✔	Ursula M. Burns	58	F	Independent	Independent	Yes	✔				2012	2017	5
✔	Henrietta H. Fore	68	F	Independent	Independent	Yes	✔				2012	2017	5
✔	Kenneth C. Frazier*	62	M	Independent 2	Independent	Yes			C	C	2009	2017	8
✔	Douglas R. Oberhelman	64	M	Independent	Independent	Yes	✔				2015	2017	2
✔	Samuel J. Palmisano	65	M	Independent	Independent	Yes		C	✔	✔	2006	2017	11
✔	Steven S Reinemund *·Lead Director*	69	M	Independent 3	Independent	Yes			✔	✔	2007	2017	10
✔	William C. Weldon	68	M	Independent	Independent	Yes		✔	✔	✔	2013	2017	4

C = Chair, * = Public Company Executive, ⊖ = Withhold or Against Recommendation

1. Chair and CEO. Former president (until 2016).
2. Chair, president and CEO of Merck & Co., which engaged in transactions with the Company for an amount totaling less than 1% of either entities' gross revenue.
3. Presiding director.

***Percentages displayed for ownership above 5%, when available*

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
Darren W. Woods	Yes	Yes	None
Susan K. Avery	N/A	No	None
Michael J. Boskin	Yes	No	(1) Oracle Corporation
Angela F. Braly	Yes	No	(3) Brookfield Asset Management Inc.; Lowe's Companies, Inc.; The Procter & Gamble Company
Ursula M. Burns	Yes	No	(1) American Express Company
Henrietta H. Fore	Yes	No	(2) General Mills, Inc.; Theravance Biopharma Inc
Kenneth C. Frazier	Yes	Yes	(1) Merck & Co., Inc.
Douglas R. Oberhelman	Yes	No	None
Samuel J. Palmisano	Yes	No	(1) American Express Company
Steven S Reinemund	Yes	No	(2) Wal-Mart Stores Inc.; Marriott International, Inc.
William C. Weldon	Yes	No	(2) JPMorgan Chase & Co.; CVS Caremark Corporation

MARKET PRACTICE

INDEPENDENCE AND COMPOSITION	XOM*	REQUIREMENT	BEST PRACTICE
Independent Chair	No	No[1]	Yes[5]
Board Independence	91%	Majority[2]	66.7%[5]
Audit Committee Independence	100%	100%[3]	100%[5]
Compensation Committee Independence	100% ; Independent Chair	100%[2]	100%[5]
Nominating Committee Independence	100% ; Independent Chair	100%[2]	100%[5]
Percentage of women on board	36%	N/A[4]	N/A
Directors' biographies	DEF14A; Page 14		

** Based on Glass Lewis Classification*

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

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

GLASS LEWIS ANALYSIS

We believe it is important for shareholders to be mindful of the following:

UPDATE: MAY 18, 2017 - EXEMPT SOLICITATION

On May 16, 2017, the 50/50 Climate Project filed an exempt solicitation outlining several concerns, including: (i) the Company's policy of preventing investors from engaging directly with members of the board; (ii) lack of clear and transparent succession planning for retiring board members; and (iii) board compensation practices that may create perverse incentives as directors approach retirement.

Shareholder Engagement and Director Succession Planning

The solicitation draws attention to whether Kenneth Frazier and other members of the board affairs committee have properly performed their duties in a manner which promotes good corporate governance practices and serves shareholders' best interests. Most notably, Kenneth Frazier, as chair of the board affairs committee, put in place a policy of preventing directors from speaking directly with shareholders, instead requiring investors to submit messages of no longer than 2,200 characters through a form on the Company's website.

The solicitation also highlights a lack of clear succession planning for retiring board members, as illustrated by the board's failure to expeditiously nominate replacement directors to fill the seats of retiring directors Larry Faulkner and Peter Brabeck-Letmathe. Furthermore, the report suggests that Mr. Faulkner chaired the board's audit committee during a critical time of regulatory scrutiny, while lacking relevant financial expertise.

Director Compensation Concerns

Lastly, the solicitation suggests that shareholders should be concerned with the Company's unique stock award arrangements with directors. In addition to an annual cash retainer of $110,000, directors receive annual grants of 2,500 shares of restricted stock. As with other similar-sized companies, these deferred director equity awards vest upon retirement, and the Company currently has a mandatory retirement age of 72 for non-employee directors. However, unlike similar companies, the annual restricted stock awards for the Company's non-employee directors are subject to forfeiture if the director leaves the board early, i.e. before the retirement age of 72.

We are concerned that this method of granting equity may create perverse incentives for non-employee directors which are not in shareholders' interest. These equity awards may create a short-term focus among those directors who are close to the retirement age of 72, as more immediate concerns about decisions that may impact the Company's share price could create a conflict for directors whose decisions would otherwise be based on a longer time horizon. We believe this concern is particularly prescient, given that several directors with considerable deferred equity awards have reached the board retirement age and are not standing for re-election at this year's annual meeting. Furthermore, Mr. Boskin, the board's longest tenured director, will reach the age of 72 during 2017, and has accumulated over $5.5 million in restricted shares since joining the board in 1996.

Accordingly, we believe that as presently designed, the elements of the Company's director compensation may fail to accomplish several of the Company's stated goals with regard to director compensation, including: (i) "Ensure alignment with long-term shareholder interests"; and (ii) "Support the independence of thought and action expected of directors." While cognizant of these concerns, based on our overall review of the Company's compensation program, we do not believe our concerns warrant shareholder action against directors at this time. We encourage the board to take note of these concerns and consider changes to its director compensation plan that may better align with the interests of long-term shareholders.

LEGAL AND REGULATORY PROCEEDINGS

The Company and certain of its subsidiaries are involved in a number of lawsuits and investigations. In our view, although legal disputes are common to many companies, shareholders should be concerned with any type of lawsuit or regulatory investigation involving the Company, as such matters could potentially expand in scope and prove to dampen shareholder value. As such, in the event that members of management or the board are implicated in any such legal proceedings, we may consider recommending that shareholders withhold votes from certain directors on that basis. However, due to the ongoing nature of the investigations and lawsuits, we do not feel that any such action is necessary at this time. We will continue to monitor the proceedings going forward.

Investigation into Alleged Concealment of Climate Change Research

As discussed in previous Proxy Papers, the Company has been accused of concealing it's internal research dating back to the 1980's, which indicated that climate change is a real threat, and in the following decades spending millions to fuel public doubt on this issue. On March 13, 2016, the New York attorney general accused the Company's former CEO, and current U.S. Secretary of State, Rex Tillerson of using an alias email address in the name of "Wayne Tracker" to discuss risk-management issues related to climate change. Mr. Tillerson used the pseudonym from at least 2008 to 2015, according to the attorney general. The Company said in a statement it has provided more than 2.5 million pages of documents in response to a subpoena from Mr. Schneiderman’s office, and will respond to the claims in court. The Company acknowledged that the email address is part of the Company's email system.

Investigations into Valuations of Reserves and Assets

On September 20, 2016, various media outlets reported that the Securities and Exchange Commission is investigating ("SEC") the Company’s accounting policies related to the valuations of its reserves and assets, given the fall in oil prices. The SEC is also reportedly looking into the impact of climate change policies on the Company’s business. The investigations came after the New York attorney general and the U.S. Securities and Exchange Commission were also investigating how the Company values its assets in a world of increasing climate-change regulations.

Under SEC rules, companies listed in the U.S. are required to report reserves based on average crude price on the first day of each month. In its annual report, the Company disclosed that it reduced its approximation of recoverable reserves by a net 3.3 billion barrels of oil equivalent, due to low crude prices that have made some of its investments not economical to extract. The action may help to alleviate concerns that prompted investigation into its accounting policies. (Geoffrey Smith. " Exxon’s Big Oil Sands Write-Off Could Help It Dodge SEC Troubles." *Fortune*. Feb 23, 2017).

EXECUTIVE LEADERSHIP AND BOARD APPOINTMENTS

On December 14, 2016 the Company announced in a press release the appointment of Darren Woods to the position of president and CEO of the Company, effective January 1, 2017. The appointment followed Rex W. Tillerson's earlier announcement of his intention to retire at year-end after more than 41 years of service. Prior to his appointment, Mr. Woods served as president of the Company and has served as a member of the board since 2016.

The Company has responded to a long-standing shareholder request to appoint a climate expert to the board with the appointment of Susan Avery, an atmospheric scientist as a director, effective February 1, 2017. A shareholder proposal on this subject was initially presented at the Company's 2015 annual meeting. The proposal received support from approximately 21% of voting shares (excluding abstentions and broker non-votes) at each of the 2015 and 2016 annual meetings. The Company announced the appointment in a press release on January 25, 2017, stating that "Avery’s leadership experience in multiple academic and scientific organizations, coupled with her breadth of scientific and research expertise, reinforce the corporation’s long-standing technical and scientific foundation." We believe the board has therefore responded adequately to this shareholder initiative.

ADOPTION OF PROXY ACCESS

On November 1, 2016, the Company disclosed in a Form 8-K that the board of directors had amended the Company's bylaws in order to implement a proxy access right for shareholders. We note that a shareholder proposal requesting that the board take the necessary steps to implement proxy access received support from 61.8% of votes cast (excluding abstentions and broker non-votes) at the Company's 2016 annual meeting.

Under the new bylaw, shareholders will have the ability to include nominees in the Company's proxy materials, subject to the following parameters:

FEATURES OF PROXY ACCESS BYLAW		
	OWNERSHIP THRESHOLD	*3%*
	HOLDING PERIOD	*3 years*
	NUMBER OF NOMINEES	*The greater of two directors or 20% of the number of directors in office; this number shall be reduced by (i) any shareholder nominee submitted through proxy access who the board decides to nominate as a board nominee and (ii) any shareholder nominee submitted through proxy access who was successfully elected at either of the two preceding annual meetings*
	GROUP SIZE	*20*
	SHAREHOLDER DEFINITION	*Two or more funds under common ownership will count as "one" when calculating grouping*
	USE OF LOANED SHARES	*Shareholders are permitted to include loaned shares towards the 3% ownership requirement, provided that such shares can be recalled within five business days*
	GOLDEN LEASH PROHIBITION?	*No; however, shareholders using proxy access must disclose any outside compensation arrangements with their candidates*
	POST-MEETING HOLDING REQUIREMENT?	*No*
	RESUBMISSION THRESHOLD?	*Yes; candidates who fail to receive support from at least 25% of shareholders are not eligible to be nominated for the next two annual meetings*

After review, it appears to us that the Company has adopted proxy access on reasonable terms for shareholders. For detailed information on this topic, including a brief history of proxy access in the United States and empirical evidence on the impact of proxy access on shareholder value and corporate governance, please see Glass Lewis' *In-Depth: Proxy Access*.

SHAREHOLDER PROPOSALS

The Company for several years has attracted a large number of shareholder proposals covering a wide range of topics, with several receiving over 25% support at the Company's 2016 annual meeting (excluding abstentions and broker non-votes). These proposals concerned: (i) a request for a climate change policy risk report; (ii) a request for a lobbying report; (iii) a request for an independent board chair; and (iv) a request for the adoption of proxy access (as discussed above).

The proposal seeking an independent board chair received support from approximately 39% of shares (excluding abstentions and broker non-votes). While these proposals (aside from the proxy access proposal) failed to receive majority shareholder approval, we believe the board should take note of the high level of support garnered by these other proposals and engage with shareholders to address any underlying concerns.

We note that similar proposals appear once again on the ballot for this year's annual meeting. Please see Proposal 5, 10, and 12 for more information.

RECOMMENDATIONS

We do not believe there are substantial issues for shareholder concern as to any of the nominees.

We recommend that shareholders vote **FOR** all nominees.

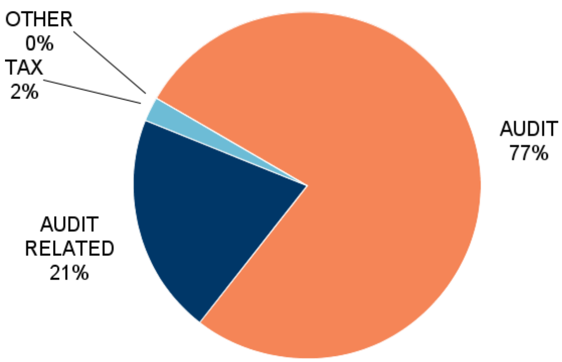
The Company discloses the following biographical information for director Susan K. Avery, a new nominee to the board:

Susan K. Avery served as President and Director of the Woods Hole Oceanographic Institution from 2008 to 2015. She served as interim dean of the graduate school and vice chancellor for research, interim provost and executive vice chancellor for academic affairs at the University of Colorado Boulder from 2004 to 2008.

2.00: RATIFICATION OF AUDITOR

FOR

PROPOSAL REQUEST:	Ratification of PricewaterhouseCoopers	**RECOMMENDATIONS & CONCERNS:**
PRIOR YEAR VOTE RESULT (FOR):	98.5%	**FOR-** No material concerns
BINDING/ADVISORY:	Advisory	
REQUIRED TO APPROVE:	Majority of votes cast	
AUDITOR OPINION:	Unqualified	



AUDITOR FEES

	2016	2015	2014
Audit Fees:	$28,000,000	$27,900,000	$27,300,000
Audit-Related Fees:	$7,500,000	$5,700,000	$5,100,000
Tax Fees:	$800,000	$800,000	$800,000
All Other Fees:	$ 0	$ 0	$ 0
Total Fees:	$36,300,000	$34,400,000	$33,200,000
Auditor:	Pricewaterhouse Coopers	Pricewaterhouse Coopers	Pricewaterhouse Coopers

Years Serving Company:	20
Restatement in Past 12 Months:	No
Alternate Dispute Resolution:	No
Auditor Liability Caps:	No

GLASS LEWIS ANALYSIS

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

We recommend that shareholders vote **FOR** the ratification of the appointment of PricewaterhouseCoopers as the Company's auditor for fiscal year 2017.

3.00: ADVISORY VOTE ON EXECUTIVE COMPENSATION

FOR

PROPOSAL REQUEST:	Approval of Executive Pay Package	**PAY FOR PERFORMANCE GRADES:**	**FY 2016** F **FY 2015** F **FY 2014** F
PRIOR YEAR VOTE RESULT (FOR):	88.2%	**RECOMMENDATION:**	FOR
STRUCTURE:	Fair		
DISCLOSURE:	Good		

GLASS LEWIS RECOMMENDATION: **FOR**

Though shareholders should remain mindful of the disconnect between executive pay and corporate performance, in consideration of the Company's complex structure and decreased compensation levels in recent years, we believe shareholders may support this proposal at present. On a different note, shareholders should be aware of the CEO transition that occurred at the start of fiscal 2017 and the arrangement the Company entered into with Mr. Tillerson as outlined below.

PROGRAM FEATURES [1]

POSITIVE

- STI-LTI payout balance
- No single-trigger CIC benefits
- Anti-hedging policy
- Clawback policy for NEOs

NEGATIVE

- Significant disconnect between pay and performance
- No performance-vesting LTI awards
- Short-term incentive allocations are largely discretionary
- No disclosure of individual bonus limits
- No executive stock ownership requirements

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

SUMMARY COMPENSATION TABLE

NAMED EXECUTIVE OFFICERS	BASE SALARY	BONUS & NEIP	EQUITY AWARDS	TOTAL COMP*
Rex W. Tillerson *Chairman and Chief Executive Officer*	$3,167,000	$1,670,000	$19,731,375	$27,393,567
Andrew P. Swiger *Senior Vice President*	$1,287,500	$986,000	$9,330,748	$15,556,747
Darren W. Woods *President*	$1,000,000	$1,232,000	$12,014,215	$16,846,928
Michael J. Dolan *Senior Vice President*	$1,385,000	$1,145,000	$10,874,180	$15,645,735
Mark W. Albers *Senior Vice President*	$1,287,500	$986,000	$9,330,748	$15,832,507

CEO to Avg NEO Pay:	1.72: 1

*Includes change in pension and NQDCE of $2,249,342 for the CEO and up to $4,056,601 for the other NEOs.

CEO SUMMARY

	2016 REX W. TILLERSON†	2015 REX W. TILLERSON	2014 REX W. TILLERSON
Total CEO Compensation	$27,393,567	$27,297,458	$33,096,312
1-year TSR	19.9%	-12.8%	-6.1%
CEO to Peer Median *	1.4:1	1.5:1	1.8:1
Fixed/Perf.-Based/Discretionary **	14.9% / 3.3% / 81.8%	14.8% / 4.9% / 80.3%	11.7% / 81.9% / 6.5%

* Calculated using Company-disclosed peers. ** Percentages based on the CEO Compensation Breakdown values. †Mr. Tillerson retired at the end of 2016.

CEO COMPENSATION BREAKDOWN (MR. TILLERSON)

FIXED	**Cash**		**$3.7M**
	Salary		$3.2M
	Benefits / Other		$575,850
		Total Fixed	$3.7M

PERFORMANCE-BASED	**Earnings Bonus Units**		**$0.8M**
	Annual Bonus (STI)		$835,000
	Target/Maximum	N/A	
	Metrics	Cumulative EPS	
	Performance Period	Up to 3 years	
	Additional Vesting / Deferral Period	-	
		Total Performance-Based	$0.8M

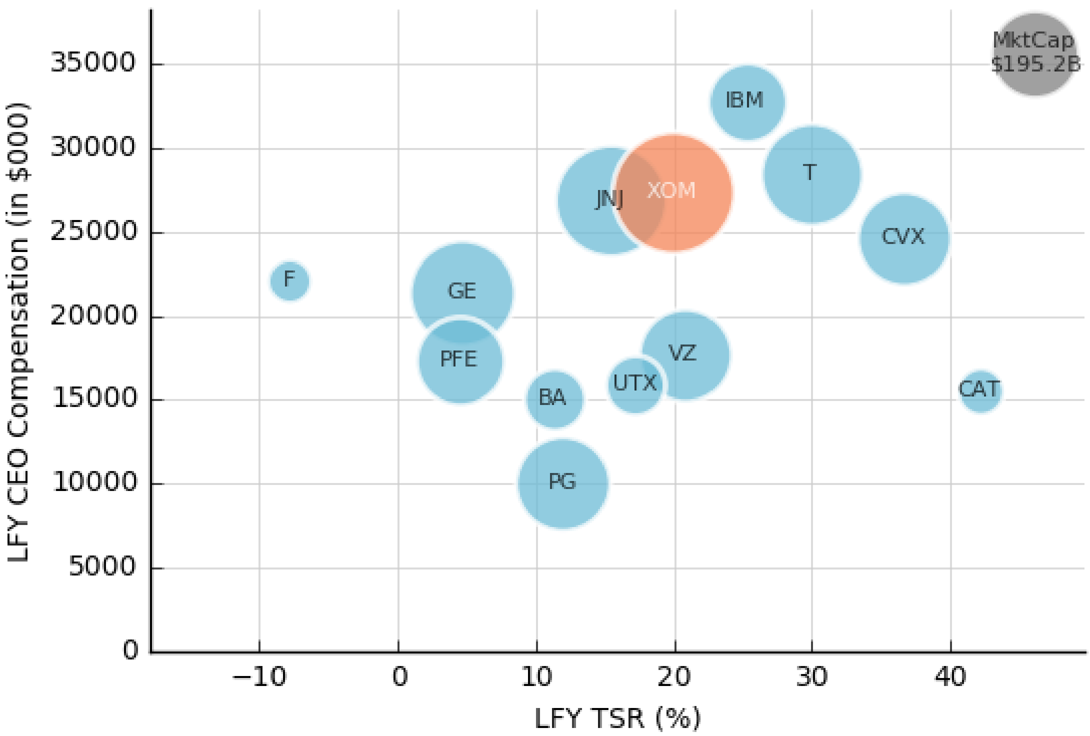
TIME-VESTING/ DISCRETIONARY	**Cash**		**$0.8M**
	Annual Bonus Program (STI)		$835,000
	Vesting / Deferral Period	-	
	Performance Shares		**$19.7M**
	Performance Share Program (LTI)		$19.7M
	Vesting / Deferral Period	5 years (50%); 10 years or retirement (50%)	
		Total Time-Vesting/Discretionary	$20.6M

Awarded Incentive Pay	**$21.4M**
Total Pay Excluding change in pension value and NQDCE	**$25.1M**

PEER GROUP REVIEW [1 2 3 4]

The Company benchmarks NEO compensation to a peer group consisting of 12 companies. Total NEO compensation is targeted at the 50th percentile of the peer group. The Company additionally utilizes Chevron, Royal Dutch Shell, Total and BP in assessing business and individual performance.

	MARKET CAP	REVENUE	CEO COMP	1-YEAR TSR	3-YEAR TSR	5-YEAR TSR
75th PERCENTILE OF PEER GROUP	$243.3B	$123.1B	$25.8M	27.5%	7.6%	14.1%
MEDIAN OF PEER GROUP	$207.4B	$87.2B	$19.5M	16.2%	6.1%	10.9%
25th PERCENTILE OF PEER GROUP	$93.2B	$61.3B	$15.7M	8.0%	1.6%	6.1%
COMPANY	$374.3B (Highest)	$197.5B (Highest)	$27.4M (81st %ile)	19.9% (58th %ile)	-0.6% (16th %ile)	4.3% (14th %ile)



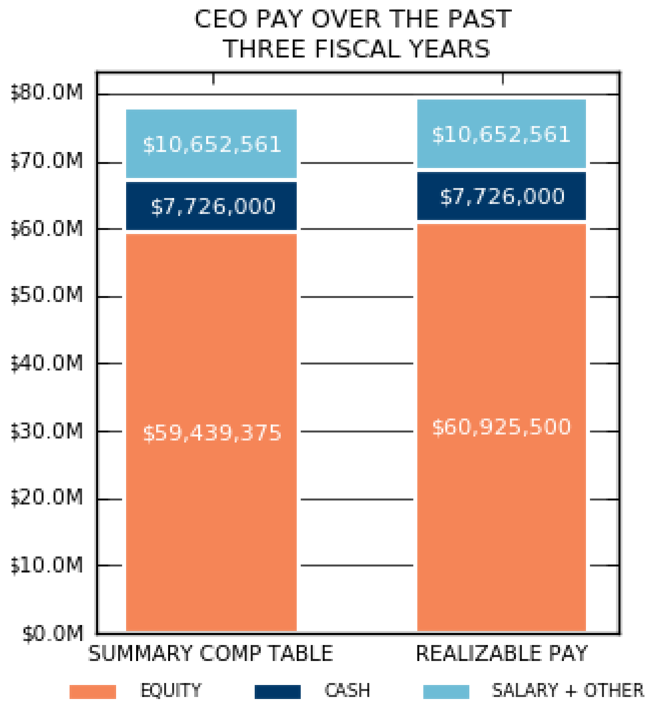
1 Market capitalization figures are as of fiscal year end dates. *Source: Capital IQ*

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

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

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

REALIZABLE PAY [1]



1 Compensation data provided by Equilar, Inc. All rights reserved. For additional information, please contact info@equilar.com.

MARKET PRACTICE

		COMPANY	PREVALENCE: S&P 500 INDUSTRY SUBSET 1,2	PREVALENCE: ALL S&P 500 1
GENERAL PRACTICES	Clawback Policy	Yes	91.4%	92.4%
	Stock Ownership Guidelines	No	97.1%	97.4%
	Single-Trigger CIC Benefits	No	60.0%	35.1%
	Excise Tax Gross-Ups	No	25.7%	20.3%
SHORT-TERM INCENTIVES	Performance-Based Awards	No	80.6%	82.4%
	Disclosed Individual Limits	No	94.3%	92.8%
LONG-TERM INCENTIVES	Performance-Based Awards	No	85.7%	92.0%
	Performance Goals Include Relative Metric(s)	N/A	93.5%	65.2%
	Any Performance Period(s) at Least Three Years	N/A	93.5%	82.6%

1 Reflects adoption rates based on company data for meetings between 1/1/2016 and 12/31/2016; excludes foreign filers, recent IPOs and companies with irregular or ad-hoc granting schedules.

2 Based on companies within the Energy industry.

EXECUTIVE COMPENSATION STRUCTURE - SYNOPSIS

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

SHORT-TERM INCENTIVES

ANNUAL BONUS PROGRAM	
AWARDS GRANTED (PAST FY)	*Cash and Earnings Bonus Units.*
MAXIMUM PAYOUTS	*Not disclosed*
ACTUAL PAYOUTS	*Earnings Bonus Units: $835,000 for the CEO and up to $616,000 for the other NEOs* *Cash: $835,000 for the CEO and up to $616,000 for the other NEOs*

The size of the annual bonus pool is determined based on the annual percentage change in earnings multiplied by two-thirds.

Awards are determined based on assessment of performance in the following areas: safety and operations integrity; return on average capital employed; total shareholder return; free cash flow; shareholder distributions; strategic business results; and project execution.

Awards are paid 50% in cash at the time of grant; the balance is awarded in earnings bonus units which vest subject to achievement of the cumulative EPS hurdle below. If the cumulative EPS hurdle is not met within three years, the delayed portion of awards is reduced to an amount equal to the number of units multiplied by the actual cumulative EPS over the three-year period.

METRICS FOR EARNINGS BONUS UNITS

	CUMULATIVE EPS
	Absolute
Weighting	Hurdle
Threshold Performance	$6.50

LONG-TERM INCENTIVES

2003 INCENTIVE PROGRAM	
AWARDS GRANTED (PAST FY)	*Performance shares*
ACTUAL PAYOUTS	*222,500 shares for the CEO and up to 137,000 shares for the other NEOs*

One-half of performance share awards vest after five years; the balance vest after the later of 10 years or retirement.

Awards are determined based on an assessment of performance in the following key areas: safety and operations integrity; return on average capital employed; total shareholder retrun; free cash flow; shareholder distributions; strategic business results; and project execution. The Company notes that "industry-leadings performance over investment lead times of the business" is require in the aforementioned areas in order to achieve a top quintile bonus and long-term stock award.

MR. TILLERSON'S CANCELLATION AND EXCHANGE AGREEMENT

On January 1, 2017, the Board, acting on the recommendation of the compensation committee, approved and the Company entered into a cancellation and exchange agreement with Mr. Tillerson, the former chairman and CEO. This agreement derived from Mr. Tillerson's appointment to the position of U.S. Secretary of State by the then President-elect. The Company states that this agreement was developed, in close consultation with federal authorities, "in order to meet federal conflict of interests standards" (8-K January 3, 2017, pg. 2).

As outlined in the agreement, Mr. Tillerson surrendered all incentive compensation—restricted stock awards, RSU awards and earnings bonus units—previously awarded to him to the Company. In exchange for the surrender and cancellation of the restricted stock and RSU awards the Company made a cash payment into an irrevocable Trust substantially in the form of the Trust Agreement (see Exhibit A of the Cancellation and Exchange Agreement). The cash payment equaled the value of the common stock surrender at the time of the exchange, discounted by 1.6% to "reflect the fact that the Trust assets will be subject only to an objectively determinable risk of post-retirement forfeiture compared to the [Company's] incentive compensation and to reflect the additional guidance on discounting provided by the Office of Government Ethics" (pg. 2). The value of the shares was calculated using a weighted average Company stock price for the 10-trading day period ending on the third trading day prior to funding the Trust. No payments were made to the Trust in connection with the cancellation of the earnings bonus unit awards ($3.9 million).

The Trust contains the following terms:

a. Trust principal will only be distributable to Mr. Tillerson at times and amounts corresponding to the vesting and payment schedule that otherwise would have applied to the restricted stock and RSUs Mr. Tillerson surrendered.

b. Distributions from the Trust as described in clause (a) above will not be subject to acceleration except in case of Mr. Tillerson's death, in which event the Trust will terminate and all assets will become distributable to his estate, or in case of forfeiture of Trust assets as provided in clause (g) below.

c. For so long as U.S. federal laws and guidelines require, Trust assets will be invested only in U.S. Treasury securities and other assets permitted under such laws and guidelines and may not be invested in stock or any other financial instrument of the Company.

d. Once established and funded, the Company will have no rights or interest in the Trust.

e. Mr. Tillerson may not amend or accelerate the Trust distribution schedule described (a) above.

f. Mr. Tillerson may not pledge or transfer Trust assets or his interest in the Trust.

g. If, while any assets remain undistributed to Mr. Tillerson from the Trust, Mr. Tillerson becomes employed by or provides services to a company in the oil and/or gas or oil and/or gas services industries, Mr. Tillerson will forfeit the remaining undistributed assets in the Trust. Such forfeited assets will be distributed to a charity of the Trustee's choosing dedicated to the alleviation of disease and poverty in the developing world.

Glass Lewis' recognizes the extraordinary events that led to the Company and Mr. Tillerson entering into this cancellation and exchange agreement. As of December 31, 2016, Mr. Tillerson had 2,026,000 unvested and outstanding equity awards which had a reported market value of $182.87 million. From our understanding, the terms of the cancellation agreement and the Trust agreement provide Mr. Tillerson with no additional or expanded benefits. After extensive review, while we believe shareholders should take this arrangement under consideration, we do not believe it is ill-advised nor does it negatively effect shareholder interests.

GLASS LEWIS ANALYSIS

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

Shareholders should be mindful of the following issues:

VARIABLE COMPENSATION

Incentive Limits on Short-Term Awards

The Company has not disclosed individual award limits under its short-term incentive plan. We believe this runs contrary to best practices and shareholder interests, as management may receive excessive compensation that is not strictly tied to Company performance. Shareholders should urge the Company to set and disclose individual caps on its short-term incentive plan so as to provide an assurance that executive pay will always be constrained by stated limits.

No Performance Formula for Individual Awards

The Company does not utilize an objective, formula-based approach to setting executive compensation levels. While awards are based in part on performance in seven key areas, it appears that final individual award amounts are nonetheless determined on a non-formulaic basis. We recognize that 50% of the STI awards vest based on a cumulative EPS target measured over a period of up to three years and may ultimately be reduced to an amount equal to the number of units times actual cumulative EPS. Nevertheless, we believe shareholders benefit when individual compensation levels are based on metrics with pre-established goals and are thus demonstrably linked to the performance of the company, aligning the interests of management with those of shareholders. In this case, shareholders should be concerned with the Company's failure to implement rigorous, formula-based incentive plans with objective metrics and goals

2016 PAY FOR PERFORMANCE: F

The Company has been deficient in linking executive pay to corporate performance, as indicated by the "F" grade received by the Company in Glass Lewis' pay-for-performance model. A properly structured pay program should motivate executives to drive corporate performance, thus aligning executive and long-term shareholder interests. In this case, the Company may not have implemented such a program. Furthermore, we note that the Company received pay-for-performance grades of "F" in both our 2016 and 2015 Proxy Papers. In our view, shareholders should be concerned with these repeated misalignments.

CONCLUSION

As discussed extensively in prior Proxy Papers, the Company maintains a unique approach to executive compensation. This program provides the committee with large amount of discretion in setting pay levels that subsequently are earned following extensive vesting schedules. While mindful that such a structure depends to a large extent on the compensation committee's judgment in moderating compensation levels, we recognize that as one of the largest and most complex public companies in the world, a certain degree of discretion may ultimately be necessary to ensure that compensation is sufficiently reflective of the Company's overall performance. For bonus payouts the Company appears to mirror annual adjustments with year-over-year changes in earnings. While we acknowledge the Company discloses performance on a relative and absolute basis for each one of the seven pre-established performance areas and metrics utilized in setting compensation, the final evaluation process related to these performance categories remains somewhat unclear. In aggregate, year-over-year total compensation remained somewhat constant with bonus amounts decreasing by 30% and equity award levels increasing by approximately 7%.

Overall, we believe shareholders should be aware of the distinct structure employed by the Company in compensating and retaining its named executive officers. While shareholders should be mindful of the disconnect between pay and performance according to our analysis, we believe the pay levels are relatively reasonable when taking into account the size and scope of the Company in comparison to its benchmarking peer group. However, shareholders may note the Company's less than impressive TSR performance over three- and five-year periods in relation to this same group. Nonetheless, we recognize the Company's strong TSR performance relative to its industry-specific peers over 5-year, 10-year, 20-year and 30-year periods. Given these considerations we believe shareholders can support this proposal at this time.

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

4.00: FREQUENCY OF ADVISORY VOTE ON EXECUTIVE COMPENSATION

1 YEAR

PROPOSAL REQUEST:	To determine the frequency of future advisory votes on executive compensation	**RECOMMENDATIONS & CONCERNS:**	
PRIOR YEAR VOTE RESULT (FOR):	N/A	**1 YEAR-**	No material concerns
BINDING/ADVISORY:	Advisory		
REQUIRED TO APPROVE:	Plurality		

PROPOSAL SUMMARY

Shareholders may indicate whether they want the advisory vote to occur every one, two or three years. Under Section 14A(a)(2) of the Exchange Act, companies are required to submit for shareholder consideration resolutions on the frequency of such votes at least once every six years.

This is a non-binding vote, meaning that the board may decide that it is in the best interest of shareholders to hold the vote more or less frequently.

BOARD'S PERSPECTIVE

The board asks shareholders to support a frequency of every one year for future advisory votes on executive compensation. The board states that it remains committed to ensuring the Company's compensation strategy fits with it's business model and industry. Further, the Company notes it has a long-standing philosophy that executive compensation should be based on long-term performance, aligned with the investment lead times of the business.

GLASS LEWIS ANALYSIS

Glass Lewis believes that the advisory vote on executive compensation serves as an effective mechanism for promoting dialogue between investors and company management and directors, enhancing transparency in setting executive pay, improving accountability to shareholders, and providing for a more effective link between pay and performance. In cases where shareholders believe the Company's compensation packages may be excessive, we believe such a vote may compel the board to re-examine, and hopefully improve, its compensation practices.

In our view, shareholders should be allowed to vote on the compensation of executives annually. We believe that the time and financial burdens to a company with regard to an annual vote are outweighed by the benefits to shareholders and the increased accountability. Implementing biennial or triennial votes on executive compensation limits shareholders' ability to hold the board accountable for its compensation practices through means other than voting against the compensation committee. For this reason, unless a company provides compelling arguments otherwise, we will generally recommend that shareholders support the holding of advisory votes on executive compensation every year.

In this case, we agree with the board that an annual advisory vote on executive compensation is in the best interests of shareholders.

We recommend that shareholders vote for the advisory vote on executive compensation frequency of **ONE YEAR**.

5.00: SHAREHOLDER PROPOSAL REGARDING INDEPENDENT BOARD CHAIR

FOR

PROPOSAL REQUEST:	That the chair of the board be an independent director	**SHAREHOLDER PROPONENT:**	Ellen M. Higgins Trust 1959
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	38.7%	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

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

GLASS LEWIS REASONING

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

PROPOSAL SUMMARY

Text of Resolution- *RESOLVED: That the shareholders request the Board of Directors of ExxonMobil to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, be an independent member of the Board. This policy should be phased in for the next CEO transition. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.*

Proponent's Perspective

- The role of the CEO and management is to run the company and the role of the board is to provide independent oversight of management and the CEO;
- There is a potential conflict of interest for a CEO to be her/his own overseer while managing the business;
- The combination of the roles of CEO and chair in a single person weakens a corporation's governance structure, which can harm shareholder value;
- Chairing and overseeing the board is a time intensive responsibility, and a separate chair leaves the CEO free to manage the company and build effective business strategies;
- As Intel's former chair Andrew Grove stated, "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he's an employee, he needs a boss, and that boss is the Board. The [chair] runs the Board. How can the CEO be his own boss?;"
- Numerous institutional investors recommend the separation of the role of CEO and chair;
- California's Retirement System CalPERS' Principles & Guidelines encourages separation of the role of CEO and chair, even with a lead director in place;
- Shareholder resolutions urging separation of CEO and chair averaged approximately 36% of votes in favor in 2014 and 31% in 2016, an indication of strong investor support;
- Many companies have separate and/or independent chairs;
- By 2016 over 50% of the S&P 500 companies had boards that were not chaired by their CEO;
- An independent chair is the prevailing practice in the United Kingdom and many international markets;
- An independent chair and vigorous board can improve focus on important ethical and governance matters, strengthen accountability to shareholders and help forge long-term business strategies that best serve the interests of shareholders, consumers, employees and the company;
- This resolution received 39% shareholder support at the Company's last annual meeting, up from 34% the year before; and

Board's Perspective

- The board agrees with the importance of a strong, independent board to represent the interests of shareholders, and that the board is responsible for effective oversight of management, including the CEO;
- The board disagrees that the combination of chair/CEO positions impedes its ability to provide effective oversight or constitutes a conflict;
- It is the board as a whole that oversees the CEO, not the chair;
- Independent directors comprise the vast preponderance of the board and exclusively comprise key standing committees;
- Independence is bolstered by the Company's independent presiding director, who has clearly defined roles and responsibilities;
- It is important to preserve the board's flexibility to choose the best leadership structure for the Company that will best serve the long-term interests of shareholders and to not be compelled to adopt a one-size-fits-all approach;
- The Company's directors possess considerable experience and understand the unique challenges and opportunities the Company faces;
- The Company's directors are in the best position to evaluate the needs of the Company and how best to organize the capabilities of the directors and senior managers to meet those needs;
- The board will carefully consider the pros and cons of separating or combining the chair and CEO positions and whether the chairship should be held by an independent director, whenever the question arises;
- The board is comprised entirely of independent directors except the CEO;
- Each independent director has access to the CEO and other Company executives upon request, may call meetings of the independent directors, and may request agenda topics to be added or dealt with in more detail at meetings of the full board or an appropriate committee;
- Independent board leadership is effectively provided by the presiding director, who has various specific duties;
- The CEO's compensation, established by the independent

- With the appointment of a new CEO, and with the unprecedented rate of change in the climate and energy-related regulation, it is an important time to ensure that the Company's governance is the best it can be.

compensation committee, is reviewed with the full board, absent the chair/CEO;
- Empirical studies are inconclusive on the benefits of separating the chair and CEO roles;
- Recent third-party research suggests caution in adopting an inflexible, one-size-fits-all approach to separating out the chair and CEO role, which may explain why the approach remains a distinct minority position among U.S. companies; and
- According to the 2016 Spencer Stuart Board Index, only 27% of S&P 500 companies have a truly independent chair.

GLASS LEWIS ANALYSIS

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

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

We recognize that the board has a presiding director. In accordance with the Company's Corporate Governance Guidelines, the presiding director maintains the following roles and responsibilities:

- Acting as a liaison with the chair, in consultation with the other directors; provided, that each director will also be afforded direct and complete access to the chair at any time as such director deems necessary or appropriate;
- Chairing executive sessions of the non-employee directors and providing feedback from such sessions to the chair;
- Chairing meetings of the board in the absence of the chair and president; and
- Reviewing in advance, in consultation with the chair, the schedule and agenda for all board meetings as well as materials distributed to the directors in connection therewith.

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

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

6.00: SHAREHOLDER PROPOSAL REGARDING MAJORITY VOTE FOR ELECTION OF DIRECTORS

FOR

PROPOSAL REQUEST:	That the Company adopt a majority vote policy for the election of directors	**SHAREHOLDER PROPONENT:**	The Southwest Regional Council of Carpenters Pension Fund
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Majority voting increases board accountability and performance

GLASS LEWIS REASONING

- Majority voting enhances shareholders' ability to determine who will serve as their representatives in the boardroom;
- Implementing a majority vote standard increases board accountability and performance; and
- A growing number of major corporations have adopted a majority voting standard.

PROPOSAL SUMMARY

Text of Resolution- *Resolved: That the shareholders of Exxon Mobil Corporation (‘Company’) hereby request that the Board of Directors initiate the appropriate process to amend the Company’s bylaws to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.*

Proponent's Perspective

- This proposal calls upon the Company’s board to establish a majority vote standard in uncontested director elections;
- The proposed majority vote standard requires that a director nominee receive a majority of the votes cast in an uncontested director election in order to be formally elected or re-elected;
- The Company’s current plurality standard is not well-suited for the typical uncontested director election since in such elections all nominees run unopposed and are ensured election so long as they receive a single affirmative vote;
- A majority vote standard in board elections establishes a challenging vote standard for board nominees, enhancing both board and director accountability and improving board performance;
- Over the past 12 years, more than 92% of the S&P 500 Index companies have adopted a majority vote standard in their bylaws, articles of incorporation, or charters;
- Companies who have adopted a majority vote standard for the election of directors have also adopted a director resignation policy that establishes a board-centered post-election process to determine the status of any incumbent director nominee that is not elected;
- The dramatic market move to a majority vote standard is a response to the strong shareholder demand for a meaningful role in director elections;
- The Company has responded only partially to the call for change, simply adopting a post-election director resignation policy, while keeping its plurality vote standard in place;
- Nearly every other corporate board on which current Company directors sit have adopted a majority vote standard;
- The board has failed to act despite the fact that all of the Company's self-identified peer companies have adopted majority voting;
- The Company is the largest U.S. publicly-traded company without a majority vote standard in uncontested director elections;
- The Company's shareholders deserve a meaningful director election standard;
- A majority vote standard combined with a post-election director resignation policy would establish consequential voting rights for shareholders in director elections, while the board's post-election

Board's Perspective

- Directors who serve on public boards should have the support of at least a majority of the companies’ shareholders;
- The board long-ago adopted a resignation policy;
- The Company's resignation policy requires any Company director who fails to receive a majority of “for” votes in an uncontested election to tender his/her resignation that the board will accept absent a compelling reason;
- A compelling reason not to accept the resignation of a director who does not receive a majority of votes include unique experience or knowledge deemed critical for continued good governance and oversight;
- The Company's resignation policy coupled with the current plurality vote standard yields the same outcome as a majority-vote standard; and
- While the board shares the same understandable objective as the proponent, it simply employs a different approach to achieving the same result.

role in determining the status of any unelected director; and
- The proponents urge the board to join the mainstream of major U.S. companies and establish a majority vote standard.

GLASS LEWIS' ANALYSIS

Over the past several decades, shareholders have sought a mechanism by which they might have a genuine voice in the election of directors at companies in which they hold an interest. The oft utilized plurality vote standard ensures that directors who receive the highest number of votes are elected to serve on the board of directors. This system, at face value, appears to be a fair conduit through which most favored candidates will be selected for service on the board. This system loses its efficacy, however, when the number of director candidates is equal to the number of open seats on the board, thereby permitting a nominee who receives a minority of shareholder support (as little as one vote) to assume a seat on the board. Majority voting, to the contrary, requires that each nominee receive the affirmative vote of at least a majority of shareholder votes cast in an election. In this manner a majority vote standard enhances shareholders' ability to determine who will serve as their representatives in the boardroom, resulting in increased board accountability and performance.

Moreover, while we recognize that in certain jurisdictions, steps must be taken to ensure a smooth transition in the event of a failed election, we believe boards may adopt bylaws to satisfactorily manage these situations. For example, directors can be required to submit irrevocable resignations upon initial nomination to the board. In the event the nominee does not receive a majority of the votes cast, the resignation already submitted to the Company will come into effect. This provision can be accompanied by a truncated holdover period added to a company's bylaws, by which the director will serve for no more than a specified period of time, such as 90 days. In our view, this type of provision, in combination with a truncated holdover period, will serve to alleviate any issues that may arise if an incumbent director is not elected.

According to the 2016 Spencer Stuart Board Index, approximately 88% of companies in the S&P 500 index have adopted policies requiring directors who fail to secure a majority vote to offer their resignations, up from 79% in 2009, indicating a broad shift towards the adoption of best practice corporate governance in this matter.

Although we recognize that the board has adopted a resignation policy for directors failing to receive majority shareholder support, we believe such a policy does not go far enough to ensure true director accountability in the rare situation where a majority of shareholders vote against a director. Accordingly, we believe adoption of a true majority vote standard would be in shareholders best interests at this time.

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

7.00: SHAREHOLDER PROPOSAL REGARDING RIGHT TO CALL A SPECIAL MEETING

FOR

PROPOSAL REQUEST:	That owners of 15% of the Company's outstanding shares be able to call a special meeting	**SHAREHOLDER PROPONENT:**	Kenneth Steiner
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- The Company could reasonably lessen the burden on shareholders right to call a special meeting

GLASS LEWIS REASONING

- We do not believe that requiring shareholders to petition the New Jersey Superior in order to call a special meeting is practical for all shareholders and that allowing shareholders to call a special meeting without such impediment would benefit shareholders; and
- Though the 15% is higher than New Jersey's 10% threshold, we believe that the Company could reasonably lessen the burden on shareholders in order to exercise this important shareholder right.

PROPOSAL SUMMARY

Text of Resolution- *Resolved, Shareowners ask our board to take the steps necessary (unilaterally if possible) to amend our bylaws and each appropriate governing document to give holders in the aggregate of 15% of our outstanding common stock the power to call a special shareowner meeting. This proposal does not impact our board's current power to call a special meeting.*

Proponent's Perspective

- Dozens of Fortune 500 companies allow 10% of shares to call a special meeting;
- This proposal is only asking that 15% of the Company's shares be enabled to call a special meeting;
- Special meetings allow shareholders to vote on important matters, such as electing new directors that can arise between annual meetings; and
- Shareholders input on the timing of shareholder meetings is especially important when events unfold quickly and issues may become moot by the next annual meeting, this is important because there could be 15-months or more between annual meetings.

Board's Perspective

- It is important that shareholders have a meaningful right to call a special shareholder meeting;
- New Jersey corporate law, which is applicable to the Company, provides the right for shareholders holding at least 10% of the Company's shares to call a special meeting upon the showing of good cause;
- By requiring a showing of good cause, the New Jersey law allows special meetings to be called by shareholders for legitimate purposes, while protecting against the potential for abuse;
- The board has done nothing to restrict shareholders' right to call special meetings under New Jersey law and believes the showing of good cause is a prudent protection for all shareholders; and
- Since shareholders already have an effective right to seek a special shareholder meeting, this proposal is unnecessary.

GLASS LEWIS ANALYSIS

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

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

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

- Existing ability for shareholders to call a special meeting

In this case, the Company states that a special meeting of shareholders may be called upon the application of the holder or holders of not less than 10% of all the shares entitled to vote at a meeting in accordance with the requirements of Section 14A:5-3 of the New Jersey Business Corporation Act.

The New Jersey Revised Statues Section 14A:5-3 states that, "upon the application of the holder or holders of not less than 10% of all the shares entitled to vote at a meeting, the Superior Court, in an action in which the court may proceed in a summary manner, for good cause shown, may order a special meeting of the shareholders to be called and held at such time and place, upon such notice and for the transaction of such business as may be designated in such order." We do not believe that requiring shareholders to petition the New Jersey Superior in order to call a special meeting is practical for all shareholders. We believe that allowing shareholders to call a special meeting without such impediment would benefit shareholders. As such, though the 15% is higher than the state's 10% threshold, we believe that the Company could reasonably lessen the burden to shareholders in order to exercise this important shareholder right.

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

8.00: SHAREHOLDER PROPOSAL REGARDING RESTRICTING PRECATORY PROPOSALS

AGAINST

PROPOSAL REQUEST:	That the Company amend its bylaws to no longer permit shareholders to submit precatory proposals	**SHAREHOLDER PROPONENT:**	Steven J. Milloy
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

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

GLASS LEWIS REASONING

- Precatory shareholder proposals serve to promote shareholder rights as they allow shareholder proponents to potentially affect important and necessary change on important environmental, social, governance and compensation-related issues; and
- Adoption of this proposal would serve as a significant impediment to shareholder rights and would cut off an important shareholder feedback mechanism for the Company.

PROPOSAL SUMMARY

Text of Resolution- *Resolved: That the Company amend its bylaws to no longer permit shareholders to submit precatory (non-binding or advisory) proposals for consideration at annual shareholder meetings, unless the board of directors takes specific action to approve submission of such proposals.*

Proponent's Perspective

- Stock ownership has become politicized;
- Many shareholders own stock in publicly-owned corporations for the sole purpose of advancing the shareholders' own social or political agendas, while simultaneously assailing the corporations' legitimate business operations;
- Activist shareholders are "nuisance shareholders;"
- A primary tool of nuisance shareholders is the submission of non-binding precatory (advisory) proposals for discussion and vote at annual meetings of shareholders;
- Proposals from nuisance shareholders can coerce management into making decisions not in the best interests of the Company and its bona fide shareholders, and turn the annual meeting into a media-activist circus;
- Last year, activist and nuisance shareholders submitted 11 precatory proposals requesting the Company take certain actions pertaining to corporate governance, compensation, lobbying, employment policy and environmental policies and practices;
- The overarching purpose of last year's nuisance shareholders' proposals were to harass and intimidate the Company into actions that it would not normally undertake and that, in fact, may be harmful to the Company and its bona fide shareholders;
- As Nobel laureate Milton Friedman wrote, 'The social responsibility of business is to increase its profits.' Businesses accomplish this vital role by providing the goods and services that society needs and wants in compliance with the law;
- Businesses are society's wealth generators;
- Business generated wealth fuels the rest of society via salaries, taxes, dividends, and stock price appreciation;
- Businesses should not be distracted and hijacked by social and political activists seeking to change perceived shortcomings of society, which are issues better and more appropriately managed by governments and charities;
- Nuisance shareholders and their proposals distract Company management and coerce company leadership into taking harmful actions based on dubious political correctness rather than rational business practice; and
- This can only reduce profits and, thereby, prevent business from achieving its actual social responsibility.

Board's Perspective

- The board shares the proponent's concern regarding certain shareholders perpetuating proposals that offer little or no benefit to corporate governance or to appropriately inform shareholders beyond existing disclosures;
- The recommended proposal could limit the rights of shareholders to submit meaningful proposals that may not be fully supported by the board, but are of material importance for shareholders to consider;
- While the Company is sympathetic to the proponent's objective, a better approach would be for shareholders concerned with the current proposal process to petition for appropriate regulatory changes in order to minimize the potential for abuse and to increase the likelihood that proposals better reflect the interests of long-term shareholders;
- Direct shareholder engagement is the most effective approach to address shareholder interests;
- The Company maintains a robust process which allows shareholders to dialog with management and the board in an open and comprehensive manner; and
- Shareholder input is always valued and, as appropriate, is incorporated into management and board deliberations.

GLASS LEWIS ANALYSIS

Glass Lewis believes that precatory, or nonbinding, shareholder proposals serve to promote shareholder rights as they allow shareholder proponents to potentially affect important and necessary change on important environmental, social, governance and compensation-related issues. We believe that allowing precatory proposals allow shareholders to register their views on matters of potential importance and also allows companies to implement strongly supported resolutions without being predisposed to binding mandates, thus allowing latitude in implementation. We recognize that companies may occasionally face precatory shareholder resolutions that serve a narrow interest and thus do not align with the interests or concerns of a broad shareholder base. However, in those instances, companies are allowed to disregard such requests following low shareholder support for those measures. Further, the SEC provides some protection to companies with respect to this issue, as shareholder resolutions must meet a specified level of support in order to be resubmitted in subsequent years.

Given the above, we believe that adoption of this proposal would not serve shareholder interests and that the submission of precatory proposals acts as an important feedback mechanism for shareholders and companies. As such, we believe that adoption of this proposal would serve as a significant impediment to shareholder rights and would cut off an important shareholder feedback mechanism for the Company.

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

9.00: SHAREHOLDER PROPOSAL REGARDING GENDER PAY EQUITY REPORT

AGAINST

PROPOSAL REQUEST:	That the Company report on the percentage of women at certain pay percentile thresholds	**SHAREHOLDER PROPONENT:**	Eve S. Sprunt, PhD
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	8.5%	**REQUIRED TO APPROVE:**	Majority of votes cast

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

GLASS LEWIS REASONING

- We are unconvinced that this highly-specific disclosure would provide meaningful information, as it does not demonstrate that the Company is ensuring equal pay for men and women; and
- Given the Company's size and complexity, obtaining the requested information could be expensive and challenging.

PROPOSAL SUMMARY

Text of Resolution- *RESOLVED, that to improve transparency regarding compensation earned by female employees relative to their male peers, ExxonMobil will annually report to shareholders the percentage of female employees in each of ten equally-sized fractions of its workforce by total compensation, namely, the lowest 10% by total compensation and so on, continuing with each more highly compensated group, up through the tenth and final group that includes the 10% of employees who receive the highest total compensation.*

Proponent's Perspective

- Many studies link diversity to better business results;
- The Company has admirable programs to help women, and the Company’s commitment to gender diversity is sincere;
- It is not clear how successful the Company's programs to help women have been;
- Subtle and unconscious bias undercut many initiatives;
- McKinsey&Company’s study, Women in the Workplace 2016, determined that even when a company’s commitment to gender diversity is strong, it is difficult to turn commitment into practice and that a clear focus on results is needed;
- Progress towards elimination of the gender pay gap in America has stalled;
- Women on average earn less than 79% of what men earn and women in many minority groups earn even less;
- Pay gaps persist in nearly every occupation and every level of the corporate ladder;
- Publicly held companies are required to report sensitive financial information so that shareholders are appropriately informed;
- Since employees play a critical role in a company’s success and women are a large fraction of the workforce, it is important for shareholders and potential employees to have access to financial information that documents women’s success relative to their male counterparts;
- To enhance attraction and retention of the most talented women, the Company must manage gender diversity like a business imperative with greater emphasis on results;
- Greater transparency concerning compensation is essential to identifying and eliminating obstacles that impede progress towards gender pay equity;
- The success of gender diversity initiatives can be demonstrated through annual reporting of the percentage of women at different levels of compensation which would show how women rank at the present time;
- Multiple years of reporting the compensation of women would indicate whether or not the Company's programs were successful in eliminating barriers to women’s advancement;
- If the Company's diversity initiatives are as successful as claimed, it should be proud to release the information on women’s compensation relative to men’s; and
- If the compensation data substantiate a pattern of elimination of barriers to women’s advancement and progress towards gender

Board's Perspective

- The board agrees that the Company should foster an enabling, non-discriminatory work environment for all employees to achieve their potential;
- The Company values diversity, including gender, and has well-established processes that have allowed it to successfully advance women on a global basis;
- Within the Company, compensation, development, and advancement are highly integrated;
- As an individual advances through various career stages, pay grade and total compensation will advance accordingly;
- The Company compensates each individual at a level commensurate with individual performance, experience, and pay grade, independent of gender;
- The Company's compensation program ensures alignment of compensation among employees with similar performance and experience, who are in jobs of similar scope and complexity;
- Since its compensation program aligns similar compensation for similar work, the Company's focus is on metrics that measure the progress in development and advancement of women;
- The Company develops future leaders from within the Company worldwide, drawing upon its diverse employee population;
- The Company promotes leadership opportunities for women and works to improve the gender balance within the Company through all aspects of the employment relationship, including recruitment, training, advancement, and salary administration;
- At multiple times during the year, management discusses its strategy and progress regarding the advancement and development of women and these reviews include the stewardship of metrics and specific action plans to senior management;
- Robust development processes and rigorous management reviews, scheduled throughout the year, allow the Company to advance its goal of drawing from the most diverse and qualified pool of candidates for each position at each level within the organization;
- The Company's Corporate Citizenship Report includes detailed information on its workforce demographics and diversity and inclusion efforts;
- Key headlines from the Company's 2016 Corporate Citizenship Report include: (i) 28% of the Company's worldwide workforce are women; (ii) over the last 10 years, 40% of management and

pay equity, the Company's competitive position would benefit from improved recruiting and retention of top female talent.

professional new hires were women; (iii) within the executive employee population 18% are women, representing a 50% increase over the last decade resulting from the Company's efforts on developing its female employees; (iv) 32% of early career stage executive employees worldwide are women; (v) the Company's commitment extends to its support of organizations that aim to expand women’s economic opportunities as well as bolster women in science and engineering;

- A focus on all aspects of the development path supported by a consistently applied compensation program, which is designed to reward, motivate, and retain employees, will continue to result in a strong and diverse pool of highly qualified talent; and
- The metrics that are disclosed in the Company's Corporate Citizenship Report are more meaningful to shareholders than the requested report as they better represent the Company's development model.

GLASS LEWIS ANALYSIS

REGULATIONS CONCERNING GENDER PAY EQUITY

The gender pay gap is generally defined as the difference between male and female earnings. According to the U.S. Census Bureau, the average gender pay gap in the U.S. is approximately 21%, meaning that a woman earns, on average, 21% less than her male counterparts (Sonam Sheth, Skye Gould. "5 Charts Show Much More Men Make Than Women." *Business Insider*. March 8, 2017). As of 2016, the World Economic Forum ranked the U.S. in 66th place out of 144 countries for "wage equality for similar work."

The issue of gender pay inequality has received increasing attention as former President Obama has cited this pay disparity figure as an "embarrassment" and called for the passage of the Paycheck Fairness Act ("the Act") (Michael D. Shear, Annie Lowrey. "As Obama Spotlights Gender Gap in Wages, His Own Payroll Draws Scrutiny." *New York Times*. April 7, 2014; Devin Dwyer. "President Obama Vows Zero Tolerance on Gender Wage Gap." ABC News. April 8, 2014). However, the support of gender pay equity legislation remains unclear under the Trump administration. Regarding the issue of equal pay, President Trump has remarked that while he supports the concept of equal compensation for equal work, he has appeared skeptical of the idea that men and women who performed the same jobs were making different salaries. President Trump has stated, however, that if women "do the same job, they should get the same pay," though he also noted that such equality would be difficult to implement as a matter of public policy (Charlotte Alter. "Here's What Donald Trump Thinks About Women's Issues." *Time*. August 5, 2016).

Prior to the Trump administration, however, there were a number of legislative attempts at narrowing the gender pay gap. For example, the Paycheck Fairness Act was designed to provide greater wage transparency, more accountability measures for businesses who would need to justify pay grade differences beyond gender difference and protective initiatives for employees who identify and draw attention to gender-based wage discrimination. In September 2014, the Act failed to pass in its fourth attempt in Congress (Lauren Spurr. "Senate Republicans Block Paycheck Fairness Act." *MSNBC*. September 16, 2014). However, the Act was reintroduced into the House in March 2015, and the Obama Administration continued to support its measures, which would protect women from retaliation when they seek equal pay (Camila Domonoske. "To Shine a Light on Salary Gaps, Obama wants Companies to Disclose Pay Data. " *NPR*. January 29, 2016). Despite its past failures in Congress, the issue of gender pay is still at the forefront of many politicians' agendas. For example, Nebraska Senator Deb Fischer introduced two pieces of legislation addressing paid leave and pay equity in February 2017. The pay equity bill would forbid employers from retaliating against or firing women for seeking to find out more about overall workplace salaries (Helaine Olen. "This Republican Senator’s Paid Family Leave Plan Actually Makes Donald Trump’s Look Generous." *Slate*. February 9, 2017). Further, at the beginning of former President Obama's presidency, he signed into law the Lilly Ledbetter Fair Pay Act, making it easier for women to challenge discriminatory pay. In addition, former President Obama used his executive power to mandate reporting of salary data that includes employees' gender for companies with more than 100 employees to the EEOC as part of their already-manded reporting to the agency (Julie Davis. " Obama Moves to Expand Rules Aimed at Closing Gender Pay Gap." *New York Times*. January 29, 2016). However, many companies are already required to provide such reporting; in 2014 President Obama signed two executive orders, one of which would have required the Labor Department to collect statistics on pay for men and women at companies who contract with the federal government. The other executive order barred these federal contractors from retaliating against employees who discuss their salaries (Peter Baker. " Obama Signs Measures to Help Close Gender Gap in Pay." *New York Times*. April 8, 2014). However, given that these are executive orders and not legislatively manded provisions, it is possible for President Trump to easily overturn these measures. As such, it is unclear as to what will happen with the enforcement of these executive orders going forward.

Some states are also addressing gender pay gap issues through state regulations. For example, the California Fair Pay Act, signed in October 2015, is considered to be one of the most stringent in the U.S. (Patrick McGreevy, Chris Megerian

"California Now Has One of the Toughest Equal Pay Laws in the Country." *Los Angeles Times*. October 6, 2015). In fact, in the absence of legislation by the U.S. Congress and the new Trump administration, bills to address the gender pay gap have been introduced in at least 18 states during 2017. In addition, a number of cities, including Alexandria, Virgina, New Orleans and Sacramento, have taken steps to address the gender pay gap (Teresa Wiltz. "States Struggle to Close Their Own Gender Pay Gaps." PBS. February 19, 2017).

Internationally, a number of countries have enacted legislation aimed at narrowing the pay gap, as this is an issue experienced on a global level. As an effort to mitigate this disparity, in the UK, businesses with more than 250 employees will be required to publish the details of their gender pay gap. Further, under these plans, in April 2018, the government will begin to publish a series of tables detailing the best and worst companies in each sector (Steven Swinford. " Gender Pay Gap League Tables to 'Name and Shame' Companies." *The Telegraph*. February 12, 2016). Additionally, in Seoul, South Korea, the government has increased spending to promote gender equality and has emphasized the importance of equal pay for equal work in its Equal Employment and Support for Work-Family Reconciliation Act (Elaine Moore. "Gender Pay Gap Shows Little Sign of Closing." *Financial Times*. February 24, 2014). Further, Iceland is about to become the first in the world to require firms to prove equal pay regardless of gender, ethnicity, sexuality, or nationality. The government will introduce legislation to parliament in March 2017 to require "employers with more than 25 staff to obtain certification to prove they give equal pay for work of equal value." The new legislation, which will likely be implemented by 2020, is expected to be approved by Iceland's parliament because it has support from both government and opposition lawmakers (Jil Lawless. "In World First, Iceland to Require Firms to Prove Equal Pay." *Associated Press.* March 8, 2017).

LEGAL RAMIFICATIONS OF GENDER PAY DISPARITY

A failure to adequately consider the issue of gender equity regarding pay, promotion and other employment policies can inflict, at a minimum, reputational damage on companies and may dramatically affect shareholder value. For example, in 2010, Wal-Mart was faced with the largest class-action employment lawsuit in U.S. history over alleged gender bias in pay and promotions. The plaintiffs alleged that the firm's centralized structure facilitates gender stereotyping and discrimination, and sought back pay and punitive damages against Wal-Mart (Bill Mears. " Court: Wal-Mart Gender Pay Lawsuit can go to Trial." *CNN*. April 26, 2010). Further, AstraZeneca, a large pharmaceutical firm, agreed to pay $250,000 to settle a sex discrimination lawsuit by 124 women who claimed they were subjected to pay discrimination while working at the firm ("Pharmaceutical Giant AstraZeneca Agrees to Pay $250,000 to Settle Sex Discrimination Lawsuit Brought by US Labor Department." U.S. Department of Labor. June 6, 2011). More recently, Goldman Sachs faced a discrimination lawsuit by a group of women who claimed that the firm has a "culture of discrimination" and that women vice presidents at the firm earned 21% less than male colleagues, and female associates made 8% less than their male counterparts (Bob Van Voris. " Goldman Takes Key Step to Toss Group Discrimination Lawsuit." *Bloomberg*. March 10, 2015). A number of technology companies have also been the subject of recent sex discrimination lawsuits. A former Twitter engineer has filed a gender discrimination lawsuit alleging that promotion opportunities at Twitter are denied to women due to arbitrary promotion policies that unlawfully favor men, while a further gender discrimination lawsuit is also in progress at Twitter (Jack Linshi. " Twitter Faces Gender Discrimination Lawsuit by Former Female Engineer." *Time*. March 22, 2015). More recently, Google has been the subject of an ongoing Department of Labor investigation which found evidence of "systemic compensation disparities" in violation of federal employment laws regarding salaries for women (Sam Levin. "Google Accused of 'Extreme' Gender Pay Discrimination by US Labor Department." *The Guardian*. April 7, 2017).

Narrowing a company's pay gap, even without facing a lawsuit, can be an expensive endeavor. For example, Marc Benioff, CEO of Salesforce.com, recently announced that he spent approximately $3 million in one year in order to bring the salaries of female employees up to the level of their male counterparts. Although Benioff stated that he was initially skeptical that his organization had any sort of gender wage gap, he determined to commission an internal review of his 17,000 employees. However, it is unclear what the size of the average salary adjustment was, or how many employees had their salaries changed (Bourree Lam. " One Tech Company Just Erased Its Gender Pay Gap." *The Atlantic*. November 10, 2015).

COMPANY DISCLOSURE

The Company's Standards of Business Conduct states "[i]t is the policy of [the Company] to provide equal employment opportunity in conformance with all applicable laws and regulations to individuals who are qualified to perform job requirements. The [Company] administers its personnel policies, programs and practices in a nondiscriminatory manner in all aspects of the employment relationship, including [...] wage and salary administration." The standards also commit the Company to "undertake special efforts" in order to "develop and support educational programs and recruiting sources and practices that facilitate employment of minorities and women" (p.19). In addition, the Company's 2015 Corporate Citizenship Report includes information on the Company's diversity and inclusion efforts. In addition to reiterating the Company's commitments to diversity and equality, the report notes that, in 2015, 28% of the Company's worldwide workforce were women, and that 41% of its global management and professional new hires were women. In the U.S., 33% of the Company's newly-hired engineers were women, while 17% of its global executives were women, an increase of 50% over the last decade. The report also provides tables on the Company's female workforce by region (pp.26-27).

The Company's website also includes a section on women's economic opportunity where it discusses various Company initiatives and efforts including partnering with the United Nations Foundation to develop A Roadmap for Promoting Women's Economic Empowerment which "identifies proven, promising, and high-potential interventions that increase productivity and earnings for different groups of women in diverse country contexts" and culminated in a report published in 2013 and a companion report published in 2015 regarding recommended measures to assess direct, intermediate, and final outcomes of women's economic empowerment programs. However, it appears that much of this information is targeted at women's economic empowerment in developing nations, and does not address the issue of gender pay equity at the Company, as is requested by this proposal.

RECOMMENDATION

The Company has produced information concerning its diversity initiatives and the steps it takes to ensure that it is hiring and promoting women throughout the organization. However, outside of the information provided in response to this proposal, this information does not include any meaningful information on the steps the Company is taking to ensure that, once these women are hired and promoted, they are receiving equitable compensation. Moreover, the issues of ensuring a diverse workforce and of ensuring that there is not a pay disparity for that diverse workforce are separate and should not be confused. According to a recent study by Council of Economic Advisors, there does not appear to be a strong relationship between the size of the gender pay gap and either the percentage of women in that occupation or its median weekly wage. As such, efforts to simply increase diversity at an organization likely will not affect the pay gap at the organization. Therefore, we do not believe that the Company has provided sufficient information on this issue, as its rebuttal to this proposal and its disclosure primarily focus on its internal processes to ensure that women are hired and promoted.

Nevertheless, while we believe the Company could provide more disclosure on gender pay equity, that is not what this proposal is requesting. It requests the Company annually disclose "the percentage of female employees in each of ten equally-sized fractions of its workforce by total compensation, namely, the lowest 10% by total compensation and so on, continuing with each increasingly compensated group, up through the tenth and final group that includes the 10% of employees who receive the highest total compensation." We are unconvinced that this highly-specific disclosure would provide meaningful information, as it does not demonstrate that the Company is ensuring equal pay for men and women. Moreover, as a result of the Company's size and complexity, obtaining the requested information could be expensive and challenging. Given that we do not believe that this information would ultimately benefit shareholders or provide a complete or accurate picture of the Company's gender pay equity, we do not believe that adoption of this proposal is in shareholders best interests at this time.

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

10.00: SHAREHOLDER PROPOSAL REGARDING LOBBYING REPORT

AGAINST

PROPOSAL REQUEST:	That the Company prepare an annually-updated report on its lobbying policies and practices	**SHAREHOLDER PROPONENT:**	United Steelworkers
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	25.8%	**REQUIRED TO APPROVE:**	Majority of votes cast

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

GLASS LEWIS REASONING

- The Company has provided adequate disclosure regarding its lobbying policies and expenditures; and
- The Company has provided reasonably accessible information regarding its policies and practices.

PROPOSAL SUMMARY

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

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

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

3. ExxonMobil's membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4. Description of management's and the Board's decision making process and oversight for making payments described in sections 2 and 3 above.

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

Both 'direct and indirect lobbying' and 'grassroots lobbying communications' include efforts at the local, state and federal levels.

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

Proponent's Perspective

- The proponents believe in full disclosure of the Company's direct and indirect lobbying activities and expenditures to assess whether its lobbying is consistent with its expressed goals and in the best interests of shareholders;
- The proponents encourage transparency and accountability in the Company's use of corporate funds to influence legislation and regulation;
- The Company's lobbying on climate is under scrutiny;
- The Company spent $24.63 million in 2014 and 2015 on federal lobbying, which does not include expenditures to influence legislation in states, where it also lobbies in 33 states, but disclosure is uneven or absent;
- The Company lobbies abroad, reportedly as one of the largest lobbying spenders in the EU;
- The Company is a member of the American Petroleum Institute, Business Roundtable and National Association of Manufacturers, which together spent over $80 million on lobbying for 2014 and 2015;
- The Company is a member of the Western States Petroleum

Board's Perspective

- The board fully supports accountability, and appropriate transparency and disclosure of lobbying activities and expenditures;
- The Company currently makes its positions on key issues available to the public and its lobbying expenses and the specific issues lobbied are publicly available;
- The Company's efforts comply fully with the spirit and letter of all federal and state lobby disclosure requirements;
- Existing disclosure laws are appropriately broad and provide the necessary transparency;
- Under the Company's Political Activities Policy and Guidelines, certain employees are authorized to act on behalf of the Company to execute the political activities of the Company, including lobbying;
- The Company's Political Activities Policy and Guidelines are viewable and lobbying activities are described in the Political Contributions and Lobbying section on the Company's website;
- The Company has an established process to determine public policy issues that are important to the Company and includes

Association, which spent $19.83 million on lobbying in California for 2014 and 2015;
- The Company does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying;
- The Company is a member of the American Legislative Exchange Council ("ALEC");
- The Company's ALEC membership has drawn press scrutiny;
- Over 100 companies have publicly left ALEC, including BP, ConocoPhillips and Shell; and
- Transparent reporting would reveal whether company assets are being used for objectives contrary to the Company's long-term interests.

reviews by both the management committee and the board;
- The Company calibrates its lobbying and advocacy efforts accordingly;
- The Company's positions on key issues are available in the Current Issues section of its website;
- The Company publicly reports on a quarterly basis to Congress its federal lobbying expenses and the specific issues lobbied;
- The total figure reported in the Company's public Lobbying Disclosure Act filings includes expenses associated with the costs of employee federal lobbying, as well as those portions of payments to trade associations and other groups that are spent on federal lobbying;
- All of the Company's filed lobbying reports are accessible to the general public on the U.S. Senate's website and more recently filed reports are also listed on the Company's website;
- The Company promotes transparency of its grassroots lobbying communications sent to members of the ExxonMobil Citizen Action Team by publishing live action alerts on;
- The Company's contributions to more than 100 U.S.-based organizations, including the American Legislative Exchange Council ("ALEC"), are detailed in the Worldwide Contributions and Community Investments: Public Policy report available on the Company's website;
- The Company participates in ALEC policy discussions on a range of issues including taxes, regulatory reform, education, and energy policy;
- At the last two ALEC annual meetings, Company speakers discussed the Company's support for a revenue-neutral carbon tax as the best approach for policymakers to address climate change; and
- As is true of all nonprofit groups that the Company supports, an annual evaluation of the merits of each organization is conducted and the Company reserves the right to initiate, sustain, or withdraw support at any time.

GLASS LEWIS ANALYSIS

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

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

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

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

COMPANY ANALYSIS

Company Name	Exxon Mobil Corporation (NYSE: XOM)	Chevron Corporation (NYSE: CVX)	Occidental Petroleum Corporation (NYSE: OXY)

Level of Oversight	States that all political contributions are reviewed by the board at least annually.	The public policy committee annually reviews the policies and procedures and expenditures for political activities including political contributions and direct and indirect lobbying.	All political spending is made with the approval of the board, the government affairs committee or their designees. The government affairs committee approves all political contributions and reports directly to the board.
Corporate Political Spending Policy	Yes	Yes	Yes
Direct Political Contributions Disclosure	Provides annually-updated itemized listings of state-level corporate political contributions and a summary of state-level donations and contributions to national political organizations from 2012 to 2016.	Provides an itemized list of corporate political contributions.	Provides an itemized list of corporate political contributions and an archive of such contributions.
Indirect Political Contributions Disclosure/ Trade Associations Memberships	As part of its worldwide giving report, provides an itemized list of contributions made on behalf of public information and policy research, which includes its contributions to trade organizations and other organizations which may constitute indirect political spending. Also, provides the annual aggregate total spent on federal lobbying.	States that it holds memberships in organizations that provide expert perspective on many issues that can be valuable to elected officials and their staff and provides a list of select memberships and organizations in its corporate responsibility report.	Provides a listing of trade associations which it paid annual dues in excess of $50,000 and an archive of such listings. Also, provides approximate aggregate dues paid to trade associations in 2016 and the approximate portion of those dues that were used for lobbying purposes.
2016 CPA-Zicklin Score	47.1 (Third Tier)	60.0 (Second Tier)	50.0 (Third Tier)

Overall, we find that the Company and Occidental lead Chevron with respect to disclosure of indirect political contributions. The Company provides an itemized listing of its contributions for "public information and policy research," though it is unclear what portion of these contributions were used for lobbying purposes. Occidental provides a list of its trade association memberships for which it paid annual dues in excess of $50,000, as well as the approximate aggregate dues paid to trade associations and the portions of those dues used for lobbying. In contrast, Chevron only provides a listing of some of its memberships and does not appear to provide any information on specific payments to trade associations. However, we do find that all three companies are relatively aligned regarding their direct corporate political spending disclosure.

COMPANY POLITICAL ACTIVITY

Given that the Company maintains a high profile in the oil and gas industry, we expect that its political activities could come under heightened scrutiny. For example, the Company was noted as being among a number of energy companies to lobby the government over the Keystone XL pipeline, which would transport oil from Canada to refineries in Texas and has been at the center of a heated national debate over energy policy and environmental issues since it was first proposed (Anthony Adragna. "Keystone Lobbying Said to Demonstrate Project's Symbolic Role in Energy Debate." *Bloomberg*. February 2, 2015).

Additionally, as mentioned by the proponent, the Company is a member of the American Legislative Exchange Council ("ALEC"), an organization that had promoted bills regarding "stand your ground" self-defense provisions. Following the 2012 fatal shooting of Trayvon Martin, an unarmed 17-year old African-American, stand your ground laws became the focus of national attention. As media reports spread regarding Martin's shooting and these laws, some version of which had been adopted by 26 states, the companies associated with ALEC soon came under fire from activist groups and the media. In response, many companies quickly dropped their association with the group, including Coca-Cola, Kraft Foods and McDonald's (Arian Campo-Flores, Joe Palazzolo, Mike Estrerl. " Stand Your Ground' Backer Retreats, and New Bills

Stall." *The Wall Street Journal*. April 17, 2012). Although ALEC has since disbanded the task force that had drafted the stand your ground legislation, companies' association with ALEC has caused significant reputational concerns for many investors, leading over 60 companies and almost 400 state legislators to withdraw their membership in the group (Ed Pilkington. " ALEC Facing Funding Crisis from Donor Exodus in Wake of Trayvon Martin Row." *The Guardian*. December 3, 2013). Moreover, despite this controversy, the Company determined to keep its membership in the group. According to a Company spokesman, the Company "just value[s] the ability to work on issues related to energy and business competitiveness" (Jonathan D. Salant, Ryan Flinn. "Altria Stands by Group for Florida Gun Law as Kraft Quits." *Bloomberg*. April 16, 2012).

Further, it was reported that the Company, as well as other industry peers, increased their spending to loosen restrictions on Senate Bill 350, a California climate change bill. Specifically, the Company and industry groups lobbied to defeat a measure that was intended to increase energy efficiency, boost renewable energy and vastly reduce oil consumption for transportation. Western States Petroleum Association (where the Company is a member) spent $6.7 million from July to September regarding this provision (Chris Megerian. John Myers. "Oil Industry Pumped Cash Into Lobbying as Fight Over Energy Bill Raged ." *Los Angeles Times*. November 2, 2015).

Moreover, following the investigations concerning the Company's alleged promotion of climate change denial, the Company has been generally subject to heightened media scrutiny regarding its political contributions and climate change-related funding. For example, *The Guardian* published an article stating the Company, since 2007, made contributions to organizations and political figures who deny climate change, including ALEC and senators who voted against a symbolic Senate resolution that climate change was caused by anthropogenic emissions (Suzanne Goldenberg. " ExxonMobil Gave Millions to Climate-Denying Lawmakers Despite Pledge." *The Guardian*. July 15, 2015). Further, a *Bloomberg* article reported findings by Influence Map, a British nonprofit research organization, which claimed that the Company's "direct spending on climate obstruction" may be $27 million a year (Eric Roston. "Trying to Put a Price on Big Oil's 'Climate Obstruction' Efforts." *Bloomberg*. April 7, 2016). Further, a paper published in *Nature Climate Change* names the Company as one of the most significant sources of funding for climate change skeptics. However, the Company explicitly denies funding climate change denial (Eric Roston. "Unearthing America's Deep Network of Climate Change Deniers." *Bloomberg*. November 30, 2015). In a statement on the Company's website, it argues that the research stories were inaccurate and deliberately misleading as they ignored readily available statements that demonstrated that the Company's researchers "recognized the developing nature of climate science at the time which, in fact, mirrored global understanding."

The Company has also come under scrutiny as a result of its former CEO and current Secretary of State, Rex Tillerson. During his confirmation hearings, senior Democrats on the Senate Foreign Relations Committee pressed Tillerson on whether he and the Company lobbied against the U.S. sanctions on Iran and Russia. During the hearings, senators produced a number of documents as evidence for their claims and highlighted the Company's membership in USA Engage, an advocacy group that lobbied for years against sanctions on Iran (Steven Mufson. " Tillerson Denies Lobbying Against Russia Sanctions as ExxonMobil Chief." *The Washington Post*. January 11, 2017).

RECOMMENDATION

Upon review, we find that the Company has provided adequate disclosure regarding its political spending process, policies and expenditures. Further, the Company has met and exceeded the legal requirements for political expenditure disclosure and has provided readily accessible information regarding the policies governing its lobbying activities and oversight process.We note that the Company has improved its disclosure by providing an itemized list of its public information and policy contributions, however, we believe the Company could improve the accessibility of its trade association membership expenditures by specifying which organizations fall into this category and the portion of its payments to such organizations that were used for lobbying purposes. Given the nature of membership in trade organizations, we recognize the challenges of disclosing indirect political contributions and expenditures made with the Company's funds by such organizations. We will continue to monitor the transparency and accessibility of the Company's political contribution and expenditure policies and practices going forward; however, at this time we find the Company's disclosure to be reasonable.

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

11.00: SHAREHOLDER POLICY REGARDING DIVIDEND POLICY — AGAINST

PROPOSAL REQUEST:	That the Company adopt a policy to issue dividends in light of the climate change related risks of stranded carbon asset	**SHAREHOLDER PROPONENT:**	Susan B. Inches, a client of Arjuna Capital/Baldwin Brothers Inc.
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	4.1%	**REQUIRED TO APPROVE:**	Majority of votes cast

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

GLASS LEWIS REASONING

- We believe that decisions concerning capital allocation strategies are best left to the board of directors who typically have more and better information than investors regarding the Company's operations and who can be held accountable in the annual election of directors

PROPOSAL SUMMARY

Text of Resolution- *RESOLVED: Shareholders hereby approve, on an advisory basis, that ExxonMobil commit to increasing the total amount authorized for capital distributions (summing dividends and share buybacks) to shareholders as a prudent use of investor capital in light of the climate change related risks of stranded carbon assets.*

Proponent's Perspective

- In the face of global climate change, the Company faces two physical constraints that make growth planning untenable: (i) unconventional growth assets such as oil sands, ultra-deep water, and Arctic are significantly more expensive and carbon intensive to develop and have sent profitability on a southerly course for the last decade; (ii) there is only so much carbon we can pump into the atmosphere without catastrophic climate disruption;
- Citibank estimates unburnable fossil fuel reserves could amount to over $100 trillion in stranded assets out to 2050 if the global community meets its Paris Agreement commitments;
- The Carbon Tracker Initiative estimates $2 trillion dollars of industry CapEx and 72.9% of the Company's CapEx is ‘unneeded’ if a two-degree pathway is achieved;
- Analysts indicate companies may not be adequately accounting for downside risks from lower-than-expected demand;
- The equity valuation of oil producers could drop 40-60% under a low carbon scenario;
- Investors are concerned that the Company is at risk of eroding shareholder value through investments in what may prove economically stranded, unburnable assets in a low carbon demand scenario;
- Citibank notes: "Lessons learned from the stranding of assets via the recent fall in the oil price gives food for thought about what the impact of the introduction of carbon pricing (or similar measures from Paris COP21) on higher-cost fossil fuel reserves might be;"
- The industry canceled approximately $200 billion of CapEx in 2015 due to the oil price decline;
- Oil price decline paired with a decade of historic levels of capital spend on ‘growth’ assets has eroded profitability and the Company's risk profile;
- ROE and ROIC are at a quarter-century low;
- Capital expenditures tripled from 2005 to 2015;
- The Company's operating profit margins dropped 68% from 2006-2015;
- The Company's sterling AAA credit rating was downgraded;
- The Company failed to increase reserves year over year (2015);
- The Company's capital expenditures grew at a compound annual growth rate of 6% from 2005-2015, coinciding with a 7% net income decline;
- In 2015, the Company's cut total capital distributions (summing dividends and share buybacks) to shareholders 35%;
- The Financial Times editorial board has stated, "Rather than investing in potentially stranded oil and gas projects… the oil

Board's Perspective

- The risk of climate change that the proponent notes in support of the proposal is important to the Company's business and one that society must take seriously;
- The board disagrees with the proponent’s approach which seeks to limit investment needed to meet the growing demand for energy;
- Under forecasts by reputable third parties substantial upstream oil and gas investment of $11-$22 trillion will be required through 2040, even under demand projections seeking to limit global temperature change to two degrees Celsius;
- The Company addresses the potential for future climate-related policy, including the potential for restriction on emissions;
- Each year, the Company updates its long-term energy demand projection in its Outlook for Energy;
- The Company's analysis in its Outlook for Energy serves as a foundation for its long-term business strategies and investments, and is generally consistent with other forecasting organizations such as the International Energy Agency;
- The Company's Outlook for Energy reflects increasingly stringent climate policies and is consistent with the aggregation of Nationally Determined Contributions that were submitted as part of the 2015 Paris Agreement;
- The Company previously published a report, Energy and Carbon – Managing the Risks, to provide shareholders an enhanced description of global energy demand and supply, climate change policy, and carbon asset risks;
- The Energy and Carbon - Managing the Risks report further describes how the Company integrates consideration of climate change risks into planning processes and investment evaluation;
- The Company is committed to disciplined investing in attractive opportunities across normal fluctuations in business cycles;
- Major investments are evaluated under a wide range of possible economic conditions and commodity prices that are reasonably likely to occur;
- The Company's stress testing assesses investment resiliency and potential risk mitigations to achieve robust long-term returns;
- All of the Company's business segments are required to include, where appropriate, an estimate of the costs associated with greenhouse gas emissions in their economics when seeking funding for capital investments;
- The Company’s management is in the best position to determine whether to invest capital into business operations or to return that capital to shareholders;

companies would do better to continue returning money to shareholders through dividends and share buybacks;" and

- Chatham House advocates prioritizing capital distributions over reserve growth, stating, "A major new strategy for the IOCs could be to shrink their capital base to match specific demand; shareholders will then benefit from the value released from their shares."

The proponent has provided additional information concerning its rationale for this proposal.

- The Company maintains a disciplined capital allocation approach with a long-term horizon;
- The Company's commitment to shareholders is to invest in attractive business opportunities and pay a reliable and growing dividend;
- Across the business cycle, capital investments and shareholder distributions are primarily funded by organic cash generation, supplemented when appropriate by the financial markets;
- Share repurchases are used as an efficient means to manage capital structure by returning excess cash to shareholders;
- From 2000-2016, the Company returned nearly $370 billion of value to shareholders through dividend payments and share purchases, which reduced outstanding shares by over 40%;
- The Company remains committed to a reliable and growing dividend, which has been increased 34 consecutive years;
- The Company's 2016 dividend yield rate exceeded that of the S&P 500 average by 1.6% (3.8 versus 2.2) and the 10-year annual dividend growth rate exceeds the S&P 500 average by 2.5% (8.8 versus 6.3);
- Despite a further erosion of crude and natural gas prices in 2016, the Company's dividend was increased by 3.5% to $2.98 per share, underpinned by confidence in the Company's integrated business model;
- The value resulting from the Company's increased dividend was delivered to shareholders while maintaining a robust capital investment program of attractive opportunities;
- The scale and integrated nature of the Company's operating cash flows, along with prudent cash management, provide unmatched financial strength, enabling the Company to invest in attractive projects throughout the business cycle;
- A key strategy to ensure investment selectivity under a wide range of economic assumptions is to maintain a strong focus on research and development, technology, and a diverse portfolio of oil, gas, and petrochemical business opportunities;
- The Company's diversity, in terms of resource type, corresponding development options, and geographic dispersion, is unparalleled in the industry;
- The Company has consistently been as an industry leader in return on capital; and
- The Company's strategy and resource diversity underpin its ability to continue to provide a reliable and growing dividend, while maintaining a long-term investment program that creates significant shareholder value.

GLASS LEWIS ANALYSIS

With limited exceptions, Glass Lewis generally supports the dividend policy presented by the board. We begin with the premise that a well-functioning, informed board of directors should receive reasonable deference (though not complete deference) from shareholders on strategic matters such as dividend distributions. This proposal requests that the board adopts a dividend policy in light of the climate change related risks of stranded carbon assets. We believe that the board is in the best position -- with more information and experts at its disposal -- to assess a company's operational plans and strategic alternatives. In the absence of some credible suggestion that the existing board is self-interested, ill-informed, entrenched, refusing to act, or performing poorly in its company oversight functions, we generally believe that shareholders should not substitute their judgment regarding the corporate and financial strategy for that of the board. Rather, shareholders should use their influence to push for a governance structure that protects shareholders.

For more information on carbon asset risk and the Company's disclosure as relates to this issue, please refer to our analysis of Proposal 12.

RECOMMENDATION

In this case, we do not find a clear showing by the proponents that shareholders should, in this instance, supplant the judgment of the board and management team. The proponents have not provided any rationale to demonstrate that the Company's capital allocation strategy is at all deficient or that the Company has acted egregiously with respect to its dividend policy. Moreover, we do not believe that the proponents have successfully managed to provide a link between the potential for stranded asset risk and the Company's dividend policy. Most importantly, however, we do not believe that issues regarding a Company's capital allocation strategy should be dictated by shareholders, as the board is in a far superior position to evaluate the Company's overall circumstances and act in a manner that it believes aligns with its strategic imperatives and the best long-term interests of shareholders.

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

12.00: SHAREHOLDER PROPOSAL REGARDING CLIMATE CHANGE POLICY RISK

FOR

PROPOSAL REQUEST:	That the Company publish an annual assessment of the long-term portfolio impacts of technological advances and global climate change policies	**SHAREHOLDER PROPONENT:**	New York State Common Retirement Fund
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	38.1%	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Increased disclosure would allow shareholders to more fully assess risks presented by climate change

GLASS LEWIS REASONING

- We believe that the Company and its shareholders would benefit from a more thorough discussion concerning how the Company's business plans align with a potential 2ºC scenario; and
- The Company could provide more information concerning its plans to ensure continuity of operations should emissions regulations become more stringent or market forces lower demand for the Company's products

PROPOSAL SUMMARY

Text of Resolution- *RESOLVED: Shareholders request that, beginning in 2018, ExxonMobil publish an annual assessment of the long-term portfolio impacts of technological advances and global climate change policies, at reasonable cost and omitting proprietary information. The assessment can be incorporated into existing reporting and should analyze the impacts on ExxonMobil's oil and gas reserves and resources under a scenario in which reduction in demand results from carbon restrictions and related rules or commitments adopted by governments consistent with the globally agreed upon 2 degree target. This reporting should assess the resilience of the company's full portfolio of reserves and resources through 2040 and beyond, and address the financial risks associated with such a scenario.*

Proponent's Perspective

- It is the proponents intention that this be a supportive but stretching resolution that promotes the longer-term success of the Company;
- In December 2015,195 nations reached an agreement at the 21st Conference of the Parties to the UN Framework Convention on Climate Change to limit global average temperature rise to well below two degrees Celsius, with a stretch target of 1.5 degrees Celsius (Paris Agreement);
- The Paris Agreement, which went into effect on November 4, 2016, requires signatories to submit progressively stronger nationally determined contributions every five years with a view to ensuring that the objective to restrict warming to well below two degrees is met;
- The Company recognized in its 2015 10-K that "a number of countries have adopted, or are considering adoption of, regulatory frameworks to reduce greenhouse gas emissions," and that such policies, regulations, and actions could make its "products more expensive, lengthen project implementation timelines, and reduce demand for hydrocarbons;"
- The Company has not presented any analysis to investors of how its portfolio performs under a two degree scenario;
- Performing two degree scenario analysis is critical to informing a business strategy that meets the Company's objective of increasing energy access to the world's poorest, without conflicting with the Paris Agreement;
- When the Company sought to exclude this resolution from the proxy statement last year, the SEC advised that "its public disclosure did not appear to compare favorably with the guidelines of the proposal;"
- The need for extractive companies to provide disclosure on the resilience of their portfolios to the transition to a low-carbon economy is generally established;
- The Company's peers BP, ConocoPhillips, Royal Dutch Shell and Total have endorsed two degrees scenario analysis;
- The Financial Stability Board's Task Force on Climate-Related Financial Disclosures has indicated that it favors two degree

Board's Perspective

- It is important to reflect technological advances and policy developments into long-term projections of the economy and energy requirements and it is important to reflect these projections in the Company's strategies and plans;
- The Company recognizes the dual challenge of meeting the world's growing energy demand to support the economic growth needed for improved living standards, while simultaneously addressing the risks posed by climate change;
- The Company invests heavily in researching technologies that address the dual challenge of energy development and climate change risk;
- If the Company chooses not to invest in a potential energy path, it continues to monitor it and stay engaged through ongoing collaboration in industry and academic forums and partnerships;
- The Company is currently collaborating with over 80 leading universities and investing in ventures with organizations that are focused on developing alternative sources of energy;
- Each year, the Company updates its long-term energy demand projection in its Outlook for Energy, taking into account the most up-to-date demographic, economic, technological, and climate policy information available;
- The Company's annual long-term energy demand analysis serves as a foundation for its long-term business strategies and investments, and is generally consistent with other credible forecasts such as the International Energy Agency's New Policies Scenario;
- The Company's Outlook for Energy reflects increasingly stringent climate policies and is consistent with the aggregation of Nationally Determined Contributions which were submitted by signatories to the United Nations Framework Convention on Climate Change ("UNFCC") 2015 Paris Agreement;
- The Company's Outlook for Energy seeks to identify potential impacts of climate related policies, which often target specific sectors, by using various assumptions and tools including application of a proxy cost of carbon to estimate potential impacts on consumer demands;

scenario analysis;

- Major asset managers (e.g. BlackRock, State Street Global Advisors) have called for improved climate risk disclosures;
- In the credit market, Moody's Global Ratings includes low demand scenarios in its ratings analysis of companies in high-risk sectors such as the energy industry; and
- This resolution aims to ensure that the Company fully evaluates and discloses to investors the risks to the viability of its assets as a result of the transition to a low carbon economy, including a two degrees scenario, in line with sector good practice.

The Church of England Endowment Fund has filed an exempt solicitation in support of this proposal.

The New York State Common Retirement Fund and Church of England Endowment Fund have provided additional information concerning their rationale for this proposal.

The California Public Employees' Retirement System has filed an exempt solicitation in support of this proposal.

- Key insights from the Company's Outlook for Energy include: (i) From 2015 to 2040, global demand for energy is expected to increase by about 25% and will require all forms of energy; (ii) Oil will remain the world's primary fuel through 2040 due to transportation and petrochemical demand; (iv) Natural gas grows more than any other energy source, overtaking coal as the world's second largest energy source, due to power generation and industrial use; (v) Wind, solar, and biofuels average combined growth of about 5% per year – by 2040 they will comprise about 4% of global energy demand; and (vi) Energy-related CO2 emissions will peak in the 2030's, then gradually decline;
- To enhance the robustness of the Company's Outlook for Energy, it assesses a wide range of assumptions for key supply and demand drivers to test the range of potential energy mix outcomes;
- Many third party scenarios that represent a two-degree Celsius pathway, including IEA's 450 Scenario, show natural gas demand continuing to grow and oil playing a prominent role in meeting the world's energy demand through 2040;
- Even under the 450 and the New Policies scenarios, substantial upstream oil and gas investment of $11 to $18 trillion will be needed through 2040 to meet global demand, largely due to natural field decline;
- While the Company currently contributes less than 3% of global production, it is well positioned to support additional development required to meet demand as a result of its diverse resource base, superior project execution capabilities and industry-leading returns on capital employed;
- The Company published the report, Energy and Carbon – Managing the Risks, to provide shareholders an enhanced description of global energy demand and supply, climate change policy, and carbon asset risks;
- The Company recently published a new Energy & Carbon Summary brochure, distributed with the Proxy Statement, which summarizes related aspects from its many disclosures;
- The Company employs a dynamic resource development approach focused on value optimization and risk management;
- The Company evaluates potential investments and projects using a wide range of economic conditions and commodity prices;
- The Company financially stress tests its investment opportunities;
- All business segments are required to include, where appropriate, an estimate of the costs associated with greenhouse gas emissions in their economics when seeking funding for capital investment;
- The Company's robust planning and investment processes adequately contemplate and address climate-related risks and are sufficient to ensure delivery of long-term shareholder value;
- The Company maintains a long-standing commitment to energy efficiency, progressing the benefits of natural gas, research and development in lower-carbon energy solutions, providing access to energy, and constructive engagement with industry, governments, academic institutions, trade associations, and known external experts;
- The Company is an active participant in the International Petroleum Industry Environmental Conservation Association ("IPIECA"), an association that advances ideas and potential solutions for the industry concerning the risk of climate change;
- The Company's current processes sufficiently test its portfolio to ensure long-term shareholder value and position the Company to maintain a leadership role in energy development;
- Framed by the Energy and Carbon report and new summary brochure, and assessed annually through sensitivity analysis in the Company's Outlook for Energy and investment stress testing, the Company remains confident in the commercial viability of its portfolio; and
- All proved reserves fully comply with SEC definitions and requirements as detailed in the Company's annual 10-K.

GLASS LEWIS ANALYSIS

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

In this case, the Company, through its subsidiaries, engages in integrated energy, chemicals and petroleum operations worldwide. The Company operates both upstream and downstream segments. Given the nature and scope of the Company's operations, it could be subject to significant risks both with respect to climate change and the regulatory implications or investor pressures that come as a result of climate change. For more information concerning climate change conventions and regulations, please see Glass Lewis' *In Depth: Climate Change*.

CLIMATE RELATED RISKS

In its most recent 10-K, the Company states that current and future regulations regarding reducing GHG emissions can "make [its] products more expensive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon sources such as natural gas" and increase compliance costs (2017 10-K, p.3). Further, the Company states that "[its] consideration of changing weather conditions and inclusion of safety factors in design covers the engineering uncertainties that climate change and other events may potentially introduce" (p.4).

COMPANY DISCLOSURE

The Company discusses issues related to the climate on its website, where it discusses its perspectives on climate change, climate change-related engagement, risk management, reducing emissions, innovation, and energy efficiency. Regarding risk assessment, the Company states that it "test[s] investment opportunities against a broad set of economic assumptions, including low-price scenarios that could be representative of a carbon-constrained environment, to confirm that the investment will perform acceptably across a broad range of economic circumstances during its lifetime." The Company states that it uses a "simple cost of carbon as a proxy mechanism to help model the potential impacts of a broad mosaic of future GHG policies" and states that, in most OECD nations, it "assume[s] an implied cost of CO_2 emissions that will reach about $80 per metric ton in 2040" and "[d]eveloping nations will have a wide range of policy costs with the wealthiest ones reaching about $35 per metric ton." The Company states that its GHG proxy cost is integral to its planning and "does not believe current investments in new reserves are exposed to the risk of stranded assets, given the rising global need for energy." The Company further describes how its operations address the potential physical risks of climate change. The Company also publishes an annual Outlook for Energy: A View to 2040. In this report, the Company describes its assumptions concerning future supply and demand of the Company's products. For example, the Company states that it expects the CO_2 intensity of the global economy to be cut in half by 2040 and that by 2040, oil and gas will likely be nearly 60% of global supplies (p.6). The report also provides emissions projections by region and emissions per capita through 2040. The report states that "[a]s policymakers develop mechanisms to meet the goals set forth in the 2015 Paris climate agreement, the research and development efforts of the world's scientists, engineers and entrepreneurs will propel energy's evolution" (p.30). The Company also provides a corporate citizenship report which includes a section on climate change. The Company discusses its engagement with policy makers, shareholders, and other companies surrounding greenhouse emissions and climate change issues and its development of technology that will be instrumental in lowering emissions (pp.30-34). In the report, it also provides its net GHG emissions from 2006-2015 and states that between 2014 and 2015 it reduced its emissions by one million CO_2-equivalent metric tons (p.35). The Company also states that it does not believe it is at risk of any of its assets becoming stranded due to the need to meet increasing energy demand and that the transition to global energy systems with lower emissions sources will take many decades (p.38).

In response to a similar shareholder proposal in 2014, the Company published a letter in which it specifically addressed paragraphs in the proposal and attached its Energy and Carbon -- Managing the Risks report. Within the report the Company included: i) its understanding of the world energy outlook and projected demand for its products; ii) its overall position on climate change risk; iii) risk assessments based on various low-carbon scenarios, including specific discussion of stranded assets; iv) the steps it is taking to manage such risks; and v) its investment approach in light of climate change risks. In its discussion of its scenario planning, the Company defines a "low carbon scenario" as "global carbon-based emission reductions in the range of 80% through the year 2040, with the intent of stabilizing world temperature increases not to exceed two degrees Celsius by 2100." (p.8). Regarding the 2ºC "low carbon scenario," the Company states that actions by governments to restrict hydrocarbon production in a way as to conform to the 2ºC target are "highly unlikely" given the impact on economic development and other considerations (pp.8-12). In addition, the Company states that it "does not incorporate the 'low carbon scenario' in its capital allocation plans" (p.19). While the Company states that there will be a demand for its products even under the low carbon scenario (p.12), it does not further discuss the resilience of its portfolio or address the financial risks associated with such a scenario in the event that it does occur. The Company primarily points to its technical actions to manage climate change risk, including employing cogeneration technology at its facilities and engaging in various research projects (pp. 12-14).

Further, in an addendum to its proxy statement, the Company has provided a 2016 Energy & Carbon Summary brochure. However, the brochure does include discussion of two degree scenario planning, rather it serves to summarize the Company's overarching investment planning strategy while addressing the role of its products in the future.

PEER DISCLOSURE

Peer company **Chevron Corporation** (NYSE: CVX) states in its most recent 10-K that regulation of GHG emissions could increase its operational costs and reduce demand for its hydrocarbon and other products (p.21). With respect to carbon asset risk, Chevron states that consideration of GHG issues and the responses to those issues through international agreements and national, regional or state legislation or regulations are integrated into its strategy and planning, capital investment reviews, and risk management tools and processes, where applicable. It also states that this is factored into its long-range supply, demand, and energy price forecasts but the actual cost is difficult to predict amongst the uncertainty of future regulations (p.22). Chevron also acknowledges reputational risks resulting from climate change; it states that "increasing attention to climate change risks has resulted in an increased possibility of governmental investigations and, potentially private litigation against the [c]ompany" (p.22).

Chevron also discusses climate change on its website, where it dedicates a section to climate change and provides information regarding its approach to managing emissions and improving efficiency, as guided by its policy principles for addressing climate change. Chevron further describes how it is managing climate risks, where it provides information concerning energy demand in a carbon constrained environment, scenario planning in a 2°C scenario, and how it assesses and manages climate risks and energy demand in a carbon-restricted scenario. Chevron also discusses the International Energy Agency's "450 Scenario" and its associated implications for the firm. Further, Chevron provides a climate change overview and information on its greenhouse gas management, renewable energy investments, and energy efficiency.

In 2017, Chevron published a report titled "Managing Climate Change Risks: A Perspective for Investors" in order to provide shareholders who expressed interest in gaining insight into how Chevron manages climate change risk with such information (p.2). The report details the firm's long-term planning processes, energy's role in economic growth and social progress, supply and demand impacts from climate change and the EIA's 450 Scenario (pp.5-7). It also discusses Chevron's risk management processes and analysis of a carbon-constrained future, management of its dynamic portfolio, and the firm's governance of such risk and risk processes (pp.8-13). Chevron's climate policy principles and strategy are outlined, including initiatives to reduce its emissions and its preexisting disclosure (pp.14-16). Additionally, the firm provides environmental performance data and disclosure in its corporate responsibility report (pp.16-17, 24-25).

Further peer company **Occidental Petroleum Corporation** (NYSE: OXY) discusses environmental stewardship on its website where it provides information concerning the regulation of greenhouse gas emissions. Specifically, Occidental discusses its efforts to mitigate climate change and its integration of climate change issues into its business decisions. Occidental states that it "could face risks of delays in development projects, increases in costs and taxes, and reductions in the demand for and restrictions on the use of its products, as a result of ongoing GHG reduction efforts." Occidental acknowledges the ongoing efforts to combat climate change, including the Paris Agreement and its 2ºC target, and discloses its concerns on its website and in its 10-K report.

Furthermore, Occidental provides estimates of its GHG emissions from 2012-2015, stating that it reduced its total GHG emissions on an equity-share basis by 7% in 2015. Occidental also provides a link to its response to the CDP's 2016 Climate Change questionnaire. Additionally, the firm's website provides information regarding its methane and other air emissions, and carbon dioxide sequestration, among other things. Occidental also provides a social responsibility report; in its 8-page 2015 Social Responsibility Overview, the firm describes its enhanced oil recovery ("EOR") technologies that maximize gas production and have the potential to help it manage and control its greenhouse gas emissions (p.6). However, Occidental does not mention climate change or its attendant risks in this report.

Responsiveness to Carbon Disclosure Project

To further compare, the Company and both of its peers responded to the Carbon Disclosure Project's ("CDP") 2016 questionnaire regarding Climate Change. The Company received a 'C' grade for its response, while Chevron received a 'B' and Occidental received a 'C.' The CDP issues reports and collects data on carbon emissions, water management, public procurement, and supply chain information, among other things. While not all companies are invited to disclose data through the CDP, Glass Lewis generally views a company's response as indicative of its commitment to disclosure of its environmental impact and responses to that impact.

Overall Comparison

Overall, we find that the Company's disclosure lags that of Chevron but leads Occidental. While the Company provides some information concerning its carbon asset risks, this information is somewhat outdated. Although it provides information in its Outlook on Energy, it does not discuss low-carbon scenario analysis to the extent that is described by its peer Chevron. Chevron has provided a comprehensive report that includes information concerning its analysis of the impacts of supply, demand and resultant price demands under a reduced-demand/GHG-constrained scenario, including consideration of the IEA 450 Scenario. However, both companies lead Occidental, which has provided little disclosure concerning how it plans to operate its business in a carbon-constrained environment.

International Peer Disclosure Comparison

In its most recent proxy statement the Company names the following companies as having "similar scale and complexity" in the Company's industry: Chevron, Royal Dutch Shell, Total and BP. In 2015, both Royal Dutch Shell and BP received shareholder proposals requesting similar disclosure to that being requested by this proposal. In response, both companies agreed to not only place the proposals on their ballots, but to also recommend shareholders vote in favor of such resolutions. Further, after its March 15, 2016 board meeting Total stated:

> *"Conscious of the importance of climate change challenges to the future of the Group, the Board of Directors decided that a document on Total and climate change will be published at the Annual Shareholders' Meeting of May 24, 2016. This document will outline in particular the management of the Group's emissions, Total's response to theIEA's post-2035 scenarios, investment strategies and R&D in low-carbon energies, key indicators followed by the Group as well as Total's engagement with public policies addressing climate change."*

In addition to this disclosure, the CEOs of Total, BP and Shell (as well as the CEOs of seven other large oil and gas companies) have joined the Oil and Gas Climate Initiative. This organization is a "voluntary initiative that aims to pool knowledge within the oil and gas production industry, and become a recognized and ambitious provider of practical solutions for climate change mitigation." Through this organization, in 2015, these 10 CEOs declared their support for an effective global climate agreement. Specifically, they stated that their "ambition is for a 2ºC future" and they will support government policy frameworks that are consistent with a 2ºC scenario.

Given these commitments, we believe that the Company significantly lags three of its four named peers both in respect to disclosure of the information requested by this proposal and with respect to its responsiveness to shareholders on this issue.

RECOMMENDATION

We recognize that the Company provides an assessment of its long-term portfolio impacts of public climate change policies and discusses how it incorporates climate change-related risks into its capital planning process and business strategies, including the assumed price of carbon that the Company uses for planning purposes. However, these discussions are not based on governments adopting a two-degree target, which the Company states is "difficult to envision" given the "negative implications for economic growth and prosperity" in its aforementioned Energy and Carbon--Managing the Risks report (p.11). Moreover, this disclosure was produced in 2013- two years before the Paris Accord, which we believe has the potential to change the global regulatory landscape with respect to climate regulations and attendant GHG reductions.

In addition, the dialogue surrounding issues related to carbon asset risk has significantly intensified in the last several years. Much of this dialogue has been a direct result of the Paris Agreement and the belief that companies will soon be subject to significantly more restrictive emissions regulations. Although, in recent months there has been significant uncertainty regarding the future of climate regulations. Certain geopolitical events, most notably, the election of Donald Trump as President of the United States and his promises to roll back climate and other environmental regulations, have put into question the force with which the United States and other countries will act to mitigate the effects of climate change. For example, the United States' continued participation in the Paris Agreement is questionable. As such, in the near term, companies with significant operations in the United States face arguably lower risks with respect to environmental laws and regulations. However, many state and local governments have adopted environmental regulations that may not be significantly affected or altered by regulatory rollbacks on a federal level. Therefore, we do not believe that the changes in the current federal regulatory regime are necessarily determinative of the United States' long-term climate change strategies or future regulations and believe that companies should take prudent steps to ensure that their long-term strategic planning factors in the possibility of new and more stringent climate regulations. In addition, many companies have already taken significant action on this issue.

Given these developments, we are not convinced that the Company's current disclosure provides shareholders with sufficiently accessible or up-to-date information concerning the potential risks facing the Company and its operations on account of possible climate change regulations. Although the Company provides some disclosure in this regard, we do not believe it discloses information requested by this proposal. Further, this proposal received 38.1% shareholder support at the Company's 2016 annual meeting (excluding abstentions and broker non-votes), yet the Company's disclosure has not materially improved with respect to the issues raised by the proposal. Moreover, the Company lags its international peers and Chevron in regard to 2ºC scenario analysis disclosure.

Given the above, we believe that the Company and its shareholders would benefit from a more thorough discussion concerning how the Company's business plans align with a potential 2ºC scenario and how the Company plans to ensure continuity of operations should emissions regulations become more stringent or market forces lower demand for the Company's products.

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

13.00: SHAREHOLDER PROPOSAL REGARDING METHANE EMISSIONS REPORTING

FOR

PROPOSAL REQUEST:	That the Company issue an annual report regarding its actions beyond regulatory requirements to minimize methane emissions	**SHAREHOLDER PROPONENT:**	Park Foundation, c/o As You Sow
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Additional disclosure would allow shareholders to understand how the Company is monitoring and managing methane emissions

GLASS LEWIS REASONING

- We believe that shareholders would benefit from disclosure concerning the Company's actions to minimize methane emissions and associated leakage from the Company's hydraulic fracturing operations.

PROPOSAL SUMMARY

Text of Resolution: *RESOLVED: Shareholders request that Exxon report annually to shareholders (at* reasonable *cost, omitting proprietary information) and using quantitative indicators, the company's actions beyond regulatory requirements to minimize methane emissions, particularly leakage, from the company's hydraulic fracturing operations.*

Supporting Statement: Proponents request the report include,

- the scope of its leak detection programs, including specific areas and proportion of facilities assessed;
- methodologies used to detect leaks in those areas;
- the frequency at which those areas and operations are monitored and leaks repaired;
- methane emission rates from drilling, completion, and production operations; and
- methane emissions reductions targets"

Proponent's Perspective

- Methane emissions contribute significantly to climate change, with an impact of roughly 87 times that of carbon dioxide over a 20 year period;
- Methane emissions and leaks from the oil and gas sector could erase the climate benefits of burning oil or gas instead of coal;
- Methane emissions can occur from venting, flaring, and leaking throughout oil and gas operations;
- A recent study indicates methane emissions from the oil and gas sector are 20 to 60% higher than previously thought;
- The International Energy Agency has identified minimizing methane emissions from upstream oil and gas production as one of four key global greenhouse gas mitigation opportunities to keep the world below a two degree Celsius temperature increase;
- In the United States, the oil and gas industry was responsible for a third of all methane emitted in 2014;
- Cost effective technological solutions exist and can be deployed immediately to substantially reduce methane emissions in the oil and gas industries;
- A small number of 'super-emitter' leaks may produce a disproportionately large portion of emissions;
- With advances in infrared, drone, and leak detection technology, it is well within the ability of companies to find and dramatically reduce their methane leaks;
- A 2016 study found the Company was the second highest methane emitter from onshore production in 2014;
- Despite the scale of its emissions, the Company fails to provide investors with sufficient information on its methane emissions and leak detection and repair program to enable them to assess the company's methane risk;
- In the 2016 edition of 'Disclosing the Facts,' an investor oriented assessment ranking companies on hydraulic fracturing reporting

Board's Perspective

- Methane, as a greenhouse gas, merits particular attention due to the potential impacts on the risk of climate change;
- Since 2006, the Company has reported performance data on its annual methane emissions, using quantitative indicators, and has also provided a comprehensive discussion of its ongoing efforts to minimize emissions;
- The Company seeks to limit emissions from unconventional resource development, including hydraulic fracturing, through a mix of voluntary and applicable regulatory actions;
- The Company's voluntary and applicable regulatory actions include leak detection and repair programs where it uses optical gas imaging cameras to locate equipment leaks and make repairs, reducing oil and gas completion emissions, and targeting replacement of high-bleed pneumatics with lower-emitting devices;
- The Company works with academic institutions, non-governmental organizations, and government agencies to seek greater understanding of the potential magnitude and characteristics of oil and gas industry-related methane emissions;
- The Company's work with other organizations includes studies conducted by the University of Texas and Environmental Defense Fund to quantify the methane leakage rate in the United States, an ongoing methane measurement reconciliation study with the Department of Energy's National Renewable Energy Laboratory and several universities, and membership in Stanford University's Natural Gas Initiative, a multi-stakeholder consortium;
- The Company discusses its initiatives and other methane control efforts in its annual Corporate Citizenship Report, 2014 Unconventional Resource Development – Managing the Risks report, and other materials available on the Company's website; and

practices, the Company scored zero points on methane leak detection and repair-related questions;
- Given the intense and growing public scrutiny of methane emissions, the Company must demonstrate to investors that it is taking action to reduce its methane risk;
- Disclosure of specific management practices and their impacts, especially with respect to leak detection, is the primary means by which investors can assess how it is managing this important risk;
- The Company only provides generalized information on its worldwide hydraulic fracturing policies, including broad statements about methane reduction; and
- The Company does not provide performance information needed to allow investors to assess the Company's methane leak detection and repair practices based on objective, quantitative analyses comparable to other companies in the sector.

The proponent has provided additional information concerning its rationale for this proposal.

- The Company currently meets the stated interest of the proposal.

GLASS LEWIS ANALYSIS

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

METHANE EMISSIONS

Fugitive methane emissions have come under recent scrutiny from investors and regulators. By many estimates, the use of natural gas is less detrimental to the environment than other energy sources, such as coal and petroleum. However, some have questioned whether the greenhouse gas emissions from natural gas may be higher than that produced from coal, mainly as a result of fugitive methane emissions. Methane is a far more potent greenhouse gas than carbon dioxide, and is emitted at various stages of hydraulic fracturing operations and also during equipment leaks, transport, distribution, processing and liquid unloading (James Conca. " Fugitive Methane Caught in the Act of Raising GHG." *Forbes*. July 15, 2012). Moreover, issues related to methane emissions could be more serious than first anticipated. In August 2015, a study was published in the journal Environmental Science & Technology that found that natural gas gathering facilities, which collect from multiple wells, lose approximately 100 billion cubic feet of natural gas annually, a figure that is eight times as much as the estimates used by the EPA (John Schwartz. " Methane Leaks in Natural-Gas Supply Chain Far Exceed Estimates, Study Says." *New York Times*. August 18, 2015).

Not only do increased emissions levels pose environmental risks, but there may also be significant financial incentives for companies to mitigate the losses experienced through fugitive methane emissions. According to a March 2014 study commissioned by the Environmental Defense Fund, companies may see annual savings of at least $150 million if they reduce methane emissions 40% below current 2018 projections, with the cost of many reduction measures having relatively short payback periods, sufficient enough to meet many companies' investment criteria ("Economic Analysis of Methane Emission Reduction Opportunities in the U.S. Onshore Oil and Natural Gas Industries." ICF International. March 2014. p.1-1).

Natural gas and liquid fuels pipelines fall under hazardous materials transportation laws, and are regulated by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA"), which is responsible for regulating and ensuring the safety of pipelines through a system of permitting, reporting, inspection and enforcement. Companies with pipeline operations are required to provide the PHMSA with certain safety information, such as pipeline risk management and incident reporting.

In April 2012, the EPA released rules that would limit methane emissions from existing natural gas wells. The EPA stated that its intent in setting standards for hydraulically fractured gas wells was to “require reduced emissions completions,” more commonly known as “green completions,” by using special equipment to prevent fugitive emissions. In September 2015, the EPA proposed rules to directly address and reduce pollution from methane and other volatile organic compounds (“VOCs”) in the oil and natural gas industry and in August of that year, the Obama administration proposed the first federal regulations requiring oil and gas companies to cut methane emissions as part of its goal to reduce methane emissions by 40-45% from 2012 levels by 2025. The proposed regulations would require drillers to stop leaks and capture lost gas and are expected to reduce methane emissions by 20-30%. However, these rules will only apply to new and modified equipment. Although these measures could be costly for certain companies, it is estimated that these changes could result in significant savings for companies. A cost assessment found that the proposed regulations could cost the oil and gas industry $420 million to implement before 2025, however, the expected savings from these measures could be as much as $550 million, resulting in a net benefit of $150 million (Gardiner Harris, Coral Davenport. " EPA Announced New Rules to Cut Methane Emissions." *New York Times*. August 18, 2015).

In May 2016, the EPA released final rules to limit methane and VOC pollution. The finalized rules updated a number of aspects that increase climate benefits and the EPA says that the final standards for new and modified sources "are expected to reduce 510,000 short tons of methane in 2025" and "the final rule will yield climate benefits of $690 million in 2025, which will outweigh estimated costs of $530 million in 2025." Additionally, in January 2016, the Interior Department announced draft regulations that were aimed at accidental gas leaks and flaring from oil and gas wells on public lands. The proposed regulation would require companies to use equipment to both capture leaked gas and to limit the process of releasing and flaring the gas. These rules would also increase the royalties on flared gas paid by oil and gas companies when they drill on public lands, ensuring that the Interior Department can increase royalty rates above the current rate of 12.5% of the value of production. Despite these increased fees, the Interior Department estimates that the rule's net benefits could range from $112-188 million annually. However, it should be noted that this won't affect the vast majority of oil and gas operations; about 5% of America's oil supply and about 11% of its natural gas supply are extracted from approximately 100,000 federal onshore oil and gas wells (Coral Davenport. " U.S. Moves to Limit Emissions of Planet-Warming Methane." *New York Times*. January 22, 2016).

Some federal measures designed to control methane emissions may be on shaky ground; in March 2017 the EPA withdrew its information request to the oil and gas industry, which would have required the companies to provide the EPA with information regarding their methane emissions. In addition, in April 2017, EPA chief Scott Pruitt wrote a letter to industry leaders, including the American Petroleum Institute and the Texas Oil and Gas Association, indicating that the EPA would issue a 90-day stay on the compliance date for fugitive emissions monitoring requirements as part of a "reconsideration" of its fugitive emissions monitoring requirements (Miranda Green, Wade Payson-Denney. " EPA Chief: Agency to Reconsider Methane Emissions Rule." *CNN*. April 20, 2017). Additionally, Canada decided to delay the implementation of its methane regulations by three years; the delay pushed back full implementation of the rules until 2023 (Margo McDiarmid. "Federal Government Seeks to Push Back Methane Reduction Regulations by up to 3 Years." *CBC News*. April 20, 2017). Nevertheless, there could potentially be more regulation of methane emissions at the state level. For example, in February 2014, Colorado became the first state to implement regulations directly controlling the emission of methane (Eli Stokols. "Colorado Approves Historic Air Quality Rules for Oil and Gas Industry." FOX31 Denver. February 23, 2014).

Given that methane emissions can contribute to climate change, lost profits and regulatory risks, it is crucial that companies are managing this evolving issue. For more information regarding this issue as well as risks and regulations regarding natural gas extraction, more generally, please see Glass Lewis' *In Depth: Natural Gas Extraction*.

COMPANY DISCLOSURE

The Company discusses issues related to the climate on its website, where it provides information on mitigating greenhouse gases and discusses flaring, venting, and fugitive methane emissions. The Company provides information on its flaring volume from 2006-2015 and states that it increased its 2015 flaring by 0.8 million metric tons compared to 2014. The Company also mentions that it is a charter member of the Global Gas Flaring Reduction Partnership and put in place its own parameters, the "Upstream Flaring and Venting Reduction Environmental Standard for Projects," in 2005. The Company states that its goal is to "responsibly avoid routine flaring in new Upstream projects and reduce 'legacy' flaring in [its] existing operations." It has also been a member of the Natural Gas STAR program since 1995.

Regarding methane, the Company states that it "manage[s] emissions through a mix of voluntary and regulatory actions, such as implementing leak detection and repair programs, reducing oil and gas completion emissions and targeting replacement of high-bleed pneumatics with lower-emitting devices," and that it is engaging with federal and state regulatory agencies on methane regulation topics. These efforts are further detailed on the Company's methane emissions website, where the Company notes that flowback water from the hydraulic fracturing process may contain high concentrations of methane, so it is partially flared and partially filtered and captured by Reduced Emission Completion ("REC"), or "green completions," technologies. However, these technologies require that a pipeline is built directly to the well site; if not, the gas must be combusted.

Further, the Company states that it "continue[s] to seek greater understanding of the magnitude and characteristics of oil and gas industry-related methane emissions," and is working on methane research projects at Stanford and the National Renewable Energy Laboratory. The Company provides similar information regarding flaring (p.36) and methane (p.37) in its 2015 corporate citizenship report. The report also discusses feedback from an external citizenship advisory council, including that the Company could improve its methane disclosure, including disclosing its efforts to reduce methane emissions worldwide (p.10).

PEER DISCLOSURE

Peer company **Chevron Corp.** (NYSE: CVX) dedicates a section of its website to climate change, where it provides information regarding its approach to managing emissions and improving efficiency, as guided by its policy principles for addressing climate change. Chevron provides information regarding methane emissions in its corporate responsibility report; Chevron provides its methane emission data from 2011-2015 (p.24). The report also contains data regarding flaring, including the percent of GHG emissions that come from flaring (p.16) and specific steps that it is taking to reduce flaring and states that "upstream operations have made significant progress in reducing routine flaring through the completion of various gas gathering and flare reduction projects" (p.17). Chevron also provides information concerning how it is managing climate risks and states that it has invested in flare reduction, details of which it provides in a recent report on climate risk (p.15). In addition, Chevron states that has been a member of the Natural Gas STAR program since 1995. However, Chevron does not appear to provide reduction targets or detail its plans regarding flaring or methane emissions.

Further peer company **Occidental Petroleum Corporation** (NYSE: OXY) provides on its website information concerning its methane emissions management. Specifically, Occidental states that it has implemented a variety of programs (a number of which related to its engagement in the EPA's Natural Gas STAR Program) to reduce its methane emissions and has done so by more than 16.5 billion cubic feet from 1990 through the end of 2015, corresponding to almost 8.3 million metric tons of CO2 equivalents. Occidental states that it works with state and federal regulators to comply with their regulations and provides a list of ongoing efforts it employs to maintain and improve its equipment, which ultimately contributes to Occidental's declining methane emissions. Occidental states that it strives to minimize flaring and that it has implemented a number of projects at its Qatar operations which historically were Occidental's highest source of flaring. Occidental provides a chart depicting Qatar flaring reductions from 2011-2015 and states that it reduced flaring emissions at the site by 98% since 2005. Occidental also states that in 2015 it reduced flaring volumes by 19% compared to 2014, and reduced non-routine flaring by 35% as part of an overall initiative to reduce flaring. Occidental also notes that it is a member of the Global Methane Initiative, which "brings together governments, nongovernmental organizations and the private sector through technical support, policy development, and information sharing."

Overall Comparison

Overall, we find that the Company's methane disclosure is commensurate with that of Chevron, and that both of these companies lead Occidental. Both the Company and Chevron provide more information on specific actions they are taking to reduce flaring and methane emissions, while Occidental only provides one example of its efforts to reduce flaring and lists the types of equipment improvements its employs but does not disclose any ongoing or future initiatives to reduce methane emissions and flaring. None of the companies provide methane reduction targets, nor do they provide details on their methane- and flaring- related policies.

RECOMMENDATION

The proper management and containment of methane emissions is a significant issue, with legal, regulatory, financial and environmental implications for companies with operations related to natural gas. As such, we believe that the Company should make efforts to ensure that it is both mitigating fugitive methane emissions to the best extent possible and that it is providing investors with sufficient disclosure regarding this issue so that they may be able to fully assess the risks posed to the Company in this regard. This proposal does not ask the Company to alter its current business practices in any way and would grant the board considerable latitude with respect to the contents of the report. Given the existing and potential regulation regarding mitigating methane emissions, considerable reputational risks and the increased local and national attention regarding this issue, we believe shareholders could benefit from the disclosure on how the Company is monitoring and managing the level of methane emissions from its operations, including what the Company is doing to minimize those emissions beyond regulatory requirements with a particular emphasis on minimizing methane emissions produced by hydraulic fracturing leakage.

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

COMPETITORS / PEER COMPARISON

	EXXON MOBIL CORPORATION	CHEVRON CORPORATION	PFIZER INC.	JOHNSON & JOHNSON
Company Data (MCD)				
Ticker	XOM	CVX	PFE	JNJ
Closing Price	$81.99	$104.70	$32.23	$126.67
Shares Outstanding (mm)	4,237.3	1,894.6	5,967.8	2,693.8
Market Capitalization (mm)	$347,413.4	$198,360.1	$192,343.6	$341,227.4
Enterprise Value (mm)	$392,743.4	$237,831.1	$232,856.6	$353,033.4
Latest Filing (Fiscal Period End Date)	03/31/17	03/31/17	04/02/17	04/02/17
Financial Strength (LTM)				
Current Ratio	0.8x	1.0x	1.4x	2.5x
Debt-Equity Ratio	0.24x	0.31x	0.75x	0.47x
Profitability & Margin Analysis (LTM)				
Revenue (mm)	$210,976.0	$111,739.0	$52,598.0	$72,174.0
Gross Profit Margin	41.9%	30.0%	77.6%	69.9%
Operating Income Margin	2.2%	-2.4%	26.2%	29.6%
Net Income Margin	4.8%	2.6%	13.9%	22.9%
Return on Equity	5.9%	2.0%	12.0%	23.1%
Return on Assets	0.8%	-0.6%	5.2%	9.5%
Valuation Multiples (LTM)				
Price/Earnings Ratio	34.2x	67.9x	27.2x	21.3x
Total Enterprise Value/Revenue	1.9x	2.1x	4.4x	4.9x
Total Enterprise Value/EBIT	85.4x	-	16.9x	16.5x
Growth Rate* (LTM)				
5 Year Revenue Growth Rate	-13.8%	-14.0%	-3.6%	2.1%
5 Year EPS Growth Rate	-22.0%	-35.3%	3.4%	10.3%
Stock Performance (MCD)				
1 Year Stock Performance	-8.4%	3.9%	-2.4%	11.3%
3 Year Stock Performance	-18.6%	-15.0%	10.7%	25.9%
5 Year Stock Performance	0.1%	4.6%	42.9%	99.3%

Source: Capital IQ

MCD (Market Close Date): Calculations are based on the period ending on the market close date, 05/17/17.
LTM (Last Twelve Months): Calculations are based on the twelve-month period ending with the Latest Filing.
*Growth rates are calculated based on a compound annual growth rate method.
A dash ("-") indicates a datapoint is either not available or not meaningful.

VOTE RESULTS FROM LAST ANNUAL MEETING MAY 25, 2016

Source: 8-K dated May 31, 2016

RESULTS

NO.	PROPOSAL	FOR	AGAINST/WITHHELD	ABSTAIN	GLC REC
1.1	Elect Michael J. Boskin	95.29%	4.71%	0.00%	For
1.2	Elect Peter Brabeck-Letmathe	98.07%	1.93%	0.00%	For
1.3	Elect Angela F. Braly	98.62%	1.38%	0.00%	For
1.4	Elect Ursula M. Burns	95.16%	4.84%	0.00%	For
1.5	Elect Larry R. Faulkner	98.68%	1.32%	0.00%	For
1.6	Elect Jay S. Fishman	88.19%	11.81%	0.00%	For
1.7	Elect Henrietta H. Fore	96.95%	3.05%	0.00%	For
1.8	Elect Kenneth C. Frazier	90.02%	9.98%	0.00%	For
1.9	Elect Douglas R. Oberhelman	98.82%	1.18%	0.00%	For
1.10	Elect Samuel J. Palmisano	95.69%	4.31%	0.00%	For
1.11	Elect Steven S Reinemund	98.17%	1.83%	0.00%	For
1.12	Elect Rex W. Tillerson	95.82%	4.18%	0.00%	For
1.13	Elect William C. Weldon	95.77%	4.23%	0.00%	For
1.14	Elect Darren W. Woods	97.01%	2.99%	0.00%	For
2.0	Ratification of Auditor	98.50%	1.05%	0.45%	For
3.0	Advisory Vote on Executive Compensation	88.16%	10.61%	1.23%	For

SHAREHOLDER PROPOSALS*

NO.	PROPOSAL	FOR	AGAINST	GLC REC
4.0	Shareholder Proposal Regarding Independent Board Chairman	38.74%	61.26%	For
5.0	Shareholder Proposal Regarding Climate Change Expertise on Board	20.91%	79.09%	Against
6.0	Shareholder Proposal Regarding Sale of Company	1.99%	98.01%	Against
7.0	Shareholder Proposal Regarding Proxy Access	61.88%	38.12%	For
8.0	Shareholder Proposal Regarding Gender Pay Equity Report	8.45%	91.55%	Against
9.0	Shareholder Proposal Regarding Lobbying Report	25.75%	74.25%	Against
10.0	Shareholder Proposal Regarding Dividend Policy	4.07%	95.93%	Against
11.0	Shareholder Proposal Regarding Climate Change Policy and Commitment	18.45%	81.55%	Against
12.0	Shareholder Proposal Regarding Climate Change Policy Risk	38.14%	61.86%	For
13.0	Shareholder Proposal Regarding Report on Reserve Replacements	5.55%	94.45%	Against
14.0	Shareholder Proposal Regarding Hydraulic Fracturing	24.52%	75.48%	Against

*Abstentions excluded from shareholder proposal calculations.

APPENDIX

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

NOTE

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Please be advised that Glass Lewis' research analysts engaged with the Company prior to the release of its meeting materials. The purpose of the engagement was to discuss the Company's unique corporate governance practices and provide an opportunity for the Company to seek clarification and understanding of Glass Lewis' general approach to key governance issues. Glass Lewis does not provide consulting services to corporate issuers, or to any of its directors or advisors. Glass Lewis' analysis and recommendations are based solely on publicly available information. Under no circumstance does Glass Lewis develop its research or make vote recommendations based on non-public information.

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The shareholder proponents of Proposals 11 and 12, Baldwin Brothers Inc. and the New York State Common Retirement Fund, respectively, are clients of Glass Lewis.

The California Public Employees Retirement System, which filed an exempt solicitation in support of Proposal 12, is a client of Glass Lewis.

Update: May 18, 2016. We have updated our analysis of Proposal 1 with a note on page 9 describing an exempt solicitation filed on May 16, 2016. We have outlined the considerations of the exempt solicitation; however, having reviewed the concerns included therein, we have determined that no changes to our previously issued voting recommendations are warranted.

DISCLOSURES

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LEAD ANALYSTS

Governance:	Compensation:	Shareholder Proposals:
Daichi Takahashi	Spencer Gibson	Courteney Keatinge

EQUILAR PEERS VS PEERS DISCLOSED BY COMPANY

EQUILAR	XOM
Chevron*	Caterpillar Inc.
Ford Motor Company*	BP plc
The Boeing Company*	Royal Dutch Shell plc
IBM*	Total SA
AT&T Inc.*	
Verizon Communications Inc.*	
The Procter & Gamble Company*	
General Electric Company*	
Pfizer Inc.*	
United Technologies Corporation*	
HP Inc.	
Intel Corporation	
Johnson & Johnson*	
Marathon Petroleum Corporation	
Pepsico, Inc.	

**ALSO DISCLOSED BY XOM*