

ENGINE NO. 1 RELEASES WHITE PAPER DETAILING CHANGING ENERGY LANDSCAPE IN RESPONSE TO EXXONMOBIL INVESTOR DAY PRESENTATION

*New Analysis by Leading Energy Market and Policy Expert Sets Forth the Long-Term Risks and
Opportunities Facing ExxonMobil and Its Peers*

*Engine No. 1's Nominees Have the Proven Success Across the Energy Industry to Help ExxonMobil Better
Protect Long-Term Shareholder Value in a Rapidly Evolving Industry*

SAN FRANCISCO – March 3, 2021 – Engine No. 1, which has nominated four highly qualified independent director candidates to the Exxon Mobil Corporation (NYSE: XOM) (“ExxonMobil” or the “Company”) Board of Directors (the “Board”), [today released a white paper](#) by a leading energy market and policy expert analyzing the risks and opportunities facing ExxonMobil in a rapidly changing industry. This analysis details an evolving industry that requires significant long-term business model innovation to enhance and protect shareholder value, which contrasts sharply with the outlook set forth by ExxonMobil in its presentation to investors today. Engine No. 1 believes this analysis underscores the need for new Board members with successful and transformative energy industry experience who can help position ExxonMobil better for today and tomorrow.

Engine No. 1 stated: “ExxonMobil has now adopted the language of long-term net zero emissions and dramatically shifted its emphasis from production growth to investor returns, both of which are remarkable shifts since the start of our campaign last year. However, we believe that reacting to the threat of a shareholder vote is not the same as a coherent and value-enhancing long-term strategy, and that without real change these gains could be short-lived. More importantly, we believe that turning these newfound ambitions into action will require leadership, and that without a diverse mix of successful and transformative energy experience on the Board, ExxonMobil will risk continued long-term shareholder value destruction.”

The new paper (available [here](#)) was authored by leading expert Professor David Victor of the University of California San Diego, who was a convening lead author for the Intergovernmental Panel on Climate Change (IPCC), an organization which ExxonMobil today referred to as the authoritative source on these topics, in association with Engine No. 1. Topics covered in detail which have direct implications for ExxonMobil include:

- **Long-Term Demand Risk.** While ExxonMobil continues to plan for long-term growth in oil and gas production (and thus increased overall emissions growth) for decades to come, this plan carries significant risk of further long-term shareholder value destruction. About 2/3 of world greenhouse gas (GHG) emissions come from countries that have net zero targets for emissions (mostly for 2050), and achieving those goals (or even coming close) will likely cause an implosion in fossil fuel demand, yet ExxonMobil’s presentation does not explore this widely-known range of possible outcomes.
- **Business Case for Actual Paris Alignment.** Companies that claim consistency with the Paris Agreement but whose business models run counter to its goals are risking more than just inconsistency but are in fact creating significant financial risk, as investors ascribe them an increasing cost of capital and a declining terminal value. Long-term total emissions reduction goals (including Scope 3 emissions) are thus a financial risk management imperative. Likewise, reliance on the idea that carbon capture will permit businesses to avoid evolution risks even greater long-term disruption and value destruction. Nearly all of ExxonMobil’s carbon capture experience is in areas such as gas processing, which is important but not the type of carbon capture application that research shows will be most important and transformative as the world makes deep cuts in emissions.

- **Changing Economics of Innovation.** Historical oil and gas returns were consistently high enough, and the dangers of inaction consistently low enough, that oil and gas companies had a strong economic case for the status quo. While any change in the oil and gas industry will take time, falling project returns due to structural issues and the rising societal demand for de-carbonization have significantly shifted this dynamic. The risk of being caught on the wrong side of innovation cannot be understated and long-term success will likely require entirely new types of innovation, leadership, and proactive positioning.

Engine No. 1 today also noted that, “ExxonMobil today presented a vision of the future that we believe risks continued long-term value destruction, including a lack of serious diversification efforts and the hope that carbon capture will enable the Company to avoid long-term evolution. Reasonable people of goodwill can differ as to where the energy industry is going in the decades to come, and there are no easy answers. What we think is not debatable is that capitalizing on the opportunities and managing the risks created by rapid technological, policy, and market changes will require successful and diverse energy experience on the Board. We have benefited greatly from this analysis and our discussions with numerous other experts, and we hope that this paper will be helpful to other ExxonMobil shareholders as well.”

The full white paper and additional information regarding Engine No. 1’s campaign to reenergize ExxonMobil may be found at www.ReenergizeXOM.com.

About Engine No. 1

Engine No. 1 is an investment firm purpose-built to create long-term value by driving positive impact through active ownership. The firm also will invest in public and private companies through multiple strategies. For more information, please visit: www.Engine1.com.

About David Victor

David Victor is a professor of industrial organization and innovation at the School of Global Policy and Strategy at UC San Diego. He co-directs the campus-wide Deep Decarbonization Initiative, an effort to understand how quickly the world can eliminate emissions of warming gases. He is adjunct professor in Climate, Atmospheric Science & Physical Oceanography at the Scripps Institution of Oceanography and a professor (by courtesy) in Mechanical and Aerospace Engineering. Prior to joining the faculty at UC San Diego, Victor was a professor at Stanford Law School where he taught energy and environmental law. He has been heavily involved in many different climate- and energy-policy initiatives, including as convening lead author for the Intergovernmental Panel on Climate Change (IPCC), a United Nations-sanctioned international body with 195 country members that won the Nobel Peace Prize in 2007. His Ph.D. is from the Massachusetts Institute of Technology and A.B. from Harvard University.

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Important Information

Engine No. 1 LLC, Engine No. 1 LP, Engine No. 1 NY LLC, Christopher James, Charles Penner (collectively, “Engine No. 1”), Gregory J. Goff, Kaisa Hietala, Alexander Karsner, and Anders Runevad (collectively and together with Engine No. 1, the “Participants”) intend to file with the Securities and Exchange Commission (the “SEC”) a definitive proxy statement and accompanying form of WHITE proxy to be used in connection with the solicitation of proxies from the shareholders of Exxon Mobil Corporation (the “Company”). All shareholders of the Company are advised to read the definitive proxy statement and other documents related to the solicitation of proxies by the Participants when they become available, as they will contain important information, including additional information related to the Participants. The definitive proxy statement and an accompanying WHITE proxy card will be furnished to some or all of the Company’s shareholders and will be, along with other relevant documents, available at no charge on the SEC website at <http://www.sec.gov/>.

Information about the Participants and a description of their direct or indirect interests by security holdings is contained in the preliminary proxy statement filed by the Participants with the SEC on March 2, 2021. This document is available free of charge on the SEC website. The definitive proxy statement, when filed, will be available on Engine No. 1's website and the SEC website.

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