

2021 Proxy Contest: Exxon Mobil Corporation (XOM)

May 27, 2021

Engagement Background: Beginning last year, State Street Global Advisors was highly engaged and closely followed Exxon Mobil Corporation's contested annual meeting. The day after Engine No. 1 sent a December 7th, 2020 letter to Exxon outlining their concerns, State Street engaged with senior management of the company. Since then we have held over one dozen engagements with both the dissident and the company as well as other significant shareholders and issue advocates. The Asset Stewardship Team led the conversations for State Street and included our global active portfolio managers and senior management in our discussions with both the full slate of dissident candidates as well as current independent directors serving on Exxon's board. Our views were primarily informed by our own insights and research, as well as these discussions and other third party research and the materials provided by each party.

In determining which candidates were best fit to serve on the Exxon board we considered the company's operations, practices, and strategy and weighed these against the experiences and backgrounds of each board candidate. As a long-term investor in Exxon we concur with the dissident that performance has been challenged at the company. We also recognize that with Exxon's peers advancing efforts to evolve their businesses, Exxon's existing strategy leaves the company more exposed to climate-related transition risk over the long-term. We recognize that Exxon has an opportunity to better leverage its expertise and resources to lead in the transition as the market continues to accelerate progress toward a net zero future.

We believe that shareholder value can be improved from 1) more disciplined capital allocation and 2) more attention to the transition risk that would result from a shift to a lower carbon economy. As of the New Year Exxon's management team has been communicating strategies intended to address these areas to the market. We are supportive of management's attention to these areas but believe that it is up to the independent members of Exxon's board to oversee the implementation of a more disciplined approach to capital allocation as well as a greater focus on the company's energy transition strategy.

While the Exxon board is highly qualified, State Street Global Advisors felt that nominating two dissident candidates that had the expertise in each of these areas would strengthen the independent leadership of Exxon's board and provide further board oversight in these areas. With this approach in mind, we felt that Kaisa Hietala and Alexander A. Karsner were the dissident candidates best suited for addressing each of these areas. Hietala's relevant industry experience along with her renewable energy experience suggest that she is capable of overseeing capital allocation decisions for the company's conventional business segments as well as alternative technology if the company were to pursue additional investments in that area. Karsner's regulatory and technological experience give us confidence that he would be a strong candidate to navigate the company through an energy transition.

In 2020, we highlighted several successes where Exxon Mobil Corporation was responsive to our requests for enhanced governance practices and sustainability-related disclosure. This responsiveness was reflected in our full support of management on repeated shareholder proposals in 2021. The two new proposals both focused on the topic of climate change, a stewardship priority for State Street Global Advisors. Our support for

each of these proposals in our final vote decisions were informed both by our engagement as well as the company's disclosure and a review of market practices.

We are committed to providing further transparency into how we considered every high profile climate vote during the 2021 proxy season once we publish an updated version of our **Annual Climate Stewardship Review**: <https://www.ssga.com/library-content/products/esg/annual-climate-stewardship-review.pdf>

Vote decisions: SSGA supported management on all ballot items except on the following:

Dissident Proxy (White Proxy Card)

Item Number	Item Description	Management Recommendation	SSGA Vote Decision
1.2	Elect Kaisa Hietala (Dissident Nominee)	Against	For
1.3	Elect Alexander A. Karsner (Dissident Nominee)	Against	For

Shareholder Resolutions

Item Number	Item Description	Management Recommendation	SSGA Vote Decision
6	Issue Audited Report on Financial Impacts of IEA's Net Zero 2050 Scenario	Against	For
10	Report on Corporate Climate Lobbying	Against	For