

SAGE:

Sustainability Achieved Through Greater Engagement

Calvert SAGE Strategies:

emphasize strategic engagement to advance environmental, social, and governance (ESG) performance on the part of companies that may not meet all of Calvert's Signature ESG criteria today but have the potential to improve.*

ExxonMobil

This company is a Calvert SAGE™ Strategy holding and is not eligible for investment in the Calvert Signature® Strategy portfolios.

ExxonMobil has made significant progress and even demonstrated emerging leadership in some areas of corporate responsibility, most notably in environmental, health and safety (EHS) where the company has solidified its reputation as an industry leader. ExxonMobil has recently demonstrated its EHS leadership through its support of the Marine Well Containment Company, which was organized in the aftermath of the Deepwater Horizon accident to improve the industry's capacity to contain a potential future underwater blowout in the Gulf of Mexico. ExxonMobil is also enhancing the carbon efficiency of its operations in the short term and investing in emissions-reduction technologies for the long term with R&D initiatives to develop hydrogen fuel cell and biofuel technologies (the latter with a new algae-based initiative). However, there are other significant areas where Calvert still seeks sustainability improvement from the company.

Until recently, ExxonMobil failed to publicly acknowledge and commit to address the environmental and economic threats posed by global climate change. The company has an important opportunity to make a clean break with this legacy by showing leadership in support of U.S. legislation that would put a price on carbon as well as by expanding its recent investments in alternative energy.

ExxonMobil has responded to human rights and governance-related challenges in many of its high-risk operating environments by implementing the Voluntary Principles on Security and Human Rights** through its Framework on Security and Human Rights and by demonstrating a strong commitment to the Extractive Industries Transparency Initiative (EITI).*** ExxonMobil's explicit support for the principles of the UN Declaration on the Rights of Indigenous Peoples is also noteworthy, but how these guidelines are implemented is unclear. The company could strengthen implementation of all these important commitments through the use of human rights impact assessments (HRIAs) and further integration of human rights requirements into its agreements with security contractors.

ExxonMobil's emerging leadership on human rights is contradicted by its refusal to add a prohibition of discrimination based on sexual orientation to the company's Equal Employment Opportunity (EEO) policy, despite the fact that many of its industry peers have taken this action. The company is also resisting increasing shareholder pressure regarding investor rights on key areas such as "Say on Pay," majority voting, and proxy access.

EXXONMOBIL ADVOCACY OBJECTIVES

- Support climate change public policy initiatives that set strong and clear reduction requirements in greenhouse gas emissions.
- Increase investments in renewable technologies and products sufficient to establish market leadership, building on the company's second-generation biofuels and hydrogen fuel cell projects. In addition, advocate for greater U.S. Government support for these and other renewable technologies to create incentives for further investment and development opportunities.
- Establish greenhouse gas (GHG) emission reduction commitments and report on the company's capacity to reduce emissions in a range that takes into account the

*Calvert's Signature ESG criteria examine corporate performance across seven broad areas of concern: governance and ethics, environment, workplace, product safety and impact, human rights, Indigenous Peoples' rights, and community relations. For more information, please visit <http://www.calvert.com/sri-signature-criteria.html>.

**The Voluntary Principles are global human rights standards for the oil, gas, and mining sectors and the first operational standards for any sector addressing corporate responsibility in zones of conflict.

***The EITI is a global framework for promoting oil, gas, and mining revenue transparency for governments and companies.

need for global emissions reductions of 80% by 2050 as recommended by the Intergovernmental Panel on Climate Change (IPCC).

- Conduct urgent reviews of safety procedures and spill contingency plans with the appropriate regulatory agencies at the company's deepwater exploration and production operations. Also verify or establish legally-binding environment, health and safety (EHS) standards for all entities involved in their deepwater exploration and production joint operating agreements.
- Commit to clear standards on reducing GHG emissions and improving energy efficiency, water use, and land reclamation in the company's oil sands development in Alberta, Canada. Assess oil sands investments in the context of the company's long-term business strategy, the carbon intensity of its reserves, and potential environmental liabilities.
- Further support extractive industries revenue transparency by insisting upon full participation of independent civil society, particularly organizations focused on human rights and good governance, in candidate and validated countries alike engaged at any stage of the EITI process, especially Equatorial Guinea, and by endorsing efforts to expand mandatory host country payment disclosure in annual financial reports.
- Support strengthening the global Voluntary Principles plenary process through more accountable leadership, greater resources, and more transparent public reporting to complement the company's own significant implementation efforts.
- Disclose how ExxonMobil operationalizes its laudable support for the principles of the International Labor Organization Convention 169, the UN Declaration on the Rights of Indigenous Peoples, and the World Bank Operational Policy and Bank Procedure on Indigenous Peoples through its human rights programs.
- Modernize corporate governance policy and practices to enhance investor rights and improve transparency and accountability through constructive engagement on "Say on Pay," majority voting, and/or proxy access.
- Amend the company's EEO policy to explicitly address non-discrimination on the basis of sexual orientation and gender identity and/or expression.

ENGAGEMENT TOOLS APPLIED

- Direct dialogue with ExxonMobil executive management
- Multi-stakeholder forums
- Alliances with likeminded investors and NGOs featuring sign-on letters and other actions on specific objectives
- Possible shareholder resolutions

RECENT ENGAGEMENT

- On November 11, 2010, Calvert met in-person with ExxonMobil's Vice President of Public Affairs and General Manager of Public and Government Affairs in Washington. The discussion covered the company's progress on several SAGE advocacy objectives and included specific short-term next steps on two particular issues. During the meeting, ExxonMobil and Calvert agreed to arrange an in-person meeting in Houston during the first half of 2011.
- On October 20, 2010, Calvert hosted and participated in a Social Investment Research Analyst Network (SIRAN) conference call that featured a discussion of ExxonMobil's policies and practices regarding deepwater oil and gas exploration and production. ExxonMobil was represented on the call by the company's Vice President of Public Affairs; General Manager of Public and Government Affairs; and Drilling Technical Manager.
- On April 1, 2010, ExxonMobil's General Manager of Public Affairs, Vice President of Research and Development, and Vice President of Public Affairs, made a 30-minute presentation to SIRAN and answered questions for 30 minutes about ExxonMobil's energy technology plans. Calvert participated in the call and asked specific questions regarding the company's algae-related investments, carbon capture and sequestration, and hydraulic fracturing.
- On November 11, 2009, Calvert hosted and participated in a SIRAN conference call that featured a discussion of ExxonMobil's climate change public policy and programs with the company's Vice President of Environmental Policy and Planning, and Vice President of Public Affairs.
- On October 19, 2009, Calvert's Senior Vice President of Sustainability Research and Policy was the featured speaker at ExxonMobil's Global Leaders Forum in Norwalk, Connecticut for the second consecutive year at the invitation of ExxonMobil's Vice President of Public Affairs. During the presentation, Calvert addressed ExxonMobil's sustainability strengths and weaknesses candidly and challenged the company to assume a leadership role in areas include climate change policy, alternative energy, and revenue transparency.

STATUS AND NEXT STEPS

- Calvert plans to meet with ExxonMobil in person during the first half of 2011.

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*Effective 4/30/2011, Calvert Asset Management Company, Inc. (CAMCO) will be renamed Calvert Investment Management, Inc.
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