Research Report

Company		Ticker Symbol	CUSIP
EXXON MOBIL CORPORATION		XOM	30231G102
Guideline	Meeting Date	Record Date	Date Published
Standard	05/27/20	04/02/20	04/17/20

(delivered to most major institutional investors and parties interested in proxy matters)

Our recommendations are received by most major investors.

Meeting Information	
Meeting Type	Annual
Meeting Date	05/27/20
Record Date	04/02/20

Items & Recommendations

We recommend that clients holding shares of EXXON MOBIL CORPORATION vote:

Item	Egan-Jones Recommendation	Management Recommendation
1 – Election of Directors	FOR, WITH EXCEPTION OF ANGELA F. BRALY, KENNETH C FRAZIER, SAMUEL J PALMISANO, STEVEN A KANDARIAN	FOR ALL
2 – Ratification of Independent Auditors	AGAINST	FOR
3 – Advisory Vote to Approve Executive Compensation	AGAINST	FOR
4 – Shareholder Proposal - Independent Chairman	FOR	AGAINST
5 – Shareholder Proposal - Special Meetings	AGAINST	AGAINST
6 – Shareholder Proposal - Report on Environmental Expenditures	FOR	AGAINST
7 – Shareholder Proposal - Report on Risks of Petrochemical Investments	FOR	AGAINST
8 – Shareholder Proposal - Report on Political Contributions	AGAINST	AGAINST
9 – Shareholder Proposal - Report on Lobbying	AGAINST	AGAINST

Considerations and Recommendations

Egan-Jones' review centered on the Proposals in the context of maximizing shareholder value, based on publicly available information.

Governance Rating Score Summary

The Egan-Jones Governance Rating is based upon data sourced from FactSet Research Systems Inc., the company's public filings, reputable news sites, as well as other regulatory disclosures such as those found at the SEC and FASB

Ticker	**XOM**
Company name	**Exxon Mobil Corporation**

Board Rating

Item	**TRUE/FALSE**
CEO and Chairman Separate	FALSE
Annual Director Elections	TRUE
All Classes of Stock Have Equal Voting Rights	TRUE
Compensation Committee with All Independents	TRUE
Audit Committee with All Independents	TRUE
Nominating Committee with All Independents	TRUE
Non-binding Compensation Vote on Agenda	TRUE
Majority Independent Directors on Board	TRUE
Over-boarded CEO Director	FALSE
Over-boarded Board Chair	FALSE
Over-boarded Non-CEO Director	FALSE
Major cyber security breach	FALSE
Failure to implement sufficient carbon risk plan	FALSE
Other financial or operational risk control failure	FALSE
Other serious reputational risk failure by the Board	FALSE
Version	VER 2.10 12/15/2017
Sub Total	80.00
Performance Adjustment	0.00
Total	80.00
Final Board Score	***Good***

Compensation Rating

CEO Total Comp($)	23,494,929
CEO Salary ($)	1,500,000
TSR (%)	-13.08
Market Capitalization ($M)	298,758.43
Wealth Creation ($M)	-39085.99
Wealth Creation/CEOPAY	0.00
Raw Score (pre adjustments)	Needs Attention
Final Score	***Needs Attention***
Rating Model Version	VER 3.10 12/15/2017
High CEO Total Compensation	Negative Adjustment
CEO Salary Under $1 Million Limit	No Adjustment
Other Adjustments:	No Adjustment

Audit Rating

Audit Fees	34,600,000
Total Fees	42,500,000
Non-Audit Fees exceed 50%	FALSE
Auditor has served for seven or more years	TRUE
Raw Score	Some Concerns
Version	VER 1.11 12/15/2017
Final Score	***Needs Attention***

Governance Rating

Overall Score	***Needs Attention***

Cyber Security Risk Rating

The Egan-Jones Cyber Risk Ratings helps stake holders assess the security posture (health) of covered entities. EJPS analysts use the SecuritiesScorecard platform to ascertain the company's Score which is incorporated into the EJPS Proxy Research Report. The methodology utilized for determining the Score can be found at http://ejproxy.com/media/documents/Egan-Jones_Proxy_Services_Cyber_Risk_Rating.pdf. For additional questions or comments please contact research@ejproxy.com or +1-844-495-5244 x1102.

Company Name	EXXON MOBIL CORPORATION
Domain	exxonmobil.com
SSC Letter Grade	B
SSC Industry	energy
Application Security	D
Cubit Score	A
DNS Health	C
Endpoint Security	A
Hacker Chatter	A
IP Reputation	A
Network Security	A
Information Leak	A
Patching Cadence	A
Social Engineering	A
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Minimum Factor Grade	D
EJP Qualitative Adjustment	None
Final Score	***Some Concerns***
Cyber Security Scoring Engine Version	2.0.1 - EJP

Item 1

Election of Directors

Director Name	Nominee	Key Committee Membership	Attendance (<75%)	Position CEO/Chair	Director Since	Diverse director	Classification	Footnotes	EJP recommendation
	1	2	3	4	5	6	7	8	9
ANGELA F. BRALY	Yes	C	No		2016	Yes	Independent Outside Director	F18	WITHHOLD
DARREN W WOODS	Yes		No	CHAIRMAN,CHIEF EXECUTIVE OFFICER	2016		Inside Director		FOR
DOUGLAS R OBERHELMAN	Yes	A	No		2015		Independent Outside Director		FOR
JOSEPH L. HOOLEY	Yes	A	No		2020		Independent Outside Director		FOR
KENNETH C FRAZIER	Yes	C;N	No		2009	Yes	Independent Outside Director	F18	WITHHOLD
SAMUEL J PALMISANO	Yes	C;N	No		2006	Yes	Independent Outside Director	F18	WITHHOLD
STEVEN A KANDARIAN	Yes	C	No		2018		Independent Outside Director	F18	WITHHOLD
SUSAN K AVERY	Yes	N	No		2017	Yes	Independent Outside Director		FOR
URSULA M BURNS	Yes	A	No		2012	Yes	Independent Outside Director		FOR
WILLIAM C WELDON	Yes	A	No		2013		Independent Outside Director		FOR

F18 Member of the Compensation Committee and the Company earns a compensation score of Some Concerns or Needs Attention

Egan-Jones' Proxy Guidelines state that the Compensation Committee should be held accountable for such a poor rating and should ensure that the Company's compensation policies and procedures are centered on a competitive pay-for-performance culture, strongly aligned with the long-term interest of its shareholders and necessary to attract and retain experienced, highly qualified executives critical to the Company's long-term success and the enhancement of shareholder value.

Item 2

Ratification of Independent Auditors

Recommendation:

At Egan-Jones Proxy Services we review relevant factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the ratification of appointment of independent auditors. We believe that auditor rotation every seven years, a ratio of non-audit fees and total fees not exceeding 50%, a lack of significant and material disciplinary actions taken against the Company's Auditor and any financial interest of the auditor in or association with the Company are the minimum criteria that should be taken into consideration in ensuring the auditor's independence.

The sum total of our evaluation can be found in the Auditor Rating we give this auditor. Generally and absent other negative factors, we suggest a score of ***Neutral*** or higher. This audit firm has earned a grade of ***Needs Attention*** and thus, has failed to pass our model.

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders should not support the ratification of the auditors. **Therefore, we recommend a vote AGAINST this Proposal.**

**See scoring details on top of the report.*

Background:

While ratification of auditors is one of the most common proposals submitted to shareholders it should not be overlooked. After employing the most qualified directors and CEO, to manage and grow the company, having equally experienced auditors should be next in importance. Reliable auditors are critical to ensuring shareholders receive accurate and timely reports of the Company's financial performance.

Exhibit 1 - Audit Fees

	Current Fiscal Year		Prior Fiscal Year	
Audit Fees	$	34,600,000	$	31,400,000
Audit Related Fees	$	6,900,000	$	8,800,000
Non Audit and Tax Fees	$	1,000,000	$	1,000,000
Total Fees	$	42,500,000	$	41,200,000

Exhibit 2 - Audit Fee Ratios

	Relevant Ratios	Note
Total Fee Increase/Decrease	3.2%	
Non-Audit Related Fees divided by Total Fees (Current FY):	2.4%	Should not be higher than 50%

Board Auditor Choice: **PricewaterhouseCoopers, LLP**

PricewaterhouseCoopers, LLP is a PCAOB (Public Company Accounting Oversight Board) registered auditor. Public records show that there have been a disciplinary actions taken against this firm; however, we do not believe this to be unusual for such a large company with a numerous number of employees, in most of these cases.

Nevertheless, we note the PCAOB Release No. 105-2017-032 from August 2, 2017 in which the Public Company Accounting Oversight Board censured PricewaterhouseCoopers LLP ("PwC" or "Respondent") and imposed on PwC a civil money penalty in the amount of $1,000,000. The Board imposed these sanctions on the basis of its findings that PwC violated PCAOB rules and standards in connection with its 2014 audit and examination engagements for Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"), a broker-dealer registered with the United States Securities and Exchange Commission ("Commission").

In addition, we note the 2014 PCAOB order (PCAOB Release No. 105-2014-007) in which the Board censured Randall A. Stone, CPA ("Stone"), Randall A. Stone, age 51, of Austin, Texas, a certified public accountant licensed under the laws of Texas (license no. 047916), imposed a civil money penalty in the amount of $50,000; and barred Stone from being associated with a registered public accounting firm. At all relevant times, Stone was a partner in the Austin, Texas office of PwC was an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i). Stone retired from PwC effective June 30, 2014. This PCAOB order resulted from its findings concerning Stone's violations of PCAOB rules and auditing standards in connection with (1) the audit of the consolidated financial statements of ArthroCare Corporation ("ArthroCare" or "Company") for the fiscal year ended December 31, 2007, and (2) the consent to incorporate by reference the fiscal year 2007 audit report in a Form S-8 Registration Statement filed by ArthroCare with the United States Securities and Exchange Commission ("Commission" or "SEC") in June 2008.

Item 3

Advisory Vote to Approve Executive Compensation

Recommendation:

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders cannot support the current compensation policies put in place by the Company’s directors. Furthermore, we believe that the Company’s compensation policies and procedures are not effective or strongly aligned with the long-term interest of its shareholders. **Therefore, we recommend a vote AGAINST this Proposal.**

Background:

At Egan-Jones Proxy Services we review a number of factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the advisory vote on executive compensation. These include total CEO compensation, company performance, and any past issues with compensation.

The sum total of our quantitative look at compensation can be found in the compensation corporate governance grade we give this company. Generally and absent other negative factors, a score of *Neutral* or higher in compensation merits a positive "say-on-pay" vote. This Company has earned a grade of ***Needs Attention*** in compensation and thus, has failed to pass our quantitative tests.

Our qualitative review of this Company’s compensation has identified one minor issue, the CEO's salary at $1,500,000 exceeds $1 million. While this issue is not sufficient to trigger a negative vote alone, it does impact the Company’s overall compensation score, we would recommend the board investigate and consider alternative means of compensation for the CEO and any other covered NEOs who exceed this limit in the future.

This advisory vote is not binding. Although non-binding, the Compensation Committee will consider the outcome of the advisory vote when making future decisions regarding the executive compensation programs.

**See scoring details on the top of the report.*

Item 4

Shareholder Proposal - Independent Chairman

Recommendation:

We believe that there is an inherent potential conflict, in having an Inside director serve as the Chairman of the board. Consequently, we prefer that companies separate the roles of the Chairman and CEO and that the Chairman be independent to further ensure board independence and accountability**. After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require that whenever possible the Chair of the Board, of Directors be an independent member of the Board. This policy would phase in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, within a reasonable period it shall select a new Chair who satisfies the requirements of this policy. Compliance with this policy can be waived if no independent director is available and willing to serve as Chair.

Since the occurrence of the financial crisis, the clamor for independent chairman proposals has is usually formulated either as a proposal to separate the roles of CEO and chair or as a proposal that the chairman be an independent director. Lehman Brothers and Bear Stearns used to have a combined chairman and CEO post, a fact which has led to criticism of the dual role.

It has been a prevalent practice for large companies to have the CEO and chair positions combined. According to Spencer Stuart (http://www.corpgov.deloitte.com/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/USEng/Documents/Nominating-Corporate%20Governance%20Committee/Board%20Composition%20and%20Recruitment/SpencerStuartBI%202013_04Nov2013-lowres.pdf) , in 2013, 25% of S&P 500 boards have a truly independent chair, a non-executive director or a former executive director, compared with 16% five years ago – a proof that splitting the dual role has become a business trend since the mid-2000's. This reflects the views of certain shareholders that having the CEO or any top executive serve as chairman could be detrimental to the whole board's independence. The CEO's main role is to manage the company, with the board serving as a lookout to the management. As a result, the chairman, being the one who runs the board, should be accountable to the shareholders. When the two roles are combined, there is a possibility of lack of independent oversight and minimal accountability in the board room that could put a company's long-term health and profitability and the interests of shareholders at risk.

On the contrary, many companies believe that having an independent chairman is not a one-size-fits-all approach. Opponents of the proposal argue that there is no solid evidence that link a higher shareholder return with having an independent chair. As a matter of fact, this shareholder proposal failed to win majority support at large companies. For example, Walt Disney has split the chairman/CEO roles in 2005, but in 2012, it recombined the roles. In 2013, Disney shareholders rejected a proposal to separate the roles with a 65% "against" vote. Also, JPMorgan Chase CEO Jamie Dimon gained shareholder support to remain as chairman, against a proposal to split the roles after the bank has posted the "London Whale" trading loss. Also, the decision to maintain a combined Chair/CEO role or have an independent chairman should be also based on the specific circumstances of a corporation, the independence of its directors, and the leadership provided by its CEO. Moreover, proponents should take into account the current leadership structure and governance practices of a company which include but is not limited to the following:

· Having a Lead Independent Director

· Majority of the board is comprised of independent directors

· Independent directors comprise the key board committees

· Independent directors meet frequently in executive sessions that are presided over by the Lead Independent Director with no members of management present.

Item 5

Shareholder Proposal - Special Meetings

Recommendation:

We do not believe it is appropriate to enable holders of below 25% of the common stock to have an unlimited ability to call special meetings for any purpose at any time. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board of Chevron Corporation ("Chevron" or "Company") to take the steps necessary to amend Company bylaws and appropriate governing documents to give holders of 10% of outstanding common stock the power to call a special shareowners meeting. To the fullest extent permitted by law, such bylaw text in regard to calling a special meeting shall not contain exceptions or excluding conditions that apply only to shareowners but not to management or the Board.

As a result of targeted activism in the last few years, more than half of the S&P 500 companies now allow shareholders to call special meetings (Davis Polk & Wardwell LLP, 2011). Annual meetings are important matters for the investors. Annual meetings usually take place sometime in the spring, during "annual meeting season", a few months after the December 31 fiscal year-end. Investors can also schedule a special shareholder meeting, subject to some diverse and stimulating rules, and a bit of strategy.

Some Companies view that such right is burdensome in terms of financial expense, time and management resources. Also, such right permits a small percentage of shareholders to call a meeting that may serve their intended purposes, rather than those of the Company and the majority of shareholders.

In the contrary, many investors believe that it is imperative that shareholders are given a right to timely call special meetings. Special meetings could impose substantial administrative and financial burdens on the Company and could significantly disrupt the conduct of the Company's business. Enabling the holders of only ten percent of the Company's outstanding stock to call special meetings could subject the Company and the Board to disruption from stockholder activists or special interest groups with an agenda not in the best interests of the Company or long-term stockholders.

Item 6

Shareholder Proposal - Report on Environmental Expenditures

Recommendation:

Climate change is one of the most financially significant environmental issues currently facing investors. We believe that approval of this proposal is in the best interests of the Company and its shareholders. We believe that approval of the proposal will help shareholders monitor and evaluate whether the company's voluntary activities and expenditures are producing actual and meaningful benefits to shareholders, the public health and the environment, including global climate. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests that, beginning in 2020, ExxonMobil to publish an annual report of the incurred costs and associated significant and actual benefits that have accrued to shareholders, the public health and the environment, including the global climate, from the company's environment-related activities that are voluntary and that exceed U.S. and foreign compliance and regulatory requirements. The report should be prepared at reasonable cost and omit proprietary information.

The resolution is intended to help shareholders monitor and evaluate whether the company's voluntary activities and expenditures touted as protecting the public health and environment are producing actual and meaningful benefits to shareholders, the public health and the environment, including global climate.

Corporate managements sometimes engage in the practice of 'greenwashing,' which is defined as the expenditure of shareholder assets on ostensibly environment-related activities but actually undertaken merely for the purpose of improving the company's or management's public image.

Such insincere 'green' posturing and associated touting of hypothetical or imaginary benefits to public health and the environment may harm shareholders by wasting corporate assets, and deceiving shareholders and the public by accomplishing nothing real and significant for the public health and environment.

For example, ExxonMobil claimed in its 2019 'Energy and Carbon Summary' report that it:

- Plays 'an essential role in protecting the environment and addressing the risks of climate change';
- Reduced its operational emissions by an average of about 20 MILLION tons annually since 2000.
- Spent $9 billion since 2000 on efforts to reduce emissions.

None of these emissions reduction activities are required by law or regulation.

But in 2018 alone:

Exxon produced about 1.4 BILLION barrels of oil which, when burned, produced about 588 MILLION tons of carbon dioxide (CO2).

Global emissions of CO2-equivalents in 2018 were about 55.3 BILLION tons.

So:

While ExxonMobil touts its operational reductions in CO2, it sells products that, when burned by consumers, emit almost 30 times more CO2.

ExxonMobil's products when burned produce CO2 emissions that amount to a mere one percent (1%) of global manmade emissions.

Although ExxonMobil's operational emissions cuts and the emissions from its products are both meaningless in larger context ExxonMobil bizarrely, if not falsely claims that it plays 'an essential role in... addressing the risks of climate change.'

The information and honesty requested by this proposal is not already contained in any ExxonMobil report. As none of them present the actual and significant cost-benefit details requested here, they may all be reasonably suspected of being examples of don't-look-behind-the-curtain corporate greenwashing propaganda.

ExxonMobil should report to shareholders what are the actual benefits being produced by its voluntary and highly touted environmental activities.

Item 7

Shareholder Proposal - Report on Risks of Petrochemical Investments

Recommendation:

We believe that improved disclosure on petrochemical risk will help the Company in mitigating public health risks associated with climate-related impacts and the dangerous chemicals it uses. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests ExxonMobil, with board oversight, to publish a report, omitting proprietary information and prepared at reasonable cost, assessing the public health risks of expanding petrochemical operations and investments in areas increasingly prone to climate change-induced storms, flooding, and sea level rise.

Investors request the company assess, among other related issues at management and Board discretion: The adequacy of measures the company is employing to prevent public health impacts from associated chemical releases.

Whereas: Investors are concerned about the financial, health, environmental, and reputational risks associated with operating and building-out new chemical plants and related infrastructure in Gulf Coast locations increasingly prone to catastrophic storms and flooding associated with climate change. Civil society groups have mobilized to oppose the expansion of petrochemical facilities in their communities due to concerns regarding direct health and livelihood impacts from air and water pollutant releases. Such opposition threatens to jeopardize ExxonMobil's social license to operate in the region.

Petrochemical facilities like ethane crackers and polyethylene processing plants produce dangerous pollutants including benzene (a known carcinogen), Volatile Organic Compounds, and sulfur dioxide. These operations can become inundated and pose significant chemical release risks during extreme weather events. Flooding from Hurricane Harvey in 2017 resulted in ExxonMobil plant shut downs and the release of unpermitted, unsafe levels of pollutants. Nearby Houston residents reported respiratory and other health problems following ExxonMobil's releases during Hurricane Harvey.

Growing storms and the costs they bring the company are predicted to increase in frequency and intensity as global warming escalates. Recent reports show that greenhouse gas emissions throughout the petrochemical and plastic supply chain contribute significantly to climate change, exacerbating the threat of physical risks like storms. Flood-related damage is projected to be highest in Texas, where many ExxonMobil petrochemical plants are concentrated. Houston alone has seen three 500-year floods in a three-year span. Hurricane Harvey contributed to decreased earnings of approximately $40 million for ExxonMobil in 2017 and decreasing social license from surrounding communities.

Historically, releases from ExxonMobil's petrochemical operations have exceeded legal limits, exposing the company to liability and millions in payment for violations of environmental laws including the Clean Air and Clean Water Acts. As climate change intensifies flooding and storm strength, the potential for unplanned chemical releases grows.

In spite of these risks, ExxonMobil continues to accelerate its petrochemical activity in the Gulf Coast, investing heavily to expand in flood-prone areas of Texas and Louisiana. The company has generally disclosed that risks from storms may impact its business and that climate risks like extreme storms are among the factors it considers in construction and operation of assets. The impacts to ExxonMobil's operations from Hurricane Harvey, however, indicate the company's level of preparedness is insufficient. As the Company rapidly expands its petrochemical assets in climate-impacted areas, investors seek improved disclosure to understand whether ExxonMobil is adequately evaluating and mitigating public health risks associated with climate-related impacts and the dangerous chemicals it uses.

Item 8

Shareholder Proposal - Report on Political Contributions

Recommendation:

In light of the Company's policies and oversight mechanisms related to its political contributions and activities, we believe that the shareholder proposal is unnecessary and will not result in any additional benefit to the shareholders. Rather, the proposal promotes impractical and imprudent actions that would negatively affect the business and results. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Company to prepare and semiannually update a report, which shall be presented to the pertinent board of directors committee and posted on the Company's website, disclosing the Company's:

(a) Policies and procedures for making electoral contributions and expenditures (direct and indirect) with corporate funds, including the board's role (if any) in that process; and

(b) Monetary and non-monetary contributions or expenditures that could not be deducted as an 'ordinary and necessary' business expense under section 162(e)(1)(B) of the Internal Revenue Code, including (but not limited to) contributions or expenditures on behalf of candidates, parties, and committees and entities organized and operating under section 501(c)(4) of the Internal Revenue Code, as well as the portion of any dues or payments made to any tax-exempt organization (such as a trade association) used for an expenditure or contribution that, if made directly by the Company, would not be deductible under section 162(e)(1)(B) of the Internal Revenue Code.

The report shall be made available within 12 months of the annual meeting and identify all recipients and the amount paid to each recipient from Company funds. This proposal does not encompass lobbying spending.

A 2011 Si2 study revealed that S&P 500 companies spent a total of $1.1 billion on 2010 political contributions where 87% or $973 million went to federal lobbying expenditure. However, this figure does not include corporate lobbying expenditures for state and local governments, a fact recently highlighted in "Corporate Governance of Political Expenditures: 2011 Benchmark Reports on S&P 500 Companies," by Heidi Welsh and Robin Young and the Sustainable Investments Institute's IRRC Institute, November 2011.

Recognizing that companies have their own policies and mechanisms on political spending, corporate directors do have fiduciary duties that they owe to the corporation and its shareholders. The Board should check and ensure that corporate dollars spent in the political arena are aligned with the company's business strategy. The board, through its oversight function should be aware of legal, regulatory, and reputational risks inherent in political spending.

Although much disclosure is already required by federal, state, and local campaign finance and lobbying regulations, these investors and groups also demand information not required by law to be reported. Shareholders particularly the most active institutional investors such as labor pension and investment funds—support the argument that corporations have a right to lobby because it safeguards shareholders' interests. Disclosure of political contributions increases the possibility that the contributions are aligned with the company's business strategy, policies and procedures and promotes awareness of reputational risks the company faces when making the donation. Also, transparency allows investors to align their investments with their values.

Item 9

Shareholder Proposal - Report on Lobbying

Recommendation:

We believe that it is in the best interests of the Company and the stockholders to belong to industry associations and coalitions, where the Company benefits from the general business, technical, and industry standard-setting expertise these organizations provide. We furthermore believe that the proposal seeks unnecessary line-item disclosure of lobbying expenditures. We believe that the requested report is unnecessary and would require expenditures and the use of Company resources without providing any meaningful benefit to the shareholders. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests 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 Exxon 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. Chevron's membership and payments to any tax-exempt organization that writes and/or 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 Chevron 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 all relevant oversight committees and posted on Chevron's website.

The lobbying disclosure initiative is a natural extension of ongoing shareholder efforts seeking greater corporate political spending transparency and accountability. Specifically, enhanced lobbying disclosure will enable shareholders to better evaluate whether a company's lobbying expenditures and actions advance the company's interests and do not present risks to company value. (AFSCME Employees Pension Plan, 2014).

Shareholders encourage transparency and accountability in the company's use of corporate funds to influence legislation and regulation. Some companies do not disclose its memberships in, payments to, trade associations, or the portions of such amounts used for lobbying. Absent a system of accountability, company assets could be used for objectives contrary to the Company's long-term interests.

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