

Antiboycott Legal Compliance Guide

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It has been optimized for on-screen viewing and desktop printing.

English



Antiboycott

Legal Compliance Guide

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Message to Employees

Exxon Mobil Corporation (“Company”) maintains a long-established practice of observing and complying with all laws applicable to its business. Consistent with the International Operations Policy, the Company is, and continues to be, committed to compliance with U.S. antiboycott laws and related regulations.

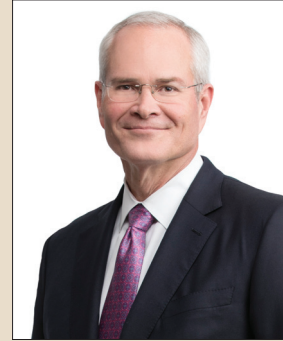
Antiboycott restrictions prohibit the Company from participating in any foreign boycotts that the United States does not sanction. Depending on the circumstances, antiboycott restrictions apply to activities both within and outside of the U.S. and apply to U.S. and non-U.S. persons and businesses.

The Company’s International Operations Policy makes clear that the Company’s legal compliance obligations extend to its operations outside of the United States, and those obligations include compliance with U.S. antiboycott laws and regulations. Responsibility for compliance rests with the Company’s directors, officers, employees, and with third-parties acting on the Company’s behalf. Violations of the antiboycott laws and related regulations are grounds for disciplinary action, up to and including termination.

In addition to penalizing participation in and cooperation with international boycotts not sanctioned by the United States, U.S. antiboycott laws and regulations require reporting to the U.S. government of particular information related to unsanctioned boycotts. The Company maintains a system for gathering and analyzing information that is potentially reportable, and for making reports. Please familiarize yourself with this system and, as appropriate, assist with its effective functioning.

This *Antiboycott Legal Compliance Guide* was prepared by the Law Department to familiarize you with the U.S. antiboycott laws and regulations applicable to our business. Please read and understand the information in this *Guide* as well as actively participate in related training so that you are able to recognize and respond appropriately to any boycott requests or issues. The *Guide* is not intended to analyze or interpret those laws completely. Instead it is intended to help you identify potential boycott issues so that you recognize when to seek advice from the Law Department.

Every director, officer, and employee is expected to contact the Law Department whenever there is any doubt or uncertainty about an existing situation or proposed course of action.



A handwritten signature in black ink that reads "D. W. Woods". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

D. W. Woods
Chairman and CEO, Exxon Mobil Corporation

Foundation Policies

Exxon Mobil Corporation's commitment to ethics and compliance is documented in the *Standards of Business Conduct* (the "Standards"), comprised of its 17 foundation policies and the Corporation's *Open Door Procedures*. The *Standards* articulate expectations and define the basis for the worldwide conduct of the Corporation and its majority-owned affiliates.

The *International Operations Policy* and *Ethics Policy* are foundation policies that bear directly on antiboycott compliance. These policies are set out in full below.

International Operations Policy

It is the policy of Exxon Mobil Corporation to comply with all governmental laws, rules, and regulations applicable to its operations and to conduct those operations to the highest ethical standards.

Laws that apply to our operations include those of the countries where the operations occur, and may also include certain United States laws which govern international operations of United States companies and United States persons, broadly defined. Accordingly, directors, officers, and employees of the Company who are involved with the Company's operations should consult with the Law Department for advice on applicable United States laws, especially laws regarding antitrust, boycotts, trade sanctions, export controls, and foreign corrupt practices, and are expected to comply with those laws.

Ethics Policy

The policy of Exxon Mobil Corporation is to comply with all governmental laws, rules, and regulations applicable to its business.

The Corporation's Ethics Policy does not stop there. Even where the law is permissive, the Corporation chooses the course of highest integrity. Local customs, traditions, and mores differ from place to place, and this must be recognized. But honesty is not subject to criticism in any culture. Shades of dishonesty simply invite demoralizing and reprehensible judgments. A well-founded reputation for scrupulous dealing is itself a priceless corporate asset.

The Corporation cares how results are obtained, not just that they are obtained. Directors, officers, and employees should deal fairly with each other and with the Corporation's suppliers, customers, competitors, and other third parties.

The Corporation expects compliance with its standard of integrity throughout the organization and will not tolerate employees who achieve results at the cost of violation of law or who deal unscrupulously. The Corporation's directors and officers support, and expect the Corporation's employees to support, any employee who passes up an opportunity or advantage that would sacrifice ethical standards.

It is the Corporation's policy that all transactions will be accurately reflected in its books and records. This, of course, means that falsification of books and records, and the creation or maintenance of any off-the-record bank accounts are strictly prohibited. Employees are expected to record all transactions accurately in the Corporation's books and records, and to be honest and forthcoming with the Corporation's internal and independent auditors.

The Corporation expects candor from employees at all levels and adherence to its policies and internal controls. One harm which results when employees conceal information from higher management or the auditors is that other employees think they are being given a signal that the Corporation's policies and internal controls can be ignored when they are inconvenient. That can result in corruption and demoralization of an organization. The Corporation's system of management will not work without honesty, including honest bookkeeping, honest budget proposals, and honest economic evaluation of projects.

It is the Corporation's policy to make full, fair, accurate, timely, and understandable disclosure in reports and documents that the Corporation files with the United States Securities and Exchange Commission, and in other public communications. All employees are responsible for reporting material information known to them to higher management so the information will be available to senior executives responsible for making disclosure decisions.

Introduction

This Guide is intended to facilitate compliance with United States antiboycott laws and related regulations. These laws and regulations are nuanced and apply to Exxon Mobil Corporation and many of its affiliates in the United States and elsewhere.

The U.S. antiboycott laws prohibit or penalize participation in and cooperation with international boycotts not sanctioned by the United States and require reports to the United States government of specified information related to unsanctioned boycotts. These antiboycott laws and regulations concern any international boycott that has not been sanctioned by the United States, even though these laws were passed largely in response to the Arab boycott of Israel.

The United States antiboycott laws and regulations consist mainly of: (1) selected provisions in the United States Internal Revenue Code and related United States Treasury Department guidelines (collectively, "Tax antiboycott provisions"); and (2) selected regulations of the United States Commerce Department (collectively, "Commerce antiboycott provisions"). For convenience, the Tax antiboycott provisions and Commerce antiboycott provisions are referred to collectively as the "U.S. antiboycott laws."

This Guide is not intended to analyze or interpret U.S. antiboycott laws completely, but instead is intended to help you recognize potential problem areas.

The Tax antiboycott provisions are administered by the United States Internal Revenue Service. They do not prohibit participation in or cooperation with an unsanctioned boycott, but they do impose tax penalties, such as loss of foreign tax credits, for specified participation in or cooperation with unsanctioned boycotts.

Further, they require annual reporting to the Internal Revenue Service of: (1) operations in or related to countries maintaining unsanctioned boycotts; (2) participation in unsanctioned boycotts; and (3) requests to participate in unsanctioned boycotts. There are criminal penalties for willful failures to report.

The Commerce antiboycott provisions are administered by the United States Commerce Department. They prohibit participation in and cooperation with unsanctioned boycotts and require quarterly reporting to the Commerce Department of requests to take actions that support unsanctioned boycotts. The Commerce antiboycott provisions are also backed by civil and criminal penalties.

The U.S. antiboycott laws are complex, technical, and filled with fine distinctions and exceptions. Depending on the circumstances, they apply to activities within and outside the United States and apply to U.S. and non-U.S. individuals and businesses. This *Guide* is not intended to analyze or interpret those laws completely, but instead is intended to help you recognize potential problem areas. Whenever you have a question or are uncertain about any existing situation or proposed course of action, you should contact the Law Department and Tax Department.

Exxon Mobil Corporation and its affiliates (the "Company") have systems for gathering and analyzing information that is potentially reportable under the U.S. antiboycott laws and for making required reports. You should familiarize yourself with those systems and, as appropriate, assist with their effective functioning.

Reach of U.S. Antiboycott Laws

At the outset, we should recognize certain key features concerning the reach of the U.S. antiboycott laws.

Coverage Within and Outside the United States

The U.S. antiboycott laws apply not only to activities within the territorial limits of the United States, but also to activities beyond those limits. Moreover, both provisions apply not only to U.S. individuals and companies, but also to some non-U.S. individuals and companies.

Tax Antiboycott Provisions

The Tax antiboycott provisions apply to specified activities of certain non-U.S. affiliates of U.S. corporate taxpayers, regardless of where the activities take place. Thus, if an affiliate participates in an unsanctioned boycott or fails to follow proper reporting procedures, depending on the circumstances, the Company could be penalized, even if the transaction is entirely outside the United States.

Additionally, “affiliate” in this context means any legally constituted entity in which a U.S. corporate taxpayer has an ownership interest, direct or indirect, and includes some businesses commonly referred to as “joint ventures.” The potential application of the Tax antiboycott provisions extends to all affiliated corporations that are owned 10 percent or more, directly or indirectly, by a U.S. corporate taxpayer and to all partnerships in which a company is a partner, regardless of the percentage of the partnership interests of the U.S. company. Joint Operating Agreements, commonly referred to as JOAs, present special issues, and the application of the Tax antiboycott provisions to JOAs should be considered on a case-by-case basis by the Law Department and Tax Department.

Commerce Antiboycott Provisions

In contrast, the reach of the Commerce antiboycott provisions is more limited in some cases. The Commerce antiboycott provisions apply only to the conduct of U.S. persons when they are engaged in the interstate or foreign commerce of the United States.

The scope of the term “U.S. commerce” may be interpreted broadly, and you should contact the Law Department if you have questions regarding its scope.

The term “U.S. person” covers far more entities than normal usage would imply. It generally includes:

- ▶ any person who is a U.S. resident or citizen, no matter where located;
- ▶ any U.S. concern, meaning any corporation, partnership, or similar entity organized under U.S. law, no matter where located;
- ▶ any non-U.S. branch office of a U.S. concern;
- ▶ any U.S. branch of any non-U.S. concern; and
- ▶ any non-U.S. affiliate that is deemed to be “controlled in fact” by a U.S. concern, regardless of whether or where the affiliate is incorporated or doing business.

As with the Tax antiboycott provisions, JOAs present special issues that should be considered on a case-by-case basis by the Law Department and Tax Department.

Reach of Antiboycott Laws, continued

The term “activities in the interstate or foreign commerce of the United States” (often shortened to “U.S. commerce”) generally means activities involving the sale, purchase, or transfer of goods or services (including information) between two or more states of the United States or between the United States and any foreign country. The Commerce antiboycott provisions specifically provide that any transaction between a person located in the U.S. and a foreign subsidiary that is controlled in fact by any U.S. concern is an activity in U.S. commerce. Moreover, the foreign subsidiary’s ensuing sales transaction with another party located outside the U.S. may also be deemed within U.S. commerce, for example, if the subsequent sale includes a component furnished by the subsidiary’s U.S. parent. The scope of the term “U.S. commerce” may be interpreted broadly, and you should contact the Law Department if you have questions regarding its scope.

Unsanctioned Boycotts

The U.S. antiboycott laws cover all international boycotts not sanctioned by the United States. The prohibitions, reporting requirements, and penalties imposed by those laws may apply in situations completely unrelated to Israel. For example, U.S. antiboycott laws may apply to one country’s letter of credit with language prohibiting negotiation by a bank in another country.

An up-to-date listing of boycotting countries, as listed by the Treasury Department, is available on the Compliance Law intranet site.

The U.S. antiboycott laws do not precisely define which international boycotts are unsanctioned, but the U.S. government provides some guidance on which countries are boycotting countries for purposes of the Tax antiboycott provisions. The Secretary of the Treasury publishes a list of countries that require or may require cooperation with an unsanctioned international boycott. As of January 2014,

those countries are Iraq, Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, the United Arab Emirates (“UAE”), and Yemen. An up-to-date list can be found on the Compliance Law site under “Antiboycott Links.”

However, the Treasury Department does not limit enforcement to countries on the list. Participation in an international boycott sponsored by a country not on the list can result in the same tax penalties as participation in an international boycott sponsored by one of the listed countries. In addition, a taxpayer is required by the Tax antiboycott provisions to identify on its U.S. tax return any other country which the taxpayer knows or has reason to know requires cooperation with an unsanctioned international boycott as a condition of doing business in or with that country.



Prohibited and Punishable Conduct

Overview

The Tax antiboycott provisions and Commerce antiboycott provisions overlap, but in some cases, an activity permitted by one may be prohibited or penalized by the other. You should refrain from all activities described below unless specifically advised otherwise by the Law Department in connection with any particular proposed activity or transaction.

The prohibited and penalized activities, if taken in cooperation with or in furtherance or support of an unsanctioned boycott, can be summarized broadly as follows:

- ▶ refusing, agreeing to refuse, or requiring anyone to refuse to do business in a boycotted country or with that country's government, companies, or nationals; with persons or companies who do business in a boycotted country or with that country's government, companies, or nationals; or with companies owned or managed by individuals of a particular race, religion, or nationality;
- ▶ refusing or requiring anyone to refuse to employ, or otherwise discriminating or requiring anyone to discriminate against, any U.S. person or any employee, owner, officer, or director of any U.S. person on the basis of race, religion, sex, or national origin;
- ▶ furnishing information about the race, religion, sex, or national origin of any U.S. person or any employee, owner, officer, or director of any U.S. person;
- ▶ furnishing information about one's own or anyone else's past, present, or future business relationships with a boycotted country, with the nationals of a boycotted country, or with blacklisted persons or companies;
- ▶ furnishing or agreeing to furnish specified information about charitable or fraternal organizations which support a boycotted country;
- ▶ paying, honoring, confirming, or otherwise implementing a letter of credit with conditions or requirements that further or support unsanctioned boycotts; and
- ▶ engaging indirectly in any of the activities described above.



Law Department Assistance

The Law Department is available to respond to questions and concerns involving sensitive areas, including antitrust, anti-corruption, and antiboycott.

Prohibited and Punishable Conduct, continued

Refusals to Do Business

The Tax antiboycott provisions generally penalize agreements to refrain from doing business with others for boycott reasons. Examples include:

- ▶ refusing to do business in a boycotted country or with its government, companies, or nationals;
- ▶ refusing to do business with persons who do business in a boycotted country or with its government, companies, or nationals; and
- ▶ refusing to do business with companies owned or managed by individuals of a particular race, religion or nationality.

The Tax antiboycott provisions also penalize those who agree to refuse to ship or insure products on carriers owned or operated by persons who do not participate in or cooperate with an unsanctioned boycott.

The Commerce antiboycott provisions generally provide that, absent an applicable exception, no U.S. person is permitted to refuse, agree to refuse, or require any other person to refuse or agree to refuse to do business in a boycotted country, or with any individual or business, if done with the intent of complying with, furthering, or supporting an unsanctioned boycott.

No employee should choose one person over another for a boycott reason. For example, no Company employee should use as a tiebreaker a boycotting-country's customer's request to avoid Israeli contractors. Decisions should be made solely on the basis of proper commercial and technical considerations, such as the financial soundness, technical competence, and execution ability of potential suppliers and contractors. The use of improper boycott considerations in the selection of a supplier may render

A prohibited or penalizable agreement may be oral or written, express or implied, formal or informal, or may be inferred from a course of pattern of conduct.

irrelevant valid business reasons for the selection. In transactions where decisions could be misinterpreted as boycott-related, the commercial and technical reasons for the decisions should be fully documented in the Company's files.

A prohibited or penalizable agreement may be oral or written, express or implied, formal or informal, or may be inferred from a course or pattern of conduct. For example, boycott participation could be inferred if a company repeatedly purchases goods or services from non-blacklisted companies only, and without adequate commercial or technical justification, fails to purchase the same goods or services offered on the same terms by equally competent blacklisted companies.

Blacklists

Blacklists are lists of individuals or businesses with whom one will not do business for boycott reasons. Whitelists are lists of individuals or businesses with whom one will do business and from which the names of others have been excluded for boycott reasons. Company employees should not possess or use any blacklists or whitelists at any time. Improper blacklists and whitelists maintained for boycott reasons should be distinguished from proper and permissible lists of qualified bidders, repair contractors, and other businesses that have been identified solely for legitimate commercial and technical reasons. Keeping and using lists of qualified businesses are not prohibited or penalized by the U.S. antiboycott laws. However, those lists should be based on commercial and technical criteria and not, even in part, on assumptions or expectations regarding acceptability to a boycotting country.

Prohibited and Punishable Conduct, continued

Requests Concerning Shipping, Vessels, and Product Origin

The application of the U.S. antiboycott laws to shipping is complex. Many boycotting countries maintain blacklists of vessels not allowed to enter their ports because the vessels routinely call at the ports of a boycotted country or are owned by nationals of a boycotted country.

No Company employee should agree to refrain from shipping goods on blacklisted vessels or vessels owned, leased, or operated by blacklisted individuals or businesses. However, in selecting vessels to transport goods to a boycotting country, an importer may limit its selection to those vessels that call at ports in that country. An importer may not, however, certify that the vessel it has chosen is allowed or eligible to enter the ports of a boycotting country.

An importer may comply with requirements of a boycotting country that prohibit the shipment of goods to a boycotting country on a vessel of a boycotted country or by a route other than that prescribed by the boycotting country or the recipient of the shipment. Compliance with a request to use a vessel of a certain registry or conference line, or a request not to use a certain vessel because of its poor performance record, is also generally acceptable.

An importer may also comply with a boycotting country's requirement that while carrying the goods to the boycotting country, the carrier not call at or pass through a port of a boycotted country. In those cases, you should confirm that the request came from the country receiving the goods and that the prohibition applies only while the goods are on the vessel.



A company shipping goods to a boycotting country may also comply with import and shipping document requirements of the boycotting country with respect to the following:

- the country of origin of the goods;
- the name of the carrier;
- the name of the vessel, the nationality or flag of the vessel, and the owner of the vessel;
- the route of the shipment;
- the name of the supplier of the shipment; and
- the name of the provider of other shipping services.

Generally, that information must be stated in positive, non-blacklisting, non-exclusionary terms, for example, "Made in U.S.A." or "Manufactured by Company X," rather than in negative

No Company employee should agree to refrain from shipping goods on blacklisted vessels or vessels owned, leased, or operated by blacklisted individuals or businesses.

terms, for example, "Not made in Country Y or by Company Z." An exception for sales to a boycotting country permits the furnishing of certificates stated in negative terms as to the nationality of the vessel and its owner and as to the route of shipment. For example, a certificate may state that the vessel is not registered in Israel or owned by an Israeli firm and will not call at any port in Israel enroute to the boycotting country while carrying the goods in question. Certain exceptions also allow the owner or master of a vessel to provide a certificate of eligibility as to the vessel that a shipper, such as the Company, cannot provide.

As you can see, negative certificates are sensitive, and you should not furnish one or agree to furnish one without prior clearance from the Law Department. In some cases, a positive certificate may be furnished in response to a request for a negative certificate; although, as discussed in the following section, receipt of the request for the negative certificate may be reportable to the U.S. government.

Prohibited and Punishable Conduct, continued

Discrimination

U.S. antiboycott laws prohibit discrimination against individuals and businesses on the basis of race, religion, sex, nationality, or national origin when undertaken in cooperation with, or in furtherance or support of, an unsanctioned boycott.

The Commerce antiboycott provisions forbid, for example, screening prospective employees or selecting employees with regard to whether they can or cannot obtain visas to enter boycotting countries. Furthermore, employees may not be selected for assignments in boycotting countries on the basis of race, religion, sex, nationality, or national origin.

However, an employer may, as a condition of employment, require a prospective employee to obtain a necessary visa to enter a boycotting country in which that individual will be required to work. Moreover, in certain circumstances, a company located outside the U.S. in a host country may comply with local laws requiring the employment of residents of the host country or prohibiting the employment of nationals of another country, provided the compliance is limited to activities exclusively within the host country.

Furnishing Information About Race, Religion, Sex, or National Origin

As part of the prohibition against discrimination, U.S. antiboycott laws generally prohibit furnishing information about race, religion, sex, nationality, or national origin for boycott reasons.

U.S. antiboycott laws generally prohibit furnishing information about race, religion, sex, nationality, or national origin for boycott reasons.

An exception to that prohibition permits an individual to comply with the immigration, passport, visa, or employment requirements of a boycotting country and with requests from a boycotting country for information (including information about race, religion, sex, nationality, and national origin)

when the requests are made to determine whether the individual meets requirements for employment within or entry into the boycotting country. However, that exception applies only when the individual furnishes information only about himself or herself or an immediate family member. An individual or business may not furnish that information about any other person, including employees, prospective employees, employers, or co-workers.

Because the specified information may be furnished in a visa application only by the applicant or a family member, the applicant should personally complete the application. However, a business and its employees may perform various administrative functions to expedite processing of visa applications of employees and prospective employees. Those functions include the following:

- Employees and prospective employees may be informed of visa requirements.
- Typing, translation, messenger, and similar services may be provided. For example, the Company may send the visa application filled out by an employee to an embassy for processing.



Prohibited and Punishable Conduct, continued

Furnishing Information About Business Relationships with or in Boycotted Countries or with Blacklisted Persons

Absent an applicable exception, no Company employee should furnish information about whether any individual or business has, has had, or proposes to have any business relationship with a boycotted country, with any company organized under the laws of a boycotted country, with any national or resident of a boycotted country, or with any person known or believed to be restricted for boycott reasons from having any business relationship with or in a boycotting country.

For example, no Company employee should furnish boycott-driven information to anyone outside the Company concerning whether the Company does business with or in Israel; does business with Israeli firms, nationals, or residents; or does business with any blacklisted firm, person, or ship.

Normal business information such as that found in annual reports, securities disclosure statements, catalogues, promotional brochures, and trade and business handbooks, may be furnished in a commercial context, as long as the information is not furnished in response to a boycott request. Examples include information relating to financial fitness, technical competence, or professional experience. However, even if the information is publicly available or could otherwise be furnished in a commercial context, it should not be furnished if the person furnishing it has reason to know that it is sought or will be used for a boycott purpose. That prohibition is one of the most comprehensive and stringently enforced antiboycott rules.

Furnishing Information Concerning Associations with Charitable and Fraternal Organizations

Generally, no Company employee should furnish or agree to furnish information about whether any individual or business is a member of, has made contributions to, or is otherwise associated with or involved in the activities of any charitable or fraternal organization which supports a boycotted country, such as Israel.

Letters of Credit

No Company employee should issue, open, accept, negotiate, pay, honor, confirm, or otherwise implement a letter of credit containing any prohibited condition or requirement. An example of a prohibited condition would be a requirement that the letter of credit not be negotiated by a bank of a certain country or that the seller furnish a “negative certificate” (e.g., a certificate or other assurance that a manufacturer, carrier, shipping company, or insurer is not blacklisted).

Certain positive certifications are permissible (e.g., a certification that goods are of U.S. origin). Check with the Law Department if you receive any proposed or final letter of credit containing any provisions referring to a boycotted country or provisions that appear to be boycott requirements.

Conclusion

Recognizing boycott-related requests can be complicated. For additional details and examples, see the Appendix. Contact the Law Department with any questions.

Reporting

In addition to prohibiting or penalizing the conduct broadly summarized in the previous section, the U.S. antiboycott laws mandate affirmative reporting of specified information to the U.S. government.

The Tax antiboycott provisions require a U.S. corporate taxpayer to report annually on its U.S. tax return specified information for itself and designated affiliates, including joint ventures, about their operations in or related to boycotting countries, their participation in unsanctioned boycotts, and requests received by them to participate in unsanctioned boycotts.

The Commerce antiboycott provisions require quarterly reporting of the receipt by U.S. persons of requests to take actions that would have the effect of furthering or supporting an unsanctioned boycott. Whether the requested action was taken must also be reported.

Reportable boycott requests may be either written or oral and may include requests to furnish information or enter into or carry out an agreement. Written requests may be in any type of document, but typically are found in contracts, requests for bids, letters of credit, and shipping documents.

Generally, such requests must be reported even if the Company: (1) does not respond to the request; (2) takes no action to comply with the request; or (3) negotiates an amendment removing the offending language. Requests may be reportable regardless of whether they are received inside or outside the United States. Contact the Law Department for assistance in determining whether a request is reportable.

Failure to comply with those reporting requirements may result in civil and criminal penalties, including substantial fines and, for individuals, imprisonment. In instances where the information is not available to the Company, for example where a joint

Generally, requests must be reported even if the Company: (1) does not respond to the request; (2) takes no action to comply with the request; or (3) negotiates an amendment removing the offending language.

venture that the Company does not control will not provide the information, you should consult the Law Department and Tax Department.

As this *Guide* suggests, collecting and identifying reportable antiboycott information can be difficult. The Company's Controller's and Tax Departments have systems for collecting potentially reportable information. That information is analyzed by the Tax and Law Departments and reported to the U.S. government as required. You should consider the information in this *Guide* with reference to your job activities and, as appropriate, assist with the proper analysis and reporting of boycott-related information.



Evasion

Even if a transaction would not violate any of the prohibitions or requirements discussed above, a violation of the Commerce antiboycott provisions may occur if any scheme or device is used to evade the provisions. The broadly phrased prohibition against evasion in the Commerce antiboycott provisions also prohibits anyone from assisting another to violate or evade the law.

Consequently, no U.S. person may arrange to have another person provide boycott information on its behalf which it could not provide itself, or have another person enter into an agreement on its behalf which it could not undertake directly. Under some circumstances, diverting a transaction from a U.S. parent to a foreign affiliate could be illegal if done for the purpose of complying with an unsanctioned boycott. However, altering a method of doing business solely for legitimate business reasons is not evasion.

Evasion may also include imposing special burdens on a person because the person is blacklisted or otherwise restricted for boycott reasons from doing business in a boycotting country. For example, evasion might include insisting that a supplier agree that even after title passes to the Company the supplier will bear the risk of loss and indemnify the Company, if the goods furnished by the supplier are denied entry into the boycotting country for any reason.



Exceptions

The Tax antiboycott provisions and the Commerce antiboycott provisions each contain exceptions, some of which have been discussed above. However, those exceptions are narrow in scope, complicated, and fact-specific. Each case should be reviewed with the Law Department and Tax Department.

For example, the Commerce antiboycott provisions provide limited exceptions for:

- ▶ compliance with specified import requirements of a boycotting country;
- ▶ compliance with specified requirements of a boycotting country regarding shipment of goods to that country;
- ▶ compliance with specified import and shipping document requirements of a boycotting country;
- ▶ compliance with a request of a boycotting country to select unilaterally and specifically a supplier of services to be performed in the boycotting country or a supplier of goods to be supplied to the boycotting country;
- ▶ compliance with a boycotting country's requirements regarding shipments and transshipments of exports from the boycotting country;
- ▶ compliance by an individual with the immigration, passport, visa, or employment requirements of a boycotting country; and
- ▶ compliance with local law by U.S. persons who are bona fide residents of a boycotting country.

U.S. antiboycott laws sometimes require reporting of requests even when an exception would permit compliance with the request.

The Tax antiboycott provisions do not contain an exception for compliance with local law by U.S. persons who are bona fide residents of a boycotting country, but do contain exceptions similar to the other exceptions listed above.

Underlying those exceptions is the recognition that all countries, including boycotting countries, have the sovereign right to determine what goods may be imported and what persons may be admitted into their sovereign territories. The U.S. antiboycott laws recognize those rights, but limit or penalize the assistance U.S. individuals and businesses provide to support boycotts against other U.S. persons and U.S. allies. U.S. antiboycott laws sometimes also require reporting of requests even when an exception would permit compliance with the request.

Open Door Procedures

The Company has an open door communications procedure set out in the *Standards of Business Conduct* that encourages employees to ask questions, voice concerns, and make appropriate suggestions regarding the business practices of the Corporation. A hotline for reporting issues is available and the number is published in the *Standards of Business Conduct* booklet made available to all employees and posted on the Company Sharepoint site. This number is 1-800-963-9966. Alternatively, a letter may be sent to the Global Security Manager, Exxon Mobil Corporation, P.O. Box 142106, Irving, Texas 75039.

Employees are encouraged to report violations through various channels without fear of retaliation. Employees are advised regularly that they should discuss any compliance concerns with their supervisor, and that if a matter is not being properly addressed at the supervisor level, they should request further reviews. Reviews should continue to the level of management appropriate to resolve the issue.

Penalties

Tax Antiboycott Provisions

In general, a U.S. company with income from operations or business interests outside the U.S. may take a credit against its U.S. federal income tax liability taxes paid directly or indirectly to foreign governments on such income. Under the Tax antiboycott provisions, a U.S. company can be denied those foreign tax credits based on participation in or cooperation with unsanctioned boycotts by the U.S. company or its affiliates. Participation or cooperation by one affiliate in one boycotting country potentially could result in the loss of foreign tax credits from the operations of all affiliates in all countries participating in an unsanctioned boycott. Depending on the circumstances, loss of foreign tax credits can impact a U.S. company severely.

Participation or cooperation by one affiliate in one boycotting country potentially could result in the loss of foreign tax credits from the operations of all affiliates in all countries participating in an unsanctioned boycott.

In addition to the loss of foreign tax credits, U.S. corporate taxpayers participating in unsanctioned boycotts may be penalized by the loss of other tax benefits relating to international operations and exports from the U.S.

In addition to loss of tax benefits, a U.S. corporate taxpayer's willful failure to report on its U.S. tax return information required by the Tax antiboycott provisions can trigger criminal penalties.

Commerce Antiboycott Provisions

Violation of the Commerce antiboycott provisions prohibiting participation in or support of unsanctioned boycotts or the provisions requiring reports of boycott requests can trigger criminal penalties, including fines and, in the case of individuals, imprisonment. Those penalties potentially apply to individuals and businesses based in the U.S., as well as other U.S. persons. In addition to or in lieu of criminal penalties, an individual or business can be assessed significant civil fines and lose the privilege to export from the United States.

Enforcement

Auditors from the Internal Revenue Service review company files in the course of their normal tax audits and use special IRS audit guidelines to help identify antiboycott issues.

The Office of Antiboycott Compliance of the Commerce Department has a staff whose sole function is to enforce the Commerce antiboycott provisions. The Commerce Department regularly publishes reports of related settlements and fines.

The U.S. Government can use its subpoena power to enforce the antiboycott laws and to obtain company files. Employee files at the office and at home may be subpoenaed, and employees may be compelled to testify under oath.

Appendix

The U.S. antiboycott laws are complex and violations can carry severe penalties. Employees violating these laws can be fined substantial amounts and even jailed. If you are ever in doubt about the application of the antiboycott laws to a particular situation or proposed course of action, you should consult with the Law Department and Tax Department, as appropriate. If you are in a job where you frequently encounter boycott-related requests, you should inform yourself in detail about the U.S. antiboycott laws.

The following is a short summary of the actions that you should never take unless you have received prior authorization from the Law Department and Tax Department:

- ▶ Do not refuse to do business with a supplier because you think the supplier's goods may not be importable into a boycotting country.
- ▶ Do not refuse to deal with a contractor because you think it may not be able to secure visas to permit its employees to enter a boycotting country.
- ▶ Do not ask any other person to refuse to do business with anyone for a boycott-related reason.
- ▶ Do not refuse to hire anyone because of his or her race, religion, sex, nationality, or national origin.
- ▶ Do not refuse to hire anyone because you think he or she may not be able to obtain a visa to enter a boycotting country.
- ▶ Do not ask anyone whether he or she is able to obtain a visa to enter a boycotting country.
- ▶ Do not furnish any information to anyone outside the company about the race, religion, sex, nationality, or national origin of any other person.
- ▶ Do not complete a visa application for anyone else related to that person's efforts to enter a boycotting country.
- ▶ Do not furnish any information to anyone outside the company about the company's or any other person's business dealings with or in a boycotted country, such as Israel, or with any person believed to be blacklisted.
- ▶ Do not implement or accept a letter of credit, or other contract, which requires certificates or contains conditions pursuant to the boycott laws of a foreign country.
- ▶ Do not agree to comply with the laws or regulations of a boycotting country (without the approval of the Law Department and Tax Department), even if the compliance clause does not specifically reference that country's boycott laws.

Examples

Boycott-related requests may come in many forms and contexts. They may be written or oral. They may be found in invitations to bid, purchase orders, terms and conditions of sale, proposed contracts, shipping instructions, letters of credit, bid or performance guarantees, consular requirements, or visa applications. They may appear in the main text, or in a legend, directive, or instruction. Occasionally, they come as stand-alone requests or survey questions.

Do not give or agree to give any negative certifications.

Do not use or keep any boycott-related blacklist or whitelist.

You should examine carefully each relevant communication to determine: (1) whether it contains a request to take impermissible or penalizable action; and (2) whether it contains a reportable boycott-related request, whether or not acquiescence would be permissible. The examples and key words and phrases that follow may help you identify boycott-related requests.

The following 11 terms are examples of terms that, if requested in connection with any proposed activity within the purview of the U.S. antiboycott laws, generally should not be agreed to or complied with and would be reportable to the U.S. government. These examples are illustrative, not exhaustive:

1. ABC Company shall abide by all laws, rules, regulations, and decrees concerning the boycott of [boycotted country].

Appendix, continued

2. ABC Company declares that it does not have branches in [boycotted country], does not trade in [boycotted country] goods, does not have agents or distributors in [boycotted country], etc.
3. ABC Company agrees that the goods to be furnished shall not be sourced from firms having [boycotted country] capital.
4. ABC Company agrees that none of the goods to be furnished under this contract shall be obtained from a firm which is blacklisted.
5. ABC Company agrees that the goods to be furnished shall not be shipped on vessels which are blacklisted or manufactured by companies which are blacklisted or insured by companies which are blacklisted.
6. ABC Company agrees that it shall comply with the laws of [known or suspected boycotting country].
7. ABC Company certifies that none of the goods covered by this letter of credit, invoice, or bill of lading are of [boycotted country] origin.
8. ABC Company shall certify that the vessel transporting the goods is eligible to enter the ports of [known or suspected boycotting country, except Saudi Arabia] in conformity with its laws and regulations.
9. ABC Company agrees not to ship the goods on any vessel which has called at any [boycotted country] port in the past six months.
10. ABC Company agrees not to license its patents and trademarks to nationals of [boycotted country].
11. ABC Company shall designate its cargo insurance company's agent in [boycotting country] and shall provide the address.

The following five terms are examples of terms that normally would not trigger penalties or sanctions; some would be reportable to the U.S. government, and some would not:

1. ABC Company agrees that the goods shall not be shipped on a vessel flying the [boycotted country] flag or owned or controlled by nationals of [boycotted country] and which will not call at a [boycotted country] port enroute to the [boycotting country].

(Agreement to that term is permissible as a reasonable precaution against the risk of confiscation of the goods in the event of war. Note, however, that term is permissible only so long as it relates to the period of time during which the U.S. person's goods are on board the transporting vessel and the request comes from the country where the goods will be received. Thus, for example, an agreement which is permissible with respect to a vessel traveling to a boycotting country to discharge cargo would not be permissible for a vessel going empty to load cargo.)
2. ABC Company shall certify that the vessel transporting the goods is eligible to enter the ports of Saudi Arabia in conformity with its laws and regulations. (Although this example is identical to example (8) above except as to the destination country, that term is permissible in the case of Saudi Arabia because Saudi Arabia has stated to U.S. governmental authorities that the requirement for a vessel eligibility certification is not boycott-related, but rather relates to maritime matters, such as vessel age and condition. This exception applies only to Saudi Arabia.)
3. ABC Company agrees that the laws of [known or suspected boycotting country] shall apply to the performance of this contract in the host country. (Note the distinction between "laws shall apply" in this example and "shall comply" in example (6). Under U.S. antiboycott laws, agreeing generally that the laws of a boycotting country "shall apply" when there is no specific mention of boycott laws is permissible, but agreeing to "comply" generally with the laws of a boycotting country can lead to tax penalties, even if the boycott laws are not specifically referenced.)
4. ABC Company agrees that "the import and customs laws and regulations of the [boycotting country] shall apply to the furnishing and shipment of any products or components thereof to [the boycotting country] including the rules governing prohibition of import." (An agreement that the import and customs laws and regulations of a boycotting country shall apply or will apply to the furnishing and shipment of any products or components to a boycotting country, including rules governing prohibitions on certain imports, is not a prohibited or penalizable refusal to do business.)

Appendix, continued

5. ABC Company certifies that the goods furnished under this invoice or bill of lading are of U.S. origin. (Note the distinction between the positive certification in this example and the negative certification cited in example (7) above. U.S. antiboycott laws permit appropriate positive certifications.)

As the examples show, the U.S. antiboycott laws draw fine lines between propriety and impropriety. You should pay careful attention to words and phrases, as well as substance. When in doubt, consult the Law Department or Tax Department.

Key Words and Phrases

The following key words and phrases may alert you to a boycott-related request in a conversation or document.

- ▶ Any reference to "Israel" or other "boycotted" or "embargoed" countries.
- ▶ Any reference to "blacklisted" companies, persons, or vessels.
- ▶ Any reference to the "eligibility" of the transporting vessel to enter the destination country's ports.
- ▶ Any requirement to "comply" with the host country's laws.
- ▶ Any request for the "place of birth" or "nationality" of or other personal information about an employee, an employee's parents, or a supplier.
- ▶ Any requirement to certify the "origin of the goods."
- ▶ Any requirement that a supplier retain the "risk of loss" of goods until after their entry into the destination country.
- ▶ Any requirement to furnish information concerning business relationships with particular countries or companies.

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The ExxonMobil logo, featuring the word "Exxon" in a bold, sans-serif font with a stylized "X" and "Mobil" in a similar font to its right.

Revised 2014 (p.3 2019)

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