

# ExxonMobil: Climate Policy Engagement Overview

An investor briefing to inform voting on Item 10 at ExxonMobil's 2021 AGM

April 2021

## Executive Summary

- On May 26<sup>th</sup> 2021, ExxonMobil investors will vote on a shareholder resolution requesting that the company reports on how its “lobbying activities (direct and through trade associations) align with the [...] Paris Climate Agreement” (see page 80 of ExxonMobil's *2021 Proxy Statement*). This briefing provides an overview of ExxonMobil's direct and indirect climate-related policy engagement. The briefing contains data from InfluenceMap's online platform which tracks, assesses and scores over 300 companies and 150 industry associations on their engagement with climate change policy against Paris-aligned benchmarks.
- InfluenceMap analysis indicates that ExxonMobil's direct climate policy engagement is misaligned with the goals of the Paris Agreement. The company has not supported existing climate policies such as renewable fuel mandates, while actively promoting a role for fossil fuels in the future energy mix. A summary of the company's direct climate policy engagement, including access to the underlying data, is on [page 4](#).
- ExxonMobil does not transparently disclose on its use of industry associations to influence climate change policy. InfluenceMap's analysis of ExxonMobil's indirect climate policy engagement via industry associations is available on [page 5](#).
- For example, ExxonMobil is a member of several US industry associations displaying highly strategic and negative engagement with climate legislation and regulation, including [the American Petroleum Institute, National Association of Manufacturers, American Fuel and Petrochemical Manufacturers](#) and the [US Chamber of Commerce](#). A detailed overview of these industry associations' climate policy engagement is available on [page 5](#).

## Background: Item 10 on corporate climate lobbying

Engagement with companies over their climate policy engagement is now firmly on the investor agenda on climate change. It is an integral part of the *Climate Action 100+* (CA100+) investor-engagement process, which now has over 545 investor signatories with a total of \$52 trillion in assets under management.

As a research partner to CA100+, InfluenceMap maintains a global system for tracking, assessing and scoring companies on their engagement with climate change against Paris-aligned benchmarks, currently covering around 300 companies along with 150 of their key industry associations.

InfluenceMap refers to the UN's *Guide for Responsible Corporate Engagement in Climate Policy* as a guide for what constitutes engagement. This can include advertising, social media, public relations, sponsoring research, direct contact with regulators and elected officials, funding of campaigns and political parties and participation in policy advisory committees.

This briefing provides an overview of ExxonMobil's direct and indirect climate policy engagement, to inform voting decisions on the shareholder resolution summarized in Table 1 below. This resolution will be voted on at ExxonMobil's Annual General Meeting (AGM) on May 26th 2021.

**Table 1: Key Information for Item 10 at ExxonMobil's 2021 AGM**

Item 10: Report on corporate climate lobbying in line with the Paris Agreement			
<b>Lead Filer:</b>	BNP Paribas AM (France)	<b>AGM Date:</b>	May 26 <sup>th</sup> 2021
<b>Proposal Summary:</b> <i>The full resolution text is available <a href="#">here</a>.</i>	"Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, ExxonMobil's lobbying activities (direct and through trade associations) align with the goal of limiting average global warming to well below 2 degrees Celsius (the Paris Climate Agreement's goal). The report should also address the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks."		

Following growing investor scrutiny on corporate lobbying behavior, companies are increasingly facing shareholder resolutions on climate policy engagement. The number of resolutions filed in this category has significantly increased in the last three years, becoming the most popular among the climate-relevant resolution universe *monitored by InfluenceMap*: 17 in 2020, compared with 8 in 2018 and 13 in 2019.

This trend appears to be continuing in 2021, with investors filing record numbers of resolutions specifically calling for Paris-aligned policy engagement. InfluenceMap is producing a series of investor briefings on companies facing these resolutions in 2021, with more information available [here](#).

## Summary of ExxonMobil’s climate policy engagement

### Overview

InfluenceMap’s methodology, available [on our website](#), uses seven publicly available data sources to gather evidence of company and industry association engagement on a range of climate-related policy streams. Each item of evidence is scored against benchmarks based on the advice of *IPCC science* or the stated intentions of governments looking to implement the Paris Agreement. This process can result in hundreds of scored evidence items, providing a robust basis to assess the extent to which a company’s climate policy engagement, and that of its industry associations, is Paris-aligned.

InfluenceMap’s online profile of ExxonMobil, including access to the underlying data which forms this assessment, can be found [here](#). The analysis of ExxonMobil’s industry association relationships, including detailed profiles for each association, can be explored via the "Details of Relationship Score" tab. An overview of this assessment is provided in Table 2 below. Further analysis of how these metrics compare to other oil and gas companies in InfluenceMap’s system can be found in the Appendix of this document.

**Table 2: Overview of InfluenceMap’s assessment of ExxonMobil**

ExxonMobil		
Performance Band	E+	<b>Performance Band (A+ to F)</b> is a full measure of a company’s climate policy engagement, accounting for both its own engagement and that of its industry associations. A+ indicates full support for Paris-aligned climate policy, with grades from D to F indicating increasingly obstructive climate policy engagement.
Organization Score	42%	<b>Organization Score (0 to 100)</b> expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement, with scores under 50 indicating “internal” misalignment between the Paris Agreement and the company’s detailed climate policy engagement.
Relationship Score	37%	<b>Relationship Score (0 to 100)</b> expresses how supportive or obstructive the company’s industry associations are towards climate policy aligned with the Paris Agreement, with scores under 50 indicating “external” misalignment between the Paris Agreement and the detailed climate policy engagement of the company’s industry associations.
Engagement Intensity	40%	<b>Engagement Intensity (0 to 100)</b> is a measure of the level of policy engagement by the company, with scores above 12 indicating active engagement, and scores above 25 indicating highly active or strategic engagement.

## Summary of direct climate policy engagement

InfluenceMap's analysis of ExxonMobil's direct climate policy engagement is based on 415 independent data points, 68 of which have been logged since 2020. This section contains embedded links to our online platform where over 30,000 pieces of assessed evidence are archived.

- **Mixed support for climate action:** The New York Times *reported* in 2021 that ExxonMobil supported the US rejoining the Paris Agreement and, in a 2020 press release, CEO Darren Woods *stated* that he supports net-zero by 2050. On its corporate website, however, ExxonMobil *appears to suggest* that it would be more likely to support scenarios that achieve 2°C compared to those that aim for well-below 2°C or towards 1.5°C. In 2020, the company consistently cited *concerns regarding rising energy demand* and *the technical and economic feasibility of ambitious decarbonization pathways* to suggest that approaches involving less urgent action to transition the energy mix are preferable.
- **Support for carbon pricing at the expense of climate regulation:** ExxonMobil has consistently supported the implementation of an economy-wide price on carbon, for example in an *opinion piece* by CEO Darren Woods in the Wall Street Journal in April 2021. However, the company appears to use this support for market-based mechanisms to oppose other forms of climate-related policy. In March 2021, Woods *stated* in a blog on ExxonMobil's website that a carbon price would allow policymakers "to eliminate the inefficient patchwork of regulations that is broadly recognized to be more expensive". The 2018 *IPCC Special Report on Global Warming of 1.5°C states* that carbon pricing alone is unlikely to trigger the necessary system transitions and needs to be embedded in consistent policy packages, including stringent regulations and performance standards.
- **Opposing ambitious US climate policies:** In its *2020 submission* to the US Environmental Protection Agency on the proposed Renewable Fuel Standards, ExxonMobil appeared to advocate for the mandated volumes of renewable fuels to be decreased, adding that it supports the repeal of the Renewable Fuel Standard. In a 2020 press release, ExxonMobil *proposed* its own framework for regulating methane emission reductions in the US. However, analysis from the *Environmental Defense Fund* found the proposed framework to be weaker than most existing state and federal regulations.
- **Not supporting the energy transition:** ExxonMobil has consistently opposed measures to transition the energy mix in various jurisdictions. In Australia, the Sydney Morning Herald *reported* in October 2020 that Exxon advocated in favor of fossil fuel subsidies to aid the sector in response to the COVID-19 pandemic. The EU Observer *reported* in July 2020 that ExxonMobil lobbied to water down the EU Hydrogen Strategy to include hydrogen generated from natural gas, reducing the strategy's focus on renewable hydrogen. InfluenceMap's *2019 report* found that ExxonMobil also spends heavily on social media advertising in the US, using a range of messaging tactics to promote support for increased fossil fuel production and target specific climate regulations.

## Summary of indirect climate policy engagement via industry associations

InfluenceMap's platform tracks and analyzes the climate policy engagement of over 150 industry associations using the same benchmarks and scoring process applied to companies. This gives an assessment of each association's engagement against Paris-aligned benchmarks. This section details InfluenceMap's analysis of key industry associations of which ExxonMobil is a member.

- **There is a lack of transparency concerning ExxonMobil's use of industry associations to influence climate change policy.** Although ExxonMobil has published a list of industry associations it holds memberships with but with no further details of its role within each organization's governing bodies nor influence over their climate change policy positions.
- InfluenceMap analysis indicates that ExxonMobil likely **holds 26 memberships** to industry associations with misaligned climate policy engagement (ranked as a D or below by InfluenceMap's system), including **three memberships** to industry associations with strongly misaligned climate policy engagement (ranked as an F or below). These include *National Association of Manufacturers (NAM)*, *Australian Petroleum Production & Exploration Association (APPEA)*, *American Petroleum Institute (API)*, the *US Chamber of Commerce* and the *American Fuel and Petrochemical Manufacturers (AFPM)*. ExxonMobil's senior executives holds executive committee positions at numerous misaligned industry associations, including *NAM*, *APPEA* and *AFPM*, while CEO Darren Woods sits on the executive committee of the *API*.

Table 3 below gives an overview of four key industry associations with examples of recent obstructive climate policy engagement. Detailed profiles for all ExxonMobil's industry associations can be explored via the "Details of Relationship Score" tab on InfluenceMap's *company profile*.

**Table 3: Evidence of recent climate policy engagement by ExxonMobil's key industry associations**


Industry Association	Performance Band	Examples of recent climate policy engagement
<i>Australian Petroleum Production &amp; Exploration Association (APPEA)</i>	E+	<ul style="list-style-type: none"> <li>● <b>April 2021:</b> In a <i>press release</i>, APPEA appeared to support the Australian government's "gas-fired recovery" from COVID-19 while supporting an increase in natural gas investments to aid economic growth.</li> <li>● <b>September 2020:</b> In a Sky News interview, APPEA's CEO Malcolm Rodgers appeared to <i>support reform</i> to change the remit of the Australian Renewable Energy Agency from funding renewable energy to funding 'low emissions technology', which could include natural gas.</li> <li>● <b>April 2020:</b> APPEA pushed for support for fossil fuel development in response to the COVID-19 pandemic. A letter from APPEA to policymakers appeared to show the company <i>advocating for 'fast-tracking'</i> brownfield coal developments, while a submission to policymakers on the Technology Investment Roadmap appeared to show it was advocating an <i>expansion</i> in gas usage Northern Territory, as well as lobbying for new fossil fuel <i>subsidies</i> through its website.</li> </ul>

<p><i>American Fuel and Petrochemical Manufacturers (AFPM)</i></p>	<p>E-</p>	<ul style="list-style-type: none"> <li>● <b>February 2021:</b> A post on AFPM's blog appeared to <i>support</i> an effort by State Governors of Louisiana, Texas, Oklahoma, Utah, Wyoming, and Pennsylvania for refineries to receive general waivers from the Renewable Fuel Standard from the EPA.</li> <li>● <b>January 2021:</b> In a press release, AFPM <i>opposed a decision</i> by the 10th Circuit court that would reduce the number of small refineries able to seek economic relief under the Renewable Fuels Standard.</li> <li>● <b>May 2020:</b> AFPM <i>attempted legal action</i> against California's CARB regulations that aimed to cut GHG emissions from vehicles by 20% by 2030.</li> </ul>
<p><i>American Petroleum Institute (API)</i></p>	<p>F</p>	<ul style="list-style-type: none"> <li>● <b>January 2021:</b> In a keynote speech, API CEO Mike Sommers appeared to argue <i>against</i> a ban on fracking. In its State of American Energy report, API appeared to <i>oppose</i> restrictions on federal waters and land for oil and gas production and the <i>renewal</i> of the Nationwide Permit 12 program while supporting the <i>weakening</i> of the National Environmental Policy Act – both of which serve to make permitting approval processes for oil and gas infrastructure quicker and easier.</li> <li>● <b>November 2020:</b> The API reportedly <i>supported the removal</i> of restrictions on oil and gas production in the Arctic National Wildlife Refuge, as well as suggesting punitive measures, such as preventing access to COVID-19 relief funding for banks that have chosen not to fund Arctic-drilling projects.</li> <li>● <b>November 2020:</b> CEO Mike Sommers <i>stated</i> that API would use “every tool at its disposal” including legal action to block a proposed ban on fracking on federal land and water.</li> <li>● <b>September 2020:</b> API reportedly <i>opposed</i> an expanded moratorium on offshore oil and gas development off the coast of Florida.</li> <li>● <b>April 2020:</b> API on Twitter appeared to <i>heavily criticize</i> the Renewable Fuel Standard, <i>tweeting</i> that “it is time to get rid of this broken mandate.”</li> </ul>
<p><i>US Chamber of Commerce (The Chamber)</i></p>	<p>F</p>	<ul style="list-style-type: none"> <li>● <b>January 2021:</b> In a press release, the Chamber appeared to strongly oppose Biden's executive orders to revoke the permit for the <i>Keystone XL pipeline</i> and pause <i>oil and gas leases</i> on federal lands.</li> <li>● <b>2017 to 2020:</b> The Chamber lobbied policymakers heavily to weaken and roll back national fuel economy standards. In August 2019, it <i>wrote a letter</i> to the US Secretary of Transport seeking to lower the fuel economy standards. In September 2020, the Chamber took <i>legal action</i> to support the revocation of California's right to enact its own, stronger fuel economy standards.</li> <li>● <b>February 2019:</b> The Chamber took legal action to <i>support</i> the Atlantic Coast Pipeline.</li> </ul>
<p><i>National Association of Manufacturers (NAM)</i></p>	<p>F</p>	<ul style="list-style-type: none"> <li>● <b>January 2021:</b> In a press release, NAM CEO Jay Timmons <i>opposed</i> President Biden's decision to revoke the permits for the Keystone XL Pipeline.</li> <li>● <b>January 2020:</b> According to media sources, the NAM <i>supported</i> the overhaul of the National Environmental Policy Act, noting it had lobbied the administration to make the exact changes that were successfully enacted.</li> <li>● <b>June 2019:</b> The NAM advocated for wide-ranging <i>regulatory rollback</i>, including the Clean Power Plan, in a letter to the Trump administration.</li> <li>● <b>February 2019:</b> The NAM filed an amicus curiae supporting the <i>Atlantic Coast Pipeline</i>, among other amicus briefs highlighting the national economic value of <i>oil and natural gas infrastructure</i>.</li> </ul>

## Appendix: Comparison of ExxonMobil's climate policy engagement

Table 4 below shows how ExxonMobil's corporate climate policy engagement compares to other energy companies assessed in InfluenceMap's database. Details of our metrics can be found [on our website](#).

**Table 4: How ExxonMobil's climate policy engagement compares to sector peers**

Metric	<b>ExxonMobil</b>	Sector Average (Global)	Sector Leader <sup>1</sup>  Royal Dutch Shell	Comment
Performance Band	<b>E+</b>	<b>D-</b>	<b>C-</b>	Bottom 40% of sector
Organization Score	<b>42%</b>	<b>42%</b>	<b>69%</b>	Around average for sector
Relationship Score	<b>37%</b>	<b>34%</b>	<b>45%</b>	Around average for sector
Engagement Intensity	<b>40%</b>	<b>18%</b>	<b>56%</b>	Top 10% for sector

<sup>1</sup>Sector leader determined by overall Performance Band.

Table 5 below compares ExxonMobil's climate policy engagement to major corporations across a range of sectors, by climate score (i.e. Performance Band) and engagement intensity. This graphic shows that ExxonMobil is one of the most active and negative companies assessed by InfluenceMap globally.

**Table 5: How ExxonMobil's climate policy engagement compares to the wider InfluenceMap universe of companies**

