

Climate Lobbying Report

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.

Supporting Statement

According to the United Nations Environment Programme's most recent annual "Emissions Gap Report" (November 26, 2019), critical gaps remain between the commitments of national governments and the actions required to prevent the worst effects of climate change. Companies have an important and constructive role to play in enabling policy-makers to close these gaps.

Corporate lobbying that is inconsistent with the goals of the Paris Agreement presents regulatory, reputational and legal risks to investors. These efforts also present systemic risks to our economies, as delays in implementation of the Paris Agreement increase the physical risks of climate change, pose a systemic risk to economic stability and introduce uncertainty and volatility into our portfolios. We believe that Paris-aligned climate lobbying helps to mitigate these risks, and contributes positively to the long-term value of our investment portfolios.

Of particular concern are trade associations and other politically active organizations that speak for business but too often present forceful obstacles to progress in addressing the climate crisis.

As investors, we view fulfillment of the Paris Agreement's agreed goal—to hold the increase in the global average temperature to "well below" 2°C above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5°C— as an imperative. We believe that unabated climate change will have a devastating impact on our clients, plan beneficiaries, and the value of their portfolios. We see future "business as usual" scenarios of 3-4°C or greater as both unacceptable and uninvestable.

In 2019, two hundred institutional investors managing \$6.5 trillion wrote to ExxonMobil, seeking to understand how the company is managing this critical governance issue. Insufficient information is available to evaluate how ExxonMobil ensures that its lobbying activities, directly, in the company's name, and indirectly, through trade associations, align with the Paris Agreement's goals, and how misalignments are addressed. The investors received no response. By contrast, more than a dozen large European companies have reached agreement with investors. Shell, BP and Total have published reports evaluating the positions their trade associations are taking on climate change.

We commend the company for its public support for strong methane regulations and its decision to withdraw from at least one membership organization due to its positions on climate change. However, publicly available information on ExxonMobil's ongoing lobbying efforts through trade associations still presents serious concerns.

We urge the Board and management to assess the company's climate related lobbying and report to shareholders.