

ExxonMobil, Chevron investors vote for more action on climate change

May 27 2021, by John Biers

ExxonMobil is getting at least two board members who want the oil giant to more aggressively tackle climate change.

Investors rejected the responses of US oil giants to climate change Wednesday, installing activist board members at ExxonMobil and directing Chevron to deepen emissions cuts.

The dual decisions at the two biggest US oil giants' annual meetings are clear evidence that addressing climate change has moved from being an environmentalist cause to one championed by mainstream investors.

At ExxonMobil, two board nominees from activist group Engine No. 1 won enough votes to secure board seats. Shareholders also backed a proposal requiring a report on the oil giant's lobbying activities on climate change.

At Chevron, a majority of investors approved an activist proposal calling on the company to reduce "scope 3" emissions, which encompass energy products.

Earlier in the day, a Dutch court ordered oil giant Shell to slash its greenhouse gas emissions by a net of 45 percent by the end of 2030 following a challenge launched by environmental group Friends of the Earth.

"Today's Exxon vote sends the unmistakable signal that [climate action](#) is a financial imperative," said Fred Krupp, president of Environmental Defense Fund.

"Now Exxon's board has an important responsibility to help the company transform its approach to the climate crisis and energy transition."

Counting continues

Engine No. 1's Gregory Goff and Kaisa Hietala secured enough votes to join ExxonMobil's board, along with Chief Executive Darren Woods and seven other incumbent directors who were reelected, said ExxonMobil corporate secretary Stephen Littleton.

A third Engine No. 1 nominee, Alexander Karsner, was still in contention for a board seat, along with four incumbent board members. Engine No. 1's fourth nominee, Anders Runevad, was not elected, ExxonMobil said.

The final outcome is "too close too call," pending further counting of votes, ExxonMobil said in a statement following the meeting.

In an unusual move, ExxonMobil halted the meeting for an hour after the shareholder proposals were presented.

Engine No. 1 released a statement during the pause blasting the interruption as part of the company's "last-ditch attempt to entrench (the) board and preserve the status quo."

After the results were announced, Woods congratulated the Engine No. 1 candidates and pledged to work with them to meet shareholder expectations.

The company had launched a lobbying offensive to re-elect its incumbent board, arguing it was taking meaningful action to address climate change.

Those steps were announced after Engine No. 1 launched its campaign in late 2020, making Wednesday's election contest unpredictable.

"We've heard from shareholders about their desire to catalyze further progress at ExxonMobil and we are well prepared to deliver," Woods said after the vote.

'Change is coming'

Engine No. 1's Charlie Penner expressed uncertainty about the vote during remarks at the outset of the meeting.

"No matter what the outcome of this vote, change is coming," said Penner, who noted ExxonMobil "cannot easily walk away from" its promises made after the insurgent campaign launched.

The oil company in January established a new "low carbon solutions" business to commercialize carbon capture technology and announced two new board members in March in a move intended to signal openness to change.

Earlier this week, it pledged to appoint two more board members in the next 12 months, one with energy industry experience and one with climate experience.

ExxonMobil has faced battles at annual meetings over [climate](#) change for decades, with shareholders pushing resolutions to make it take stronger action.

Oil majors worldwide are under intensifying pressure to develop more aggressive policies on [climate change](#) and embrace renewable energy.

Critics had characterized ExxonMobil's carbon capture plan as a public relations-driven rebranding of existing initiatives that requires significant new laws to become widespread and economically viable.

European rivals such as BP, Royal Dutch Shell and Total have undertaken renewable investments and pledged to attain net-zero carbon emissions by 2050.

The International Energy Agency (IEA) earlier this month said all future fossil fuel projects should be scrapped if the world is to reach net-zero carbon emissions by 2050 and stand any chance of limiting warming to 1.5 degrees Celsius (2.7 degrees Fahrenheit).

The IEA report goes well beyond existing policies adopted by the United States and other governments.

US President Joe Biden's administration, for example, has endorsed

renewable energy investment, but has not supported an immediate phase-out of new fossil fuel investment.

Both ExxonMobil and Chevron have insisted on the need for continued investment in oil and gas development while announcing new environmental initiatives in recent months.

Woods called the recent IEA analysis a "helpful" contribution, saying reducing emissions is a "complex problem and a challenging one" that will require new technology and government policies.

Shares of ExxonMobil rose 1.2 percent to close at \$58.94, while Chevron added 0.2 percent at \$104.12.

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