

Roll Call

POLICY

Exxon Mobil's lobbying report sets benchmark, ESG advocates say

Energy giant provides details on 2020 activity

[Exxon Mobil's lobbying report sets benchmark, ESG advocates say - Roll Call](#)

By [Ellen Meyers](#)

Posted March 10, 2022 at 7:00am

A report from Exxon Mobil Corp. outlining its lobbying activities is giving investors insight into how one of the world's largest oil and gas companies advocates on climate policies and other issues and sets a benchmark to measure disclosure on political spending by other companies, advocates say.

Exxon Mobil released the report on its 2020 lobbying efforts on climate in response to a shareholder resolution from the United Steelworkers trade union and the Dominican Sisters of Grand Rapids, a religious congregation in Michigan. The proposal garnered 55 percent of votes cast at the company's annual meeting last year, thanks to support from BlackRock Inc. and The Vanguard Group Inc., two of the world's largest fund managers.

The report aggregates the oil company's lobbying information at the federal level and is consistent with documents filed regularly with the Senate's official lobbying database, such as legislation the company focused on and what parts of the government were targeted by Exxon Mobil's in-house and contracted lobbyists. It also gives some information on political spending across 10 state legislatures and the "Exxchange" initiative, the company's online grassroots lobbying community.

Exxon Mobil reported it spent about \$4.9 million lobbying federal lawmakers and regulators and more than \$893,000 for state-level lobbying. More than half of the 2020 expenditures on state lobbying focused on bills and policies in Alaska, California and Texas. The company also spent about \$1 million on grassroots lobbying in the same period.

“We have a responsibility to our customers, employees, communities and shareholders to represent their interests in public policy discussions that impact our business,” Exxon Mobil said in the report.

Exxon Mobil broadly states its positions on climate, such as support for the Paris Agreement, as well as on trade agreements, investment protections and tax regulations. The company said its lobbying is centered on “practical policy solutions” that can meet growing demand for cleaner energy while ensuring affordability and reliability.

“Durable and predictable market-driven policies can further incentivize developments, and scale investments in lower-emission technologies to help achieve the Paris Agreement goals at the lowest cost to society,” the company said.

Expectations for more information

The Irving, Texas-based company is also expected to publish more information on how its lobbying activities align with the goal of the Paris Agreement to limit average global warming to below 2 degrees Celsius, according to sources familiar with the matter. That report will be in response to a separate shareholder proposal from BNP Paribas Asset Management and Dana Investment Advisors.

A spokesman for the company didn't immediately respond to questions about specifics of Exxon Mobil's lobbying activities and the broader shareholder movement on disclosure.

Transparency around companies' lobbying efforts and political spending has become a key focus for investors concerned with environmental, social and governance issues. The Interfaith Center on Corporate Responsibility, an association made up of 300 faith-based organizations, said resolutions related to lobbying and political spending disclosure make up more than 12 percent of the record-breaking 436 shareholder proposals filed for this year's proxy season.

With the rise in such proposals, companies have been more eager to engage with shareholders and reach agreements in which they pledge to implement business strategies and governance changes that address key ESG issues in exchange for shareholders withdrawing the related proposal to avoid a vote at annual meetings.

“This is a big step forward,” said Frank Sherman, executive director of the Seventh Generation Interfaith Coalition for Responsible Investment, a Wisconsin-based coalition of institutional faith-based investors.

Seventh Generation Interfaith and its members had joined other shareholders in campaigning on the lobbying disclosure proposal since 2013, arguing that Exxon Mobil would suffer from reputational risk from its previous lobbying and policies, Sherman said in an interview. Over the years, the company resisted those efforts, contending that it already had enough public disclosure through federal and state reporting requirements.

The activist shareholder campaign reached a turning point last year, when the lobbying disclosure resolution garnered majority support for the first time. The company also faced a reckoning with the election of three independent directors promoted by activist investor Engine No. 1.

Those two factors, along with continued shareholder engagement with investors, contributed to Exxon Mobil creating a lobbying disclosure report, Sherman said. The company has committed to releasing an annual update, and the shareholders have withdrawn their proposal for this year’s annual meeting.

“We have our issues with Exxon Mobil, so we don't shy away from our beliefs,” he said. “But we try to give credit where credit is due.”

While the report represents significant progress on disclosure, others are hoping to see more from Exxon Mobil and other companies on their advocacy efforts.

The report provides only ranges on how much money the company gives to trade associations that lobby on behalf of Exxon Mobil and other companies. For example, the company said it gave between \$10 million and \$12 million to the American Petroleum Institute during 2020 and between \$2.5 million and \$4.9 million to the U.S. Chamber of Commerce in the same period.

'A lot of sunlight'

Sherman said he hopes the company will go further in future disclosure by incorporating social media and advertising, given that they can be used to influence the public and policymakers. Investors would also want to see more information behind the governance process that shapes Exxon Mobil’s policy positions.

“The efforts around lobbying disclosure, we think they hit the mark,” Sherman said. “We always see areas for improvement, but this is now a benchmark for other companies to try to emulate.”

“This is a lot of sunlight that didn’t exist before,” he added.

Companies also need to address election-related spending in conjunction with lobbying efforts, said Bruce Freed, president of the Center for Political Accountability. The organization published a report last month on corporate political contributions from the last three election cycles. According to the findings, Exxon Mobil donated more than \$350,000 to the Republican Attorneys General Association, a group that has contributed to key attorney general races and candidates who have opposed robust emission reduction goals and other climate policies.

A separate shareholder resolution from the Unitarian Universalist Association and Newground Social Investment calls on Exxon Mobil to report semiannually on its political contributions to election campaigns. The company has not reached an agreement on that proposal.

“The third-party spending is very important, because that's where companies give and may not be paying attention to what the consequences are,” Freed said in an interview.

ESG investors’ push for greater disclosure on political spending and lobbying efforts has attracted attention from some lawmakers. A bill (HR 1087) from Rep. [Bill Foster](#), D-Ill., that would require the Securities and Exchange Commission to require public companies to report quarterly on political spending advanced out of the House Financial Services Committee in June, but has since seen no action.

The SEC previously faced roadblocks due to riders often included in appropriations that prevent the agency from issuing rules on political spending disclosure. That rider was removed last year from the annual spending bill for the first time since 2015 and remained off the current fiscal year's appropriations package, according to text published early Wednesday.

“I’m encouraged companies are starting to take proactive steps to make it easier for their shareholders to get this information, and I hope more corporations will prioritize transparency for their investors,” Foster said in a statement.