Union of Concerned Scientists

FACT SHEET

THE 2018 CLIMATE ACCOUNTABILITY SCORECARD

Climate Accountability at ExxonMobil

HIGHLIGHTS

In this update to our 2016 Climate Accountability Scorecard*, the Union of Concerned Scientists (UCS) has found that ExxonMobil responded to pressure by leaving the American Legislative Exchange Council (ALEC), publicly supporting a federal carbon tax, and announcing methane emissions reduction measures. However, ExxonMobil continues to misrepresent climate science in its own public statements, hold leadership positions in trade and industry groups that spread climate disinformation and seek to block climate action, and avoid doing its part to bring about a world free from carbon pollution.*

Since Union of Concerned Scientists (UCS) issued its inaugural *Climate Accountability Scorecard* in 2016, the fossil fuel industry has faced mounting shareholder, political, and legal pressure to stop spreading climate disinformation and dramatically reduce global warming emissions from its operations and the use of its products. This follow-up study of eight major oil, gas, and coal companies (Arch Coal, BP, Chevron, ConocoPhillips, CONSOL Energy, ExxonMobil, Peabody Energy, and Royal Dutch Shell) found that they are responding to these growing mainstream expectations.

However, the organization's analysis also found that these companies' actions, on the whole, remain insufficient to prevent the worst effects of climate change. None of these companies have demonstrated a level of ambition consistent with keeping global temperature rise within the Paris climate agreement limits that some of them claim to support, many downplay or misrepresent climate science, and all continue to spread climate disinformation through trade and industry groups.

In 2018, we evaluated the same eight companies on 28 metrics that are largely the same as those we assessed in 2016 (Mulvey et al. 2016). The study focused on the period from July 2016 through June 2018. The metrics and criteria are separated into four broad subject areas: renouncing disinformation on climate science and policy, planning for a world free from carbon pollution, supporting fair and effective climate policies, and fully disclosing climate risks. For each area, we gave each company a score, ranging from "advanced" (which means that the company is demonstrating best practices) to "egregious" (which means that the company is acting very irresponsibly). ExxonMobil's score improved in two areas and remained the same in two areas.

TABLE 1. ExxonMobil Company Overview

ExxonMobil™	Global producer, refiner, and marketer of oil and natural gas
Location of Headquarters	Irving, TX
CEO and Executive Chairman	Darren Woods
2017 Annual Revenues	$244.363 Billion
2017 Annual Profit	$19.710 Billion

SOURCE: EXXONMOBIL CORPORATION 2017A.

Scorecard Highlights

- In December 2017, ExxonMobil successfully pressured ALEC to drop an anti-climate science resolution that sought to undermine Environmental Protection Agency (EPA) action to curb global warming emissions (Cama 2017). In July 2018 (outside our study period), ExxonMobil became the latest oil and gas company to leave the lobbying group (Reuters 2018).
- The company has a detailed policy to govern its corporate political contributions and to serve as the basis for its spending decisions. It also has an easily accessible web page detailing its political activity. ExxonMobil policy requires that the board of directors regularly oversee corporate political activity, and it calls for a specific board committee to oversee corporate political expenditures (CPA 2017).
- ExxonMobil is a founding member of the Climate Leadership Council and supports its plan for a federal carbon tax (ExxonMobil Corporation 2018a).
- ExxonMobil announced methane emissions reduction measures that are expected to lead to a decrease in emissions of 15 percent by 2020 and a 25 percent reduction in flaring (the burning of methane emissions released during oil extraction) by the same year (ExxonMobil Corporation 2018b).

Scorecard Lowlights

- ExxonMobil's public statements misrepresent climate science by stressing uncertainty, and the statements downplay the urgency of addressing climate change by promoting a false choice between climate solutions and economic development (ExxonMobil Corporation 2018c; ExxonMobil 2018d).
- The company has not taken steps to distance itself from the positions of trade associations and other industry groups that have a well-documented role in spreading disinformation on climate science and have used disinformation in opposing recent climate policy proposals. ExxonMobil CEO Darren Woods is chair of the board of the American Petroleum Institute (API) (API 2018). The company also holds leadership positions at the National Association of Manufacturers (NAM) and the Western States Petroleum Association (WSPA), and is a member of the US Chamber of Commerce (NAM 2018; ExxonMobil 2016a; WSPA 2016).
- ExxonMobil has not set a company-wide, net-zero emissions target consistent with the Paris climate agreement's global temperature goal.
- ExxonMobil sought to block a climate-related share-holder resolution in 2017, successfully blocked one in 2018, and recommended that shareholders vote against all climate-related shareholder proposals in 2017 and 2018 (US SEC 2018; ExxonMobil Corporation 2017b).

Recommendations

EXXONMOBIL SHOULD:

- stop misrepresenting the scientific evidence of climate change and stop presenting a false choice between curbing climate change and solving other pressing problems;
- consistently affirm the need for swift and deep reductions in emissions from the burning of fossil fuels;
- use its leadership positions within the API, NAM, and WSPA to demand an end to their disinformation on climate science and policy, and speak publicly about these efforts;
- publicly distance itself from the positions taken by the US Chamber of Commerce on climate science and policy;
- develop and publicly communicate a company-wide plan to bring ExxonMobil's heat-trapping emissions from its operations and from the use of its products to net zero by mid-century, consistent with the Paris climate agreement's global temperature goal;
- explicitly endorse the Paris climate agreement's global temperature goal and consistently support public policies and/or regulations to advance it;
- consistently call for US policy action on climate change, identify specific federal and/or state legislation or regulation that ExxonMobil supports, and advocate publicly and transparently for those policies; and
- analyze and fully disclose to shareholders the potential risks related to the climate liability lawsuits in which the company is a defendant.

Detailed Scoring

ExxonMobil's scores across all metrics, separated by area, are detailed on the following pages in Tables 2-5. For each metric and area, companies are scored on a five-point scale. In descending order, the possible scores are Advanced, Good, Fair, Poor, and Egregious. Arrows indicate a change in score from the 2016 scorecard.

Please see the methodology and data appendices online at *www.ucsusa.org/climatescorecard* for additional details.

TABLE 2. Renouncing Disinformation on Climate Science and Policy

Metric	2016 Score	2018 Score	Rationale
Consistently accurate public statements on climate science and the consequent need for swift and deep reductions in emissions from the burning of fossil fuels	Egregious	Egregious	With public statements that stress uncertainty (such as "current scientific understanding provides limited guidance on the likelihood, magnitude, or time frame of these events"), ExxonMobil misrepresents climate science. The company also downplays the urgency of addressing climate change by promoting a false choice between climate solutions and economic development (ExxonMobil Corporation 2018c; ExxonMobil Corporation 2018d).
Affiliations with trade associations and other industry groups that spread climate science disinformation and/or block climate action			
American Legislative Exchange Council (ALEC)	Egregious	Good ▲	In December 2017, ExxonMobil successfully pressured ALEC to drop an anti-climate science resolution that sought to undermine EPA action to curb global warming emissions (Cama 2017). The company left ALEC in July 2018 (outside our study period), but it refused to specify whether the group's climate disinformation played a role in that decision (Reuters 2018).
American Petroleum Institute (API)	Egregious	Egregious	ExxonMobil CEO Darren Woods is the chair of the board of API as of 2018 (API 2018), and the company has not taken any steps to distance itself from climate disinformation spread by the group.
National Association of Manufacturers (NAM)	Egregious	Egregious	ExxonMobil senior vice president Neil A. Chapman serves on NAM's executive committee as of 2018 (NAM n.d.), and the company has not taken any steps to distance itself from climate disinformation spread by the group.
US Chamber of Commerce (US Chamber)	Poor	Poor	ExxonMobil reported contributing $1 million to the US Chamber in 2016 (ExxonMobil Corporation 2016a) and has not taken any steps to distance itself from climate disinformation spread by the group.
Western States Petroleum Association (WSPA)	Egregious	Egregious	The refinery manager at ExxonMobil Refining and Supply, Max Ocansey, was on the WSPA board of directors as of 2016 (WSPA 2016), and the company has not taken any steps to distance itself from climate disinformation spread by the group.
Policy, governance systems, and oversight mechanisms to prevent disinformation	Poor	Poor	ExxonMobil has no policy or commitment on record to avoid direct or indirect involvement in spreading climate science disinformation.
Support for climate-related shareholder resolutions	Egregious	Egregious	ExxonMobil sought to block a climate-related shareholder resolution co-filed by the Church Commissioners for England and the New York State Common Retirement Fund in 2017 (ICCR 2018; US SEC 2018), and it successfully blocked a climate-related shareholder resolution filed by Arjuna Capital and As You Sow in 2018 (Boyle 2017). The company's board recommended that shareholders vote against all climate-related shareholder resolutions in 2017 and 2018 (ExxonMobil Corporation 2018e; ExxonMobil Corporation 2017b).
Area score	**Egregious**	**Egregious**	

Note: Arrows indicate a change in score from the 2016 scorecard.

DATA SOURCES: COMPANY WEBSITES FROM JULY 1, 2016, THROUGH JULY 31, 2018. COMPANY REPORTS, PROXY STATEMENTS, US SECURITIES AND EXCHANGE COMMISSION FILINGS, AND SUBMISSIONS IN CLIMATE LIABILITY LITIGATION; PUBLIC STATEMENTS BY COMPANY REPRESENTATIVES; TRADE ASSOCIATION AND INDUSTRY GROUP WEBSITES; AND THIRD-PARTY SHAREHOLDER AND WATCHDOG GROUP WEBSITES FROM JULY 1, 2016, THROUGH JUNE 30, 2018; TRADE ASSOCIATION FEDERAL FILINGS FROM 2016.

TABLE 3. Planning for a World Free from Carbon Pollution

Metric	2016 Score	2018 Score	Rationale
Company-wide commitments and targets to reduce greenhouse gas emissions	Egregious	Poor ▲	ExxonMobil has made a short-term commitment to reduce methane emissions but does not have a company-wide plan to bring its emissions to net zero by mid-century, an action that would be consistent with the Paris climate agreement's global temperature goal (ExxonMobil Corporation 2018b; ExxonMobil Corporation 2018d; CDP 2017).
Use of an internal price on carbon in investment decisions	Poor	Poor	The company has set a price on carbon that is used in investment decisions, requiring an estimate of greenhouse gas–related emissions costs for capital investments. However, it does not disclose that price, stating only that it varies based on geography and may be as much as $80/ton by 2040. Due to this geographic variation, it is unclear based on current disclosures what aspects of the supply chain must be included in these estimates (ExxonMobil Corporation 2018f).
Commitment and mechanism to measure and reduce carbon intensity of supply chain	Poor	Fair ▲	ExxonMobil has announced measures that are expected to lower its methane emissions in the near term and publicly joined a group designed to share best practices and information on reducing emissions. However, it has not set a time-bound quantitative reduction target (ExxonMobil Corporation 2018b, CDP 2017).
Disclosure of investments in low-carbon technology research and development	Poor	Poor	ExxonMobil mentions areas of investment in low-carbon technology research but does not provide a breakdown of specific low-carbon investments (ExxonMobil Corporation 2018a).
Disclosure of greenhouse gas emissions reduction plans	Poor	Poor	ExxonMobil has not disclosed to shareholders a plan to reduce greenhouse gas emissions that aligns with the Paris climate agreement's global temperature goal (ExxonMobil Corporation 2018a).
Disclosure of how company manages greenhouse gas emissions and associated risks	Fair	Fair	ExxonMobil provides a detailed description of actions it is currently taking to reduce greenhouse gas emissions, but it fails to provide information on actual emissions reductions resulting from its actions, the opportunities to benefit financially from emissions reductions, or company-wide impacts of particular projects (ExxonMobil Corporation 2018a).
Disclosure of greenhouse gas emissions	Fair	Fair	ExxonMobil provides data for the current year on direct greenhouse gas emissions from operations and indirect greenhouse gas emissions from upstream activities, as well as the methodology used to calculate emissions. However, it has not disclosed indirect greenhouse gas emissions from downstream activities or adequate data from the entire fuel production supply chain to estimate life cycle greenhouse gas emissions (ExxonMobil Corporation 2017a).
Area score	**Poor**	**Poor**	

Note: Arrows indicate a change in score from the 2016 scorecard.

DATA SOURCES: 2017 AND 2018 US SECURITIES AND EXCHANGE COMMISSION 10-K OR 20-F FILINGS, CDP DISCLOSURES, SUSTAINABILITY REPORTS, AND ANNUAL REPORTS; COMPANY WEBSITES AND COMPANY PRESS RELEASES FROM JULY 1, 2016, THROUGH JUNE 30, 2018.

TABLE 4. **Supporting Fair and Effective Clmate Policies**

Metric	2016 Score	2018 Score	Rationale
CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Disclosure	Poor	Poor	The company partially discloses corporate contributions to political candidates, parties, and committees and fully discloses the positions and/or titles of company senior managers with authority over political spending decisions. The company does not disclose payments made to politically active tax-exempt groups or corporate contributions to ballot initiatives (CPA 2017).
CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Policy	Advanced	Advanced	The company has a detailed policy that governs its political spending from corporate funds and that serves as the basis for its spending decisions. ExxonMobil policy states that the board of directors must regularly oversee corporate political activity (CPA 2017).
CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Oversight	Fair	Advanced ▲	The company has a specific board committee that oversees corporate political expenditures and has an easily accessible web page detailing its political activity (CPA 2017).
Engagement with Congress on federal climate policies or legislation	Fair	Fair	ExxonMobil did not publicly engage with Congress on climate policies during the study period.
Consistent support for US policy action to reduce emissions	Fair	Fair	ExxonMobil supports a revenue-neutral carbon tax, but it did not publicly back specific federal or state policies to enact such a tax during the study period (ExxonMobil Corporation 2018a; ExxonMobil Corporation 2018g).
Support for Paris climate agreement*	N/A	Poor	ExxonMobil has made a general statement of support for policies to advance the Paris climate agreement but has not explicitly endorsed its global temperature goal (ExxonMobil Corporation 2018a).
Company influence through international or national business alliances or initiatives that are supportive of specific climate policies	Fair	Good ▲	ExxonMobil is a founding member of the Climate Leadership Council, an international policy institute that promotes a carbon dividends framework (CLC n.d.).**
Area score	**Fair**	**Good ▲**	

Note: Arrows indicate a change in score from the 2016 scorecard.

* Metric regarding Paris Climate Agreement moved from the Planning for a world free from carbon pollution Area to the Supporting fair and effective climate policies Area because nations have begun to craft and enact policies to implement their Paris Climate Agreement commitments. 2018 scores not compared with those from 2016.

** ExxonMobil joined the Oil and Gas Climate Initiative in September 2018, outside our study period.

DATA SOURCES: 2017 AND 2018 US SECURITIES AND EXCHANGE COMMISSION 10-K OR 20-F FILINGS, CDP DISCLOSURES, SUSTAINABILITY REPORTS, AND ANNUAL REPORTS; COMPANY WEBSITES AND COMPANY PRESS RELEASES FROM JULY 1, 2016, THROUGH JUNE 30, 2018.

TABLE 5. Fully Disclosing Climate Risks

Metric	2016 Score	2018 Score	Rationale
Disclosure of regulatory risks	Poor	Poor	ExxonMobil mentions the general existence of risk associated with current or proposed laws relating to climate change, but it does not identify specific laws or regulations or effects particular to the company (ExxonMobil Corporation 2018f).
Disclosure of physical risks	Fair	Fair	ExxonMobil acknowledges the physical risks it faces and discusses climate change as a contributor to those risks, but it includes few details about the nature of those risks, their magnitude, or how they may impact the company (ExxonMobil Corporation 2018f).
Disclosure of market and other indirect risks and opportunities	Fair	Poor ▼	ExxonMobil acknowledges the risks posed by competition from renewable energy resources, changing consumer preferences, and changing technology, but it does not mention reputational risks or the climate-related litigation in which the company is a defendant (ExxonMobil Corporation 2018f).
Disclosure of corporate governance on climate-related risks by board and senior management*	Egregious	Fair ▲	ExxonMobil makes generic statements about climate-related environmental governance (ExxonMobil Corporation 2018f).
Area score	**Poor**	**Fair ▲**	

Notes: A metric or area score that decreased from the 2016 scorecard is shaded in red and accompanied by a down arrow; increases are shaded in green with an up arrow.

* Company scores may have improved because proxy statements were considered as a source in 2018 if referenced in the SEC 10-K/20-F governance disclosure.

DATA SOURCES: 2018 US SECURITIES AND EXCHANGE COMMISSION (SEC) 10-K OR 20-F FILINGS; PROXY STATEMENTS AND CDP DISCLOSURES, ONLY IF DISCUSSED IN SEC 10-K/20-F.

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