

I&J QUARTERLY REVIEW *Q2 2022*



Julie B. Tanner
Managing Director

A Conversation with Julie Tanner

First off, congratulations to the Catholic Responsible Investment team. Looks like CBIS scored a big win this quarter in its ongoing engagement with ExxonMobil.

Ms. Tanner: Yes, on May 25 a majority of Exxon shareholders voted in favor of a shareholder proposal filed by a coalition of two dozen faith-based and socially responsible investors led by CBIS. The proposal calls for the company to quantify the potential effects of a Net Zero 2050 scenario in its financial statements. That 51% of shareholders agreed sends a clear signal to the Exxon board that risks from climate change need to be addressed, disclosed, and quantified.

What is the Net Zero scenario?

Ms. Tanner: Last year, the International Energy Agency (“IEA”) produced a comprehensive energy roadmap to build a global energy sector with Net Zero emissions in 2050. The goal is to limit global temperature rise to 1.5 degrees — the level scientists indicate cannot be breached if the most catastrophic effects of climate change are to be avoided. The IEA anticipates that as governments around the world make and implement Net Zero commitments, demand for oil and gas may fall radically.

Our proposal urges Exxon to quantify the potential effects of the 2050 scenario in its financial statements.



“...risks from climate change need to be addressed, disclosed, and quantified.”

– Julie B. Tanner



The request seem unreasonable. Why would an industry giant like Exxon push back to begin with?

Ms. Tanner: While Exxon’s board believes the firm has disclosed sufficient information to shareholders. It’s been our position that investors need more information to understand the resilience of the company’s business model under low-carbon scenarios. The generalities Exxon has been providing regarding how the company might manage its assets or shift investments in a Net Zero analysis are no longer sufficient.

How are other companies in the energy sector responding to the Net Zero scenario?

Ms. Tanner: Many of Exxon’s peers – like TotalEnergies, Shell, and BP – understand the importance of transparency and are already providing quantitative disclosure of the potential impacts of Net Zero on their revenues, assets, and liabilities. It’s clear that most of Exxon’s shareholders believe their company must take the same step.

Just to be clear, CBIS is an Exxon shareholder, correct?

Ms. Tanner: Yes. CBIS’ investment in Exxon has enabled us to pursue the work of the De La Salle Christian Brothers and the CBIS mission. Were we to divest, which is a simpler path, we would lose the ability to make impactful changes as an engaged shareholder.

“For decades, CBIS has engaged portfolio companies, urging them to address risk of climate change.”

– Julie B. Tanner

And that's why CBIS has been able to engage with Exxon for 20 years. What were some of your successes in the early years?

Ms. Tanner: Working in collaboration with our investor colleagues, corporate dialogue helped to secure some major milestones. Engagement, for example, helped to influence the company to no longer challenge the science of climate change or fund organizations that did so. Thanks in part to our interventions, the company also reduced its methane emissions and spoke out in favor of the U.S. joining the Paris Agreement.

Your work is certainly not done. What are the next steps with the company?

Ms. Tanner: It is critical that investors understand the risks to their investments under a range of climate change scenarios, and that companies provide us with data to assess those risks. We will continue to engage the board in order to obtain the report we requested that will make visible how using the IEA's Net Zero 2050 scenario would impact the company's financial statements.

"It's critical that investors understand the risks to their investments under a range of climate change scenarios."

– Julie B. Tanner



Contact Us

We want to hear from you!
If you have questions please reach out to our Catholic Responsible InvestmentsSM team at:

 **CRI@cbisonline.com** or
 **(877) 550-2247**

Important Information

The securities identified and described do not represent all of the securities purchased, sold or recommended for the CRI Funds, CBIS Global Funds, and separate managed accounts. For a complete list of securities visit our website. The reader should not assume that an investment in the securities identified was or will be profitable.

All material of opinion reflects the judgement of the Adviser at this time and subject to change. This material is not intended as an offer or solicitation to buy, hold or sell any financial instrument or investment advisory services.