

Last week marked a watershed moment in the fight against climate change.

Shareholders at the Chevron and ExxonMobil annual meetings on May 26th supported resolutions that could propel the oil majors toward a “tipping point,” as The New York Times put it. At Chevron, a majority of shareholders voted in favor of a proposal to accelerate carbon emission cuts. At Exxon, activist hedge fund Engine No. 1 won three board seats in what Reuters described as “a shock to an energy industry struggling to address growing investor concerns about global warming.”

These victories were part of a series of shareholder proposals at the two companies, and I am proud to report that CBIS was among the investors publicly leading the charge for change. It was my honor to take the “virtual” floor at Exxon’s annual meeting to present our resolution urging the company to report on potential business impacts from the global shift to a low-carbon economy. **A near-majority of shareholders—49%—**voted in favor, an incredible showing for a proposal appearing on the ballot for the first time. Investors supporting our resolution included mammoth asset managers BlackRock and State Street Global Advisors. An identical proposal filed at Chevron by As You Sow, a CBIS ally, garnered 48% of the vote.

Together, those successes could mark a critical inflection point in the fight against climate change. They also serve as reminders that the boards of publicly traded companies work for their shareholders, not management.

Called to Act as Catholic Investors

As shareholders, CBIS believes it is our duty to drive progress on priority issues at the companies we own—guided specifically by our Catholic values and Church teachings. On climate change, recent examples include Pope Francis’ 2015 encyclical *Laudato Si’* and last year’s Vatican follow-up, *Journeying Towards Care for Our Common Home*.

Because these teachings are central to our active ownership philosophy, some good-faith observers might question why we continue to own Exxon shares. After all, *Journeying* prompted some Catholic organizations to divest from fossil fuels entirely. CBIS has implemented a more targeted divestment policy, excluding a subset of fossil

Shareholders Speak Up

Our voices were heard, reminding the boards that they work for us, the shareholders...

- Exxon board members removed
- CBIS proposal at Exxon receives near-majority support
- Identical resolution garners similar vote total at Chevron
- Majority of Chevron shareholders vote for emission reductions.

fuel producers and users deemed to be the worst offenders when it comes to carbon emissions. (For details, please visit our [website](#).)

However, we feel strongly that divestment and investment screens are insufficient tools for our work to curb climate change. They make sense for companies and industries that are inherently bad for the environment and incapable of adapting. But CBIS believes meeting our obligation as stewards of both the environment and our investors' assets means recognizing that some of the biggest carbon emitters may be part of the solution to climate change. For example, some utilities that historically have been major coal consumers are now among the world's largest operators of solar and wind power facilities, positioned for success in a low-carbon economy. Other companies, like Exxon, are more resistant to change but could achieve massive gains if prodded to action.

Preserving Our Seat at the Table

Divesting from a company means ceding any opportunity to influence its behavior. If we assess that a current contributor to climate change may ultimately be part of the solution, we work with leadership to accelerate decarbonization, support positive initiatives in progress, and advocate for additional change. We file shareholder resolutions when necessary, and vote our proxies each year—opposing change-resistant board members and supporting proposals that align with our mission. This process is complicated and often slow. But it is effective. And it is only possible when investors have a seat at the table.

The power of that approach was on display last week. Strong support for our Exxon resolution, and the related proposal at Chevron, delivered a powerful message to these companies' boards that change is needed. Our voices were heard, reminding the boards that they work for us, the shareholders, and pushing these fossil fuel giants closer to that potential tipping point.

Reaffirming Our Commitment

The progress achieved last week only deepens our commitment to representing the Catholic values of our investors through our active ownership initiatives, and energizes our ongoing engagements with Exxon and scores of other companies in our portfolios.

I look forward to informing you of many other victories to come.



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