



## LGIM and CBIS co-file Exxon shareholder resolution over lack of disclosure

*Investor coalition brought together to push for greater disclosure of asset retirement obligations (AROs)*

**17 April 2023** – Legal & General Investment Management (**LGIM**) and Christian Brothers Investment Services (**CBIS**) have today announced the co-filing of a shareholder resolution at ExxonMobil's 2023 AGM, requesting the board to fully disclose the quantitative impact of the International Energy Agency (IEA) Net Zero Emissions (NZE) scenario on all of their asset retirement obligations (AROs).

Asset retirement obligations are an essential part of the energy transition and particularly significant for the oil and gas sector, with many in Exxon's peer group already disclosing a considerable amount of ARO detail. Nevertheless, the company currently doesn't provide such disclosure on its downstream assets, claiming such obligations can't be reasonably estimated as they will run well into the future.

The resolution has been filed by a coalition of likeminded investors after years of individual engagement with the ExxonMobil board and relevant decision makers. It calls for further transparency and disclosure from the company, amid investor concerns around costs associated with the decommissioning of Exxon's assets in the event of an accelerated energy transition. We believe this information is vital for the company's shareholders, helping us to better evaluate financially material risks and provide insight that is decision useful as investors assess long term value and economic viability of the business in a carbon constrained economy.

Given ExxonMobil's business model is not aligned with the Paris Goals of 1.5 degrees, for LGIM, this is an organic escalation step for the investment stewardship team. It is a key part of our approach to investee company engagement and expectations around appropriate disclosure. It also follows the decision taken in 2019 to divest applicable shares in ExxonMobil from the L&G's Future World Fund Range, around concerns it failed to address risks posed by climate change.

**Michael Marks, Head of Investment Stewardship and Responsible Investment Integration, LGIM, said:** *"By filing this proposal, we are seeking greater clarity into the costs associated with the retirement of Exxon's assets, in the event of an accelerated energy transition. We believe such level of disclosure is imperative for investors to better evaluate long-term risks and economic viability of the business in a carbon constrained future."*

**John W. Geissinger, Chief Investment Officer at Christian Brothers Investment Services added:** *"Last year, a majority of Exxon's shareholders voted for our resolution seeking an audited report assessing the financial impact of the IEA NZE assumptions, including future asset retirement obligations. Despite this, the company's disclosures still give investors little insight into how retirement costs might accelerate, and how large they might be. Exxon may assume an asset can operate indefinitely, but this may not prove out. Investors are simply asking: what is the total cost of meeting these liabilities?"*

Climate change is one of the defining issues of our time and a financially material risk, in our view. For LGIM, engagement and voting are two key levers that support our commitment to aligning our assets with a net-zero trajectory by 2050. Specific engagements like this resolution, build on our well established climate impact pledge engagement programme and voting policy, while holding companies to account, protecting our clients' assets and safeguarding the planet.

- ENDS -

## Notes to editors

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#### About Legal & General Investment Management

Legal & General Investment Management is one of Europe's largest asset managers and a major global investor, with total assets under management of £1.2 trillion<sup>1</sup> (\$1.4tn, €1.4tn, CHF 1.4tn). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

For more than 50 years, we have built our business through understanding what matters most to our clients and transforming this insight into valuable, accessible investment products and solutions. We provide investment expertise across the full spectrum of asset classes including fixed income, equities, commercial property, and cash. Our capabilities range from index-tracking and active strategies to liquidity management and liability-based risk management solutions.

#### About CBIS

Christian Brothers Investment Services, Inc. is a Catholic, socially responsible investment management firm and Registered Investment Advisor. A trusted partner to Catholic investors around the world, CBIS offers Catholic Responsible Investments Funds (CRI Funds) and CBIS Global Funds. The funds are managed in accordance with CBIS' Catholic Responsible Investment principles to provide Catholic investors sound financial returns while remaining faithful to the moral and social teachings of the Church. Founded in 1981 by the De La Salle Christian Brothers, CBIS engages third-party institutional investment firms to actively sub-advise its portfolios. As of 12/31/2022, the firm was responsible for the management of \$9.2 billion in assets. Headquartered in Chicago, CBIS has offices in Rome and Madrid. For more information, visit [cbisonline.com](http://cbisonline.com), or call 877-550-224.

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<sup>1</sup> LGIM internal data as at 31 December 2022. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.