

Testimony: “Fueling the Climate Crisis: Examining Big Oil’s Climate Pledges”

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Committee on Oversight and Reform

Testimony of Follow This

Prepared by Mark van Baal and McKenzie Ursch

Chairwoman Maloney, Ranking Member Comer, Chairman Khanna, Ranking Member Norman, and the members of the committee, thank you for the opportunity to testify before you today. I am Mark van Baal, founder of Follow This, a group of green shareholders in Big Oil companies.

If you were to believe the advertising of Big Oil companies and what their executives told you and the American public in the hearings in October, you might think they are taking adequate action to fight the climate crisis.

In reality, they are not. On the contrary: their top executives are determined to increase CO₂-emissions. This is on a collision course with the goal of the Paris Climate Agreement, which calls for a decrease in greenhouse gas emissions of approximately 50% this decade, as Dr. Mann today reminded us.

How do we know Big Oil is not aligned with the goal of the Paris Accord?

We create a *formal moment* of truth during their shareholders’ meetings, a *formal moment* when they have to answer with *yes* or *no*. By means of a shareholder proposal, we formally ask them to set emission reduction targets. In every instant we asked – again, with no exception – the boards of these companies advise their shareholders to vote *against* these proposals, and by extension *against* emissions reductions.

Follow This files these climate proposals every year; since 2016 at Shell, since 2019 at BP, since 2021 at Chevron and other US oil majors, and in 2022 for the first time at Exxon.

For the record: These resolutions ask for no more and no less than company-wide emissions reduction targets in line with the Paris Climate Agreement. We do not delve into the minutia of strategy; that is left up to the company. We only offer shareholders a moment to formally request the company to take the necessary steps to avert catastrophic global warming and remain a viable business in a decarbonised future.

Follow This was founded in 2015 from the conviction that only the biggest industry incumbents have the technical know-how, financial muscle, global reach, and market-making opportunities to rapidly scale an energy transition to renewables. Big Oil can make or break the Paris Climate Agreement.

Because they will not do so on their own accord, we use shareholder democracy to show that their investors, the rightful owners of these companies, want them to change course. And indeed, they have; in 2021, our resolutions at Chevron, ConocoPhillips and Phillips 66 each received a majority of the votes. In doing so, shareholders sent an unequivocal message: decrease your emissions.

First, we will demonstrate that the existing climate pledges of Exxon, Chevron, Shell, and BP are not adequate to reach the goal of the Paris Accord.

Second, we will provide evidence of their rejection of shareholder proposals to set Paris-consistent targets.

In short: We will demonstrate that Big Oil is not Paris-aligned and does not want to be Paris-aligned.

Again, science is clear: CO₂-emissions have to be cut in half this decade. Therefore, facing the climate crisis, the key question for each executive in Big Oil is: will *your* company cut its total emissions this decade?

In March, you will again see that they do not want to talk about total or absolute emissions reductions, but instead about carbon intensity. This is to hide the fact that their total emissions will continue to rise.

This is what their current strategies lead to:

BP will increase their total emissions from operations (Scope 1 and 2) and products (Scope 3). We quote a BP executive during a strategy presentation: “We do expect the absolute level of emissions associated with our marketed products to grow out to 2030, even as the carbon intensity [...] falls.” (Giulia Chierchia, [EVP, Strategy and Sustainability](#), slides and script).

When BP says they decrease emissions, they address disparate parts of their business, leaving out emissions from, for example, third party produced oil and gas sold by BP, oil and gas traded by BP, and emissions from their chemicals business.

Shell refuses to answer questions about absolute or total emission levels in 2030. This question has been answered by Global Climate Insights (GCI), an Australian research institute.

In their comprehensive analysis of Shell’s Powering Progress and other public statements and reports, they have shown that Shell’s total emissions will not actually decrease. Instead, total emissions will increase by 4% by 2030. We have provided this report to the committee as evidence.

More than four years after Shell announced its intention to join the energy transition, Shell plans to invest a mere 11-13% of its investments in renewables.

Nevertheless, last Thursday, in its quarterly presentation, Shell pertains that its “Strategy aligns with goal to limit the increase in the global average temperature to 1.5 degrees Celsius above pre-industrial levels” (page 21 of this [slide deck](#)).

Chevron wants to increase fossil fuel production. In [a press release](#) about its Fourth Quarter, published a week ago, the company boasted it “grew [production] to a record 3.10 million barrels per day” and “added proved reserves”. Chevron is reporting as if there is no Paris Climate Agreement, and no shareholder majority which both request emissions reductions.

Finally, ExxonMobil leaves no doubt about its intentions. On January 18th, ExxonMobil announced its ambition for net zero emissions for operations (Scope 1 and 2) by 2050. [ExxonMobil’s CEO Darren Woods told the Financial Times](#) that Exxon could expand its oil and gas production in the

coming years and still meet the emissions reduction goals for their operations. His intention to expand oil and gas production shows that he has no intention to contribute to the goal of the Paris Agreement, which calls for - in the words of the IPCC 'immediate, rapid and large-scale reductions'.

This investigation has drawn comparisons to the congressional investigation of Big Tobacco in the 90's. Allow me to draw one as well. Exxon is like a tobacco company which commits to prohibit smoking in their factories while continuing to produce and sell cigarettes to the general public.

To reiterate: science tells us that the world needs to cut CO₂-emissions in half this decade; these companies plan for an increase of emissions this decade.

We hope we have demonstrated that the targets of these companies are not aligned with the Paris Climate Agreement. Now, we will demonstrate that these companies also have no intention to align their targets with the Paris Climate Agreement.

At their shareholders' meetings, we consistently offer these companies a mandate from their shareholders to adopt Paris-aligned targets, an offer which these companies consistently reject.

Our shareholder proposals request the companies to set short-, medium-, and long-term emissions reduction targets that are consistent with the goal of the Paris Climate Agreement.

Despite the fact that the companies will lead you to believe they are part of the solution of the climate crisis, they rejected these proposals to get a shareholders' mandate for Paris-consistent targets.

Here is how they have advised their shareholders:

In 2021, the board of BP recommended shareholders to vote against our resolution, claiming to have a 'Paris-consistent strategy' by 'cutting the lifecycle carbon intensity of the products it sells by 50% by 2050 or sooner (including scope 3).' (AGM notice of meeting, director's response to resolution 13, page 24)

Until 2017, Shell advised their shareholders to vote against our proposal by claiming the climate resolution was 'unreasonable with regard to what the Company can be held accountable for' (Page 7, 2017 notice of meeting), referring to the emissions of their products.

In 2018, they changed their argument, saying that our proposal was now 'unnecessary' as they already had a plan in place to address these emissions. As stated before, their plan will see their emissions go up, in stark contradiction to what is needed to limit global warming to 1.5 degrees.

Last year, Chevron also advised shareholders to vote against our proposal, stating 'Chevron's actions are [...] appropriate.'

Exxon will face a climate proposal for the first time in 2022, pending SEC approval.

When these companies return on March 8th, you will continue to hear the claim that they are taking the necessary steps. They will say that there are many roads to Paris. That the emission reductions are not expected to apply uniformly to all actors. That the world will still need oil and gas. That we must think of the economy and protect jobs. None of these concerns address the heart of this hearing: that

emissions must come down this decade, and that the companies before you continue to drag their feet and mislead the public in the interest of short term profit and at the expense of the rest of the world. The science and the evidence are clear.

These Hearings have to end Big Oil misleading the public, as Chair Maloney said in her opening speech in October. Decades of climate denial have ended indeed, now the delay has to end as well.

These hearings are meant to investigate Big Oil's efforts to mislead the public, and provide Congress with the necessary information they need to properly regulate; so allow me to restate, unequivocally, for the record: none of these companies have set a strategy congruent with the Paris Climate Agreement. If they proceed without intervention, their emissions will continue to increase and the possibility to avoid catastrophic global warming will be lost.

Meanwhile, we will continue to use shareholder democracy to ask Big Oil to decrease emissions. Together with responsible shareholders, we will ask the only relevant question to Big Oil: how deep will you cut the CO₂-emissions of your products this decade?

Big Oil will make or break the Paris Climate Agreement. We trust Congress will legislate to keep Big Oil honest and support them take actions to contribute to the goal of the Paris Climate Agreement.

Thank you for your time, I look forward to your questions.