

**Written Testimony of Andrew Logan**  
**Senior Director of Oil and Gas, Ceres**

**Prepared for the U.S. House of Representatives, Committee on Oversight and Reform**  
**Comments on the climate pledges of bp, Chevron, Exxon and Shell**

Thank you for the opportunity to present written comments today. I am the senior director of oil and gas at Ceres, a non-profit organization working with investors and companies to build sustainability leadership within firms and drive policy solutions throughout the economy.

Ceres' Investor Network includes more than 200 North American institutional investors representing \$47 trillion in assets under management that are working to advance leading sustainable investment practices, corporate engagement strategies, and key policy and regulatory solutions. These financial leaders operate with the understanding that climate change is a material financial risk to their portfolios.

Many of these investors also engage the world's largest corporate greenhouse gas emitters as a part of the global Climate Action 100+ initiative, of which Ceres is a founding partner organization. Climate Action 100+ includes investors from around the world with more than \$65 trillion in assets under management that engage companies to improve governance practices, curb emissions, and strengthen climate-related financial disclosures.

On the company side, through our Ambition 2030 initiative, Ceres works with key companies to accelerate the decarbonization of six of the highest-emitting sectors of the U.S. economy, which together account for more than 80% of greenhouse gas emissions: electric power, food, banking, steel, transportation — and oil and gas.

Time is running out to avoid the most catastrophic impacts of climate change. The four oil and gas majors you are examining today are collectively responsible for more than 10% of all greenhouse gases emitted globally between 1965 and 2018<sup>1</sup>. The 2021 Climate Action 100+ Net-Zero Company Benchmark found that none of these four companies have goals aligned with limiting global warming to 1.5 degrees Celsius<sup>2</sup>, the level necessary, according to the world's leading scientists, to avoid the worst impacts of global warming.<sup>3</sup> The Transition Pathway Initiative found that bp, Chevron, Exxon and Shell are not aligned with a 2 degrees Celsius scenario.<sup>4</sup> Even where companies claim to have lowered emissions, those reductions are often achieved by selling off low-value assets to smaller, privately-owned companies, rather than by

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<sup>1</sup><https://climateaccountability.org/pdf/CarbonMajorsPDF2020/Top%20Twenty%20graphics/Top%20Twenty%20graphics/Top%20Twenty%201965-2018%20Table.png>

<sup>2</sup> <https://www.climateaction100.org/progress/net-zero-company-benchmark/>

<sup>3</sup> <https://www.ipcc.ch/assessment-report/ar6/>

<sup>4</sup> <https://www.transitionpathwayinitiative.org/sectors/oil-gas>

retiring the assets altogether. While this might add some shine to a company's reputation, it leads to an overall increase in global emissions as the assets are then produced more heavily, with fewer operational restrictions, and without transparency for investors and the public.

Investors have lost patience with the oil and gas industry. A record number of shareholder proposals on climate-related measures received majority votes at annual meetings in the past year, despite opposition from company executives. These included proposals calling on oil and gas companies to set targets to reduce not only the emissions of their operations, but the emissions of the products they sell. At Exxon, three board members lost their positions to candidates with clean energy transition experience, in an unmistakable sign that investors will now demand greater climate ambition.

The oil and gas industry's failure to act on emissions not only puts the planet in peril, it increasingly endangers the industry's own financial viability as the banks funding it and the sectors driving demand for its products move to decarbonize. Six of the largest U.S. banks now have net zero or Paris-aligned targets for lending. More than half of U.S. utilities have net zero targets. Automakers are increasingly moving toward production of electric vehicles. General Motors pledged to stop selling internal combustion engine vehicles after 2035, and at COP26, six major automakers (including Ford, Mercedes-Benz, General Motors and Volvo) and 30 national governments pledged to work toward phasing out sales of new gasoline and diesel-powered vehicles — by 2040 worldwide and by 2035 in “leading markets.” To date, six U.S. states have adopted the Advanced Clean Trucks rule, designed to accelerate the transition to clean trucks, vans, and other large commercial vehicles, after dozens of companies and investors spoke out in support of it.<sup>5</sup> Major companies including Amazon, DHL, and Siemens are working to electrify their fleets through the Ceres-led Corporate Electric Vehicle Alliance.<sup>6</sup>

As companies, countries and financial institutions commit to a net zero future, rising demand for clean energy presents a remarkable opportunity for any oil and gas company prepared to transition its business model to fit the economy of a sustainable, equitable world. The need is clear: the International Energy Agency's October 2021 World Energy Outlook found that the world is not investing enough in energy generally to meet future needs, setting up a volatile transition period.<sup>7</sup> By 2050, clean energy and infrastructure investments must be more than triple 2021 levels, and in the near term, “clear signals and direction from policymakers are essential” to accelerate that transition.<sup>8</sup> By not setting and working toward meaningful climate goals, these companies are not only contributing to planetary and financial disaster, they are betting against Congress passing ambitious, long-term climate policy, like that in the Build Back Better Act,

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<sup>5</sup> <https://www.ceres.org/news-center/press-releases/70-large-employers-and-investors-say-states-must-accelerate-shift-zero>

<sup>6</sup> <https://www.ceres.org/climate/transportation/corporate-electric-vehicle-alliance>

<sup>7</sup> <https://www.iea.org/reports/world-energy-outlook-2021>

<sup>8</sup> <https://www.iea.org/reports/world-energy-outlook-2021/executive-summary>

which would further accelerate the transition to affordable, reliable, American-made clean energy.

Oil and gas companies already have transition-relevant technological capital — expertise in offshore drilling can translate into offshore wind development, and skill at spudding new wells can be used to securely plug and reclaim old ones. What the companies appear to lack is motivation and vision, as demonstrated by their current and planned levels of capital investment.

Oil and gas companies frequently promote commitments to green energy, carbon capture, and sustainability. Yet, as an example, Shell’s 2020 capital expenditures on “renewables and energy solutions” amounted to just 5% of the company’s total spending<sup>9</sup>. While many oil and gas companies cite carbon capture as a part of their decarbonization strategies, it has not yet been proven to work at scale. To the extent that carbon capture does become a viable technology, it must be used to offset emissions in hard-to-abate sectors like cement manufacturing, not on fossil fuels for which there are already effective alternatives.<sup>10</sup>

Forecasting a rapid projected rise in low emissions fuels and energy efficiency, the International Energy Agency’s 2021 Net Zero by 2050: A Roadmap for the Global Energy Sector report shows no need for new oil and gas fields — starting today — beyond those that are already approved, removing the rationale for any new exploration. That scenario shows gas demand declining 55% and oil demand declining 75%, to just 24 million barrels per day, over the next three decades.<sup>11</sup> Exxon cites these very 24 million barrels as a rationale for continued production in its own reports, without noting how that compares to current demand.

The oil and gas companies you are evaluating today appear content to fight for the scraps of an industry that must fade rapidly if we hope to preserve a liveable planet, rather than meaningfully invest in clean energy opportunities. This mismatch, obscured by company rhetoric that doesn’t reflect financial data,<sup>12</sup> sets the companies, our country, and the world up for an unnecessarily turbulent transition to a clean energy future, if we manage to get there in time at all.

The industry has taken some initial steps to address operational emissions, including methane, but these represent a fraction of its overall footprint. These are small steps, when our world requires a giant leap. Indirect, or ‘scope 3’ emissions, which include those generated when consumers burn purchased fuels, are typically seven to 10 times greater for oil and gas companies than operational emissions from activities such as extraction and transport.

Investors want companies to address the risk at the heart of their financial strategies — the carbon embedded in their products. They want to see firm commitments to ambitious reductions, action on those goals, and disclosure of company emissions and their associated risks throughout

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<sup>9</sup> <https://carbontracker.org/reports/absolute-impact-2021/>

<sup>10</sup> <https://www.iea.org/reports/ccus-in-clean-energy-transitions/a-new-era-for-ccus>

<sup>11</sup> <https://www.iea.org/reports/net-zero-by-2050>

<sup>12</sup> <https://carbontracker.org/reports/flying-blind-the-glaring-absence-of-climate-risks-in-financial-reporting/>

the financial documents that will ultimately impact business and investment strategies. Investor demands with regards to corporate accounting are detailed in the 2021 report from Ceres, *Lifting the Veil*.<sup>13</sup>

The devil — as well as the fate of both our planet and our economy — lies in the details of oil and gas companies' climate commitments. Even the few companies that do set scope 3 emissions reduction goals generally only commit to addressing emissions intensity, rather than absolute emissions. That leaves the door open for companies to meet their stated targets while continuing to increase their fossil fuel footprint, so long as they sufficiently expand clean-energy portions of their operation by comparison.

**bp**, at least, has acknowledged the need for absolute emissions reductions through its target to reduce oil production 40% by the end of the decade. This represents an important admission: The problem of climate change can't be solved by simply increasing the supply of clean energy — we must reduce the supply of carbon-intensive energy as well. bp has now said, out loud, that we need more renewables and less oil and gas. Yet other companies have failed to follow bp's lead in target-setting, and some, such as Chevron, are even actively *growing* their oil and gas production.

However, bp's commitment excludes the company's 20% share in the Russian integrated energy company Rosneft, which accounts for a third of bp's total production.<sup>14</sup> Moreover, bp is so far achieving a portion of its emissions reductions, and paying off its debt, by selling off less economic assets to smaller, often privately-owned, companies<sup>15</sup> which continue to extract and sell the fossil fuels, often with a higher emissions rate than more prominent investor-owned operations, as shown in recent Ceres research.<sup>16</sup> Additionally, while bp's net zero commitment covers its upstream assets, those used in extraction, it does not extend to its downstream assets involved in refining and distribution.

**Shell** has outwardly committed to net zero goals across all emission scopes but lacks a reasonable road map to get there. Its interim targets only include commitments to emission intensity reductions, and in years beyond 2035, those reductions rely on expected changes in consumer choice.<sup>17</sup> That means that Shell's commitments provide no assurance of absolute emissions reductions in the short term, and the company could actually *increase* fossil fuel production if balanced with enough added renewable capacity and still meet its targets.

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<sup>13</sup> <https://www.ceres.org/news-center/press-releases/ceres-releases-investor-expectations-paris-aligned-financial-reporting>

<sup>14</sup> <https://carbontracker.org/reports/absolute-impact-2021/>

<sup>15</sup> <https://www.bloomberg.com/graphics/2021-tracking-carbon-emissions-BP-hilcorp/>

<sup>16</sup> <https://www.ceres.org/news-center/press-releases/new-analysis-reveals-stark-disparities-emissions-intensity-between-major>

<sup>17</sup> <https://www.shell.com/energy-and-innovation/the-energy-future/our-climate-target.html#iframe=L3dIYmFwcHMvY2xpbWF0ZV9hbWJpdGlubi8>

While **Chevron** recently released a token scope 3 emission intensity reduction goal, the company still plans to grow its current oil and gas operations. Its scope 1 and 2 targets fall far short: The cumulative emissions from the combustion of oil and gas in its current and approved assets will exceed the company's 1.5-degree Celsius budget by nearly 36%.<sup>18</sup> Despite a consumer-focused campaign highlighting its commitment to renewable energy and recent pronouncements at the World Petroleum Congress to “advance a low carbon future”, Chevron has demonstrated little real business interest in transitioning away from fossil fuel production.

**Exxon** recently trotted out a commitment to reach net zero operational emissions but hasn't even pretended to take responsibility for its products — the fossil fuels themselves. That is a fatal omission, as scope 3 emissions account for nearly 83% of Exxon's total. Exxon's climate plan, according to the World Benchmarking Alliance, lacks “ambition and credibility,”<sup>19</sup> and the company unabashedly continues to support politicians and trade associations that oppose climate policy. Exxon's thin, near-term targets only address scopes 1 and 2, and they only account for upstream assets, which amount to just 45% of the company's current emissions.

Exxon provides the perfect case study of why it is so important for lawmakers to critically look at these companies' commitments: Exxon claims to support the Paris Agreement. Yet its Energy Outlook, which serves as the basis for its business planning, assumes that 2050 oil demand will be well above today's levels, consistent with at least 2.7 degrees of warming.<sup>20</sup> Despite its rhetoric, Exxon is planning for climate failure. Indeed, it is counting on it.

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<sup>18</sup> <https://www.worldbenchmarkingalliance.org/publication/oil-and-gas/companies/chevron-corporation-2/>

<sup>19</sup> <https://www.worldbenchmarkingalliance.org/publication/oil-and-gas/companies/exxon-mobil-2/>

<sup>20</sup> <https://corporate.exxonmobil.com/Energy-and-innovation/Outlook-for-Energy>