INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

ICCR Statement in Response to ExxonMobil Lawsuit to Block Shareholder Climate-Related Proposal

On January 21, ExxonMobil ($XOM) filed suit in Texas against two shareholders in an attempt to block a shareholder proposal urging the company to accelerate the reduction of greenhouse gas (GHG) emissions and to disclose new plans and timetables for these reductions.

Exxon is asking the court to silence the voices of its shareholders, even though it is their capital that is at stake. This is especially dangerous for diversified shareholders like pension funds and retirement savers, who suffer lasting economic harm when companies like Exxon prioritize their own short-term cash flows over the health of the critical systems upon which our economy relies. Securities laws are designed to protect the voices of shareholders. In attacking the shareholder proponents rather than addressing the substance of the issues, Exxon's suit seeks to silence the voices of investors who are dependent on healthy systems for long-term returns on their investments.

Shareholder proposals seeking action on GHG reduction have been filed at Exxon since the late 1980s when climate scientists, including Exxon's own scientists, first made the indisputable connection between the burning of fossil fuels and dangerous global warming. A study by Harvard University and the University of Potsdam published last year showed that not only did Exxon know that GHG emissions were harming the environment, but it was also able to predict with remarkable accuracy how devastating the damage would be. Moreover, Exxon's decades-long and well-documented campaign of misinformation regarding climate change hindered our ability to alter the current course of global warming, increasing risk to investors across their entire portfolios.

Typically, the question of whether a company can omit a shareholder proposal is determined by the SEC, which has an investor protection mandate. In appealing directly to a "friendly" Texas court, Exxon is seeking to establish a new precedent which has rarely been used. If successful it could usher in a new era where companies sue investors to prevent shareholder debate on important issues of disagreement. Should companies move in this direction, we would expect to see investors increasingly invoke strategies such as votes against directors and litigation in the form of shareholder derivative lawsuits to resolve disputes with boards and management -- a slippery and very costly slope for all parties. Rather than address the substantive issues, the suit attacks the proponent's motives, when in fact the vast majority of climate-related proposals filed at the company have sought to raise awareness about the imperative for Exxon to evolve its business model and move toward the low carbon energy future investors know is inevitable. A number of these proposals have received substantial support from ExxonMobil shareholders.

This lawsuit is yet another attempt by Exxon to distract from its corporate responsibility to be transparent about its climate impacts, much to the detriment of investors and the public.

About the Interfaith Center on Corporate Responsibility (ICCR)

Celebrating its 52nd year, ICCR is the pioneer coalition of shareholder advocates who view the management of their investments as a catalyst for social change. Its 300-member organizations comprise faith communities, socially responsible asset managers, unions, pensions, NGOs, and other socially responsible investors with combined assets of over $4 trillion. ICCR members engage hundreds of corporations annually to foster greater corporate accountability. Visit our website www.iccr.org and follow us on Twitter, LinkedIn, and Facebook.