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Exxon Execs Keep Jobs Despite Aggressive Climate Activists

AP Images

On Wednesday, Exxon Mobil Chairman Darren Woods and Lead Director Joseph Hooley kept their seats on the board after being challenged by climate activists. Both sailed to easy election victories, with approximately 95 percent support, when an ESG-focused coup attempt from state fund managers in California and New York failed spectacularly.

State fund managers for CalPERS, the largest pension fund in the United States, and the New York State Common Retirement Fund raised concerns that Exxon was being far too aggressive when they filed a lawsuit against two climate activist shareholders, Arjuna and Follow This, attempting to block a resolution calling for emissions targets in line with the Paris Climate Agreement.

Eventually, Arjuna and Follow This dropped their request for the resolution, but Exxon persisted with the court case.

CalPERS signaled its intention to vote against the Exxon board members in a message to its members.

“We helped elect many of the directors we are now voting against, and we do not take this step lightly. But we have to act. ExxonMobil’s directors are allowing Chief Executive Officer Darren Woods to pursue a reckless and destructive effort and we cannot offer them our support at the May 29 annual meeting,” said the statement from Marcia Frost, CEO of CalPERS, and Theresa Taylor, the president of the board of administration.

The New York State Common Retirement Fund did likewise, advising investors that Exxon’s “business strategies, capital expenditures, emissions reduction targets, climate risk disclosures and revenues from low-carbon businesses, and Exxon was the only oil and gas super-major that failed to meet our minimum standards,” according to Matthew Sweeney, a fund spokesman.

But investors sent a loud message that most of them are far more focused on getting returns on their investments rather than climate change or other ESG-related goals.

“Today, our investors sent a powerful message that rules and value-creation matter,” said Woods in a statement. “Their vote signals a belief that we are on the right track by overwhelmingly re-electing our directors and soundly defeating all four proposals that would have hampered our ability to create long-term value by providing the world with the energy and products it needs while investing billions to reduce carbon emissions in our own business and others”

"We expect the activist crowd will try and claim victory on today's vote, but common sense should tell you otherwise in light of the large margin of the loss," he added.

Other ESG agenda items met similar fates. A measure that would have required Exxon to file an additional Social Impact Report received only seven percent support, compared to 17 percent the previous year. Another proposal for the company to produce an additional pay report on gender and racial basis failed with only 20 percent support, while executive pay incentives based on greenhouse-gas reductions received only two-percent support.

"CalPERS did not take this vote lightly, but the significance of what's at stake can't be understated," said CalPERS CEO Marcie Frost. "ExxonMobil's lawsuit threatens to silence shareholders everywhere by stripping away their rights and role in improving a company's bottom line."

"This could have been any company and we would have taken the same action," Frost said. "CalPERS is an active owner, and we have a clear fiduciary interest in preserving our right to be heard by corporate executives."

If this Exxon shareholder meeting is any indication, so-called ESG investing may be in its death throes.