

German asset manager divests Exxon shares over ‘insufficient’ climate commitment

Union Investment sold out of US oil major and smaller peer EOG Resources after review



ExxonMobil has net zero targets for its operational 'Scope 1 and Scope 2' emissions, but it has not set targets for Scope 3 emissions that come from the end use of its oil and gas © Jason Fochtman/Houston Chronicle/Getty Images

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Union Investment, one of Germany's largest asset managers, has divested all of its holdings in US oil major ExxonMobil, accusing the company of “insufficient commitment” to climate targets.

Henrik Pontzen, Union Investment's head of sustainability, said the €500bn asset manager had sold its holdings in [ExxonMobil](#) and smaller US peer EOG Resources following a review of the most carbon-intensive investments in its portfolio.

Union's move highlights a [divergence between fund managers in Europe and US asset managers](#), as a number of the latter reassess or pull back from climate-related initiatives in response to US political pressure.

At its peak last year, Union held about €500mn of Exxon shares and a similar amount in EOG stock across its actively managed funds. Exxon has a market capitalisation of about \$440bn, while EOG's is about \$60bn.

“As part of our climate strategy, we require all companies to commit to long-term, comprehensive climate targets,” said Pontzen. “If a company fails to even set such targets, we see no basis to assume it will achieve them.”

Following “intensive, and at times difficult, dialogues”, Union decided to sell its stakes in Exxon and EOG “as we could not identify a sufficient commitment to the required climate targets”, he added.

While Exxon does have net zero targets for its operational “Scope 1 and Scope 2” emissions, it has not set targets for the Scope 3 emissions that come from the end use of its [oil and gas](#). According to Union, Scope 3 targets are significant because they make up about 90 per cent of total emissions.

Exxon has said on its website that this metric is flawed and counter-productive, stating that Scope 3 reporting “ignores growing energy demand” and “enables no comparison of alternative ways to meet that demand”.

Responding to a request for comment, ExxonMobil referred to a group presentation on the company’s climate goals, which stresses it will work on “meeting society’s energy needs and reducing emissions”.

The company was investing up to \$30bn on “lower-emission initiatives” to the end of 2030 and was “on track” to meet its 2030 emission reduction plans, a spokesperson added.

EOG, which also has no Scope 3 target, did not respond to a request for comment.

Asset managers have come under more pressure over climate action since US President Donald Trump was elected. Several, including the world’s largest money manager BlackRock, have [withdrawn from the Net Zero Asset Managers initiative](#), a coalition that pledges to support the goal of net zero greenhouse gas emissions by 2050 or sooner.

But Union Investment is relatively insulated from these political impediments, with Pontzen saying that it had “no American clients, no subsidiaries there, and is not dependent on US government contracts”.

“Climate change remains — regardless of who is in political power — a central factor in our investment strategy,” he added.

Pontzen also noted that Union had kept stakes of about €1bn each in TotalEnergies and Shell, saying that they “met the minimum requirements” of a credible strategy to reduce greenhouse gas emissions. Both have Scope 3 reduction targets.

He hinted that more divestments could follow, building on guidelines the group published last year. “We came to the conclusion that demand for oil and gas will begin to decline no later than 2030,” he said. “From that point, we will support only those parts of the industry that are credibly committed to transformation.”

For conventional funds, this meant initial exclusions of tar sands operators. In its sustainable funds, Union had fully exited the oil and gas sector by April this year. “This demonstrates that the transformation is proceeding at two different speeds,” Pontzen said.

Still, exclusions are not Union’s preferred option. “They don’t reduce emissions, they simply reassign them to someone else,” he said. Nevertheless, he argued that reducing exposure to the most polluting companies was necessary to meet the group’s target of a climate-neutral portfolio by 2050.

Exclusions were not permanent, he added. “Our assessments evolve with business models,” leaving open the possibility of reinvestment in Exxon or EOG if they changed their climate policies.

Additional reporting by Malcolm Moore and Kristina Shevory

Climate Capital



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