

# [***LGIM to oppose re-election of ExxonMobil board chair***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5YX3-S7T1-F0YC-N4MY-00000-00&context=1516831)

Impact Financial News

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**Body**

London: Legal & General Group plc has issued the following press release:

LGIM has significant concerns about ExxonMobil’s (Exxon) approach to climate change, political lobbying and board independence. As a result, in advance of Exxon’s Annual General Meeting on 27 May 2020 in Texas (USA), LGIM will be taking the unusual step in pre-declaring its intention to vote against the re-election of the Exxon board chair.

Recognising the urgency of addressing climate change, in LGIM’s rankings Exxon was noted for its persistent refusal to disclose its full carbon footprint1 and to set company-wide ***emissions*** targets, even as a growing number of companies in the same sector - such as BP, Shell and Repsol - and countries, including the UK and EU - rally around ‘net zero’ ***emissions*** as a priority.

As a long-term investor, improving governance and sustainability standards have been a priority in LGIM’s engagements with companies and regulators. In 2019, Exxon was also singled out in LGIM’s second annual rankings of corporate ‘leaders and laggards’ on climate change, the Climate Impact Pledge\*.

In January, LGIM announced an escalation of its voting policy towards combined Chief Executive Officers (‘CEO’) and board chairs, with the decision to vote against combined roles at director elections globally. The changes come as part of LGIM’s annual review of its global proxy voting policies, which will have particular impact in the United States, France and Spain where combined roles are still common. Despite positive momentum in recent years, combined positions remain common in the US, where 47% of S&P 500 boards still have combined CEO and Board Chair – including at ExxonMobil. In addition to voting against the re-election of the Exxon chair, LGIM will also support a shareholder proposal for an independent chair, as well as a shareholder proposal for increased transparency on political lobbying.

Key risk warnings

Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security.

The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested.

1Scope 1, 2 and 3 carbon ***emissions***

We remain concerned by the Exxon’s lack of strategic ambition around climate change. To remain successful in a low-carbon world, companies must act today, aligning their capital decision with the goals of the Paris Agreement, and setting stretching targets. We are seeing many of Exxon’s peers step up, and reaffirm their sustainability ambitions even amid the current testing circumstances. The world, and Exxon’s investors, cannot afford the company to fall behind.

We believe that the separation of combined CEO and board chair roles provides a better balance of authority and responsibility. In addition, if companies spend investors’ money on lobbying governments, we expect them to account for how and why they do this. Such checks and balances are in the best interests of shareholders.

As constructive, long-term investors, we believe improvements in ExxonMobil’s governance and climate strategy will contribute to its resilience and future success.

Meryam Omi

Head of Sustainability and Responsible Investment Strategy at Legal & General Investment Management (LGIM)

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