

**EUROFER**

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Fondo Pensione Nazionale a Capitalizzazione  
per i Lavoratori delle Ferrovie dello Stato

Via Bari, 20  
00161 Roma  
Italy

Rome, March 29, 2019

Exxon Mobil Corp.  
5959 Las Colinas Blvd  
Irving, TX 75039-2298  
United States

Kind attention of:

Neil Hansen, Vice President - Investor Relations/Secretary

ESG engagement letter

Dear Sirs,

Fondo Pensione EUROFER is the pension fund for employees of the Italian State Railways, established in March 2002 as a non-profit organization with the goal of ensuring the associated workers their standard of living during retirement, thanks to an additional contribution pension plan, complementary to the public one.

As of December 31st, 2018, almost 75,000 active workers of 117 companies were members of the fund with assets under management of €1,034,869,625 of which 0.14% invested in shares of your Company.

EUROFER integrates the principles of sustainability and ESG (i.e. environmental social and governance) in its investment strategies, coupled with investment principles of a typical pension fund, which require a non-speculative investment approach, a long-term time horizon, a low portfolio turnover, and a stable relationship with its members. All investments (both equity and debt) of EUROFER follow a social responsibility policy.

With this letter, we bring to your attention specific aspects of the ESG profile of Home Depot Inc. with the aim of creating a positive, constructive and long-term dialogue to foster a progressive improvement of the management of business risks, including non-financial risks, to whom EUROFER pays special attention in the interest of its beneficiaries.

The requests we would like to ask with this letter are:

- **Set Greenhouse Gas Reduction targets - In Line with Paris Goals**

- Lobbying Expenditures Disclosure - Climate
- Publish a Report on Plastic Pollution

#### Set Greenhouse Gas Reduction targets - In Line with Paris Goals

EUROFER, in line with a similar request from the ICCR network of investors<sup>1</sup>, request that Exxon Mobil, in annual reporting from 2020, include disclosure of short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2°C and to pursue efforts to limit the increase to 1.5°C. This reporting should cover both the corporation's operations and products, omit proprietary information, and be prepared at reasonable cost.

It is widely accepted that a transition to a low carbon economy - driven by advances in technology and government policy aligned with the Paris Agreement - is under way. As the use of zero- and low-carbon technology increases due to technical breakthroughs and decreasing costs, and as governments take steps to limit greenhouse gas emissions, fossil fuel companies face enhanced risk. These trends could limit returns to ExxonMobil's investors by increasing the company's operating costs or by reducing demand for its products.

The Grantham Research Institute on Climate Change and the Environment has identified at least 1,512 climate change laws. Growing recognition of the risks from climate change will result in increasing numbers of, stringency of, and support for these laws.

Disclosing targets is an important means of assuring investors of the management of risks associated with climate change and investors welcome ExxonMobil's recent announcement of a 2020 methane emission reduction goal.

However, some of ExxonMobil's peer companies, including Total and Shell, have disclosed much longer-term ambitions, including for emissions resulting from the use of their products. Investors participating in Climate Action 100+, representing over \$32 trillion in assets under management, are seeking enhanced disclosure of targets and other measures demonstrating company alignment with the Paris Agreement.

EUROFER believes that, to ensure that ExxonMobil is adequately prepared to be successful into the future for its shareholders and other stakeholders, it is essential for the company to identify and disclose targets that are aligned with the goals of the Paris Agreement.

#### Lobbying Expenditures Disclosure - Climate

EUROFER, in line with a similar request from the ICCR network of investors, request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications<sup>2</sup>.

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<sup>1</sup> <http://www.iccr.org/about-iccr>

<sup>2</sup> "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation.

2. Payments by ExxonMobil used for (a) direct or indirect lobbying<sup>3</sup> or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's and the Board's decision making process and oversight for making payments described above.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on ExxonMobil's website.

We encourage transparency in ExxonMobil's use of funds to lobby. ExxonMobil spent \$99.43 million from 2010 – 2017 on federal lobbying. These figures do not include state lobbying expenditures, where ExxonMobil also lobbies but disclosure is uneven or absent. For example, ExxonMobil spent \$3,860,715 on lobbying in California from 2010 – 2017. Exxon also lobbies abroad, reportedly spending between €3.75m and €4m on lobbying in Brussels for 2017 ("Revealed: ExxonMobil's Private Dinner with Cyprus' Top EU Brass," EU Observer, August 12, 2018).

We commend ExxonMobil for ending its membership in the American Legislative Exchange Council ("Exxon Mobil Joins Exodus of Firms from Lobbying Group ALEC," Reuters, July 12, 2018). However, serious disclosure concerns remain. ExxonMobil belongs to the American Petroleum Institute, Business Roundtable (BRT), Chamber of Commerce and National Association of Manufacturers (NAM), which altogether spent \$260,410,014 on lobbying for 2016 and 2017. Both the BRT and NAM are lobbying against shareholder rights to file resolutions. ExxonMobil does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying.

EUROFER is concerned that ExxonMobil's lack of lobbying disclosure presents reputational risks when its lobbying contradicts company public positions. For example, ExxonMobil supports the Paris climate agreement, yet was named one of the top three global corporations lobbying against effective climate policy, ("When Corporations Take Credit for Green Deeds Their Lobbying May Tell Another Story," The Conversation, July 17, 2018), and the Chamber undermined the Paris climate accord ("Paris Pullout Pits Chamber against Some of Its Biggest Members," Bloomberg, June 9, 2017). As shareholders, we believe that companies should ensure there is alignment between their own positions and their lobbying, including through trade associations.

#### **Publish a Report on Plastic Pollution**

EUROFER, in line with a similar request from the ICCR network of investors, request that Exxon Mobil issue an annual report to shareholders, at reasonable cost and omitting proprietary information, on plastic pollution. The report should disclose trends in the amount of pellets, powder or granules released to the environment by the company annually, and concisely assess the effectiveness of the company's policies and actions to reduce the volume of the company's plastic materials contaminating the environment. The report should include discussion of pellet loss prevention, cleanup and containment.

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<sup>3</sup> "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which ExxonMobil is a member.

Most plastic products originate from plastic pellets, also known as pre-production pellets, or nurdles, manufactured in polymer production plants. Due to spills and poor handling procedures, billions of such plastic pellets are swept into waterways during production or transport annually and increasingly found on beaches and shorelines, adding to harmful levels of plastic pollution in the environment.

Eight million tons of plastics leaks into oceans annually. Plastics degrade in water to small particles that animals mistake for food; plastic pollution impacts 260 species, causing fatalities from ingestion, entanglement, suffocation, and drowning. Plastic does \$13 billion in damage to marine ecosystems annually. If no action is taken, oceans are expected to contain more plastic than fish by 2050. Pellets are similar in size and shape to fish eggs and are often mistaken by marine animals for food. Plastic pellets can absorb toxins such as dioxins from water and transfer them to the marine food web and potentially to human diets, increasing the risk of adverse effects to wildlife and humans.

Nearly 200 nations pledged to eliminate plastic pollution in the world's oceans at the United Nations Environment Assembly in Nairobi last December. The United Nations Undersecretary-General has called this issue "an ocean Armageddon." The U.S. Microbead-Free Waters Act of 2015 banned one form of microplastic pollution—microbeads used in cosmetic products.

Plastic pellets are estimated to be the second largest direct source of microplastic pollution to the ocean by weight; up to 53 billion pellets may be spilled annually in the United Kingdom alone. A recent study concluded that up to 36 million plastic pellets may be spilled from one major industry production complex in Sweden.

EUROFER believes that, given the severe biodiversity and economic impacts of plastic pollution described above, there is an urgent need to increase and improve reporting on pellet spills and remediation, as well as discussing accountability for pellet spill remediation in more detail.

We trust you would take into consideration our requests as a stimulus towards achieving greater consensus from all your stakeholders.

We look forward to your kind reply to our requests. We are keen to analyze carefully any further documentation that you may provide us concerning the highlighted points.

Thanking you for your attention and waiting for your kind reply.

Kind regards,

Fabio Ortolani  
Chairman of the Board of Directors  
Fondo Pensione EUROFER

