

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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MEMORANDUM

October 28, 2021

To: Members of the Committee on Oversight and Reform

Fr: Majority Staff

Re: Analysis of the Fossil Fuel Industry's Legislative Lobbying and Capital Expenditures Related to Climate Change

In recent years, four major oil companies operating in the United States—ExxonMobil, Chevron, Shell, and BP—have claimed that action on climate change is a top public policy and investment priority. All four companies have publicly asserted that they support the Paris Agreement and carbon pricing—two key policies to address climate change. However, an analysis of lobbying data indicates this public support has not been matched by meaningful action to advance these policy results. Instead, the companies appear to be using their praise of the Paris Agreement and carbon pricing to bolster their own public image while they continue to produce billions of barrels of fossil fuel and invest in new oil and gas extraction—actions that are making the climate crisis worse.

This analysis confirms the admissions of then-Exxon lobbyist Keith McCoy, who explained on video his view that a carbon tax “is not going to happen” but that “it gives us a talking point that we can say, well what is ExxonMobil for? Well, we’re for a carbon tax.”¹

In particular, an analysis of federal lobbying disclosures demonstrates that these four companies, along with an industry group, the American Petroleum Institute (API), spent hundreds of millions of dollars lobbying on legislative priorities over the past decade—yet only a tiny fraction of that lobbying activity was in support of the Paris Agreement or carbon pricing. This analysis found:

- **Exxon, Chevron, Shell, BP, and API have spent a combined \$452.6 million lobbying the federal government since 2011.** The four oil companies employed an average of around 40 lobbyists per year and spent a combined total of \$374.7

¹ *Inside Exxon's Playbook: How America's Biggest Oil Company Continues to Oppose Action on Climate Change*, Unearthed (June 30, 2021) (online at <https://unearthed.greenpeace.org/2021/06/30/exxon-climate-change-undercover/>).

million on federal lobbying, while API employed an average of 48 lobbyists per year and spent \$77.9 million.

- **Almost none of Big Oil’s lobbying on legislation since 2015 was devoted to the Paris Agreement or related legislation.** These five entities reported 4,597 instances of legislative lobbying in this period,² yet they reported only eight instances of lobbying on the Paris Agreement and none on any of the legislation related to the agreement—an amount equivalent to 0.17% of these entities’ total legislative lobbying in that period.
 - Chevron did not report *any* lobbying on the Paris Agreement, despite spending \$54 million on lobbying since 2015 and highlighting support for the Paris Agreement on its website.
 - ExxonMobil reported lobbying on the Paris Agreement only once, compared to 1,543 instances of lobbying on legislation in the same period.
- **Less than 0.4% of Big Oil’s legislative lobbying over the last decade was on carbon pricing legislation.** The four oil companies and API have publicly embraced carbon pricing as a way to address the greenhouse gas emissions that drive climate change, yet less than 0.4% of their lobbying on specific legislation since 2011 was on carbon pricing legislation.
- **Big Oil devoted far more effort to lobbying to lower its taxes than on either the Paris Agreement or carbon pricing legislation.** Since 2011, these entities and their outside lobbyists filed 1,670 lobbying reports, 938 of which—over 56%—showed lobbying on tax issues.
 - Since 2015, API has filed 153 lobbying reports that disclosed efforts to cut taxes for oil and gas companies, but just one lobbying report on the Paris Agreement and none at all on carbon pricing legislation.

Committee staff also found that the four oil companies’ public claims about their efforts to reduce emissions have often exaggerated the significance of their actions while hiding or downplaying their continued investments in fossil fuels. For example:

- **ExxonMobil reportedly invested only 0.22% of its capital expenditures in low-carbon projects** between 2010 and 2018. In 2018, the company announced a seven-year, \$210 billion investment plan that would increase oil and gas

² The Committee evaluated instances of legislative lobbying, which includes each time that a company or its outside lobbyists stated in a public Lobbying Disclosure Act report that they lobbied on a specific piece of legislation. From 2011 to 2021, BP, Chevron, Exxon, Shell, and API lobbyists filed a total of 1,878 quarterly lobbying reports, each of which listed the specific bills the companies or their lobbyists lobbied on during that quarter. Thus, each company or outside lobbyist could have up to four “instances” of legislative lobbying on a particular bill each year, one for each quarterly report. Each instance could include multiple activities related to that bill that occurred within the quarter.

production and would result in the company's yearly CO₂ emissions *increasing* 17% by 2025.

- **Only 2.3% of BP's total capital expenditures went to low-carbon investments** between 2010 and 2018. By 2013 the company had divested itself of all its solar and wind power assets.
- **Chevron has touted carbon capture programs that will barely make a dent in its overall emissions.** The company said these investments would reduce its emissions by 5 million tonnes per year, but failed to note this would amount to a reduction of just 0.7% of Chevron's total carbon emissions, which reached 697 million tonnes in 2019.
- **Shell's 2020 emissions were nearly twice that of the entire nation of Canada, and the company plans to increase natural gas extraction by 20%,** raising questions about its stated "target" to reach carbon neutrality.

I. EXXONMOBIL

ExxonMobil's website states, "Without exception, the company's lobbying efforts are aligned with its publicly available positions." According to the website, ExxonMobil counts "support of the Paris Agreement" as a "key issue" and claims to have "actively engaged with government officials to encourage remaining in the Paris Agreement."³ The company has expressed its public support for carbon pricing by stating, "We believe that effective policies are those that ... [e]nsure a uniform and predictable cost of greenhouse gas emissions across the economy."⁴

According to publicly available lobbying data analyzed by the Committee staff, from 2011 to 2021, ExxonMobil spent over \$119 million lobbying the federal government.⁵ This included 3,292 instances of lobbying on a total of 933 different bills. From 2011 to 2021, the company relied on 30 outside lobbying firms and 110 lobbyists.

The Paris Agreement was signed in 2015. The Committee staff's analysis of ExxonMobil's Lobbying Disclosure Act reports reveals that from 2015 to 2021, the company reported only one instance of lobbying on the Paris Agreement, and none on any of the 28 bills related to the Paris Agreement. That means that only 0.06% of ExxonMobil's 1,543 total instances of legislative lobbying since 2015 has been devoted to the Paris Agreement or related legislation. Similarly, despite its professed support for carbon pricing policies, ExxonMobil

³ ExxonMobil, *Political Contributions and Lobbying* (online at <https://corporate.exxonmobil.com/About-us/Policy/Political-contributions-and-lobbying>) (accessed Oct. 25, 2021).

⁴ ExxonMobil, *Signing the Paris Accord a Step Forward* (Apr. 22, 2016) (online at <https://energyfactor.exxonmobil.com/insights/partners/signing-paris-accord-step-forward/>).

⁵ This includes lobbying activity by ExxonMobil's in-house lobbyists as well as outside lobbying firms hired by ExxonMobil.

reported only 18 instances of legislative lobbying on bills related to carbon pricing—a mere 0.55% of its total legislative lobbying—over the last ten years.

By contrast, ExxonMobil devoted significant lobbying effort to legislation to reduce its taxes. Of the 565 quarterly reports ExxonMobil and its outside lobbyists have filed since 2011, 344 reports—over 60%—have included lobbying on tax issues. For example, ExxonMobil lobbied 74 times against legislation to repeal its tax breaks and 36 times on the 2017 Tax Cuts and Jobs Act (TCJA).

While ExxonMobil claims that it is “committed ... to advancing effective solutions to address climate change,” the company’s actions tell a different story. ExxonMobil reportedly invested just 0.22% of its capital expenditures in low-carbon projects between 2010 and 2018.⁶ In 2018, ExxonMobil announced a seven-year, \$210 billion investment plan, which would increase oil and gas production by an estimated 1 million barrels of oil equivalent per day and would result in the company’s yearly CO₂ emissions increasing 17% by 2025.⁷

II. CHEVRON

Chevron’s website states that “Chevron’s political engagement strategies align with corporate goals.”⁸ One of those key goals, repeated throughout the company’s lobbying and climate reports since 2015, is support for the Paris Agreement. Chevron’s 2020 Climate Lobbying Report touted its efforts “to advance the ambitions of the Paris Agreement.”⁹

According to publicly available lobbying data analyzed by Committee staff, Chevron spent over \$91 million lobbying the federal government from 2011 to 2021. This included 1,861 instances of legislative lobbying on a total of 408 different bills. Since the start of negotiations on the Paris Agreement in 2015, the company has reported 986 total instances of legislative lobbying.

Despite its public claims about supporting the Paris Agreement, the data does not show *any* lobbying by Chevron in support of the Paris Agreement. Since 2015, when the Paris Agreement was adopted, Chevron has not reported lobbying even once on either the Paris Agreement or the 28 bills related to the Paris Agreement.

⁶ Dario Kenner and Richard Heede, *White Knights, or Horsemen of the Apocalypse? Prospects for Big Oil to Align Emissions with a 1.5°C Pathway*, Energy Research and Social Science (2021) (online at www.sciencedirect.com/science/article/pii/S2214629621001420#b0365).

⁷ *Exxon’s Plan for Surging Carbon Emissions Revealed in Leaked Documents*, Bloomberg (Oct. 5, 2020) (online at www.bloomberg.com/news/articles/2020-10-05/exxon-carbon-emissions-and-climate-leaked-plans-reveal-rising-co2-output).

⁸ Chevron Corporation, *Lobbying and Trade Associations* (online at www.chevron.com/sustainability/governance/lobbying-and-trade-associations) (accessed Oct. 27, 2021).

⁹ Chevron Corporation, *Chevron 2020 Climate Lobbying Report* (2020) (online at www.chevron.com/-/media/chevron/sustainability/documents/chevron-climate-lobbying-report.pdf).

Similarly, Chevron has made a loud rhetorical commitment to carbon pricing. Chevron's climate page on its website states:

Carbon pricing should be the primary policy tool to achieve greenhouse gas emissions reduction goals. It incentivizes the most efficient and cost-effective emissions reductions while enabling support to affected communities, consumers, and businesses.¹⁰

However, the data indicates the company has failed to back this public commitment with legislative lobbying. Since 2011, Chevron has only reported eight instances of lobbying on carbon pricing legislation. This represents just 0.4% of Chevron's total legislative lobbying over the same period.

Chevron conducted plenty of lobbying to reduce its own taxes, however. Of the 251 quarterly lobbying reports Chevron has filed since 2011, 144 of them—over 57%—included lobbying on tax issues. The company filed 30 reports disclosing lobbying against legislation to repeal their tax breaks, and 11 reports identifying lobbying on the 2017 TCJA.

Chevron pledged in its 2020 shareholder report to “help advance a lower-carbon future,”¹¹ but in truth the company is on target to *increase* its oil production by 11% between 2019 and 2030.¹² One oft-aired advertisement touted Chevron's investment of \$1 billion in carbon-capture projects, but that investment pales in comparison to the \$13.5 billion that the company spent on carbon-intensive capital and exploration expenditures in 2020 alone. While Chevron claims that its carbon-capture projects will reduce its greenhouse gas emissions by roughly 5 million tonnes per year, this would account for only a minuscule fraction of the company's emissions, which in 2019 amounted to 697 million tonnes of carbon dioxide equivalent.¹³

III. BP

BP states on its website, “We support the goals of the 2015 Paris Agreement on climate change.” The company's website further states, “We believe that ambitious climate policies will be essential to enable the world to meet the Paris climate goals, including achieving global net zero GHG [greenhouse gas] emissions.”¹⁴ BP has affirmed this commitment directly to its

¹⁰ Chevron Corporation, *Chevron Supports Well-Designed Climate Policy* (online at www.chevron.com/sustainability/environment/climate-policy) (accessed Oct. 27, 2021).

¹¹ Chevron Corporation, *2020 Annual Report* (2021) (online at www.chevron.com/-/media/chevron/annual-report/2020/documents/2020-Annual-Report.pdf).

¹² Oil Change International, *Big Oil Reality Check: Assessing Oil and Gas Company Climate Plans* (Sept. 2020) (online at <http://priceofoil.org/content/uploads/2020/09/OCI-Big-Oil-Reality-Check-vF.pdf>).

¹³ ClientEarth, *Greenwashing Files: Chevron* (online at www.clientearth.org/projects/the-greenwashing-files/chevron/) (accessed Oct. 27, 2021).

¹⁴ BP, *BP Climate Policy Positions* (Jan. 2021) (online at www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/group-reports/bp-climate-policy-positions.pdf).

shareholders, writing in its 2020 shareholder report that the company “will advocate for fundamental and rapid progress towards the Paris climate goals.”¹⁵

From 2011 to 2021, BP spent over \$65 million lobbying the federal government. This included 956 instances of legislative lobbying on a total of 257 different bills. Since the start of negotiations on the Paris Agreement in 2015, the company has reported 488 total instances of legislative lobbying.

The Committee staff’s analysis of BP’s lobbying disclosures found that from 2015 to 2021, the company reported only one instance of lobbying on the Paris Agreement, and none on the 28 bills related to the Paris Agreement. That amount is equivalent to only 0.2% of BP’s legislative lobbying since 2015.

In public statements, BP has not only expressed support for carbon pricing but has affirmed its intent to advocate for carbon pricing policies. BP’s website states, “[W]e have publicly stated our aim to *more actively advocate* for policies that will support net zero, including carbon pricing.”¹⁶ BP even has an entire webpage devoted to “Carbon Pricing Principles,” which states that “a well-designed price on carbon ... is the most efficient way to reduce greenhouse gas (GHG) emissions.”¹⁷

However, BP has only reported three instances of lobbying on carbon pricing legislation in over ten years. This represents only 0.3% of BP’s total lobbying on legislation since 2011. By contrast, BP filed 125 lobbying reports disclosing lobbying on tax issues, 39 of which disclosed lobbying against legislation repealing the company’s tax breaks.

In 2001, BP rebranded as “Beyond Petroleum,” pushing an image of a company expanding its portfolio to renewable and less carbon-intensive forms of energy. However, as the company’s then-CEO explained, the campaign was focused on reducing emissions “not by abandoning oil and gas—but by improving the ways in which it is used and produced.” BP later abandoned the “Beyond Petroleum” tagline.¹⁸

By 2011, BP had quietly divested itself of all its solar power assets, and by 2013, it had divested itself of all its wind power assets.¹⁹ Between 2010 and 2018, only 2.3% of BP’s total

¹⁵ BP, *Performing While Transforming: From IOC to IEC—BP Annual Report and Form 20-F 2020* (2021) (online at www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-annual-report-and-form-20f-financial-statements-2020.pdf).

¹⁶ BP, *BP Climate Policy Positions* (Jan. 2021) (online at www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/group-reports/bp-climate-policy-positions.pdf) (emphasis added).

¹⁷ BP, *Carbon Pricing Principles* (online at www.bp.com/en/global/corporate/sustainability/getting-to-net-zero/carbon-pricing-principles.html) (accessed Oct. 27, 2021).

¹⁸ *After Abandoned “Beyond Petroleum” Re-brand, BP’s New Renewables Push Has Teeth*, Forbes (Aug. 4, 2020) (online at www.forbes.com/sites/scottcarpenter/2020/08/04/bps-new-renewables-push-redolent-of-abandoned-beyond-petroleum-rebrand/?sh=1ae73f381ceb).

¹⁹ “*Beyond Petroleum*” No More? BP Goes Back to Basics, CNBC (Apr. 22, 2013) (online at www.cnbc.com/id/100647034).

capital expenditures reportedly went to low-carbon investments.²⁰ In 2020, BP allocated roughly 5% of capital expenditures to alternative energy sources, which included natural gas, another fossil fuel.²¹

IV. SHELL

In its 2020 shareholder report, Shell stated unequivocally:

We fully support the Paris Agreement’s goal to keep the rise in global average temperature this century to well below two degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.²²

Shell devotes substantial resources to lobbying the federal government: from 2011 to 2021, the company spent over \$98 million lobbying Congress and the executive branch. This included 904 instances of legislative lobbying on 363 different bills. In addition to its in-house lobbyists, Shell relies on 16 outside lobbying firms and an average of 39 lobbyists per year.

Since 2015, Shell has only reported five instances of lobbying on the Paris Agreement, and none on the 28 bills related to the Paris Agreement—representing just 1.1% of the company’s total legislative lobbying over this same period.

In a 2018 statement, a Shell spokesman went on record in support of carbon pricing, stating, “We see carbon pricing as an essential policy tool to tackle climate change and pave the way for a smooth energy transition.” The spokesman continued:

Shell has long supported a strong and stable government-led carbon pricing framework. ... It’s our view Government-led carbon pricing mechanisms are the lowest cost way to develop low carbon technologies for a low carbon economy.²³

Despite Shell’s assertion that it has “long supported” carbon pricing, the company has reported only four instances of lobbying on carbon pricing legislation since 2011. This represents 0.4% of Shell’s total legislative lobbying over this same period. Shell engaged in prolific lobbying on tax issues, however: of the 327 quarterly reports the company has filed since 2011, 172 of them—over 52%—reported lobbying on tax issues.

²⁰ Dario Kenner and Richard Heede, *White Knights, or Horsemen of the Apocalypse? Prospects for Big Oil to Align Emissions with a 1.5°C Pathway*, Energy Research & Social Science (Sept. 2021) (online at www.sciencedirect.com/science/article/pii/S2214629621001420#b0365).

²¹ BP, *Performing While Transforming: From IOC to IEC—BP Annual Report and Form 20-F 2020* (2021) (online at www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-annual-report-and-form-20f-financial-statements-2020.pdf).

²² Royal Dutch Shell, *Powering Progress: Annual Reports and Accounts for the Year Ended December 31, 2020* (online at <https://reports.shell.com/annual-report/2020/servicepages/downloads/files/shell-annual-report-2020.pdf>).

²³ *Shell Oil Quietly Urges Lawmakers to Support Carbon Tax*, Scientific American (Aug. 24, 2018) (online at www.scientificamerican.com/article/shell-oil-quietly-urges-lawmakers-to-support-carbon-tax/).

Shell's 2020 annual report claims that the company has a "long-term target to become a net-zero emissions energy business by 2050."²⁴ However, Shell also disclosed emissions that year of 1.38 billion tonnes of carbon dioxide equivalent, nearly twice that of the entire nation of Canada. While Shell has stated that its oil production peaked in 2019, the company has also committed to expanding its production of natural gas by 20% over the next five years.²⁵

V. AMERICAN PETROLEUM INSTITUTE

API is the largest U.S. trade organization for the oil and gas industry and represents ExxonMobil, Chevron, BP, Shell, and other companies. API's Climate Action Framework promises to "tackle the climate challenge" and includes a pledge that the oil industry will continue to work to "reach the ambitions of the Paris Climate Agreement."²⁶

API employs an army of 48 lobbyists and has spent over \$77 million lobbying the federal government since 2011. API reported 1,110 instances of legislative lobbying since 2015. Only one of those instances involved lobbying related to the Paris Agreement—equivalent to less than one-tenth of 1% of its total lobbying on legislation over this period. API did not report a single instance of lobbying on any of the 28 bills related to the Paris Agreement.

A "Carbon Price Policy" is a core element of API's Climate Action Framework, which states that "an economywide government carbon price policy is the most impactful and transparent way to achieve meaningful progress."²⁷ However, API has not reported a single instance of legislative lobbying on any carbon pricing legislation. By contrast, of the 206 quarterly lobbying reports API has filed since 2011, 153 of them—or 74.3%—reporting lobbying on tax issues.

²⁴ Royal Dutch Shell, *Powering Progress: Annual Report and Accounts for the Year Ended December 31, 2020* (2021) (online at <https://reports.shell.com/annual-report/2020/servicepages/downloads/files/shell-annual-report-2020.pdf>).

²⁵ *Id.*

²⁶ American Petroleum Institute, *Climate Action Framework* (2021) (online at www.api.org/-/media/Files/EHS/climate-change/2021/api-climate-action-framework.pdf).

²⁷ *Id.*; see also *Oil, Gas Industry Says It Will Support Carbon Pricing*, Washington Post (Mar. 25, 2021) (online at www.washingtonpost.com/climate-environment/2021/03/25/carbon-tax-biden/).