

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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April 4, 2022

Mr. Darren Woods
Chief Executive Officer
ExxonMobil Corporation
5959 Las Colinas Boulevard
Irving, TX 75039

Mr. Michael K. Wirth
Chief Executive Officer
Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583

Mr. David Lawler
Chief Executive Officer
BP America Inc.
501 WestLake Park Boulevard
Houston, TX 77079

Ms. Gretchen Watkins
President
Shell Oil Company
50 North Dairy Ashford Road
Houston, TX 77079

Dear Mr. Woods, Mr. Lawler, Mr. Wirth, and Ms. Watkins:

As Vladimir Putin's illegal war against Ukraine is raising gas prices and hurting Americans at the pump, fossil fuel companies are taking advantage of the crisis by raking in record profits and spending billions of dollars to enrich their executives and investors. As part of the Committee's ongoing investigation into Big Oil's disinformation on fossil fuels and climate change, we found that as profits rose last year, Exxon, Chevron, BP, and Shell spent more than \$44 billion to enrich investors with stock buybacks and dividends. This year, you have promised to funnel at least \$32 billion more to your investors, while committing less than half of that amount to urgently needed lower-carbon investments.

Big Oil must immediately stop profiteering off the crisis in Ukraine. We are writing to urge your companies to suspend stock buybacks and dividends for the duration of the Ukraine crisis and immediately use those funds to help Americans suffering from high prices at the pump and make meaningful investments in proven clean energy sources, including solar and wind, to address the growing climate crisis.

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Higher Profits Are Enriching Big Oil Shareholders and Executives

In 2021, your companies reported near-record profits. Exxon's net profits were over \$23 billion in 2021.¹ In the fourth quarter of 2021 alone, Exxon reported a profit of nearly \$9 billion, its most profitable quarter in eight years.² Chevron also reported its most profitable year since 2014, netting \$15.6 billion.³ In 2021, BP netted its highest profits in eight years at \$12.8 billion, while Shell brought in \$21.1 billion in what Chief Executive Officer Ben van Beurden called "a momentous year" for the company.⁴

Big Oil's profits have been used to enrich investors and executives—at the expense of American consumers paying higher gas prices. In 2021, Exxon paid dividends to shareholders totaling nearly \$15 billion.⁵ Chevron spent \$10.2 billion on dividends and \$1.4 billion buying back its own stock.⁶ BP spent \$4.63 billion on dividends and \$3.15 billion on stock buybacks.⁷

¹ ExxonMobil, *Press Release: ExxonMobil Earns \$23 Billion in 2021, Initiates \$10 Billion Share Repurchase Program* (Feb. 1, 2022) (online at corporate.exxonmobil.com/News/Newsroom/News-releases/2022/0201_ExxonMobil-earns-23-billion-in-2021_initiates-10-billion-share-repurchase-program).

² *Exxon Mobil Reports a \$8.9 Billion Fourth-Quarter Profit as Oil Prices Soar*, New York Times (Feb. 1, 2022) (online at www.nytimes.com/2022/02/01/business/exxon-earnings-4q-2021.html).

³ *Exxon, Chevron Hit Gushers of Cash as Big Oil Companies Lure Back Investors*, Wall Street Journal (Feb. 1, 2022) (online at www.wsj.com/articles/exxon-chevron-hit-gushers-of-cash-as-big-oil-companies-lure-back-investors-11643721078).

⁴ BP p.l.c., *Bp's Fourth Quarter and Full Year 2021 Results and Update on Strategic Progress* (online at www.bp.com/en/global/corporate/investors/results-and-presentations/quarterly-results-and-webcast.html?utm_source=4Q20BPInvestapp) (accessed Mar. 11, 2022); *Oil Major Shell Reports Sharp Upswing in Full-year Profit, Raises Dividend and Buybacks*, CNBC (Feb. 3, 2022) (online at www.cnbc.com/2022/02/03/shell-earnings-q4-2021.html).

⁵ Exxon Mobil Corporation, Form 10-K Annual Report, at Page 58 (Feb. 23, 2022) (online at ir.exxonmobil.com/sec-filings/sec-filing/10-k/0000034088-22-000011) ("Dividend payments on common shares increased to \$3.49 per share from \$3.48 per share and totaled \$14.9 billion"); Chevron Corporation, Form 10-K Annual Report, at Page 38, 43 (Feb. 23, 2022) (online at chevroncorp.gcs-web.com/static-files/0ffa8d8e-45ba-4855-9073-acce2d09c4b7) ("The 2021 annual dividend was \$5.31 per share ... Dividends paid to common stockholders were \$10.2 billion."); see also *Exxon Posts Strongest Results Since 2017, Vows to Resume Share Buybacks*, Reuters (Oct. 29, 2021) (online at www.reuters.com/business/energy/exxon-mobil-posts-highest-quarterly-profit-nearly-four-years-2021-10-29/).

⁶ *Chevron Raises Buybacks and Says Exposure to Russia is Limited*, Reuters (Mar. 1, 2022) (online at www.reuters.com/business/energy/chevron-hikes-buybacks-raises-cash-flow-forecast-2022-03-01/); The Motley Fool, *Chevron (CVX) Q4 2021 Earnings Call Transcript* (Jan. 28, 2022) (online at www.fool.com/earnings/call-transcripts/2022/01/28/chevron-cvx-q4-2021-earnings-call-transcript/).

⁷ BP p.l.c., *Press Release: Fourth Quarter and Full Year*, at Page 27 (Feb. 8, 2022) (online at www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-fourth-quarter-2021-results.pdf); BP p.l.c., *Shares in Issue and Share Buybacks* (online at www.bp.com/en/global/corporate/investors/information-for-shareholders/shares-in-issue-and-share-buybacks.html) (accessed Mar. 22, 2022).

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Shell spent \$6.3 billion on dividends and bought back \$3.5 billion worth of its own stock.⁸ Combined, the four companies paid out \$44.18 billion to shareholders in 2021, in the form of dividends and stock buybacks.

This year, all of your companies have indicated that they plan to expand stock buybacks. Exxon and Chevron both pledged up to \$10 billion in stock buybacks in 2022.⁹ BP has announced \$4.15 billion in buybacks, and Shell has announced plans for \$8.5 billion worth of buybacks in the first half of 2022 alone.¹⁰

As your profits have grown, each of your companies has also paid out tens of millions in executive compensation. Last year, Chevron's five highest paid executives received more than \$82 million. That included \$33 million paid to Chevron's chief executive officer (CEO)—more than 900 times the median income in the United States.¹¹ Exxon's five highest paid executives received more than \$69 million in total compensation, with Exxon's CEO receiving \$23 million. BP's CEO saw his compensation more than double in 2021 to \$5.9 million, while Shell's CEO received \$8.2 million.¹²

Clean Energy Investments Lag Behind

Each of your companies has touted its current and planned investments in renewable energy, yet these pledges represent only a small fraction of the payouts to shareholders through

⁸ Royal Dutch Shell, plc, SEC Form 20-F, at Page 21 (Mar. 10, 2022) (online at shell.gcs-web.com/static-files/75397cdf-a244-45a1-83e3-db3ba4df5ffe); *Oil Major Shell Reports Sharp Upswing in Full-year Profit, Raises Dividend and Buybacks*, CNBC (Feb. 3, 2022) (online at www.cnbc.com/2022/02/03/shell-earnings-q4-2021.html).

⁹ ExxonMobil, *Press Release: ExxonMobil Earns \$23 Billion in 2021, Initiates \$10 Billion Share Repurchase Program* (Feb. 1, 2022) (online at corporate.exxonmobil.com/News/Newsroom/News-releases/2022/0201_ExxonMobil-earns-23-billion-in-2021_initiates-10-billion-share-repurchase-program); *Chevron Doubles Buyback as Spending Cap Helps Lift Cash Flow*, Bloomberg (Mar. 1, 2022) (online at www.bloomberg.com/news/articles/2022-03-01/chevron-doubles-buybacks-after-pledging-to-cap-spending).

¹⁰ BP p.l.c., *Bp's Fourth Quarter and Full year 2021 Results and Update on Strategic Progress* (Feb. 8, 2022) (online at www.bp.com/en/global/corporate/investors/results-and-presentations/quarterly-results-and-webcast.html?utm_source=4Q20BPInvestapp); *Oil Major Shell Reports Sharp Upswing in Full-year Profit, Raises Dividend and Buybacks*, CNBC (Feb. 3, 2022) (online at www.cnbc.com/2022/02/03/shell-earnings-q4-2021.html).

¹¹ FRED Economic Data, *Real Median Income in the United States* (online at fred.stlouisfed.org/series/MEPAINUSA672N) (accessed Mar. 14, 2022); WallMine, *Darren Woods Net Worth* (online at wallmine.com/people/33491/darren-w-woods) (accessed Mar. 20, 2022); WallMine, *Michael Wirth Net Worth* (online at wallmine.com/people/30110/michael-k-wirth) (accessed Mar. 20, 2022).

¹² *BP CEO Looney's 2021 Pay Package More Than Doubles to Around \$5.9 million*, CNBC (Mar. 18, 2022) (online at www.cnbc.com/2022/03/18/bp-ceo-looneys-2021-pay-package-more-than-doubles-to-near-5point9-million.html?__source=google%7Ceditorspicks%7C&par=google#:~:text=BP%20CEO%20Looney%27s%202021%20pay%20package%20more%20than%20doubles%20to%20around%20%245.9%20million,-Published%20Fri%2C%20Mar&text=The%20oil%20and%20gas%20chief%27s,BP%27s%20annual%20report%20published%20Friday); *Shell CEO's Pay Rose by a Quarter in 2021 to \$8.2 Mln*, Reuters (Mar. 10, 2022) (online at www.reuters.com/business/shell-ceos-pay-rose-by-quarter-2021-82-mln-2022-03-10/).

dividends and stock buybacks.¹³ This year, both BP and Exxon have pledged \$2.5 billion for “low carbon” energy investments, while Chevron has pledged \$4.55 billion.¹⁴ Shell has announced plans to invest \$2 to \$3 billion in the broad category of renewables and energy solutions.¹⁵ For each company, planned 2022 stock buybacks alone substantially outpace pledged investments in low-emission energy sources.

	Exxon	Chevron	BP	Shell
2021 Net Yearly Income	\$23.0 billion	\$15.6 billion	\$12.8 billion	\$21.1 billion
2021 Dividends	\$14.9 billion	\$10.2 billion	\$4.63 billion	\$6.3 billion
2021 Stock Buybacks	\$0 billion	\$1.4 billion	\$3.15 billion	\$3.5 billion
2022 Announced Stock Buybacks	\$10 billion	\$10 billion	\$4.15 billion	\$8.5 billion
2022 Announced “Low Carbon” Investments	\$2.5 billion	\$4.55 billion	\$2.5 billion	\$2-3 billion

¹³ Exxon, Chevron, BP, and Shell have each announced an “aspiration,” “ambition,” “strategy,” and “target” for net-zero emissions in its own production and operations (“Scope 1” and “Scope 2” emissions) by 2050. These pledges largely exclude “scope 3” emissions from the products they produce and frequently on unproven methods and technologies. ExxonMobil, *Press Release: ExxonMobil Announces Ambition for Net Zero Greenhouse Gas Emissions by 2050* (Jan. 18, 2022) (online at corporate.exxonmobil.com/News/Newsroom/News-releases/2022/0118_ExxonMobil-announces-ambition-for-net-zero-greenhouse-gas-emissions-by-2050); Chevron, *Climate Change Resilience: Advancing a Lower Carbon Future* (Oct. 2021) (online at www.chevron.com/-/media/chevron/sustainability/documents/2021-climate-change-resilience-report.pdf); BP, *From International Oil Company to Integrated Energy Company: BP Sets Out Strategy for Decade of Delivery Towards Net Zero Ambition* (Aug. 4, 2020) (online at www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/news-and-insights/press-releases/from-international-oil-company-to-integrated-energy-company.pdf); Royal Dutch Shell PLC, *Shell Sets New Target to Halve Scope 1 And 2 Absolute Emissions, Complementing Existing Climate Goals* (Oct. 28, 2021) (online at <https://shell.gcs-web.com/news-releases/news-release-details/shell-sets-new-target-halve-scope-1-and-2-absolute-emissions>).

¹⁴ BP p.l.c., *BP Full Year & Fourth Quarter 2021 Financial Results & Update on Strategic Progress* (Feb. 8, 2022) (online at www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-fourth-quarter-2021-results-presentation-slides-and-script.pdf); ExxonMobil Corporation, *Press Release: ExxonMobil Announces Corporate Plans to 2027 – Supports Approximately Doubling Earnings and Cash Flow Potential, Reducing Emissions* (Dec 1, 2021) (online at www.exxonmobil.co/3xHRDhV); Chevron Corporation, *Press Release: Chevron Accelerates Lower Carbon Ambitions* (Sept. 14, 2021) (online at www.chevron.com/stories/chevron-accelerates-lower-carbon-ambitions); Chevron Corporation, *Press Release: Chevron Announces Agreement to Acquire Renewable Energy Group* (Feb. 28, 2022) (online at www.chevron.com/stories/chevron-announces-agreement-to-acquire-renewable-energy-group) (Chevron’s investment includes a \$3.15 billion expenditure in February 2022 to acquire Renewable Energy Group).

¹⁵ Shell p.l.c., *Shell Accelerates Drive for Net-zero Emissions with Customer-first Strategy* (Feb. 11, 2021) (online at www.shell.com/media/news-and-media-releases/2021/shell-accelerates-drive-for-net-zero-emissions-with-customer-first-strategy.html).

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Big Oil has long sought to deflect criticism over decades of climate disinformation by putting forth misleading company pledges to improve the appearance of companies' carbon footprints. Yet experts at the Committee's February 2022 hearing testified that your companies' investments in renewable energy are woefully insufficient to address the deepening climate crisis and often rely on unproven technology rather than reliable clean energy sources like wind and solar. For example, as climate scientist Dr. Michael Mann emphasized during the hearing, there is no evidence that carbon capture technology "can be viable at the scale that is necessary to reduce net carbon into the atmosphere."¹⁶

The Ukraine Crisis and the Need for Clean Energy

As the Ukraine crisis has driven gas prices to record highs, your companies are poised to reap even more windfall profits from fossil fuel sales. During the first three months of 2022—as Vladimir Putin prepared for and launched his illegal invasion of Ukraine—average gas prices increased by 29%, from \$3.28 to \$4.23 per gallon. Since Russia launched its attack on February 24, average gas prices have increased by more than 70 cents, further enriching fossil fuel companies.¹⁷ The fossil fuel industry is using this crisis as an opportunity to profiteer—not only by reaping massive profits from higher prices, but by lobbying to open new land to drilling, even though this would have zero impact on short-term gas prices and would increase our country's long-term dependence on fossil fuels.¹⁸ These efforts are another example of the industry's practice of enriching shareholders and investors instead of fulfilling clean energy pledges or lowering prices at the pump. The call for opening new lands for drilling is particularly egregious as new leases would take years to come online and, as of 2021, oil and gas companies are already sitting on 12.2 million acres of public land that they have leased but have not begun using to produce oil.¹⁹

The events of the past several weeks demonstrate the dangers of America's fossil fuel dependence. Vladimir Putin's invasion of Ukraine is funded by oil and gas exports, which

¹⁶ Committee on Oversight and Reform, *Hearing on Fueling a Climate Crisis: Fact Checking Big Oil's Climate Pledges* (Feb. 8, 2022) (online at oversight.house.gov/legislation/hearings/fueling-the-climate-crisis-examining-big-oils-climate-pledges); see also *Chevron's Carbon Capture Struggle Shows Big Oil's Climate Hurdle*, Bloomberg (July. 18, 2021) (online at www.bloomberg.com/news/articles/2021-07-19/chevron-s-carbon-capture-struggle-shows-big-oil-s-climate-hurdle); *Exxon Sees Green Gold in Algae-Based Fuels. Skeptics See Greenwashing*, Wall Street Journal (Oct. 3, 2021) (online at www.wsj.com/articles/exxon-sees-green-gold-in-algae-based-fuels-skeptics-see-greenwashing-11633258802).

¹⁷ U.S. Energy Information Administration, Department of Energy, *Petroleum & Other Liquids, Weekly U.S. Regular All Formulations Retail Gasoline Prices* (online at www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPMR_PTE_NUS_DPG&f=W) (accessed Mar. 28, 2022).

¹⁸ *U.S. Oil Industry Uses Ukraine Invasion to Push for More Drilling at Home*, New York Times (Feb. 26, 2022) (online at www.nytimes.com/2022/02/26/climate/ukraine-oil-lobby-biden-drilling.html).

¹⁹ Bureau of Land Management, *Oil and Gas Statistics, Fiscal Year 2021 Statistics* (online at www.blm.gov/programs-energy-and-minerals-oil-and-gas-oil-and-gas-statistics).

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accounted for 36% of Russia's federal government budget in 2021.²⁰ The fuel powering the Russian war machine was extracted and brought to market in part by your companies.²¹ In the United States, fossil fuels erode the stability of our economy and poison our environment. The destruction from climate change falls disproportionately on low-income and minority individuals, who have already begun to experience climate-driven displacement.²² Clean energy sources including wind and solar power, in contrast, are not only more environmentally friendly but are also less likely to contribute to inflation and economic volatility.²³ That is why this Committee has repeatedly called for the fossil fuel industry to make meaningful investments in alternative sources of power.

Transitioning to clean energy has the potential to meet our energy needs more quickly than opening up new land to drilling. The U.S. Energy Information Administration estimates that the time between initial oil drilling to well completion and active crude oil production is roughly two years.²⁴ Wind turbine farms can begin producing energy just as fast, from the beginning of the wind feasibility study to installation and commissioning.²⁵ Solar farms can be operational much faster—just six months to one year from the initial solar assessment to commissioning.²⁶ The successful embrace of renewable energy is both possible and profitable. Nearly a decade ago, a National Renewable Energy Laboratory study found that the United

²⁰ *Factbox: Russia's Oil and Gas Revenue Windfall*, Reuters (Jan. 21, 2022) (online at www.reuters.com/markets/europe/russias-oil-gas-revenue-windfall-2022-01-21/).

²¹ *How Exxon, BP and Shell Help Russia Pump Oil and Gas*, CNN Business (Feb. 24, 2022) (online at www.cnn.com/2022/02/24/business/exxon-bp-shell-russia-oil/index.html); Chevron Corporation, *Chevron Worldwide: Russia* (online at www.chevron.com/worldwide/russia) (accessed Mar. 22, 2022).

²² *EPA Just Detailed All the Ways Climate Change Will Hit U.S. Racial Minorities the Hardest. It's a Long List*, Washington Post (Sept. 2, 2021) (online at www.washingtonpost.com/climate-environment/2021/09/02/ida-climate-change/); Laura Grier, Delia Mayor, and Brett Zeuner, *Assessing the State of Environmental Justice in Michigan*, School for Environment and Sustainability, University of Michigan (May 2019) (online at deepblue.lib.umich.edu/bitstream/handle/2027.42/149105/AssessingtheStateofEnvironmentalJusticeinMichigan_344.pdf?sequence=1); *On a Sinking Louisiana Island, Many Aren't Ready to Leave*, Los Angeles Times (Apr. 23, 2019) (online at www.latimes.com/nation/la-na-jean-charles-sinking-louisiana-island-20190423-htlmlstory.html).

²³ *The Best Way to Fight Inflation: Ditch Fossil Fuels*, The New Republic (Nov. 24, 2021) (online at newrepublic.com/article/164528/deal-inflation-get-off-fossil-fuels).

²⁴ U.S. Energy Information Administration, *Time Between Drilling and First Production Has Little Effect on Oil Well Production* (Sept. 10, 2019) (online www.eia.gov/todayinenergy/detail.php?id=41253).

²⁵ Renewables First, *What is a Wind Turbine Project Timeline* (online at www.renewablesfirst.co.uk/windpower/windpower-learning-centre/how-long-will-the-whole-project-take/) (accessed Mar. 10, 2022).

²⁶ Solect Energy, *Taking the First Step: Understanding the Solar Timeline* (online at solect.com/taking-the-first-step-understanding-the-solar-timeline/) (accessed Mar. 11, 2022).

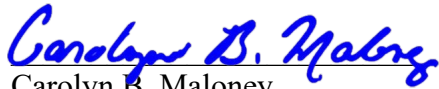
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States had the technology and resources available to generate at least 80% of its electricity from renewable energy by 2050, and that estimate was conservative.²⁷

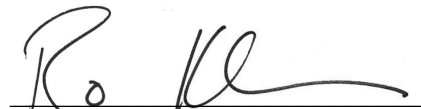
The Committee is continuing to investigate how Big Oil reaped massive profits for decades while spreading disinformation about the industry's central role in fueling the climate crisis, and we continue to seek compliance from your companies with the Committee's subpoenas, including the production of withheld documents.

As our investigation continues, in light of the urgent issues raised by Vladimir Putin's war against Ukraine and its impact on gas prices, we call on your companies to commit to investing your recent windfall profits in reducing the burden of gas prices on Americans in the short-term, while also investing in proven renewable energy projects to reduce the fossil fuel dependency that has empowered Mr. Putin and other dangerous autocrats around the world.²⁸ Redirecting the windfall profits you have earned away from stock buybacks and towards building a vital clean energy infrastructure will make energy more affordable for American consumers and finally make your companies' investments match your climate promises.

Sincerely,



Carolyn B. Maloney
Chairwoman
Committee on Oversight and Reform



Ro Khanna
Chairman
Subcommittee on Environment

cc: The Honorable James Comer, Ranking Member
Committee on Oversight and Reform

The Honorable Ralph Norman, Ranking Member
Subcommittee on Environment

²⁷ National Renewable Energy Laboratory, *Renewable Electricity Futures Study* (2012) (online at www.nrel.gov/analysis/re_futures/).

²⁸ In response to public outcry, Shell pledged to redirect profits attributed to its recent purchase of oil from Russia to humanitarian agencies and aid partners. However, this pledge did not address the massive windfall profit Shell is earning due to the higher price of oil resulting from Russia's invasion of Ukraine. See Shell Corporation, *Press Release: War in Ukraine: Statement of Shell's CEO* (Mar. 8, 2022) (online at www.linkedin.com/feed/update/urn:li:activity:6906919408607080449/); see also *Shell Promises Profits From Trading Russian Oil to Charity*, Wall Street Journal (Mar. 6, 2022) (online at www.wsj.com/livecoverage/russia-ukraine-latest-news-2022-03-04/card/shell-promises-profits-from-trading-russian-oil-to-charity-GiRNyOKSxlxmH7YvJGAn).