

United States Senate

WASHINGTON, DC 20510

January 10, 2020

Mortimer J. Buckley
Chairman and CEO
Vanguard
P.O.Box 2600
Valley Forge, PA 19482

Dear Mr. Buckley:

We write to you in your position as CEO of one of the four largest shareholders of Marathon Petroleum Corporation.

In our capacity as United States Senators, it has come to our attention that Marathon is one of the leading forces in Washington opposing efforts to limit carbon pollution and fight climate change.

Marathon is a leader of the efforts to freeze fuel economy and greenhouse gas emissions standards for cars and light trucks and revoke California's authority under the Clean Air Act to set its own standards. Marathon's no-holds-barred lobbying campaign was directed at members of Congress, governors, executive agencies, and the White House, and it is well-documented in both the popular press¹ and an official comment² submitted by senators to the rulemaking record.

More recently, we have learned that Marathon was active behind the scenes in lobbying to ensure that the tax credit for electric vehicles was not expanded. Marathon has lobbied on a variety of bills involving electric vehicles.³

Marathon's zeal for opposing climate action stems from the fact that the company recognizes that policies to limit carbon pollution, and especially those that would be consistent with the goal of the Paris Agreement. Limiting global warming to well less than two degrees Celsius would have an adverse impact on its business model, which is primarily centered around refining and selling liquid fuels for road transport. Indeed, the company's 2019 scenario analysis report admits that Paris-consistent policies would dramatically reduce demand for liquid fuels.⁴

¹ See, e.g., Hiroko Tabuchi, "The Oil Industry's Covert Campaign to Rewrite American Car Emissions Rules," *The New York Times* (Dec. 13, 2018), <https://www.nytimes.com/2018/12/13/climate/cape-emissions-rollback-oil-industry.html>

² Comment submitted by Sheldon Whitehouse, *et al.*, available at <https://www.regulations.gov/document?D=EPA-HQ-OAR-2018-0283-5483>

³ See, e.g., Marathon Petroleum 2019 third quarter lobbying disclosure report, available at <https://soprweb.senate.gov/index.cfm?event=getFilingDetails&filingID=E28753E7-1B6A-4D81-A919-842A812A18A5&filingTypeID=69>

⁴ Perspectives on Climate-Related Scenarios, Marathon Petroleum (Oct. 2019), pgs. 12-13, available at <https://www.marathonpetroleum.com/content/documents/Responsibility/MPC-ClimateReport-2019.pdf>

Unfortunately, the lesson that Marathon apparently takes from its scenario analysis is that rather than use its tremendous capital and human resources to diversify into other business lines that will have better growth prospects in a low carbon economy, it should double down on delaying the transition to a low carbon economy for as long as possible.⁵

As an investor with a stated commitment to climate action and a stated concern about climate risk, Marathon's pattern of repeatedly opposing efforts to limit carbon pollution should be doubly concerning: first, because the transition to a low carbon economy is inevitable, and by deciding to forgo any diversification strategy, Marathon is condemning itself to a future of diminishing returns; and second, because Marathon's efforts to undermine climate policy run directly counter to your stated commitment in favor of climate action.

Vanguard says that it is "working toward long-term environmental sustainability," and highlights its commitments to energy efficiency, using recycled and environmentally sustainable materials, and to "thinking green."⁶ In 2017, Vanguard even named climate risk as one of its main investing priorities.⁷

Given your company's stated commitment to support of climate action and your concern about climate-related economic risks, we urge you use your position as one of Marathon's largest shareholders to discuss why its current strategy of fiercely lobbying against efforts to limit carbon pollution is mistaken. We note that over 200 investors recently wrote to Marathon and other major emitters urging it to align its lobbying activities with the goals of the Paris Agreement.⁸ We would encourage you to convey a similar message to Marathon and to all of the companies in which you have an ownership stake.

We are also interested in what you knew about Marathon's political behavior in these areas. You have a powerful share of this company's stock, and whether or not the Marathon board and management informed you of these activities bears scrutiny.

Our climate crisis is only getting worse, and the warnings about the severe economic consequences that will result from climate change are only getting more troubling. As a major financial institution, we believe that you have a critical role to play in shaping the lobbying and influencing activities of the companies you own to ensure that this considerable influence is not condoned against the climate action you claim to support.

⁵ DSM, a Dutch multinational formerly focused on coal mining, provides a telling counterexample of a company that has flourished by diversifying away from fossil fuels.

⁶ Conserving the Environment, Vanguard, available at <https://about.vanguard.com/community-stewardship/conserving-the-environment/>

⁷ Madeleine Cuff, "Vanguard names climate risk as defining investment theme," *GreenBiz* (Sept. 7, 2017), <https://www.greenbiz.com/article/vanguard-names-climate-risk-defining-investment-theme>

⁸ 200 Investors Call on US Companies to Align Climate Lobbying with Paris Agreement, available at <https://www.ceres.org/news-center/press-releases/200-investors-call-us-companies-align-climate-lobbying-paris-agreement>

The time for talk is over and the time for action is now. We hope that we can count on your attention to this matter.

Sincerely,



Sheldon Whitehouse
United States Senator



Brian Schatz
United States Senator



Martin Heinrich
United States Senator