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Oakland's As You Sow pushes Exxon to return money to shareholders

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Got to tip my cap to As You Sow. The Oakland group, which pushes for corporations to make social and environmental reforms, is demonstrating some real creativity — not to mention impeccable timing.

Along with investment firm Arjuna Capital, As You Sow recently filed a first-of-its-kind shareholder resolution urging oil giant Exxon Mobil to increase dividend payments and stock repurchases. Given likely laws curbing carbon emissions and the dwindling supply of oil and gas around the world, Exxon Mobil should just return money to shareholders instead of spending billions of dollars looking for fossil fuels, the groups say.

"The question before shareholders is whether companies have fully taken into account carbon risk," said Danielle Fugere, president of As You Sow. "Nobody has really quantified it ... what happens to these companies if these risks come to pass?"

Exxon Mobil did not respond to a request for comment.

Let's just say this up front: The resolution has zero chance of passing. Arjuna Capital is backing the resolution with only 2,000 shares, though the firm says it owns more. Fugere doesn't even know how many shares As You Sow represents; she only says the group is representing the interests of a different shareholder.

And asking Exxon Mobil to return money to investors that it normally uses to search for fossil fuels is essentially asking the company to wind down the business. After all, searching for oil and gas is Exxon Mobil's reason for existing.
But Arjuna Capital and As You Sow picked a perfect time to strike at Exxon Mobil. Despite the record profit Exxon Mobil generates today, the company has never been so vulnerable.

The price of crude oil fell below $70 per barrel last week, the lowest level since 2010. Last month the U.S. and China reached a landmark deal to cut carbon emissions. For the first time, China, the world's second largest polluter behind America, committed itself to emission targets: by 2030, it will boost renewable energy to 20 percent of the country's overall consumption.

And investment bank Lazard released a report that showed the price of clean energy sources like wind and solar power have fallen to levels on par with fossil fuels.

"Certain Alternative Energy generation technologies are cost competitive with conventional generation technologies under some scenarios," the report said.

The strategy employed by Arjuna Capital and As You Sow to pressure ExxonMobil is also intriguing. While activists have traditionally focused on pushing investors to withdraw money from fossil fuel companies, this latest campaign is pushing Exxon Mobil to give more money to shareholders. In a sense, the groups are attacking what has been Exxon Mobil's greatest strength: the vast amount of money that flows into its coffers each year.

There's a lot of oil left in the ground to keep Exxon Mobil running for decades. One reason oil prices have fallen so dramatically is that processes like fracking have unlocked previously untapped resources in places including North Dakota and Canada.

But there is a truth that no one really can dispute: One day, the world will run out of oil and gas. Exxon Mobil knows this. The question is when, rather than whether.

So it makes perfect sense to compel Exxon Mobil to explain how it plans to make money when that day, however distant, arrives.

“This is absolutely a financial issue,” Fugere

http://www.sfgate.com/green/article/Oakland-s-As-You-Sow-pushes-Exxon-to-return-5925239.php