

## SEC Overrides ExxonMobil Efforts to Stifle Shareholder Activism on Climate

RP Siegel | Monday, Mar 28th, 2016

It is widely known that the wheels of justice — and of institutional change — turn slowly, especially when they turn against the well-established forces of the status quo.



The Exxon Building at 1251 Avenue of the Americas in New York City.

The fact is: Whenever laws or regulations are proposed that could potentially cost businesses money, those businesses have advocates that can effectively fight those laws. In the past, that advocacy cost money, which is why the status quo so often won out. On the other hand, when the burden — in the form of either direct or indirect costs, such as pollution — is passed along to the general public, few if any advocates could afford to raise awareness about the issue. That simple fact explains a lot about the state of our world today.

But today, with the advent of the Internet, that equation is changing dramatically. The wheels are turning a little more quickly now. One example happened last week when the Securities and Exchange Commission (SEC) ruled in favor of several important resolutions dealing with climate change, brought forth by ExxonMobil shareholders that the company [tried to block](#).

One resolution, supported by the Oakland-based nonprofit advocacy group [As You Sow](#), requested that the company report its energy resources in terms of BTUs, a scientifically-recognized measurement of energy, rather than in terms of “barrels of oil equivalent.” What this does is level the playing field by treating all forms of energy, including renewables, as essentially interchangeable.

This seemingly subtle provision could set the stage for Exxon to become a diversified energy company. Here’s how: As the advocacy group points out in this [filing](#), the change in wording is not merely symbolic. A key metric used today is the “reserve replacement ratio,” a measure that is often tied to executive compensation. As written, energy consumed must be replaced by equivalent barrels of oil. Cleaner sources are not included as acceptable alternatives. Changing this language to allow any form of energy to replace fossil fuels consumed (without compromising a CEO’s bonus) could be a game-changer.

Danielle Fugere, As You Sow’s president and chief counsel, pleased with the SEC ruling, said: “Exxon must allow shareholders to vote on this first step on the path toward clean energy. Broad support will give management the latitude to develop a diverse and profitable low-carbon business plan, while maintaining 100 percent BTU energy replacements.”

As You Sow also filed a petition with the SEC to change this metric for the entire industry.

Another resolution, put forth by the [Tri-State Coalition for Responsible Investment](#), asks the company to take moral responsibility for global warming. The resolution by this group, representing nearly 40 Roman Catholic pension fund investor groups, says: "ExxonMobil claims that its energy production responds to a 'moral imperative' to meet growing energy demand and eradicate poverty, but this does not offset the necessity to mitigate climate change or the moral imperative to limit warming to 2 degrees Celsius."

A third resolution, by the [Province of St. Joseph of the Capuchin Order](#) of friars, asks stockholders to vote on naming someone with climate change expertise to Exxon's board.

<http://www.triplepundit.com/2016/03/sec-overrides-exxonmobil-efforts-stifle-shareholder-activism-climate/>