



New York City Comptroller
John C. Liu

NEWS RELEASE

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Contact: Matthew Sweeney, (212) 669-3747
Danielle Fugere, As You Sow, (415) 577-5594

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LIU, PENSION FUNDS TO EXXON: RELEASE YOUR FRACKING DATA

*Funds Holding \$1 Billion Call for Largest Natural Gas Producer To
Come Clean on its Protections for the Public and the Environment*

NEW YORK, N.Y. — City Comptroller John C. Liu and the New York City Pension Funds today announced they have filed a shareowner proposal calling on Exxon Mobil Corporation (NYSE: XOM) to release quantitative data on its efforts to safeguard the public and the environment from its hydraulic fracturing (“fracking”) operations.

“Fracking carries significant concerns about poisoned drinking water, toxic chemical leaks, and explosions,” Comptroller Liu said. “Exxon Mobil says, ‘Don’t worry, we’ve got it covered’ and asks us to take it at its word. Until the company shows us hard data on what it has done to protect the public and environment, shareowners cannot be confident that the necessary safeguards exist.”

The risks that fracking poses to water and air quality have led to bans and moratoria in the U.S. and around the globe and could directly affect Exxon’s long-term value. The shareowners’ call for quantitative measurements is consistent with the U.S. Department of Energy’s recommendations on shale gas production. The U.S. Department of Energy recommended in 2011 that companies “adopt a more visible commitment to using quantitative measures as a means of achieving best practice and demonstrating to the public that there is continuous improvement in reducing the environmental impact of shale gas production.”

Exxon has repeatedly resisted calls that it provide investors with detailed information on its safety measures. The data that Comptroller Liu and fellow shareowners are requesting includes, but is not limited to: the air emissions from fracking that Exxon has reduced per region per year; the number and kinds of community complaints or grievances and whether they remain open or resolved; the goals and systems used to reduce potentially harmful chemicals in fracturing fluids.

Comptroller Liu and the NYC Pension Funds filed the first-time shareowner proposal jointly with As You Sow, a nonprofit environmental advocacy group that has been engaging Exxon on its fracking practices and disclosures on behalf of the Park Foundation since 2010.

“As every top-rate business knows, what gets measured, gets managed,” said Danielle Fugere, As You Sow President and Chief Counsel. “Exxon has repeatedly failed to measure the harms

its fracking operations cause to air, water, and nearby communities, or any progress it is making towards reducing those harms. Exxon shareholders need this information to make sound investment decisions.”

This resolution is part of a nationwide investor initiative calling on 11 major oil and gas companies to improve the way they manage and measure the risks associated with natural gas fracking operations.

New York City Comptroller John C. Liu serves as the investment advisor to, custodian and trustee of the New York City Pension Funds. The New York City Pension Funds are composed of the New York City Employees’ Retirement System, Teachers’ Retirement System, New York City Police Pension Fund, New York City Fire Department Pension Fund, and the Board of Education Retirement System. The New York City Pension Funds held 11,377,013 shares of Exxon (NYSE: XOM) valued at \$ 1,010,694,708.95 as of 2/4/2013.

TEXT OF SHAREOWNER PROPOSAL:

Quantitative Risk Management Reporting for Natural Gas Extraction Operations

Whereas,

Extracting oil and gas from shale formations using horizontal drilling and hydraulic fracturing technology has become a highly controversial public policy issue.

Leaks, spills, explosions, and adverse community impacts have led to bans and moratoria in the United States and around the globe. These include New York State, the Delaware River Basin, the Province of Quebec, and France. Certain Exxon Mobil operations in Germany, for instance, have been subject to a local moratorium on drilling.

The Department of Energy’s shale advisory panel recommended in 2011 that companies “adopt a more visible commitment to using quantitative measures as a means of achieving best practice and demonstrating to the public that there is continuous improvement in reducing the environmental impact of shale gas production.” (emphasis in original)

Investors require detailed and comparable information about how companies are managing risks and rewards from natural gas extraction operations. A 2011 report, “Extracting the Facts: An Investor Guide to Disclosing Risks from Hydraulic Fracturing Operations,” outlines best management practices and key performance indicators. Publicly supported by investors on three continents (\$1.3 trillion in assets under management) and by various companies, the guide emphasizes quantitative reporting on key performance indicators.

Talisman Energy has published “Shale Operating Principles,” stating “We will measure our progress by setting quantitative performance metrics [and] ... disclose ...progress...via publicly available reporting.”

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BG Group states it “will provide regular updates on ... progress against the targets” set out in its “Operating Principles for Unconventional Gas.”

Exxon Mobil does not provide such quantitative reporting. Its *Operations Integrity Management System* is a generalized framework for companywide operations, but lacks criteria specific to shale energy operations. Exxon Mobil’s subsidiary, XTO Energy, signed onto the “Appalachian Principles” which specify what companies “should do” rather than what they currently do or commit to doing.

Resolved: Shareholders request the Board of Directors to report to shareholders by October 30, 2013, and annually thereafter, using multiple quantitative indicators, the results of company procedures and practices, above and beyond regulatory requirements, to minimize any adverse environmental and community impacts from the company’s natural gas extraction operations associated with shale formations. Such reports should be prepared at reasonable cost and omit confidential information.

Supporting Statement

Proponents suggest the reports include the percentage of wells using “green completions;” total amount of air emissions reduced annually on a categorical and regional or site basis; percentage of drilling residuals managed in closed-loop systems; percentage of recycled water used in each regional operation; quantity of fresh water used for shale operations by region, including sources; numbers and types of community complaints or grievances, and portion open or closed; goals and systems for reducing the use of potentially harmful chemicals in fracturing fluids; and enforcement statistics, including numbers of violation notices or administrative actions alleging violations with potential to harm health or environment, and aggregate value of all penalties during the year.

In addition to Comptroller Liu, the New York City Pension Funds trustees are:

New York City Employees’ Retirement System: Janice Emery, Mayor’s Representative (Chair); New York City Public Advocate Bill de Blasio; Borough Presidents: Scott Stringer (Manhattan), Helen Marshall (Queens), Marty Markowitz (Brooklyn), James Molinaro (Staten Island), and Ruben Diaz, Jr. (Bronx); Lillian Roberts, Executive Director, District Council 37, AFSCME; John Samuelsen, President Transport Workers Union Local 100; Gregory Floyd, President, International Brotherhood of Teamsters, Local 237.

Teachers’ Retirement System: Janice Emery, Mayor’s Representative; Deputy Chancellor Kathleen Grimm, New York City Department of Education; Mayoral appointee Freida Foster and Sandra March, Melvyn Aaronson (Chair) and Mona Romain, all of the United Federation of Teachers.

New York City Police Pension Fund: Mayor Michael Bloomberg; New York City Finance Commissioner David Frankel; New York City Police Commissioner Raymond Kelly (Chair); Patrick Lynch, Patrolmen’s Benevolent Association; Michael Palladino, Detectives Endowment Association; Edward D. Mullins, Sergeants Benevolent Association; Louis Turco, Lieutenants Benevolent Association; and, Roy T. Richter, Captains Endowment Association.

New York City Fire Department Pension Fund: Mayor Michael Bloomberg; New York City Fire Commissioner Salvatore Cassano (Chair); New York City Finance Commissioner David Frankel; Stephen Cassidy, President, James Slevin, Vice President, Robert Straub, Treasurer, and John Kelly, Brooklyn Representative and Chair, Uniformed Firefighters Association of Greater New York; John Dunne, Captains' Rep.; James Lemonda, Chiefs' Rep., and James J. McGowan, Lieutenants' Rep., Uniformed Fire Officers Association; and, Sean O'Connor, Marine Engineers Association.

Board of Education Retirement System: Schools Chancellor Dennis Walcott; Mayoral: Rosemarie Maldonado, Jeanette Moy, Ian Shapiro, Tino Hernandez, Judy Bergtraum, Freida Foster, Allison Rogovin, Dawn Walker, and Milton Williams; Patrick Sullivan (Manhattan BP), Kelvin Diamond (Brooklyn BP), Dmytro Fedkowskyj (Queens BP), Robert Powell (Bronx BP) and Diane Peruggia (Staten Island BP); and employee members Joseph D'Amico of the IUOE Local 891 and Milagros Rodriguez of District Council 37, Local 372.

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