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CONTACT: Katherine Kassing, (510) 735-8144, katherine@asyousow.org
Danielle Fugere (510) 735-8141, dfugere@asyousow.org

Investors Representing Over \$1 Billion Ask CONSOL to Address Risks of “Carbon Bubble”

First-of-Its-Kind Shareholder Resolution Flags Potential That Majority of CONSOL Reserves May Be Unburnable

Coinciding with the announcement that our atmosphere has passed the long-feared milestone of 400 parts per million of carbon dioxide, results from a landmark shareholder [resolution](#) on the “carbon bubble” were released today. Investors holding \$1.2 billion in CONSOL Energy, or 20% of voting shares, asked the utility to address the likelihood that more than 2/3 of its proven fossil fuel reserves may be unburnable due to more stringent carbon regulations, creating the potential for stranded fossil fuel assets and a significant loss in company value.

“The global overvaluation of fossil fuel-based energy companies creates the risk of a ‘carbon bubble’ that is estimated to be an order of magnitude larger than the housing bubble that devastated the U.S. economy,” said Danielle Fugere, President and Chief Counsel of [As You Sow](#), lead filer of the resolution. “This vote underscores that shareholders are becoming increasingly jittery about the financial risks climate change poses to unprepared companies. They are demanding to be fully informed of how, or if, their company is responding,” Fugere continued.

CONSOL Energy is one of the nation’s largest producers of coal from underground mines with 4.5 billion tons of proven reserves. A large portion of the value of energy companies like CONSOL is based on the company’s proven fossil fuel reserves, with the assumption that all such reserves can be commercialized and burned without limitation. This resolution questions that assumption and asks the company how it plans to mitigate risk to shareholders.

This level of shareholder support is rare for a resolution on a new issue and demonstrates concern from large institutional investors. The vote follows the trend of several recent climate-focused resolutions that have received strong shareholder support, including a vote at PNC Financial asking the bank to assess and report on its exposure to climate risk in its lending, investing, and financing activities, which received [23%](#) or \$5.4 billion of shares.

“Overvalued fossil fuel reserves, if not acknowledged, could create chaos in the global marketplace,” added Andrew Behar, CEO of As You Sow. “Energy companies must acknowledge this issue and give shareholders a chance to adjust their investment behavior accordingly,” added Behar.

The resolution highlights research from the [International Energy Agency](#) and the [Carbon Tracker Institute](#), which demonstrate that, in order to keep climate change below 2° Celsius, the point at which global

governments have agreed catastrophic climate disruption will occur, 2/3 or more of current fossil fuel reserves must remain unburned.

If this worldwide carbon budget is adhered to, fossil fuel companies will be left with stranded assets in the form of unburnable fossil-fuel reserves and underused infrastructure. This, in turn, means that fossil fuel companies will be tremendously overvalued. The resulting “carbon bubble” has the potential to wreak havoc on global markets that use coal, gas, and oil company valuations as the bedrock upon which they are built—a foundation that we now know may have a fault line running through it.

Votes on shareholder resolutions are not like a Presidential election where the majority wins. These resolutions are put forward by shareholders and are intended to be a way for shareholders to send a message to management about issues of concern.

Fugere, who presented the resolution at CONSOL’s annual shareholder meeting, has been in dialogue with the company since the resolution was filed. Although the negotiation did not result in a commitment by the company to act on this issue, As You Sow and CONSOL energy have agreed to continue discussing the resolution’s request.

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As You Sow is a nonprofit organization that promotes environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies. For more information visit www.asyousow.org.