



AS YOU SOW

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Chevron and Exxon Shareholders Send Strong Message Today About Need to Disclose Environmental and Financial Risks of 'Fracking'

At today's annual meetings of Chevron and ExxonMobil, shareholders sent a strong message by voting in favor of resolutions filed by the shareholder advocacy group [As You Sow](#), asking for a report on the environmental and financial risks of hydraulic fracturing (commonly referred to as "fracking") in natural gas drilling. Fracking is a process of injecting a mixture of water, chemicals, and particles underground to create fractures through which gas can flow for collection.

The results of today's votes were:

- **Chevron** (meeting held in San Ramon, California): 41% in favor
- **ExxonMobil** (meeting held in Dallas, Texas): 28% in favor

Unlike electoral votes where a majority is needed, shareholder resolutions are non-binding and often even small votes have a big impact. A vote of 10%, for example, is usually enough to send a clear message to company management.

"Today's votes clearly demonstrate that mainstream investors are concerned about fracking and want more disclosure on how these companies are dealing with the environmental, public health, and financial risks associated with this practice," says Michael Passoff, Senior Strategist with As You Sow. "The fact that 41% of Chevron investors voted in favor of more disclosure, an exceptionally high level of support for a first-year resolution, shows how seriously the company's shareholders are taking this issue."

"We know there are risks," ExxonMobil CEO Rex Tillerson [admitted to reporters](#) after the meeting. "We're not trying to characterize this as an activity that does not have risks."

In the past year, [thousands of documents obtained from the Environmental Protection Agency \(EPA\)](#) have revealed that the threats of fracking to the environment and public health are greater than anticipated. The two critical issues—toxic chemicals used in fracking fluid and the disposal of wastewater—have the most potential to limit expansion of this practice.

Shareholders are concerned that these potential environmental and health impacts will result in regulatory, legal, financial, and reputational risks to the companies and want to know how the companies intend to mitigate the risks associated with fracking. Resolution proponents filed shareholder rebuttals with the SEC and produced investor fact sheets which are available for [ExxonMobil](#) and [Chevron](#).



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“As the use of hydraulic fracturing skyrockets, communities, regulators, and investors are growing increasingly concerned about the environmental impacts of this process,” says Jon Jensen of the [Park Foundation](#) in Ithaca, N.Y. and one of the co-filers of the ExxonMobil resolution. “Shareholders need assurance that companies are candidly disclosing these risks and are adopting best management practices to minimize them.” The [ExxonMobil resolution](#) was co-filed by As You Sow and the [Unitarian Universalist Service Committee](#).

These resolutions received strong support from mainstream institutional investors. Both ISS and Glass Lewis, the two largest proxy advisory services in the country, supported the resolutions at Chevron; ISS also supported the Exxon resolution. The New York State Common Retirement Fund, the second largest pension fund in the country, also voted for these resolutions.

“As shareholders we are asking these companies to ensure that hydraulic fracturing is done in a way that minimizes its environmental impact on people living near these wells,” said Andrew Behar, CEO of As You Sow. “Eliminating environmental risk will also protect the company’s bottom line and shareholder value. Fracking is raising all the investor red flags of increased litigation, fines, public opposition, and reputational risks.”

“In the absence of meaningful disclosure, investors have no way of fully assessing the risks and rewards from investing in various companies in the energy sector, and are concerned about unpleasant shocks to shareholder value,” says Larisa Ruoff of [Green Century Capital Management](#). The [Ultra Petroleum resolution](#) was co-filed by As You Sow and Green Century Capital Management. Ultra Petroleum also held its annual meeting today but declined to announce the results of the vote and, for the second year, refused shareholders their right to speak on behalf of the resolution.

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