

Exxon Sees Little Climate Change Risk to Assets

Anna Driver | Mar. 31, 2014

Exxon Mobil Corp, the world's largest publicly traded oil company, said on Monday that risks related to climate change pose little risk to its oil and gas reserves because the resources will be needed to meet expected growth in energy demand.

Responding to queries from shareholder activists, the company also said it is "confident" that none of its oil and gas reserves will lose value or become "stranded" if governments act to slash carbon emissions.

"We believe producing these assets is essential to meeting growing energy demand worldwide, and in preventing consumers - especially those in the least developed and most vulnerable economies - from themselves becoming stranded in the global pursuit of higher living standards and greater economic opportunity," Exxon said in a report released in response to call from activist shareholders.

Earlier this month, the Irving, Texas-based company agreed to detail the risks climate change poses to its carbon assets in exchange for the withdrawal of a shareholder proposal on the issue.

The resolution, filed by investors from **As You Sow** and Arjuna Capital, cited studies suggesting that lower demand or prices for fossil fuels might emerge in coming years as a result of climate change or greater carbon regulation.

Based on its previously published long-term outlook, Exxon expects the world to require 35 percent more energy by 2040 and greenhouse gas emissions are expected to plateau in that period.

While governments could take action that affects Exxon, the company said it is "highly unlikely" that governments would restrict greenhouse gas emissions 80 percent over the next 30 years.

To mitigate risk from climate change, Exxon has a "constant focus on efficiency" and looks for ways to reduce emissions from its own operations, it said.

Also on Monday, the latest report from the United Nations Intergovernmental Panel on Climate Change said in a report that global warming poses a growing threat to the health, economic prospects and food and water sources of billions of people.