

ExxonMobil Yields To Pressure On Fracking, Agrees To Disclose Risks

Meagan Clark | Apr. 4, 2014

Exxon Mobil Corp. (NYSE:XOM), bowing to shareholder and popular pressure, has agreed to disclose more about the risks associated with its use of hydraulic fracturing, commonly known as "fracking," a drilling process that uses chemicals and high-pressure liquids to release oil and gas trapped deep in rock formations.

The move is a turnabout from its longtime opposition to admitting fracking risks and comes after pressure for increased transparency from more than a dozen groups of environmental organizations and investors.

The Texas-based oil giant's decision marks a shift in Exxon's management of environmental concerns. It follows a report released by the company Monday detailing some risks to carbon assets from climate change, the first time Exxon had acknowledged the potential effects of climate change on its business.

Exxon is expected to report by September how it manages risks from fracking, impacts to air quality, water and chemical usage, damage to roads and abiding to an agreement with shareholders, the company will address the risks according to criteria in a 2013 scorecard report by environmental nonprofits and investor advocacy groups. In that scorecard report, Exxon ranked among the lowest out of 24 companies on transparency and risk in fracking operations, with "adequate" disclosures in only two of 32 indicators.

The new policy follows five years of shareholder proposals asking for greater transparency about fracking risks.

The office of New York City comptroller and **As You Sow**, a nonprofit that promotes environmental responsibility through shareholder advocacy, withdrew their latest shareholder proposal to Exxon after the announcement Thursday.

"ExxonMobil is responding to shareowners on issues that are critical to its long-term sustainability," New York City Comptroller Scott Stringer said in a statement Thursday. "We have seen the significant risks that come from hydraulic fracturing activities. Corporate transparency in this arena is truly necessary for assessing risk and ensuring that all stakeholders have the information they need to make informed decisions."

"Exxon's shift toward disclosure and transparency is important, especially in light of how long investors have been asking for this information from the company," Danielle Fugere, president of **As You Sow**, said in a statement Thursday. "Against a backdrop of moratoria, well accidents, environmental disruption, and community harms, company assurances of good practices are no longer sufficient to attract and maintain investment."