

Dorothy Hinchcliff's FA green Blog

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ExxonMobil Resolution Gets Notable Support

Although it was defeated, a shareholder resolution that would have required ExxonMobil to disclose what it's doing to reduce risks from natural gas drilling got five times the usual amount of support as other first-time environmental resolutions.

The resolution, which won support from 26.3% of shares at the company's annual meeting today in Dallas, sought to have the giant energy company produce a report revealing what it's doing to reduce risks from toxic chemicals used in hydraulic fracturing, a process of extracting natural gas from underground shale deposits that's increasingly being used around the country. In response to reports of contaminated water supplies and intense public concern, tougher regulations have been introduced in New York, Pennsylvania and Colorado, and legislation has been introduced in Congress to repeal the exemption of "fracking" from the Safe Drinking Water Act.

The proposal was put forth by As You Sow, a shareholder advocacy organization based in San Francisco, representing the Park Foundation of Ithaca, N.Y., and the holders of 16,746 ExxonMobil shares valued at more than \$1.1 million. Exxon's management opposed the resolution, saying another report is unnecessary and hydraulic fracturing, in use for many years, causes little environmental impact.

"Today's vote sent a strong message to ExxonMobil that shareholders are concerned about how it is dealing with hydraulic fracturing, especially in light of the expansion that will make it the nation's largest natural gas company," said Michael Passoff, senior program director of the corporate responsibility program at As You Sow.

Passoff added that fracking poses regulatory risks that could greatly increase operation costs, legal liabilities from health impacts, and reputational risk from growing public and political opposition.

In the absence of meaningful disclosure by the company, shareholders took the unusual step of highlighting fracking risks with the Securities and Exchange Commission (<http://bit.ly/9TFOjP>). For background on the significance of today's shareholder vote, see <http://jm.ly/EGys66>.

"The Gulf oil spill is a powerful example of how oil and gas drilling can devastate the environment," said Jon Jensen, executive director of the Park Foundation. "This is a good first step in responsibly seeking energy in a way that protects the environment, human health, and the welfare of the company."