

Rationale for Backing ExxonMobil Fracking Motion Set Out by Investor Groups

Memo to shareholders released ahead of AGM vote

by Daniel Brooksbank | May 8th, 2013

Shareholder advocacy group **As You Sow**, supported by the Investor Environmental Health Network (IEHN) and fund manager Green Century Capital Management, has issued a detailed rationale for supporting its shareholder proposal on natural gas production and hydraulic fracturing (fracking) at ExxonMobil. The document comes as another **As You Sow** resolution – on unburnable carbon at Pittsburgh-based CONSOL Energy – goes to the vote today (see separate story).

The **As You Sow** proposal for ExxonMobil's annual general meeting on May 29 in Dallas is headed up by the New York City Pension Funds. It calls for the company to report to shareholders "using multiple quantitative indicators, the result of company policies, procedures and practices above and beyond regulatory requirements, to minimize the adverse environmental and community impacts from the company's natural gas extraction operations associated with shale formations."

The investors explain that the proposal reflects the fact that "investors need rigorous, detailed reporting on key indicators" which Exxon is currently not providing. Arguing against the resolution, Exxon says that its Corporate Citizenship Reports "discuss issues surrounding natural gas production and include metrics that reflect the materiality of our operational footprint". But the investors contend the metrics apply to Exxon's entire operations and could "mislead investors and community members".

"Company-wide metrics, which reflect Exxon's operations around the world, provide no useable information for shareholders ... as to what is happening at Exxon's natural-gas hydraulic fracturing and drilling operations," As You Sow argues. "We encourage shareholders to vote in support of this proposal calling on the company to provide quantitative reporting on the results of its procedures and practices."

The letter follows a similar missive from SRI fund firm Zevin Asset Management asking investors to support its proposal on political spending at Exxon. In total Exxon is facing eight shareholder resolutions on a variety of environmental and governance issues, all of which it is resisting (Exxon proxy).

Independent chairman (filer: Spinnaker Trust)

Majority vote for directors (United Brotherhood of Carpenters Pension Fund)

Limit directorships (Kenneth Steiner)

Report on lobbying (United Steelworkers)

Political contributions policy (John Maher Trust/ Zevin Asset Management)

Amendment of equal employment opportunity policy (New York State Common Retirement Fund)

Report on natural gas production (New York City Pension Funds/As You Sow)

Greenhouse gas emissions goals (Sisters of St. Dominic)