



## Exxposing ExxonMobil's Spin

*ExxonMobil has come under fierce criticism for its consistent denial of global warming science. In 2007, the company began to change the way it talks about global warming. Before we think ExxonMobil has finally changed, listen closer. ExxonMobil is using the same buzzwords used in the 1990s to block support for the Kyoto Protocol, the U.N.'s international climate agreement. Even more disconcerting is that ExxonMobil is twisting statistics to justify its refusal to meaningfully invest in clean energy technologies. Below are some reality checks to consider when trying to decipher between what ExxonMobil says, what it means, and what it actually does.*

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**“Climate change is a global issue. It is going to have to be addressed on a global basis”.<sup>1</sup>**

**Reality Check:** ExxonMobil does not support global participation in adopting a solution to climate change. The company was the longest standing member of an industry coalition formed to keep the U.S. out of the international climate treaty, the Kyoto Protocol. Exxon also lobbied hard to stop China and other developing countries from joining the Kyoto Protocol throughout the 1990s, then argued to industrialized nations that the treaty wouldn't work without China and India.

**"There is “increasing” evidence that global warming is happening....No one can be 100% sure what is going to happen.”<sup>2</sup>**

**Reality Check:** The Intergovernmental Panel on Climate Change (IPCC) February 2007 report stated that evidence of warming is “unequivocal” with 90 percent certainty that human activity is the primary cause. “Increasing” evidence described the state of science in the 1990s. The reality is that by the time science is 100% certain, it will be too late to act.

**The risks of global warming “could prove to be significant”.<sup>3</sup>**

**Reality Check:** The risks have been revealed and they *are* significant.

**“We must manage carbon emissions among other important world priorities such as economic development, poverty eradication and public health.”<sup>4</sup>**

**Reality Check:** Global warming and poverty are not mutually exclusive. Indeed, they are integrally tied together. The United Nations Development Program has concluded that the indigent are the ones most at risk from stronger storms, severe droughts, desertification, flooding, and other climatic impacts. Clean energy solutions have the potential to reach more remote areas than fossil fuel energy and result in cleaner, more reliable economic development and jobs.

**“Policies from individual countries ‘are not likely to make much of a difference. It may make people feel better, but when our grandchildren see this all played out, we probably haven’t done anything for them.’”<sup>5</sup>**

**Reality Check:** The best science tells us that the world must reduce global warming pollution by 50 percent and the U.S. must reduce its pollution by 50 to 80 percent below 2000 levels by mid-century in order to have a fighting chance of avoiding the most catastrophic impacts of climate change. Clearly, all countries have a role to play but the industrialized countries, in particular the world's biggest polluter and user (the U.S.), must lead the way. The only way to reduce emissions is if countries pass individual policies to address the problem. If the U.S. passes a policy on global warming, it won't be the only one. Over 170 countries have already signed and ratified the Kyoto Protocol.

**“Developing countries such as China and India will account for about 85 percent of the growth in CO2 emissions through the year 2030.”<sup>6</sup>**

**Reality Check:** Exxon is repeatedly focusing on the growth of emissions from China and India as a way to remove focus from the U.S. responsibility to address its own emissions, which account for over 25 percent of global emissions. Clearly, the growth of emissions in China and India is a problem, but action will not happen there without action in the U.S. first. In the battles of the late 1990s, ExxonMobil ran ads in China urging it not to join the international effort to stop global warming. Then it turned around and told the industrialized countries that efforts would fail without China. Focusing on China and India is another way ExxonMobil tries to delay action in the U.S. and worldwide.

**“It is prudent to develop and implement strategies that address the risks, keeping in mind the central importance of energy to the economies of the world.”**

**Reality Check:** This statement is certainly true, but to ExxonMobil, “energy” means only oil, gas, and coal. In ExxonMobil's view, any policy that curbs global warming should not affect the economy's full dependence on fossil fuels. The company does not believe in the ingenuity of the American people to transform the nation's energy supply. By stressing the negative economic impacts (and dismissing the positive economic impacts such as new jobs and entrepreneurial opportunities), ExxonMobil exaggerates the cost of addressing global warming. This has been the primary false argument against the Kyoto Protocol. Sir Nicholas Stern, a prominent economist, released the Stern report in October 2006 which calculated that the annual economic cost of dealing with the impacts of global warming could be as much as 20 percent of world GDP. Yet, an investment of just one percent of annual GDP by 2050 could reduce emissions significantly and head off the worst projected climactic impacts. The report looks at the net value of implementing strong mitigation policies and finds that the benefits trump the costs by \$2.5 trillion annually.

**“80 percent of world energy consumption will come from fossil fuels, such as oil, gas and coal [through 2030].”<sup>7</sup>**

**Reality Check:** ExxonMobil's projection is based on the 2006 World Energy Report by the International Energy Agency (IEA). The IEA calculated a worst-

case scenario to use as a reference case with the assumption that governments do nothing to diminish oil dependency or promote renewable energy or energy efficiency. The IEA scenario is meant to inform policy, not predict it. Regardless, Exxon tells its shareholders that the projection is a “forecast.”<sup>8</sup> The company does not mention that the IEA also calculates that the worst-case scenario would cause carbon dioxide emissions to jump 55 percent over today’s level.<sup>9</sup> Given the host of bills being considered in the U.S. Congress and additional policies being enacted worldwide, the use of IEA’s worst-case scenario as a forecast is at best inaccurate and at worst manipulative.

**“Even if renewable energy production grows at double digit rates, it will remain less than 2 percent of world energy supplies.” He reasons that developing countries are “following the same 'road map' as developed countries have taken with energy use.”<sup>10</sup>**

**Reality Check:** Current estimates by the Renewable Energy Policy Network (REN21) show that renewable energy already supplies roughly 4 percent of world power. REN21 calculated that in 2005, biomass electricity increased by 50-100 percent in several countries, biodiesel production grew by 85 percent, and grid-tied solar power grew by 55 percent. In China, solar hot water capacity grew by 23 percent. Across Europe it has reached record levels.<sup>11</sup> The World Wind Energy Association documents a 25 percent increase in wind power capacity in 2006.<sup>12</sup> The U.S. is poised to pass a federal renewable electricity standard requiring utilities to obtain at least 15 percent of national power from renewable energy sources by 2020.

**We don’t invest in renewable energy because “...we are a petroleum company. That’s what we do, and we do it well.”<sup>13</sup>**

**Reality Check:** As the largest, most profitable private company in the world, ExxonMobil obviously has the capacity to invest in developing clean energy technologies. ExxonMobil’s competition is already moving forward and developing the know-how needed to compete in a carbon-constrained world. In 2005, BP launched BP Alternative Energy and is investing \$8 billion over the next ten years in solar, wind, and bioenergy with an expected profit of \$6 billion per year.<sup>14</sup> Shell has invested over \$1 billion in alternative energy development since 2000. It’s not too late for ExxonMobil to get into the clean energy market, but the longer it waits, the harder it will be to catch up with the competition and buy-in when rates are high.

**“All these people are thinking about doing what we did 20 years ago - and spent \$1 billion, in dollars of that day, to find out that none of these [renewable technologies] were economic.”<sup>15</sup>**

**Reality Check:** Renewable energy has come a long way in the last two decades despite ExxonMobil’s lack of support. The bottom line is that times have changed and its time ExxonMobil come into the 21<sup>st</sup> Century. Every year, ExxonMobil shareholders are pressing the company to wake up in this respect.

- In May 2006, institutional investors holding \$6.75 billion in ExxonMobil shares expressed concerns that ExxonMobil “fails to acknowledge the potential for climate change to have a profound impact on global energy markets, and which lags far behind its competitors in developing a

- strategy to plan for and manage these impacts”<sup>16</sup>
- California State Treasurer Denise Nappier noted that “in effect, ExxonMobil is making a massive bet- with shareholders’ money- that the world’s addiction to oil will not abate for decades, even as its competitors are taking significant steps to prepare for a rapidly changing energy environment. As investors, we are concerned that ExxonMobil is not sufficiently preparing for ‘tomorrow’s energy’ and runs the risk of lagging significantly behind its rivals.”<sup>17</sup>

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1 “Exxon says it’s time to stem global warming,” American-Statesman, February 14, 2007.

2 Ibid.

3 Ibid.

4 Ibid.

5 Ibid.

6 “ExxonMobil Shareholders Reject Global Warming Resolution,” CNSNews.com, 5/31/07.

<http://www.cnsnews.com/ViewCulture.asp?Page=/Culture/archive/200705/CUL20070531b.html>

7 “Exxon CEO sees 2030 world energy consumption up 50 percent,” Forbes, January 21, 2007.

<http://www.forbes.com/business/feeds/afx/2007/01/25/afx3362824.html>. Reiterated in Item 17 of its 2007 shareholder proxy.

8 ExxonMobil 2007 Proxy Statement, <http://ir.exxonmobil.com/phoenix.zhtml?c=115024&p=irol-reportsProxy>

9 World Energy Outlook 2006, OECD/International Energy Agency, 2006.

10 Both quotes from: “Exxon CEO sees 2030 world energy consumption up 50 percent,” Forbes, January 21, 2007.

11 2006 Global Status Report, REN21, July 2006. <http://www.ren21.net/globalstatusreport/issueGroup.asp>.

12 World Wind Energy Association. <http://www.wwindea.org/home/index.php>

13 “Exxon leader: ‘Climate getting warmer’, Star-Telegram.com, Feb 13, 2007.

14 “BP plans \$8 billion investment in alternative energy sources,” ABCMoney.co.uk, Nov. 30, 2005

<http://www.abcmoney.co.uk/news/3020051444.htm>. (Formerly on BP’s Website, BP and Climate Change.)

15 “Exxon Chief Makes A Cold Calculation On Global Warming,” Jeffrey Ball, Wall Street Journal. June 15, 2005.

16 Investor Network on Climate Risk, 2006, Letter to Michael Boskin, ExxonMobil Corporation, May 15, 2006.

[http://www.ceres.org/pub/docs/ceres\\_INCR\\_letter\\_XOM\\_051806.pdf](http://www.ceres.org/pub/docs/ceres_INCR_letter_XOM_051806.pdf).

17 “Concerned That Exxon Mobil’s Handling of Climate Change Lags Behind Other Competitors, U.S. Institutional Investors Seek Meeting with Exxon Board,” Ceres, May 18, 2006.