THE FRIDTJOF NANSEN INSTITUTE

ExxonMobil

Tiger or Turtle on Social Responsibility?

By Jon Birger Skjærseth

FNI Report 7/2003

FRIDTJOF NANSENS INSTITUTT
THE FRIDTJOF NANSEN INSTITUTE

Tittel/Title
ExxonMobil: Tiger or Turtle on Social Responsibility?

Sider/Pages
24

Publikasjonstype/Publication Type
FNI report

Nummer/Number
7/2003

Forfatter(e)/Author(s)
Jon Birger Skjærseth (jon.b.skjaerseth@fni.no)

ISBN
82-7613-440-8

Program/Programme

ISSN
0801-2431

Prosjekt/Project
Petropol 0013

Sammendrag/Abstract
Since the beginning of the 1990s, the debate on the social responsibilities of companies has extended far beyond environmental matters. The aim of this report is to explore ExxonMobil's record - principles and practice - on the wider agenda of Corporate Social Responsibility (CSR). The report starts off with a brief overview of ExxonMobil's history and involvement in politically and socially `explosive' resource-abundant developing countries. As the largest private oil company in the world, ExxonMobil is involved in most of these countries and is thus highly vulnerable to public scrutiny and criticism.

In comparison with other large European oil companies, however, ExxonMobil has apparently avoided major NGO and media scrutiny on CSR. The report argues that scant negative publicity on CSR-related matters may be either due to relatively better performance, or other reasons such as size and low profile. In particular, ExxonMobil has kept a very low profile in it's external communication on CSR issues. By promising little, there is actually a high level of association between what the company says and what it does. This conclusion is based on a measurement of external communication and attention directed towards the company. ExxonMobil seems to have avoided negative attention by a very cautions response to the widening CSR agenda. The report ends with a brief discussion of how we can explain why ExxonMobil has chosen a lower profile on CSR issues as compared to its European competitors.

Stikkord/Key Words
CSR, oil companies, ExxonMobil

Bestilling til/Orders to:
Fridtjof Nansen Institute, Postboks 326, N-1326 Lysaker, Norway.
Tel: (47) 6711 1900 Fax: (47) 6711 1910 Email: post@fni.no

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1. Introduction

Since the beginning of the 1990s, the debate on the social responsibilities of companies has extended far beyond environmental matters. The wider agenda of corporate responsibilities is often framed in terms of Corporate Social Responsibility (CSR), or corporate citizenship.This paper explores ExxonMobil's record – principles and practice – on CSR. A distinction is made between 'micro' and 'macro' CSR issues: Crudely put, micro CSR refers to local communities *directly* affected by the activities of the company, while macro CSR refers to *indirect* consequences for the society at large, such as the link between oil revenues and poverty, human rights controversies and democratic development in developing countries. A number of studies have indicated that resource-abundant developing countries have performed notably worse in terms of GDP development than resource-poor countries (paradox of plenty).[1] Oil revenue may also serve to amplify bad practice in terms of transparency, legal justice and respect for human rights. How does ExxonMobil operate in developing countries and does the company have any corporate policy on these matters? To what extent does ExxonMobil's rhetoric on CSR match actions?

The paper starts with a brief overview of ExxonMobil within the US context and its involvement in developing countries. Section 2 provides a snapshot of allegations directed towards the company. Mobil is excluded from the analysis until the merger with Exxon in 1998–1999. Notice that the number and scale of reported incidents represent a measure of *attention* directed towards the company by the media and non-governmental organisations (NGOs) rather than a measure of actual behaviour. Section 3 analyses ExxonMobil`s external communication and codes of conduct on CSR issues followed by a comparison of statements and reported actions in section 4. Section 5 focuses on ExxonMobil`s view on the role of companies in meeting the widening CSR agenda, and concluding remarks are offered in section 6.

1.1 Overview of ExxonMobil

ExxonMobil conducts business in over 200 countries and is the largest private oil company in the world. The immense size of the company is indicated by its financial flows: In 2000, the company had a record net income of USD 17.7 billion with total revenues exceeding USD 230 billion (ExxonMobil, 2000a). The company conducts business in gas, oil, coal and chemicals. ExxonMobil has upstream activities in some 50 countries and is a leading producer both on and offshore in nearly all relevant areas, including the newest: the Gulf of Mexico, offshore West Africa and the Caspian Sea. ExxonMobil's portfolio consists of discovered oil and gas resources of 70 billion barrels of oil-equivalent. Downstream, ExxonMobil has refining operations in 26 countries; 45,000 service stations in more than 100 countries; and lubricant marketing in almost 200 countries. In addition, the company holds a strong position in chemicals and coal and minerals.

Both Exxon and Mobil trace their roots to Standard Oil, founded by John D. Rockefeller in 1882. In the 1970s, the oil industry was rocked by the Arab oil crisis and both companies escalated exploration and development activities outside the Middle East, notably in Africa, Asia, the Gulf of Mexico and the North Sea. In 1998, Exxon and Mobil signed an agreement to merge and form ExxonMobil in order to improve competitiveness. The merger between Exxon and Mobil fused assets to the tune of $87 billion, the largest merger in history. It was completed in 1999. Existing Mobil shareholders own about 30 per cent of the new company, while existing Exxon shareholders own about 70 per cent.

Before the merger, Exxon was a highly centralised organisation with six major divisions.[2] The centralised structure meant that corporate headquarters played a major role in the decision-making process of the company, particularly with regard to investment decisions. All investments exceeding $1 million needed top-level approval from headquarters in Irving, Texas. In contrast to Shell, for example, the company apparently maintained tight control over operations in developing countries. The merger with Mobil has, however, led to structural changes. ExxonMobil has diversified. From being a multifunctional geographically-based regional organisation it now embraces eleven global functional businesses – such as ExxonMobil exploration, which is organised in four core business areas (see Figure 1).

These organisational changes could have at least two consequences for the relationship between the company and society: First, the merger with Mobil could lead to more relaxed central control of the organisation, permitting branch officers and operative entities a larger degree of autonomy than previously. Secondly, separation of upstream and downstream activities could lead to a higher degree of resistance to public pressure: Those responsible for causing problems will not necessarily be the same as those exposed to negative public attention and potential threats of consumer campaigns and boycotts.

Even though ExxonMobil has operations all over the world, both Exxon and Mobil are American companies and deeply rooted in US history, tradition and culture. The petroleum industry is a crucial component of the US economy. It provides jobs for some 300,000 people and over 40 per cent of US energy consumed is processed and transported by this industry. Fossil fuels thus play a major role in the US energy system.

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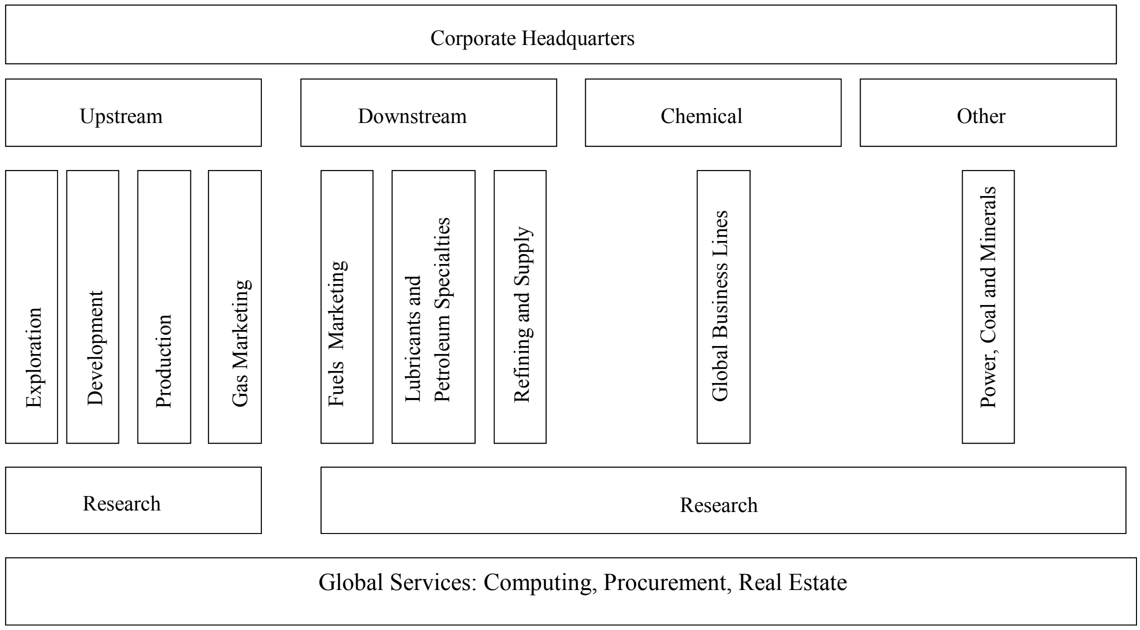
[1] See e.g. Karl (1997), Auty (1998), Fridtjof Nansen Institute (2000) and Ross (2001).

[2] These were Exploration, International, USA, Chemical, Coals and minerals, and Exxon Computing Service.

Figure 1: Company structure: ExxonMobil



Source: ExxonMobil, 1999a.

In comparison with other large producers, the US oil reserves to production ratio is very small: US reliance on imported oil is about 50 per cent and continues to rise. Thus, the US is vulnerable to significant changes in oil prices and disruptions to the oil supply. Due to national, economic and energy security interests, the US government is strongly involved in this sector. The defence of Persian Gulf Oil supplies and the commitment to maintain a government-owned Strategic Petroleum reserve constitute two major energy policy goals. The introduction of additional supplies into the market is seen as an effective way to dampen price hikes and to mitigate economic damage resulting from severe disruption to oil supplies.

In order to reduce reliance on imported oil, both the Democratic and Republican parties have offered their own solutions. The Democrats place relatively more emphasis on energy efficiency and renewable energy sources, while the Republicans aim at creating access to domestic resources by opening up the Arctic National Wildlife Refuge (ANWR) in Alaska as well as improving economic conditions for the big oil companies.[3] ExxonMobil supports President George W. Bush's energy plan, and the company has funded Republican election campaigns. Since 1999, ExxonMobil was the second largest corporate contributor to Republican candidates.[4]

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[3] See 'Democrat, Republican energy plans detailed', March 26, 2001. www.planetark.org

[4] *The New York Times*, 27 March 2002. 'Documents show energy officials met only with industry leaders.'

ExxonMobil`s US cultural heritage has been seen as important for the company's choice of environmental arguments and strategy. For example, the company's anti-governmental attitude is traced back to the confrontational relationship between the green movement, the government and the oil industry (Estrada, et al 1997). Moreover, the national political home-base context of ExxonMobil can partly explain differences in climate strategy as compared to European oil majors, such as Shell and BP (Skjærseth and Skodvin, 2001). Differences in political context include: public demands for an active climate policy, government regulatory pressures and stimuli to create new market opportunities in renewables, as well as industry—state relationships. The national political context also sheds light on Exxon's CSR strategic outlook (see section 6).

1.2 Brief overview of the company's business operations

Exxon Mobil has the largest portfolio of proven reserves and highest production in North America. In 2000, net production amounted to about 40 per cent of the 2000 production level on an oil equivalent basis. Key European assets include extensive interests in the North Sea which accounted for a little more than 30 per cent of the company's 2000 net oil and gas production. The Asia Pacific region contributes about 13 per cent. ExxonMobil holds strong upstream interests in Malaysia, Australia and Indonesia. In Africa, ExxonMobil has upstream activities in Algeria, Angola, Cameroon, Chad, Egypt, Equator Guinea, Niger, Nigeria, The Republic of Congo and Sao Tome & Principe. Key assets include significant production in Nigeria and Equatorial Guinea, and major new developments are underway in Angola, Chad and Nigeria. In deepwater areas offshore West Africa, ExxonMobil holds interests in 19 blocks. Additional exploration in these areas are clear priorities for the company in the coming years. ExxonMobil also has strong upstream interests in the Middle East and the former Soviet Union, particularly in Kazakhstan.

As the scale of activities show, ExxonMobil is involved in upstream and downstream operations throughout the world. As regards developing countries, ExxonMobil has strong interests in a number of politically and socially 'explosive' and resource-abundant countries in Africa, Asia, the Middle East as well as the former Soviet Union. ExxonMobil is thus highly vulnerable to public scrutiny and criticism, and we would expect it to have been exposed to considerable criticism.

Table 1: Upstream production in 2000 (based on ExxonMobil 2000b)

Region and major countries	Net liquids production[a]	Net natural gas production[b]
United States		2,856
Alaska	232	
Lower 48	501	
Canada	304	844
Europe		
Netherlands		1,519
Germany		987
United Kingdom	355	1,506
Norway	320	451
Other	29	-
Asia-Pacific		
Australia	140	346
Indonesia		701
Malaysia	90	649
Other	23	59
Africa		
Nigeria	253	
Equatorial Guinea	67	
Other	3	
Middle East	137	278
Other Areas	99	147
Total Worldwide	2,553	10,343

a)Thousands of barrels per day. Net liquids is the volume of crude oil and natural gas liquids drawn from ExxonMobil's oil and gas reserves;

b) million of cubic feet per day. Net natural gas available for sale is volumes drawn from ExxonMobil's natural gas reserves.

Table 2: Downstream production 2000 (based on ExxonMobil 2000b)

Region and major countries	Refinery capacity[a]	Retail stations[c]	Petroleum product sales[d]
United States	1,938	14,038	2,669
Canada	498	2396	577
Europe	1,738	9282	2,129
Japan	758		
Southeast Asia	1,055		
Asia-Pacific		11,108	1,667
Latin America	318[b]	6095	528
Middle East/Africa		2082	423
Total Worldwide	6,299	45,001	7,993

a) Thousands of barrels per day;

b) Includes "other";

c) number of stations, includes owned/leased as well as distributors/resellers;

d) Thousands of barrels per day, includes motor gasoline, naphtha, heating oils, kerosene, diesel oils, aviation fuels, heavy fuels, lubricants, special and other petroleum products.

2. Allegations and incidents worldwide: a snapshot

As the largest petroleum company in the world, ExxonMobil operates wherever there are business opportunities related to petroleum exploration, production and distribution. That includes business in impoverished countries and regions characterised by poor governance and human right records as well. This notwithstanding, in comparison with BP, Shell and TotalFinaElf, ExxonMobil has avoided major NGO scrutiny.[5] One major exception is the Exxon Valdez oil spill, but this incident is not directly relevant to 'macro' CSR issues.[6]

2.1 Allegations against ExxonMobil

ExxonMobil is the largest foreign investor in Acech, *Indonesia*, and has been indirectly linked to the conflict between the Indonesian security forces and the armed insurgency (GAM). The conflict in Acech on the northern tip of Sumatra in Indonesia is described as a brutal war in which human rights are violated with apparent impunity. On December 2000, three humanitarian workers were killed in the area. Human Rights Watch (HRW) said at the time that ExxonMobil and other foreign companies operating in Acech should publicly and privately call for an independent investigation of the murders, and assure the locals that the companies would not have dealings with any units of the Indonesian security forces shown to have been involved in these or other extra-judicial killings in Acech.[7]

On March 9, 2001, Indonesia announced it was launching new operations against GAM. On the same day, ExxonMobil closed three of its gas fields in North Acech, citing attacks on its employees as the cause. The government responded by sending more troops to protect the company and allow it to take up operations again. According to HRW, many in Acech believed that the army used the closure of the gas field as an excuse to start a planned offensive (HRW, 2001a). However, HRW did not accuse ExxonMobil of direct involvement in this incident.

On June 11, 2001, a US NGO (International Labour Rights Fund) filed a lawsuit against ExxonMobil for complicity in the alleged abuses because it provided logistical

[5] See Econ (2002) and Christensen (2002) for a comparison with BP and TotalFinaElf. A search on the Human Rights Watch (HRW) homepage gave the following results: Shell: 464 matches, BP: 76 matches, Elf: 40 matches and Exxon: 20 matches. Notice that this indicator is very crude and it can only tell us something about the relative attention directed towards the companies (accessed 3 October 2002).

[6] On March 24, 1989 the oil tanker *Exxon Valdez* struck Bligh Reef in prince William Sound, Alaska, spilling more than 11 million gallons of crude oil. The spill was the largest in US history and threatened the delicate food chain that supports commercial fishing industry of Prince William Sound. More than 11,000 people and businesses were affected to the extent that they have received compensation. ExxonMobil has spent \$3.5 billion on the spill, including \$300 million to individuals and business.

[7] 'Indonesia: Sole Survivor of Attack on Humanitarian Aid Workers Speaks.' http://www.hrw.org/press/2000/12/acehtest.htm.

and material support to the military. In addition, the company was accused of having knowledge of widespread violations, including genocide, murder and torture, committed by the military without taking any action to prevent them. The suit was based on various US Acts and international human rights law. ExxonMobil vigorously denied the allegations and said that the lawsuit was 'without merit and designed to bring publicity to their organisation' (HRW, 2002:4).

Angola has been wracked by civil war between the government and the National Union for the Total Independence of Angola (UNITA). The conflict was fuelled by the sale of diamonds by UNITA and oil by the government.[8] Angola is known for poor governance, lack of press freedom, transparency, accountability, rule of law as well as protection of human rights. In 1998, when oil prices slumped, the government used about $870 million generated from signature bonus payments on oil exploration and offshore deepwater concessions to pay for its weapons purchases. According to the Angolan foreign minister, these funds were earmarked 'for the war effort' (HRW, 2001b). Exxon, BP-Amoco and Elf were the main sources of such funds. These companies play a dominant role in relevant blocks and new rounds of bidding for offshore concession blocks are expected to attract record sums of cash down-payments from the multinational oil companies.

Human Rights Watch and Global Witness have argued that oil companies are not transparent about their payments to the Angolan government or the state-owned company Sonangol. BP was the first company to recognise that its involvement in Angola could be problematic and from 1997 has commissioned an annual independent social assessment of its impact in Angola. In 2000, BP decided to publish key financial data on its Angola operations (Christiansen, 2002). By contrast, ExxonMobil has not spoken publicly about potential problematic aspects of its activities in Angola. According to Lee Raymond, head of ExxonMobil, the company has scrupulously observed its contract confidentiality agreement with the government, although he is 'not sure' the governance record of Angola's leaders is satisfactory. He claims that disclosing a government's revenue could be seen as influencing how it is spent, which would not be a proper role for private companies.[9]

ExxonMobil has also been criticised in connection with the ExxonMobil-led construction of a pipeline from *Chad* to *Cameroon* (see below). NGOs claim that the project will damage the environment and have negative social and economic consequences.[10] In addition, ExxonMobil has been accused of indirectly contributing to reinforcing bad practices in *Turkmenistan*. Turkmenistan is one of the poorest of the

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[8] Oil revenue stood for 92% of Angola's exports, between 70 and 90% of its tax revenue between 1994 and 1999, and over 50% of its GDP (HRW, 2000).

[9] *Financial Times*, March 12, 2002. 'A dinosaur still hunting for growth'.

[10] Planet Ark, September 19, 2002. 'ExxonMobil puts all five Chad oil rigs to work'.

former Soviet republics though it has some of the world's largest proven natural gas reserves. Finally, Mobil has been challenged over its role in *Nigeria* and *Kazakhstan*. In 1998, shareholders pressed the company to review its investments in Nigeria in light of the human rights situation. Mobil finally undertook to raise two cases of detainment with the Nigerian government (HRW, 1999).[11] An array of suspicious business dealings that took place in the mid-1990s in Russia and Kazakhstan have been uncovered. More than one billion dollars was paid by Mobil to Russian companies in what have been termed unorthodox transactions (Hersh, 2001).

ExxonMobil has been accused of a variety of things in developing countries. These allegations, however, appear less extensive and of a more indirect nature as compared to other oil majors. This comparable lack of attention is quite surprising given the scope and depth of its operations in impoverished countries. Scant negative publicity on CSR-related matters may either be due to:

1. relatively better performance, or;
2. less attention directed towards the company for other reasons.

Since any analysis of actual performance extends far beyond the capacity of this paper, we shall briefly discuss the latter possibility. Even though ExxonMobil has chosen the Tiger as its logo, the company has a reputation as a 'super tanker': a steady and predictable course but hard to change. NGOs may prefer to use their scant resources on 'softer' targets. Second, negative publicity seems to have its own an inner dynamic: negative attention snowballs into more negative attention independent of actual behaviour. For example, Shell had to take all the blame for the Brent Spar incident even though this was a joint 50/50 venture between Shell and Exxon. According to Grolin (1998:216), Exxon 'ducked its head and left it to Shell to take the heat' while the Brent Spar conflict lasted.[12]

A third reason for the relatively slight criticism on CSR issues may be that ExxonMobil has kept a low profile on CSR issues. With regard to environmental strategy, Exxon has traditionally chosen a cautious strategy:

> …environmentalism – the *ExxonValdez* accident in particular – does seem to have accentuated what we can call the paranoia of the company. Exxon seems scared of releasing information about its operations and their environmental consequences: company publications and official statements on environmental issues are amazingly sparse in number considering the size and importance of the company. Exxon apparently wants to guard against making any commitments that it might not be able to keep or that could be misused by the company's 'enemies'. By promising little or nothing, the company can hardly be accused of not fulfilling its promises at a later stage. (Estrada, et al. 1997:108)

[11] The detainees were released before the company took action.

[12] It should be noted, however, that it was in Shell`s capacity as operator that Greenpeace targeted Shell alone on the Brent Spar issue.

From the point of view of an oil company, there may be good reasons for choosing a cautious approach to external communication. BP`s efforts to improve its environmental and social track record has, for example, created high expectations that may ‘backfire’ on the company. BP seems to be facing criticism simply from ‘sticking its neck out’ (Christiansen, 2002). Below, we shall take a look at ExxonMobil’s communications on CSR issues.

3. ExxonMobil's external communications on CSR

As suspected, ExxonMobil has kept a low profile on 'macro' CSR issues. Most of the company's external communications and internal management procedures are directed at local communities. Until very recently, ExxonMobil had never issued specific reports on social responsibility.

ExxonMobil's main message is that the company achieves the greatest good for society by doing its job well. 'That job is producing oil and natural gas and providing energy and chemical products — such as fuels, lubricants and plastics — at competitive prices in a safe and environmentally responsible manner' (ExxonMobil, 2002:16). The company focuses on social and environmental community programmes mostly in developed countries, but also in the poorest countries.[13] ExxonMobil's publications paraphrase Live Aid: *we make the world a better place!* For example, in the words of the CEO Lee Raymond: 'We work hard to make the world a better place, supplying vital energy to fuel economic growth' (ExxonMobil, 2000c:1). Other examples include: 'ExxonMobil and its affiliates try to make the world a better place to live, both by providing products people need and by creating a more viable society for our neighbours and ourselves … it's simply good business' (ExxonMobil, 1999b), and 'as a good corporate citizen, ExxonMobil looks for ways to improve the quality of life wherever we do business' (ExxonMobil, 2000a).

ExxonMobil has developed guiding principles on communities:

> We pledge to be a good corporate citizen in all the places we operate worldwide. We will maintain the highest ethical standards, obey all applicable laws and regulations, and respect local and national cultures. Above all other objectives, we are dedicated to running safe and environmentally responsible operations.[14]

Until recently, what was publicly known about ExxonMobil's position on social responsibility was revealed in a remark made by an ExxonMobil executive at a CSR conference at Columbia University (Cohen, 2001).[15] Here, the company confirmed that the foremost component its social responsibility profile is to find and produce oil and gas in a safe, environmentally responsible and cost-effective manner. ExxonMobil's approach when operating in poor countries which 'do not conform with Western norms … and have traditions and views that are no longer acceptable in the developed world' can, on the basis of these remarks, be summarised as follows:

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[13] In 2001, ExxonMobil contributed $ 126 million to community-serving organisations and projects worldwide.

[14] www.exxon.mobil.com/overview/guiding_principles/principles.html

[15] The remarks came from Ken P. Cohen, Vice President, Public Affairs, Exxon Mobil Corporation on January 26, 2001. See www.exxon.mobil.com/exec_speeches/cohencolombia.html

- the company perceives itself as an invited guest of the host government and complies with local laws and regulations;
- the company insists upon legal protection for investments including legal due process;
- ExxonMobil trains local nationals according to their abilities instead of according to ethnicity, race, religion, gender etc;
- the company involves affected local citizens and community groups in projects and thereby contributes to promote citizen involvement;
- ExxonMobil claims that they do not dump technology in developing countries, but introduce the most advanced technology for competitive reasons.

In 2002, ExxonMobil responded to the widening CSR agenda by publishing the report *corporate citizenship in a changing world* (ExxonMobil, 2002). The aim of this report was to take stock of the company's responsibility through its involvement in society. One section discusses commitments to governments, communities and societies. As in the case of environmental publications and official statements, the section in question is amazingly sparse in clear commitments in contrast to the European oil majors and considering the size and importance of the company. The report does not signal any significant change in ExxonMobil's CSR strategy. Micro CSR issues related to communities and neighbours represent the main focus in the report. On the other hand, ExxonMobil has included a commitment on human rights. ExxonMobil condemns the violation of human rights in any form. The corporation believes that its *Standards of Business Conduct* are consistent with 'the spirit and intent of the principles set fourth in the Universal Declaration on Human Rights, to the extent that the provisions of this Declaration adopted by governments are relevant to private entities' (ExxonMobil, 2002:18). In countries beset by local insurgencies and armed conflict, ExxonMobil has 'made it clear that we condemn all human rights violations. We have dealt with these issues for many years and believe our efforts have improved the quality of life in these communities' (ibid.).

ExxonMobil has also adopted a corporate policy on key current public policy issues. The company takes a clear stand on corruption and bribery and supports international efforts in this field. ExxonMobil is also highly sceptical to US unilateral trade sanctions.[16] In short, the overall position of the company on CSR does not seem to have changed significantly the last years. ExxonMobil has kept, and continues to keep, a low profile on 'macro' CSR issues combined with a relatively high profile on 'micro'

[16] Since World War One, the US has applied 115 foreign policy sanctions, with more than half coming in just the past four years. Exxon's concern is the economic cost of these sanctions. In 1996 for example, US-based companies were barred from entering into a joint venture with Azerbaijan to develop a $50 billion oil field due to a 10 per cent Iranian interest (www.exxon.mobil.com/public_policy/unilateral_trade_sanctions/index_content.html).

CSR issues, including community outreach programmes. The recent report on corporate responsibility, including explicit references to human rights, indicates that the company has responded very carefully to the widening CSR agenda.

3.1 Management systems on CSR codes of conduct

Operation Integrity management System (OIMS)

ExxonMobil does not have management systems directly related to "macro" corporate social responsibility. All their efforts in this area are geared towards the community level. Community awareness is part of ExxonMobil's Operation Integrity Management System (OIMS) which forms the company's framework for Safety, Health & Environment (SHE). SHE activities were stepped up in the wake of the Exxon Valdez incident. In 1998, Exxon measured OIMS against the International Organisation for Standardisation 14001 standard on environmental management systems. Lloyd's Register Quality Assurance found that OIMS meets the ISO standards and they have been implemented throughout the organisation.

OIMS consists of 11 elements, each with defined criteria every operation is obliged to fulfil. Elements 8 and 10 are most relevant in our context. *Element 8* is related to Third-Party Services and requires contractors to provide the same standards as ExxonMobil. For example, ExxonMobil and its partners are investing $ 3.5 billion to produce oil in Chad and move it by pipeline to the west coast of Cameroon for export. The pipeline from Chad to Cameroon will stretch 1,070 kilometres through coastal rain forests, savannah, native populations and a sensitive ecology. Chad is one of the world's poorest countries with a life expectancy of less than 50 years; Cameroon is faring slightly better. In other words, in political terms, this is a high risk project. In order to minimise risks, contractors were obliged to develop plans to protect the environment and people to meet higher standards than customary for such projects. Moreover, ExxonMobil staff and consultants were placed in contractor headquarters in Europe and the US to ensure quality and consistency in the planning process. The result is an ongoing programme which also includes socio-economic action plans. Contractor field monitors provide weekly and monthly reports in nearly three dozen areas, from accidents and injuries to soil erosion, archaeology, employment and wildlife. Any serious situations must be immediately reported (ExxonMobil 2001a).

In light of the political risk inherent in the pipeline project, ExxonMobil has received scant criticism from NGOs and the media. One important reason appears to be the involvement of NGOs and the World Bank. During the last five years of the project development, more than 900 public meetings with local citizens and civil society groups were held. As a result of these discussions, changes were made to the pipeline route to avoid sensitive areas and compensation was made for crops lost during construction.

ExxonMobil uses the Chad–Cameroon project to illustrate the benefits that accrue when the company fulfils its basic role of developing energy. These benefits include local employment, taxes, and health facilities (ExxonMobil, 2002).

ExxonMobil (and other oil companies) sought World Bank help in the face of the political risks involved and to provide help in lending money to the countries' governments so they could pay for their share of the pipeline (only 3 per cent of project costs). In the view of Exxon, recommendations emerging from NGOs and the World Bank have led to project improvements, but also almost killed it off by the lengthy delays, caused by continual objections raised by NGOs that are fundamentally hostile to oil development (Cohen, 2001). Nevertheless, the project apparently aims at pointing oil revenues in a constructive direction. To ensure that revenues are managed properly, Chad's parliament and president have enacted a revenue management programme which imposes controls on the oil revenues and places project funds in special accounts that will be subject to public reviews and World Bank audits. The programme also requires that the funds be used for health, education, infrastructure and rural development programmes.

While ExxonMobil maintains that disclosing government revenues is an improper thing to do for private companies, the company accepts that the World Bank can do so. According to Lee Raymond, 'The notion that ExxonMobil should be telling the government of Chad how to spend its money, like Shell telling the UK government how to spend its money, wouldn't go down well'.[17]

The Chad/Cameroon model resulted in some loss of control by the Chad government over revenues from oil exploitation and thus some loss of national sovereignty. In addition, it is still uncertain how the deal will work in practice. Questions have already been raised about arms purchases by the Chad government (Keay, 2001).

Element 10 of OIMS is directed towards community awareness and emergencies. ExxonMobil has issued a report called 'Caring Neighbours' where their activities in public policy, health, education, the environment and community outreach are described (ExxonMobil, 2000c). In 2000, community contribution amounted to $ 92 million, 73 in the US and 19 in other countries (Annual Report, 2000). In carrying out various projects, Exxon has cooperated with Red Cross, CARE, UNICEF, and the World Health Organisation as well as US agencies. For example, the company is cooperating with CARE and the Red Cross to improve conditions for the about one million Azeri refugees in camps in Azerbaijan hit by the conflict between Azerbaijan and Armenia over the Azeri province Nagorno-Karabakh. ExxonMobil has significant exploration and production activities in the Caspian Sea.

[17] *Financial Times*, March 12, 2002. 'A dinosaur still hunting for growth.'

Corruption, bribery and political involvement

ExxonMobil has taken a clear stance on corruption and bribery. The company argues that fraudulent practices, bribery, and dubious accounting methods could contaminate the whole organisation leading to an acceptance of such practices. As the World Bank's 'Quality of Growth' report indicates, good governance helps achieve higher economic growth rates, national wealth and social achievements around the world. Fight against corruption may thus help to weaken the negative link between oil revenues and poverty.[18] ExxonMobil's *Standards of Business Conduct* on ethics states that:

> Employees must understand that the Corporation does care how results are obtained, not just that they are obtained. Employees must be encouraged to tell higher manager all that they are doing, to record all transactions accurately in their books and records, and to be honest and forthcoming with the Corporation's internal and external auditors. The Corporation expects employees to report suspected violations of law or ExxonMobil policies to company management. (ExxonMobil, 2001b:5)

Since 1977, large US multinational companies have been made subject to a specific law – the Foreign Corruption Practices Act (FCPA). In the mid-1970s, investigations revealed that over 400 US companies had made illegal payments in excess of $300 million to foreign government officials, politicians and political parties. The Congress reacted by enacting the FCPA. According to the US Department of Justice, the FCPA has had an enormous impact on the way American firms do business.[19] Several firms have been made the subject of serious enforcement actions and many have implemented detailed procedures to avoid such consequences. ExxonMobil's policy is that the corporation does not make contributions to political candidates or political parties except as permitted by applicable law and authorised by the Board of Directors (ExxonMobil, 2001b). As noted, the company makes political contributions mainly to Republican candidates in the US (political contributions are also made in Canada). In the US, ExxonMobil employees may contribute to the ExxonMobil Political Action Committee, which supports political candidates.

Owing to concern over competitive disadvantages for US companies, the US commenced negotiations with the OECD to "upload" its legislation to major trading partners. In 1997, the OECD Bribery Convention was signed by thirty-four countries and the Convention entered into force in 1999. The Convention represents one of several international efforts in this field.[20] Since 1998, the FCPA also covers foreign

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[18] This is particularly true in developed countries that have strong markets.

[19] www.ita.doc.gov/legal/fcparev.html

[20] In 1999, 11 African countries adopted various anticorruption principles under the auspices of the Global Coalition for Africa (GCA). In 1996, under the auspices of the Organisation of American states (OAS), the Inter-American Convention Against Corruption was adopted. The Asia Pacific Economic Cooperation (APEC) has adopted a broad range of programmes to promote transparency and good governance. In Europe, the Council of Europe has adopted a Criminal and a Civil Law Convention on Corruption, both opened for signature in 1999. The European Union (EU), the Organisation for Security

companies operating in the US. The FCPA makes it unlawful to bribe government officials to obtain or retain business. Sanctions include both criminal and civil reactions in the form of fines and imprisonment as well as exclusion from public contracting. The FCPA also requires companies to meet specific accounting provisions. There are two exemptions in the Corruption Act: first, payments may be made to facilitate performance of a 'routine governmental action', such as obtaining permits and licenses. Secondly, a person or firm charged with the violation of FCPA may assert as a defence that the payment was lawful under the written laws of the foreign country. This exemption could serve as a loophole for oil companies operating in developing countries. However, the burden of proof lies with the defendant.

Cooperation in Europe (OSCE) and the Stability Pact for South Eastern Europe are also working on various anticorruption initiatives. The WTO has made contributions in this field by means of multilateral agreement on transparency, while the United Nations Convention Against Transnational Organised Crime include obligations on corruption. The UN has recently commenced negotiations of a new UN global instrument against corruption. In 1999, the first Global Forum on Fighting Corruption and Safeguarding Integrity led to a declaration on corruption, transparency and good governance adopted by 90 governments. In addition, international financial institutions, Transparency International and Global Corporate Governance Forum have made efforts in this field.

4. Comparing statements with action

Exxon Mobil has deliberately allowed BP and Shell 'to seize the moral high ground' on CSR issues. As already noted, the company has chosen to keep a low profile on 'macro' CSR issues while implementing social programmes at 'micro' community level. Accordingly, there is generally a high degree of association between what the company says and what it does, based on the scattered observations included in this paper.

ExxonMobil claims that the company contributes to social welfare all over the world by the efficient production of energy at competitive prices. ExxonMobil is probably the most profitable major oil company in the world. Over the past five years, ExxonMobil's average annual return has been 20 per cent. ExxonMobil has increased its dividend for 19 years and has a triple-A credit rating. ExxonMobil pledges to be a good corporate citizen by maintaining the highest ethical standards, obey the law and respect local and national cultures. These general statements are of course impossible to check, but ExxonMobil seems to follow a "non-interference in politics abroad" strategy (except in the US and Canada) by emphasising charity and other projects and activities at the community level. Further, the company actually spends resources on community outreach programmes and involves local stakeholders in controversial projects. Allegations directed at the company for its operations in developing countries such as Indonesia, Angola and Turkmenistan appear to concern its possible indirect involvement in human rights violations. Major oil companies are generally accused of fuelling civil wars. ExxonMobil has taken a clear stance on corruption and bribery and has, as far as the author is aware, not been involved in incidents like the Elf scandal (Econ, 2002). ExxonMobil also states that the company contributes to social welfare through its dedication to running safe and environmentally responsible operations.

That said, ExxonMobil's position on political influence in developing countries is paradoxical. On the one hand, ExxonMobil perceives itself as an 'invited guest' in countries with poor governance records and has apparently no intentions whatsoever of influencing the policy of any repressive 'host' governments. On the other hand, the company has apparently no problems leaving such interference to the World Bank. Nor has the company shied away from letting governments in developed OECD countries know of its concern on other political issues affecting the interests of the company, such as US unilateral trade sanctions, European gas deregulation and climate policy.[21]

[21] With regard to deregulation of gas markets, ExxonMobil is concerned that uncertainty and price volatility may undermine the funding of expensive, long–distance pipelines. *Financial Times*, March 12, 2002. 'A dinosaur still hunting for growth.'

5. ExxonMobil's view on the role of the companies

ExxonMobil does not accept any 'paradox of plenty', i.e. responsibility for contributing to a relationship between resource-abundant developing countries and poor development in terms of GDP. On the contrary, ExxonMobil believes that the company provides benefits to society in oil-dependent developing countries:

> Our operations help developing nations improve their economies, and therefore the lives of their citizens. Our energy supplies help increase productivity worldwide. And our chemical products help improve everything from children's car seats and food packaging to consumer products and tires. (ExxonMobil, 2002:16)

ExxonMobil recognises that the nature of the company's work is important to many countries because of the linkage to economic development. This provides an opportunity for positive influence:

> As guests of national governments, we can do things that both help improve historical practices and promote more citizen involvement. We seek to improve the lives of individuals by helping them help themselves and by engaging with communities and host governments. Our efforts can play a catalytic role in getting people started…. (ExxonMobil, 2002:19)

ExxonMobil does not seem to recognise any negative consequences linked to the company's operations in developing countries. ExxonMobil`s pledge on human rights is also related to the positive effect of the company's core business: 'We contribute to furthering human rights by enhancing economic and social well-being' (ExxonMobil, 2002:18). It follows from this perception that there is no need for any changes in principles related to CSR. ExxonMobil believes that it achieves the greatest good for society by doing its job as an energy producer well. Given that oil revenues are positive for resource-abundant developing countries, there is apparently no need for increasing transparency with regard to how payments are made to governments. ExxonMobil goes even one step further and argues that disclosing a government's revenue is not a proper thing to do for private companies since it could be seen as influencing how monies are spent. In Angola, ExxonMobil has indirectly criticised BP for 'running into deep trouble' when disclosing payments to the Angolan government to win an exploration license.[22]

ExxonMobil does, however, accept that multinational institutions can influence how oil revenues are spent. The Chad–Cameroon project illustrates the willingness of the company to cooperate with the World Bank in order to realise the pipeline project. ExxonMobil also works together with NGOs, particularly in health matters. Moreover, ExxonMobil recognise that security and human rights should be consistent. In 2001, the US and UK governments launched the Voluntary Principles on Security and Human Rights. The principles aim to ensure that corporate security arrangements fully respect

[22] *Financial Times*, March 12, 2002. 'A dinosaur still hunting for growth.'

human rights. The principles were formulated as a result of discussions between government agencies, human rights organisations, unions and business organisations. According to HRW, most oil majors were involved in the process except ExxonMobil (HRW, 2002). ExxonMobil does, however, view these principles as 'an affirmation of the constructive role business can play in protecting human rights' (ExxonMobil, 2002:18).

6. Concluding remarks

ExxonMobil claims that it contributes to social welfare worldwide by efficient production of energy and chemicals, community outreach programmes and high performance on HES. The company has not changed this policy, but it has recently added human rights to its portfolio of corporate responsibilities. While this new element has not led to any significant changes in corporate principles and procedures, ExxonMobil's involvement with the World Bank in the Chad–Cameroon pipeline project indicates change in how to develop projects in extremely poor countries. On the other hand, that project is perceived as quite unique and may not necessarily tell us much about any generic changes.

Whether ExxonMobil is a 'pro-active tiger' or a 're-active turtle' on CSR is very difficult to judge. Based on external communications, one could argue that ExxonMobil is weak on CSR rhetoric as compared to BP and Shell. Even TotalFinaElf has adopted a CSR rhetoric that extends well beyond ExxonMobil's cautious strategy (Econ, 2002). Judged against the backdrop of allegations, however, ExxonMobil appears to have received less criticism than other major oil companies. This is particularly true as compared to TotalFinaElf and somewhat surprising in the light of the company's extensive involvement in developing countries. To repeat, there may be at least two ways of explaining this relative lack of criticism: 1) ExxonMobil actually performs better in developing countries than other companies; 2) the company has been exposed to less attention for other reasons: a) Given ExxonMobil's size and power NGOs prefer to direct their attentions towards 'softer' targets; b) although negative publicity on CSR leads to a "snowball" effect, ExxonMobil has so far avoided being hit, in contrast to Shell, for example; c) its low profile on CSR attracts less attention from NGOs.

But why would ExxonMobil want to keep a lower profile on 'macro' CSR issues than its European competitors? There are at least three explanatory perspectives pertaining to three levels of analysis that could help answer the question. First, differences and changes in CSR strategy may be due to company-specific factors such as organisational structure and learning capacity, leadership, corporate tradition, CSR reputation and so on (see e.g. Ghobadian, et al., 1998). For example, since ExxonMobil has not been alleged of serious CSR issues it has apparently fewer incentives to change course, as compared to European companies. As noted, ExxonMobil's organisational structure and the recent organisational changes in the wake of the merger could also have consequences for company–society relationships.

Second, the political environment in the home countries of the companies could be important (Skjærseth and Skodvin, 2001). The confrontational relationship in the US between the green movement, the government and the oil industry could have determined a cautions corporate strategy with regard to making voluntary commitments. The emphasis on compliance by the US as well as by ExxonMobil points in the same direction. Moreover, the US Foreign Corruption Practices Act has contributed to the adoption of anti-corruption norms in large US companies. Since the Act has been in place since the 1970s, it may also explain why ExxonMobil places such weight on the issue. Societal pressure with consequences for consumer behaviour can also vary between countries and regions. Table 2 indicates that US national imprints overlap ExxonMobil's market exposure in terms of risks of negative attention and consumer campaigns directed against retail stations and petroleum product sales. Even though ExxonMobil is vulnerable to European consumer criticism, the US market is its most important outlet. If US consumers are less willing to link their preferences to political campaigns targeting corporate CSR behaviour, we would expect ExxonMobil to be less exposed to a level of public scrutiny that could affect the company's market shares, again as compared to European oil majors. In the field of climate policy, it is quite illustrative that the 'Stop Esso' campaign targeting ExxonMobil`s climate strategy was initiated in Europe and not in the US.

Thirdly, evolving international regimes and processes can explain changes in corporate strategies over time. Two cases in point are the involvement of multilateral institutions such as the World Bank and the evolving international anti-corruption regimes. The World Bank has played an important role in the Chad–Cameroon pipeline project in at least two ways. First, by stimulating local stakeholder involvement in the project development. Second, by increasing transparency and influence over oil revenues with the aim of strengthening socio-economic development. The OECD Bribery Convention, along with a number of other similar international efforts, is a visible sign of an emerging international regime on corruption, transparency and good governance. Over time, international regimes may pick up momentum partly through their own inner dynamic and affect government policies as well as corporate strategies, as has been seen in the field of environmental protection (Miles et al., 2001 and Skjærseth and Skodvin, forthcoming, 2003). A similar regime on corruption and transparency could bring about important changes in corporate practice and action on 'macro' CSR in the future.

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