

Mobil Corporation Employee Forum

Chairman and CEO Lucio "Lou" Noto

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While we're talking about EHS [Environment, Health and Safety], there's been a lot of publicity on climate. Some of our employees are very upset at what they think Mobil's negative attitude is on the Kyoto so-called climate agreement. Let's try to put things in perspective. We are not in any way saying that greenhouse gases can be dismissed as a risk. Whether climate change associated with the build-up of greenhouse gases can be dismissed on a scientific basis as being a non-event, we think it could potentially be a big issue. We're also not prepared to admit that the science is closed fact and that we should take draconian steps tomorrow to reduce CO2 gases. We do think that a prudent company should take steps to do what it can on a win-win basis to try to reduce its own and its customers emissions of greenhouse gases as best it can.

What is Mobil doing? Number one: we started an inventory of the greenhouse gases that we are responsible for in our facilities. And that's probably only 5% of the issue in Mobil's case. Our customers using our products probably count for 95% of those emissions. But with the 5% that we're responsible for, we're doing an inventory. The ExComm has gotten the board's approval that if there are projects which we can undertake, which perhaps don't meet our own internal rate of return standards but do have a major impact on our own emissions of greenhouse gases, we're going to do them. We think it's prudent, we think it's responsible to do that.

Number two: we are spending money with auto companies and with university institutions to do research on how our customers can use our products more effectively and more economically and more efficiently. It may mean a loss of potential sales in the short term.

Very frankly, doesn't bother me. Do we think we should do everything possible to make our product environmentally welcome for the 21st century? We want to make it cleaner, Mobil was taking the lead on trying to take sulfur out of US gasoline. We haven't had the support of as many of the API companies as I'd like to see, but we agreed with Brian that if the API doesn't do something significant, we're gonna do it. We're gonna do it on our own. We may not get any benefit for it. We're certainly not gonna get any money for it, but we think it's the responsible thing to do. Our research says sulfur is a bad actor. And we're prepared to step out on that. Customers are going to use our products more efficiently. We won't sell as much, but we will cement the value relationship for our bread and butter packaging materials and products for the 21st century and that's our obligation.

Number three: we are prepared to put money into projects like reforestation in some of the countries that we operate in that we think makes sense. Both from a community contribution point of view and from a greenhouse gas abatement point of view. So, we're doing that. We're not doing this just to get kudos. We're not doing this just to have some feel good-ism. We think there's good business.

But at the same time, we will continue to oppose mandates like the ones in Kyoto, which make no sense, which are not based on sound science and which have potential draconian consequences, which absolutely no one understands. That may make some of our people feel uncomfortable. Too bad. That's where we are. We will not take the BP position that says the science is closed. The science is not.

And one of the silliest things this earth could do is to start to adopt technology, which we have available today, to try to fight a problem for 2010, 2012 instead of waiting for the technology that's going to roll off the boards. So, we will continue to be a company that does what we think is prudent, but continues to oppose mandates imposed by politicians, who have no idea of the consequences of what they are doing.

If you had read President Clinton's speech about what his terms of reference were for the United States delegation to the Kyoto convention, if you compared those terms of reference to what was signed in Kyoto by the American delegation, you would fire everybody that you sent the Kyoto. Period.

And so, we're gonna continue to speak out against this. We were at the White House the other day at a breakfast with Secretary Rubin, Erskine Bowles, Secretary Daley from Commerce, Gene Sperling and we had a rather animated conversation on climate. And I said, you know, there is no smoking gun technology and somebody's drawer that you can open and use and suddenly maintain economic growth and maintain jobs and maintain the benefits that people have earned and still reduce greenhouse gas emissions by roughly the 30 or 35 percent that you have to reduce them by to meet the Kyoto targets for 2010, 2012. And they said to me, "President Clinton has a word for people like you, he calls them lemon suckers." So, I said "Yes, I'm a lemon sucker then." And one of them said "Well you got a few more around this table."

This is going to be an interesting one. You have a bunch of folks who are absolutely committed to doing the right thing and they think the only way to do it is to set a mandatory line in the sand and force industry to approach it and if they can't make it so what will change the line later on. They don't understand the disruptions that we can start to have in our economy in our company, if we start to take action today based on a mandate for 2008, 2012, which in investment terms is tomorrow, with the wrong technology and at the wrong pace.

So, Mobil is going to have a two-sided attitude toward climate. If you feel uncomfortable about Mobil's position, let us know, we'd like to have your input. We have an outside scientific advisory council now, which Mike Ramage put together. We've met with them a couple of weeks ago to talk about climate in general. These are absolute, first quality,

outside, third-party scientists, with no axe to grind. They gave us some suggestions as to how we might make our statements clearer, so that people would understand them better. But I think, basically, they gave Mobil high points for the program that it had embraced and was subsidizing and was paying for.

I'm sorry for that interval, but I know a lot of people around the Mobil world have been very concerned about Mobil being too negative. Mobil is negative on Kyoto. It's a bad deal. Bad negotiation. It was stupid. Mobil is not negative on taking reasonable steps. Frankly, because we don't know enough about how dangerous or un-dangerous greenhouse gases are. So, we'll do what we can do in a sensible fashion, but continue to oppose mandates.