

Barron's May 27, 2002 "Review and Preview"

CLIMATE CONTROL: Is ExxonMobil Due for A Change in the Weather?

There is something a tad exhilarating about taking the contrarian view. Unless, of course, your shareholders subscribe to the conventional wisdom.

Wednesday, ExxonMobil investors at the company's annual meeting once again will have the chance to vote on environmentally tilted shareholder resolutions. Though the proposals haven't garnered much support in the past -- and almost in spite of the fact that ExxonMobil, whose chairman Lee Raymond has questioned whether global warming is even occurring, isn't viewed as the most environmentally friendly company -- the resolutions have been gathering steam this year.

The proposals, one calling for ExxonMobil to report on its plans to develop renewable energy sources, and the other to link environmental and social performance to executive pay, are being brought by members of the Interfaith Center on Corporate Responsibility, a coalition of socially conscious and religious investors. In a turnabout from last year, the renewable proposal has been recommended by proxy advisor International Shareholder Services. Both the California Public Employee Retirement System and shareholder activist Robert Monks have expressed support for the proposals, and other religious-group investors have signed on, too.

"There are risks to how Exxon is approaching the issue," says Peter Altman, who heads Campaign ExxonMobil, a group including ICCR that is spearheading the environmental lobbying effort. He says ExxonMobil hasn't explained why its approach protects shareholder value.

ExxonMobil, which has recommended against the environmental resolutions, retorts that it has addressed climate change by making its refineries and chemical plants 37% more efficient than they were 25 years ago.

Light Green Advisors' president Jonathan Naimon applauds Exxon's operational improvements and Raymond's raising the contrarian view, but he disagrees with the chairman's stance on climate change. "The big story is, is he leading properly?" says Naimon. "He's falling short of articulating a vision of responsibly using big-company tools to solve a big problem."