

The following is a selection of news articles regarding oil companies, greenwash and censorship. Branson – we are watching you too!

How Green is Big Oil? – Julia Fields, Sunday Herald February 12th 2006

Oil giants are suddenly eager to flaunt their alternative energy credentials. But is this a genuine commitment to renewables or just a cynical exercise in public relations? Julia Fields investigates

For an industry that has been celebrating multi-billion pound profits on the back of sustained high oil prices, the mood was surprisingly sober. As senior figures in the oil industry gathered in London last week, they knew that the champagne bubbles could vanish pretty quickly as they turn their attentions to the future.

“We have a serious problem,” Lord Browne, group chief executive of BP, told an audience during International Petroleum Week .

“There are plenty of resources but they are concentrated in a very limited number of areas. Many of those areas are closed to investment by anyone other than state-controlled oil and gas companies.”

To restore real energy security, he said, “we have to confront the twin challenges of dependence, and of the environmental consequences of carbon emissions”.

His comments echo an increasingly common refrain ringing out across the globe. Energy security is now at the top of everyone’s agenda, and it is increasingly being used as a political argument to move away from fossil fuels and towards alternative energy. The International Energy Agency last week urged governments to step up their investment in harvesting solar power and energy from wave and tide.

Mona Sahlin, Sweden’s minister of sustainable development, recently described oil dependency as one of the world’s biggest problems, and said she wanted to end her country’s dependence on oil within 15 years.

“A Sweden free of fossil fuels would give us enormous advantages, not least by reducing the impact from fluctuations in oil prices,” she said.

President George Bush said in his State of the Union address that America “is addicted to oil, which is often imported from unstable parts of the world”, and declared that the US must invest in alternative energy.

Judging by Browne’s speech last week, some of the oil majors appear to be singing from the same hymn sheet.

Jeroen van der Veer, chief executive of Royal Dutch Shell, said recently that the Anglo-Dutch company “would develop at least one alternative energy ... into a substantial business”.

Full-page adverts for Chevron Corporation’s willyoujoinus.com site, which debates climate change issues, appear on a regular basis. BP, which recently reported annual profits of £11 billion has also been widely marketing its green activities, and in November announced it would create a new low-carbon power business that could require an investment programme of £4.6bn over the next 10 years.

But are these initiatives merely a public relations exercise to placate a growing consumer environmental consciousness? Or are they a signal that Big Oil has finally recognised that its economic future could be tied to greener forms of energy?

“Both are going on,” says Duncan McLaren, chief executive of Friends of the Earth Scotland. “These are large companies. Within them are strategists telling them that they will have no business left in 15 to 20 years if they continue to focus on fossil fuels. But in most cases, the public relations case is a stronger one. There is a real fear that they will be subject to things like windfall taxes.”

He says that such measures would become more politically justifiable if the oil industry is not seen to be taking measures to curb carbon emissions.

Chancellor Gordon Brown has already slapped a windfall levy on North Sea oil profits and there are a number of US senators pushing for a similar move stateside.

The recent bumper profit figures from Exxon Mobil (£20.6bn for 2005), Chevron Corporation (£8.5bn) and Royal Dutch Shell (£13.1bn) prompted fresh calls for oil companies to invest more in green technologies.

There is plenty of scepticism about the oil industry’s commitment, and not just from the environmental lobby. Jeremy Leggett, who wrote *The Carbon War* and is also chief executive of a solar energy provider Solarcentury in Britain, describes it as a “greenwash”.

“In terms of substance, it’s still greenwash, even at BP’s level,” Leggett says. “This is not the kind of entrepreneurial zeal BP has shown for the past 100 years. There is so much they could be doing; the opportunities are huge and the requirement is so big.” He adds that at one point BP was Solarcentury’s biggest competitor in the UK, but now the company has disappeared from the market.

Eddie O’Connor, chief executive of Irish wind power company Airtricity, says that the oil majors have to be seen to be doing something to placate shareholders’ concerns. “They have investors saying: ‘What are you doing about global warming apart from causing it.’ Lord Browne is then well-armed, saying we spent a billion on photovoltaic [solar energy].”

He adds: “With Chevron Texaco, it took out all these ads about its crusade for the future and I was impressed. Then it had an ad showing the Eiffel Tower saying you’re going to have to cover Paris with wind turbines and I thought: ‘Well the leopard hasn’t changed his spots after all.’”

Between 2001 and 2005, BP invested just £57.1 million a year on renewable energy, primarily in its solar business, but also in some initial ventures in wind and investments in hydrogen for transport projects. The new investment programme – £1.03bn, initially over the next three years – will be evenly split between beefing up its solar and wind businesses in the US, Australia, Spain and India, and investing in combined-cycle gas turbine power generation (which produces lower carbon emissions) and hydrogen projects. Together with Shell, ConocoPhillips and Scottish and Southern Energy, BP is planning a £343m project at Peterhead to convert natural gas to hydrogen and carbon dioxide, produce electricity from the hydrogen and pipe the CO₂ out for storage in a North Sea oilfield.

BP’s Browne said last week that the global potential of the project “could be enormous, opening up

the possibility of taking the carbon out of all the different forms of hydrocarbons, including coal”.

But Brian Wilson, a former UK energy minister and chairman of Airtricity, questions why the heavyweights have not approached renewable energy with more vigour. “Nobody has yet come up with a tidal or wave device that actually works,” he says. “If they were serious about renewables, why haven’t they done marine investment? There’s no shortage of opportunities if they were serious.”

With hydrogen and combined-cycle gas turbine factored out of the equation, BP is actually only spending £171m annually on renewable energy over the next three years. That contrasts with the startling figure that carbon dioxide emissions in 2004 from the use of BP’s products were 1376 million tonnes, according to the company’s own calculations – more than double the emissions for the whole of the UK.

Chevron and Shell have each spent just £570m (\$1bn) on renewable and alter native energy technologies since 2000 (Chevron will spend more than £171.4m in 2006). When you consider their profits, such investment seems like small change.

This is particularly the case when estimates show that the world’s five biggest energy groups intend to give a total of \$144bn back to their shareholders through share buybacks. Does this show a lack of imagination and enterprise on the companies’ part?

Graeme Sweeney, executive vice-president of Shell Renewables and Hydrogen, told the Sunday Herald that the group’s current level of investment will continue in the “near term”.

But he argues that the scale of commitment should be put in proper context. “With any of these new industries, there are timescales. It’s not lack of resources. It’s a matter of the number of opportunities there are to deliver in these spaces. We will look at projects as they come, evaluate them and do that with good business sense.”

He says Shell would spend more if the right projects came up, but he still believes that the company is pulling its weight, especially compared with its rivals. Shell claims to be the world’s largest marketer of biofuels. It has a partnership with Iogen of Canada to produce cellulose ethanol biofuels, which are derived from plant waste.

Sweeney adds: “The wind industry is young. The growth rates are phenomenal. If you turn it around and it wasn’t associated with this large oil business, which invests much of its revenues in securing new oil and gas, you would say that a billion dollars is a lot of money.”

Shell’s worldwide share of wind energy capacity is currently greater than 350 megawatt (MW), and it estimates that will total 500MW by 2007. It is part of a consortium, which includes E.on, UK Renewables and Core, which wants to invest in the London Array offshore wind farm, which could have a potential capacity of 1000MW and power 750,000 homes.

The oil majors acknowledge that both shareholders and the business community are urging more action on the green front. They argue that far from being a mere public relations sop, the numbers are beginning to add up to make these technologies commercially viable.

For instance, Chevron is starting to make significant revenues from Chevron Energy Solutions. Set up in 2000, the subsidiary engineers and installs energy efficiency, conservation and alternative energy solutions (for example, solar, fuel cells, biomass, geothermal) for US institutions and

businesses.

The business became profitable in 2003 and is now generating £114.3m revenues per year. It is growing by 20% to 30% a year.

“Shareholders are putting pressure on all publicly held companies that this is an important area of corporate responsibility,” says Jim Davis, president of California-based Chevron Energy Solutions. “One way that Chevron responds is by pointing out we’ve invested and have businesses like Chevron Energy Solutions working with our own company to reduce our carbon emissions but also with other businesses and important public institutions.”

He believes the US market for energy efficiency schemes alone could amount to “many billions of dollars”, and that Chevron has barely scratched the surface. “What we compete against is the cost of electricity,” Davis explains. “As our customers come to the realisation that high energy costs are here to stay, they are starting to invest more aggressively in doing something about their energy infra structure.” He believes there could be a strong case for expanding this business into Britain [where energy prices are equally punitive] within the next five years.

In addition to whatever it does in environmental terms, companies have to ensure that such projects provide a return on investment.

“It needs to make a substantial contribution to the climate change issue. But in the end, it has to be a stand-alone market competitor without incentives,” says Sweeney. “It’s important to say these are not just environmental plays.”

As a result, Shell has a “watching brief” on the less developed area of marine energy. It has also decided that the US, where planning applications are processed three to four times faster and public acceptance is higher, is a better place to build onshore wind farms than the UK. It is in talks with the UK government aimed at ensuring there is a good regulatory framework for offshore wind investment.

Critics argue that these mega- corporations are not moving nearly fast enough to drive the sector forward. But even these observers acknowledge that their green advertising campaigns are contributing something to the environmental cause .

Airtricity’s Wilson says: “It signals an acknowledgement I haven’t heard before, certainly from Chevron, about oil being a limited resource.”

Leggett agrees, adding that the marketing might of such multinationals is raising awareness about global warming . “They’re sending huge messages to consumers and government. This is what governments should be doing, but are not.”

Nevertheless, there is a suspicion that more money is actually being sunk into marketing than projects.

“BP has been asked repeatedly to put figures in the public domain to prove or disprove that it has spent more on rebranding as Beyond Petroleum than it has on technologies to take itself beyond petroleum. It has never provided that information,” says McLaren of Friends of the Earth.

Indeed, BP, Chevron and Shell re fused to provide figures to the Sunday Herald on their advertising spend. A Shell spokesman said that only two of its eight print advertisements that will

appear in the coming months are related to renewables.

David Nicholas, a BP spokesman, also downplayed the scale of its advertising: “We have obviously done a recent significant advertising campaign in the US and the UK. Before this campaign, the previous significant corporate advertising we did in the UK was some five years ago when we rebranded, adopting our current logo and the name BP [from BP Amoco].”

Nevertheless, critics argue that until there is some transparency in this area, the oil majors will continue to fight an uphill battle to gain credibility.

They may soon have to take a very different view. Insurance companies are hinting that they may have to withdraw cover from oil majors for law suits arising from climate change.

Exxon Mobil looks vulnerable in this respect, as The Guardian suggested this month. Christopher Walker, head of greenhouse gas risk solutions unit at insurer Swiss Re was quoted as saying his company might be forced to approach Exxon Mobil and say: “Since you don’t think climate change is a problem and you’re betting your stockholders’ assets on that, we’re sure you won’t mind if we exclude climate-related lawsuits from your insurance.”

The day is coming when Big Oil will have to take these issues far more seriously than it still appears to be doing.

BP doubles corporate ad budget in \$150m bid for greener image – Amanda Andrews - The Times - 24 December 2005

BP HAS doubled its spending on corporate advertising to \$150 million (£85 million) this year as Europe’s biggest oil company fights to enhance its environmental credentials.

BP, which almost trebled its marketing budget in Britain, extended its campaign from the United States and Germany into China, the UK and international publications. It is expected to spend a similar sum next year.

However, the company’s increased spending — supported by the sharp rise in the oil price — led environmental campaigners to argue that BP was simply trying to avoid becoming a target for further tax increases.

While Shell and Chevron have been keen to promote their images in the UK, their advertising and sponsorship spend in the UK has been far less than that of BP, according to the research. This year, Shell spent an estimated £2.7 million, Chevron’s UK budget was £251,298 and Esso’s was £1.84 million.

The bulk of BP’s advertising emphasises the company’s commitment to environmental issues. Print advertisements refer to the company’s creation of a new business unit, Alternative Energy, launched last month with plans to invest \$8 billion over the next decade.

Environmental groups are sceptical about BP’s motives. Craig Bennett, head of the corporate accountability campaign at Friends of the Earth, said: “Oil companies like BP and Shell know they

are vulnerable in the public perception and are easy targets for the Government. They know the Government could turn to them for more tax revenue and they are aware of rising oil prices.”

David Welch, director of marketing and communications at BP, said: “Our current advertising campaign is not a tactical response to the current situation . . .”

BP spent an estimated £10.8 million on advertising and sponsorship in Britain this year, up from £3.9 million in 2004, according to figures from Nielsen Media Research obtained by The Times. The group invested £6 million of the 2005 UK advertising budget on corporate advertising. In 2004 the group spent just £173,124 on corporate advertising.

BP Institutes 'Ad-Pull' Policy for Print Publications - Demands Advance Review of News Content

By Lisa Sanders and Jean Halliday - Ad Age. Com. May 24, 2005

NEW YORK -- Days after financial services giant Morgan Stanley informed print publications that its ads must be automatically pulled from any edition containing "objectionable editorial coverage," global energy giant BP has adopted a similar press strategy.

Zero tolerance

According to a copy of a memo on the letterhead of BP's media-buying agency, WPP Group's MindShare, the global marketer has adopted a zero-tolerance policy toward editorial coverage it is not informed about in advance, "regardless of whether editorial is deemed positive or negative."

The memo cites a new BP policy document entitled "2005 BP Corporate-RFP" that demands that ad-accepting publications inform BP in advance of any news text or visuals they plan to publish that directly mention the company, a competitor or the oil-and-energy industry.

A spokeswoman for MindShare refused to comment on the memo, calling it a "client matter" and referred calls to BP.

BP: 'Unfortunate' and 'regretable'

Scott Dean, a BP spokesman, said that to his knowledge MindShare penned the memo. He called the language in it "unfortunate" and "regretable."

"This is not meant to be Draconian or to influence coverage. We are just asking for a head's up" about a cover story about the oil industry. "We never asked to read [editorial] copy in advance."

When asked what sparked the policy, Mr. Dean said the marketer hadn't had "any major issues." But, he added, as far as he knew there was a single occasion in which BP pulled a corporate ad after being alerted about an oil industry cover story and moved the ad to a later issue.

Mr. Dean said the policy involves corporate ads, not BP's retail gas advertising, and only affects advertising in major news magazines, not newspapers or broadcasts.

BP spent \$95.5 million in measured media in the U.S. in 2004, according to TNS Media Intelligence. Of that, cable TV garnered the largest outlay, at \$23 million; magazines came in

second, at \$18.6 million, followed by spot TV, at \$17 million. Spending in national newspapers was \$2.1 million; spending in other newspapers was nearly \$1 million.

Magazines' financial situation

One former publisher and longtime magazine industry executive who spoke on the condition of anonymity said that "magazines are not in the financial position today to buck rules from advertisers" and predicted that such moves will continue.

The MindShare memo lays out five directives ad-accepting publishers must follow in order to comply with the policy. It also requests that publishers confirm their ability to meet BP's demands and to explain the procedures they have instituted in their newsrooms and ad sales departments to ensure such adherence.

Suspension of full ad schedule

Both broad and quite specific, the directives range from notifying the media agency prior to running any editorial that contains fuel, oil or energy news text or visuals to providing the agency the option to pull any advertising from the issue without penalty. If the ad cannot be pulled, then the agency "must receive notification immediately of the situation in order to alert BP and to manage the situation proactively," the memo said. It also states that if MindShare is not notified of the mentions prior to the issue's on-sale date, immediate advertising schedule suspension will "likely result."

One executive familiar with the situation said that "this is not the first time the agency has done this on behalf of BP," but seemed to suggest some aspects of it may be new.

'Hiding something'

Another magazine executive who had not heard about BP's policy or of Morgan Stanley's said his company has unwritten guidelines with advertisers from several industries, including auto, airlines and tobacco, to pull their ads if related negative stories are in the issue. These cases, the executive said, occur more with news magazines than lifestyle ones.

"I think it's OK to have systems in place to pull advertisers out, but clearly we don't show them stories ahead of time." The executive called BP's policy a "stupid request. It makes you think these guys are hiding something."

Nearly a decade ago, a move by automaker Chrysler Corp. set off a maelstrom of reaction when it sent letters in early 1997 demanding that magazine sales staffs warn them of potentially "offensive" or "provocative" editorial. Editors' concerns over the policy's potentially chilling effect were realized when Hearst Magazines' Esquire killed a short story containing homoerotic scenes, apparently to avoid losing the automaker's business. The marketer, now known as Chrysler Group, discontinued its policy in the fall of 1997. That October, two publishing organizations, the Magazine Publishers of America and the American Society of Magazine Editors, took the unusual step of issuing a joint policy on the topic of editorial integrity that bars magazines from giving advertisers a sneak peek at stories, photos or tables