

OPENING STATEMENT OF
ANDREW P. SWIGER, EXECUTIVE VICE PRESIDENT
EXXONMOBIL PRODUCTION COMPANY
BEFORE THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
UNITED STATES SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS
JULY 15, 2004

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I am Andrew Swiger, and I am the Executive Vice President for ExxonMobil Production Company, a division of Exxon Mobil Corporation. I have been with Mobil Corporation and subsequently ExxonMobil for 26 years, and I have held a variety of managerial positions around the world. My current responsibilities include ExxonMobil's global oil and gas production operations, including our subsidiaries in Africa.

On behalf of ExxonMobil, I am pleased to have the opportunity to appear before the Subcommittee today to discuss our Standards of Business Conduct and our operations in Equatorial Guinea. ExxonMobil staff and counsel have met two times with the Subcommittee staff on these matters, we have briefed the staff on ExxonMobil's work on global transparency issues, and we have responded to a series of detailed questions from the staff.

ExxonMobil has a rigorous, formal system of corporate governance that requires all of our employees to comply with all applicable laws and with our company's Standards of Business Conduct. FCPA compliance (and compliance with the anti-corruption laws of other countries) is an integral component of ExxonMobil's overall compliance program and strong control environment. That control environment guides the daily behavior of ExxonMobil's employees worldwide. Through its on-going compliance program, ExxonMobil:

- Clearly articulates and disseminates its foundation policies through all levels of the business, all over the globe;
- Establishes strong management controls for implementing policies;
- Provides for management accountability for compliance at all levels;
- Trains its employees in ethics, including FCPA compliance;
- Monitors and enforces its policies through three key mechanisms: (1) management controls and practices; (2) internal and external audit functions; and (3) involvement of ExxonMobil lawyers, controllers, and other staff groups in business activities; and
- Finally, where necessary, ExxonMobil takes swift disciplinary action, up to and including termination, for non-compliance with ExxonMobil policies or applicable laws.

Mr. Chairman, ExxonMobil is committed to being a good corporate citizen wherever we operate worldwide. We maintain the highest ethical standards, comply with all applicable laws and regulations, and respect local and national cultures.

ExxonMobil has and continues to communicate and give effect to its foundation principles worldwide through open communication with our own employees and contractors, the government and the business sector. We recognize that to be a good corporate citizen, we must also consider the impact of our business operations on the communities in which we operate.

ExxonMobil has brought these principles and practices to bear in our operations in Equatorial Guinea. Mobil Equatorial Guinea Inc. (or "MEGI") is the Operator of two offshore blocks in Equatorial Guinea, only one of which is currently producing. MEGI produces nearly 280 thousand barrels per day of oil from the Zafiro Field in Block B, approximately 40 miles northwest of the capital city of Malabo, in water depths of 500 to 2,800 feet.

MEGI community activities include a focus on health, education and clean drinking water, upgrades to local health clinics and schools, and capacity building through training and apprenticeship programs.

Since its first operations in Equatorial Guinea in 1994, MEGI has:

- Achieved employment levels of Equatoguinean employees and contractors exceeding 50% of the total MEGI workforce
- Spent approximately \$25 million to educate and train Equatoguinean workers in country and abroad
 - Over 40 nationals have been educated abroad
 - 49 nationals are currently enrolled in MEGI apprenticeship programs

The practical realities of doing business in developing countries are challenging. Equatorial Guinea, like many developing nations, has a limited number of local businesses and a small population of educated citizens. As a result, there is a small community of government officials and business owners. Not unexpectedly, many of those persons are connected by a network of social and family relations. Many businesses have some family relations with a government official, and virtually all government officials have some business interests of their own, or through a close relative. We believe it is possible to have business dealings with government officials in an ethical manner and in strict compliance with U.S. and local laws. While it may be virtually impossible to do business in such countries without doing business with a government official or a close relative of a government official, it is still possible - indeed, it is expected - that we do business ethically and comply with all U.S. and local laws.

To ensure that all of our business dealings are free of corruption in Equatorial Guinea, as in our affiliates worldwide, we have an FCPA compliance program that requires full accountability with respect to business transactions. This is true whether we are dealing with private individuals or public officials in their private capacity.

We believe that the government and the business community in Equatorial Guinea understand and respect the fact that we have explicit rules about how we conduct our business and that we

stick to them. In some cases this means that we have disputes about taxes, rents, fees, and services, and that we address those disputes through established contractual and legal processes.

I would also like to emphasize that ExxonMobil believes that support for transparency is part of our commitment to oppose corruption and uphold honest and ethical behavior wherever we operate. ExxonMobil will support a transparency initiative that applies universally to businesses seeking to operate in a country, protects truly proprietary commercial information, and respects the sanctity of contracts and local laws. To that end, ExxonMobil has actively participated in the dialogue on the Extractive Industries Transparency Initiative sponsored by the U.K. Department for International Development.

In conclusion, I believe that ExxonMobil is widely known for its Standards of Business Conduct, standards that are understood and practiced by employees under management's guidance and reinforced by a formal governance system. This corporate culture is perpetuated by a management that stresses legal compliance on a continuous basis, and responds to even minor compliance issues. ExxonMobil demands that every one of its employees, in all of its business dealings, anywhere in the world, not only comply with the law, but also live by a strong creed of corporate ethics. This is not always easy or convenient, but it is the standard to which all ExxonMobil people are held. That is true in Equatorial Guinea and everywhere else ExxonMobil does business in the world.

Thank you, Mr. Chairman. I will be pleased to respond to the Subcommittee's questions.