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MPs call for Parliamentary pension fund to take a stand on tar sands

Questions about the financial, environmental and social risks associated with investments in Canada's tar sands (i) will today be raised in Parliament.

A cross-party group of MPs (ii) have today (11th March) published an Early Day Motion highlighting these concerns and calling on the MPs' pension fund to vote in favour of shareholder resolutions requiring BP and Shell to report on the investment risks associated with their tar sands projects (iii).

Also today, the Leader of the House will face questions about the resolutions in Parliament. Simon Hughes MP, Shadow Secretary of State for Energy and Climate Change, will ask about the fund's exercise of its voting rights at annual general meetings.

The resolutions, coordinated by FairPensions (iv), were filed by a coalition of institutional and individual investors including The Co-operative, who are concerned that oil companies may not be properly accounting for future carbon costs, high operational costs, environmental clean up costs and the risk of litigation as a result of impacts on indigenous communities. Resolution co-filers feel that the companies are risking both financial and reputational damage in the long term by developing what some investors view to be unsustainable assets.

The resolutions are also backed by environmental and human rights NGOs who point to extremely high levels of carbon emissions, the huge quantities of toxic waste produced, local air and water pollution, deforestation, and human rights concerns raised by front-line indigenous communities in Canada.

Mr Hughes said: "Tar sands are a very risky investment - financially, environmentally and socially. The resolutions ask BP and Shell to report to their investors on how they are managing these risks. Government should lead by example and be a responsible investor; for this reason it is essential that the MPs' pension fund supports these resolutions."

Duncan Exley, Director of Campaigns at FairPensions, said: "Institutional investors like pension funds have an interest in ensuring that companies are financially (and environmentally) sustainable. We urge the MPs' fund to act as a responsible investor by holding BP and Shell to account over their activities in the tar sands."

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Notes for editors:

i. About tar sands

Tar sands (also known as oil sands) are the second largest oil resource in the world, comprising some 173Bn barrels in reserves. Converting them into usable form of fuel produces on average 3 times the greenhouse gas emissions compared to conventional oil extraction.

Even using the oil industry's favoured measure (from oil well to car exhaust), oil from this source emits between 15% and 40% more greenhouse gases than the average of conventional sources. Industry claims about the affordability and efficacy of carbon capture and storage as a solution to tar sands' financial and environmental problems are also increasingly questioned.

Canada is already on course to miss its Kyoto protocol targets and the expansion of tar sands will make all but impossible any efforts to cut emissions on 1990 levels.

Tar sands are now prompting legal challenges from local indigenous communities such as the Beaver Lake Cree Nation, who are affected by pollution, deforestation and wildlife disturbance from tar sands developments. They claim breaches of the constitutional rights protecting their traditional livelihoods.

ii. About the Early Day Motion

The Early Day Motion reads as follows:

That this House notes that the extraction of tar sands produces on average three times the greenhouse gases of conventional oil, as well as causing deforestation and pollution which threatens the lives and livelihoods of indigenous communities; further notes the increasing concern among investors that tar sands investments are financially as well as environmentally unsustainable; believes that the continued expansion of tar sands extraction is incompatible with the emissions reductions needed to avoid catastrophic climate change; and therefore expresses the hope that the Parliamentary Contributory Pension Fund will vote in favour of shareholder resolutions requiring BP and Shell to report on the investment risks associated with their tar sands projects.

To date, the Early Day Motion has been signed by Martin Horwood (Lib Dem), Norman Baker (Lib Dem), David Drew (Lab), Colin Challen (Lab), Alan Simpson (Lab) and Peter Ainsworth (Con). This is the maximum number of signatories allowed at this stage: more signatories are expected once the Motion is published.

iii. About the resolutions

BP plc and Royal Dutch Shell plc have confirmed that the resolutions are valid, and will be discussed at their AGMs on 15 April 2010 and 18th May 2010 respectively.

The resolutions ask the companies to commission and review reports setting out the assumptions made by the Company in deciding to proceed with tar sands projects regarding future carbon prices, oil price volatility, demand for oil, anticipated regulation of greenhouse gas emissions and legal and reputational risks arising from local environmental damage and impairment of traditional livelihoods. The resolutions ask that the findings of the report and review should be reported to investors in 2011.

Copies of the resolutions, supporting statements and background information are available at <http://www.fairpensions.org.uk/resolutions>

iv. About FairPensions

FairPensions campaigns for UK pension funds and fund managers to adopt responsible investment practices, managing environmental, social and governance (ESG) issues which have the potential to be financially relevant.

FairPensions is supported by a number of leading charities and trade unions, including ActionAid, Amnesty, BECTU, CAFOD, Community, CWU, ECCR, EIRiS, Greenpeace, NUJ, Occupational Pensioners' Alliance, Oxfam, PCS, Traidcraft, Unison, Unite and WWF, as well as thousands of individuals.

www.fairpensions.org.uk