

April 15th - for immediate release

As significant numbers of investors support or abstain on tar sands resolution, investors say BP “carried the vote but not the argument”

Reacting to the outcome of a special resolution[1] on BP’s controversial plans in the Canadian tar sands (also known as oil sands), investors who proposed the resolution at the company’s AGM in London today pointed out that 15% of shareholders either supported the resolution or abstained, despite a strong company recommendation to oppose. Supporters also said that BP may have won the vote but they had not won the argument.

Although BP made its first disclosures about its strategic and pricing assumptions on tar sands investment as a result of the resolution process, many large investors - including institutions which supported management or abstained - agree that the company has still not provided sufficient assurance that tar sands plans are financially robust, and that the greater level of transparency called for in the resolution is still required.

The resolution, which asked BP to report on the financial, social and environmental risks associated with tar sands extraction, was filed by the largest coalition of its kind seen in the UK, led by responsible investment charity FairPensions [2] and the Co-operative Asset Management.

At the AGM, BP’s Chairman, Carl-Henric Svanberg, faced a series of uncomfortable questions on issues including the companies’ use of demand projections that assume no change in governments’ climate change policies & imply catastrophic climate change [3], how adequate control of outsourced projects can be asserted, health impacts on local communities and financial concerns.

Catherine Howarth, CEO of FairPensions said: “Shareholder resolutions are primarily a means to draw attention to an issue of concern to investors. The vote today is only one outcome of a wider process, which has catapulted tar sands risks to the top of BP’s agenda, and has become a major topic of debate in the City. The task for investors now is to make the most of the disclosures made to date, and continue to robustly engage with BP into the future. This will be matched by an unprecedented level of scrutiny from campaigners, politicians and members of the public”.

Karina Litvack, Head of Governance and Sustainable Investment at F&C Asset Management said: “F&C abstained on this resolution in recognition of BP’s considerably improved transparency regarding its involvement in Canadian oil sands. We credit this shareholder proposal for having prompted a more productive stance by the company on investor engagement. However, F&C feels that the company still falls short in certain important respects of the standard of disclosure that we believe was requested in this resolution. We want to take this opportunity to encourage BP to take a more prominent

leadership role in industry-wide efforts to find ways to better manage the cumulative impacts of oil sands development in Canada."

The resolution has been the focus of intense engagement between BP and major City investors in the last six weeks, and has attracted support from major global institutional investors, particularly in the USA where 36% of BP shareholders are based [4].

Public and investor interest in the resolution has been bolstered by a grassroots mobilisation campaign that has seen more than 5,000 people petitioning their pension providers and other large BP shareholders to back the resolution. Politicians and celebrities, including Zac Goldsmith, Simon Hughes, Alistair McGowan and Radiohead's Thom Yorke, have also endorsed the campaign.

Niall O'Shea, Head of Responsible Investing at The Co-operative Asset Management said: "Investors will be glad that the process has prompted BP to disclose its first significant information on this controversial activity. BP's projections on profitability and carbon intensity look surprisingly rosy compared to industry averages and independent analysis. We wish them well. But investors deserve to know how these projections are arrived at. Furthermore, BP appears to be working toward the International Energy Association's 'business as usual' reference scenario of unstinting oil demand and an emissions pathway that by the IEA's reckoning could lead to a global average temperature increase of up to 6°C. This is endorsing a future where there is limited Government intervention to prevent dangerous levels of climate change. Investors need to know; 'what is the company's long-term direction?' "

Robert Nash of WWF said: "Tar sands threaten to lock in massive future carbon emissions at a time when all areas of the economy, and especially the energy sector, need to cut their carbon footprint. This resolution has generated a whole new level of disclosure and dialogue around the issue of tar sands expansion, and should inject further urgency into the task of establishing mandatory reporting requirements on environmental impacts and the financial risks they pose to investors".

The resolutions call on BP to report on risks associated with the high costs of extracting and converting tar sands, oil price volatility, rising carbon emissions costs and legal and reputational risks arising from environmental damage and negative impacts of indigenous community livelihoods.

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

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A press kit with details of the campaign is available at:

http://www.fairpensions.org.uk/sites/default/files/uploaded_files/documents/TSPressKitFinal.pdf

Notes for Editors

1. About the resolution

The resolution was filed by over 140 individual and institutional investors from around the world including The Co-operative Asset Management, Boston Common Asset Management, the Ecumenical Council for Corporate Responsibility (ECCR), the UNISON Staff Pension Scheme, Rathbone Greenbank, and other fund managers, foundations and faith groups. The resolution asks the company to commission and review reports setting out the assumptions made by both companies 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 resolution asks that the findings of the report and review should be reported to investors in 2011.

Votes cast at the AGM have yet to be counted, but figures for votes cast in advance and announced on the day indicate that 15% of shareholders either voted for the resolution (5.6%) or abstained (9.2%). Total advance votes are as follows:

For	622,272,418
Against	9497638714
Withheld	1020301075
Total Shares	11,140,212,207

The resolution and supporting statement is available at:

http://fairpensions.org.uk/sites/default/files/uploaded_files/documents/BPResolutionRequest.pdf

BP's response to the resolution is available at:

http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/set_branch/set_investors/STAGING/local_assets/downloads/pdf/IC_AGM_oil_sands_resolution.pdf

An investor briefing on the resolutions is available at:

http://www.fairpensions.org.uk/sites/default/files/uploaded_files/InvestorBriefing.pdf

2. About FairPensions

FairPensions campaigns for 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

3. Use of demand projections that assume no change in governments' climate change policies & imply catastrophic climate change

In its pre-AGM response the resolution BP states that: *"World energy demand is projected to increase by around 40% between 2007 and 2030 with fossil fuels still satisfying as much as 80% of that demand by the end of that period"*.

(http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/set_branch/set_investors/STAGING/local_assets/downloads/pdf/IC_AGM_oil_sands_resolution.pdf)

BP gives the source of these figures as “IEA, ‘World Economic Outlook’ (2009).” (The report is actually called “World Energy Outlook”).

However, this projected rise in world energy demand is the most extreme of a series of possible scenarios outlined by the IEA. The IEA points out that the scenario used by BP as the basis for its justification “*assumes no change in government policies*” and would have “*profound implications for environmental protection, energy security and economic development. The continuation of current trends would have dire consequences for climate change. They would also exacerbate ambient air quality concerns, thus causing serious public health and environmental effects, particularly in developing countries. Even taking account of the impact of the financial crisis, the projected rise in emissions in the Reference Scenario puts us on a course for doubling the concentration of those gases in the atmosphere to around 1000 parts per million (ppm) of CO₂-equivalent by the end of this century. This would entail an eventual global average temperature increase of up to 6°C.*”

(http://www.worldenergyoutlook.org/docs/weo2009/fact_sheets_WEO_2009.pdf)

4. Investors supporting the resolution include:

The Co-Operative Asset Management and the Environment Agency Pension Fund in the UK, CalPERS, CalSTRS and the New York State Common Retirement Fund in the US; AMP Capital Investors’ Responsible Leader Investment Funds, Christian Super, and Local Government Super in Australia; and Swedish investment manager Folksam. Collectively these funds manage billions of dollars in assets and represent significant shareholdings in BP.