

Tar sands controversy set to dominate BP AGM

Disclosure prompted by resolutions “still insufficient” say investors

BP’s Annual General Meeting in London tomorrow (15th April) is set to be the focus of debate on the company’s controversial plans for Canadian tar sands projects (also known as oil sands). Special Resolution 25 [1] asks BP to report on the financial, environmental and human rights risks of tar sands.

The resolution has become the focus of intense engagement between BP and major City investors in the last six weeks.

Although the company has made unprecedented disclosures on carbon price and oil demand assumptions many large investors agree that further disclosure is required. Investors remain particularly concerned about BP’s strategic assumptions about future oil demand and carbon emissions.

The shareholder resolution has attracted support from major global institutional investors, particularly in the USA where 36% of BP shareholders are based [2].

The resolution was filed by the largest coalition of its kind seen in the UK, led by responsible investment charity FairPensions [3] and the Co-operative Asset Management.

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.

Catherine Howarth, CEO of FairPensions, said: “The shareholder resolution process has scored important victories. BP has made its first disclosures about tar sands as a result of this campaign, and although we do not think they have gone far enough, the debate and support generated in the City has sent a signal to BP that the company’s management cannot ignore. BP’s plans in the tar sands are now under an unprecedented level of scrutiny from investors, campaigners and politicians”.

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.

Contacts for media enquiries/interviews:

Duncan Exley, FairPensions: 020 7403 7806 / 07847 006 253

duncan.exley@fairpensions.org.uk

Catherine Howarth, FairPensions: 07753 833 827 Catherine.howarth@fairpensions.org.uk

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.

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. 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.

3. 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