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For immediate release

**11% of Shell shareholders rebel or abstain on tar sands despite investor relations offensive; & investors say “major concerns not still addressed”.**

***Shareholder resolution puts tar sands risks at the top of the City’s agenda***

At Shell’s AGM today, 11% of shareholders refused to back management’s recommendation to oppose a special resolution on the company’s controversial investments in the Canadian tar sands (also known as oil sands) [1]. This is widely considered to be a significant result for a shareholder resolution focused on environmental and social risk.

Although Shell engaged in sustained dialogue with shareholders as a result of the resolution process, and has made some disclosures about its *current* tar sands operations, many investors said that the company has not yet provided sufficient reassurance about how it will manage the risks of its *planned* ‘in-situ’ projects, which account for *the majority* of Shell’s vast undeveloped tar sands resources, and have higher production costs and greenhouse gas emissions [2].

The resolution, which asked Shell 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 and the Co-operative Asset Management [3].

During debate, several investors, including those who voted against the motion, such as Robeco, said that the resolution had stimulated significant investor engagement, and that further engagement was planned.

Duncan Exley, Director of Campaigns at FairPensions, said: *“Today sent a clear signal that shareholders are concerned about the risks associated with tar sands, and need to see greater transparency from Shell. Tar sands have shot to the top of the City’s agenda, and the oil companies have been forced to respond. In the wake of the Gulf of Mexico disaster, the need for investors to scrutinise companies’ risk management strategies - and to recognise that environmental risks are also financial risks - has been made abundantly clear, and we hope that investors continue to press for a much greater level of disclosure from the oil majors in the future”.*

Matt Crossman of Rathbone Greenbank Investments said: *“While we welcome the increased level of disclosure around tar sands risks made by Shell, Rathbone Greenbank voted in favour of the resolution because we feel that significant gaps remain concerning the macro-economic outlook of tar sands, and the likely impact of the next generation of in-situ projects. We feel that it is appropriate for long-term shareholders such as ourselves to seek relevant disclosures on Shell’s risk management processes - a*

*duty which has been made all the more pressing in light of the recent Gulf of Mexico disaster”.*

Investors and independent analysts have raised concerns about the high costs of extracting and converting tar sands to fuel, oil price volatility, rising carbon emissions costs and legal and reputational risks arising from environmental damage and negative impacts on indigenous community livelihoods.

The resolution is 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.

Colin Butfield, Head of Campaigns at WWF-UK said: *"Extracting oil from in-situ tar sands produces on average twice the amount of greenhouse gas emissions per barrel as mining tar sands. Even with carbon capture and storage, which will be difficult, expensive and not very effective for these projects, the CO2 emissions produced by in-situ tar sands pose serious environmental risks. WWF urges Shell to provide a full disclosure of its plans to develop these vast reserves, giving investors clarity on the financial costs and risks as well as the future cost to the planet".*

Public and investor interest in the resolution has been bolstered by a grassroots mobilisation campaign that has seen more than 6,000 people petitioning their pension providers and other large Shell 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.

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

#### **Notes for Editors**

1. Votes were as follows:

- For - 5.42%
- Abstain - 5.56%
- Against - 89.02%
  
- Total “for” + “abstain”: 10.98%

The resolution was filed by 142 individual and institutional investors from around the world including The Co-operative Asset Management, the UNISON Staff Pension Scheme, clients of Rathbone Greenbank, and other fund managers, foundations and faith groups. The resolution asks Shell 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 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/ShellResolutionRequest.pdf](http://fairpensions.org.uk/sites/default/files/uploaded_files/documents/ShellResolutionRequest.pdf)

Shell's response to the resolution is available at:

[http://www.shell.com/home/content/investor/news\\_and\\_library/press\\_releases/2010/report\\_oil\\_sands\\_17032010.html](http://www.shell.com/home/content/investor/news_and_library/press_releases/2010/report_oil_sands_17032010.html)

An investor briefing on the resolution is available at:

[http://www.fairpensions.org.uk/sites/default/files/uploaded\\_files/InvestorBriefing.pdf](http://www.fairpensions.org.uk/sites/default/files/uploaded_files/InvestorBriefing.pdf)

According to a vote tracking database run by Manifest, a leading European proxy voting agency, any result over 5% is extremely rare for a resolution tackling environmental and social risk - as is the very fact of filing this type of resolution in the first place.

<http://blog.manifest.co.uk/2010/04/3778.html>

2. Shell has 20 billion barrels of tar sands resource among 66 billion barrels of oil equivalent globally.

[http://www-static.shell.com/static/investor/downloads/presentations/2008/strategy\\_2008\\_final\\_investor.pdf](http://www-static.shell.com/static/investor/downloads/presentations/2008/strategy_2008_final_investor.pdf)

Shell has provided information regarding its current tar sands resources which are extracted through mining. However, these represent a small proportion of its total tar sands assets, which are dominated by those extracted using an in-situ method. Shell has not provided any significant information about its strategic assumptions regarding in-situ production (about either its two current small in-situ projects, or the much larger future in-situ assets), which presents a different set of issues to be managed. In-situ is, on average, 2.5 times more carbon intensive per barrel than mining, and carbon capture and storage is not as readily applicable.

<http://pubs.pembina.org/reports/in-situ-report-card.pdf>

3. 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](http://www.fairpensions.org.uk)