

**Strictly embargoed until 00.01 Monday 8 February 2010**

## **BP LATEST TO FACE SHAREHOLDER MOBILISATION ON OIL SANDS**

BP has become the second oil company to face a major mobilisation of shareholders questioning the wisdom of Canadian oil sands developments.

Following the successful filing of a resolution on the risks of oil sands to the AGM of Royal Dutch Shell plc; a coalition of institutional and individual investors has now filed a similar resolution to the BP AGM.

The resolution, co-ordinated by FairPensions, comes shortly after BP's announcement that it was continuing to move forward with a major oil sands project, and a contrasting announcement from the Chief Executive of Shell last month that he was looking to significantly slow Shell's oil sands expansion plans.

BP has yet to finally commit to the \$10 billion Sunrise oil sands development (a joint venture with Husky Energy inc), and is under pressure from investors who question whether oil sands will be profitable as long-term investments.

Individual and institutional shareholders sponsoring the resolution include The Co-operative Asset Management, the UNISON Staff Pension Scheme, Rathbone Greenbank (on behalf of a group of clients) CCLA (on behalf of the COIF Charities Investment Fund) and other fund managers, foundations and faith groups.

Investors and analysts have raised doubts about the high costs of extracting and converting oil sands, and the risks to future profitability presented by rising carbon emissions costs, oil price fluctuations and the legal and reputational risks arising from environmental damage and indigenous community impacts<sup>1</sup>.

Environmental NGOs including WWF, Greenpeace and Platform, who are concerned that oil sands' greenhouse gas emissions are far higher than those of conventional oil also support the resolution.

Louise Rouse, FairPensions' Director of Investor Engagement said "There is now a growing group of investors who are questioning the wisdom of BP's apparent move from 'Beyond petroleum' to 'back to Petroleum', which these resolutions illustrate. Investors are learning from recent shocks that it is in their interest to act as responsible owners"

Niall O'Shea, Head of Responsible Investing at The Co-operative Asset Management said: "BP, which previously made a virtue of its lack of exposure to oil sands, is now gearing up to exploit them. We believe that environmental costs, such as Carbon Capture and Storage may make an expensive business prohibitively so - without fundamentally addressing the issue of a large net rise in emissions. BP should reassure shareholders that what they're embarking on is fully costed, prudent and can withstand a more carbon-constrained world."

Chief Executive: Catherine Howarth | Chair of Trustees: Jeremy Nicholls  
Trustees: Stuart Bell | Sam Clarke | David Davies | Stephen Hine | Jenine Langrish | Jennifer Morgan | Tim Valentine | Paul Watchman

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Colin Butfield, WWF-UK Head of Campaigns, said: "Unconventional fuel sources may seem attractive in the short term but ultimately the economic and environmental costs are unthinkable. The extraction of oil from oil sands causes three times the carbon emissions of conventional production, devastates boreal forests and wildlife and uses incredible amounts of water. This environmental risk needs to be flagged up through far greater disclosure of carbon liabilities from the likes of BP and Shell so it can be challenged by the investment community."

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For a copy of the resolution and supporting statement, images or any other document cited in this press release, please email [duncan.exley@fairpensions.org.uk](mailto:duncan.exley@fairpensions.org.uk)

**Notes for editors:**

About the resolution

The resolution will be discussed at the BP AGM on Thursday, 15 April 2010 (provisional date)

The resolutions state *"That in order to address our concerns for the long term success of the Company arising from the risks associated with the Sunrise SAGD Project, we as shareholders of the Company direct that the Audit Committee or a Risk Committee of the Board commissions and reviews a report setting out the assumptions made by the Company in deciding to proceed with the Sunrise Project 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 findings of the report and review should be reported to investors in the Business Review section of the Company's Annual Report presented to the Annual General Meeting in 2011."*

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, BECTU, CAFOD, Community, CWU, ECCR, EIRiS, GMB, NUJ, Occupational Pensioners' Alliance, Oxfam, Traidcraft, Unison, Unite and WWF, as well as thousands of individuals.

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

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References:

<sup>i</sup> During 2009, The Co-operative Asset Management led 44 institutional investors backed by \$3 trillion of assets in a letter to 19 oil sands companies arguing that the industry had failed to justify the financial prudence of oil sands developments, given present costs and externalities soon to become additional costs, like carbon and land remediation<sup>1</sup>. The investors spelt out concrete steps companies should adopt to mitigate these risks. Meanwhile, other oil and gas analysts were arguing that the high price of oil required to make oil sands extraction economic acts as a brake on the wider economy, encouraging demand destruction, and thus tending to cancel out the need for marginal, more expensive oil sources like oil sands.

Deutsche Bank concluded that "The value of... Canadian heavy oil sands... could be far lower than the market currently expects." (Deutsche Bank Global Market Research, 04 October, 2009. The Peak Oil Market: Price Dynamics at the end of the oil age. p.5.)