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North American investors support BP oil sands resolution

Pressure mounts on British investors

(Boston, London) A growing group of international investors are leading the way in pressing BP for continued disclosures on their planned Canadian oil sands projects.

Top U.S. pension funds including CalPERS, CalSTRS, Connecticut Retirement Plans & Trust Funds (CRPTF), New York State Common Retirement Fund, the Vermont Pension Investment Committee, which is responsible for the investments of the Vermont State Teachers' Retirement System, the Vermont State Employees' Retirement System, and the Vermont Municipal Employees' Retirement System, have today declared that they are voting in favour of the BP oil sands resolution.

Australian investors including AMP Capital Investors' Responsible Leader Investment Funds, Christian Super, and Local Government Super are also supporting the BP resolution.

Through the PRI Clearinghouse, international investors joined together to publicly support a vote in favour for the oil sands risk assessment resolution tabled for BP's annual general meeting on April 15th as well as for Shell's upcoming meeting in May.

Investors involved include Boston Common Asset Management, Calvert Asset Management Co., Inc., Co-Operative Asset Management, Ethos Foundation, Green Century Capital Management, SNS Asset Management, Trillium Asset Management Corporation, Unison Staff Pension Scheme, and Walden Asset Management.

The support statement highlights that: "There are grounds to believe that these risks are potentially material to BP and Shell, but neither company has given a consistent account of how their oil sands investments square with their respective views on the preferred transition to a lower-carbon energy economy nor have they adequately disclosed to investors how they plan to manage regulatory and physical risks over the long-term".

Given that North American ADR holders are prevented from filing shareholder resolutions in the U.K., 35 North American investors have today taken the extra step of sending a letter to BP expressing support for the resolution and calling on BP to step up their engagement efforts with North American investors on this issue. Signatories include official co-filers, Boston Common Asset Management, Christian Brothers Investment Services, and MMA Praxis Mutual Funds, who all felt it important to provide a voice for other U.S. investors who were not able to co-file.

US proxy voting agency, Proxy Governance, has recommended that its clients support the BP resolution.

The resolutions, led by responsible investment charity FairPensions and the Co-Operative Asset Management in the U.K., ask BP and Shell to report on the financial, environmental and social risks associated with investments in the Canadian oil sands.

Lauren Compere, Managing Director, Boston Common Asset Management, who is coordinating the initiative in the United States, said: “Despite the fact that 38% of BP’s shareholders are based in the U.S., the company’s outreach to its North American investor base has been very weak. We feel that this letter is needed to allow non-U.K. investors a voice in pre-AGM engagement with BP. As long term investors, we want to ensure that BP’s portfolio projects remain robust against a range of scenarios. We do not feel that they have demonstrated this adequately - even with some of the subsequent information they have released. We also remain concerned about carbon intensity and resulting costs as BP has not yet adequately explained how they can ensure carbon intensity levels at the figure they suggest (5 %). “

Mark Regier, Director of Stewardship Investing, MMA Praxis Mutual Funds said “We were fortunate to be able to meet the UK filing requirements for this resolution while many other faith-based and socially responsible investors could not. . It is important that BP recognize the full range of shareholder concern represented by this letter, calling them to greater environmental and fiscal accountability.”

The mounting support contrasts with proxy voting agency RiskMetrics’ recommendation to its clients to vote against the BP resolution.

Louise Rouse, Director of Investment Engagement at FairPensions, said: “RiskMetrics’ recommendation contains significantly contradictory advice: on the one hand it encourages BP to make precisely the sort of disclosures which investors are seeking by way of the resolution and yet RiskMetrics advise a vote against. We are puzzled as to why RiskMetrics do not regard supporting the resolution as an appropriate way for investors to encourage the required greater disclosure”.

Investors and independent 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 legal and reputational risks arising from environmental damage and impairment of indigenous community livelihoods. 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.

“Investors are concerned that many companies including BP and Shell seem to be barreling ahead without a well-articulated plan to manage the environmental and social risks associated with the oil sands,” said Andrew Logan, director of the Oil Industry Program at Ceres and the \$10 trillion Investor Network on Climate Risk. “If BP and Shell are going to invest billions of dollars in the oil sands, they need to invest in solutions to these problems upfront. BP’s current disclosures raise doubts about whether it truly has a plan to manage these significant risks.”

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.

Copies of the shareholder resolutions are available at:
<http://www.fairpensions.org.uk/tarsands/resolutions>

For the PRI Clearinghouse statement, [click here](#).

For a copy of the letter sent to BP, [click here](#).

Media enquiries/requests for interview to:

Lauren Compere, Managing Director, Boston Common Asset Management, 617-960-3912, lcompere@bostoncommonasset.com

Louise Rouse, Director of Investor Engagement, FairPensions, +44 (0)20 7403 7812
louise.rouse@fairpensions.org.uk

Notes for Editors

About the resolutions

The resolutions were filed by 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 oil 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.

About Boston Common Asset Management

Boston Common is an employee-owned investment firm with dedicated to the pursuit of financial return and social change. Boston Common works to advance our clients' missions globally through independent ESG research and effective shareholder engagement. As of 12/31/09, Boston Common managed over \$1 billion in assets, including subadvised accounts.

www.bostoncommonasset.com

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

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