

INSTITUTIONAL INVESTORS URGED TO JOIN FORCES TO STOP UNCONVENTIONAL FOSSIL FUELS EXTRACTION

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The Co-operative Asset Management is urging more than 20 Institutional investors to join forces to assert pressure on the UK oil companies leading the rush to exploit unconventional oils.

Meeting in London on Tuesday 16 September, members of the United Kingdom Social Investment Forum (UKSIF) will be asked to use their combined investment might and influence to help halt the potentially disastrous environmental impact of extracting oil from sand and shale.

In July, The Co-operative Financial Services, and WWF produced a report entitled 'Unconventional Oil: Scraping the bottom of the barrel?' which highlighted the financial and reputational risks facing oil companies involved in the development of unconventional oils.

Worries over reserves and unstable oil prices has led to massive development plans for unconventional oils such as the Canadian oil sands, with Shell, BP and ExxonMobil all investing significantly. Oil sands are up to three times more carbon intensive to extract than normal oil and create dangerous legacy issues for the local environment.

The Co-operative Asset Management will tell the other investors that oil majors risk both financial and reputational damage by failing to properly account for future legislation over carbon emissions, spiralling operational costs and of cleaning up the local environment. Investors will also hear from WWF Canada on the local ecological impacts and The Tyndall Centre for Climate Change Research on the climate change implications of exploiting unconventional oils.

Ian Jones, Head of Responsible Investment says: "As investors, we understand the challenges global energy companies face in terms of geo-political pressures, scarcity and resource nationalism. However, the days when oil companies can escape their

environmental responsibilities and payment for carbon emissions are increasingly numbered.

“Existing and impending regulations are placing a price on greenhouse gas emissions and this will hit unconventional hard due to their carbon intensity. Companies point to technological solutions such as carbon capture and storage, but this is years from being available on a commercial scale. In the meantime, companies may continue to attract high levels of public criticism.”

The Co-operative Asset Management has an interest in protecting long term shareholder value by ensuring companies in which it invests fully address their risks and opportunities. It will now alert other investors to the risks of expansion in unconventional oils projects and engage with companies involved to seek forward-looking approaches that take account of the issues.

Ian Jones added: “From a regulatory perspective, there are parallels with the rush into biofuels. Early movers in first generation biofuel technology were not sufficiently mindful of emerging political and consumer anxiety over the social and environmental impacts of biofuel production. As a result, they were not ready when national targets were scaled back by EU regulators, thereby shrinking demand for their products.”

Ends

Notes to Editors:

ISDN facilities are available for broadcast media interviews.

- Oil companies currently produce 1 million barrels of oil per day from Canadian oil sands and have plans to expand production to 5.5 million barrels per day by 2020.
- Operators have proposed more than \$125 billion of new projects by 2015.

- Canada currently has accessible oil sand reserves of 174 billion barrels, second only to Saudi Arabia. Using technology currently under development this would increase to 315 billion barrels.
- The majority of unconventional fuels production is presently destined for the US. California has already developed legislation that stipulates a Low Carbon Fuels Standard, which would effectively prohibit fuels with lifecycle carbon emissions greater than those resulting from conventional oil by 2020.
- The Co-operative Asset Management is the fund management arm of The Co-operative Financial Services (CFS). The Co-operative Asset Management uses a distinctive responsible investment approach that uniquely considers environmental, social and governance (ESG) issues alongside financial analysis when selecting companies for investment. With 20 years of experience of managing retail funds, it believes the approach enables delivery of enhanced investment returns because of links between sustainable business practice and strong long-term financial performance.
- The Co-operative Asset Management serves the IFA and intermediary markets and its core range of UK unit trusts are available via the Cofunds, Fundsnetwork and Hargreaves Lansdown platforms. The funds include the Citywire A rated* CIS Sustainable Leaders Trust, managed by Citywire Growth Fund Manager of the Year 2007, Mike Fox, the CIS UK Growth Trust, managed by Joe Walters and the CIS Income with Growth Trust, managed by Andrew Moffat.
- The Co-operative Investments brand is now used to promote investment products via The CFS' own tied financial adviser salesforce.