

## **TAR SANDS INVESTMENTS COULD TURN TOXIC WARNS CFS AND WWF-UK**

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Carbon-intensive industries are threatening to create an entirely new class of toxic financial investment forcing an already beleaguered financial system into a deeper crisis.

That is why The Co-operative Financial Services (CFS) and WWF-UK today (28 April) called for new legislation that would require oil, gas and power companies to disclose their future carbon liabilities, be they from product, process or those arising from strategic investments.

This information would be included in company financial reporting and enable investors to factor these risks into investment appraisal strategies.

The call for a change in law is part of the 'Toxic Fuels' campaign, run by WWF-UK and CFS and launched in February 2009. The aim is to highlight the environmental and financial risks associated with unconventional fossil fuels such as tar sands, thus ensuring investments move towards projects that will not only provide a stable, low carbon future but also provide people with returns on their money. Improving transparency in the current system is the first stage.

Though carbon trading schemes are growing and investors are beginning to take climate risk more seriously, mainstream financial markets and investment practices are still failing to adequately take account of the emergence of a carbon-constrained world and the long-term liabilities of carbon investment strategies.

Paul Monaghan, Head of Social Goals and Sustainability at The Co-operative Financial Services, said: "Given the number of accounting and financial scandals the world has seen over the past ten years, it would be inexcusable if there were inaction on the next timebomb to stare us in the face. Tar sands and other unconventional fossil fuels are toxic financially and environmentally especially with the emergence of low carbon fuel standards in Europe and California. However, investors need a way to sort the wheat from the chaff and that's why we are calling for new disclosure requirements. "

WWF-UK's Head of Campaigns, Colin Butfield, said: "Industries like tar sands are a long-term lose-lose: the planet loses and the economy loses. The UK already has assets tied up in tar

sands. This cannot continue because money invested in tar sands is money wasted. With the Climate Change Act already in place, and a new global deal on climate change on the horizon, the world is going green. This is likely to jeopardize the profitability of carbon-intensive industries, leaving those who invest in them exposed to the increasingly high cost of carbon. This is a chance for government to take the lead and shape London as the centre of green finance.”

WWF-UK and CFS believe extracting oil from tar sands is a climate disaster, destroying local wildlife, impacting on local communities and generating three times the greenhouse gas emissions of conventional oil extraction.

Nearly £40bn of UK pension assets alone is invested in UK-based oil and gas companies. With individual pension holders already reeling from huge drops in asset values, WWF-UK and CFS believe disclosing future carbon liabilities and their financial risk must be an integral part of the new, more transparent financial system the Government is touting.

**Notes to editors:**

1. The Toxic Fuels campaign, run by WWF-UK and CFS, aims to help ensure investments move towards projects that will not only provide a stable, low carbon future but also provide people with returns on their money. The first step is to ensure that all-risks are more transparent, hence the call for mandatory disclosure of future carbon liabilities in company reporting.

2. WWF-UK and CFS are exploring a number of options, including proposing a change to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

3. In July 2008, CFS and WWF-UK published a high profile report, ‘Unconventional Oil: Scraping the bottom of the barrel?’ which highlighted the environmental, social and financial risk associated with these fuels. It can be downloaded from:

<http://www.goodwithmoney.co.uk/toxicfuels>