

## Press Release

### Investors globally call for greater transparency on climate change exposure from oil and gas companies

18<sup>th</sup> March 2010, BOSTON/LONDON/MELBOURNE—Institutional investors released new climate disclosure guidelines for the oil and gas sector today and called on companies to strengthen their reporting on the risks and opportunities from climate change and evolving regulation.

Identifying significant future investment value at risk, the investors said that levels of transparency from oil and gas companies are now needed to reflect the shift in regulation internationally because of climate change.

Over 40% of global greenhouse gas emissions can be attributed to the extraction, processing and subsequent combustion of oil and gas and the transition to a low carbon global economy will require a significant reduction in the use of these carbon-intensive fossil fuels.

As the oil and gas sector continues to rely almost entirely on fossil fuel production for its profitability and value, investors need greater transparency in order to be able to assess the extent of value at risk from this transition.

Investors required greater understanding of the pressures the industry will face from regulation of oil and gas companies' own activities, for example the inclusion of refineries in the EU's emissions trading scheme. Even more important is an understanding of how regulation on downstream industries will affect the sector, for example through measures aimed at reducing transport emissions and shifts in the power generation fuel mix.

The new disclosure standards published by leading investor groups therefore include:

- Financial implications of climate change policy
- Targets for reducing greenhouse gas emissions
- Greenhouse gas emissions data by value chain stage
- Production, reserves and carbon intensity of production by hydrocarbon type
- Financial contribution of renewable and clean energy technologies
- Value of net asset exposure to extreme weather events

**Eric Borremans, IIGCC Vice Chairman and Head of Sustainability Investments, BNP Paribas Investment Partners** said that “The oil and gas sector faces a major challenge if we are to achieve the emission reductions required to avert serious climate change. Investors need to know how new regulations are likely to impact oil and gas companies through the impact on their own operations but also through changing demand for their end-products. We therefore look for greater transparency from these companies on how they are managing the shift away from fossil fuels to less carbon-intensive forms of energy”.

The new reporting framework was developed by the Institutional Investors Group on Climate Change (IIGCC) in Europe, with over investors representing over €4trillion, Ceres in the US, which manages the Investor Network on Climate Risk, comprised of 80 institutional investors who collectively manage over \$8 trillion in assets, and the Investor Group on Climate Change Australia/New Zealand, representing institutional investors with total funds under management of over A\$500 billion, and in collaboration with industry representatives.

This is the third sector-based disclosure framework by these three groups and follows one for the electric utilities industry and one for the automotive sector.

**Mindy Lubber, Ceres President and INCR Director** said "Companies in the oil and gas sector face significant climate risks and should be assessing, managing and disclosing the impact of those risks on their businesses and supply chains. Investors want to know, for example, what return they will get from their portfolio companies that are pumping tens of billions of dollars into carbon-intensive Canadian oil sands extraction when low carbon fuel standards take hold."

**Frank Pegan, Chair IGCC (Australia/New Zealand) said,** "It is time that the business strategy, investment, reporting and lobbying activities of the oil and gas sector aligned with investor and society's needs to transition to a low carbon economy. This detailed disclosure framework is an important step towards achieving that alignment".

**Paul Dickinson, CEO of the Carbon Disclosure Project,** said "We have already incorporated the oil and gas disclosure framework into our 2010 Information Request as well as guidance and I am delighted to encourage greater transparency on the climate risks and opportunities that may affect companies and investors in this sector."

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**END**

NOTES TO EDITORS

The **Institutional Investors Group on Climate Change (IIGCC)** is a forum for collaboration on climate change for investors operating in Europe. The group's objective is to accelerate investment in a low-carbon economy by bringing investors together to use their collective influence with companies, policymakers and investors. The group currently has over 50 members, representing assets of around €4trillion. Contact: [spfeifer@theclimategroup.org](mailto:spfeifer@theclimategroup.org). Web: [www.iigcc.org](http://www.iigcc.org)

**Ceres** is a leading coalition of investors, environmental groups and other public interest groups working with companies to address sustainability challenges such as climate change. Ceres directs the Investor Network on Climate Risk, an \$8 trillion network of 80 institutional investors focused on addressing the financial risks and investment opportunities posed by climate change. Contact: [logan@ceres.org](mailto:logan@ceres.org). Web: [www.ceres.org](http://www.ceres.org)

The **Investor Group on Climate Change Australia/New Zealand (IGCC, Australia/New Zealand)** represents institutional investors with assets over A\$500 billion and others in the investment community interested in the impact of climate change on investments. The IGCC aims to ensure that the risks and opportunities associated with climate change are incorporated into investment decisions for the ultimate benefit of individual investors. Contact: [nathan.fabian@igcc.org.au](mailto:nathan.fabian@igcc.org.au). Web: [www.igcc.org.au](http://www.igcc.org.au)

The Global Climate Disclosure Framework can be found at [www.iigcc.org](http://www.iigcc.org), [www.ceres.com](http://www.ceres.com) and [www.igcc.org.au](http://www.igcc.org.au) from 18<sup>th</sup> March 2010.

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