

**US presidents have always come to us for an overview of world affairs.**

[guardian.co.uk](http://guardian.co.uk)

## Investors press for disclosure of tar sands' climate risk

**Terry Macalister**

The Guardian, Monday September 15 2008

F&C Management, the UK's oldest investment trust, has teamed up with a group of US and Canadian fund managers to halt Wall Street financial regulators softening the rules on tar sands, arguing that new rules should take account of the carbon impact of reserves disclosed by oil and gas companies.

The move reflects changing attitudes among mainstream investors to the impact of commercial activities that could worsen global warming and is aimed at discouraging the US securities & exchange commission (SEC) from allowing energy firms to include carbon-heavy tar sands in their reserves submissions to the regulator.

Elizabeth McGeveran, senior vice-president in F&C's governance and sustainable investment team, said it was important for investors to be able to assess accurately the risk profile of reported reserves at a time when governments around the world were taking an increasingly hard line on carbon pollution.

"The energy consumption required to extract a barrel from Canadian tar sands is very different to a barrel of crude from the Gulf of Mexico. Understanding climate risk will assist investors in understanding and evaluating reserves," she said.

"SEC regulations already require the disclosure of known trends that companies can reasonably expect will have a material impact on net sales, revenues or income from continuing operations and we believe that the disclosure of any estimated additional risks posed by the extraction and development of additional reserves will be important," added McGeveran.

The US regulator has been reviewing the regulations on the way reserves are calculated since 2004, when Shell fell foul of its rules and was forced to "lose" a quarter of its assets. The move led to fines, a plunging share price and the exit of its chairman, Sir Philip Watts.

In June the SEC issued new proposals that would allow previously excluded resources such as oil sands to be "classified" as oil and gas reserves. They would also allow companies to disclose their "probable" and "possible" reserves as well as "proved" reserves, as at present.

A host of other investors have signed a letter of concern about the tar sands proposals and called for carbon implications to be taken into account. These include the California Public Employees' Retirement System, Ceres Power and Parnassus Investments.

The letter says investors are increasingly concerned about global warming, which is not only recognised as an economic and industrial priority but also as an issue of national security.

It adds: "Therefore, filers [of reserves] should be required to provide investors with information about the carbon content of proven, probable and potential oil reserves in their portfolio as well as the potential liabilities posed by their continued extraction and use."

guardian.co.uk © Guardian News and Media Limited 2008