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## **Why a 2°C business model is less risky than 'business-as-usual' for oil companies**

On 21 July, the Local Authority Pension Fund Forum (LAPFF) and the Carbon Tracker Initiative (CTI) are launching a new report 'Engaging for a Low Carbon Transition' which sets out why a 2°C business model can be less risky than 'business-as-usual' for oil and gas companies.

The study explains what this means for shareholder value and gives very practical 'hands on' guidance on how to engage with companies on the low carbon transition and the degree to which investments are 'two-degree' compliant.

Introducing the report at the launch, Kieran Quinn, the LAPFF Chairman said: "The big, and very positive picture that the report presents, is that a two degree business model is less risky than 'business as usual'. In periods of low oil prices, less shareholder value is destroyed. And unless oil prices match or beat historic highs, the two degree model delivers superior value for shareholders'.

LAPFF has long been concerned about the investment implications of carbon risk, engaging since 2001 with companies on disclosure and carbon management. In the last couple of years, LAPFF has engaged with a number of oil and gas companies and continues to press for business models to be aligned with a 2°C scenario.

In continuing this engagement, LAPFF funds wanted a clear strategic direction, and thus commissioned Carbon Tracker to provide the rigour of financial analysis that they are well known for.

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### **About the Local Authority Pension Fund Forum**

The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of 71 LGPS funds based in the UK with combined assets of approximately £175 billion. It exists to 'promote the long-term investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate responsibility and high standards of corporate governance amongst the companies in which they invest.' [www.lapfforum.org](http://www.lapfforum.org). PIRC is the Research and Engagement partner to the Forum.