



One of the UK's leading universities will on Monday launch a new research programme aiming to help investors identify assets that could be left "stranded" by climate change, declining resources and the emergence of new green technologies.

Backed by HSBC, Aviva, WWF-UK and Climate Change Capital, the four-year University of Oxford research programme is attempting to flag up high-carbon sectors and assets that could be dramatically devalued or written off by the continuing shift towards a greener economy.

Initially it will focus on transportation and production methods in the agricultural supply chain, while later studies, set to be commissioned as the programme develops, are likely to include transport, power generation, real estate and a range of commodities.

The researchers aim to create tools to manage the risk of asset stranding, as well as analyse investor portfolios, better understand risk exposure and inform investment decision making for businesses and policy makers.

Asset stranding traditionally results from changes in technology and regulation that reduce demand for established products or services. But, according to a growing group of campaigners concerned about the development of a so-called "carbon bubble", the relatively rapid pace of new developments in clean energy and low-carbon technology have put environmentally unsustainable assets, such as fossil fuel resources, at a greater risk than previously thought.

A report published earlier this year by HSBC found current internationally agreed carbon targets could see oil and gas majors, including BP, Shell and Statoil, lose up to 60 per cent of their

market value.

Similar studies from the Carbon Tracker group have warned that fossil fuel companies will be unable to burn much of their declared reserves if governments are to meet their stated aim of limiting global average temperature increases to under two degrees Centigrade.

In a speech to mark the launch of the new research programme later today, Lord Deben, chairman of the Committee on Climate Change, will urge businesses and governments to take steps to adapt to the new economic realities presented by the emergence of low-carbon technologies and increasingly ambitious climate change policies.

"Investors continue to deploy hundreds of billions of pounds into polluting and unsustainable sectors," he is expected to say. "In many cases these investments will not be worth what investors think. If investors better understand the risks of investing in these assets they will be attracted to greener alternatives and see them as better business propositions and safer places for their funds."