

ENGAGEMENT FACTSHEET

Royal Dutch Shell

ENGAGEMENT RATIONALE

As a global energy company, Shell is one of the largest publicly listed global greenhouse gas (GHG) emitters companies, and therefore its carbon-emissions reduction plans are important from a systemic perspective and for Kempen alike.

BACKGROUND

We started our engagement with Shell in 2016, focusing specifically on GHG emissions and asking for a reduction plan that was aligned with the Paris 2 degrees scenario. We asked the company also to include indirect scope 3 emissions in their ambitions because these are very substantial as they account for over 80% of Shell's total emissions. Shell has made significant progress on climate change mitigation and adaptation in the last years. In April 2020, the company announced its updated climate strategy to become a net-zero emissions energy business by 2050.

ENGAGEMENT THEME

- x Climate change strategy

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ENGAGEMENT OBJECTIVES

- x We engage with Shell to implement the joint statement to support the Paris Agreement goals (see more on the joint statement under Engagement results).
- x We encourage Shell to have a long term ambition (2050) in line with the (well) below 2 degrees scenario of the IPCC and publicly report on it.

MILESTONE



DEVELOPMENT



ENGAGEMENT RESULTS

- x In April 2020, Shell updated its climate strategy - first set in 2017 - to be Paris aligned and to become a net-zero emissions energy business by 2050. It consists of three parts:
 - Ambition to be net-zero on all the emissions from the manufacture of all its products (scope one and two) by 2050 at the latest;
 - Net Carbon Footprint ambition of the energy products Shell sells to its customers by around 65% by 2050 (increased from around 50%), and by around 30% by 2035 (increased from around 20%);
 - Helping customers reduce the emissions from their use of our energy products to net-zero by 2050 or sooner.
- x Shell was the first international oil and gas company to set a NCF ambition for its Scope 3 emissions too, for instance, the energy products it sells.
- x Furthermore, Shell has implemented the joint statement, that was published end 2018 between Shell and CA100+ investors (including Kempen), Shell announced steps taken in order to demonstrate further industry leadership and alignment with the goals of the Paris Agreement. These included short term targets and the linkage to remuneration, plus an assessment of their memberships with industry associations. Shell published plans to come with short term targets, including to link these to remuneration. Furthermore, the firm reported its assessment of industry memberships with the consequence to stop with memberships if the association has a climate view that contradicts with Shell's climate strategy.

SUBSEQUENT STEPS

- x We will continue our dialogue with Shell on its climate strategy.



COMPANY

Royal Dutch Shell plc (Shell) operates as a vertically integrated player in the oil and gas industry.

COUNTRY

United Kingdom / Netherlands

SECTOR

Oil and gas

MARKET CAP

Large cap

ISSUE

Shell is a major energy company, leader in the oil and gas sector. Shell is one of the largest global greenhouse gas (GHG) emitters.

MATERIALITY

Potential violation of environmental standards such as UN Global Compact Principle 7 - "Businesses should support a precautionary approach to environmental challenges", and Principle 8 - "Undertake initiatives to promote greater environmental responsibility".

MSCI ESG RESEARCH

UN Global Compact: Fail
ESG rating: A