

Engagement Fact sheet

Royal Dutch Shell

ENGAGEMENT RATIONALE

As a global energy company, Shell is one of the largest global greenhouse gas (GHG) emitter companies in the capital markets, and therefore its carbon-emissions reduction plans are important for Kempen.

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. In 2017 and 2018, Kempen was one of the shareholders who voted for the resolution proposed by the Shell, including indirect (Scope 3) emissions. These indirect emissions are very substantial as they account for over 80% of Shell's total emissions. Shell has made significant climate process in the last years and we continue to encourage the company to make further progress in order to achieve the Paris Agreement goals.

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.

ENGAGEMENT PROGRESS



ENGAGEMENT RESULTS

- x During 2017 Shell published a new ambition to cut the Net Carbon Footprint (NCF) of its energy products by around half by 2050, with an interim step of a 20% reduction by 2035.
- 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 In December 2018, in a joint statement 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 includes short term targets and the linkage to remuneration, plus an assessment of their memberships with industry associations.
- x In 2019, 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 to monitor the implementation of the steps mentioned in the joint statement.
- x We encourage Shell to demonstrate that its long term ambition is in line with the (well) below 2° C scenarios of the IPCC and publicly report on it.

MILESTONE



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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: BBB