Royal Dutch Shell has announced plans to set carbon emissions targets next year and link these to executive pay.

The plans have been announced in a joint statement developed between Royal Dutch Shell plc (Shell) and a leadership group of institutional investors on behalf of the global investor initiative: Climate Action 100+ (CA 100+). The investor engagement with Shell has been led by Adam Matthews from the Church of England Pensions Board and Dutch fund manager Sylvia van Waveren Severs of Robeco and included representatives of Eumedion (the Dutch platform for institutional investors) and the European Institutional Investors Group on Climate Change (IIIGCC). APG on behalf of ABP, the Environment Agency Pension Fund (EAPF) and the Universities Superannuation Scheme (USS).

In a statement, Adam Matthews said: “Investors like ourselves will be able to track Shell’s performance through the Transition Pathway Initiative (TPI), an independent academic tool at the London School of Economics which is supported by funds with $11 trillion in assets.

“This joint statement is the first of its kind, sets a benchmark for the rest of the oil and gas sector and shows the benefit of engagement - aligning institutional investors’ long-term interests with Shell’s desire to be at the forefront of the energy transition.

“Shell have also made important commitments to review the corporate climate lobbying of trade associations in line with the investor expectations we had developed with Sweden's AP7 and the Institutional Investors Group on Climate Change. The review will be published early next year and Shell should be applauded for this step.”

The Archbishop of Canterbury, Justin Welby, said: “As Governments meet at the United Nations climate negotiations in Poland, I am delighted to see a unique announcement on climate change between investors and one of the largest companies in the world - Royal Dutch Shell. This sets Shell on a path to reducing the Net Carbon Footprint of its energy products. The reduction is supported by a clear framework of targets and transparent reporting.

“I am pleased that the Church of England Pensions Board has worked in collaboration with other investors Robeco, APG, the Environment Agency Pension Fund and USS, and with the management of Shell. Together they have demonstrated to the world what is possible when we focus our combined energy and creativity in dealing with one of the most pressing issues facing humanity today.”

View the press release from Shell

View the investor statement