



The Church of England Pensions Board addressed the Royal Dutch Shell AGM in The Hague on Tuesday 21 May.

Adam Matthews, Director of Ethics and Engagement for the Church of England Pensions Board said:

Thank you, Mr Chairman, for calling me.

My name is Adam Matthews and I am the Director of Ethics and Engagement for the Church of England Pensions Board. I am also Climate Action 100+ initiative's Co-lead for Shell with Sylvia van Wavern-Savers of Robeco.

The Church of England Pensions Board together with other institutional investors speaking today, is a supporter of Climate Action 100, the collaborative engagement initiative of over 300 institutional investors and more than \$33 trillion in assets under management which encourages ambitious action on climate change. I am also a member of the Board of the European Institutional Investors Group on Climate Change (IIGCC).

My comments fall into two areas – leadership and lobbying.

- On Leadership I would like to acknowledge that Shell's commitments that formed the basis for the Joint Statement between Shell and CA100+ are transforming the debate between investors and oil and gas companies on climate change.
- Shell's approach is beginning to demonstrate that it is possible to have a business strategy that is aligned with the need to transition to a low carbon economy, while also ensuring that the company is financially successful, builds on, and develops, its core competencies, and effectively manages many of the policy and economic risks faced by the business. That is, it is putting in place a strategy intended to make Shell a more resilient business.
- Shell's approach also establishes important principles:
  - clarity of purpose,
  - accountability to investors and wider society,
  - and internal accountability for delivery through inclusion of climate change targets into remuneration.
- This was a ground-breaking agreement that required vision from both the company and investors to align our long-term interests to manage a complicated multi-decadal transition.
- We believe that the Joint Statement presents a framework for other oil and gas companies and would strongly encourage them to follow suit – specifically in outlining of targets covering all emissions –especially scope 3.

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While we applaud Shell's leadership, we continue to require further action. We expect a full set of measurable targets by next year linked to remuneration as well as continued efforts by Shell to provide clarity on the alignment of its ambitions and scenarios with the Paris Agreement and capital deployment.

- Based upon the Joint Statement I am pleased that the Follow This resolution was withdrawn at Shell as I believe we have a framework for continued engagement between investors and the company as well as mechanisms to review ambition as we move forward.

Turning to corporate climate Lobbying too often this has been an obstacle to progress on policy/regulation.

- It has also been an important source of risk for companies with commitments to responsible business behaviour and the goals of the Paris Agreement. These are undermined when a company resources lobbying or industry associations that are not aligned with their core corporate commitments and values.
- We strongly supported Shell's commitments on lobbying and were very pleased with the quality of its industry association memberships.
- This is an evolving area and one where we expect to have further discussions and look forward to the company continuing to focus on their industry associations beyond the initial 19 associations that were assessed – 9 of which were put under review.

In concluding, I reiterate our support for the Joint Statement between CA100+ and Shell and would suggest that a joint message is sent from this AGM to others within the O&G sector and to investors that have yet to embrace an approach that addresses the vast majority of the impact on society and the climate by the setting of targets covering scope 3 emissions. Thank you.

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