A version of the following statement was made by the Church of England Pensions Board at Royal Dutch Shell's AGM:

The Church of England Pensions Board and Robeco have co-led engagement with Royal Dutch Shell about its transition to being net zero on behalf of Climate Action 100+. Climate Action 100+ is in the third year of a five-year engagement that concludes in 2023.

On one level there is a recognition by today's vote that Shell has taken another important step in setting out its Energy Transition Strategy, and is the first in the oil and gas sector to do so and to put it to an advisory vote.

The Transition Strategy shows that Shell is accountable for delivering a genuine 2050 net zero target in both absolute and intensity terms.

It builds upon previous announcements accepting targets covering scope 1,2 and crucially scope 3 emissions. All activities are covered by Shell's targets. Shell will work with its customers and in time will stop selling energy to customers that do not have commitments to be net zero. And Shell will leave industry associations that are lobbying in a manner unaligned with the Paris Agreement.

However, there is a clear message that whilst these have all often been industry leading steps, and there are many companies in the sector that lag Shell, we have to be clear that the assessment of the CA100+ benchmark highlights the gap from where Shell is today and where the company needs to get to by 2023 if it is to carry the confidence in future years of its shareholders.

Specifically, that:

- In addition to intensity targets, that short and medium term targets need to be expressed in absolute terms as Shell has done for 2050.
- Further disclosure is needed on capital expenditure alignment.
- Industry association membership needs to be consistent with achieving the company's strategy and not simply about governance of unaligned lobbying.
- The proposed role in the Strategy of off-sets and CCUS is shown to be credible in practice not just in theory.
- The Strategy is kept under review for alignment with the new International Energy Agency 1.5 degree scenario.

As a Pensions Board we have today supported the Energy Transition Strategy, not because we believe it is perfect, but it is the first phase of Shell's transition over this crucial decade. We do so knowing and expecting it will change significantly as the company adjusts to what works and what needs to change.

As a fund we welcome today's vote; all carbon intensive companies should put their climate strategies before their shareholders.

But we are also clear that unless there is full alignment by the conclusion of the first phase of CA100+ in 2023, and in accordance with the commitments we have made to our own Pension Fund Members and the Church of England's General Synod, we will disinvest our holding in

Shell as we have done in other carbon emitting companies. We believe engagement with Shell to date has delivered tangible progress from the response of the Company but still needs to go further.

The Church of England's National Investment Bodies are committed to divesting from investments in fossil fuel companies by 2023 that are not on track to meet the Paris Agreement goals. A press release announcing that commitment can be found here.

About the Church of England Pensions Board

The Church of England Pensions Board provides retirement services for people who have worked or ministered for the Church of England. Our pension schemes have over 40,000 members, made up of around 25,000 stipendiary clergy, and over 15,000 others. Our pensions investments total more than £3billion across all schemes. We serve over 2,500 people through our housing and charitable services.

https://www.churchofengland.org/about/leadership-and-governance/church-england-pensions-board

About Climate Action 100+

Climate Action 100+ is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. More than 575 investors with $54 trillion in assets collectively under management are engaging 167 focus companies to improve governance, curb emissions, and strengthen climate-related financial disclosures. The companies include 'systemically important emitters', accounting for 80 percent of annual global industrial emissions, alongside other companies with significant opportunity to drive the clean energy transition.
