

PRESS RELEASE

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Investors welcome net zero emissions commitment agreed with Shell

Global energy company Shell has committed to take significant additional action on climate change, including a commitment to achieve net zero emissions. This is the outcome of engagement with investors as part of [Climate Action 100+](#), led by the Church of England Pension Board and Robeco with the support of other investors, including USS, MN on behalf of PMT, and APG on behalf of ABP, among others¹.

Over 450 investors, with more than \$40 trillion in assets, participate in Climate Action 100+ globally. Engagement across Europe is led by investors with the [Institutional Investors Group on Climate Change](#).

Shell plans to become a net-zero emissions energy business by 2050 or sooner (covering scope one, two and three emissions). The detailed steps – available in full [here](#)² – to be outlined at Shell’s Responsible Investment Annual Briefing today, will include:

- An ambition to be net zero on all the emissions from the manufacture of all their products (scope one and two) by 2050 at the latest;
- Accelerating Shell’s Net Carbon Footprint ambition to be in step with society’s aim to limit the average temperature rise to 1.5 degrees Celsius in line with the goals of the Paris Agreement on Climate Change. This means reducing the Net Carbon Footprint 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%);
- A pivot towards serving businesses and sectors that by 2050 are also net-zero emissions.

As one of the world’s largest energy companies, Shell’s commitment to realising net zero emissions is of significance for the broader energy sector.

“It’s imperative we see companies across the entire oil and gas sector put strategies in place to achieve net zero emission if we are to tackle climate change. This applies to the fuels and products companies sell, as well as emissions from operations,” explains **Stephanie Pfeifer, a member of the global Climate Action 100+ Steering Committee and CEO, Institutional Investors Group on Climate Change (IIGCC)**. *“Investors will now look to other energy companies to match, and build on, the welcome ambition Shell is showing. Engagement with Shell will also continue as investors support the company in taking the steps needed to align its business with the goals of the Paris Agreement.”*

The announcement has additional significance, given the short to medium-term implications of the Covid-19 pandemic faced by the sector.

“As we can see from this time of crisis, it is not possible to separate the health of people, the planet and the economy, as they all need to be aligned,” comments **Fiona Reynolds, a member of the Climate Action 100+ Steering Committee and CEO, Principles for Responsible Investment (PRI)**. *“Timely investor action to address the devastating social and economic effects of Covid-19 is essential and we welcome Shell’s significant commitment today to become a net zero emissions energy business by 2050. It’s imperative that companies continue to focus on the long-term impacts of investments on the climate.”*

Investors behind the engagement process with Shell put the significance of the commitments from the company in context.

*"This announcement significantly increases Shell's ambitions and commitments," adds **Adam Matthews, Director of Ethics and Engagement of the Church of England Pensions Board**. "It is indicative of Shell's confidence in not only navigating the immediate situation but rightly sets the focus on developing net zero pathways in key sectors that shape the demand for energy. Ultimately, it will be by developing and supporting net zero pathways in these sectors that we will achieve the goals of the Paris Agreement."*

*"This shows once again that engaging with companies we invest in works, and that this a powerful mechanism, and key differentiator in bringing change to help combat major challenges such as climate change," explains **Carola van Lamoen, Head of Active Ownership, Robeco**. "We will continue to engage with companies, to improve the responsible behavior of companies we invest in, as this is in the long-term interest of both the company, our clients and broader society."*

*"USS welcomes the additional commitments Royal Dutch Shell is making to address climate change and this announcement not only outlines targets for themselves but also those who use their products," said **Simon Pilcher, Chief Executive of USS Investment Management**. "As investors we need to be ambitious in our expectations of how the companies in which we invest can address the shift to a low carbon future and today's announcement demonstrates that collaborative engagement can encourage corporate action on this crucial issue."*

*"With these plans, Shell is taking further steps to contribute to the achievement of the Paris climate goals. We appreciate the fact that Shell regularly evaluates and now raises its ambitions. It is good to see what responsible investors can achieve if they join forces in an initiative such as Climate Action 100+," explains **Corien Wortmann, Chairwoman of the Board, ABP pension fund**. "After the earlier announcements in 2017 and 2018, Shell's example has been followed by other oil and gas companies. We hope that this announcement will again have a domino effect. As a responsible investor and critical shareholder of Shell and other oil and gas companies, we will continue to monitor this closely."*

*"Today Shell has shown leadership by increasing their long term ambition to reduce their CO2 intensity for scope 3 to -65% in 2050," adds **Hartwig Liersch, Chief Investment Officer Metal and Engineering Industry Pension Fund (PMT)**. "We welcome this significant step and believe it is essential in both managing the long term climate risks Shell is exposed to, as well as the risks climate change imposes for society. We will continue the dialogue with Shell and will urge them to move towards a CO2 intensity reduction target of -100% in 2050, including their scope 1,2 and 3 operations: we see this as the ultimate goal in the engagement with Shell as that is needed to meet the goals of the Paris Agreement."*

*"Today's announcement of Shell to increase their long term CO2 intensity reduction target to -65% for 2050 is significant step forward in what is needed to achieve the goals of the Paris Agreement," explains **Karlijn van Lierop, Director Responsible Investment MN and member of the board of the IIGCC**. "It is a result of the climate engagement work that MN performs on behalf of our clients PMT and PME. We welcome this step and appreciate the open and constructive attitude that Shell has shown in the engagement with the CA100+ lead investors and MN. We will continue the dialogue and urge Shell to work towards a target of reducing their CO2 intensity of their scope 1,2 and 3 operations to -100% in 2050."*

Building on the welcome steps it has already taken, investors will continue to work with Shell to ensure it fully aligns its business with the goals of the Paris Agreement and achieves net zero emissions across its entire value chain. This will include independent analysis to be delivered by the Transition Pathway Initiative – a data provider to the Climate Action 100+ initiative – to assess Shell's alignment with the goals of the Paris Agreement and any additional steps the company needs to take in terms of emissions reductions to achieve this goal.

Details set out by Shell build on early commitments agreed through engagement with investors as part of Climate Action 100+ in late 2018 and detailed more fully by Shell in March 2019³.

- Ends -

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Notes to Editors:

1. The Church of England Pension Board and Robeco are designated company 'co-lead investors', for engagement with Shell through Climate Action 100+. In this role, they work with a much broader group of over 25 plus 'collaborating investors', including those mentioned, that are also involved in engagement with the company through the initiative.

2. More detail on today's commitments from Shell is available: www.shell.com/netzeroambition.

3. See [here](#) and [here](#) for more detail on earlier commitments from Shell.

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 450 investors with more than \$40 trillion in assets collectively under management are engaging companies on improving governance, curbing emissions and strengthening climate-related financial disclosures. The companies include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition.

Launched in December 2017, Climate Action 100+ is coordinated by five partner organisations: Asia Investor Group on Climate Change ([AIGCC](#)); Ceres ([Ceres](#)); Investor Group on Climate Change ([IGCC](#)); Institutional Investors Group on Climate Change ([IIGCC](#)) and Principles for Responsible Investment ([PRI](#)). These organisations, along with five investor representatives from AustralianSuper, California Public Employees' Retirement System (CalPERS), HSBC Global Asset Management, Ircantec and Manulife Asset Management, form the global Steering Committee for the initiative. Follow us on Twitter: [@ActOnClimate100](#).

IIGCC: The [Institutional Investors Group on Climate Change](#) (IIGCC) is the European forum for investor collaboration on climate change and the voice of investors taking action for a prosperous, low-carbon future. IIGCC has over 230 members, mainly pension funds and asset managers, across 15 countries, with over €30 trillion assets under management. IIGCC's mission is to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate by collaborating with business, policy makers and fellow investors.