

Investor's expectations of oil and gas companies

On Monday, 8 April 2019, shareholder group Follow This announced the withdrawal of its climate resolution calling on Royal Dutch Shell to change its climate policy. We, NN Investment Partners, PME and PMT (Fiduciary manager MN), ACTIAM, Aegon, Kempen Capital Management and Achmea, are supportive of this decision and the progress Shell has made in 2018 in the pathway towards achieving the Paris agreement goals.

We are aware of the risks and opportunities that climate change brings to the global economy. We therefore support the Paris Agreement and the need to transition to a lower carbon economy consistent with the goal of keeping the increase in global average temperatures to (well) below 2° Celsius above pre-industrial levels.

The oil and gas sector has an important role to play, and through our active ownership approach and engagement we have set expectations for all companies in the sector to focus on a transition to a lower carbon economy.

- We expect all oil and gas companies to define short-, medium- and long-term targets for greenhouse gas emissions related to its operations and products, which are to be in line with the (well) below 2° C pathway from the Intergovernmental Panel on Climate Change (IPCC)¹.
- These companies should demonstrate credible strategies to achieve these targets and capitalise on the opportunities that the energy transition brings.
- We expect companies to report on their targets and progress in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

We recognise the positive steps Shell has taken and we encourage the company to continue on its transition pathway. The framework Shell published on 3 December 2018² and the corresponding steps that the company has decided to take demonstrate further industry leadership and alignment with the Paris Agreement climate change goals. Building on the steps Shell has already taken, we encourage them to assess and benchmark their long-term Net Carbon Footprint (NCF) ambition with the (well) below 2° C pathway from the IPCC.

- We expect Shell to bring its long term 2050 NCF ambition in line with the (well) below 2° C pathway of the IPCC. We consider the company's 2020 AGM as a good moment for Shell to demonstrate this.
- We will continue to closely monitor and actively engage with Shell in the coming months and years.

We consider Shell to be an industry leader and we encourage other oil and gas companies to adopt a similar approach in the pathway towards achieving the Paris Agreement goals. We are convinced

¹ The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change. The (well) below 2° C pathway refers to the lower-2° C pathway of the IPCC.

² "Joint Statement Between Institutional Investors on behalf of Climate Action 100+ and Royal Dutch Shell plc (Shell)"

that meeting the Paris Agreement goals is essential in safeguarding the long-term value of the investments we make on behalf of our clients, and in achieving the Sustainable Development Goals.