

Shell plc (“Shell”) Annual General Meeting 2022

Type of meeting	AGM
Date	10:00h AM, May 24th, 2022
Location	London
Speaker	Sylvia van Waveren (Robeco)

Attendance AGM approx. 60% of outstanding stock represented

Agenda AGM, 24 May 2022

		Vote Robeco
1.	Receipt of Annual Report & Accounts	For
2.	Approval of Directors’ Remuneration Report	For
3.	Appointment of Sinead Gorman	For
4.	Reappointment of Ben van Beurden	For
5.	Reappointment of Dick Boer	For
6.	Reappointment of Neil Carson	For
7.	Reappointment of Ann Godbehere	For
8.	Reappointment of Euleen Goh	For
9.	Reappointment of Jane Holl Lute	For
10.	Reappointment of Catherine Hughes	For
11.	Reappointment of Martina Hund-Mejean	For
12.	Reappointment of Sir Andrew Mackenzie	For
13.	Reappointment of Abraham (Bram) Schot	For
14.	Reappointment of Auditor	For
15.	Remuneration of Auditor	For
16.	Authority to allot shares	For
17.	Disapplication of pre-emption rights	For
18.	Authority to make on-market purchases of ordinary shares	For
19.	Authority to make off-market purchases of ordinary shares	For
20.	Shell’s Energy Transition Resolution	Against
21.	Shareholder resolution	For

Voting results agenda item 20 & 21:

		Votes For	%	Votes Against	%	Votes Total		Votes Withheld
20	Shell’s ET Resolution	3,525,014,244	79.91	886,272,022	20.09	4,411,286,266	59.08%	144,341,223
21	Shareholder resolution	906,494,546	20.29	3,560,626,618	79.71	4,467,121,164	59.83%	88,507,794

Agenda item 20

My name is Sylvia van Waveren, from Robeco, and today I speak on behalf of a group of institutional investors including: Robeco, PGGM, MN, NNIP, Van Lanschot Kempen, Bpf Bouw en SPW.

To start with, I would like to thank management and the board for our ongoing discussions on topics like strategy, remuneration and climate change. It is of crucial importance to have this open dialogue especially in these important times of ever-increasing climate risk and international military conflicts.

Over the last couple of years, we have attended Shell's AGM with the same basic message; that Shell has a critical role to play in mitigating climate change, and that it is of the utmost importance that the company clearly discloses how it aims to achieve its energy transition strategy by showing plans, actions, targets and progress that minimize the risks to stakeholders.

We recognize that the company has shown leadership by being one of the first companies in the sector with a Say on Climate vote last year. And the current progress report is beneficial in helping investors to understand the steps the company is taking throughout its transition. This is clearly illustrated with the fact that Shell has set climate targets that cover GHG emissions of scope 1,2,3, with a short-medium-, and long-term reduction period, with the end goal of achieving net-zero emissions by 2050. Furthermore, we are encouraged by the fact that the Shell executives are incentivized to reduce these emissions as this is incorporated in the annual bonus scorecard as well in the Long-Term Incentive Plan.

At the same time, we should be mindful, that we have moved another year down the line, and that meeting the goals of the Paris Agreement requires far greater, immediate actions. Shell's Progress report and its strategy, in our opinion has several items that trigger concern and should be improved in our opinion.

- No absolute targets on scope 3 - Except for the net-zero target for 2050, which has recently been strengthened, Shell has not set absolute targets for its scope 3 emissions on the medium term, unlike some of its peers. As such, there are no guarantees that the actions that Shell is taking in investing in low-carbon technologies will help to reduce climate-related financial risks for the company.
- Uncertainty around the alignment of short- and medium-term targets - The net carbon intensity metric and target setting are the guiding metric for Shell's strategy. At this point there is not a single framework for independent verification. But there are recognized tools, for example those based on methodologies from TPI, that, although Shells long term net zero targets aligns with the Paris goals, there is greater uncertainty whether this is the case for the short- and medium-term targets.
- A continued overinvestment in fossil fuel assets - As such, it is critical for the Company to have clear disclosures on how investment decisions are made around high carbon assets, including the assumptions used within the investment decision-making and how these are consistent with limiting warming to well-below 2-degrees with the ambition of achieving 1.5-degrees.

Today, here at this AGM, the investors I represent have made their voting decisions. Voting per definition is binary, you are either For or Against. The reality is much more complex, and actions require more balance, nuance and granularity.

In that spirit, we would like to share with you our suggestions on how we think the company could enhance its strategy in order to be considered aligned with the goals of the Paris Agreement. We believe it is our duty to provide you with this feedback, and we hope we can count on your openness as you have shown us in the past.

1. We agree with you that a sole focus on changing the supply of energy is not enough and is only one-sided approach which will not lead to the desired energy transition. A dramatic change in demand for energy is just as critical as the required changes to supply for the energy transition to take place. And we see in your progress report that you are actively acting on this front, and you provide anecdotal examples, which we highly appreciate. When do you think, and how, you would be able to formulate quantitative progress for the full scope of your actions?
2. The current midterm target of 20% CO2 intensity reduction does not align with the TPI/IEA global CO2 reduction target of about 40%. Could Shell report on the main differences of its current strategy compared to what it would entail if the IEA's targets were followed?
3. Shell has responded to the Dutch District Court ruling, saying its Scope 1 and 2 2030 absolute emissions reduction target (50%) and the actions it is taking to deliver on its strategy, positions the Company well to meeting the obligations of the District Court. However, it is unclear whether and how Shell's Scope 3 2030 emission reduction target (20% carbon intensity reduction) is aligned with the 'significant best-efforts obligation' ordered by the District Court. How do you seek the necessary assurance, and what are your legal counsels advising you?

I would appreciate your responses to the above raised questions, suggestions and comments. But before I hand over to you, I would like to repeat and indicate to you that we very much value the engagement results we jointly achieved so far, and -as I expect – we will achieve again going forward.

Response Shell:

The Chair and CEO responded as follows. They acknowledged that they should work towards providing investors more quantitative progress on how they progress with changing the demand side through actively engaging with their client base.

In relation to the IEA midterm reduction target of about 40%, Shell pointed out during many occasions at the AGM that this is a misconception; it is not a target for Shell's customers' base, but for companies that hold coal fired plants and need to move into the energy transition much further than Shell. Furthermore, the Shell Board, believes that its 2030 net carbon intensity reduction target is in line with estimates based on the IPCC 1.5°C scenarios which show that the net carbon intensity of the energy mix will need to fall by around 15%-35% by 2030. The Shell Board also believes that this target takes into account the time needed for energy users to invest in large-scale equipment, and the energy infrastructure changes needed for Shell to deliver more low- and zero-carbon energy.

Lastly, in the 2021 Progress Report, the CEO has for the first time made clear that Shell's target to achieve net-zero emissions by 2050 is no longer conditional on society's progress. In that respect, Shell has responded to the criticism of the District Court.

The CEO thanked us for the fruitful engagements that we had and expressed his wish to continue these.