

Royal Dutch Shell, Annual General Meeting 2018

Meeting type	Annual General Meeting
Date	10.00 A.M., 22 May 2018
Location	Circustheater, The Hague
Spokesperson	Michiel van Esch (Robeco)
Proxy speaking rights	Achmea Investment Management, ACTIAM, Aegon Investment Management, APG, ERAFP, Menzis, MN, PGGM, PME, PMT, NN Group, Rabobank Pensioenfondsen, SPF beheer TKP Investments and Van Lanschot Kempen

		Result	
Agenda items		Vote	%
1	Accounts and Reports	V	98.55%
2	Remuneration Report	V	74.78%
3	- Elect Ann Godbehere	V	99.10%
4	- Elect Ben van Beurden	V	99.90%
5	- Elect Euleen Goh	V	96.49%
6	- Elect Charles O. Holliday	V	98.36%
7	- Elect Catherine Hughes	V	99.79%
8	- Elect Gerard Kleisterlee	V	96.87%
9	- Elect Roberto Setubal	V	99.30%
10	- Elect Sir Nigel Sheinwald	V	99.60%
11	- Elect Linda G. Stuntz	V	99.86%
12	- Elect Jessica Uhl	V	99.53%
13	- Elect Gerrit Zalm	V	99.85%
14	Appointment of Auditor	V	99.81%
15	Authority to Set Auditor's Fees	V	99.92%
16	Authority to issue shares w/ Preemptive Rights	V	98.16%
17	Authority to issue shares w/o Preemptive Rights	V	99.15%
18	Authority to Repurchase Shares	V	98.19%
19	Shareholder Resolution Regarding GHG Reduction Targets	Ab	5.54%

Agenda Item 19: Shareholder Resolution Regarding GHG Reduction Targets

My name is Michiel van Esch, I work at Robeco and today I do not only speak for Robeco but also speak on behalf of Achmea Investment Management, ACTIAM, Aegon Investment Management, APG, ERAFP, Menzis, MN, PGGM, PME, PMT, NN Group, Rabobank Pensioenfond, SPF beheer TKP Investments and Van Lanschot Kempen.

Over the last couple of years we - as long term investors – have discussed Shell's role in the energy transition and the company's impact on climate change on numerous occasions. This has occurred both here at the AGM in previous years but also in direct conversations with non executives and management.

As long term investors we are convinced that Shell should prepare for the energy transition, a belief that we know Shell shares with us, based on the conversations we had with the company. We also believe that Shell has an important role to play in the road towards a 'below 2 degrees scenario', as adopted in the Paris Climate Agreement.

Still, the resolution before us, presents us with a very difficult choice. Our stance on this important topic is impossible to explain with a simple yes or no response to this resolution. Therefore I take this opportunity to explain our position towards the role and responsibilities of Shell in the energy transition.

Shell announced its climate ambition last November and has supported it with several scenario's including the Sky scenario. We are convinced that the climate ambition presented by Shell is leading within the industry. We therefore believe that Shell deserves credit for its ambition. Shell has also committed to the TCFD initiative as one of the first major companies in the oil and gas sector.

Although similar in spirit, there are differences in Shell's ambition as presented in November and the resolution as filed by Follow This. I'll name some of the most important considerations: the difference between a target and an ambition, the validity of assumption behind scenario analysis, the legal implications of setting targets via a shareholder resolution, the degree of accountability for management and whether or not Shell should be setting an absolute or an intensity target. We've made our decisions by weighing these different topics carefully.

Each party for whom I speak today has made their own considerations for their voting instructions.

Regardless of the outcome of the vote today, we cannot aim our engagement only at Shell. Even though we encourage Shell to take the lead in this transition, today's conversation will be in vain if we only ask Shell to commit to the Paris Climate Agreement.

Climate change is a problem of collective action. We need regulation to level the playing field, we need governments to take sufficient action and we also need the competition in the industry to follow suit. Only committing Shell to a climate scenario puts the company at a disadvantage in many perspectives. Therefore, our engagement must be much

broader and we as investors encourage other oil & gas companies to take their responsibility in preparing for the energy transition as well.

We appreciate Shell's long term climate ambition and recognize that it is raising the bar for other oil & gas companies at this point. Still, it is of key importance that there is a sense of urgency and a high degree of accountability in the implementation of your ambition. This is the main message I would like to share with you today. Shell's climate ambition allows for inertia in the coming years. We understand this is a long term journey, but the implementation of a long term plan needs to start today.

We call upon Shell to start moving and take accountability for its plan, also in the short and mid-term. Shell can do this by explaining the attempted progress of the climate ambition step by step. Including the climate ambitions into management KPI's is another way to create more accountability for their plan, specifically by inclusion in the long term incentive plan. We appreciate your comment on this call.

Finally we would like to thank the management and the board of Shell, for your transparency and accessibility over the last period in our dialogue around their climate ambition and the Follow This resolution. We look forward to continue this constructive dialogue on the implementation of Shell's climate ambition in the coming years.

Response to question on inclusion of Net Carbon Footprint in Long Term Incentive Plan

- The Chairman thanks us for our statement and understands our call. He explains that our suggestions will be addressed by the board and management in the short term.
- Related to the question on the inclusion of metrics related to the Net Carbon Footprint ambition into the Long Term Incentive plan, the company committed to talking with shareholders in the coming year to discuss what could be done. The potential inclusion of such metrics will be considered by the remuneration committee and the board.