

Royal Dutch Shell, Annual General Meeting 2019

Meeting type	Annual General Meeting
Date	10.00 A.M., 21 May 2019
Location	Circustheater, The Hague
Spokesperson	Michiel van Esch (Robeco)
Proxy speaking rights	ACTIAM, Aegon Asset Management, APG, BMO Global Asset Management, Border to Coast Pension Partnership, ERAFP, PGB Pensioendiensten, PGGM, Kempen Capital Management, NNIP, MN, Rabobank Pensioenfond, SBF beheer

	Agenda items	Vote	Result %
1	Accounts and Reports	F	98.91
2	Remuneration Report	F	89.93
3	- Elect Neil Carson	F	98.56
4	- Elect Ben van Beurden	F	99.86
5	Elect Ann Godbehere	F	99.87
6	- Elect Euleen Goh	F	98.89
7	- Elect Charles O. Holliday	F	97.02
8	- Elect Catherine Hughes	F	99.77
9	- Elect Gerard Kleisterlee	F	96.69
10	- Elect Roberto Setubal	F	99.88
11	- Elect Sir Nigel Sheinwald	F	99.75
12	- Elect Linda G. Stuntz	F	99.84
13	- Elect Jessica Uhl	F	99.53
14	- Elect Gerrit Zalm	F	99.76
15	Appointment of Auditor	F	99.41
16	Authority to Set Auditor's Fees	F	99.77
17	Authority to issue shares w/ Preemptive Rights	F	98.60
18	Authority to issue shares w/o Preemptive Rights	F	99.09
19	Amendment to articles	F	99.76
20	Authority to Repurchase Shares	F	98.54
21	Authorization of Political Donations	F	96.70
22	Shareholder proposal regarding GHG reduction targets (to be withdrawn)		Withdrawn

Agenda Item 1: Account and reports

My name is Michiel van Esch, I work for Robeco. Today I speak on behalf of Robeco, and also on behalf of ACTIAM, Aegon Asset Management, APG, BMO Global Asset Management Border to Coast Pension Partnership, ERAFP, PGB Pensioendiensten, PGGM, Kempen Capital Management, NNIP, Rabobank Pensioenfondsen, SBF beheer and MN.

A year ago, I attended this AGM to urge Shell to keep pace with its climate ambition. On behalf of a large group of institutional shareholders, we asked Shell to do three things.

- Firstly, to translate their long term climate ambition into concrete short term plans,
- Secondly, to clearly report on the progress of its Net Carbon Footprint,
- And thirdly, to integrate Shell's climate ambition into the long term remuneration plan.

A year later, we acknowledge the substantial progress that has been made on these three areas.

Last December Shell, together with representatives of their institutional shareholder base, published a framework to guide its movement through the energy transition. This framework facilitates accountability and transparency for shareholders, by translating the long term ambition into shorter term goals, by integrating it into the long term remuneration plan, and through a clear reporting framework.

Shell has shown leadership in the Oil and Gas Industry by making these concrete commitments. Yet we also recognize that for Shell to succeed in the energy transition, other industry participants need to follow suit, and that a level playing has to be created. It is therefore good to see that some peers in the sector start to follow Shell's ambition.

We are encouraged by these first important steps that Shell is taking to move forward with their climate ambition. We are also encouraged that the framework for change is the product of a dialogue between the company and its shareholders. We think this is a promising glimpse of the potential of constructive dialogue between a company and its investors, and how this can lead to positive change.

Yet, at the same time we recognize that this is only a starting point. Continuous improvement is required to meet your 2050 ambition. We understand that the short term targets will ramp up over the coming years.

Unfortunately, the road to Shell's ambition to meet Paris cannot be captured in a simple formula. The Net Carbon Footprint will not follow a linear path towards halving the NCF over the next 30 years. Success will depend on a set of moving parts including regulation, changes in energy demand and changes in technology.

Therefore it remains a challenge for investors to judge several items, including questions that render discussion. Namely:

- How much of the NCF reduction is within direct scope of the company and how much is dependent on external factors?
- We are also aware that the Sky Scenario is a leading scenario to underpin Shell's NCF ambition, but what will the NCF outcome be under other scenarios?
- Under which circumstances will Shell decide to pick up pace or to slow down along with society?

It is understandable that these questions can only be answered with time, as the journey is just beginning, with many variables still unknown. Shell needs time to build a track record of meeting its short term targets, and investors need time to understand the complexities of scenario planning and the NCF methodology.

Having said that, we encourage Shell to make further progress in providing clarity to the market on these questions. To maintain their leadership in the sector, there is no time for complacency. We hope to see our expectations exceeded again next year.

With this in mind, it is therefore extremely important that Shell continues its dialogue with investors on these important topics. We would like to stress that in order to keep a leadership position in the sector an increasing level of effort and ambition will be needed. We also expect the board to continue an open discussion with all stakeholders including investors, academics and regulators.

Lastly, we would like to thank the board and the management for their open and constructive stance towards their shareholders. We look forward to continuing our dialogue over the coming years, and we count on the continuation of your leading role in the sector.

Response to our above statement concerning Shell's cooperation with Investors and Net Carbon Footprint (NCF)

The CEO echoed several parts of our statement and points out several things:

- *Investor support for Shell's NCF demonstrates they are at the start of the right path. There are many uncertainties in the trajectory ahead, and therefore it is important to continue the dialogue.*
- *Even broader engagement (with NGOs, Government, etc.) is required to enhance Shell's alignment with society's expectations. In order for Shell to meet their ambition, other stakeholders need to play their role. Shell is continuing a dialogue with trade associations in hopes of creating a level playing-field. Overall, the dialogue with investors has been encouraging and has become quite productive.*