

FOR IMMEDIATE RELEASE

LAPFF welcomes Shell's move to divest oil sands assets

The Local Authority Pension Fund Forum (LAPFF) today welcomed the news that Royal Dutch Shell is divesting most of its oil sands interests in Canada and appears to be taking action to mitigate its exposure to climate risk.

LAPFF has been engaging with Shell and other energy companies about how they can move towards a low carbon future for several years. [The Forum has increasingly been concerned](#) that industry assumptions about business as usual for fossil fuel demand will follow past trends and that this risks over-investment, which could potentially destroy shareholder value.

Whilst the move was part of the company's plan to reduce gearing, Shell's chief executive Ben van Beurden has been [reported](#) as saying that it was his intention to make Shell into a company of the future and that his industry risked losing public support without a move towards cleaner energy. Such statements alongside the company's action to divest from oil sands extraction appears to signal a recognition of the need for Shell to shift its business model towards a 2% scenario and demonstrates the impact of investor engagement on the issue. It also follows previous announcements by Shell to link executive bonuses to greenhouse gas management.

However, as a firm supporter of the UK Climate Change Act (which established a target of carbon emission reductions of 80% by 2050 as against 1990 levels) the Forum remains concerned about incentives which might encourage companies to sell high-emitting assets to meet their own metrics without actually contributing to an actual reduction in emissions.

Cllr Kieran Quinn, Chairman of the Local Authority Pension Fund Forum, said:

"This is a good news story for investors who have been pushing companies to take seriously the business risks associated with climate change. The Forum has been actively engaging with Shell so it is welcome that the company is responding to investor concerns and factoring climate risk into its long-term strategy."

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14 March 2017

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About the Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum (LAPFF), founded in 1991, is a voluntary association of 72 public sector pension funds based in the UK with combined assets of approximately £175 billion. It exists to 'promote the long-term investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate responsibility and high standards of corporate governance amongst the companies in which they invest.' www.lapfforum.org. PIRC is the Research and Engagement partner to the Forum.