

For the Paris Climate Agreement to succeed ([May 10](#)), the oil and gas industry must be more transparent and take responsibility for all its emissions. Over the next few weeks some of the world's largest oil and gas companies will hold their annual shareholder meetings (May 5). How these companies are positioning themselves for a low-carbon future will be an important topic for discussion.

As long-term investors, representing more than \$10.3 trillion in assets, the case for action on climate change is clear. We are keenly aware of the importance of transitioning to a low-carbon future for the sustainability of the global economy and prosperity of our clients. Additionally, regulation to keep global warming below 2C and in line with the Paris Agreement will create additional costs for carbon-intensive industries and risk stranding assets.

The Carbon Disclosure Project estimates that the oil and gas industry and its products account for 50% of global carbon emissions.

For companies in the sector, emissions from the use of their products account for around 90% of this. Therefore, reducing the carbon impact of their products is the most effective strategy for these companies to transition to a low-carbon world. The capital allocation decisions they make today are important to determine how likely they are to survive that transition.

Through a proposal put forth by NGOs, investors attending Royal Dutch Shell's meeting next week will be asked to vote on whether the company should set firm carbon emissions targets aligned with the Paris Agreement. Shell has already shown industry-leading ambition in this area. Investors are being asked to decide if this has gone far enough.

Regardless of the result at the Shell AGM, we strongly encourage all companies in this sector to clarify how they see their future in a low-carbon world. This should involve making concrete commitments to substantially reduce carbon emissions, assessing the impact of emissions from the use of their products and explaining how the investments they make today in energy sources and technologies are compatible and consistent with a pathway towards the Paris goal.

Investors also urge policymakers to take clearer and more collective action on implementing regulation that will support the necessary investment in lower-carbon technologies. We will continue our oversight and dialogue with oil and gas companies to better understand how the investments we make on behalf of our clients are aligned with a sustainable future.

Investors are embracing their responsibility for supporting the Paris Agreement. It is time for the entire oil and gas industry to do the same.

#### **Aberdeen Standard Investments**

**ACTIAM**

**Aegon NV**

**Amundi Asset Management**

**AP7**

**APG Asset Management**

**ASR Nederland NV**

**Aviva Investors**

**Axa Investment Managers**

**BMO Global Asset Management**

**BNP Paribas Asset Management**

**Brunel Pension Partnership Ltd**

**CCLA**  
**Central Finance Board of the Methodist Church**  
**Church in Wales**  
**Church of Scotland Investors Trust**  
**Ecofi Investissements (Credit Cooperatif Group)**  
**Elo Mutual Pension Insurance Company**  
**Epworth Investment Management Limited**  
**ERAFP**  
**Ethos Foundation**  
**Fidelity International**  
**Handelsbanken Asset Management**  
**Hermes Equity Ownership Services**  
**HSBC Global Asset Management Ltd.**  
**Investec Asset Management**  
**Kames Capital**  
**Kempen Capital Management**  
**Legal and General Investment Management**  
**LGPS Central Limited**  
**Local Government Super (Australia)**  
**M&G Investments**  
**Merseyside Pension Fund**  
**Miller/Howard Investments**  
**Mirova**  
**MN**  
**MP Investment Management**  
**NEST**  
**Newton Investment Management**  
**NN Investment Partners**  
**OFI ASSET MANAGEMENT**  
**Old Mutual Global Investors**  
**Old Mutual Investment Group**  
**Ostrum Asset Management**  
**P+ (DIP/JOEP)**  
**Pædagogernes Pension**  
**PGGM**  
**PKA**  
**Rabobank Pension Fund**  
**Robeco**  
**RobecoSAM**  
**Sarasin & Partners LLP**  
**Schroders**  
**SKY Harbor Capital Management, LLC**  
**Southwark Council**  
**Storebrand Asset Management**  
**Trillium Asset Management**  
**Unigestion**  
**United Reformed Church Ministers' Pension Trust**  
**USS**