

# RESPONSIBLE OWNERSHIP POLICY

Shell Pensions Trust Limited, Trustee of the  
Shell Contributory Pension Fund

July 2022

## Background

Shell Pension Trust Limited ('The Trustee') is the Trustee of the Shell Contributory Pension Fund ('the SCPF' or 'the Fund') in the UK. This document describes the approach taken by the Trustee to ensure that its ownership of relevant assets is carried out in a responsible manner.

The specific scope of this policy covers listed equity, corporate bonds, private equity, property and direct lending but where appropriate the same approach is taken with other asset classes.

The context for the policy is that the SCPF benefits from a strong sponsor covenant. Since 2018 the Trustee has put in place and has matured a Journey Plan which reduces the risk of the investment portfolio over time and is planned to run over the period to 2035. The Journey Plan leads to a gradual reduction in the proportion of assets in the overall investment portfolio covered by this policy, replacing them by government bonds in the liability hedging portfolio. The value of the liability hedging portfolio, including the allocation to government bonds, is designed to move in line with the valuation of the Fund's future benefit payments, leading to a lower risk investment portfolio from a funding perspective.

The Trustee's assets are managed by Shell Asset Management (SAMCo), either directly or indirectly through external fund managers.

## SCPF Responsible Ownership Policy

The Trustee has adopted the UN Global Compact Principles (see Appendix 1) as its Responsible Ownership framework for the SCPF assets<sup>1</sup>. The Trustee has also signed up to the UN Principles for Responsible Investment (UNPRI, see Appendix 2) as an investment management framework for considering environmental, social and corporate governance (ESG) issues.

The SCPF operates a mixture of passive and active asset management strategies appropriate to the investment objectives and nature of the asset class involved.

The Trustee believes that environmental, social, economic and governance performance are fundamental to any company's success and thereby its long-term financial returns. The Trustee also believes that the goal of any company should be to produce sustainable long-term financial value, which will be helped by having long term owners to whom the company is accountable and by having owners who are clear about their expectations.

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<sup>1</sup> As a Shell plc company, Shell Pensions Trust Ltd has adopted the Shell General Business Principles. See [Our Values | Shell Global](#)

In general, it believes that engagement with companies is a more effective means of securing improved performance than divestment. The Trustee wishes to be invested in companies and other assets that are able to demonstrate that they embrace these objectives.

In respect of climate change, the Trustee's policy is to operate the SCPF in a manner that supports the most ambitious goal of the Paris Agreement – to limit atmospheric heating to 1.5°C compared to pre-industrial levels. To support this policy the Trustee has set a target of net zero by 2050, or earlier, for the carbon emissions of the entities in which it is invested. The achievement of the net zero target will be carried out in a manner which remains consistent with the Trustee's fiduciary duties and legal obligations relating to the investment of assets. This is a developing area and the Trustee is completing further work, including setting milestones for the path to net zero.

Engagement is carried out with entities in appropriate asset classes, including real estate and private equity, to encourage full attention to adopting a responsible and resilient approach to climate change. TCFD compliant reporting has been developed and will continue to mature. In addition, deeper analysis is underway to understand the resilience of the portfolio in the context of a range of sustainability issues.

In respect of equities and corporate bonds, the Trustee has employed a third-party stewardship services provider, EOS at Federated Hermes, to assist in the implementation of its engagement policy. There are three major elements to this implementation: monitoring of Fund investments, engagement with investee companies as appropriate and voting of shares held by the SCPF.

EOS at Federated Hermes carries out engagement on behalf of the Trustee and its other clients in accordance with an agreed engagement programme. The Trustee receives regular reports on engagement activities, progress and voting. It is the Trustee's policy to exercise voting rights in all practicable cases.

The monitoring, voting and engagement processes carried out in support of this Responsible Ownership Policy are described in the Trustee's annual Engagement Policy Implementation Statement.

## Appendix 1: The Ten Principles of the UN Global Compact

### Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

### Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

## Appendix 2: UN Principle for Responsible Investment

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.