



Shareholder Resolution at the 2023 AGM of Shell plc (“the company”)

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### **Shareholder resolution**

Shareholders support the company to align its existing 2030 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

The strategy for how to achieve this target is entirely up to the board.

You have our support.

### **Supporting Statement**

Whereas the world has declared to drive down greenhouse gas (GHG) emissions this decade, the energy transition from fossil fuels to renewables presents great opportunities for an integrated energy multinational.

We believe that Shell could lead and thrive in the energy transition by meeting the increasing demand for energy services while reducing GHG emissions to levels consistent with the global intergovernmental consensus specified by the Paris Accord.

Because the company’s existing 2030 target covering Scope 3 is not Paris-aligned, we support the company to advance this target.

We, the shareholders, understand this support to be part of our fiduciary duty to secure the long-term interest of the company and to protect all our assets in the global economy from devastating climate change; limiting global warming is essential to risk management and responsible stewardship of the economy.

Backing from investors who are determined to achieve the goal of Paris gained momentum since 2016, when 2.7% voted in favour of the Follow This climate targets resolution. In 2022, 20% voted in favour at Shell, and up to 39% at other oil majors; this includes the support of the ten largest investors in the Netherlands who voted in favour of Follow This climate resolutions.<sup>1</sup>

### **Energy and climate crises**

The current energy crisis and the climate crisis can be addressed simultaneously by investing the windfall profits from high oil and gas prices in other energy sources.<sup>2</sup> Diversification of the energy supply would foster energy security by reducing dependency on oil and gas fields tied up in geo-political conflict and reduce emissions to address the climate crisis simultaneously.

### **Shell**

Shell has the engineering prowess, financial muscle, and global market-making capabilities to rapidly scale the transition to renewables.



Shell demonstrated leadership as the first oil major to take responsibility for Scope 3: in 2017, Shell promised to cut its Net Carbon Footprint (NCF), which covers the GHG emissions of the company's operations and the use of its energy products (Scope 1, 2, and 3) by around half by 2050 and 20% by 2035.<sup>3</sup>

Shell has improved its targets several times, thanks to the increasing votes of institutional investors for climate resolutions; among others: absolute Scope 1 and 2 target of 50% by 2030, net-zero by 2050, and NCF reduction of 20% by 2030 (current target at the time of filing this resolution).<sup>4,5,6</sup>

### **Scope 3 in 2030**

Setting Paris-aligned targets covering Scope 3 is paramount, because they account for over 90% of Shell's total Scope 1, 2, and 3 emissions.<sup>7</sup> A target for 2030 is also paramount; the Intergovernmental Panel on Climate Change (IPCC) stated that "unless there are immediate, rapid and large-scale reductions in greenhouse gas emissions, limiting warming to close to 1.5°C or even 2°C will be beyond reach."<sup>8</sup>

Therefore, policy makers and institutional investors insist on emissions reductions by 2030.

Changes in demand are as critical as changes in supply, but customers can only change sufficiently when key system players like Shell offer alternatives at scale.<sup>9</sup>

For Shell, 2030 is particularly pertinent as it is within Shell's ten-year planning period; Shell states in the legal disclaimer of its Climate Target: "Shell's operating plans cannot reflect our 2050 net-zero emissions target and 2035 NCF target, as these targets are currently outside our planning period."<sup>10</sup>

### **Large-scale reductions in absolute emissions by 2030**

The company's current intensity target covering Scope 3 for 2030 is not yet Paris-aligned; it will not lead to large-scale (net) reductions in absolute emissions in this crucial decade.

Shell itself anticipates no change in absolute Scope 3 emissions by 2030 as a consequence of its intensity target; Shell's CDP (Carbon Disclosure Project) Climate Change response states that the "Carbon Intensity (NCI) target 2030" will lead to a "% change anticipated in absolute Scope 3 emissions" of "0".<sup>11</sup>

Therefore, this resolution supports Shell to advance its 2030 target covering Scope 3 to align with the Paris Climate Agreement.

The company may use whatever target(s) and metric(s) it deems best, as long as they lead to large-scale reductions in (net) absolute GHG emissions in line with the Paris Climate Agreement by 2030.

### **Best interest of company and investors**

A global integrated energy company like Shell can decrease emissions without ultimately shrinking business. It is in the company's best interest to pursue the opportunities the energy transition presents; this will also pre-empt risks of abrupt policy interventions,



litigation, liability for the costs of climate change, disruptive innovation, and stranded assets. According to Carbon Tracker, two thirds of fossil fuel reserves must remain in the ground to stay within 1.5°C.<sup>12</sup>

Therefore, it's in the best interest of investors to support Shell to align its 2030 Scope 3 target with Paris. Advancing this target will allow Shell to invest accordingly to drive down emissions, thereby safeguarding the long-term future of the company and the global economy.

You have our support.

*All sources available at [www.follow-this.org/Shell-resolution-2023-sources/](http://www.follow-this.org/Shell-resolution-2023-sources/)*