STATE OF THE CLIMATE

SHELL’S CLIMATE TARGETS: FACT SHEET

This is a critical decade; the world needs to almost halve emissions to limit global warming to 1.5°C. Shell could lead and thrive in the energy transition by meeting the demand for energy while reducing emissions to levels consistent with the global intergovernmental consensus specified by the Paris Accord.

However, the most crucial target – Shell’s 2030 target covering Scope 3 (over 90% of Shell’s total emissions) – is far from Paris aligned. Therefore, we support the company to advance this target.

Contrary to the company’s claims, this fact sheet demonstrates that its 2030 Scope 3 target is not Paris-aligned; and calls for your support for the Follow This climate resolution this season.

Climate Resolution (Resolution 26)

Shareholders support the company to align its 2030 emissions reduction target covering Scope 3 with the goal of the Paris Climate Agreement.

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

- This resolution has been co-filed by Degroof Petercam Asset Management and Edmund de Rothschild Asset Management
- To accommodate investors’ evolving preferences and to create clarity, this year’s proposal focuses on aligning the medium-term (2030) Scope 3 target with ‘Paris’.
- CA100+ lead investors MN and PGGM have flagged a vote in favour of the climate resolution (26) through pre-declaration.

Shell’s 2030 target covering Scope 3

- Carbon intensity target for Scope 1, 2, and 3 (Net Carbon Footprint): Reduce by 20%
- According to Shell’s Carbon Disclosure Project (CDP) reporting, Shell anticipate no change in absolute Scope 3 emissions by 2030 as a consequence of its intensity target.

Shell’s other medium- and long-term targets

- Absolute emissions of Scope 1 and 2: Reduce by 50% by 2050
- Carbon intensity of Scope 1, 2, and 3 (Net Carbon Footprint): Reduce by 45% by 2055
- Net-zero ambition by 2050
- Scope 1 and 2 account for less than 10% of Shell’s total emissions.
- Shell’s 2035 and 2050 targets are non-committal: Shell states its “operating plans cannot reflect its 2050 net-zero emissions target and 2035 NCF target as these targets are currently outside our planning period.”

CA100+ benchmark main conclusions

- Shell’s medium-term target [2026-2035] is not aligned with the goal of limiting global warming to 1.5°C. (3.3)
- The company is not working to decarbonize its capital expenditures. (6.1)

Voting this AGM season

The harsh reality is that no oil major is Paris-aligned - their targets and investments fall short of a robust strategy to limit warming to 1.5 degrees. A global integrated energy company like Shell can decrease emissions without ultimately shrinking business; and the record profits from 2022 present a unique opportunity to do so. This will pre-empt risks of abrupt policy interventions, litigation, liability for the costs of climate change, disruptive innovation, and stranded assets.

Without ample investor support, Shell has shown reluctance to sufficiently advance its targets and will not hesitate to claim investor backing for insufficient climate strategies.

Clear investor support for the Follow This resolution at the Shell 2023 AGM will create clarity on which investors prioritize Paris alignment and will provide the company with a clear mandate to align its climate aims accordingly. With investor support for this resolution the company can no longer claim investor backing for insufficient climate strategies.

A vote in favour of the Follow This climate resolution will safeguard the long-term viability of shareholders’ assets and allow Shell to fulfill its intended role as a leader in the energy transition.