



## Shareholder Resolution at the 2024 AGM of Shell plc (“the Company”)

### Shareholder Resolution

Shareholders support the Company, by an advisory vote, to align its medium-term emissions reduction targets 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 achieving these targets is entirely up to the board.

You have our support.

### Supporting Statement

#### Introduction

The world has signed the Paris Agreement, pledging to limit global warming to well below 2°C and to pursue efforts to limit warming to 1.5°C. Failure to do so will have dramatic effects for society at large, including the global economy. Greenhouse gas (GHG) emissions are the leading driver of global warming. The Company is a leading contributor to global GHG emissions.

#### Paris alignment

Scientific consensus indicates that global emissions must almost halve this decade to keep 1.5°C within reach.

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>1</sup>

Since the energy sector accounts for the vast majority of global emissions, it must achieve large-scale emissions reductions this decade to reach the goal of the Paris Climate Agreement.

The International Energy Agency (IEA) underscores the critical role of energy-related emissions in its *Net Zero Roadmap, A Global Pathway to Keep the 1.5°C Goal in Reach*: “Getting to net zero emissions by 2050 requires rapid and deep cuts in emissions of both carbon dioxide (CO<sub>2</sub>) and other greenhouse gases (GHG), particularly methane, by 2030.”<sup>2</sup>

As a result, for a major player in the energy sector, Paris alignment implies targets that significantly contribute to reducing global emissions by 2030.

#### The Company’s medium-term targets are not Paris aligned

Shell’s medium-term targets covering Scope 3 are a decrease of the Net Carbon Intensity (NCI) of 20% by 2030 and 45% by 2035 (at the time of filing this resolution), compared to 2016 levels.<sup>3</sup>

The Climate Action 100+ benchmark states that the Company’s medium-term GHG emissions reduction target(s) are not aligned with the goal of limiting global warming to 1.5°C.<sup>4</sup>

No third-party source indicates that Shell’s medium-term targets are aligned with a 1.5°C warming scenario.

Moreover, the Company does not sufficiently demonstrate how it will reach these targets, which means it is unclear how the underlying approach contributes to significant reductions in global emissions this decade.



## Risks of misalignment

A lack of Paris-aligned targets poses significant risks to the Company. These risks include:

**Regulation:** As countries work to achieve their commitments under the Paris Agreement, more stringent regulations should be implemented. This risks leaving planned oil and gas projects stranded, which would result in significant losses to the Company. Uncertainty about the timing of the effects of climate change and shifts in public sentiment may bring about a disorderly transition, resulting in abrupt implementation of regulation, negatively affecting the profitability of fossil fuels and further increasing the risks of stranded assets.

**Loss of market opportunity:** As the global energy market transitions toward a net-zero energy system, there will be increased demand for low-carbon energy products. The Company risks losing the opportunities that this demand presents.

**Litigation:** Instances of climate litigation against oil majors are increasingly sharply. As the legal framework around this becomes more established and liability more certain, the Company is exposed to increasing financial liability.

**Carbon lock-in:** By investing recent record profits in continued fossil fuel extraction, the Company risks locking itself into an unsustainable business model.

## We advise the Company to adopt Paris-aligned targets

By adopting Paris-aligned targets, the Company can spur innovation both internally and in the market as a whole. Furthermore, it sends a signal to policy makers that will help to advance the necessary regulation. Paris-aligned targets will help to protect the Company's long-term value.

An increasing number of investors are realizing this, which is why support for this climate resolution has increased from 2.7% in 2016 to 20% in 2023.

A vote for this proposal is warranted by investors who seek to ensure a long-term future for the Company and to protect the value of their entire investment portfolios.

You have our support.

1. IPCC, August 2021: [Climate change widespread, rapid, and intensifying](#)
2. IEA, September 2023: [Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – 2023 Update](#) (page 108)
3. [Shell's strategy](#): Net Carbon Intensity (NCI) is the Company's proprietary intensity metric which combines the emissions of its operations and use of its energy products (Scopes 1, 2, and 3) into a single intensity figure in terms of the grams of carbon dioxide equivalent (gCO<sub>2</sub>eq) per unit of energy (MJ) sold.
4. CA100+, 2023: [Net Zero Company Benchmark – Shell plc](#)