



Shareholder Resolution at the 2022 AGM of Royal Dutch Shell plc (“the company”)

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## Shareholder resolution

Shareholders support the company to set and publish targets that are consistent 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.

These quantitative targets should cover the short-, medium-, and long-term greenhouse gas (GHG) emissions of the company’s operations and the use of its energy products (Scope 1, 2, and 3).

Shareholders request that the company report on the strategy and underlying policies for reaching these targets and on the progress made, at least on an annual basis, at reasonable cost and omitting proprietary information.

You have our support.

## Supporting statement

The oil and gas industry can make or break the goal of the Paris Climate Agreement. Therefore, shareholders support oil and gas companies to change course by aligning their targets with the goal of the Paris Climate Agreement and investing accordingly.

More and more investors understand this support to be part of their fiduciary duty to protect all their assets in the global economy from devastating climate change.

This fiduciary duty is underpinned by established scientific consensus, growing investor concern, and heightened legal risk.

### Scientific consensus

The science is clear. We are truly running out of time; we need deep cuts in emissions this decade.

To address the climate crisis and limit warming to 1.5°C, both the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) estimate that (net) absolute emissions must be reduced by approximately 40% by 2030.<sup>1</sup>

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<sup>1</sup> [IEA Net Zero by 2050 Roadmap](#), 2021, page 26; [IPCC Sixth Assessment Report, Working Group I, Summary for Policymakers, 2021](#), page 13, Box SPM.1 (a), scenario SSP1-1.9.

The IPCC could not be more clear: “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>2</sup>

The IEA underlined that “There is no need for investment in new fossil fuel supply in our net zero pathway”.<sup>3</sup>

### Momentum among financial institutions

A growing understanding has emerged among global financial institutions that climate-related risks are a source of financial risk; therefore, limiting global warming is essential to risk management and responsible stewardship of the economy.

Backing from investors that insist on targets for all emissions continues to gain momentum: 2021 saw unprecedented investor support for climate resolutions. In the US, three climate resolutions passed with a historic majority. In Europe, support for climate resolutions continues to build, despite the companies’ boards rejecting the climate resolutions by claiming their existing climate targets are sufficient:

	2016	2017	2018	2019	2020	2021
<b>Shell</b>	2.7%	6.3%	5.5%	*	14%	30%
<b>BP</b>				8.4%	*	21%
<b>Equinor</b>				12%**	27%**	39%**
<b>Total***</b>					17%	

\* resolution withdrawn

\*\* percentage of non-governmental votes

\*\*\* filed by institutional investors

Evidently, a growing group of investors insists on unambiguous Paris-consistent targets for all emissions, especially across the energy sector.

### Legal risks

There has been a marked increase in climate-based litigation; courts will be more likely to hold those who have made the most significant contributions to climate change to account.

In 2021, a Dutch court ordered Shell to reduce their worldwide emissions (Scope 1, 2, and 3) by 45% by 2030. This indicates that oil and gas companies may have an individual legal responsibility to reduce emissions to address climate change and confirms the risk of liability, including liability for human rights violations.

As such, climate litigation constitutes a significant material risk for the company and its investors; taking the necessary steps now will mitigate this risk and limit future liability.

### Net zero and the carbon budget

<sup>2</sup> IPCC Sixth Assessment Report [Press Release](#), 9 August 2021.

<sup>3</sup> [IEA Net Zero by 2050 Roadmap](#), 2021, page 21.

To limit global warming to 1.5°C, the world can release another 400 GtCO<sub>2</sub> (carbon budget).<sup>4</sup> Current global emissions are estimated at 40 GtCO<sub>2</sub> per year.<sup>5</sup> Therefore, without cuts in emissions, our entire carbon budget to stay within 1.5°C will be exceeded by 2030.

These numbers stress that 'net zero by 2050' is inadequate without "immediate, rapid and large-scale" emissions reductions.

## **Concluding**

To allow maximum flexibility, the company may use whatever metric they deem best suited to set Paris-consistent emissions reductions targets, as long as they lead to absolute emissions reductions consistent with the goal of the Paris Climate Agreement.

We have welcomed the climate ambitions and targets the company has set thus far, especially assuming responsibility for the emissions of its products (Scope 3). We further welcomed the company's 'net-zero by 2050' aspiration. We thank the shareholders that supported these crucial steps by voting for climate targets resolutions in previous years.

We believe that the company could lead and thrive in the energy transition. We therefore encourage you to set targets that are inspirational for society, employees, shareholders, and the energy sector, allowing the company to meet an increasing demand for energy while reducing GHG emissions to levels consistent with the global intergovernmental consensus specified by the Paris Climate Agreement.

You have our support.

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<sup>4</sup> [IPCC Sixth Assessment Report, Working Group 1, Summary for Policymakers, 2021](#), page 29, Table SPM.2 (1.5°C with a 67% likelihood).

<sup>5</sup> [Idem](#), page 13, Box SPM.1 (a).