



Flagging memo

Shell plc

Annual general meeting: 23 May 2023

Proposals are flagged by Climate Action 100+ initiative for signatories to take into consideration during proxy season. Please note that the below information is provided by and accredited to the investor who is publicly predeclaring their voting intention and rationale to other Climate Action 100+ signatories, for routine votes as well as management or shareholder resolutions.

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Organising requesting a 'flag' on a resolution

- As lead investors of the Shell Climate Action 100+ engagement, PGGM Investments supports the flagging of a shareholder resolution from Follow This.
- [Voting in the 2023 AGM season | PGGM](#)

Resolution text

- PGGM Investments supports flagging the Follow This resolution and stating their intention to vote **FOR**:
 - The shareholder resolution calls for Shell to align its existing 2030 scope 3 reduction target with the goal of the Paris Climate Agreement.

Summary of why resolution is being flagged

- There is insufficient evidence that Shell's current strategy is aligned with a 1.5°C warming pathway. This is supported by the Climate Action 100+ Net Zero Company Benchmark indicator 3.3, which indicates that it lacks sufficient mid-term ambition in its reduction of oil and gas production and/or increase of low carbon targets.
- Regarding Shell's methodology to prove its Paris alignment (Energy Transition Progress [Report](#) 2023, p. 12), the company does not disclose which scenarios it has filtered out or its method for eliminating outlying values. This makes it challenging to confirm validity of the approach.
- Shell provides insufficient disclosure to show that its strategy will lead to a global reduction in emissions in line with 1.5°C. For example, it is unclear how its oil and gas production will develop by 2030 or if its low carbon activities will grow to represent a significant part of their 2030 energy mix.
- The shareholder resolution does not prescribe what kind of target should be implemented or how the company should become Paris-aligned. This allows Shell the flexibility to find ways to increase its ambitions without compromising profitability.