



SAY ON CLIMATE assessment

UK



2024

Transparency rating

45%

alignment with FIR
recommendations



ACCELERATE ©
CLIMATE
TRANSITION

PERFORMANCE SCORING

8,6 / 20

NARRATIVE SCORING

A B C D E

TREND SCORING



Although Shell has announced an ambition of carbon neutrality by 2050, and a new medium-term objective set for part of its scope 3 in absolute terms, the use of offsetting and capturing emissions through technology remains predominant in the action plan. The company is not transparent about the proportion that reduction actually represents in relation to offsetting and capturing emissions. In terms of its action plan, the company does not seem to be planning to make the transition to develop sustainable activities and transform the core of its business model in order to meet the targets it has set itself. The company does not communicate on the investments specifically dedicated to clean energy between now and 2030. While we welcome the company's effort to present a Say on Climate, we encourage it to go further in terms of the transparency and ambition of its climate strategy.

Since 2021, the **French Forum for Responsible Investment (FIR)** has called for the widespread adoption of stringent Say on Climate (SOC). In March 2023, the FIR signed again [an agreement with 48 French and European signatories](#), encouraging the development of SOCs. Meanwhile, in 2022, FIR began analyzing the climate plans of French companies that submit them to shareholder vote. After joining forces last year, **FIR and ADEME** are extending their partnership by joining forces this year with **Ethos and the World Benchmarking Alliance**, to analyze the climate plans of European companies submitted to a consultative shareholder vote at their annual general meetings in 2024.

In 2022, FIR had published [analysis reports](#) assessing the extent to which French companies' climate strategies were in line with its recommendations. In 2023, as part of the partnership with ADEME, these analysis reports has been enriched with the **ACT assessment tool**, to measure the contribution of corporate strategies and actions to the mitigation objectives of the Paris Agreement.

In 2024, the scope of our analysis has been extended to include European companies which have submitted a SOC. Assessments will be published progressively ahead of their annual general meetings.

As in 2022 and 2023, the FIR wishes to salute the efforts of companies that contribute to improving shareholder dialogue, and encourages them to reiterate the Say on Climate exercise annually.

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In partnership with :



World
Benchmarking
Alliance



With the contribution of the European
Union LIFE program

Ambition Net Zero 2050

Ambition of neutrality for 2050 on the three scopes

- ▷ Part of reduction and compensation not detailed
- ▷ The company relies heavily on the CCUS and compensation without providing estimates for 2030*
- ▷ Questioning the maturity of CCUS technologies

From 2021 to 2023, 29.2 MtCO₂eq offset, including 20 MtCO₂eq offset in 2023



The IEA's Net Zero scenario forecasts global CO₂ storage of 7.6 Gt/year in 2050*****

Reference scenario

Projections for 2050 refer to the IEA's Net Zero scenario and the APS scenario

- ▷ Questioning the compatibility of the strategy with the IEA's NZE scenario

Current GHG emissions (2023 vs 2022)

| SCOPE 1 | SCOPE 2 | SCOPE 3** |
|---|---|--|
| 50 MtCO ₂ eq (51 MtCO ₂ eq) 4% | 7 MtCO ₂ eq (7 MtCO ₂ eq) 1% | 1,147 MtCO ₂ eq (1,174 MtCO ₂ eq) 95% |

Short-term GHG emissions reduction target

Reduction of 9-13% in intensity of all scopes by 2025 compared with 2016***

- ▷ No absolute targets

including customer emissions due to the use of oil products: 517 MtCO₂eq in 2023 (45% of scope 3) = part of category 11 of scope 3

Medium-term GHG emissions reduction target

Scopes 1 and 2 (5% of emissions): 50% reduction in absolute terms by 2030 compared with 2016, to reach 41 MtCO₂eq.

Reduction of 15-20% in the intensity of scopes 1, 2 and 3 emissions between 2016 and 2030***

- ▷ Reduction target lower than last year : from 20% to 15-20%
- Reducing customer emissions from the use of oil products (517 MtCO₂eq) by 15-20% by 2030 vs. 2021 (45% of scope 3)
- ▷ The target does not include gas, it only covers oil products

▷ To be in line with a Net Zero scenario, the IEA recommends a -60% reduction of emissions intensity from scopes 1 and 2 by 2030 compared with 2022****

Long-term GHG emissions reduction target

No clear reduction target other than to achieve carbon neutrality by 2050

- ▷ Between 2030 and 2040, there will be still 85 to 80% to reduce for the objectif set for 45% of scope 3 emissions compared to 2021.

Action plan measure

Eliminate routine flaring by upstream operations by 2025 (0.2MtCO₂eq flared in 2022),

Maintain methane emissions intensity below 0,2% and achieve near zero methane emissions by 2030,

Developing biofuels and hydrogen

Increase sales of renewable electricity (by 2023, development of 4.1 GW of additional renewable capacity, on top of the 2.5 GW of renewable capacity already installed), energy efficiency, carbon credits and CCS.

- ▷ The company has not communicated a target for the development of its renewable energy capacity by 2030.
- ▷ No exact figures for the contribution of each action

▷ No business transformation action plan: by 2030, 98% of energy will be in oil and gas - 2% in renewables****

▷ Development of gas projects up to 2030 (+20-30% LNG production 2030 vs. 2022) in contradiction with the recommendations of the Net Zero scenario IEA*****

Investment alignment (OPEX/CAPEX)

- ▷ The company continues to invest in new oil and gas projects, contrary to the IEA's Net Zero scenario*****.

Between 2023 and the end of 2025, target of \$10-\$15 billion in low-carbon energies

Of the total CAPEX planned for 2024, \$22-25 billion: 19% of planned investments are devoted to low-carbon energy and footprint reduction (including CCUS, NBS and carbon credits), 35% to oil and gas and 33% to fossil fuel extraction.

▷ The proportion of investment devoted to low-carbon energy is low (well below 19%) while the IEA's NZE scenario calls for a minimum of 50% of CAPEX to be allocated to clean energy projects by 2030***** Lack of figures to calculate this share.

▷ In 2023, CAPEX eligible for taxonomy 19.2% (\$6 032 million) / 13.3% aligned with taxonomy (\$4 173 million)

By 2023, \$340 million in CAPEX dedicated to CCUS carbon capture solutions

Remuneration

Variable annual remuneration for Chief Executive Officer and Chief Financial Officer :

5% criterion on the reduction of scopes 1 and 2 emissions

5% criterion to support the reduction of customer decarbonisation (scope 3 category 11)

▷ In 2024, the criterion of sales of low-carbon products has been replaced by the criterion of LNG volumes (5%).

Long-term remuneration Chief Executive Officer and Chief Financial Officer :

25% on Shell's transition (REMCO):

Halve emissions from scopes 1 and 2 by 2030 vs. 2016; eliminate routine flaring by upstream operations by 2025; Maintain methane emissions intensity below 0,2% and achieve near zero methane emissions by 2030 ; target 15-20% reduction intensity for part of the category 11 of scope 3 (45% of scope 3)

Annual consultation on implementation

Despite the submission of the consultative vote over the last three years consecutive years, the company will propose a vote every 3 years from now on.

Consultation on strategy every 3 years

The "energy transition strategy" report will be submitted to a consultative vote every three years

*Reclaim Finance estimates that 39% of the absolute reduction in emissions from scopes 1 and 2 by 2030 is expected to come from offsets alone (120 Mtpa/year). Source: ReclaimFinance, "Assessment of Shell's climate strategy".

**Total scope 3 includes scope categories 1,3,9,11; These numbers include well-to-wheel emissions associated with energy products sold, on an equity boundary basis; they also include the well-to-tank emissions associated with the manufacturing of energy products by others that are sold by Shell. Emissions associated with the manufacturing and use of non-energy products are excluded.

***Calculated according to the Net Carbon Intensity, NCI

****According to the ReclaimFinance report "Assessment of Shell's climate strategy", Shell's oil production targets for 2030 are 11% higher than production in 2023. As a result, by 2030, the company's targeted carbon intensity will be 32.8% higher than the NZE

***** IEA, World Energy Outlook 2023, 2023

Caption:
▷ Failure to obtain full points

SHELL



PERFORMANCE SCORING

8.6 / 20

NARRATIVE SCORING

A B C D E

TREND SCORING



| Module | Score | % | Assessment's elements |
|--------------------------|-------|-----|---|
| Targets | 4/20 | 15% | <ul style="list-style-type: none"> Shell has set targets to be net-zero across its scope 1, 2 and 3 emissions by 2050. However, the companies' target are not aligned with a 1,5°C pathway, because they rely on an undisclosed amount of carbon offsets. In 2024, Shell set specific targets to reduce the net carbon intensity of its scope 1+2+3 emissions by 15-20% by 2030, as compared to 2016. Moreover, the company set targets to reduce customer emissions from the use of oil products (part of category 11 of scope 3) by 15-20% by 2030, as compared to 2021. However, the company plans to use carbon credits for the achievement of these targets. |
| Material investment | 2/20 | 15% | |
| Intangible investment | 5/20 | 8% | <ul style="list-style-type: none"> The company's scope 1+2 emissions intensity has stagnated in the last 5 years. Shell reports a 49% of R&D investments in low-carbon technologies, but does not disclose the proportion directed to non-mature and carbon removal technologies. |
| Sold product performance | 10/20 | 23% | <ul style="list-style-type: none"> In 2024, Shell reported a proportion of CAPEX aligned with the EU Taxonomy of 13.3%, which falls short of the sectoral expectation of 77%. Shell has a transition plan, with intermediate targets and oversight of climate change issues under the responsibility of the Board. However, the company has not committed to stopping oil and gas exploration and operations. |
| Management | 17/20 | 10% | <ul style="list-style-type: none"> Shell's strategy for influencing suppliers' GHG emissions is generally advanced. A key improvement would be to include GHG emissions reduction commitments in engagements with suppliers. Shell's strategy for influencing its customers' GHG emissions is advanced overall. Key improvements would be to include financial benefits for sustainable products and to disclose the quantitative impact of implementing the strategy. |
| Supplier engagement | 12/20 | 4% | <ul style="list-style-type: none"> Shell has a comprehensive climate and energy transition policy, which is aligned to its net-zero ambitions. However, the company provides funding to associations not aligned to the Paris Agreement, such as the API. |
| Client engagement | 9/20 | 10% | <ul style="list-style-type: none"> Shell is developing low-carbon business models, such as electric charging stations for EVs, renewable electricity from solar and wind sources, biofuels and carbon capture technologies. However, these business still represent a limited size of market for the company. |
| Policy engagement | 12/20 | 5% | |
| Business model | 12/20 | 10% | |

Consistency of the plan:

Overall, Shell's climate plan includes details but measurable actions are not reported by 2050. The company has released an Energy Transition Strategy considering short actions based on avoid, reduce and offset climate emissions. The company has set specific targets to reduce in absolute around half of its scope 3 emissions, which represent the biggest part of its total carbon footprint. Moreover, Shell has achieved its previous targets related to reducing its net carbon intensity, however, this has considered the use of carbon credits. Additionally, the company is still active in the exploration and exploitation of fossil fuels and has not committed to phasing out its operations. Their Net Zero Ambition for 2050 is questionable regarding the lack of emission reduction in recent years and almost no change in their business model for the future.

Identified areas for improvement:

Shell aims to be a leader in decarbonising the energy sector and scaling up new technologies. However, the reported CAPEX for 2023 aligned with the EU Taxonomy is 13.3%. Shell could improve by diversifying their business model and in investing more in the development of low-carbon technologies. In addition, the company still relies on carbon credits and offsets to achieve its emissions reduction targets.

SAY ON CLIMATE 2023 evaluation grid

based on follow-up to FIR recommendations

| | ● | ● | ● |
|---|--|---|--|
| Ambition net zero 2050 | If the ambition of contributing to carbon neutrality by 2050 is declared and clear explanations are given on how to achieve this neutrality The level of negative emissions is limited | The ambition to contribute to carbon neutrality by 2050 is declared and the explanations on how to achieve this neutrality are clear. The level of negative emissions is high | A declared ambition, but very little clarity on how the company intends to achieve carbon neutrality (no long-term reduction targets, targets set are not very credible, heavy reliance on offsetting, etc.) or no declared ambition to be carbon neutral by 2050 |
| Reference scenarios used | The company positions its climate strategy in relation to a 1.5°C warming scenario for all scopes | The company uses a reference scenario limiting warming to between 2°C and 1.5°C, or 1.5°C for only part of its scope. | No reference scenario explicitly mentioned or scenario(s) not used to define the strategy |
| Current GHG emissions | Disclosure of greenhouse gas emissions in absolute terms; breakdown by scope | Insufficiently detailed publication | No public data |
| Short-term GHG emissions reduction target | If the quantified emission reduction targets before 2030, expressed at least in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated. | If the quantified emission reduction targets before 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory of between 2°C and 1.5°C | No quantified target for reducing emissions in the short term, or targets that are not very ambitious in the short term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.) |
| Medium-term GHG emissions reduction target | If the quantified emission reduction targets for 2030, expressed at least in absolute terms, cover the 3 scopes and respect the alignment with a 1.5°C scenario. This trajectory has been scientifically validated | If the quantified emissions reduction targets for 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory of between 2°C and 1.5°C | No quantified target for reducing emissions in the medium term, or targets that are not very ambitious in the medium term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.) |
| Long-term GHG emissions reduction target | If the quantified emission reduction targets in 2050 or earlier, expressed at least in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated | If the quantified emission reduction targets for 2050 or earlier do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory of between 2°C and 1.5°C | No quantified target for reducing emissions in the long term, or targets that are not very ambitious in the long term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.) |
| Action plan measures | Detailed measures for each scope of the company with a sufficient level of detail, including short- and medium-term figures, to enable the alignment of this plan with the objectives set to be assessed. | Detailed measures for each scope of the company, but insufficient detail to assess the level of alignment with the objectives set (lack of quantified measures in particular) | Measures with little or no detail |
| Investment alignment (OPEX / CAPEX) | Details the proportion of investments (OPEX and CAPEX) that contribute to meeting short- and medium-term targets, and explains how these investments enable the targets to be met | The information provided on the contribution of investments to the achievement of objectives does not allow an understanding of how the company achieves the objectives set | No investments contributing to the achievement of explicit objectives |
| Remuneration | All variable parts of the remuneration of corporate officers include at least one criterion that assesses the achievement of greenhouse gas emission reduction targets. The % of remuneration determined by this criterion is published; it represents a significant proportion (10% or more) | At least part of the variable part of the remuneration of corporate officers is covered by a non-diluted criterion for reducing greenhouse gas emissions in line with the reduction trajectory defined by the company | The criterion included in the remuneration of corporate officers relating to the reduction in greenhouse gas emissions is diluted, or does not follow the reduction trajectory defined by the company. or No criteria relating to the reduction of greenhouse gas emissions are included in executive remuneration |
| Annual consultation on implementation | The company undertakes to consult shareholders annually on the implementation of its climate change strategy | The company is committed to consult shareholders on the implementation of its climate strategy over the coming years | The company does not undertake to consult shareholders on the implementation of its climate strategy |
| Consultation on strategy every three years | The company undertakes to consult shareholders on its climate strategy at least every three years | The company undertakes to consult shareholders on its climate strategy over the coming years | The company makes no commitment to consult shareholders on its climate strategy |

→ IT'S TIME TO ACT

WHAT IS ACT ?

A joint voluntary initiative of the UNFCCC secretariat Global Climate Agenda.

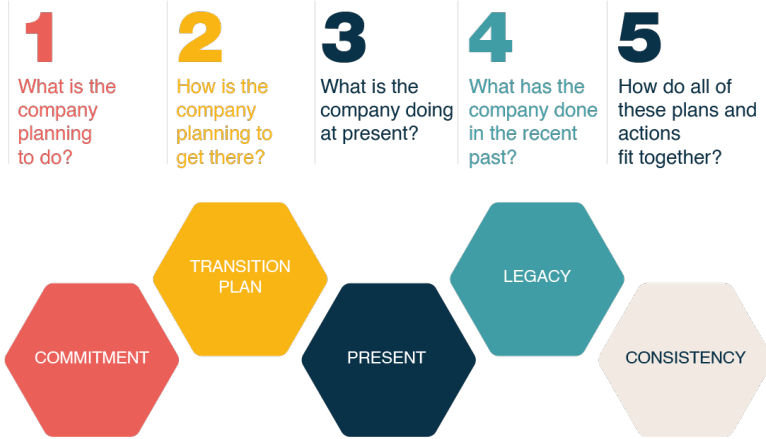
WHY ACT ?

Drive climate action by companies and align their strategies with low-carbon pathways.

HOW DOES ACT WORK ?

ACT provides sectoral methodologies as an accountability framework to assess how companies' strategies and actions contribute to the Paris mitigation goals.

FRAMEWORK



1
What is the company planning to do?

2
How is the company planning to get there?

3
What is the company doing at present?

4
What has the company done in the recent past?

5
How do all of these plans and actions fit together?

INNOVATIVE : ACT is an integrated, long-term approach.

QUANTITATIVE : it measures past, present and future performance

TARGETED: on the main sources of emissions in the value chain

SECTORAL: addressing issues specific to the transition of each sector

TRANSPARENT: through third-party evaluation

ACT ASSESSMENT

For what purpose?

Credibly measure the contribution to the net-zero objective in relation to sectoral low-carbon trajectories.

For whom?

Companies with science-based objectives and/or a transition plan ready for assessment



PERFORMANCE SCORE
Transition alignment metrics
1 - 20



NARRATIVE SCORE
Analysis of overall consistency
A - E



TREND SCORE
Forecast of future changes
+ = -

ACT Methodology Oil and Gas

The full ACT methodology for the Generic sector can be found on our website. The detailed assessment is summarized in a score based on three criteria : performance, overall consistency and trend. It takes the following form:

- **Performance** : number between 1 and 20
- **Evaluation (consistency)** : letter between A and E
- **Trend** : + (improvement), - (deterioration), = (stable)

| Module | Indicator name | Module weight |
|--------------------------|--|---------------|
| Targets | Alignement des objectifs de réduction des émissions directes et indirectes (amont et aval) Scope 1, 2 et 3 | 15% |
| | Time horizon of target | |
| | Achievement of previous and current targets | |
| Material Investment | Emissions lock-in | 15% |
| | Trend in future scope 1+2 emissions intensity | |
| | Share of unsanctioned projets within carbon budget | |
| | Low carbon and mitigation technologies capex share | |
| Intangible investment | Carbon removal technologies (CDR) and carbon capture, use and storage technologies (CCS, CCUS) CAPEX share | 8% |
| | Share of R&D in Low carbon and mitigation technologies | |
| Sold product performance | Share of R&D in Carbon Removal Technologies | 23% |
| | Trend in past and future Scope 1+2+3 emissions intensity | |
| | Trend in future low-carbon products share | |
| Management | Energy efficiency services share | 10% |
| | Oversight of climate change issues | |
| | Low-carbon transition plan | |
| | Climate change management incentives | |
| Supplier engagement | Climate change scenario testing | 6% |
| | Supplier engagement | |
| Client engagement | Activities to influence suppliers to reduce their GHG emissions | 10% |
| | Strategy to influence customers to reduce their GHG emission | |
| Policy engagement | Activities to influence customers to reduce their GHG emission | 5% |
| | Company policy on engagement with trade association | |
| | Trade associations supported do not have climate-negative activities or positions | |
| Business model | Position on significant climate policies | 10% |
| | Business activities that drive the energy mix to low-carbon energy | |
| | Business activities that contribute to the reduction of energy demand | |
| | Business activities that develop CCS, CCUS and Negative Emissions Technologies (NETs). | |

Narrative scoring

1. Business model and strategy
2. Consistency and credibility
3. Reputation
4. Risks

Trend scoring

1. Probability of emissions' evolution
2. Evolution of business model and strategy