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Investors sent a strong signal to Shell that the quality of its disclosures is out of step with the size of its bet on LNG – now it's time for the company to respond.

All eyes will once again be on Shell's LNG strategy this month, with the company due to release its formal response, under the UK Corporate Governance Code, to the shareholder resolution voted on at the 2025 Annual General Meeting (AGM).

In May, [20.55% of shareholders](#) voted FOR a [resolution](#) asking the company to justify the assumptions behind its LNG growth strategy and explain how these are consistent with its climate commitments.

Under the UK Corporate Governance Code, Shell is required to consult shareholders to understand the reasons behind the vote and respond within six months.

To assist investors in their engagements with Shell and assessment of the company's formal response, this bulletin offers a **set of principles** that should inform the company's approach to disclosure and a **(non-exhaustive) list of disclosures** that Shell could usefully make.

Key points:

- The quality of Shell's LNG disclosures should be commensurate to the degree of financial risk in its strategy. Shell is betting more heavily on LNG growth than any other independent oil and gas company. It has built a portfolio of over 1.4 billion tonnes of uncontracted LNG in the belief that LNG will play a major role in the future energy mix, especially in emerging markets.
- To date, Shell's existing disclosures and commitments to future disclosures do not respond to the request to disclose how its LNG strategy and new capital expenditure is consistent with its climate commitments. The company's bullish LNG demand forecast remains unsubstantiated and investors cannot fully assess the extent of the material financial risks inherent to its LNG strategy.
- Shell should explain how its LNG demand projections are constructed based on economic competitiveness. Currently, it is not clear how LNG will be competitive with lower carbon alternatives, given the structurally high prices of LNG.

In its 2025 Notice of Meeting, Shell provided an unsatisfactory response to the resolution. For a detailed assessment of the limitations of Shell's disclosures, see [ACCR's response to the Notice of Meeting](#).

Principles of enhanced LNG disclosure

- **Strategically consistent:** Shell's disclosures should allow investors to assess whether its LNG strategy is consistent with its climate targets, including its commitment to the Paris goals. It should provide greater clarity on its LNG strategy from 2030 – 2050, including targets for lowering production, reducing its net carbon intensity and more detail on its use of offsets/CCUS to meet its net zero target.
- **Robust and comparable:** The LNG Outlooks disclosed by Shell do not enable investors to usefully compare disclosures year-to-year and track changes in demand trends and assumptions. For example, the 2024 LNG Outlook focused heavily on Chinese industrial demand, but in the 2025 Outlook the company was silent on this. We would like to see Shell develop a more robust methodology for developing its annual LNG Outlook based on the most material geographies, sectors and demand drivers.
- **Grounded in rigorous economic analysis:** For LNG demand to substantially grow, as projected by Shell in its LNG Outlook, it would have to compete on an economic basis with lower carbon alternatives. Shell should ensure that its demand growth projections are supported by a comparative analysis of whether imported LNG will outcompete other alternatives at a regional level.
- **Longer-term:** Multi-decade investments should be based on a long-term view of the LNG market. Currently, Shell makes only near-term disclosure of its financial exposure. For example, Shell only provides pricing sensitivities of its trading portfolio to 2029, while its LNG Outlook also has minimal commentary on the largest demand sectors beyond 2030. Shell cites its continual contracting activity to suggest that longer-term views are less material. However, investors would benefit from understanding the longer-term drivers behind Shell's multi-decade investment decisions.
- **Up-to-date:** Shell should revisit its demand assumptions to ensure they factor in broader trends that imply softening LNG demand. This includes the impact of; LNG price spikes, including on energy security; increasing competition from renewables; and changes in policy settings that are driving LNG demand destruction.
- **Scientifically defensible:** Shell should move away from characterising LNG as 'low-carbon'. The company's Notice of Meeting said "LNG is a versatile low carbon fuel" and this statement was repeated by the CEO and Chair at the AGM. Continuing to make these claims may create unnecessary risks, particularly given the litigation that is currently underway in several jurisdictions regarding LNG-related greenwashing claims.
- **Evidence-based:** All claims about LNG's lifecycle carbon intensity, specific industrial demand (e.g. coal-to-gas switching and data centres) and quantified anticipated avoided emissions should be substantiated with independent, verifiable evidence.

Examples of specific disclosures which Shell could usefully provide

- **A temperature outcome** associated with its LNG demand outlook to 2040 and the likely impacts of that temperature outcome on:
 - Shell's LNG assets
 - LNG infrastructure in demand centres
 - Key drivers for LNG demand e.g. economic growth in Southeast Asia.
- **A proper cost curve analysis** that shows the competitiveness of Shell's LNG portfolio. This analysis should correct methodological flaws that ACCR's research identified (e.g. including Shell's backfill projects but not those of its competitors; and not representing Shell's equity share in each project).¹
- **A valuation sensitivity analysis** that reflects the true value at risk under different LNG pricing scenarios, as opposed to the sensitivity analysis Shell conducted (Note 4 of its 2024 financial statements),² which only assessed the potential reduction in book value.
- **Detailed analysis of demand drivers**, particularly for the industrial sector. Shell should provide clarity on whether demand is projected to increase at the industrial level and how this will occur, explaining why this demand growth is viable from an economic perspective.
- **A reconciliation of the difference between the IEA STEPS** and Shell's LNG demand outlook that identifies the policies Shell believes will fail to be implemented, and how this will result in an amount of LNG demand that is 20% above STEPS. It would also be highly material for Shell to disclose lobbying positions it takes in relation to any such policies.
- **Economic analysis of the viability of Liquefied Synthetic Gas (LSG)**. Shell promotes LSG as providing optionality for decarbonising gas infrastructure. However, each component of LSG production is extremely expensive and compounds the challenging economic constraints that LNG faces.

¹ ACCR, 'Investor Briefing: Shell's gamble on gas', April 2025, last accessed October 1 2025, pp. 12-13, https://www.accr.org.au/downloads/investor-briefing_shell-gamble-on-gas_2025.pdf

² Shell plc, 'Shell plc: Annual Report and Accounts – For the year ended December 31, 2024,' March 2025, last accessed October 1 2025, p. 259, https://www.shell.com/investors/results-and-reporting/annual-report/_jcr_content/root/main/section/promo/links/item0.stream/1752580693041/6c20b811738b9a590ba145f0d1c4fa0e530dae0/shell-annual-report-2024.pdf