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Investor Bulletin: Shell expands lobbying disclosures, but picture still not clear

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In response to ongoing investor engagement Shell has enhanced its lobbying disclosures, yet material deficiencies remain.

Shell published its annual *Climate and Energy Transition Lobbying Report*[1] in May, increasing the scope of its disclosures to include some emerging markets. The improvements are a result of investor engagement and escalation, including a shareholder proposal filed in 2024 that was subsequently withdrawn after Shell committed to enhance its disclosures on emerging markets.

While this is a step forward, as Shell previously omitted emerging markets from its disclosures, the company has not met investors' ask for a transparent account of its lobbying activities. Shell still does not provide a full account of its material lobbying globally and does not demonstrate how its lobbying aligns with its climate commitments or liquefied natural gas (LNG) growth strategy.

At Shell's recent AGM, a number of institutional investors questioned the Board about the lack of alignment between the company's LNG strategy and its climate commitments – concerns echoed in a 20% vote for the resolution co-filed by ACCR and institutional investors on the same issue. Under the UK Corporate Governance Code, Shell must now engage closely with investors to understand the reasons behind the vote and respond within six months. Shell's lobbying is highly relevant to its LNG strategy and should be a part of investors' follow-up discussions with the company.

ACCR will publish further analysis on the impact and Paris alignment of Shell's lobbying in 2025.

Key points

- While Shell's disclosures previously omitted emerging markets, despite being central to its LNG growth strategy, investor engagement and escalation has resulted in the inclusion of some emerging markets in company disclosures.
- Shell's methodology for selecting the countries it reports on is still not fit for purpose, as it does not ensure disclosure of all material lobbying relevant to its LNG strategy, particularly in demand-side emerging markets.
- Shell's disclosures do not enable investors to properly evaluate the impact of its lobbying. Shell claims its lobbying is Paris-aligned but does not provide sufficient evidence for this. This is a particular concern because Shell is pursuing an LNG growth strategy which appears misaligned with Paris pathways.

[1] Shell, *Climate and Energy Transition Lobbying Report 2024*.

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Investor engagement has corrected some critical flaws in Shell's lobbying disclosures

Shell's previous lobbying reports did not include any substantial information about its advocacy or industry associations in emerging markets – where Shell intends to grow its LNG business the most. Past ACCR research[2] has described why this is a problem for Shell's investors.

Investors engaged with the company over an 18-month period – November 2023 to May 2025 – to request a transparent, global account of Shell's material lobbying that reflects its business ambitions. The first six months of this engagement resulted in Shell committing to add some emerging markets to its disclosures. Subsequent engagement sought methodological improvements to Shell's approach and more insight into the company's advocacy in key markets and areas of strategic focus, like India and LNG.

Key changes to Shell's lobbying disclosures resulting from investor engagement are as follows:

Disclosure areas	Shell's previous disclosures	Shell's disclosures after engagement
Emerging markets	No substantial information on lobbying in emerging markets.	Some information on its lobbying in Brazil, China, Kazakhstan, Malaysia, Nigeria, Oman, and Qatar in website disclosures and its annual Lobbying Report.[3]
Criteria for selecting countries	No substantial information on how it selected the countries it reported on.	Some information about selection: • It selects countries "based on their expected contribution to the delivery of Shell's strategy in 2024 and over the next decade". • The 13 jurisdictions it focuses on includes its top 10 by expected cash flow from operations (CFFO).[4] Investors expressed concern that these criteria do not capture India, despite Shell seeing it as a major growth market. Shell subsequently added information on India to its Lobbying Report.
Criteria for selecting industry associations	Shell reviewed associations which:[5] • it considered influential; and • operated where it had significant, current business activities; and • either attracted Shell or stakeholders' attention, or Shell had influence over them.	Shell assesses associations which:[6] • it paid $US 50,000+ in annual membership fees and which appear in lobbying think-tank InfluenceMap's database;[7] and/or • operate in an emerging or developing market significant to its ten-year strategy and which appear in InfluenceMap's database; and/or • it previously reviewed and which it still considers influential.

[2] ACCR, *In the dark: gaps in Shell's climate lobbying disclosures*.
[3] Shell added information on these emerging markets to its Advocacy Updates and Industry Associations webpages last November, and its annual Lobbying Report in May.
[4] Shell, *Climate and energy transition advocacy updates*; endnote 136 of *Climate and Energy Transition Lobbying Report 2024*, p. 63.
[5] Shell, *Climate and Energy Transition Lobbying Report 2022*, p. 28.
[6] Shell, *Climate and Energy Transition Lobbying Report 2024*, p. 36.
[7] As of 30 September 2024, excluding associations with engagement intensity scores less than 5%. See Ibid.

LNG advocacy	Limited systematic insight into Shell's advocacy relating to LNG.	After investors sought more insight into Shell's lobbying related to LNG in key markets, Shell included a case study in its Lobbying Report on its advocacy for more LNG supply and demand.

Shell's lobbying disclosures remain insufficient

While Shell met its commitment to add some emerging markets to its disclosures, the company has not met investors' ask for a transparent account of its lobbying activities. Investors sought disclosure of Shell's material lobbying in proportion to its growth ambitions to understand the impact of the company's lobbying on its climate commitments and strategy.

ACCR analysis in a January investor bulletin[8] showed that Shell's incremental improvements did not ensure this. Due to fundamental flaws in Shell's approach to lobbying disclosure, its latest Lobbying Report still fails to address investor concerns, as outlined below:

Area of concern	Flaws in Shell's methodology resulting in insufficient disclosures
Proportionality – disclosures are still not proportionate to Shell's business ambitions	Shell's methodology for selecting countries: • is based on their "expected contribution to the delivery of [its] strategy", but the company does not clearly define "expected contribution". • does not reflect the fact that lobbying is a leading indicator of future business intention, with implications well beyond a ten-year horizon. • omits key emerging markets on the demand-side, like India. The company added some disclosures on India to its Lobbying Report after investors sought more insight. However, it did not change its methodology to ensure that India is captured in its Advocacy Updates or Industry Associations Review. Shell has no framework for ensuring that reporting on key policy areas, such as gas and LNG, is proportionate to their strategic importance.
Materiality – disclosures do not demonstrate the impact or effective governance of Shell's lobbying	Shell's disclosures lack important information on: • the specific advocacy positions it takes.[9] • how its lobbying to grow LNG demand[10] is Paris-aligned, as it claims, despite targeting growth which exceeds plausible Paris pathways.[11] Shell has continued its flawed approach to governing its industry associations: • The company assesses associations on positions rather than impact and doesn't deem any associations "misaligned", even when judging them to be misaligned on most criteria.[12]

[8] ACCR, [Investor Bulletin: Shell's lobbying disclosures make incremental improvements, but step-change is needed]().[9] Shell's Lobbying Report frequently does not state the specific policy settings it advocated for. We flagged this in January as a concern for Shell's Advocacy Updates (Ibid., p. 5.)

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[10] E.g. in 'Case study: Our LNG advocacy', in Shell, *Climate and Energy Transition Lobbying Report 2024*, pp. 29-30.

[11] ACCR, *Investor Briefing: Shell's gamble on gas*.

[12] E.g. Shell's assessments of Kazenergy and the Nigerian Gas Association (Shell, *Climate and Energy Transition Lobbying Report 2024*, p. 38). Shell also does not address the frequent discrepancies between its association assessments and those of InfluenceMap, despite using inclusion in InfluenceMap's database as one of its selection criteria for associations. Shell states that inclusion in the database indicates that an association's "climate advocacy is of interest to key external stakeholders" (Footnote 134 of ibid., p. 63).

	• The company acknowledges its governance does little to change associations beyond the short-term. It hasn't indicated plans to reform its approach.[13]

Can Shell's lobbying align with Paris, given its LNG ambitions?

Current disclosures do not allow investors to answer the question of whether Shell's lobbying is aligned with Paris, or if it is risking locking in emissions above credible Paris-aligned pathways.

Shell is betting more heavily on LNG growth than any other independent oil and gas company. The company has built a portfolio of over 1.4 billion tonnes of uncontracted LNG in the belief it will play a major role in the future energy mix, especially in emerging markets. Our research[14] has shown this is a risky bet for Shell – financially and for its target of net zero emissions by 2050.

The impact of Shell's lobbying and its alignment with the Paris goals is highly relevant to investors' concerns about Shell's LNG strategy and its potential conflict with the company's climate goals.

Key stewardship considerations for investors

Shell's Lobbying Report comes as a growing proportion of the investment sector is moving towards systems stewardship in recognition that "market-wide threats cannot be effectively mitigated through isolated company engagements alone".[15]

This shift includes an increased focus on direct policy engagement. Investors who view climate change as a systemic portfolio risk should explore all avenues for ensuring that ongoing lobbying by portfolio companies for fossil fuel expansion does not undermine their own policy engagement efforts.

Investors evaluating where to best direct their stewardship efforts to promote Paris-aligned corporate lobbying should consider:

- Investors must be able to assess whether lobbying is Paris-aligned, and should demand that lobbying disclosures:
    - are proportionate to the company's business ambitions and lobbying activities
    - demonstrate the impact of that lobbying.
- Company-level engagements on lobbying disclosures are most effective when seeking methodological changes that improve insight into the lobbying's impact and strategic relevance. Investors gain little from more disclosure if a company's approach to that disclosure is flawed.
- It is unlikely that companies will materially change their Paris-misaligned lobbying activities while their corporate strategy remains Paris-misaligned.

[13] Ibid., p. 40.
[14] ACCR, *Shell's LNG strategy: Overcooked?*
[15] UK SIF, *Systemic risks: A framework for portfolio resilience*, p. 5.

- Macro-stewardship approaches involving direct engagement with policymakers may be necessary to increase the Paris alignment of lobbying by fossil fuel companies.

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