# Shell faces rising shareholder pressure over LNG transparency and climate strategy



At the recent annual general meeting of Shell, a notable shift in shareholder sentiment emerged, spotlighting the company's ongoing struggle to reconcile its fossil fuel ambitions with climate commitments. Approximately 20.56% of votes cast supported a resolution urging greater transparency on how Shell's increasing liquefied natural gas (LNG) production aligns with its climate objectives. This dissent, while not legally binding, signals significant pressure from investors who are increasingly concerned about the potential mismatch between Shell's operational strategies and the urgent demand for environmental accountability.

Chair Sir Andrew Mackenzie defended Shell's position, asserting that the company believes a greater reliance on LNG will help replace more polluting fuels like coal, particularly in Asia. This justification rests on the premise that gas serves as a transitional fuel, facilitating the integration of renewables into the energy mix. He stated, “Shell expects all demand to stay strong for the foreseeable future,” and reiterated that businesses must respond to the rules of supply and demand. Nonetheless, these assertions have drawn skepticism, as critics question the economic viability of Shell's gas forecasts — which predict a 60% rise in LNG demand over the next 15 years — and its alignment with reputable energy scenarios such as those from the International Energy Agency.

Chief Executive Wael Sawan, during the meeting, also reaffirmed the company's commitment to transparency, insisting, “There is not a company that discloses more or better information on LNG than Shell.” Despite this assertion, the ongoing tension was palpable, with shareholders expressing frustration over the perceived lack of action on climate-related issues. Jackie Garton, senior corporate climate campaign manager at ShareAction, remarked that the vote reflects shareholders' unwillingness to accept Shell's current path, stressing the need for the company to proactively address its commitment to reducing emissions.

Environmental activists, while barred from protesting outside the AGM due to a High Court injunction, gathered outside Shell's headquarters in London, highlighting the discontent brewing both within and outside the company. Areeba Hamid from Greenpeace accused Shell of "hiding" behind legal restrictions to avoid confronting legitimate criticisms of its operations. This sentiment reflects a broader cultural shift among investors who are increasingly holding companies accountable for their climate strategies, as pressures mount globally to address the climate crisis effectively.

The resolution was co-filed by several influential pension funds, including the Brunel Pension Partnership and the Greater Manchester Pension Fund, alongside the Australasian Centre for Corporate Responsibility, demonstrating a concerted effort among institutional investors to demand clarity on Shell’s long-term strategies. Analysts perceive that this level of shareholder dissent indicates a potential risk for Shell, particularly as calls for divestment from fossil fuels grow louder.

Moreover, there are emerging concerns related to the company's trajectory post-2030, particularly regarding methane emissions, which have come under scrutiny as studies reveal their significant impact on climate change. The broader industry context also mirrors these tensions, with companies like BP experiencing similar shareholder pushback over climate strategies. BP has faced increasing scrutiny after its recent retreat from aggressive climate goals, underscoring a critical point of friction: the ongoing battle for balance between profit-driven short-term strategies and the long-term imperative of sustainability.

As companies navigate this treacherous landscape, they hope to secure supportive investor relations while grappling with the stark realities of climate commitments. The call for Shell to clarify its LNG strategy illustrates a growing awareness among investors of the unsustainable nature of fossil fuel dependence amidst increasing regulatory and social pressures. As oil and gas firms contend with these challenges, the expectations from shareholders for transparent climate action are only likely to intensify.

Through these developments, it is evident that understanding the landscape of oil and gas investment requires a recognition of both the economic implications and the urgent ecological responsibilities inherent in contemporary business practices. The ongoing dialogue among shareholders and activists reflects a growing desire for a sustainable future that reconciles energy needs with environmental integrity.

**Reference Map**

1. Paragraphs 1, 2, 3, 4, 5, 6
2. Paragraphs 1, 2, 4, 5
3. Paragraph 3
4. Paragraph 6
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7. Paragraph 6

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.independent.co.uk/news/business/shell-suffers-investor-revolt-over-gas-production-impact-on-climate-plans-b2754607.html> - Please view link - unable to able to access data
2. <https://www.ft.com/content/1158a474-0dea-4a76-8fd4-7806b599496d> - At Shell’s annual general meeting, approximately 20.56% of shareholders challenged the company’s strategy to become the leading supplier and trader of gas and liquefied natural gas (LNG), expressing concerns about its economic viability and alignment with climate goals. CEO Wael Sawan defended the strategy, emphasizing gas as a cleaner alternative to coal and vital for supporting renewable energy systems. Shell projects a 60% rise in LNG demand over 15 years, largely driven by Asia. However, critics, including the Australasian Centre for Corporate Responsibility and several UK pension funds, questioned the assumptions behind this forecast, Shell’s greater exposure to LNG compared to peers, and potential regulatory challenges. In response to the shareholder dissent, Shell must now consult with investors and provide a detailed response within six months. Chairman Andrew Mackenzie acknowledged the vote’s scale as consistent with past climate-related protests and assured enhanced disclosure of the company's LNG-related plans and emissions-reduction initiatives.
3. <https://www.reuters.com/business/energy/re-elected-shell-ceo-asked-about-bp-says-bar-deals-is-high-2025-05-20/> - At Shell's annual general meeting, shareholders re-elected Chair Andrew Mackenzie and CEO Wael Sawan, with Sawan receiving 98.7% support and Mackenzie 91.4%. When questioned about potential acquisition plans for rival BP, whose shares have declined 26% over the past year against Shell's 12%, Sawan emphasized that the threshold for mergers and acquisitions is very high, favoring share buybacks instead. In comparison, BP Chair Helge Lund garnered only 76% support and is expected to step down soon. A shareholder resolution urging Shell to clarify the role of liquefied natural gas (LNG) in its future and its compatibility with carbon emission reduction goals received 20.6% backing, necessitating further shareholder consultation. Sawan defended LNG's role in the energy transition, stating it could replace more polluting fuels like coal. However, concerns persist regarding Shell's post-2030 net-zero strategy, particularly due to methane emissions from natural gas. All other board members, including CFO Sinead Gorman, were also re-elected.
4. <https://www.reuters.com/sustainability/climate-energy/shareholders-climate-resolution-challenges-disconnect-shells-lng-strategy-2025-01-07/> - A group of major shareholders has filed a resolution questioning Shell's strategy to increase liquefied natural gas (LNG) sales and its compatibility with the company's goal to reduce carbon emissions. Shareholders, including Brunel Pension Partnership and Greater Manchester Pension Fund, are demanding more information on Shell's assumptions regarding global energy demand and its plans to achieve net-zero emissions by 2050. Shell's outlook on LNG demand significantly exceeds scenarios by the International Energy Agency, raising concerns about governance and financial risks. Furthermore, Shell has recently weakened its 2030 carbon reduction target and removed its 2035 climate goals. Despite these concerns, Shell maintains that shareholders have supported its strategy, emphasizing LNG's critical role. The resolution also gained backing from independent shareholders represented by the NGO ShareAction.
5. <https://time.com/7278794/bp-vote-climate-change/> - At BP’s recent annual meeting, nearly 25% of shareholders voted against the reappointment of chairman Helge Lund, signaling significant investor dissatisfaction with the company’s climate strategy. This dissent reflects a broader tension across the oil and gas industry between short-term profits and long-term environmental responsibility. Institutional investors criticized BP’s retreat from its aggressive 2020 climate goals, which included cutting oil and gas production by 35% and investing $5 billion annually in renewables. The company shifted course following rising energy prices and pressure from hedge fund Elliott Investment Management, which acquired a 5% stake and urged a focus on traditional fossil fuels for faster returns. Although this raised BP’s stock price in the short term, major investors like Legal & General and Robeco expressed concerns over the inconsistency and long-term viability of BP’s new direction. This conflict epitomizes the broader challenge facing fossil fuel companies—to balance immediate financial performance with the urgent need to address climate change and secure long-term sustainability. As clean technology costs fall and climate risks grow, investors increasingly demand durable, forward-thinking strategies.
6. <https://www.reuters.com/business/environment/climate-activist-shareholder-group-follow-this-pauses-big-oil-campaign-2025-04-09/> - The climate activist shareholder group Follow This has announced the suspension of its nearly ten-year campaign aimed at pushing major oil and gas companies to commit to stronger emissions reductions. Since 2016, the Dutch group has filed climate resolutions at shareholder meetings and previously achieved significant support, including 80% at Phillips 66 and substantial backing at Chevron, Exxon, Shell, and BP. However, rising oil and gas prices following Russia's invasion of Ukraine and disappointing returns on renewable energy investments have shifted investor interest back to fossil fuels. This shift, combined with the scaling back of climate ambitions by firms like BP, Shell, and Equinor, has dampened support from institutional investors. Additionally, the group faced legal challenges, such as a now-dismissed lawsuit from Exxon regarding climate resolutions. Follow This is now in discussions with supportive investors to reassess strategies and understand the reluctance among others to use their voting power for climate action, despite previous commitments.
7. <https://www.reuters.com/business/energy/shell-slows-investments-offshore-wind-splits-power-business-2024-12-04/> - Shell has announced a reduction in new offshore wind investments and a split of its power division following a strategic review initiated by CEO Wael Sawan in 2023. The company's strategy shift aims to focus on high-return activities, leading to cutbacks in low-carbon and renewable projects in favor of oil, gas, and biofuels. Despite retreating from new offshore wind projects, Shell remains open to selective investments under favorable conditions. The move mirrors decisions by competitors BP and Equinor, influenced by challenges in the renewables sector and pressures to enhance shareholder returns. Shell's power division will now be divided into two units: Shell Power, led by Greg Joiner, and Shell Energy, headed by David Wells. The company remains committed to its ongoing offshore wind projects and aims to bolster its battery storage capabilities and flexible gas-fired plants to address renewables intermittency. Additionally, Shell plans to expand its liquefied natural gas division and maintain steady oil production levels.