# Shell's financial strategy shift sparks backlash over CEO pay increase



The oil company Shell has announced a significant shift in its financial strategy, aiming to enhance cost savings and reduce expenditure, while simultaneously increasing the pay package for its chief executive, Wael Sawan, which has prompted backlash from environmental advocates. This information was made public in the company's annual report released on Tuesday.

Sawan's remuneration package rose by 8.5% in the last financial year, amounting to £8.6 million, a figure that has been characterised as “obscene” by green campaigners. The increase came even as Shell reported a decline in profits, posting adjusted earnings of $23.7 billion for the last year, down from $28.25 billion in 2022.

In preparation for its upcoming capital market day, Shell outlined its ambition to achieve cumulative cost reductions ranging from $5 billion to $7 billion (£3.9 billion to £5.4 billion) annually by the end of 2028. This is a significant revision of its previous target, which aimed for cost savings of $2 billion to $3 billion by the end of 2025. Additionally, Shell plans to reduce its spending to between $20 billion and $22 billion each year over the next three years.

As part of its long-term strategy, Shell indicated that it intends to allocate 10% of its budget to lower carbon businesses by the end of the decade. However, concerns have been raised regarding the company's commitment to environmental goals. Notably, Shell has revised its climate pledges, abandoning a plan to reduce net carbon intensity by 45% by 2035 in favour of a target for complete reduction by 2050.

The rise in Sawan’s pay has ignited criticism from environmental groups, particularly in light of Shell's recent actions which include the reduction of jobs in its low-carbon division. Patrick Galey, the investigations lead at Global Witness, commented on the situation, stating: "After a year of uncharted climate extremes and huge energy bills, which are set to spike again in many countries this year, Wael Sawan’s obscene pay packet will feel like a slap in the face for millions."

Galey further emphasised the disparity between the compensation of oil executives and the struggles faced by average consumers during an energy crisis. He expressed frustration about the behaviour of large oil companies, stating: “It’s maddening to know that big oil bosses like Sawan are raking it in, as they double down on the oil and gas that’s fuelling climate devastation.”

In efforts to appease shareholders, Shell has also confirmed intentions to provide increased returns through share buybacks and dividend payouts. Last year, the company distributed $8.7 billion to shareholders through dividends and invested $13.9 billion in share repurchases. Shell has reiterated its commitment to raising dividends by 4% annually.

As these developments unfold, Shell's financial strategies and their implications on both the company and broader environmental concerns remain a focal point for investors, stakeholders, and environmental advocates alike.

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

## References

* <https://www.nasdaq.com/articles/shell-updates-key-financial-targets> - This URL provides details on Shell's updated financial targets, including cost reductions and investment strategies. It also outlines the company's plans for increased shareholder distributions through share buybacks and dividends.
* <https://www.shell.com/business-customers/news-and-media-releases/2023/shell-annual-report-2022.html> - This webpage could provide access to Shell's annual report where details about financial performance, executive compensation, and strategic plans are typically disclosed.
* <https://reports.shell.com/annual-report/2022/strategic-report/our-business-and-strategy/strategy-and-outlook/outlook-for-2023-and-beyond.html> - This link outlines Shell's strategic outlook for 2023 and beyond, including capital allocation, financial resilience, and energy transition strategies.
* <https://www.mexem.com/blog/shells-2023-financial-resilience-and-strategy> - This article discusses Shell's financial resilience and strategic adjustments in 2023, highlighting the challenges faced due to fluctuating oil and gas prices and efforts to maintain shareholder value.
* <https://www.shell.com/investors/events-and-presentations/capital-markets-day.html> - This webpage could provide access to presentations and materials from Shell's Capital Markets Day, where financial targets and strategies are discussed.