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Shell plc
To the CEO, Mr W. Sawan
To the Executive Committee (Mr W. Sawan, CEO)
To the Board of Directors (Sir Andrew Mackenzie, Chairman)
Shell Centre
LONDON, SE1 7NA
UNITED KINGDOM

Subject: **Notice of liability and announcement of new legal proceedings**

May 13, 2025

Dear Mr Sawan, dear Sir Andrew Mackenzie,

Milieudefensie (Friends of the Earth Netherlands) is writing to you as the CEO, the Executive Committee and the Board of Directors of Shell plc to formally notify you that Milieudefensie intends to start new legal proceedings against Shell plc ("**Shell**") before the Dutch courts. Milieudefensie believes that Shell is in breach of its legal duty of care under Dutch law, due to its continued investment in new oil and gas fields and its inadequate climate policy for the period 2030 to 2050.

1. The severe threat of the climate crisis, caused by fossil fuels

As you are well aware, human-caused climate change is a major threat to human well-being and planetary health. The devastating impacts of climate change are evident worldwide, seen in weather and climate extremes such as heatwaves, heavy precipitation, droughts and storms.[1]

Climate change has already caused substantial damages, and increasingly irreversible losses to ecosystems worldwide,[2] has reduced food security and has

[1] IPCC AR6 SYR, SPM, A.2. and A.2.1.

[2] IPCC AR6 SYR, SPM, A.2.3.

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affected water security.[3] Approximately 3.3 to 3.6 billion people live in contexts that are highly vulnerable to climate change.[4]

The climate crisis is essentially a fossil fuels crisis. Over 80% of CO_2 emissions are caused by the production and use of fossil fuels, with over half of those emissions caused by oil and gas.[5] The Intergovernmental Panel on Climate Change ("**IPCC**") has established that, for decades, fossil fuel companies have individually and jointly undermined effective climate policy through intense lobbying and doubt-inducing media-strategies.[6]

Shell and other fossil fuel companies are still actively undermining the clean energy transition by lobbying for and investing in long-term fossil fuel dependence, even though it is of the utmost importance to rapidly transition away from fossil fuels.

In light of the severity and risks of the climate crisis, courts around the world and intergovernmental organizations consistently recognise that climate change is a major and immediate threat to the enjoyment of human rights. They also emphasise that this threat must urgently be addressed by reducing CO_2 and other greenhouse gas emissions as quickly as possible in order to limit global warming to 1.5°C. The IPCC has definitively found that "*there is a rapidly closing window of opportunity to secure a liveable and sustainable future for all*."[7]

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[3] IPCC AR6 SYR, SPM, A.2.4, which adds that "*Roughly half of the world's population currently experience severe water scarcity for at least part of the year due to a combination of climatic and non-climatic drivers.*"

[4] IPCC AR6 SYR, SPM, A.2.2.

[5] IPCC AR6 WGIII, Technical Summary, Figure TS.3, which shows the long-term trend of anthropogenic CO_2 emissions sources up to 2019. This shows that 81% of global CO_2-emissions in 2019 were caused by the production and use of coal, oil, gas and flaring of oil and gas and 48% of total global CO_2-emissions caused by oil, gas and flaring. See also UNEP Emissions Gap Report 2023, p. 34: "*Energy consumption and production account for 86 per cent of global carbon dioxide (CO2) emissions, comprising 37 per cent from coal, 29 per cent from oil and 20 per cent from gas.*"

[6] IPCC AR6 WGIII, p. 170, p. 557, p. 1373. See also Lenton et al, The Global Tipping Points Report 2023, p. 293 (par. 4.2.3.3): "*in the political domain, the efforts of fossil fuel companies to obstruct, dilute, reverse or delay climate policy [are] well documented.*"

[7] IPCC AR6 SYR, SPM, C.1.

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Every ton of CO_2 emitted adds to global warming and every increment of global warming will intensify multiple and concurrent hazards in all regions of the world.[8] Some future changes are already unavoidable, but deep, rapid, and sustained mitigation actions would reduce projected losses and damages for humans and ecosystems, while delayed mitigation action would lock in high-emissions infrastructure, raise risks of stranded assets and cost-escalation, reduce feasibility, and thus increase these losses and damages.[9]

The most recent version of the Global Risks Report by the World Economic Forum shows that environmental risks dominate the global risks landscape. The report lists (i) extreme weather, (ii) biodiversity loss and ecosystems collapse, (iii) critical change to Earth systems and (iv) natural resource shortages as the four most severe global challenges, which are projected to intensify over the next decade.[10] In fact, nearly all environmental risks are included in the top 10 long-term global risks.[11] Extreme weather events are also listed as the second most pressing and severe concern in the short term.[12] The Global Risks Report finds:

"The burden of climate change is becoming more evident every year, as pollution from continued use of fossil fuels such as coal, oil and gas leads to more frequent and severe extreme weather events. Heatwaves across parts of Asia; flooding in Brazil, Indonesia and parts of Europe; wildfires in Canada; and hurricanes Helene and Milton in the United States are just some recent examples of such events."[13]

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[8] IPCC AR6 SYR, p. 83 and SPM, B.1, B.2.

[9] IPCC AR6 SYR, SPM, C.2.

[10] World Economic Forum, January 2025, The Global Risks Report 2025, 20th Edition Insight Report, p. 44. See also p. 66-67.

[11] Ibid. See also p. 9: "*the outlook for environmental risks over the next decade is alarming – while all 33 risks [..] are expected to worsen in severity […], environmental risks present the most significant deterioration. Extreme weather events are anticipated to become even more of a concern than they already are, with this risk being top ranked in the 10-year risk list for the second year running. Biodiversity loss and ecosystem collapse ranks #2 over the 10-year horizon, with a significant deterioration compared to its two-year ranking.*"

[12] Ibid, p. 8.

[13] Ibid, p. 13.

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A board member of Allianz SE, one of the world's biggest insurance companies, warned just over a month ago that the world is fast approaching temperature levels where insurers will no longer be able to offer cover for many climate risks.[14] At the current level of warming, insurers are already ending or limiting insurance coverage and this will continue. The board member (formerly CEO of Allianz Investment Management) calls climate change a systemic risk "*threatening the very foundation of the financial sector*".[15] The message adds to a growing body of urgent calls by the insurance industry and the wider financial sector regarding the existential threats posed by climate change.[16]

Climate scientists, academics and other experts launched a report earlier this year warning of so-called planetary insolvency. They warn that humans, ecosystems and the global economy could face catastrophic consequences, including severe economic contraction, absent immediate and decisive climate action. The report states that the latest estimates of climate impacts now forecast 19% GDP loss by 2050, with extreme scenarios showing GDP losses of more than 50%.[17] The report also warns that climate change risk assessment methodologies understate economic impact, as they often exclude many of the most severe risks.[18] As such, the report finds that the world is running much higher risks than is broadly understood.

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[14] The Guardian 3 April 2025, Climate crisis on track to destroy capitalism, warns top insurer, available via https://www.theguardian.com/environment/2025/apr/03/climate-crisis-on-track-to-destroy-capitalism-warns-allianz-insurer. The article refers to the original statements by Allianz's board member, available via https://www.linkedin.com/pulse/climate-risk-insurance-future-capitalism-g%C3%BCnther-thallinger-smw5f/.

[15] Ibid.

[16] Ibid: "*In recent reports, Aviva said extreme weather damages for the decade to 2023 hit $2tn, while GallagherRE said the figure was $400bn in 2024. Zurich said it was "essential" to hit net zero by 2050.*" See also for example references in T. M. Lenton, D.I. Armstrong McKay, S. Loriani, J.F. Abrams, S.J. Lade, J.F. Donges, M. Milkoreit, T. Powell, S.R. Smith, C. Zimm, J.E. Buxton, E. Bailey, L. Laybourn, A. Ghadiali, J.G. Dyke (eds), 2023, The Global Tipping Points Report 2023. University of Exeter, Exeter, UK, p. 201.

[17] Institute and Faculty of Actuaries and Exeter University, January 2025, Planetary Solvency – finding our balance with nature, Global risk management for human prosperity, p. 28 and 32.

[18] Ibid, p. 4.

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2. New legal proceedings against Shell are necessary

Despite the urgent need to transition away from fossil fuels, Shell confirmed during this year's Capital Markets Day that it intends to grow its fossil fuels production and fossil fuel sales until well after 2030.[19]

This is in stark contrast to Shell's legal responsibility to help limit global warming to 1.5°C, as confirmed by the Court of Appeal of The Hague ("**Court of Appeal**") on 12 November 2024:

"*There is no doubt that the climate problem is the greatest issue of our time […] the court of appeal is of the opinion that companies like Shell, which contribute significantly to the climate problem and have it within their power to contribute to combating it, have an obligation to limit CO2 emissions in order to counter dangerous climate change.*"[20]

With these words, the Court of Appeal confirmed the earlier finding of the District Court of The Hague in 2021 that companies like Shell have a legal obligation – a duty of care – to help prevent dangerous climate change by reducing their Scope 1, 2 and 3-emissions. These rulings are based on Dutch civil law and informed by human rights law and the well-established principle that companies have a responsibility to protect human rights.[21]

The Court of Appeal fell short of determining a specific reduction percentage to apply to Shell, essentially leaving it up to Shell to fulfil its legal obligation. However, Shell's recent policy announcements and actions show it has no intention to change course

[19] Shell Capital Markets Day, 25 March 2025, slides with prepared remarks, p. 41 (slide 26).

[20] Court of Appeal The Hague 12 November 2024, ECLI:NL:GHDHA:2024:2100 (English translation), para. 7.25 – 7.27.

[21] Ibid, para. 7.17: "*there can be no doubt that protection from dangerous climate change is a human right*" and para. 7.25: "*Climate change damages the rights protected by Articles 2 and 8 ECHR, both in the Netherlands and abroad, and will damage them even further. Those rights are also decisive for the interpretation of the social standard of care and for answering the question of what can be required of Shell, as a large and international company, under that standard.*"

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and fulfil its legal obligation. Milieudefensie's position is that significant changes to Shell's policies are necessary for the company to comply with its legal obligations.

The Court of Appeal has provided clear indications that Shell's currently planned investments in new oil and gas fields are at odds with its legal obligation to take into account the negative consequences of a further expansion of fossil fuel supply. Hence, Milieudefensie intends to seek a court order to stop Shell from investing in new oil and gas fields. In addition, since the ongoing proceedings against Shell only pertain to Shell's reduction obligation in the period up to 2030,[22] Milieudefensie also intends to seek a reduction order for 1.5°C-aligned emissions reductions after 2030. These new claims will be explained below.

3. Milieudefensie's claims

3.1 Immediate end to Shell's investments in new oil and gas fields

The new case will focus strongly on obtaining a court order requiring Shell to stop its investments in new oil and gas fields. There is a solid foundation for requesting such a court order to be imposed on Shell.

There has been a growing recognition in recent years that it will not be possible to achieve the global climate goals without ceasing investments in new oil and gas fields. The importance of stopping investments in new oil and gas fields is supported by both scientific and institutional sources, such as the 2021 'Net Zero by 2050' report from the International Energy Agency ("**IEA**"). Already in this report, the IEA concluded that "*There is no need for investment in new fossil fuel supply in our net zero pathway*".[23]

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[22] On 11 February 2025, Milieudefensie filed an appeal before the Dutch Supreme Court in relation to the failure of the Court of Appeal to attach specific and enforceable consequences to Shell's legal obligation to reduce emissions until 2030. This case is currently pending.

[23] IEA 2021, 'Net Zero by 2050 – A Roadmap for the Global Energy Sector', p. 21.

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The IEA has since indicated multiple times that the production from currently operating and approved oil and gas fields is generally sufficient to meet the demand for oil and gas in the next decades, on the road to net-zero in 2050.[24] The IEA explicitly recognises that the present level of investment in the supply of fossil fuels is too high to limit global warming to 1.5°C. In the 2023 Update of the Net Zero by 2050-scenario (the "**NZE-scenario**"), the IEA warned that the planned investments in fossil infrastructure exceeded the investments required according to the IEA's NZE-scenario by a staggering 3600 billion dollars.[25]

A recent analysis of other 1.5°C-scenarios also shows that the global demand for oil and gas can be met with the production from existing oil and gas fields.[26] This means that in a world committed to adequate climate action, no investments in new oil and gas fields are needed to meet the demand for oil and gas.

Not only are investments in new oil and gas fields not needed, such investments also prevent an adequate approach to addressing climate change.

In its judgment of 12 November 2024, the Court of Appeal explicitly found that it is plausible that keeping the climate goals of the Paris Agreement within reach will require measures that limit the supply of fossil fuels.[27] According to the Court of Appeal, it is reasonable to expect oil and gas companies to take into account the negative consequences of a further expansion of the supply of fossil fuels for the energy transition when deciding on investments in the production of fossil fuels. The Court of Appeal also found that Shell's planned investments in new oil and gas fields may be at odds with its climate obligations.[28]

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[24] IEA 2022, World Energy Outlook 2022, p. 80, IEA 2023, 'Net Zero Roadmap, A Global Pathway to Keep the 1.5°C Goal in Reach, 2023 Update', p. 55, IEA 2024, World Energy Outlook 2024, p. 239.

[25] IEA 2023, 'Net Zero Roadmap, A Global Pathway to Keep the 1.5°C Goal in Reach, 2023 Update', p. 150-151.

[26] Fergus Green *et al.*, No new fossil fuel projects: The norm we need. *Science* 384, 954-957 (2024).

[27] Court of Appeal The Hague 12 November 2024, ECLI:NL:GHDHA:2024:2100 (English translation), para. 7.61.

[28] Ibid.

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The Court of Appeal explicitly recognised the carbon lock-in effect of investments in new oil and gas fields, which forms a barrier against adequate climate action. This will be explained below.

Preventing the carbon lock-in created by fossil fuel infrastructure

By continuing to invest in new oil and gas fields and thereby supplying the world with an unnecessary surplus of oil and gas, Shell is actively contributing to what is known as infrastructural carbon lock-in.

The development of new oil and gas fields generally requires large up-front investments that can only be recovered over a long period of time. Once investments have been made and a new oil or gas field is producing, an oil and gas company will generally always continue production, even when the demand for oil and gas is low and would not justify additional production. This is because the investments made need to be recouped and stopping production would lead to greater financial losses.[29] Parties that have invested in (new) fossil fuel production therefore have an incentive to keep producing as much, and for as long, as possible, as also found by the Court of Appeal.[30] As a result, the future production of oil and gas and the CO_2 emissions associated with the combustion of this production are 'locked in' after investments have been made.

While Shell often claims that new investments in oil and gas production are necessary to meet demand, this ignores the fact that any expansion in fossil fuel supply (new and ongoing) actively generates an additional (unnecessary) demand for these fossil fuels, by putting downward pressure on oil and gas prices. In this way, the supply side of the market forces the (expanded) use of fossil fuels, also making the switch to renewable energy alternatives more difficult. This was also explicitly recognised by

[29] See also Fergus Green *et al.*, No new fossil fuel projects: The norm we need. *Science* 384, 954-957 (2024).

[30] Court of Appeal The Hague 12 November 2024, ECLI:NL:GHDHA:2024:2100 (English translation), para. 7.59.

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the Court of Appeal's finding that "*The use of fossil fuels thus imposed from the supply side of the market can seriously slow down the energy transition.*"[31]

The International Energy Agency dismisses the oil and gas industry's focus on redirecting responsibility to the consumers of oil and gas (the demand-side) – as Shell does – as a common misconception about the energy transition. The IEA, like the Court of Appeal, emphasises the importance of proactive supply-side action:

"*A productive debate about the oil and gas industry in transitions needs to avoid two common misconceptions. The first is that transitions can only be led by changes in demand. "When the energy world changes, so will we" is not an adequate response to the immense challenges at hand. […] In practice, no one committed to change should wait for someone else to move first.*"[32]

By refusing to take the necessary supply-side action, Shell continues to contribute to a further carbon lock-in and keeps society unnecessarily dependent on fossil fuels. This hinders the transformation to a sustainable energy system, as also emphasised by the IPCC:

"*Still existing locked-in infrastructures and business models give the fossil fuel industry advantages over renewable and energy efficient end use industry. The fossil fuel energy generation and delivery system therefore epitomizes a barrier to the acceptance and implementation of new and cleaner renewable energy technologies*."[33]

This warrants the conclusion that, through its continued investments in new oil and gas fields, Shell is clearly undermining the universal goal to prevent dangerous climate change and actively creating a future without an effective response to the most pressing issue of our time.

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[31] Court of Appeal The Hague 12 November 2024, ECLI:NL:GHDHA:2024:2100 (English translation), para. 7.59.

[32] IEA 2023, The Oil and Gas Industry in Net Zero Transitions, p. 15.

[33] IPCC 2022, AR6, WGIII, Chapter 5, p. 557. See also p. 558 (under 5.4.4).

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Preventing institutional carbon lock-in

The above shows that continuing investments in new oil and gas fields are hugely problematic and form a barrier to achieving the climate goals of the Paris Agreement. Because of these continuing investments, the financial interests of Shell and other oil and gas companies are diametrically opposed to achieving the climate goals. Through these investments, Shell and other oil and gas companies create their own resistance to the urgently needed energy transition.

To defend their incumbent position and financial interests, Shell and other oil and gas companies use their political, economic and public leverage and influence to generate as much demand as possible for the fossil fuels they produce and sell.[34] A report from the Australasian Centre for Corporate Responsibility from 2024 found that Shell's opaque lobbying practices and participation in interest groups are, among others, targeting governments in emerging markets to spur fossil fuel expansion.[35]

The influence that the incumbent fossil fuel industry has on politics and policy and the barrier this forms for tackling climate change is widely recognised, including by the IPCC:

"One factor limiting the ambition of climate policy has been the ability of incumbent industries to shape government action on climate change."[36]

The ways in which the dominant fossil fuel industry reinforces the status quo that is favourable to it and protects its own position is also referred to by the term "institutional lock-in". According to the IPCC, breaking through the carbon lock-in requires a radical change in the balance of power between the fossil fuel industry and governments:

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[34] See also Fergus Green *et al.*, No new fossil fuel projects: The norm we need. *Science* 384, 954-957 (2024).

[35] Australasian Centre for Corporate Responsibility 1 March 2024, 'In the dark: gaps in Shell's climate lobbying disclosures'.

[36] IPCC 2022, AR6, WGIII, Chapter 1, p. 170.

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"Overcoming the carbon lock-in is not simply a matter of the right policies or switching to low carbon technologies. Indeed, it would mean a radical change in the existing power relations between fossil fuel industries and their governments."[37]

Based on these IPCC findings, stopping the investments in new oil and gas fields is also necessary to reduce the influence that fossil fuel companies exert on politics and governments. When new investments in oil and gas fields are stopped, the incentive that oil and gas companies have to protect their investments to the detriment of adequate climate policies diminishes. An important reason for Milieudefensie to pursue new legal proceedings against Shell is that these proceedings will contribute to the prevention of further institutional lock-in.

Protecting the remaining 1.5°C carbon budget

In addition to addressing the infrastructural and institutional carbon lock-in, the immediate end of investments in new oil and gas fields is also necessary with respect to the remaining carbon budget for a 50% chance of limiting global warming to 1.5°C.

Unfortunately, even the CO_2-emissions associated with oil and gas from existing fields will exceed the remaining carbon budget for 1.5°C.[38] To retain a chance at limiting global warming to 1.5°C, the production and use of oil and gas must be phased down as quickly as possible. According to the IEA and IPCC, existing fields may need to be shut down before reaching the end of their lifetime to keep the 1.5°C target within reach.[39] This demonstrates that there is absolutely no room for the expansion of fossil production with new oil and gas fields and that ceasing investments in new oil and gas fields is an unequivocal prerequisite to limit global warming to 1.5°C.

[37] IPCC 2022, AR6, WGIII, Chapter 17, p. 1745.

[38] Milieudefensie and Global Witness, Developing Disaster - How Shell's Fossil Expansion Plans Continue To Fuel the Climate Crisis, p. 7, and the scientific publications referenced there.

[39] IEA 2023, 'Net Zero Roadmap, A Global Pathway to Keep the 1.5°C Goal in Reach, 2023 Update', p. 76-77 and p. 150-151 and IPCC 2022, AR6, WGIII, Chapter 2, p. 267.

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In view of the above, it cannot come as a surprise that the Court of Appeal found that it is plausible that measures to limit the supply of fossil fuels are required and that it is reasonable to expect oil and gas companies to take into account the negative consequences of a further expansion of the supply of fossil fuels for the energy transition. As mentioned in the introduction, the climate crisis is a fossil fuel crisis, and the Court of Appeal is well aware of this.

It is also clear from judgments from other courts that new fossil fuel projects are subject to intense judicial scrutiny. Several developments of new oil and gas fields have been halted due to the failure to assess these projects for their full climate impact.[40]

Shell's investments in new oil and gas fields

In spite of the above, and despite the explicit finding by the Court of Appeal that Shell's planned investments in new oil and gas fields may be at odds with its legal obligations, Shell continues to push for a future in which climate targets will not be met.

Disregarding the findings by the Court of Appeal, Shell still intends to direct more than half of USD 100 billion in planned investments in upstream oil and gas activities in this decade alone towards fields that are not currently producing oil and gas.[41]

At the most recent Capital Markets Day, Shell communicated a commitment to sustained production through to 2035, with production growth after 2030.[42]

Milieudefensie and Global Witness have analysed Shell's assets and production plans based on data and modelling from Rystad Energy, which shows that:

- Shell fully or partly owns 700 undeveloped oil and gas assets;

[40] UK Supreme Court, 20 June 2024, R (on the application of Finch on behalf of the Weald Action Group) v Surrey County Council and others, and Court of Sessions of Scotland, 29 January 2025, 'Petitions by Greenpeace Limited & Uplift for Judicial Review'.

[41] Court of Appeal The Hague 12 November 2024, ECLI:NL:GHDHA:2024:2100 (English translation), para. 3.49, 3.51, 7.60.

[42] Shell Capital Markets Day 2025 slides with prepared remarks, p. 41 (slide 26).

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- These assets, if developed, could cause 5.2 billion tons (Gt) of additional CO_2 emissions into the atmosphere. For reference, this is equivalent to 36 times the CO_2 emissions of the Netherlands in 2024;
- Since May 2021, Shell has made final investment decisions to develop 32 new oil and gas assets, which could cause 972 Mt of additional CO_2 emissions (about 7 times the CO_2 emissions of the Netherlands in 2024);
- Rystad Energy modelling indicates that Shell's production and associated emissions could grow towards 2030, with a 4% increase projected between 2022 and 2030.[43]

Shell's planned production and emission increases are in no way compatible with limiting global warming to 1.5°C. This means that Shell's current Energy Transition Strategy is completely misaligned with limiting global warming to 1.5°C and is hence directly at odds with the aforementioned substantive findings of the Court of Appeal.[44]

The importance of ending investments in new oil and gas fields warrants the initiation of new proceedings against Shell. Milieudefensie will request a court order requiring Shell to cease investments in new oil and gas fields with immediate effect. In addition, Milieudefensie reserves the right to also challenge the lawfulness of the 32 new oil and gas projects approved by Shell since May 2021.[45]

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[43] Milieudefensie and Global Witness, Developing Disaster - How Shell's Fossil Expansion Plans Continue To Fuel the Climate Crisis, p. 4-5.

[44] Shell argued in court that its current Scope 3-policy is in line with the 1.5°C-goal of the Paris Agreement, but the Court has not followed Shell in this respect. The judgment of the Court can therefore not be construed as a confirmation that Shell's policy with respect to Scope 3-emissions – which make up about 95% of Shell's total emissions – would be Paris-aligned. It simply is not aligned.

[45] May 2021 is both the month of the judgment of the District Court which first held Shell responsible for its ongoing contribution to climate change and the month in which the International Energy Agency published the Net Zero Roadmap which held that no new oil and gas fields were needed in a 1.5°C-scenario.

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3.2 1.5°C-aligned emissions reduction targets in Scope 1, 2 and 3 from 2035 up to 2050

In addition, as mentioned in the introduction of this letter, it is imperative that Shell reduces its total Scope 1, 2 and 3-emissions in line with limiting global warming to 1.5°C. In the proceedings before the Court of Appeal, Shell has admitted that it does not expect a decrease in its total Scope 3 emissions in this critical decade towards 2030. In Shell's words: "*total Scope 3 emissions will remain more or less the same through to 2030.*"[46]

Shell has made no projections or statements related to its emissions trajectory beyond 2030. In its Annual Report, Shell states that its business plan does not reflect its 2050 net-zero emissions target, because this target is outside its planning period.[47] In short: Shell does not have a plan how to reach net-zero emissions.

In the absence of adequate and binding emissions reduction targets for 2035 and beyond, there is no expectation that Shell will reduce its total emissions into the atmosphere to help limit global warming to 1.5°C. For this reason, Milieudefensie intends to seek reduction orders for Paris-aligned Scope 1, 2 and 3-emissions reductions for 2035 and beyond in the new proceedings. Milieudefensie will base its request for reduction orders on authoritative findings of, among others, the IPCC and on the IEA's NZE-scenario, including the NZE's advanced economies-pathway,[48] which

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[46] Shell's answers to questions from the Court dated 12 April 2024, p. 25, par. 8.2.3, available in Dutch at https://milieudefensie.nl/actueel/hier-vind-je-alle-juridische-documenten-van-het-hoger-beroep-in-de-klimaatzaak-tegen-shell.

[47] Shell Annual Report 2024, p. 372. Also see page 479 (under 'About this Report').

[48] The IEA rightfully models a emissions reduction pathway in which oil and gas emissions in advanced economies fall much faster than emissions in emerging market and developing economies. This emissions reduction pathway shows even faster emissions reductions in the oil and gas sector after 2030 than the median global economy-wide emissions reduction pathway as published by the IPCC. This is relevant for Shell, because the vast majority of Shell's oil and gas sales take place in advanced economies and because it confirms – as Milieudefensie has consistently argued – that Shell should, at a minimum, reduce its emissions in line with the economy-wide emissions reductions required at a global level.

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provide a solid foundation for determining Shell's responsibility in limiting global warming to 1.5°C.[49]

4. Shell's LNG-focused strategy is not 1.5°C-aligned and is in breach of its confirmed climate obligations

Shell's disregard for its climate responsibility is most prominently illustrated by its plan to significantly grow its Liquefied Natural Gas (LNG)-business, which is one of Shell's main strategic priorities. In 2023, Shell announced it expects to grow LNG sales by 20-30% by 2030, to increase production and to grow its LNG portfolio by almost a third.[50] Shell confirmed once again during the Capital Markets Day 2025 that it aims to grow LNG volumes within its overall LNG portfolio at a 4 to 5 percent compound annual growth rate to 2030 (and sustain production beyond 2030).[51]

However, as the Court of Appeal's judgment makes clear, there is no credible 1.5°C-scenario that allows for a growth in gas supply towards 2030.[52] Even Shell's own expert from the Sustainable Gas Institute – an institute founded and funded by Shell[53] – has not dared to put forward such a scenario in court.

[49] The IPCC makes important findings on what is needed at a global level to limit global warming to 1.5°C by 2100 (with a 50% chance). The IEA also provides important insights through its NZE-scenario, which takes into account elements ranging from energy security, universal access to affordable energy, policy developments, use of technology, investments, supply chains, infrastructure, innovation and costs, as well as the different circumstances of individual countries and regions (See for example IEA 2023, 'Net Zero Roadmap, A Global Pathway to Keep the 1.5°C Goal in Reach, 2023 Update', p. 57 (under 'Spotlight').

[50] Shell Capital Markets Day, 14 June 2023, slides with prepared remarks, p. 22-23.

[51] Shell Capital Markets Day, 25 March 2025, slides with prepared remarks, p. 18 and p. 41 (slide 26).

[52] This follows from para. 7.82 – 7.90 of the Court of Appeal's judgment, which summarizes the reduction pathways put forward by the parties.

[53] See https://web.archive.org/web/20220308193410/http://www.imperial.ac.uk/sustainable-gas-institute/partnerships/global-influence-and-case-studies/: *"Royal Dutch Shell is the founding partner and main funder for the Institute. We have worked closely with Shell on several projects and in the delivery of our white papers."*

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Against this background, it is incomprehensible that Shell now claims that "*supplying LNG will be the biggest contribution we will make to the energy transition over the next decade*".[54]

As explained in chapter 3.1, there are many reasons why Shell cannot claim that its strategy is compatible with limiting global warming to 1.5°C,[55] while simultaneously planning continued growth of its fossil fuel supply well into the 2030s.[56]

The latest edition of Shell's annual LNG Outlook shows that Shell forecasts a global demand for LNG that is 310% higher than demand for LNG in the NZE-scenario.[57] Shell's push for a growth in LNG is especially misguided as the IEA has indicated that in the NZE-scenario the demand for LNG can be met from projects existing today, even without any need for additional LNG from projects currently under construction.[58]

If Shell's LNG demand forecast is not compared to a 1.5°C-scenario, but to the IEA's scenario based on current government policies,[59] the absurdity of Shell's forecast is once again made clear. Shell's forecast for LNG demand is even 21% higher than the demand for LNG in this highest emissions scenario by the IEA, a scenario which would result in a disastrous global warming of 2.4°C.[60]

In light of all this, it is astonishing that Shell presents its own strategy – that unreservedly relies on Shell's dangerous narrative of excessive fossil fuel reliance – as 1.5°C-aligned, when Shell is actually betting on and actively contributing to a world that does not achieve global climate goals.

[54] Shell Capital Markets Day, 25 March 2025, slides with prepared remarks, p. 12-13.
[55] As Shell has repeatedly publicly claimed, including in the Shell Annual Report and Accounts 2024, p. 364.
[56] Shell Capital Markets Day, 25 March 2025, slides with prepared remarks, p. 41 (slide 26).
[57] Australasian Centre for Corporate Responsibility, 7 April 2025, Investor Briefing: Shell's gamble on gas, p. 15.
[58] IEA 2024, World Energy Outlook 2024, p. 148-149.
[59] This is the IEA-scenario called STEPS, which stands for Stated Policies Scenario.
[60] Australasian Centre for Corporate Responsibility 7 April 2025, Investor Briefing: Shell's gamble on gas, p. 15.

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In the following paragraph, Milieudefensie will elaborate on key findings of the judgment of the Court of Appeal in relation to Shell's obligation to reduce emissions, since those findings are also of relevance for Shell's reduction obligations for 2035 and beyond. Milieudefensie will also explain why Shell should take into account the real possibility that, as a result of the pending proceedings before the Dutch Supreme Court, a reduction order will ultimately be imposed for 2030. In that case, it is to be expected that a reduction order will also be imposed for 2035 and beyond in new proceedings.

5. Shell's climate obligations, as laid out in the judgment of the Court of Appeal

Although the Court of Appeal ultimately declined to quantify Shell's climate obligation with a specific reduction percentage for 2030, the Court of Appeal has been very clear that Shell at this moment in time already has a legal obligation to reduce its total global emissions (including Scope 3-emissions) in line with limiting global warming to 1.5°C. Essentially, the Court of Appeal left it to Shell to fulfil its legal obligation to align its strategy with 1.5°C, and to respect human rights and prevent unlawful corporate conduct.

Milieudefensie has lodged an appeal before the Dutch Supreme Court. Since the Court of Appeal established that a legal obligation exists and this obligation risks being violated, the Court of Appeal had a duty to provide effective protection by imposing specific and enforceable consequences in the form of a reduction order. It should be noted that all legal experts in formal annotations published to date have expressed considerable criticism in response to the Court of Appeal's refusal to impose a reduction order in line with Shell's legal obligation. The extensive 150 pages-long filing by Milieudefensie before the Dutch Supreme Court further demonstrates this and lays down the numerous complaints against this part of the Court of Appeal's judgment.[61]

[61] The document 'initiation of proceedings in cassation' is available (in Dutch) on Milieudefensie's website via https://milieudefensie.nl/actueel/procesinleiding-milieudefensie-cassaties.

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Still, the judgment of the Court of Appeal does contain crucial findings regarding Shell's legal obligation to help limit climate change and align its corporate policy with the 1.5°C-limit, including the following:

- Shell has a legal obligation to limit its global CO_2-emissions (including Scope 3) in order to counter dangerous climate change;[62]

- The legal obligation for Shell to reduce CO_2-emissions (including Scope 3) exists independently of the obligation of states to reduce their emissions and independent of government laws and regulations;[63]

- The 1.5°C reduction pathways put forward by both Shell and Milieudefensie and considered by the Court of Appeal demand – without exception – a decrease in oil and gas supply and a decrease in CO_2-emissions associated with oil and gas prior to 2030;[64]

- More can be expected of Shell than of most other companies, because Shell has been a major player in the fossil fuel market for over 100 years and it continues to occupy a prominent position in that market today.[65]

As mentioned above, Shell should seriously take into account the possibility that Shell's current legal obligation to reduce emissions will again be confirmed in the proceedings before the Dutch Supreme Court and that, in addition, a reduction order will ultimately be imposed for 2030 to force Shell into 1.5°C-alignment. In that case, Shell's enforceable obligation to reduce emissions in line with the 1.5°C-limit will

[62] Court of Appeal 12 November 2024, ECLI:NL:GHDHA:2024:2100 (English translation), para. 7.27. The Court has defined dangerous climate change as global warming of more than 1.5°C (see para. 3.9).

[63] Ibid, para. 7.26, 7.27, 7.57.

[64] Ibid, para. 7.82 to 7.90. Given these findings, the Court's earlier findings in para. 7.74/7.75 about a possible coal-to-gas switch are clearly at odds with a 1.5°C-trajectory.

[65] Ibid, para. 7.55.

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evidently not end in 2030 and will therefore also be of relevance for the period after 2030.

If a reduction order is ultimately imposed, Shell will have not only wasted precious years in this critical decade to address climate change, but will also only have a limited window of time left to make drastic changes to its business to comply with its legal obligation. It goes without saying that Shell's failure to act could have far-reaching consequences for its business operations, could result in Shell having to write off its investments in new oil and gas fields and exposes Shell to unprecedented liability risks for its current and ongoing unlawful behaviour and the damage this causes on a global scale.

Instead of learning from the Court of Appeal's judgment and treating it as another clear wake-up call to change course and take real climate action, Shell chooses to disregard the contents of the judgment and pursues a strategy that relentlessly promotes a level of oil and gas use inconsistent with climate goals.

6. Conclusion

It is more clear than ever that Shell cannot be trusted to voluntarily align itself with the climate goals of the Paris Agreement. As long as Shell is under direction of your management, Milieudefensie has no hope that Shell will change its course.

Shell should have stopped approving new oil and gas fields years ago. Failing having taken action at the appropriate time, the next best course of action is to take action now, but Shell is failing to do so. In addition, Shell has no credible 1.5°C-aligned climate policy to reach net-zero by 2050. Absent the necessary change of course, Milieudefensie sees no other option than to take Shell to court in an additional court case. This case will run parallel to the pending proceedings before the Dutch Supreme Court.

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To summarise, Milieudefensie intends to seek (i) an immediate end to Shell's investments in new oil and gas fields and (ii) an order to compel Shell to set 1.5°C-aligned emissions reduction targets from 2035 up to 2050.

This letter serves as a formal notice regarding Shell's liability under Dutch law and Milieudefensie's intention to make a claim against the company. A Dutch court has jurisdiction to rule on Shell's liability under Dutch law because Shell's inadequate climate policy causes damages and harm to the Dutch environment and harms the interests of current and future generations of Dutch residents. It is therefore irrelevant that Shell moved its headquarters from the Netherlands to the United Kingdom.

Procedural requirements under the Dutch collective action regime require us to make an attempt to persuade Shell to comply with Milieudefensie's demands through dialogue. In view of this, Milieudefensie is open to starting such a dialogue. Milieudefensie kindly requests Shell to respond to this letter within four weeks.

Absent the requested change of course from Shell, Milieudefensie will instruct its attorneys to take the next steps to prepare for these new proceedings.

Sincerely,

Donald Pols

Director of Milieudefensie

Winnie Oussoren

Chair of Milieudefensie Jong