Helge Lund
Chair of the Board of Directors
BP plc
1 St James's Square
London SW1Y 4PD
United Kingdom

April 24th 2024

Subject: Shareholders' letter to BP regarding its climate strategy

Dear Mr Lund,

We are writing to you in our role as shareholders of BP, who share a common goal of decarbonising our investment portfolio in line with the objective of limiting global warming to 1.5°C.

We welcome the efforts made by BP in recent years to decarbonise its operations and improve the transparency of its climate strategy. However, we want to express our concern at the ability of your current strategy to achieve carbon neutrality by 2050 following a 1.5°C trajectory.

We are particularly concerned about your fossil fuel expansion plans across the world.[1]

Fossil fuel expansion is not compatible with a 1.5°C trajectory

The company's oil and gas development plans cast doubt on BP's capacity to align with the objective of limiting global warming to 1.5°C and deliver on the company's climate commitments. Oil and gas, including LNG, are a major source of greenhouse gas emissions when emissions are considered from the extraction through to its transportation, storage and combustion. The development of new fossil infrastructure would lock in decades of greenhouse gas emissions, at a time when international efforts should be focused on avoiding new emissions.

The IPCC is clear that any new fossil infrastructure will make it more difficult to limit global warming to 1.5°C – or even to 2°C – when it states that "*finance for new fossil fuel-related assets lock in future GHG emissions that may be inconsistent with remaining carbon budgets and with emission pathways to reach the Paris Agreement goals*".[2] For its part, the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario indicates that "*no new long-lead time upstream oil and gas projects are needed*"[3] and *"a global supply glut forms the mid-2020s and under construction projects are no longer necessary"*[4] to remain on a 1.5°C pathway.

BP's fossil fuel growth strategy also represents a risk of a devaluation of certain assets. Given the context of climate emergency and global energy transition, fossil projects could see their value fall in the event

[1] Urgewald, Global Oil & Gas Exit List
[2] International Panel on Climate Change (IPCC), Working Group III contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Climate Change 2022: Mitigation of Climate Change, 2022, page 1567
[3] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 16
Oil and gas projects that may be needed in this scenario to avoid a sudden near-term drop in supply are the use of in-fill drilling and improved management of reservoirs, some enhanced oil recovery and tight oil drilling.
[4] International Energy Agency (IEA), World Economic Outlook 2023, October 2023, page 139

of major change in the regulatory environment or in the market, such as demand shift to sustainable energies or lower prices.[5] [6]

Fossil fuel expansion limit investments in sustainable energy

BP's current and planned capital expenditures in sustainable energy raise questions about the company's seriousness to move away from fossil fuels and towards a totally sustainable energy mix.

Although significant, the company's planned investments in "low-carbon activities" amount to 24% of overall capital expenditures by 2030,[7] which in turn means that most of the company's investments will still be going to fossil fuels. These amounts are largely insufficient given that the IEA states 50% of capital expenditures need to go towards clean energy projects by 2030 to align with a 1.5°C trajectory, on top of the investment needed to reduce scope 1 and 2 emissions.[8]

Yet the company has been making record profits for several years,[9] and therefore has the financial resources to massively invest in the transition. However, most of these profits are invested in fossil fuels. In 2023, for each dollar invested in "low-carbon activities", BP invested more than 11 dollars in oil and gas. In this time of climate crisis, the priority should be to invest the profits generated from fossil fuels in sustainable energy and emissions reductions at existing facilities.

As global investors, we expect BP and other oil and gas companies to play a role in the world's sustainable energy system, which cannot be driven solely by energy demand.[10]

Reviewing the climate strategy

As investors concerned about the long-term value of our portfolio and the impact of our investments on climate change, we expect your company to review its climate and energy diversification strategy to bring it into line with a 1.5°C trajectory with low or no overshoot and a limited volume of negative greenhouse gas emissions. According to the IEA, this requires a halt to the development of new oil and gas projects, and an increase of investments in sustainable energy in order to reach 50% of capital expenditures dedicated to clean energy projects by 2030.

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[5] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023
"The current valuation of private oil and gas companies could fall by 25% from USD 6 trillion today if all national energy and climate goals are reached, and by up to 60% if the world gets on track to limit global warming to 1.5 °C."
[6] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 150
"The rate of reduction in oil and gas demand necessary to reach net zero emissions by 2050 is now so fast that it may imply the early closure of some existing oil and gas fields."
[7] BP, Investor update 2023. Performing while transforming. October 2023, page 9
By 2030, BP forecasts US$14 billion to US$18 billion CAPEX per year. US$3 billion to US$5 billion of its CAPEX are dedicated to its low carbon activities. This target represents a three to five-fold increase of its "low carbon" organic and inorganic CAPEX compared to 2022 levels. Low-carbon division includes renewable energy, hydrogen and CCS and power trading.
[8] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16
[9] The company's consolidated income was 15.9 billion dollars in 2023.
BP, BP annual report and Form 20-F 2023, page 164
[10] The IEA points out that "*In practice, no one committed to change should wait for someone else to move first. Successful, ordely transitions are collaborative ones, in which suppliers work with consumers and governments to expand new markets for low-emissions products and services*".
International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16

We would be delighted to discuss this with you and your team, so that we can build on this dialogue and move in the right direction.

Please be informed that if BP does not meet our expectations, we will oppose some strategic routine resolutions for climate-related reasons, and in particular we will hold the Chair of the Board of Directors accountable for the company's inadequate climate strategy. Therefore, we will vote against – or, as asset owner, recommend our asset managers to vote against – some strategic resolutions, such as the re-election of the Chair, or the re-election of at least one board member in case there is no resolution regarding the re-election of the Chair this year, at the 2024 Annual General Meeting.

Yours sincerely,

Jon Erik Reinhardsen
Chairman of the Board of Directors
Equinor ASA
Forusbeen 50
4035 Stavanger
Norway

May 6th, 2024

Subject: Shareholders' letter to Equinor regarding its climate strategy

Dear Mr Reinhardsen,

We are writing to you in our role as shareholders of Equinor, who share a common goal of decarbonising our investment portfolio in line with the objective of limiting global warming to 1.5°C.

We welcome the efforts made by Equinor in recent years to decarbonise its operations and improve the transparency of its climate strategy. However, we want to express our concern at the ability of your current strategy to achieve carbon neutrality by 2050 following a 1.5°C trajectory.

We are particularly concerned about your fossil fuel expansion plans across the world.[11]

Fossil fuel expansion is not compatible with a 1.5°C trajectory

The company's oil and gas development plans cast doubt on Equinor's capacity to align with the objective of limiting global warming to 1.5°C and deliver on the company's climate commitments. Oil and gas, including LNG, are a major source of greenhouse gas emissions when emissions are considered from the extraction through to its transportation, storage and combustion. The development of new fossil infrastructure would lock in decades of greenhouse gas emissions, at a time when international efforts should be focused on avoiding new emissions.

The IPCC is clear that any new fossil infrastructure will make it more difficult to limit global warming to 1.5°C – or even to 2°C – when it states that "*finance for new fossil fuel-related assets lock in future GHG emissions that may be inconsistent with remaining carbon budgets and with emission pathways to reach the Paris Agreement goals*".[12] For its part, the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario indicates that "*no new long-lead time upstream oil and gas projects are needed*"[13] and *"a global supply glut forms the mid-2020s and under construction projects are no longer necessary"*[14] to remain on a 1.5°C pathway.

Equinor's fossil fuel expansion strategy also represents a risk of a devaluation of certain assets. Given the context of climate emergency and global energy transition, fossil projects could see their value fall

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[11] Urgewald, Global Oil & Gas Exit List
[12] International Panel on Climate Change (IPCC), Working Group III contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Climate Change 2022: Mitigation of Climate Change, 2022, page 1567
[13] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 16
Oil and gas projects that may be needed in this scenario to avoid a sudden near-term drop in supply are the use of in-fill drilling and improved management of reservoirs, some enhanced oil recovery and tight oil drilling.
[14] International Energy Agency (IEA), World Economic Outlook 2023, October 2023, page 139

in the event of major change in the regulatory environment or in the market, such as demand shift to sustainable energies or lower prices.[15] [16]

Limited investments in sustainable energy

Equinor plans to increase the share of its gross CAPEX dedicated to “renewable and low carbon solutions” in the future, to achieve 30% by 2025 and 50% by 2030. [17] These investments only represented 14% of gross CAPEX in 2022 and 20% in 2023, of which 90% were dedicated to renewable energy in 2023.[18] However, the company discloses lower targets for net CAPEX : Equinor aims to dedicate about 40% of its net CAPEX to “renewable and low carbon solutions” between 2024 and 2030, including 70% in renewable energy.[19] Overall, Equinor therefore plans to invest less than one third of its net CAPEX in renewable energy by 2030. In comparison, the IEA states that 50% of oil and gas companies’ capital expenditures need to go towards clean energy projects by 2030 to align with a 1.5°C trajectory, on top of the investment needed to reduce scope 1 and 2 emissions.[20]

Moreover, the company has been making record profits for several years,[21] and therefore has the financial resources to massively invest in the transition. However, most of these profits are invested in fossil fuels. In 2023, for each dollar invested in “renewable energy and low carbon solutions”, Equinor invested more than 6 dollars in oil and gas. In this time of climate crisis, the priority should be to invest the profits generated from fossil fuels in sustainable energy and emissions reductions at existing facilities.

As global investors, we expect Equinor and other oil and gas companies to play a role in the world’s sustainable energy system, which cannot be driven solely by energy demand.[22]

Reviewing the climate strategy

As investors concerned about the long-term value of our portfolio and the impact of our investments on climate change, we expect your company to review its climate and energy diversification strategy to bring it into line with a 1.5°C trajectory with low or no overshoot and a limited volume of negative greenhouse gas emissions. According to the IEA, this requires a halt to the development of new oil and gas projects, and an increase of investments in sustainable energy in order to reach 50% of capital expenditures dedicated to clean energy projects by 2030.

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[15] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023
“The current valuation of private oil and gas companies could fall by 25% from USD 6 trillion today if all national energy and climate goals are reached, and by up to 60% if the world gets on track to limit global warming to 1.5 °C.”
[16] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 150
“The rate of reduction in oil and gas demand necessary to reach net zero emissions by 2050 is now so fast that it may imply the early closure of some existing oil and gas fields.”
[17] Equinor, 2023 Integrated Annual Report, March 2024, page 21
[18] Equinor, 2023 Integrated Annual Report, March 2024, page 21
[19] Equinor, Capital Market Updates, February 2024, pages 30 and 32
[20] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16
[21] The company's consolidated income was 8.6 billion dollars in 2021, 28.8 in 2022, and 11.9 in 2023.
Equinor, 2023 Integrated annual report, page 157
[22] The IEA points out that “*In practice, no one committed to change should wait for someone else to move first. Successful, ordely transitions are collaborative ones, in which suppliers work with consumers and governments to expand new markets for low-emissions products and services*”.
International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16

We would be delighted to discuss this with you and your team, so that we can build on this dialogue and move in the right direction.

Yours sincerely,

Giuseppe Zafarana
Chairman of the Board of Directors
Eni SpA
Piazzale Mattei, 1
00144 Rome
Italy

May 6th, 2024

Subject: Shareholders' letter to Eni regarding its climate strategy

Dear Mr Zafarana,

We are writing to you in our role as shareholders of Eni, who share a common goal of decarbonising our investment portfolio in line with the objective of limiting global warming to 1.5°C.

We welcome the efforts made by Eni in recent years to decarbonise its operations and improve the transparency of its climate strategy. However, we want to express our concern at the ability of your current strategy to achieve carbon neutrality by 2050 following a 1.5°C trajectory.

We are particularly concerned about your fossil fuel expansion plans across the world.[23]

Fossil fuel expansion is not compatible with a 1.5°C trajectory

The company's oil and gas development plans cast doubt on Eni's capacity to align with the objective of limiting global warming to 1.5°C and deliver on the company's climate commitments. Oil and gas, including LNG, are a major source of greenhouse gas emissions when emissions are considered from the extraction through to its transportation, storage and combustion. The development of new fossil infrastructure would lock in decades of greenhouse gas emissions, at a time when international efforts should be focused on avoiding new emissions.

The IPCC is clear that any new fossil infrastructure will make it more difficult to limit global warming to 1.5°C – or even to 2°C – when it states that "*finance for new fossil fuel-related assets lock in future GHG emissions that may be inconsistent with remaining carbon budgets and with emission pathways to reach the Paris Agreement goals*".[24] For its part, the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario indicates that "*no new long-lead time upstream oil and gas projects are needed*"[25] and *"a global supply glut forms the mid-2020s and under construction projects are no longer necessary"*[26] to remain on a 1.5°C pathway.

Eni's fossil fuel growth strategy also represents a risk of a devaluation of certain assets. Given the context of climate emergency and global energy transition, fossil projects could see their value fall in

[23] Urgewald, Global Oil & Gas Exit List
[24] International Panel on Climate Change (IPCC), Working Group III contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Climate Change 2022: Mitigation of Climate Change, 2022, page 1567
[25] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 16
Oil and gas projects that may be needed in this scenario to avoid a sudden near-term drop in supply are the use of in-fill drilling and improved management of reservoirs, some enhanced oil recovery and tight oil drilling.
[26] International Energy Agency (IEA), World Economic Outlook 2023, October 2023, page 139

the event of major change in the regulatory environment or in the market, such as demand shift to sustainable energies or lower prices.[27] [28]

Fossil fuel expansion limit investments in sustainable energy

Eni's current and planned capital expenditures in sustainable energy raise questions about the company's seriousness to move away from fossil fuels and towards a totally sustainable energy mix.

Although significant, the company's planned investments in its "low carbon division", Plenitude,[29] amount to 20% of overall capital expenditures by 2026,[30] which in turn means that most of the company's investments will still be going to fossil fuels. These amounts are largely insufficient given that the IEA states 50% of capital expenditures need to go towards clean energy projects by 2030 to align with a 1.5°C trajectory, on top of the investment needed to reduce scope 1 and 2 emissions.[31]

Yet the company has been making record profits for several years,[32] and therefore has the financial resources to massively invest in the transition. However, most of these profits are invested in fossil fuels. In 2023, for each dollar invested in the "low carbon division", Eni invested more than 12 dollars in oil and gas. In this time of climate crisis, the priority should be to invest the profits generated from fossil fuels in sustainable energy and emissions reductions at existing facilities.

As global investors, we expect Eni and other oil and gas companies to play a role in the world's sustainable energy system, which cannot be driven solely by energy demand.[33]

Reviewing the climate strategy

As investors concerned about the long-term value of our portfolio and the impact of our investments on climate change, we expect your company to review its climate and energy diversification strategy to bring it into line with a 1.5°C trajectory with low or no overshoot and a limited volume of negative greenhouse gas emissions. According to the IEA, this requires a halt to the development of new oil and

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[27] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023
"The current valuation of private oil and gas companies could fall by 25% from USD 6 trillion today if all national energy and climate goals are reached, and by up to 60% if the world gets on track to limit global warming to 1.5 °C."
[28] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 150
"The rate of reduction in oil and gas demand necessary to reach net zero emissions by 2050 is now so fast that it may imply the early closure of some existing oil and gas fields."
[29] The Plenitude division includes non-renewable energy activities, such as gas marketing, retail and electric vehicles charging network.
[30] From 2023 to 2026, Eni forecasts €37 billion CAPEX, slightly more than €9 billion per year. On this period, €2 billion per year is dedicated to Plenitude, including €1.65 billion per year in renewable energy and €150 million per year in e-mobility that include electric vehicle charging network. At the same time, Eni will invest €6 billion to €6.5 billion per year in its upstream activities, including €2.1 billion in exploration. These targets represent a three to four-fold increase of its "Plenitude" organic CAPEX by 2026, however it still represents less than 20% of Eni's overall investments planned.
Eni, 2023 Capital Markets Update & 2022 full year results. February 2023, pages 15, 46, 47, 48
[31] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16
[32] The company's consolidated income was 5.8 billion euros in 2021, 14 in 2022, and 4.8 in 2023.
Eni, Eni Annual Report 2022, page 239
Eni, Fourth quarter and full year 2023 results, page 31
[33] The IEA points out that "*In practice, no one committed to change should wait for someone else to move first. Successful, ordely transitions are collaborative ones, in which suppliers work with consumers and governments to expand new markets for low-emissions products and services*".
International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16

gas projects, and an increase of investments in sustainable energy in order to reach 50% of capital expenditures dedicated to clean energy projects by 2030.

We would be delighted to discuss this with you and your team, so that we can build on this dialogue and move in the right direction.

Yours sincerely,

Antonio Brufau Niubó
Chairman of the Board of Directors
Repsol SA
Repsol Campus
C/ Mendez Álvaro, 44
28045 Madrid
Spain

May 6th, 2024

Subject: Shareholders' letter to Repsol regarding its climate strategy

Dear Mr Brufau Niubó,

We are writing to you in our role as shareholders of Repsol, who share a common goal of decarbonising our investment portfolio in line with the objective of limiting global warming to 1.5°C.

We welcome the efforts made by Repsol in recent years to decarbonise its operations and improve the transparency of its climate strategy. However, we want to express our concern at the ability of your current strategy to achieve carbon neutrality by 2050 following a 1.5°C trajectory.

We are particularly concerned about your fossil fuel expansion plans across the world.[34]

Fossil fuel expansion is not compatible with a 1.5°C trajectory

The company's oil and gas development plans cast doubt on Repsol's capacity to align with the objective of limiting global warming to 1.5°C and deliver on the company's climate commitments. Oil and gas, including LNG, are a major source of greenhouse gas emissions when emissions are considered from the extraction through to its transportation, storage and combustion. The development of new fossil infrastructure would lock in decades of greenhouse gas emissions, at a time when international efforts should be focused on avoiding new emissions.

The IPCC is clear that any new fossil infrastructure will make it more difficult to limit global warming to 1.5°C – or even to 2°C – when it states that "*finance for new fossil fuel-related assets lock in future GHG emissions that may be inconsistent with remaining carbon budgets and with emission pathways to reach the Paris Agreement goals*".[35] For its part, the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario indicates that "*no new long-lead time upstream oil and gas projects are needed*"[36] and *"a global supply glut forms the mid-2020s and under construction projects are no longer necessary"*[37] to remain on a 1.5°C pathway.

Repsol's fossil fuel growth strategy also represents a risk of a devaluation of certain assets. Given the context of climate emergency and global energy transition, fossil projects could see their value fall in

[34] Urgewald, Global Oil & Gas Exit List
[35] International Panel on Climate Change (IPCC), Working Group III contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Climate Change 2022: Mitigation of Climate Change, 2022, page 1567
[36] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 16
Oil and gas projects that may be needed in this scenario to avoid a sudden near-term drop in supply are the use of in-fill drilling and improved management of reservoirs, some enhanced oil recovery and tight oil drilling.
[37] International Energy Agency (IEA), World Economic Outlook 2023, October 2023, page 139

the event of major change in the regulatory environment or in the market, such as demand shift to sustainable energies or lower prices.[38] [39]

Fossil fuel expansion limit investments in sustainable energy

Repsol's current and planned capital expenditures in sustainable energy raise questions about the company's seriousness to move away from fossil fuels and towards a totally sustainable energy mix.

Although significant, the company's planned investments in its "renewable energy" division amount to maximum 25% of overall net capital expenditures by 2027,[40] which in turn means that most of the company's investments will still be going to fossil fuels. These amounts are largely insufficient given that the IEA states 50% of capital expenditures need to go towards clean energy projects by 2030 to align with a 1.5°C trajectory, on top of the investment needed to reduce scope 1 and 2 emissions.[41]

Yet the company has been making record profits for several years,[42] and therefore has the financial resources to massively invest in the transition. However, most of these profits are invested in fossil fuels. In 2023, for each dollar invested in "renewable energy", Repsol invested 2 dollars in oil and gas. In this time of climate crisis, the priority should be to invest the profits generated from fossil fuels in sustainable energy and emissions reductions at existing facilities.

As global investors, we expect Repsol and other oil and gas companies to play a role in the world's sustainable energy system, which cannot be driven solely by energy demand.[43]

Reviewing the climate strategy

As investors concerned about the long-term value of our portfolio and the impact of our investments on climate change, we expect your company to review its climate and energy diversification strategy to bring it into line with a 1.5°C trajectory with low or no overshoot and a limited volume of negative greenhouse gas emissions. According to the IEA, this requires a halt to the development of new oil and

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[38] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023
"The current valuation of private oil and gas companies could fall by 25% from USD 6 trillion today if all national energy and climate goals are reached, and by up to 60% if the world gets on track to limit global warming to 1.5 °C."

[39] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 150
"The rate of reduction in oil and gas demand necessary to reach net zero emissions by 2050 is now so fast that it may imply the early closure of some existing oil and gas fields."

[40] Repsol plans to invest in average €3.8 billion per year from 2021 to 2025, including €2.6 billion in oil and gas. €1.6 billion will be invested in its upstream segment, of which 71% will be dedicated to new fields or redevelopment and 9% dedicated to exploration. €1 billion per year is dedicated to low carbon generation that include renewables energy as well as CCGT. Through 2030, Repsol's growth CAPEX should be dedicated to the renewable part as Repsol plans to grow its renewable energy and to maintain its cogenerations and CCGT capacity. It is hard to assess the increase in CAPEX dedicated to renewables because of the lack of detail on Repsol's short-term CAPEX disclosure. However, it is clear CAPEX will mainly be dedicated to oil and gas, with renewables representing no more than 25% of CAPEX in total by 2027.
Repsol, Repsol strategic update. Strategic update 2024-2027, page 26

[41] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16

[42] The company's consolidated income was 4.3 billion euros in 2022, and 3.3 in 2023.
Repsol, Consolidated financial statements 2023, page 3

[43] The IEA points out that "*In practice, no one committed to change should wait for someone else to move first. Successful, ordely transitions are collaborative ones, in which suppliers work with consumers and governments to expand new markets for low-emissions products and services*".
International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16

gas projects, and an increase of investments in sustainable energy in order to reach 50% of capital expenditures dedicated to clean energy projects by 2030.

We would be delighted to discuss this with you and your team, so that we can build on this dialogue and move in the right direction.

Please be informed that if Repsol does not meet our expectations, we will oppose some strategic routine resolutions for climate-related reasons, and in particular we will hold the Board of Directors accountable for the company’s inadequate climate strategy. Therefore, we will vote against – or, as asset owner, recommend our asset managers to vote against – some strategic resolutions, such as the fourth resolution at the 2024 Annual General Meeting related to the management of the Board of Directors.

Yours sincerely,

Sir Andrew Mackenzie
Chair of the Board of Directors
Shell plc
Shell Centre, Belvedere Rd
London SE1 7NA
United Kingdom

May 6th 2024

Subject: Shareholders' letter to Shell regarding its climate strategy

Dear Mr Mackenzie,

We are writing to you in our role as shareholders of Shell, who share a common goal of decarbonising our investment portfolio in line with the objective of limiting global warming to 1.5°C.

We welcome the efforts made by Shell in recent years to decarbonise its operations and improve the transparency of its climate strategy. However, we want to express our concern at the ability of your current strategy to achieve carbon neutrality by 2050 following a 1.5°C trajectory.

We are particularly concerned about your fossil fuel expansion plans across the world.[44]

Fossil fuel expansion is not compatible with a 1.5°C trajectory

The company's oil and gas development plans cast doubt on Shell's capacity to align with the objective of limiting global warming to 1.5°C and deliver on the company's climate commitments. Oil and gas, including LNG, are a major source of greenhouse gas emissions when emissions are considered from the extraction through to its transportation, storage and combustion. The development of new fossil infrastructure would lock in decades of greenhouse gas emissions, at a time when international efforts should be focused on avoiding new emissions.

The IPCC is clear that any new fossil infrastructure will make it more difficult to limit global warming to 1.5°C – or even to 2°C – when it states that "*finance for new fossil fuel-related assets lock in future GHG emissions that may be inconsistent with remaining carbon budgets and with emission pathways to reach the Paris Agreement goals*".[45] For its part, the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario indicates that "*no new long-lead time upstream oil and gas projects are needed*"[46] and *"a global supply glut forms the mid-2020s and under construction projects are no longer necessary"*[47] to remain on a 1.5°C pathway.

Shell's fossil fuel growth strategy also represents a risk of a devaluation of certain assets. Given the context of climate emergency and global energy transition, fossil projects could see their value fall in

[44] Urgewald, Global Oil & Gas Exit List
[45] International Panel on Climate Change (IPCC), Working Group III contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Climate Change 2022: Mitigation of Climate Change, 2022, page 1567
[46] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 16
Oil and gas projects that may be needed in this scenario to avoid a sudden near-term drop in supply are the use of in-fill drilling and improved management of reservoirs, some enhanced oil recovery and tight oil drilling.
[47] International Energy Agency (IEA), World Economic Outlook 2023, October 2023, page 139

the event of major change in the regulatory environment or in the market, such as demand shift to sustainable energies or lower prices.[48] [49]

Fossil fuel expansion limit investments in sustainable energy

Shell' current and planned capital expenditures in sustainable energy raise questions about the company's seriousness to move away from fossil fuels and towards a totally sustainable energy mix.

Although significant, the company's planned investments in "renewable and energy solutions" amount to 16% of overall capital expenditures by 2025,[50] which in turn means that most of the company's investments will still be going to fossil fuels. These amounts are largely insufficient given that the IEA states 50% of capital expenditures need to go towards clean energy projects by 2030 to align with a 1.5°C trajectory, on top of the investment needed to reduce scope 1 and 2 emissions.[51]

Yet the company has been making record profits for several years,[52] and therefore has the financial resources to massively invest in the transition. However, most of these profits are invested in fossil fuels. In 2023, for each dollar invested in "renewable and energy solutions", Shell invested 8 dollars in oil and gas. In this time of climate crisis, the priority should be to invest the profits generated from fossil fuels in sustainable energy and emissions reductions at existing facilities.

As global investors, we expect Shell and other oil and gas companies to play a role in the world's sustainable energy system, which cannot be driven solely by energy demand.[53]

Reviewing the climate strategy

As investors concerned about the long-term value of our portfolio and the impact of our investments on climate change, we expect your company to review its climate and energy diversification strategy to bring it into line with a 1.5°C trajectory with low or no overshoot and a limited volume of negative greenhouse gas emissions. According to the IEA, this requires a halt to the development of new oil and gas projects, and an increase of investments in sustainable energy in order to reach 50% of capital expenditures dedicated to clean energy projects by 2030.

We would be delighted to discuss this with you and your team, so that we can build on this dialogue and move in the right direction.

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[48] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023
"The current valuation of private oil and gas companies could fall by 25% from USD 6 trillion today if all national energy and climate goals are reached, and by up to 60% if the world gets on track to limit global warming to 1.5 °C."
[49] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 150
"The rate of reduction in oil and gas demand necessary to reach net zero emissions by 2050 is now so fast that it may imply the early closure of some existing oil and gas fields."
[50] Shell, Capital Market Day 2023. Delivering more value, with less emissions. June 2023, page 43
From 2023 to 2025, Shell's average cash CAPEX guidance reaches US$24.5 billion per year in total. US$4 billion per year is dedicated to its Renewables and Energy Solutions division, which covers renewable energy as well as gas power.
[51] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16
[52] The company's consolidated income was 20.6 billion dollars in 2021, 42.9 in 2022, and 19.6 in 2023.
Shell, Annual report and accounts 2023, page 245
[53] The IEA points out that "*In practice, no one committed to change should wait for someone else to move first. Successful, ordely transitions are collaborative ones, in which suppliers work with consumers and governments to expand new markets for low-emissions products and services*".
International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16

Please be informed that if Shell does not meet our expectations, we will oppose some strategic routine resolutions for climate-related reasons, and in particular we will hold the Chair of the Board of Directors accountable for the company's inadequate climate strategy. Therefore, we will vote against – or, as asset owner, recommend our asset managers to vote against – some strategic resolutions, such as the re-election of the Chair, or the re-election of at least one board member in case there is no resolution regarding the re-election of the Chair this year, at the 2024 Annual General Meeting.

Yours sincerely,

Mr Patrick Pouyanné
Chair of the Board of Directors and Chief Executive Officer
TotalEnergies SE
Tour Coupole - 2, place Jean Millier
92400 Courbevoie
France

May 6th 2024

Subject: Shareholders' letter to TotalEnergies regarding its climate strategy

Dear Mr Pouyanné,

We are writing to you in our role as shareholders of TotalEnergies, who share a common goal of decarbonising our investment portfolio in line with the objective of limiting global warming to 1.5°C.

We welcome the efforts made by TotalEnergies in recent years to decarbonise its operations and improve the transparency of its climate strategy. However, we want to express our concern at the ability of your current strategy to achieve carbon neutrality by 2050 following a 1.5°C trajectory.

We are particularly concerned about your fossil fuel expansion plans across the world.[54]

Fossil fuel expansion is not compatible with a 1.5°C trajectory

The company's oil and gas development plans cast doubt on TotalEnergies' capacity to align with the objective of limiting global warming to 1.5°C and deliver on the company's climate commitments. Oil and gas, including LNG, are a major source of greenhouse gas emissions when emissions are considered from the extraction through to its transportation, storage and combustion. The development of new fossil infrastructure would lock in decades of greenhouse gas emissions, at a time when international efforts should be focused on avoiding new emissions.

The IPCC is clear that any new fossil infrastructure will make it more difficult to limit global warming to 1.5°C – or even to 2°C – when it states that "*finance for new fossil fuel-related assets lock in future GHG emissions that may be inconsistent with remaining carbon budgets and with emission pathways to reach the Paris Agreement goals*".[55] For its part, the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario indicates that "*no new long-lead time upstream oil and gas projects are needed*"[56] and *"a global supply glut forms the mid-2020s and under construction projects are no longer necessary"*[57] to remain on a 1.5°C pathway.

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[54]TotalEnergies has expansion projects in Qatar (North Field), the United States (Cameron LNG, Rio Grande LNG), Mozambique (Area-1), Papua New Guinea (Papua LNG), Nigeria (Nigeria LNG) and Australia (Gladstone LNG, Ichthys LNG) (TotalEnergies, A World-Class Integrated LNG Portfolio, September 2022 / TotalEnergies, 2022 Results & 2023 Objectives: Global strengths, global results, February 2023)
Urgewald, Global Oil & Gas Exit List

[55] International Panel on Climate Change (IPCC), Working Group III contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Climate Change 2022: Mitigation of Climate Change, 2022, page 1567

[56] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 16
Oil and gas projects that may be needed in this scenario to avoid a sudden near-term drop in supply are the use of in-fill drilling and improved management of reservoirs, some enhanced oil recovery and tight oil drilling.

[57] International Energy Agency (IEA), World Economic Outlook 2023, October 2023, page 139

TotalEnergies' fossil fuel growth strategy also represents a risk of a devaluation of certain assets. Given the context of climate emergency and global energy transition, fossil projects could see their value fall in the event of major change in the regulatory environment or in the market, such as demand shift to sustainable energies or lower prices.[58] [59]

Fossil fuel expansion limit investments in sustainable energy

TotalEnergies' current and planned capital expenditures in sustainable energy raise questions about the company's seriousness to move away from fossil fuels and towards a totally sustainable energy mix.

Although significant, the company's planned investments in "low-carbon energies", which also include activities in gas-power plants, amount to less than one third of overall capital expenditures by 2030,[60] which in turn means that most of the company's investments will still be going to fossil fuels. These amounts are largely insufficient given that the IEA states 50% of capital expenditures need to go towards clean energy projects by 2030 to align with a 1.5°C trajectory, on top of the investment needed to reduce scope 1 and 2 emissions.[61]

Yet the company has been making record profits for several years,[62] and therefore has the financial resources to massively invest in the transition. However, most of these profits are invested in fossil fuels. In 2023, for each dollar invested in "low-carbon energies", which also include activities in gas-power plants, TotalEnergies invested 2.5 dollars in oil and gas. In this time of climate crisis, the priority should be to invest the profits generated from fossil fuels in sustainable energy and emissions reductions at existing facilities.

As global investors, we expect TotalEnergies and other oil and gas companies to play a role in the world's sustainable energy system, which cannot be driven solely by energy demand.[63]

Reviewing the climate strategy

As investors concerned about the long-term value of our portfolio and the impact of our investments on climate change, we expect your company to review its climate and energy diversification strategy to

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[58] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023
"The current valuation of private oil and gas companies could fall by 25% from USD 6 trillion today if all national energy and climate goals are reached, and by up to 60% if the world gets on track to limit global warming to 1.5 °C."
[59] International Energy Agency (IEA), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – Analysis - IEA, September 2023, page 150
"The rate of reduction in oil and gas demand necessary to reach net zero emissions by 2050 is now so fast that it may imply the early closure of some existing oil and gas fields."
[60] TotalEnergies, Strategy, Sustainability and Climate. Global strengths, global results. More energy, less emissions. March 2023, page 10
In 2023, TotalEnergies forecasts short-term CAPEX of US$16 billion to US$18 billion per year by 2030, including more than one quarter in the integrated power division that include the renewables and CCGT. TotalEnergies aims to invest US$5 billion in "low-carbon energies" by 2030 that include integrated power as well as new molecules such as hydrogen.
[61] International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16
[62] Consolidated net income (TotalEnergies share) was 16 billion dollars in 2021, 20.5 in 2022, and 21.4 in 2023.
TotalEnergies, Press Release - Fourth quarter and full-year 2023 results, February 2024
TotalEnergies, Universal Registration Document 2022, March 2023, page 414
[63] The IEA points out that "*In practice, no one committed to change should wait for someone else to move first. Successful, ordely transitions are collaborative ones, in which suppliers work with consumers and governments to expand new markets for low-emissions products and services*".
International Energy Agency (IEA), The Oil and Gas Industry in Net Zero Transitions – Analysis - IEA, November 2023, page 16

bring it into line with a 1.5°C trajectory with low or no overshoot and a limited volume of negative greenhouse gas emissions. According to the IEA, this requires a halt to the development of new oil and gas projects, and an increase of investments in sustainable energy in order to reach 50% of capital expenditures dedicated to clean energy projects by 2030.

We would be delighted to discuss this with you and your team, so that we can build on this dialogue and move in the right direction.

Please be informed that if TotalEnergies does not meet our expectations, we will oppose some strategic routine resolutions for climate-related reasons, and in particular we will hold the Chair of the Board of Directors accountable for the company's inadequate climate strategy. Therefore, we will vote against – or, as asset owner, recommend our asset managers to vote against – some strategic resolutions, such as the re-election of the Chair, or the re-election of at least one board member in case there is no resolution regarding the re-election of the Chair this year, at the 2024 Annual General Meeting.

Yours sincerely,