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Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-4628

Via e-mail: rule-comments@sec.gov

Subject: File Number S7-10-22
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Dear Ms. Countryman,

Shell plc (Shell) wishes to thank the Securities and Exchange Commission (Commission) for the invitation to comment on the proposed amendments to its rules under the Securities Act of 1933 (Securities Act) and Securities Exchange Act of 1934 (Exchange Act) that would require registrants to provide certain climate-related information in their registration statements and annual reports (Proposed Rules).

We welcome the Commission's efforts and views, as documented in the proposed amendments, with the aim of achieving the important objectives to "elicit climate-related disclosures that are consistent, comparable and reliable while also attempting to limit the compliance burdens associated with these disclosures." We appreciate the opportunity provided by the Commission to respond to the Proposed Rules, and in general, we are supportive of the Commission's proposal to require registrants to disclose information about their climate-related risks that are reasonably likely to have a material impact on their business, results of operations, or financial condition, including disclosure of their Greenhouse Gas (GHG) emissions and certain climate-related financial metrics.

Shell supports the Paris Agreement's goal to keep the rise in global average temperature this century to well below two degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. Over the past two years, we became one of the first public companies to have shareholder advisory votes on our Energy Transition Strategy (receiving 88.74% shareholder support at our 2021 Annual General Meeting (AGM)) and Energy Transition Progress (receiving 79.91% shareholder support at our 2022 AGM). Shell also reported on our energy transition progress in our Form 20-F for the year-ended December 31, 2021. We intend to seek an advisory vote on our energy transition strategy every three years and an advisory vote on our energy transition progress annually.

Shell's Energy Transition Strategy, which we call Powering Progress, is designed to generate shareholder value while meeting our target of becoming a net-zero emissions energy business by 2050. In October 2021, we set a new target to halve the absolute emissions from our operations and the energy we buy to run them by 2030 (our Scope 1 and Scope 2 emissions) compared with 2016 levels on a net basis. Shell has a long history in disclosing GHG emissions and other climate-related metrics, having included our Scope 1 and Scope 2 emissions (on operating control boundary) since filing our Form 20-F for the year-ended December 31, 2013, and in our Form 20-F for the year-ended December 31, 2021, for the first time we followed all 11 recommendations from the Task Force on Climate Related Disclosures (TCFD), which included our Scope 3 emissions.

Considering Shell's involvement in the global marketplace, our robust and evolving Energy Transition Strategy, and our long history of reporting on environmental and climate-related performance, we believe the development of global climate-related disclosures standards is of paramount importance in providing investors and stakeholders with valuable information. To achieve global alignment, it will be critical for standards setters and regulatory bodies to build on existing guidelines such as TCFD and coordinate with developing standards such as those published by the International Sustainability Standards Board (ISSB) and the European Financial Reporting Advisory Group (EFRAG) Sustainability Reporting standards.

In response to these proposed rules, we are however seeking additional clarity on, and would like to inform the Commission, of potential challenges regarding certain provisions. We are doubtful whether some elements of the proposed rules will meet the goals of the Commission, notably for consistent and comparable climate-related disclosures that are useful in meeting the needs of investors and other stakeholders. We also have concerns regarding feasibility, undue burden and significantly increased cost of gathering and disclosing certain information. A more detailed response to selected questions is outlined below including considerations that led us to these conclusions.

Provisional disclosures of key concern and further discussed below are the climate-related financial metrics, notably the 1% threshold and the broad definitions for "climate-related events" and "transition activities", disclosures related to scenarios, and calculation methodologies for emissions disclosures that are significantly different from current emissions reporting practices. Lastly, we have some concerns that these proposed rules, if adopted, would be subject to legal challenge because of the recent Supreme Court decision in *National Federation of Independent Business vs OSHA.*

I would like to thank the Commission for giving us an opportunity to provide our views with regards to this important rulemaking and certain aspects of the proposed rules and appreciate your consideration of the matters raised in this letter. If you have any questions or would like assistance, please contact Joe Babits at [redacted].

Sincerely,

/s/ Alan D. McLean
Executive Vice President Taxation and Controller

Discussion On Specific Questions in the Proposed Rules

Disclosure of Climate-related (Financial) Metrics
210.14-02(b-j) Climate-related Financial Metrics, Section II.F.2-4 Financial Impact & Expenditure Metrics and Financial Estimates & Assumptions, and Questions 59-71:

We understand the basis of the Proposed Rules, and support in principle the proposals for additional narrative on whether and/or how any identified climate-related risks have affected or are reasonably likely to affect Shell's consolidated financial statements. We foresee some challenges in the practical application of the Proposed Rules which we have set out below.

The Proposed Rules would require a registrant to include disaggregated information about the impact of climate-related events e.g., severe weather events and other natural conditions, and transition activities in the consolidated financial statements, if the aggregate impact on an absolute basis is 1% or more of the total line item for the relevant fiscal year.

In our opinion the main challenge is the use of an aggregated 'bright line' 1% threshold for climate-related financial metrics, specifically due to a lack of clearly defined terms and guidelines for determining what is considered "climate-related events and natural conditions" as well as "transition activities". We believe that a requirement to report on significant (i.e., material) events would be a preferred alternative to the current low proposed thresholds. The use of materiality is generally accepted and applied when preparing and reviewing financial statements. The use of materiality in the preparation and review of financial statements is to ensure that the users are provided with financial information that does not have any significant omissions or misstatement. Under current U.S. Generally Accepted Auditing Standards (GAAS), omissions and misstatements are considered material if they, individually or in the aggregate, could "reasonably be expected to influence the economic decisions of users made on the basis of the financial statements".

We believe that the use of materiality would help preparers to focus on quality rather than quantity, providing the most relevant and useful information to investors and other stakeholders. Financial information should be a way of communication with the users without simply becoming a compliance exercise. When financial disclosures include too much information (i.e., clutter) this can become confusing or overwhelming for the users. Clutter undermines the usefulness of financial statements by obscuring important information and inhibiting a clear understanding of the events and issues that the company is facing.

The Proposed Rules require registrants to disclose in the financial statements, the financial statement impacts of climate-related events, including severe weather events and other natural conditions such as flooding, drought, wildfires, extreme temperatures, and sea level rise. For climate-related events and natural conditions, the disclosures would include financial impact metrics and expenditure metrics if the aggregate impact on an absolute basis is 1% or more of the total line item (see above) and a discussion of the impact on financial estimates and assumptions.

We believe that the Proposed Rules fall short of clear definitions or guidelines for what constitutes "physical risks". On a global basis smaller and larger climate-related events occur frequently. Due to the lack of clear definitions or guidelines, the Proposed Rules would require Shell to capture all climate-related events including events that are immaterial, both individually and in aggregate, and to determine if those natural conditions are related to a climate-related event or not. This collation of immaterial data would lead to updated and/or new IT system solutions and training of a large audience of staff across Shell companies. The nature of these events may also rely on manual intervention in processes to capture data. Developing and implementing additional systems, processes, and internal controls, to disclose the climate-related financial metrics alone, would be accompanied by a significant investment of millions USD.

Currently, Shell discloses the financial impact of severe weather events in a voluntary *Climate change and energy transition* note to the consolidated financial statements (Note 4). In 2021 this included the financial effects of the Texas winter weather event and Hurricane Ida. Besides better definitions and guidelines we believe the requirement to report on material events would be a preferred alternative to the current low threshold requirements. This would both suit the needs of investors and avoid unnecessary preparation cost and time and de-clutter factual, important information from immaterial information. The lack of clear definitions or guidelines regarding climate-related events and natural conditions may also result in inconsistent and incomparable reporting across registrants by interpreting the Proposed Rules differently.

The Proposed Rules require registrants to disclose in the financial statements, the financial statement impacts of transition activities. For transition activities, the disclosures would include financial impact metrics and expenditure metrics if the aggregate impact on an absolute basis is 1% or more of the total line item (see above) and a discussion of the impact on financial estimates and assumptions.

Similar to the response above, we are of the view that the Proposed Rules fall short of clear definitions or guidelines for identifying transition activities which would make it difficult to identify and track such activities. Energy transition is at the core of Shell's Powering Progress Strategy and so it would be extremely difficult to carve out specific transition activities across Shell given so many of our actions and decisions are driven from the energy transition.

Even if it was feasible to clearly define transition activities discreetly from the day-to-day operations of our business, if the Proposed Rules came into force, it would require extensive IT system solutions to capture and separately identify transition activities in duplicate general ledger systems. This effort would result in the implementation of systems and additional training, processes, and internal controls resulting in a major investment of millions USD. Further, the proposed climate-related events, natural conditions, and transition activities, will also be subject to audit procedures which will result in an increase of audit fees due to the significant level of assurance required based on the low thresholds applied. The lack of clear definitions or guidelines regarding transition activities may also result in inconsistent and incomparable reporting across registrants by interpreting the Proposed Rules differently.

Disclosure of Scenarios Analysis Used
229.1502(f) Resilience and Scenarios Analysis, Section II.C.4 Disclosure of Scenario Analysis, if Used, and Questions 30-31:

The Proposed Rules require registrants to disclose any scenario analyses used to assess impacts of climate-related risks and to support the resilience of its strategy and business model, including all scenarios considered and their parameters, assumptions, and analytical choices, as well as the projected impacts under each scenario.

Shell has been developing scenarios for almost 50 years, helping our leadership to explore ways forward and make better decisions, and allowing us to challenge accepted ways of thinking, identify potential future material risks and opportunities, and formulate key tensions and trade-offs. Scenarios are designed to challenge management's perspectives on the future business environment and stretch their thinking in considering events that may be only remotely possible. Consideration of different scenarios outcomes helps inform our assessment of potential impacts of climate-related risks and opportunities across a range of areas including but not limited to the setting of the long-term strategy and operating plans. Shell's scenarios are not intended to be predictions of likely future events or outcomes and are not the basis for Shell's operating plans and financial statements. They are one of many inputs considered by management when developing Shell's strategy and operating plans. There is no one single scenario that underpins Shell's strategy, operating or financial plans. They are also not designed as a single tool for evaluating investments or for investors making an investment decision. Scenarios generally focus on the long-term, 30+ years is not uncommon. Accordingly, we believe most investors are not interested in the scenarios themselves as most investors do not make an investment decision based on expected returns 30 years out.

Additionally, company-created scenarios are not consistent or comparable between companies. In developing scenarios, companies will make different material assumptions and evaluate potential future events differently. As with external scenarios, company generated scenarios will include many material assumptions. The multitude and complexity of these assumptions would also make it difficult to disclose complete information in a clear and understandable manner without overloading and potentially obscuring material information. However, we believe investors are most interested in a sensitivity analysis on key parameter(s) developed through scenario analysis rather than the scenario itself.[1] This sensitivity analysis is even more valuable if it is comparable between companies. We believe the only way to provide comparability between companies is for the proposed rule to require companies to utilise a globally recognised and objective external scenarios such as those developed by the International Energy Agency. Companies would be required to apply a sensitivity analysis of their energy transition strategy and business plans based on a uniform, well developed publicly disclosed scenario. We urge the Commission to consider requiring a sensitivity analysis based on a well-recognized publicly disclosed scenario rather than a company created scenario which may turn out to be more favourable to a company and not comparable between companies.

Disclosure of GHG Emissions Metrics
229.1504(b)(1) Scopes 1 and 2 Emissions, Section II.G.2.c Selection and Disclosure of a GHG Emissions Calculation Approach including Emissions Factors

Question 124: Should we require a registrant to use a particular set of emission factors, such as those provided by the EPA or the GHG Protocol?

As a large multinational corporation, we have operations in over 70 countries. Many of our operations are subject to climate-related regulations including taxes and limitations on our emissions. These regulations are country-based where our operations and assets are located. Accordingly, in calculating our Scope 1, 2 and 3 emissions we follow local country rules. For example, for our assets and operations located in the US, we follow the US Environment Protection Agency's (EPA) emission factors in calculating the emissions associated with those assets and operations. Similarly, for our assets and operations located in Australia we follow the Australian National Greenhouse and Energy Reporting Act in calculating our emissions. Our assets and activities located in the European Union are part of the EU emission allowance trading system subject to EU Directive 2003/87/EC. CO_2 emission sources at these assets are generally sampled and metered. Compositional data derived from samples is used to calculate site-specific factors. Where sampling is not possible EU has prescribed the use of standard emission

[1] We refer the Commission to our recently filed Form 20-F, where Note 4 to our financial statement provides such an analysis.

factors. These emissions are then aggregated with all our other assets and operations emissions to calculate Shell's total Scope 1 and Scope 2 emissions.

We do not believe that we should have to recalculate our greenhouse gas emissions for assets and operations outside the US using the US EPA standards and emission factors. First, the greenhouse gas emissions fees, taxes and regulations that are applicable to specific assets and operations are determined by the relevant country law or regulation where our assets and operation are located. Accordingly, costs associated with our emissions are determined under that country's-based rules and regulations where the assets and operations are located. Recalculating these emissions on a standard that is not used to determine any financial costs associated with those emissions would be potentially misleading to investors and force multinational companies to maintain two sets of books. Additionally, since Shell is subject to both UK and EU disclosure requirements, if the Commission final rules were to require us to recalculate our emissions using only US EPA standards this would result in disclosure of multiple Scope 1 and Scope 2 emissions, which would be potentially confusing to investors and the market in general.

Request for Comment on Costs
Section IV.C.2 Costs of Proposed Rulemaking

The Commission has performed extensive cost-benefit analyses and estimates the general cost of compliance to be $490,000 for the first year and $420,000 for subsequent years. Also provided are cost estimates specific to emissions and assurance activities of up to $125,000 and $235,000, respectively. The Commission has asked *"are there any costs… that are not identified or misidentified?"* and *"have we accurately estimated the costs of disclosing… emissions, …assurance?".*

We believe the Commission's cost estimates are significantly understated for large accelerated filers such as Shell. Currently, Shell's climate-related disclosures activities in line with TCFD recommendations require time and several million dollars in costs for data and information collection, IT system solutions, services provided and other related tools, techniques, and expertise. This does not include the significant additional time and cost of assurance of our performance data and disclosures. With such a large multinational corporation spanning 70 countries and with more than 80,000 employees, it would be difficult to carve out more specific data on man-hours and costs to climate-related disclosure activities, but this fact also illustrates our point, as these disclosure-related activities are very broad and intensive, and cut through all parts of our business.

In addition, new and significant disclosure requirements such as those prescribed under climate-related financial metrics could require major additional investment in changing or new processes, IT system solutions, training and controls, which could also require months to years to develop. Climate-related financial metrics would also be subject to additional assurance reviews, further adding to the significant cost to come into compliance with the Proposed Rules.

Finally, one challenge that we potentially see with assurance requirements specifically could be availability and cost-effectiveness of qualified independent resources to perform limited and reasonable assurance reviews on an annual basis. The supply of available, qualified auditors will be especially limited early on, and the high demand could mean companies are unable to secure and/or afford these resources until further development in this field takes place, which could take several years.

Request for Comment on Alternative Reporting Mechanisms

Section II.J Registrants Subject to the Climate-related Disclosure Rules and Affected Forms, Question 183 Should we adopt an alternative reporting provision that would permit a registrant that is a foreign private issuer and subject to the climate-related disclosure requirements of an alternative reporting regime that has been deemed by the Commission to be substantially similar to the requirements of proposed Subpart 1500 of Regulation S-K and Article 14 of Regulation S-X to satisfy its disclosure obligations under those provisions by complying with reporting requirements of the alternative reporting regime ("alternative reporting provisions")?

We warmly welcome the idea that foreign private issuers, would as an alternative, apply the ISSB standards currently under development. As evidenced by following this approach under IFRS issued by the IASB, this reduces the disparity between U.S. accounting and disclosure practices and those of other countries by balancing investor protection considerations and promoting the efficiency of global capital markets. The Commission was of the view that the availability of uniform, globally recognized accounting standards should help U.S. investors to better understand investment opportunities than having to evaluate financial information under various national accounting standards. The same arguments are equally applicable when it comes to climate-related rules and disclosure requirements.

Investors are not bound to jurisdictional boundaries, and investing on a global scale, they are best served with comparable information. In particular for climate change, where the impact is borderless, and global consistency makes utmost sense. We are in favor of a global approach, starting with effective alignment efforts between the Commission and the ISSB. This was also encouraged during the May 2022 meeting of the G7 Finance Ministers and Central Bank Governors in which they urged the ISSB and national and regional standard-setters as well as other reporting initiatives to actively cooperate in the process of elaborating the baseline with the aim of reaching standards that can be implemented. The ISSB aims to achieve such global baseline and Shell strongly and publicly endorses this approach. In addition, the ISSB also builds on the foundations of TCFD, so there should be significant alignment between disclosure requirements put forward by both the Commission and ISSB.

National Federation of Independent Business vs OSHA

As noted earlier, we are concerned that these Proposed Rules, if adopted, would be subject to legal challenge as a result of the recent Supreme Court decision in *National Federation of Independent Business vs OSHA*. Given the economic significance of this important major rulemaking, our attorneys are concerned that there may be an issue under the Supreme Court's announced major questions doctrine. Due to the importance of this rulemaking and the potential harm to investors and society from a lack of disclosure of emissions data, we believe the Commission should consider seeking additional rulemaking authority from Congress, especially given the current makeup of the US Congress, which we believe makes the granting of such authority more likely than anytime previously. If the Commission chooses to seek additional rulemaking authority from Congress, we would be happy to assist the Commission by explaining to any member of Congress the importance of GHG emissions data to investors and the market.