Critical analyze the Sustainability Report of Shell plc

Business Accountability and Responsibility

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1. Introduction

Stakeholders have relied on sustainability reporting to evaluate an organization's ESG[1] performance. Shell has received much attention under the global energy transition goals as a multinational oil and gas company. This report critically analyses Shell's 2023 sustainability report using the GRI framework with material topics and CSR[2] theory in the report approach. It also compares Shell with competitors to explore the quality and effectiveness of their information disclosure, offering an in-depth critique of sustainable development and corporate responsibility approaches.

2. Analysis

2.1. Critical Analysis of Company Sustainability Report

Shell's sustainability reports showcase strategies through data charts, trend comparisons and interactive modules to enhance the information operability. The sustainability report lays out its "Powering Progress" strategy by providing more and cleaner energy solutions, putting an emphasis on its four pillars, which are as follows: generating shareholder value, powering lives, achieving net-zero emissions, and respecting nature. These strategic objectives are referenced several times throughout the report, which helps to ensure that the information is consistent and that the brand narrative is coherent. A range of confirmed cases and data charts are used for key projects and outcomes, such as the LNG[3] carbon footprint. The data visualisations

[1] ESG: Environmental, Social and Governance
[2] CSR: Corporate Social Responsibility
[3] LNG: Liquefied Natural Gas

make it easier for readers to comprehend how Shell is advancing its sustainability commitment at a specific business level. The report presents a historical comparative trend chart spanning three to five years for many key indicators, enabling stakeholders to assess ongoing improvement. This method of longitudinal data display is a "relatively established" disclosure practice. Shell has included several interactive components in the report, including embedded links to the full TCFD[4] and ESG data sheets in the PDF. Simultaneously, SASB[5] indicators are organically combined. These aspects are intended to improve the accessibility, operability, and comparability of the report, particularly for professional investors and researchers (Shell, 2024a).

Shell defines and evaluates sustainability outcomes and metrics autonomously, with a limited proportion independently audited by third parties, potentially undermining external trust in its green commitment. Shell's focus mainly on GHG[6] and NCI[7] assurance may weaken the effectiveness of other information. TotalEnergies' methodology appears more stringent than Shell's. EY & Associés, independent third parties accredited by COFRAC[8], has provided a reasoned opinion offering moderate assurance on published indicators, including almost all aspects. TotalEnergies also requested Pwc to audit and ensure indicators are assessed as a double check (TotalEnergies, 2024; Shell, no date a).

[4] TCFD: Task Force on Climate-Related Financial Disclosure
[5] SASB: Sustainability Accounting Standards Board Foundation
[6] GHG: Greenhouse Gas
[7] NCI: Net Carbon Intensity
[8] COFRAC: Comité français d'accréditation (French National Accreditation Commission)

The response to external stakeholders is insufficient, the report reflects Shell's interpretation rather than addressing negative public opinions. The key to responding to green opinion is to ensure that the investment in green energy can return to shareholders (Moore, 2025). No detailed response was provided regarding specific controversial events, including reducing renewable investments while enhancing its oil and gas sector investments (See 3.1.1. for details). That contradicts its net-zero goals, emphasis on fossil fuel profitability is a retreat from its sustainability strategy (Bousso, 2023).

2.2. Critical application of the GRI Reporting Framework

Shell's sustainability report demonstrated expertise and maturity in GRI adoption. The report structure is straightforward and complements GRI's integrity and transparency. The report contains many material topics and discloses numerous indicators, including GRI 302 and GRI 305. The report meets GRI 304 disclosure requirements by managing sensitive ecological regions while supporting human rights by complying with GRI 406 and GRI 408 criteria and providing extensive information on staff health and safety, diversity, and inclusion. However, many defects have not been disclosed, which may be related to the company's cherry-picking.

2.2.1. Critical based on GRI 2&3

Shell's stakeholder participation approach lacks a systematic approach for identifying relevant stakeholders and does not outline a communication and cooperation

mechanism, which fails to align with GRI 2-29 standards (GRI, 2021). GRI 3 introduced mandatory and voluntary disclosures. For compulsory disclosure, a list of material topics and a reporting threshold are required (GRI, 2021; De Cristofaro and Raucci, 2022). Although Shell disclosed many material topics, it failed to clarify the criteria for ranking these significant topics. Stakeholders may doubt Shell's capacity to recognize and address risks.

2.2.2. Critical analysis of GRI 207 application

GRI 207-4 Country-by-country reporting (CbCR) states that the organization shall report information for each jurisdiction in which it operates: Names of the resident entities, primary activities, etc. (GRI, 2019). OECD[9] action 13 (Figure 1) presents that constituent entities resident in the tax jurisdiction should be listed (OECD, 2015; KPMG, 2016). Shell states that under OECD rules, CbCR is prepared using aggregated financial data. It’s not always possible to conclude a single entity (Shell, 2024b). However, Shell faces NGO[10] and media scrutiny related to tax ethics, especially potential operations or subsidiaries in low-tax jurisdictions. ESG rating agencies like MSCI[11] introduced tax transparency as a factor in corporate governance assessments. Shell was rated A, just hit the average of its peers (MSCI, 2025).

[9] OECD: Organization for Economic Cooperation and Development
[10] NGO: Non-Governmental Organizations
[11] MSCI: Morgan Stanley Capital International

Table 1. **Overview of allocation of income, taxes and business activities by tax jurisdiction**

Name of the MNE group: Fiscal year concerned: Currency used:										
Tax Jurisdiction	Revenues			Profit (Loss) before Income Tax	Income Tax Paid (on Cash Basis)	Income Tax Accrued – Current Year	Stated Capital	Accumulated Earnings	Number of Employees	Tangible Assets other than Cash and Cash Equivalents
	Unrelated Party	Related Party	Total							

Table 2. **List of all the Constituent Entities of the MNE group included in each aggregation per tax jurisdiction**

Name of the MNE group: Fiscal year concerned:															
			Main Business Activity(ies)												
Tax Jurisdiction	Constituent Entities Resident in the Tax Jurisdiction	Tax Jurisdiction of Organisation or Incorporation if Different from Tax Jurisdiction of Residence	Research and Development	Holding or Managing Intellectual Property	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Provision of Services to Unrelated Parties	Internal Group Finance	Regulated Financial Services	Insurance	Holding Shares or Other Equity Instruments	Dormant	Other[1]
	1.														

Figure 1 OCED action 13 model template (OECD, 2015; KPMG, 2016)

2.2.3. Critical analysis of GRI 305 application

Shell only briefly referenced Scope 3 but did not provide details on mechanisms and strategies for supply chain participation or collaborative emission reduction with customers. It also fails to systematically disclose the data, classification, and calculation of all 15 categories of Scope 3 emissions, particularly in the upstream supply chain and transportation. This is inconsistent with GRI 305-3 requirements on Scope 3 emissions (GRI, 2016a). Shell has both the ability and responsibility to influence and clear disclosure their scope 3 emissions as part of their duty of care (Haag, 2021; Shell, 2021; López et al., 2023; Johannsen, Kotzé and Macchi, 2025).

2.2.4. Critical based on Critical analysis of GRI 408/409/414 application

Shell lacks details on its supply chain and outsourced labor, as GRI requires disclosures in high-risk countries (Figure 2). Information on supply chain audits, due diligence and risk classification is insufficient, and Shell merely mentions intensifying supplier audits in countries with high human-rights risks. The report does not disclose

whether it has found phenomena of child labor or forced labor or the results of investigations into potential risks (Shell, 2024a, no date b). Shell has extensive upstream business in high-risk regions such as Africa. However, it has not clarified the specific identification and prevention mechanism of child labor and forced labor. Shell should do more to help reduce child labour by funding education and sustainable household income. Such “Alternative Livelihood Programs” reduce reliance on child labour, and create more secure and sustainable economic opportunities that reinforce corporate social responsibility (Figge *et al.*, 2002; Jassem, Zakaria and Che Azmi, 2020).

Standard	Code and brief description of indicators	Need for additional disclosure of information in the GRI Standards
GRI 408: Child Labor 2016	GRI 408-1 Risk for incidents of child labour (by type of operation, country, etc.) and young workers to hazardous work by the company and its suppliers; a description of actions to prevent the use of child labour.	1. Number and share of non-legal age employees in total number of the staff and by each employee category, their average salary and average salary of the staff by country. 2. Description of special working conditions for non-legal age employees
GRI 409: Forced or Compulsory Labor 2016	GRI 409-1 Risk of forced labour by the company's operation type and supplier determined by geographical area; a description of measures taken to prevent the use of forced labour.	1. Registered incidents of use of forced labour (including suppliers) by type of operation, geographical area, and social category of persons forced to work. 2. Analysis of the causes of these incidents, the procedure for determining of those charged with it and a description of the mechanism for preventing them in the future. 3. Number of contracts with penitentiary institutions. The mechanism available in the company to monitor the working conditions of prisoners which are involved in the execution of such contracts.
GRI 414: Supplier Social Assessment	GRI 414-1 Percentage of new suppliers that meet social criteria to due diligence processes for social impacts. GRI 414-2 Significant negative social impacts identified in the supply chain based on number of suppliers assessed for social impacts; percentage of suppliers identified as having negative social impacts with which: - improvements were agreed; - relationships were terminated	1. Criteria and mechanism for assessing the social responsibility of suppliers. 2. Value of transactions with suppliers that have significant negative social impacts and with which the company continues working; percentage of transactions in total value of procurements.

Figure 2 GRI standards company should follow
(GRI, 2016b, 2016c, 2016d; Mysaka and Derun, 2022)

3. Critical application of CSR Theories

3.1.1. Apply institutional theory to carbon lock-in

The institutional theory states that incumbent participators influence rules to protect their interests, and the behaviors will gradually form institutions. Close networks among policymakers, bureaucracies, and fuel companies reinforce carbon lock-ins,

which hinders energy transition steps. Giants have rushed to slow down the green transition, influence the rules of the game, and contribute to carbon lock-in, meaning that society will be locked into a system based on fossil energy, thus inhibiting fast and efficient green energy (Faber, Busch and Lefstad, 2025).

Shell stresses low-carbon technicians like LNG and CCS[12] in the report and tries to hide investments in oil and gas. Shell used LNG as a bridge energy and considered CCS as a tool to address LNG emissions to help phase out oil. Shell promotes that while emotionally connecting it to everyday activities and human well-being (Lamb et al., 2020). The shareholders would believe the profit of LNG supports Shell's short-term financial performance. Virtually, the transition risk management framework holds that high-carbon industries reduce the risk of stranded assets through grafting of low-carbon technologies, but LNG and CCS may still become stranded assets under the carbon neutrality target (TCFD, 2021; Cote and Hulme, 2022; IEA, 2024). So, the ESG report justifies Shell’s behavior and puts a veneer of justification on carbon lock-in.

3.1.2. Apply symbolic and substantive CSR theory to green highlighting

High-proximity stakeholders can more readily recognize symbolic actions due to their involvement in the firm, and the company has to take more substantive actions to convince them (Shahzadi *et al.*, 2024). Low-proximity stakeholders find it difficult to recognize symbolic actions cause information can only be obtained through the media (Schons and Steinmeier, 2016). The symbolic CSR theory conveys the signal of good

[12] CCS: Carbon Capture and Storage

performance through external exaggeration, and “Green highlighting” is a typical expression technique. It focuses on the organisation’s green information to promote a responsible public image. Through deliberate narrative packaging, companies magnify their superficial environmental achievements. But these achievements are only marginal actions that account for a small proportion of the business (Walker and Wan, 2012).

Sustainability reports with green highlighting give Shell legitimacy and make it appear more positive with both substantive and symbolic actions (Killian, 2010; Bhattacharyya and Agbola, 2018; Nwagbara and Belal, 2019). Shell's goal, mentioned at the start and throughout the report, is to become a net-zero emissions energy business by 2050. However, Shell is currently developing a portfolio of low-carbon energy solutions and continuing to invest in a wide range of renewable energy (Shell, no date c). TotalEnergies has a target of 100GW of renewable power generation capacity by 2030, well ahead of Shell (TotalEnergies, 2024). Shell's report extensively covers information on low-carbon energy. The symbolic action illustrates Shell's commitment to balancing short-term profits with net-zero emissions targets for external stakeholders. Investment in renewable energy is emphasized to convince the high-proximity stakeholders of substantive action, though it requires a long-term process.

4. Conclusion

Shell's report demonstrates structured sustainability efforts via GRI-aligned disclosures yet lacks transparency in third-party verification, Scope 3 emissions, and high-risk labor practices. Its selective narrative prioritizes fossil fuel profitability, reflecting symbolic CSR strategies that risk reinforcing carbon lock-in, undermining net-zero credibility. Shell should afford more responsibility by focusing on the requirements of things "Shall" do but also the recommendations of things "Should" do.

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