March 7, 2016

The Honorable Mary Jo White
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Chair White,

Members of the House Oversight and Government Reform Committee wrote to you this past October asking you to investigate ExxonMobil to determine if the company violated securities laws by failing to appropriately disclose material risks related to climate change. More evidence has been brought to light by the Los Angeles Times and Inside Climate News that Shell Oil also intentionally obfuscated the role of fossil fuels in influencing climate change and participated with Exxon’s pattern of deception.¹ As Members of the Oversight Committee, we now ask that your agency investigate Shell’s past filings to determine if Shell similarly violated securities laws by not properly disclosing climate change related material risks.

As a publicly traded company, Shell has a duty to follow U.S. securities law and Securities and Exchange Commission (SEC) regulations for the benefit of investors, including disclosure requirements as they apply to business or legal developments relating to the issue of climate change. Unfortunately, it appears that Shell may have omitted or misrepresented material information in official filings.

According to the investigation by the Los Angeles Times, in 1989 Shell Oil announced it was redesigning a long term, $3 billion natural gas platform in the North Sea because of rising sea levels due to global warming. Chris Graham, the company’s chief offshore engineer at the time, said “rising sea levels and increasing wave heights were 'really showing' during the late 1980s and early 1990s, and the company was taking them seriously.”² Another Shell engineer, Bob Bea, also recognized the extreme weather effects from climate change in the form of Hurricanes. Bea has said, “Even back in those days ... hurricane intensities were changing.”³

³ Id.
Further, in 1994, Shell jointly owned and operated the construction of the Europipe, a natural gas pipeline stretching from the North Sea to the German coastline. The engineers on the project made design changes to account for climate change and the important aspects that must be included when looking years ahead.4

Despite recognizing climate science in their projects and designs, Shell apparently decided to fund climate deniers. Shell chose to join the Global Climate Coalition, a group Exxon “helped to found” and was “an alliance of some of the world's largest companies seeking to halt government efforts to curb fossil fuel emissions.”5 In 1995, the group issued a statement publicly questioning the science of sea level rise and melting ice caps. Shell “with its partners was publicly questioning the science behind climate change and casting doubt on its projected impact.”6

Based on the allegations above, it appears U.S. securities laws may have been violated. In this case, Shell engineers knew about climate change and Shell took internal actions based on its knowledge of climate change. Yet, Shell funded and publicly engaged in a campaign to deceive the American people about the known risks of fossil fuels in causing climate change. We encourage your agency to thoroughly investigate the facts to determine if Shell misrepresented or omitted material facts in past securities filings. If you determine that violations did occur, we respectfully request the SEC to seek appropriate equitable remedies against Shell.

Thank you for your attention to this important matter, and we look forward to your response.

Sincerely,

Ted W. Lieu
Member of Congress

Peter Welch
Member of Congress

Matt Cartwright
Member of Congress

4 Id.