
Report of the Trustees and Financial Statements 2019

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About Shell Foundation

Shell Foundation (SF) is a registered charity, founded by Shell in 2000, that creates and scales business solutions to enhance access to energy and affordable transport. It exists to serve the low-income communities most affected by these issues.

SF's enterprise-based model targets lasting social and environmental impact on a global scale. It deploys a blend of financial and non-financial resources to encourage transformative innovation and harnesses private markets to deliver public benefit at scale.

SF's Approach

SF works with a small number of entrepreneurial partners to identify underlying market failures behind intractable global development problems and co-create new social enterprises to solve them. SF provides patient grant funding, extensive business support and access to networks to help pioneers to validate new models, achieve financial independence and expand across geographies.

SF then creates specialist intermediaries to facilitate growth and replication at an industry level and maximise the scale of its social impact. Through its working model, SF has entered into several strategic partnerships to amplify its impact in multiple countries across Africa, Asia and Latin America.

www.shellfoundation.org

Trustees, Directors, Officers and Advisors

Trustees, Directors, Officers and Advisors

Trustees (who are also Directors)

The Trustees of the Foundation who were in office during the year and up to the date of signing the financial statements were:

Ms Gail Klintworth	Chair, Nominated Trustee	Appointed 9 January 2019
Mr Maxime Verhagen	Acting Chair, Nominated Trustee	Resigned 8 January 2019
Mr Malcolm Brinded, CBE	Nominated Trustee	Resigned 12 March 2020
Mr Andrew Brown		Resigned 30 June 2019
Ms Diana Fox Carney	Nominated Trustee	
Ms Alice Chapple	Nominated Trustee	
Professor Margaret Kigozi	Nominated Trustee	
Ms Sinead Lynch		
Mr Wael Sawan		Appointed 11 October 2019
Mr Maarten Wetselaar		

Principal Officers

Mr Sam Parker	Director	
Shell Corporate Secretary Ltd	Secretary	
Mr Fraser Johnson	Chief Financial Officer	Resigned 31 March 2019
Ms Rachel Singh Davies	Joint Chief Financial Officer	From 1 April 2019
Mr William Sumner	Joint Chief Financial Officer	From 1 June 2019

Registered Office

Shell Centre
York Road, London
SE1 7NA

Independent External Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Audit Risk Committee Members

Ms Sinead Lynch – Chair (To 12 March 2020)
Ms Alice Chapple – Chair (From 12 March 2020)
Mr Stuart Chaplin – Co-opted (To 29 October 2019)
Mr Michael Clark – Co-opted
Ms Gail Klintworth (From 18 May 2020)

Remuneration Committee Members

Mr Malcolm Brinded (To 12 March 2020)
Ms Alice Chapple
Ms Gail Klintworth
Ms Sinead Lynch

Bankers

Lloyds Bank plc
25 Gresham Street
London, EC2V 7HN

Investment Manager

Shell Asset
Management Company
Lange Kleiweg 40
2288 GK
Rijswijk
The Netherlands

Independent Investment Advisor

Cambridge Associates
80 Victoria Street
Cardinal Place
London SW1E 5JL
United Kingdom

Investment Committee Members

Mr Malcolm Brinded, CBE – Chair (To 12 March 2020)
Ms Gail Klintworth – Chair (From 12 March 2020)
Mr Stuart Chaplin (To 29 October 2019)
Mr Michael Clark – Co-opted
Mr Fraser Johnson (To 31 March 2019)
Ms Sinead Lynch
Mr Sam Parker
Ms Rachel Singh Davies (From 1 April 2019)

Message from the Director



Shell Foundation (SF) focuses on energy and transport as bedrocks to inclusive economic growth. We are excited to see how improved access to these necessities in 2019 continued transforming peoples' lives in some of the poorest regions in the world, with benefits to health, education and employment.

I write this in the spring of 2020, with the Covid-19 pandemic creating uncertainty around the world. We are working closely with our portfolio partners to address business resilience and enable them to continue to deliver essential products and services which provide lasting improvements to the lives of low income consumers. We are also working with the wider energy and mobility sectors to coordinate support and deliver solutions that help those businesses most at threat from Covid-19.

At this time, it is even more vital to recognise the life-changing impact that is delivered through access to energy and transport. The portfolio continued to deliver strong impact in 2019. Established players like BBOX, d.light, M-KOPA, Sistema.bio, Dharma, SafeBoda and Tugende showed strong growth, whilst our earlier stage partners delivering new solutions, for example Aceleron, Sure Chill and SMV Green Solutions, all showed traction in the market.

Our work on integrating on/off-grid energy models showed encouraging progress, with M-KOPA launching its pay-as-you-go solar fridge in Kenya, Konexa establishing operations in Nigeria, and an estimated 12 African countries announcing integrated, national electrification plans.

Funding agreements with third parties allow us to amplify our impact, so we were pleased to launch a new five-year programme with the UK Department for International Development's (DFID) Research and Evidence Division to support smallholder farmers to increase yields and income and gain access to affordable renewable energy. This builds on existing partnerships with DFID and USAID to enhance access to renewable off-grid energy across Africa and Asia. You can find more details on page 15.

New models to bring electric vehicles to emerging markets – whether motorcycle taxis in Rwanda or e-rickshaws in India – are disrupting markets and bring low-income populations closer to vital goods and services. These innovative technologies and business models are at the heart of what the Foundation strives to achieve.

All the work in this report is delivered through the shared commitment and conviction of our strategic partners, our portfolio of enterprises and institutions, dedicated staff and with the unwavering support of our Board of Trustees; for this we are immensely grateful. It is of even greater value as we seek to navigate our way through these challenging times.

Sam Parker

Message from the Chair of the Board of Trustees



This report shows that in 2019 Shell Foundation continued to expand on its impressive legacy of impact and remains at the forefront of the venture philanthropy sector.

The creativity and commitment of the SF team is being tested by the current Covid-19 pandemic and as always they are responding well, demonstrating care and empathy for the challenges facing social enterprises and working with them and the wider sector to strengthen business resilience and ensure essential services of energy and transport are still able to reach low-income consumers across Africa and India.

From biogas in Kenya to e-rickshaws in India, the innovative business solutions in SF's portfolio are delivering inclusive economic growth, within its core focus areas of access to energy and sustainable transport. These entrepreneurial solutions, combined with ecosystem platforms and development finance, have true impact and can scale to become drivers of the real economy.

2019 was my first year as Chair of the SF Board, and I have been inspired by the rich variety of early stage companies that SF helps to achieve scale and sustainability through thoughtful, patient and creative support.

In particular, the innovative funding mechanisms are fantastic examples of how SF identifies major barriers to growth and finds or co-creates solutions tailored for businesses serving low-income consumers in emerging markets. The Energy Entrepreneurs Growth Fund and the SIMA Angaza Distributor Finance Fund have been designed to provide appropriate finance to enterprises to help them scale and ultimately attract commercial capital in order to deliver social impact at scale.

The use of digital technology as well, stands out as going from strength to strength. The Odyssey platform is bringing mini-grid investors, donors, vendors and developers together in one marketplace, making it easier to coordinate activity, whilst MAX in Nigeria is using a mobile app to connect 350,000+ customers with safe transport.

Thank you for your ongoing support and interest in Shell Foundation. I would like to appreciate the team at Shell Foundation for their dedication to SF's charitable mission and recognise our enterprise partners and entrepreneurs working around the world – we couldn't do any of this without you.

Gail Klintworth



Shell Foundation Programmes



SunCulture Kenya provides affordable solar water pumps and irrigation.

SHELL FOUNDATION OUTCOME INDICATORS

Performance Analysis

In line with an 'enterprise-based' approach, SF focuses on measuring its own performance and its partners' progress towards sustainability and large-scale impact. Since 2010, SF has used four aggregate metrics to measure its overall developmental impact, with the intention to facilitate knowledge and learning rather than to use the KPIs as goals in themselves. Tracking and measuring changes in performance against pre-defined milestones and impact targets allows SF to better allocate resources to deliver greater development outcomes.

Partner Performance

From the outset SF supports partners to define a few key metrics specific to their own enterprise. Wherever possible, SF draws upon independent monitoring and evaluation to validate reported data. SF's partners track and measure a wide variety of development outcomes including:

- low-income customers served, e.g. through product sales or bus ridership;
- environmental benefit, e.g. reductions in emissions or water usage;
- economic benefit, e.g. jobs created, earnings increased, money saved; and
- social benefit, e.g. improved health or time saving.

SF's partners also track progress to financial sustainability through monthly and quarterly financial reporting as well as performance ratios (such as subsidy per product sold). Regularly tracking performance against projected targets helps SF to better understand the overall business, respond quickly to unexpected challenges and improve the effectiveness and efficiency of its support over time.

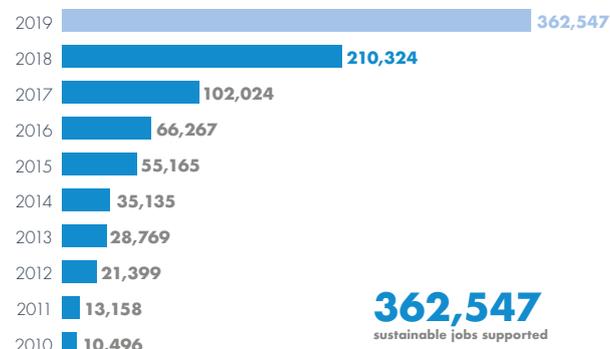
The impact metrics from page 9 to page 13 and from page 16 to page 18 are an aggregate delivered by SF's partner portfolio.

Continual Improvement

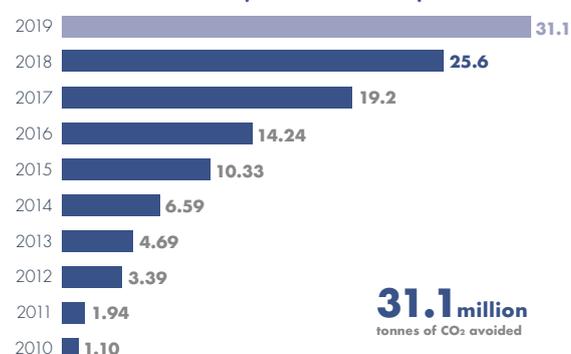
In 2018, SF updated its Monitoring and Evaluation Framework in line with latest sector research and a commitment to continual improvement. This resulted in several changes which were applied to our forecasts for the year. Data in respect of years 2010-2017 continues to reflect our previous methodology and was not retrospectively adjusted.

For more information please see the [Report of The Trustees and Financial Statements 2018](#).

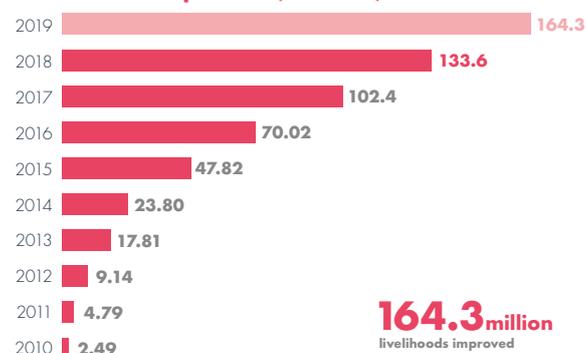
Jobs Supported



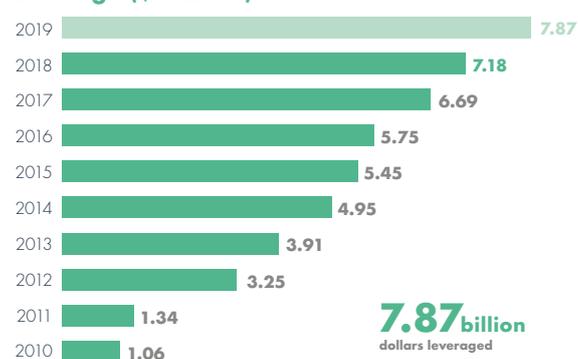
Carbon Reductions (million tonnes)



Livelihoods Improved (millions)



Leverage (\$ billions)



Figures as at end September 2019 as supplied by SF's partner portfolio



Shell Foundation Programmes



ACCESS TO ENERGY

Greenlight Planet is a leading global provider of solar-energy products to over 27 million rural consumers in more than 60 countries

At a Glance: Strategic Report – Achievements and Performance

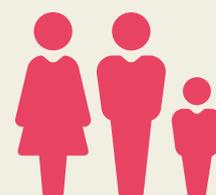
ACCESS TO ENERGY

By co-creating and supporting the scale-up of pioneering social enterprises and market enablers (such as supply chain or financial intermediaries), Shell Foundation (SF) is helping to increase the availability of modern energy services to low-income consumers in ways that are financially viable and scalable.

We do this in the belief that energy is the bedrock of inclusive economic growth. Despite noted progress in recent years, nearly one billion people still live without electricity access – severely constraining their health, education and earning potential. Three billion people are still cooking using polluting fuel and stove combinations.

840million

people globally have no access to electricity*



*www.se4all.org

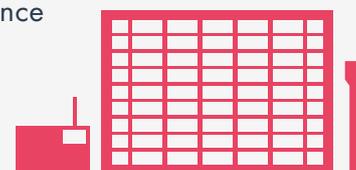
45,000

livelihoods improved by Sistema.bio's biogas units in South America, East Africa and India



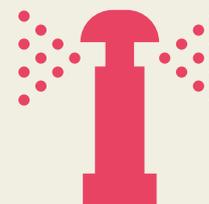
\$220million

cumulatively leveraged in finance by M-KOPA



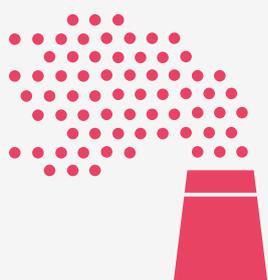
10,000+

jobs supported via SunCulture's Rainmaker2™ solar irrigation system



1million

tonnes of CO₂ avoided by enterprises in the responsAbility Energy Access Fund



26million

school-aged children reach by d.light Design solar lighting products



At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY

Household energy

SF aims to improve access to affordable, reliable and modern energy products for low-income households in Africa and Asia. In 2019, SF focused on scaling its portfolio of modern energy product manufacturers, improving the affordability of these products, and finding new models to enter 'frontier' markets where there is a larger proportion of lower-income consumers.

2019 key highlights

- M-KOPA Labs launched the first PAYG solar fridge to market in Kenya, built on the technology that has brought solar energy to more than 880,000 customers since 2011
- GOGLA – the global association for the off-grid solar energy industry – continued to expand its membership and impact. In 2019, 8.5 million products had been reported sold and by the end of the year, 107 million households had benefited from a live off-grid solar product and eight companies had a turnover of more than \$30m
- Persistent, an early stage venture builder, made new investments into pay-as-you-go (PAYG) solar enterprises in Zimbabwe, Nigeria, Mozambique, Senegal, DRC, Burkina Faso, Mali, Niger and Cameroon

Future plans

SF will continue to engage with investors to attract commercial capital into scaling existing household energy businesses in established markets, whilst also replicating their models to enter frontier territories with high numbers of underserved and low-income consumers. SF will also continue supporting the development of new low-cost energy-efficient appliances and innovative models for last-mile distribution and consumer finance.

8.5million

solar products sold by members of GOGLA in 2019

>600,000

solar home systems purchased via PAYG from M-KOPA Solar



M-KOPA Labs launched the first PAYG solar fridge to market in Kenya

At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY

Off-grid utilities

SF is co-creating off-grid utility models that can provide reliable and affordable modern energy beyond basic lighting and mobile phone charging. It aims to support pioneering models that offer an energy service that meets the entire energy needs of off-grid households, businesses and community services.

>30,000

connections – both on-and off-grid – on the two pilot sites selected by Konexa

2019 key highlights

- The Odyssey platform, an investment and asset management data platform for all players in the off-grid utilities sector, launched the largest off-grid utility subsidy programme in Nigeria. The programme, worth \$550m, was supported by The World Bank and the African Development Bank
- The African Mini-Grid Developers Association (AMDA), a non-profit trade association we co-created with DFID in 2018, increased its membership from 11 to 30 organisations and from three to 15 countries and directly advised regulatory reform processes in Uganda, Tanzania, Zambia, Ethiopia, Rwanda and Kenya
- Co-created Konexa, The Energy Company of the Future, to bring a fully integrated approach to energy access that improves existing grid reliability, provides additional generation capacity, and delivers affordable off-grid technologies such as solar home systems and mini-grids in rural areas where grid extension is not yet viable

\$11.8million

additional investment leveraged into off-grid utilities by CrossBoundary Energy Access

Future plans

SF will focus on ways to scale the impact of off-grid utility businesses and integrate different power sources into single offerings. In particular, SF is supporting applied research in evidencing how to reduce mini-grid construction and operational costs by providing demand stimulation and metered and system data to the sector in real time.

SF is committed to share learnings to help investors and policymakers to support the growth of this sector.



Konexa’s service aims to serve the rural community with the right level of power at an affordable cost



AMDA increased its membership from 11 to 30 organisations and from three to 15 countries

At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY

Energy for business

SF is seeking to test new technologies and develop business models tailored to meet the unique energy needs of smallholder farmers and improve their livelihoods. We are focused on improving access to energy across the agricultural value chain – food production, agri-processing, post-harvest and storage facilities.

2019 key highlights

- Entered £30m strategic partnership with DFID dedicated to providing energy solutions for smallholder farmers in Africa and India. See case study on page 15
- Supported Apollo Agriculture, an agricultural fintech company providing financing, inputs, insurance and advice to smallholder farmers, to enhance their automated, phone-based training services. With Shell Foundation’s support, Apollo delivered voice-based trainings to more than 34,000 rural, small-scale farmers in 2019
- Sistema.bio, a producer of biogas digesters that convert animal waste to energy, received global recognition from the World Economic Forum as Schwab Social Entrepreneur, UN Sustainable Energy for All and Ashden Awards as Best Clean Cooking Solution

Future plans

With the new DFID partnership, we will increase our work incubating and scaling early stage technology companies that design, manufacture and distribute renewable energy agricultural assets for smallholder farmers, link farmers to markets and improve access to quality inputs and data.

>475million
smallholder farmers in the world

>40,000
livelihoods improved by Sistema.bio

>700tonnes
of waste diverted from landfill by Hasiru Dala Innovations, a social enterprise focused on creating better livelihoods for waste pickers in India



SF supported Apollo to develop and scale their mobile phone-centred automated training services, which provide their customers, smallholder farmers in Kenya, with voice-based training on best practices in a highly scalable way



Sistema.bio continued to grow its biogas clean fuel solutions for smallholder farmers, now operating in Latin and Central America, East Africa and India

At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY

Access to finance

Access to finance is a major barrier to growth for energy businesses serving low-income consumers in emerging markets. Our team provides extensive support to enable portfolio partners to raise capital from appropriate social investors. Building on our experience of supporting these businesses, SF is creating and scaling innovative financing mechanisms that support development of enterprises from pilot to growth stage.

2019 key highlights

- Announced the launch with FMO, the Dutch development bank, of the \$120 million Energy Entrepreneurs Growth Fund to provide patient, flexible capital combined with technical assistance to early-stage businesses delivering affordable access to energy for homes and businesses in sub-Saharan Africa
- Co-created a financing solution for solar product distributors with The SIMA Angaza Distributor Finance Fund, Skoll and CeniARTH, targeting smaller distributors in underserved areas such as west Africa. A pilot fund of \$3m is being raised

Future plans

SF is committed to increasing the level of patient, risk-tolerant finance to support enterprises at various stages of growth. We do this by supporting a robust investment market and connecting our portfolio enterprises with relevant and aligned investors.

\$332million

of funding leveraged into SF's Access to Energy portfolio in 2019

\$34million

in working capital finance to energy access enterprises by the responsAbility Energy Access Fund

ACCESS TO ENERGY – RESOURCES EXPENDED

	2019	2018
	\$000	\$000
Grants	21,016	11,581
Direct costs	12,635	5,751
Support costs	2,241	1,713
TOTAL	35,892	19,045

At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY: CASE STUDY



Catalysing Agriculture by Scaling Energy Ecosystems

Globally an estimated 1.5 billion people live in smallholder households. In Asia and sub-Saharan Africa smallholder farmers produce up to 80% of the food consumed.

As a group, however, smallholder farmers are among some of the most disadvantaged and vulnerable in the world – struggling with food security, energy availability, market access, training and climate change.

SF has been working on the nexus of business and energy for over three years, building a portfolio of enterprises to help smallholder farmers to increase yields, incomes and climb the energy ladder.

This work has led to a new £30 million, five-year partnership with DFID’s Research and Evidence Division.

The CASEE programme – Catalysing Agriculture by Scaling Energy Ecosystems – is delivering access to energy for smallholder farmers in sub-Saharan Africa and South Asia by supporting agriculture-focused businesses to test new models and technology with the potential to reach commercial viability.

The aim is to leverage £110m of additional investment into the agriculture ecosystem and improve the lives of more than a million people.

The programme launched with funding into three social enterprises which have significant potential: Rent to Own, Sistema.bio and S4S.

Find out more [here](#).

1.5 billion

people globally living in smallholder households

80%

of food consumed in Asia and sub-Saharan Africa is produced by smallholder farmers

1 million

aim of livelihoods improved by end of the CASEE programme



Rent to Own provides finance for industrial and commercial machinery to rural entrepreneurs in Zambia enabling farmers and shopkeepers to realise their business potential and setting affordable repayments that can adjust to seasonal cash flow



India-based S4S technologies installs solar powered dehydrators for farms to convert fruit and vegetables into dehydrated product, providing assured revenue for farmers



Active in Kenya, India and Latin America, Sistema.bio produces biogas digesters that convert farm waste into energy for cooking, heating or powering machinery and reduces greenhouse gas emissions from livestock



SUSTAINABLE MOBILITY

Minibus taxi rank in Kampala, Uganda. WhereIsMyTransport accurately maps informal transport networks, such as this one, as well as formal transport networks in emerging markets using digital technology which helps multiple mobility-sector actors

At a Glance: Strategic Report – Achievements and Performance

SUSTAINABLE MOBILITY

Access to affordable and reliable transport affects all aspects of daily life, including health, education and employment services.

At the heart of any thriving and prosperous society is the ability to move people and goods efficiently. Yet today, in major cities in emerging markets, people lack access to public transport and central districts are brought to a halt by traffic gridlock. Heavy congestion and pollution is considered a normal part of daily life, disproportionately impacting the urban poor.

SF looks at how new technologies, businesses and non-profit institutions can enable urban, rural and global freight services to drive development. These include:

- Digital platforms to coordinate vehicles or routes
- New services and models that connect isolated communities
- Standardised measurement methodologies on emissions
- Public/private relationships to incentivise infrastructure planning

9.42million

tonnes of CO₂ avoided (cumulatively) by WRI Ross Centre for Sustainable Cities (EMBARQ)



40multinationals

have adopted the Global Logistic Emissions Council's standardised methodology for measuring emissions across all modes of freight



350,000+

customers served with safer, more affordable motorcycle taxis by MAX in Nigeria



60+women

provided with training and asset finance by SMV Green Solutions to own and drive electric rickshaws in India



70,000+

drivers on waiting list for Ampersand's petrol-electric battery swap motorcycle taxi in Rwanda



At a Glance: Strategic Report – Achievements and Performance

URBAN AND RURAL MOBILITY

SF provides support to unproven mobility businesses with scalable solutions that increase access to affordable, clean transport in cities, improve the delivery of urban and rural transport services, and reduce emissions intensity through technology innovation.

2019 key highlights

- Partnered with Ampersand to introduce electric motorcycles to the motorcycle taxi market in East Africa (comprising around 5m motorbikes). By using a battery swap model, Ampersand makes it cheaper to acquire and operate an electric motorcycle than a petrol one without requiring driver behaviour change or reduced vehicle performance. By making the electric option cheaper from day one for a vast fleet of drivers, Ampersand achieves a key tipping point in the battle against climate change
- Continued to support Waterbus which builds and operates catamaran ferries for safe and affordable transport of passengers and goods, linking the residents of East Africa’s islands and other water-isolated communities. Over a million passengers have been carried with passenger numbers increasing by 12% in the last quarter of 2019 compared to 2018
- Continued to support SMV Green Solutions to provide e-rickshaw financing and business training. SF’s partnership with DFID India has now provided 61 women with training and asset finance so they can own and drive e-rickshaws. SMV won the Ashden Awards 2019 in the International Sustainable Mobility category

Future plans

SF will continue to identify and support the scale-up of disruptive transport business models that better serve low-income consumers in Africa and India, whilst also advocating the issue as a major challenge to the international development community.

>439,000

livelihoods improved for users of Waterbus’s ferries

>1,000

e-rickshaws sold by Indian electric vehicle provider SMV Green Solutions across 5 cities

SUSTAINABLE MOBILITY – RESOURCES EXPENDED

	2019	2018
	\$000	\$000
Grants	6,218	5,161
Direct costs	737	274
Support costs	463	537
TOTAL	7,418	5,972

At a Glance: Strategic Report – Achievements and Performance

MOBILITY: CASE STUDY



Metro Africa Xpress

Metro Africa Xpress (MAX) is working to make motorcycle transportation safe, affordable and accessible.

Based in Nigeria, MAX uses technology to efficiently connect riders and customers at an affordable price and prioritises safety by using rider dashboards, enforcing high HSSE standards and maintaining a robust onboarding process.

MAX integrates ride-hailing technology with data-driven asset-finance to deliver a full-service business model, including:

- Electric vehicles and battery charging infrastructure
- Mobile app for motorcycle ride hailing
- Driver profiling/onboarding programme that uses psychometric tests and machine learning
- Data-driven asset-finance to help drivers acquire motorcycles
- Last mile delivery for enterprises and consumers
- Impact monitoring and evaluation

Drivers also earn more on the MAX Platform and the company's data-driven asset financing helps drivers transition towards ownership of their own bike within 12 months. As well as this, helmet compliance for MAX is at 99% as compared to 4% for informal motorcycle taxis.

Find out more at www.max.ng

350,000

users served

1,400+

drivers onboarded

>1.4million

trips completed





SME GROWTH

With its wide access to partners and business networks, GroFin is supporting fresh produce enterprise Phyma Fresh, Kenya, as it diversifies into Asian and Middle Eastern markets.

At a Glance: Strategic Report – Achievements and Performance

SME GROWTH

Small- and medium-sized enterprises (SMEs) in developing countries struggle to obtain finance from local banks as they lack the collateral, track record or skills. Yet they are vital to driving job creation and economic development.

Under our 2018-22 Strategy, in the future SME Growth will be consolidated into SF's two focus areas: Access to Energy and Sustainable Mobility.

2019 key highlights

- Presented a study around SME fund performance to a group of c.125 SME-focused investors and fund managers. The study, initiated with Omidyar Network, identifies areas of opportunity for improving the business models of SME funds, particularly impact and cost efficiency, and aligns investor expectations with fund performance, with the aim to encourage greater flows of capital into SME funds
- CreditEnable, an SME lender specialising in energy, logistics and mobility sectors, launched its Changemaker Programme with the Confederation of All India Traders (CAIT), which aims to provide access to debt markets for 30 million CAIT members
- Long-term partner Aavishkaar Venture Management Services, a multi-product financial services consultancy and advisory group, increased their assets under management to \$1 billion



Another GroFin-supported entrepreneur, Agasaro Organic in Rwanda, helps local farmers by adding value to their produce

SME GROWTH – RESOURCES EXPENDED

	2019	2018
	\$000	\$000
Grants	-	-
Direct costs	2,661	915
Support costs	-	-
TOTAL	2,661	915

Report of the Trustees and Financial Statements 2019

Additional copies of this report, the reports for prior years and further information regarding the activities of Shell Foundation may be obtained from the following web site:
www.shellfoundation.org

REPORT OF THE TRUSTEES

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FINANCIAL STATEMENTS 2019

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Report of the Trustees for the year ended 31 December 2019

The Trustees, who are also directors of the Foundation for the purpose of the Companies Act, present their annual report and the audited consolidated financial statements for the year ended 31 December 2019.

The information with respect to Trustees, directors, officers and advisors set out on page 4 forms part of this report as does the report on Achievement and Performance on pages 7 to 21. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice 'Charities SORP (FRS 102)' effective 1 January 2019, the transition to which is in the Basis of Preparation, the Companies Act 2006 and the Charities Act 2011.

STATUS AND ADMINISTRATION

Shell Foundation ('the Foundation' or 'SF') is a charitable company limited by guarantee, incorporated on 31 May 2000 (company registration number 4007273) and registered with the Charity Commission as a charity on 2 June 2000 (charity registration number 1080999).

Since 14 February 2008, the Foundation has had charity registration with the tax authorities in The Netherlands (as an algemeen nut beogende instelling, registration number 823793059). The Foundation is also registered in the United States of America under section 501(c)(4) of the Internal Revenue Code, identification number 98 0368454.

The Foundation has a single subsidiary, SF Investment Management Limited, (company number 09425215), which was incorporated in 2015 to manage a restricted programme with USAID to generate employment in Iraq through investment in small and growing businesses. On completion of this programme, any proceeds from the investments are to be returned to USAID.

Structure, Governance and Management

RELATIONSHIP WITH THE SHELL GROUP

To ensure clarity in the relationship of the Foundation to Royal Dutch Shell plc and its subsidiaries ('the Shell Group'), the Foundation Board includes a Chair and a majority of independent members who have no direct relationship with the Shell Group, known as the 'Nominated Trustees'. They are selected for their experience and eminence in the Foundation's field of activities.

Between incorporation and 31 December 2000, donations of \$259 million were received from the Shell Group, of

which \$256 million was in the form of an expendable endowment and the balance as unrestricted funds.

In addition to the endowment, the Foundation has received restricted and unrestricted donations from the Shell Group totalling \$240 million to the end of 2019.

GOVERNANCE AND INTERNAL CONTROLS

Trustees are formally appointed by the sole member of the Foundation (The Shell Petroleum Company Limited) upon their identification, selection and recommendation by the Board of Trustees. New Trustees are provided with information on Trustee guidelines as prepared by the Charity Commission, and information on the Foundation as appropriate. Briefing discussions are held with the Director of the Foundation and other key staff. Trustees are requested annually to confirm any related party transactions.

The Trustees meet formally at least twice each year. They review and approve:

1. The Foundation's financial results and statutory returns;
2. Internal controls (including delegation of authorities and segregation of duties);
3. Risks associated with the Foundation's activities and appropriate mitigation measures in respect of these;
4. The endowment investment returns, strategic asset allocation, and performance of the fund manager;
5. Social investment performance;
6. A strategic plan and annual budget for the Foundation;
7. Management accounts, variances from budget, and non-financial performance indicators;
8. The team's performance against pre-determined annual targets, including the scorecard outcome;
9. Certain proposed actions that are above the authority level of the Senior Management Team (SMT).

The Board is supported in items 1-3 by an Audit and Risk Committee (ARC); by an Investment Committee (IC) for item 4; and by a Remuneration Committee for item 8.

The ARC comprises three Trustees and a co-opted expert, who invite the Foundation Director, CFO and external auditor to attend as required. The Chair and a majority of the ARC are Nominated Trustees. They take responsibility on behalf of the SF Board of Trustees to ensure that there is a framework for accountability; for examining and reviewing systems and methods of control, both financial and otherwise, including risk analysis and risk management; and for ensuring that SF is complying with all aspects of the law, relevant regulations and good practice. It reports back to the Board and makes recommendations as appropriate.

Report of the Trustees for the year ended 31 December 2019 (continued)

The IC comprises two Trustees, a co-opted expert, the Director and CFO, advised by an independent investment advisor (Cambridge Associates). The remit of the IC is to establish, review, recommend and report to the Board on the Investment strategy and policy for all financial investments and the selection and performance of fund manager(s) including the Investment management agreement(s).

The Remuneration Committee consists of three Trustees. The committee reviews performance for the year as reflected in the Foundation's scorecard and makes a recommendation to the Board for the scorecard outcome. The scorecard outcome determines a component of the remuneration of Shell Foundation staff.

The Trustees have delegated operational management of the Foundation to the Director, who reports on the performance against the strategic plan and budget as approved by the Trustees.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Report of the Trustees (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standard FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (2006 Companies Act). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Foundation and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the FRS102 Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Foundation's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They

are also responsible for safeguarding the assets of the Foundation and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware:

- (a) there is no relevant audit information of which the company's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

GRANT COMMITMENTS

The Foundation identifies strategic partners it wants to support in order to further its charitable purposes for the public benefit, and does not encourage the submission of unsolicited grant applications.

As part of its risk control framework, the Foundation conducts due diligence assessments of these prospective grantees (grant recipients) prior to awarding grants to confirm that, at the time of grant approval, there is an expectation that the project is likely to be successful and, therefore, that the grant commitment will be paid in full. Grants are assessed and approved by the Board of Trustees or Management Team, depending on value.

Certain milestones must be met by the grantee to receive scheduled grant payments to ensure they remain aligned to the Foundation's charitable objectives. The expectation upon signing the Letter of Commitment (LOC) is that the grantee will be able to achieve the milestones. Progress against milestones is monitored using a variety of methods including reports from the grantee, meetings with grantees, reviews of their activities, visits to the grantee sites and receiving feedback from the communities the grantee is serving. Where a grantee does not meet a milestone the payment of that instalment of the grant may be deferred until such time as the milestone has been met, or ultimately the grant may be terminated if it is deemed not likely possible that project objectives can be met.

Report of the Trustees for the year ended 31 December 2019 (continued)

SOCIAL INVESTMENTS

Grant funding continues to be SF's standard mechanism for early support to partners. Other forms of social investment will be considered, in relation to the scale-up of existing Foundation strategic partners and in ways that confer advantages (e.g. leveraging support from other investors), and this may include convertible grants, repayable grants/loans, fund investments, equity, and financial guarantees. These social investments further the delivery of SF's charitable objectives and KPIs.

Any private benefit generated by SF's social investments is incidental to the pursuit of the public benefit and its charitable objectives. The Foundation seeks to liquidate its social investments once the investee enterprise is sufficiently mature and profitable to attract a broader range of growth stage investors and funding. However, grants may continue to be provided for more mature partners to fund specific research areas, new products, or market entries that otherwise would not be commercially viable yet have the potential to deliver significant social impact.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The primary objectives of the Foundation are stated in its governing document and include:

1. *The protection and preservation of the environment and public health by means of education and research into the provision and use of energy in ways that reduce or eliminate harmful emissions. The Foundation has pursued this objective via grants made through its Access to Energy, Sustainable Mobility and Sustainable Job Creation programmes.*
2. *The relief of poverty, suffering, hardship and distress. This objective has been furthered via grants made through all the Foundation's programmes.*

These objectives have been met through the activities described in this report.

The Trustees confirm they have complied with the guidance contained in the Charity Commission's general guidance on public benefit in section 4 of the Charities Act 2011 when reviewing the Foundation's aims and objectives and when considering grants to be awarded. The Foundation's Articles permit it to make grants to further these objectives anywhere in the world, and its policy is to act as a truly international grant-making foundation.

Financial Review

FINANCIAL ACTIVITIES

SF's portfolio continued to deliver a strong impact in 2019. For more information, please refer to the Shell Foundation

Outcome indicators and At a Glance: Strategic Report – Achievements and Performance.

The Statement of Financial Activities is included with the financial statements on page 31.

PRINCIPAL FUNDING SOURCES

The Foundation's annual grant programmes are funded by distributions from its endowment fund. Shell Group made unrestricted donations of \$6 million in 2019. Restricted donations totalling \$34.4 million were received from DFID, USAID, IADB, OFID and Toyota enabling the Foundation to amplify its programme.

RESERVES

The Foundation holds an expendable endowment to sustain the funding of its annual programmes. The investment policy adopted by Trustees aims to maintain the real value of both distributions and the endowment asset value.

The Foundation's endowment constitutes unrestricted reserves and is sufficient to meet the commitments and ambitions of the Foundation now and in the future. Commitments are met by liquidating endowment assets as and when required. The reserve policy is reviewed regularly by the Audit & Risk Committee.

At the year end the surplus in restricted funds was the value of social investments made under the DFID TIME partnership. On repayment, these funds will be redirected to new projects to further our charitable objectives consistent with the Partnership governing documents.

ENDOWMENT INVESTMENT POLICY AND PERFORMANCE

The endowment is invested in a diversified portfolio of global equities, hedge funds, fixed income and real estate. In order to mitigate the risk associated with currency exposure, the investment portfolio is partially hedged back to the Foundation's functional currency of US Dollars (by the investment manager) through the use of forward contracts.

In 2019, financial markets – and equities in particular – generated one of the strongest returns of the past decade. Interest rates, once again, were the key driver of performance: while 2018 saw interest rates increase in an environment of already slowing growth leading to poor market returns, in 2019 monetary tightening was reversed, with short-term interest-rate cuts and lower rates across the term structure. This reversal, combined with lower, albeit still relatively decent, global growth and some stabilisation in US/China trade negotiations, drove asset prices higher. Fixed income markets benefitted from lower interest rates and tighter credit spreads (as risk concerns subsided), and equities rallied despite rather anaemic developments in earnings.

Report of the Trustees for the year ended 31 December 2019 (continued)

The total return of the portfolio for the year was positive (+18%) in line with the benchmark.

The Equity portfolio had strong performance with a +25% return over the year. Within the equity portfolio the North American markets were the strongest performers. Fixed income showed positive results over the year (+7%), with both the credit pool and the US Treasury portfolio delivering positive returns. The hedge fund portfolio performance was positive over 2019 (+4%), slightly underperforming versus the benchmark, driven by the conservative profile of the portfolio, which resulted in lagging returns in times of strong equity markets. Real estate recorded a +5% total return for the year.

Over a three-year horizon, all asset categories posted positive absolute returns.

Since the year end, there have been significant falls and volatility in equity markets across the world, arising from the impact and uncertainties of Covid-19. This has affected the value of SF's investments, causing them to fall from what was recorded at the end of 2019. SF has a long term investment policy and as at May 2020, the Trustees remain comfortable that existing investment policy will be followed throughout future market volatility, with investment performance reviewed regularly by the Investment Committee.

INCOME

Restricted Income has increased compared to 2018 due to additional restricted grants mainly due to the USAID IRAQ MENA II (Middle East and North Africa Initiative) repayable donation in 2019.

CHARITABLE ACTIVITIES

SF's spend on Charitable Activities increased by 58% versus 2018. This increase mainly reflects a higher level of funding in restricted charitable activities in Access to Energy and Sustainable Job Creation and in unrestricted charitable activities in Access to Energy. These figures include impairments of investments for \$11 million. For more information please refer to notes 4, 5 and 11.

To note that for 2019 there is a net expenditure before transfers of \$3.9 million in unrestricted and restricted funds. This is due to timing as grants are expensed upfront whilst the payments, relating to these, can be made at different times, depending on the milestones. Moreover, Total Incoming Resources does not include transfers from the Endowment, which is reflected in the Net Income/Expenditure line.

PLANS FOR FUTURE PERIODS

See the review of achievements and performance on pages 10 to 21, Covid-19 risk on page 26 and Basis of

Preparation for details of future plans. The Trustees do not expect to change levels of expenditure or thematic focus in 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have identified the major risks to which the Foundation is exposed. The level of exposure for each risk is assessed by considering the likelihood of occurrence, the potential consequences of occurrence and the effectiveness of existing controls in place and actions taken to mitigate the risk. The Trustees review these assessments at least twice a year through their Audit and Risk Committee and at their board meetings. None of the key risks is currently regarded as posing an unacceptable residual exposure.

Covid-19: The coronavirus (Covid-19) outbreak has affected many aspects of SF's operations and a full risk review has been performed by management and Trustees. Where Covid-19 has had a material impact on an identified principal risk, this is detailed in the sections below. SF Trustees engage in regular communication and discourse to assess arising risks and SF responses. In the first half of 2020 SF held two full Board meetings and a meeting of the Audit & Risk Committee; Covid-19 risk and response was discussed in detail at these meetings, with increased regular updates in between meetings.

The Trustees have closely examined the current and potential future impact of Covid-19 on the ability of SF to continue as a going concern and they remain assured of the Foundation's ability to continue on a going concern basis. Foundation activities are largely funded through withdrawals from a large, unrestricted, liquid endowment. After taking into account the negative impact on investment values following from Covid-19 events as at May 2020, at the current rate of planned withdrawals the fund is sufficient to cover more than 20 years of planned expenditure. In terms of the ability of the Foundation to meet all existing and planned commitments to at least July 2021, the endowment would have to experience a further fall in value of nearly 85% before the Foundation would have to modify planned commitments. In addition, the Foundation has the ability to significantly modify future ambitions to match resources available if required, although based on the stress test above, this is not anticipated.

The Trustees have made adjustments to the 2020 programme plan to specifically target Covid-19 effects, where it threatens the social impact which SF seeks to create. Through direct support to partners, funding will be carefully targeted with the intention of maintaining impact now and in the future. The second part of SF's response strategy is to support Covid-19 relief efforts across the offgrid energy sector as a whole, where SF can offer catalytic capital.

Report of the Trustees for the year ended 31 December 2019 (continued)

The Trustees do not expect to make significant changes to levels of expenditure or thematic focus in 2021.

Covid-19 has affected the ability of some of SF's partners to meet business plans and grant milestones. This is attributable to many factors including local and international restrictions on the movement of people and goods in many countries across the world, disruptions to supply chain for equipment and products, and difficulty in raising finance from other investors and financial institutions. Some partners expect to experience significant cash pressures. SF is working closely with partners and other institutions in the sector to support business resilience through the period of disruption and to maximise public benefit in the future.

Other risks include:

Reputation: Maintaining an appropriate reputation is fundamental to SF's ability to deliver meaningful positive benefit to its target beneficiaries, as it impacts the Foundation's ability to attract and maintain partnerships across both public and private sectors. The Trustees are attuned to the range of issues which could affect the Foundation's reputation, monitor reputational issues closely and are committed to taking the actions necessary to protect the reputation of SF.

Staff: Its experienced and committed team is a key asset of SF and of fundamental importance to its success. The ability to attract, retain and motivate team members is therefore essential to SF's ongoing activity. The Board seeks to ensure that any issues related to SF's team are managed timely and effectively by the senior management team. Staff wellbeing during the Covid-19 pandemic is a primary focus and will continue to be monitored regularly with additional actions taken where necessary.

Partners: The Foundation is reliant on strategic partners to take programmes forward and build both developmentally sound and financially viable businesses. This risk continues to be managed through the careful selection process for new partners, and ongoing management of existing partners. The Covid-19 pandemic in early 2020 has a significant impact on the ability of partners to execute their plans and meet grant milestones. This is expected to continue for the foreseeable future and is being carefully monitored and managed by SF. Measures include advising partners in their Covid-19 response, assessing partner cash adequacy and requiring partners to conduct business resilience planning where funding is requested. Re-purposing of funding to support partner adaptation to the Covid-19 situation is also considered.

Independence and relationship with Shell: The Trustees explicitly recognise their charitable responsibilities

in this regard by stating formally in Shell Foundation's Business Principles that the Foundation's activities will always be consistent with achieving its mission and cannot promote the commercial interests of the Shell Group, and that any benefit that may accrue to the Shell Group from the Foundation's activities will be incidental and outweighed by the contribution to the Foundation's charitable objectives. Activities that could give rise to heightened independence concerns are identified and managed accordingly, including regular reporting to the Audit & Risk Committee where appropriate. The ARC is now chaired by a Nominated Trustee to provide robust scrutiny and independent risk assessment and response.

Investment Risk: The long-term financial independence of the Foundation depends on the performance of the endowment fund. The Trustees have implemented clear investment objectives and the Investment Committee regularly reviews investment performance and strategy. To ensure the Foundation's investment objectives are met, there is a considerable allocation to return-seeking assets, meaning volatility in annual investment performance is expected and accepted.

The Foundation has also made a number of social investments. The key financial risk associated with these investments is the size, timing and reliability of cash flows. This cash flow risk is mitigated by regular monitoring of the investments and a prudent approach in cash flow forecasting.

The coronavirus (Covid-19) outbreak that occurred subsequent to year end may have a significant negative impact on endowment investment returns. The extent of the impact on investment performance will depend on future developments, including (i) the duration and spread of the outbreak, (ii) government trading restrictions, (iii) the effects on the financial markets, and (iv) the effects on the global economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of endowment assets is affected for an extended period, the investment results may be materially adversely affected. Notwithstanding, the endowment investments are considered sufficiently liquid to sustain significant downturn whilst maintaining current level of operations for many years into the future. For further information on the Trustee's assessment of going concern, please refer to the Basis of Preparation.

Monitoring and Evaluation: A delivery risk on monitoring and evaluation is recognised as the Foundation has grown significantly over recent years, requiring renewed focus on implementing efficient and systematic ways to measure its charitable performance and research outcomes. To support this, the team includes a dedicated member of staff and a new software package was recently implemented.

Report of the Trustees for the year ended 31 December 2019 (continued)

Compliance: The increase in the size and complexity of SF, combined with an ever more demanding external regulatory environment, presents a heightened compliance risk. As SF increasingly works closely with external donors it is essential to ensure that their requirements are understood and met alongside other legal, regulatory and reporting requirements. To respond to this risk, teams have been strengthened with a dedicated, experienced member of staff, and additional training is provided to staff as required. Support is provided to partners to help ensure that compliance is appropriately managed in their businesses.

Portfolio management: This risk also relates to the growth in SF. As the number of partners has increased so have the demands of managing them effectively to ensure delivery of SF's objectives and donors' expectations. Senior management carefully monitors the allocation of partners within the programme team as new partners are added, existing partners mature and SF staffing changes. Partners are reallocated and the team strengthened when necessary. The SF team has adapted working practices in response to Covid-19 and is working virtually which makes effective portfolio management more challenging. Working practices will be subject to ongoing review for effectiveness as the Covid-19 situation develops, in particular with respect to international travel.

Brexit: Brexit has the potential to disrupt SF activities in a number of ways. Possible impacts include reduced endowment investment returns, exchange rate volatility, political turmoil impacting government funding for international development, staffing issues and difficulty travelling overseas. SF is monitoring developments closely to ensure that to the extent possible, it can respond to such issues should they arise.

Health, Safety, Security and Environment (HSSE), including Safeguarding: SF's own staff frequently travel to remote or developing places as they work with partners. The risks associated with this are carefully managed, including making use of the Shell Group's HSSE systems where available. SF provides mentoring and guidance on HSSE to its partners and monitoring their HSSE systems forms part of the annual partner assurance process. In particular, SF is conscious to avoid its actions or its partners actions adversely affecting the safety, privacy and dignity of the people whose lives it aims to improve. To do this, SF has implemented new zero-tolerance Safeguarding policies and procedures and delivered a programme of Safeguarding training for all Foundation staff and its partners. This will be completed during 2020 and the Foundation will continue to help individual partners to implement improved safeguarding policy and practice in their enterprises. Additionally,

two Safeguarding Officers have been appointed and a Safeguarding Trustee identified, plus a dedicated member of staff focusing on programme compliance, including Safeguarding, has been added to the team. Trustees and management have an increased focus on the wellbeing of staff and partners, assessing the need to mitigate potentially increased safeguarding and HSSE risks which can arise in crisis situations.

INDEPENDENT AUDITOR

The sole member approved the adoption of Elective Resolutions on 28 March 2001, in accordance with the Companies Act 2006, to dispense with (a) the holding of Annual General Meetings, (b) the laying of report and financial statements before general meetings each year, and (c) the annual re-appointment of auditors.

Ernst & Young LLP accordingly shall be Independent Auditor of Shell Foundation pursuant to section 487(2) of the Companies Act 2006. In accordance with the Companies Act 2006, any Member or the Auditors may require the report and financial statements to be laid before a general meeting by depositing a notice to that effect at the registered office of the Foundation not later than 28 days after the despatch of the financial statements and reports to Members.

The Report of the Trustees, including the Strategic Report, were approved by the Trustees and signed on their behalf by order of the Board:

Gail Klintworth
Chair of the Board of Trustees
18 June 2020

Independent Auditor's report to the member of Shell Foundation

Opinion

We have audited the financial statements of Shell Foundation (the 'charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, consolidated income and expenditure account, consolidated and charity balance sheets, cash flow statement and consolidated cash flow statement and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's and group's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 1 and 27 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting financial markets and the objectives and demands of the partners Shell Foundation funds. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's and group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 3 to 28 other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements

Independent Auditor's report to the member of Shell Foundation (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out on page 24, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's and group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the charitable company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Reid (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

Date: 18 June 2020

Notes:

1. The maintenance and integrity of the Shell Foundation's web site is the responsibility of the Trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated statement of financial activities for the year ended 31 December 2019

Company Registered Number: 4007273

	Note	Unrestricted Funds 2019 \$000	Restricted Funds 2019 \$000	Endowment Funds 2019 \$000	Total Funds 2019 \$000
Income and endowments from					
- Donations	2	6,000	34,357	-	40,357
- Donated services	2	860	-	-	860
- Investments	3	340	523	10,469	11,332
Total Incoming Resources		7,200	34,880	10,469	52,549
Expenditure on Raising Funds					
Investment management costs		-	-	(361)	(361)
Total Cost of Raising Funds		-	-	(361)	(361)
Charitable Activities					
- Access to Energy		(22,691)	(13,201)	-	(35,892)
- Sustainable Mobility		(6,968)	(450)	-	(7,418)
- Sustainable Job Creation		(67)	(2,594)	-	(2,661)
- Incubator		-	-	-	-
- Policy and Advocacy		-	-	-	-
Total Charitable Activities	4	(29,726)	(16,245)	-	(45,971)
Total Resources Expended		(29,726)	(16,245)	(361)	(46,332)
Net (losses) on investments					
Realised and Unrealised (losses) on the revaluation and disposal of investment assets		-	-	68,976	68,976
Net income/(expenditure) before transfers		(22,526)	18,635	79,084	75,193
Transfers between funds		17,140	-	(17,140)	-
Net income/(expenditure)		(5,386)	18,635	61,944	75,193
Net Movement in Funds		(5,386)	18,635	61,944	75,193
Fund balances brought forward at 1 January		42,472	9,535	459,308	511,315
Fund balances carried forward at 31 December		37,086	28,170	521,252	586,508

The Foundation has elected to take the exemption under section 48 of the Companies Act 2006 not to present the Foundation statement of financial activities. The Foundation's net movement in funds in 2019 was \$75 million surplus. All incoming resources, resources expended and resulting net movements in funds were derived from continuing activities.

The accompanying notes form part of these financial statements.

Consolidated statement of financial activities for the year ended 31 December 2018

Company Registered Number: 4007273

	Note	Unrestricted Funds 2018 \$000	Restricted Funds 2018 \$000	Endowment Funds 2018 \$000	Total Funds 2018 \$000
Income and endowments from					
- Donations	2	6,004	12,254	-	18,258
- Donated services	2	577	-	-	577
- Investments	3	414	5	9,883	10,302
Total Incoming Resources		6,995	12,259	9,883	29,137
Expenditure on Raising funds					
Investment management costs		-	-	(298)	(298)
Total Cost of Raising Funds		-	-	(298)	(298)
Charitable Activities					
- Access to Energy		(12,083)	(6,962)	-	(19,045)
- Sustainable Mobility		(5,880)	(92)	-	(5,972)
- Sustainable Job Creation		(742)	(173)	-	(915)
- Incubator		(2,165)	(846)	-	(3,011)
- Policy and Advocacy		(29)	-	-	(29)
Total Charitable Activities	4	(20,899)	(8,073)	-	(28,972)
Total Resources Expended		(20,899)	(8,073)	(298)	(29,270)
Net gains on investments					
Realised and Unrealised gains on the revaluation and disposal of investment assets		-	-	(40,583)	(40,583)
Net income/(expenditure) before transfers		(13,904)	4,186	(30,998)	(40,716)
Transfers between funds		16,302	-	(16,302)	-
Net income/(expenditure)		2,398	4,186	(47,300)	(40,716)
Net Movement in Funds		2,398	4,186	(47,300)	(40,716)
Fund balances brought forward at 1 January		40,074	5,349	506,608	552,031
Fund balances carried forward at 31 December		42,472	9,535	459,308	511,315

The Foundation has elected to take the exemption under section 48 of the Companies Act 2006 not to present the Foundation statement of financial activities. The Foundation's net movement in funds in 2018 was \$41 million deficit. All incoming resources, resources expended and resulting net movements in funds were derived from continuing activities.

The accompanying notes form part of these financial statements.

Consolidated income and expenditure account for the year ended 31 December 2019

	2019	2018
	\$000	\$000
Income	41,217	18,835
Gains on investments	68,976	-
Interest and investment income	11,332	10,302
Gross income in the reporting period	121,525	29,137
Expenditure	(35,705)	(28,471)
Depreciation and charges for impairment of fixed assets	(10,627)	(799)
Loss on investments	-	(40,583)
Total expenditure	(46,332)	(69,853)
Net income/expenditure before tax for the reporting period	75,193	(40,716)
Tax payable	-	-
Net surplus/(deficit) of income over expenditure for the year	75,193	(40,716)

Consolidated and charity balance sheets as at 31 December 2019

	Note	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
Fixed Assets					
Endowment	10	521,252	459,308	521,252	459,308
Investments	11	56,027	48,170	50,265	45,923
Subsidiary undertakings	12	-	-	16,930	2,523
Total Fixed Assets		577,279	507,478	588,447	507,754
Current Assets					
Debtors:					
amounts falling due within one year	13	11,813	7,196	11,813	7,196
amounts falling due after one year	13	200	980	200	980
		12,013	8,176	12,013	8,176
Cash at bank and in hand	14	22,774	13,456	11,431	13,169
Investments	11	3,604	3,544	3,604	3,544
Total Current Assets		38,391	25,176	27,048	24,889
Creditors: amounts falling due within one year	15	(27,860)	(17,701)	(27,827)	(17,690)
Net Current Assets	18	10,531	7,475	(779)	7,199
Total Assets less Current Liabilities		587,810	514,953	587,668	514,953
Creditors: amounts falling due after more than one year	16	(1,302)	(3,638)	(1,347)	(3,670)
Net Assets		586,508	511,315	586,321	511,283
The funds of the Foundation:					
Endowment Funds	17	521,252	459,308	521,252	459,308
Unrestricted Funds	17	37,086	42,472	37,086	42,472
Restricted Funds	17	28,170	9,535	27,983	9,503
Total Foundation Funds		586,508	511,315	586,321	511,283

The accompanying notes form part of these financial statements.

The financial statements on pages 31 to 35, authorised for issue, approved by the Trustees and signed on their behalf by:

Gail Klintworth
Chair of the Board of Trustees
18 June 2020

Cash flow statement and consolidated cash flow statement for the year ended 31 December 2019

	Note	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
Net cash used in operating activities	19	7,750	(14,408)	9,850	(14,400)
Cash flow from investing activities					
Cash expended on endowment fund fees		(361)	(298)	(361)	(298)
Investment Income – unrestricted and restricted		863	333	708	328
Investment income from endowment funds		10,469	9,883	10,469	9,883
<i>Endowment Fund</i>	10				
Purchase of investments		(64,164)	(103,606)	(64,164)	(103,606)
Sale of investments		72,372	105,414	72,372	105,414
Gain/(Loss) on foreign exchange		(271)	87	(272)	87
Decrease (Increase) in investment cash		(904)	4,699	(904)	4,699
<i>Investments</i>	11				
Purchase of programme related investments		(17,708)	(3,763)	(13,708)	(3,763)
Sale of programme related investments		1,272	634	1,272	634
Investment in subsidiary		-	-	(17,000)	-
Net cash from investing activities		1,568	13,383	(11,588)	13,378
Cash flow from financing activities					
Transfer out from endowment fund		(17,140)	(16,302)	(17,140)	(16,302)
Transfer in to unrestricted funds		17,140	16,302	17,140	16,302
Net cash used in financing activities		-	-	-	-
Net increase/(decrease) in cash and cash equivalents		9,318	(1,025)	(1,738)	(1,022)
Cash and cash equivalents at the beginning of the year		13,456	14,385	13,169	14,094
Foreign Currency Effect		-	96	-	97
Cash and cash equivalents at the end of the year		22,774	13,456	11,431	13,169

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2019

1. Summary of Significant Accounting Policies

GENERAL INFORMATION

Shell Foundation ('the Foundation') and its subsidiary, SF Investment Management Limited (together 'the Group') is an independent charity established by the Shell Group in 2000 to create and scale new solutions to global development challenges. We apply business thinking to major social and environmental issues linked to the energy sector – and seek to leverage the skills and networks of Shell where possible to deliver greater development impact.

The company is a private company limited by guarantee and is incorporated in England. The address of its registered office is Shell Centre, York Road, London, SE1 7NA.

STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with the 'Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102)', effective 1 January 2019, and in accordance with applicable United Kingdom accounting standards and the Companies Act 2006. The accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

BASIS OF PREPARATION

These consolidated and separate financial statements are prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments. Social investments are recorded at historical cost less any impairment.

In line with the current statutory requirements and the updated Statement of Recommended Practice 'Charities SORP (FRS 102)' effective 1 January 2019, SF included an Analysis of Changes in Net Debt in note 20 and updated staff and changes Employee Information, note 8. SF carried out an assessment on the updated Charities SORP (FRS 102) and concluded that no other additions or changes were needed at this stage.

The Trustees have closely examined the current and potential future impact of Covid-19 on the ability of Shell Foundation to continue as a going concern and they remain assured of the Foundation's ability to continue on a going concern basis.

Foundation activities are largely funded through withdrawals from a large, unrestricted, liquid endowment. After taking into account the negative impact on investment values following from Covid-19 events, as at 31 May 2020, the endowment value was \$498m. At the current rate of planned withdrawals the fund is sufficient to cover more than 20 years of planned expenditure. The Trustees have reviewed in detail the ability of SF to continue as a going concern for a minimum period of 12 months from the date when the financial statements are authorised for issue. In terms of the ability of the Foundation to meet all existing and planned commitments to at least July 2021, the endowment would have to experience a further fall in value of nearly 85% before the Foundation would have to modify planned commitments, whilst remaining able to meet existing commitments. In addition, the Foundation has the ability to significantly modify future ambitions to match resources if required, although based on the stress test above, this is not anticipated.

BASIS OF CONSOLIDATION

The financial statements consolidate the results of the Foundation and its wholly owned subsidiary SF Investment Management Limited on a line by line basis. A separate Statement of Financial Activities and Investment and Expenditure Account for the Foundation has not been presented as the Foundation has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

FOREIGN CURRENCY

Functional and presentation currency

The Group financial statements are presented in United States dollars and rounded to thousands.

The Foundation's functional and presentational currency is the US dollar. This is because the operating currency of the Foundation is US Dollars, reflecting the high proportion of grants awarded and donations received in dollars and consequent dollar weighting of its investment funds.

Notes to the financial statements for the year ended 31 December 2019 (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the daily mean rate entered into the accounting system at the beginning of the month in which the transaction occurred.

At each period end, foreign currency monetary items are translated using the closing exchange rate. The exchange rate used at the year end to translate Sterling (GBP £) to US Dollars (USD \$) was USD/GBP \$1.3134 (2018 was USD/GBP \$1.2736).

FUND ACCOUNTING

Funds held by the Foundation are either:

- general unrestricted income funds, that are expendable at the discretion of the Trustees in furtherance of the Foundation's objects; or
- restricted income funds, that are expendable at the discretion of the Trustees in furtherance of the specific purpose stated by the donor; or
- expendable endowment funds, whose principal purpose is for investment to build the asset base of the Foundation to a sustainable level but which can be converted at the discretion of the Trustees into expendable income when needed.

INCOME AND ENDOWMENTS

Donations and investment income are included in the Statement of Financial Activities when the Foundation is legally entitled to the income, receipt is probable and its amount can be measured reliably. Restricted donations include government grants as detailed further in Note 2. Donated services, if applicable, are included in income at a valuation, which is an estimation of the value to the Foundation. Donated services of \$0.9 million were received in 2019 (2018: \$0.6 million).

Investment income arising from expendable endowment fund investments is added to endowment funds. This reflects the fact that the income is currently reinvested, in accordance with the investment strategy.

EXPENDITURE

The related expense for Donated services is included in expenditure and is an estimation of the value to the Foundation. Related Donated services expenditure was \$0.9 million in 2019 (2018: \$0.6 million).

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to programmes on a basis consistent with the use of resources. Support costs are allocated across the programmes based on the value of grants given out by that programme and direct costs attributable to that programme.

COSTS OF RAISING FUNDS

The costs of generating funds comprise investment management costs for both income generation and capital maintenance.

CHARITABLE ACTIVITIES

Charitable activity costs are comprised of grants, costs for processing grants and applications, direct costs invoiced to the Foundation, and for the administration and monitoring of projects. These costs include costs incurred for staff undertaking these activities. Staff costs are comprised of charges in respect of the services of employees of Shell Group companies in relation to Foundation activities. The Foundation has no direct employees.

Grant commitments charged as charitable activity costs in the Statement of Financial Activities represent the new commitments awarded by the Foundation in the year, as evidenced by the Letters of Commitment (LOCs) signed in that year. Grant commitments for which payments were outstanding at the year-end are shown as liabilities in the Balance Sheet. The commitments are not discounted.

Within support costs are costs for the strategic running of the Foundation itself as an organisation, as distinct from directly pursuing its charitable activities and include such items as external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements. Indirect costs include a proportion of management (and other staff) time spent on strategic activities, together with donated overhead costs.

Notes to the financial statements for the year ended 31 December 2019 (continued)

VALUE ADDED TAX ('VAT')

The Foundation is registered for Value Added Tax ('VAT') as part of the Shell International Petroleum Company VAT Group. Services provided by members of the same VAT group are not taxable. VAT incurred by the Foundation on all other expenditure is not recoverable, as the Foundation does not make any taxable supplies. Irrecoverable VAT is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

GAINS AND LOSSES ON FOREIGN EXCHANGE

Monetary assets and liabilities denominated in currencies other than US Dollars are converted to US Dollars at the rate ruling at the balance sheet date. Items of income and expenditure in non-US Dollar currencies are converted at the daily mean rate entered into the accounting system at the beginning of the month in which the transaction occurred. Non-US Dollar items primarily relate to UK operating costs, which are incurred in pounds sterling ('GBP'), as well as a proportion of grants awarded in GBP and Euros. All realised and unrealised gains and losses on exchange are reflected in the Statement of Financial Activities.

INVESTMENTS

Investments are included at closing mid-market value at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals form part of the fund in which the investment is held at the time of the revaluation or disposal. Realised and unrealised gains and losses are shown separately in the Statement of Financial Activities.

Programme related investments and mixed motive investments are carried at cost less any provision for impairment. Such investments are not able to be carried at fair value as there is no open market for such investments. All programme related investments and mixed motive investments are subject to review, and any impairment is charged to the Statement of Financial Activities.

FINANCIAL ASSETS

(i) Classification

The Foundation classifies its financial assets in the following categories: at fair value through SOFA; loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

1. Financial assets at fair value through the SOFA

Financial assets at fair value through the SOFA are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Foundation's loans and receivables comprise trade, contractual loans and cash on the balance sheet.

(ii) Recognition and measurement

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the SOFA. Financial assets carried at fair value through the SOFA are initially recognised at fair value, and transaction costs are expensed in the SOFA. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Foundation has transferred substantially all risks and rewards of ownership. Loans and trade and other receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through the SOFA' category are presented in the SOFA within interest income or expenses in the period in which they arise.

Notes to the financial statements for the year ended 31 December 2019 (continued)

FINANCIAL INSTRUMENTS

The Foundation has the US Dollar as its functional currency. In order to mitigate the risk associated with investing globally in multiple currencies, the investment portfolio is hedged (by the fund managers) through the use of forward foreign exchange contracts. The mandate is to hedge 100% of non-US Dollar denominated fixed income investments and 100% of non-US dollar hedge fund investments. Unsettled forward contracts are marked to market at the balance sheet date. All realised and unrealised gains and losses on forward foreign exchange contracts are combined in the Statement of Financial Activities with the gains and losses on the underlying investment portfolio.

FINANCIAL LIABILITIES

(i) Classification

The Foundation classifies its financial liabilities in the following categories: at fair value through the SOFA; and amortised cost. The classification depends on the nature of the underlying liabilities, with management determining the classification of financial liabilities at initial recognition.

1. Financial liabilities at fair value through the SOFA

Financial liabilities at fair value through the SOFA are those held for trading, and derivatives in a negative fair value position. These liabilities are classified as current where expected settlement is within 12 months, otherwise they are classified as non-current liabilities.

2. Financial liabilities at amortised cost

All other financial liabilities which do not meet the criteria of fair value through the SOFA are held at amortised cost.

(ii) Recognition and measurement

Financial liabilities are initially recognised at fair value, and then subsequently at either fair value through the SOFA or at amortised cost. Those financial liabilities held at fair value through the SOFA are revalued at each balance sheet date, with gains and losses recognised directly in the SOFA. All other liabilities are carried at amortised cost using the effective interest rate method.

INVESTMENT IN SUBSIDIARIES AND PARTICIPATING UNDERTAKINGS

These comprise investments in shares and loans that the Foundation intends to hold on a continuing basis. The investments in subsidiaries and participating undertakings are stated at cost, less provisions for impairment. The Foundation carries out a review for the potential impairment of an investment if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with SORP 21.28. Any impairments are recorded in the SOFA.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are evaluated and based on historical experience and reasonable expectations of future events. Income and expenditure are recognised where it is probable that there will be an inflow or outflow of resources; restricted income is accrued to the extent that the conditions for receipt have been met, and liabilities recognised for expenditure that has been committed by the Foundation to its partners via signed letters of commitment with the partners agreeing to any terms. Programme related investments and mixed motive investments are carried at cost less any provision for impairment. Such investments are not able to be carried at fair value as there is no open market for such investments. All investments are subject to impairment reviews. Provisions for share-based payments are estimated based on past practice of cash settlements.

Notes to the financial statements for the year ended 31 December 2019 (continued)

2. Donations and other income

	2019 \$000	2018 \$000
Cash and accrued		
<i>Unrestricted</i>		
Shell Energy Europe Limited	6,000	6,000
Shell International Ltd – donated services	860	577
Skadden – donated services	-	4
<i>Restricted donation – Non Government related</i>		
Toyota	200	-
Rockefeller Foundation	-	500
Shell International Ltd	-	1,000
<i>Restricted donation – Government related</i>		
OPEC Fund for International Development	150	-
Department for International Development	8,885	9,098
United States Agency for International Development	25,097	1,289
Inter-American Development Bank	25	188
Other Income		
<i>Restricted donation – Government related – payable reduction</i>		
United States Agency for International Development	-	179
	41,217	18,835

The geographical markets donations were received from: United Kingdom \$15.7 million (2018: \$16.7 million), United States of America \$25.1 million (2018: \$2.0 million) and others worldwide \$0.4 million (2018: \$0.2 million).

Restricted donations – government related

Department for International Development (DFID)

DFID TIME (Transforming Inclusive Energy Markets): Through the TIME partnership, DFID and Shell Foundation, in collaboration, have committed £60.0 million to further their mutual objective of accelerating global access to modern energy services for low-income households and small businesses. Donations of \$5.7 million (2018: \$12.3 million) were received in 2019 against this programme, which relate to amounts recognised as income in both the current and prior years. Income of \$4.9 million (2018: \$8.0 million) was recognised in 2019, based on the value of the Shell Foundation commitments to partners made during the year.

DFID POWERED India (Promotion of Women in Energy-Related Enterprises for Development): DFID has committed £2.0 million, over three and a half years, to focus on increasing the employment of women in the energy value chain in India and, supporting the scale-up of women-led energy enterprises in India. Donations of \$1.0 million (2018: \$0.3 million) were received in 2019 against this programme. Income of \$0.7 million (2018: \$1.1 million) was recognised in 2019, based on the value of the Shell Foundation commitments to partners made during the year.

DFID CASEE (Catalysing Agriculture by Scaling Energy Ecosystems): Through the CASEE partnership, DFID and Shell Foundation, in collaboration, have committed £30.0 million to accelerate access to energy for smallholder farmers and agricultural SMEs (small and medium sized enterprises) in sub-Saharan Africa and South Asia. No donations were received in 2019 against this programme since it was signed in June 2019. Income of \$3.3 million (2018: n/a) was recognised in 2019, based on the value of the Shell Foundation commitments to partners made during the year.

United States Agency for International Development (USAID)

USAID IRAQ MENA II (Middle East and North Africa Investment Initiative): USAID committed a repayable donation of \$21.0 million over 21 years to support job creation in Iraq (\$17.0 million received in 2019). This has been invested with two GroFin funds to support small and medium-sized businesses in Iraq: GroFin Nomou Iraq Fund (NIF) in the South and GroFin Northern Iraq Investments (NII) in the North. A further \$2.5 million income was recognised relating to donations received in prior periods, owing to a change in estimate. See note 26: Guarantees and contingent liabilities.

Notes to the financial statements for the year ended 31 December 2019 (continued)

USAID SEAM (Scaling Energy Access Markets in Africa): Through the SEAM partnership, USAID and Shell Foundation have committed \$42.1 million grant funding over five years. The aim is to increase the number of low-income households and businesses connections in Sub-Saharan Africa, providing access to clean, modern energy services. Donations of \$2.6 million (2018: \$2.7 million) were received in 2019 against this programme, which relate to amounts recognised as income in both the current and prior years. Income of \$5.6 million (2018: \$1.4 million) was recognised in 2019, based on the value of the Shell Foundation commitments to partners made during the year.

USAID PACE (Partnering to Accelerate Entrepreneurship): The PACE programme concluded in September 2018 with \$0.3million due to Shell Foundation, to be received on completion of the final reports.

Inter-American Development Bank (IADB)

IADB will make available up to \$1.0 million to accelerate social impact enterprises in Latin America and the Caribbean through the Shell Foundation incubation/scale-up methodology. The donation targets innovative market-based solutions in energy and sustainable infrastructure for low-income consumers. \$0.2 million (2017: \$0.2 million) was received and recognised in 2018 against this programme.

Opec Fund for International Development (OFID)

OFID made available \$0.2m to help centralise the data platform for the mini-grid sector globally. \$0.1 million (2018: \$0.0 million) was received in 2019 and \$0.2 million income recognised (2018 \$0.0 million) against this programme.

Restricted donations – non-government related

Toyota Mobility Foundation (TMF)

TMF will make available up to \$0.4m to address the challenge of achieving Sustainable Mobility through funding impactful organisations. This is intended to be an initial pilot funding to work towards a future partnership. \$0.2m was received and recognised in 2019.

Notes to the financial statements for the year ended 31 December 2019 (continued)

3. Investment income

	2019 \$000	2018 \$000
Interest	863	419
Fixed interest securities	1,108	1,287
Dividends	9,361	8,596
	11,332	10,302

4. Charitable Activities Expenditure by Programme

	Grants \$000	Direct costs \$000	Support costs \$000	2019 \$000	2018 \$000
Access to Energy	(21,016)	(12,635)	(2,241)	(35,892)	(19,045)
Sustainable Mobility	(6,218)	(737)	(463)	(7,418)	(5,972)
Sustainable Job Creation	-	(2,661)	-	(2,661)	(915)
Incubator	-	-	-	-	(3,011)
Policy and Advocacy	-	-	-	-	(29)
Total for 2019	(27,234)	(16,033)	(2,704)	(45,971)	(28,972)
Total for 2018	(19,075)	(7,376)	(2,521)		

Direct costs include goods and services invoiced to the Foundation together with directly attributable staff costs, and are allocated to the activity they relate to. Other support costs, that cannot be directly linked to an activity, are apportioned across the programme themes on the basis of total grant and direct costs. The activities making up these costs are shown in note 5 below.

5. Direct and Support Costs

	Direct costs \$000	Support costs \$000	2019 \$000	2018 \$000
Staff costs	(3,621)	(535)	(4,156)	(3,781)
External services	(1,260)	(59)	(1,319)	(3,619)
Travel	(731)	(59)	(790)	(795)
Impairment of investments	(9,970)	(657)	(10,627)	(799)
Donated expenses	-	(860)	(860)	(577)
Sundry	(410)	(379)	(789)	(233)
External audit fees (inclusive of VAT)	-	(122)	(122)	(79)
Legal fees	(41)	(24)	(65)	(3)
Trustee expenses	-	(9)	(9)	(11)
Total	(16,033)	(2,704)	(18,737)	(9,897)

External service costs are those paid directly to a third party supplier for services (including professional fees and consultancy) rather than being paid via a grantee intermediary. Direct costs for external services shows costs at the project level, support costs are Foundation-wide. Within external services for 2019, no cost has been recorded to Shell Group companies (2018: \$Nil).

Net incoming resources are stated after charging auditor's remuneration for audit services ('External Audit Fees') as shown above. These are the fees for the audit of the Group's Financial Statements. SF's and SF Investment Management Ltd's audit fees for 2019 are \$78,876 and \$19,294 respectively. Additional audit fees relating to previous years amount to \$23,408.

The limitation on auditor's liability for external audit is £2 million. The external auditors were appointed in 2016 and the most recent terms of engagement signed on 11 March 2019.

Notes to the financial statements for the year ended 31 December 2019 (continued)

6. Grants expenditure

The top 20 Grantees in 2019 (excluding repayable grants and social investments) are listed below, together with their corresponding 2018 commitments.

Grantee Name Purpose of Project	Programme	2019 \$'000	2018 \$'000
Nayo Tropical Technology Ltd Support scale up on off grid utility business and scaling mini grid deployment in Nigeria.	Access to Energy	1,310	-
Buen Manejo del Campo, SA Scaling access to affordable biogas for small holder farmers	Access to Energy	1,625	425
Enterprise Projects Ventures Scaling cold storage solutions in Emerging Markets	Access to Energy	1,480	188
Energy Company of the Future Limited Funding to support integrated rural utility pilot project in Nigeria	Access to Energy	1,453	-
CrossBoundary Energy Off grid utility project equity management investing in mini-grid sites in Tanzania, Zambia and Nigeria Supporting R&D fund focused on testing new business model innovations for mini grids	Access to Energy	1,150	373
Rent To Own Scaling productive use asset financing for small holders in Zambia	Access to Energy	1,030	-
Metro Africa Xpress Inc Structured financing program to unlock scalable motorcycle finance for drivers	Sustainable Mobility	1,000	375
Global Off-Grid Lighting Assoc Building a sustainable sector association for off grid lighting	Access to Energy	1,000	500
Odyssey Energy Solutions Inc Testing AMDA's SMART off grid utility results-based financing (RBF) facility in 3 countries.	Access to Energy	880	1,200
BBOXX Ltd. Scale-up PAYG model in the frontier market of Democratic Republic of Congo (DRC)	Access to Energy	850	930
World Resources Institute Supporting positive change in urban mobility in the developing world	Sustainable Mobility	750	1,200
WOS Founders BV Scale-up of distribution and sales of PAYG energy solutions in the Ethiopian market	Access to Energy	750	300
Stichting Smart Freight Centre Driving down emissions in the freight transport sector	Sustainable Mobility	735	1,234
Aceleron Sustainable off-grid energy storage solutions	Access to Energy	700	-
SafeBoda (reg. Guinness Trans) Creating SafeBoda Labs to support raising capital and testing new impact strategies	Sustainable Mobility	700	800
Globology Limited Supporting new market entry and scale up of ferry operator on Lake Victoria	Sustainable Mobility	700	250
Science for Society Techno Ser Supporting scale up for innovative agricultural produce solar driers in India	Access to Energy	700	285
Subtotal		16,813	8,060

Notes to the financial statements for the year ended 31 December 2019 (continued)

Grantee Name Purpose of Project	Programme	2019 \$'000	2018 \$'000
Brought forward subtotal for top 20 grantees from previous page		16,813	8,060
Logistimo India Private Ltd Scale-up of rural logistics service (last mile distribution) in developing countries	Sustainable Mobility	700	-
The Sure Chill Company Ltd Off grid domestic refrigeration – Sales Pilots	Access to Energy	656	-
Copernicus Inc Reducing market barriers in household energy and off grid utility sectors through access to better data	Access to Energy	650	150
Subtotal		2,006	150
Total Top 20 Grants		18,819	8,210
Total: Other Grants		8,415	10,865
Total: Grants (excl. repayable grants and social investments)		27,234	19,075

7. Trustee Information

No Trustee received any remuneration from the Foundation during the year. The Foundation directly incurred or reimbursed travel expenses in relation to three Trustees, totalling \$9,123 (2018: \$11,195 in relation to three Trustees).

No indemnity insurance for Trustees' liability has been purchased by the Foundation. However, because all Trustees are appointed by The Shell Petroleum Company Limited (the sole member) they are automatically covered by the Shell Group Directors and Officers liability insurance policy. Insurance cover is permitted under clause 21 of the Foundation's Memorandum of Association.

Notes to the financial statements for the year ended 31 December 2019 (continued)

8. Employee Information

As an independent charity, Shell Foundation benefits in a number of ways from leveraging its links to Shell Group to achieve its mission and objectives. One example of this is with respect to staffing. The Foundation has no direct employees. Instead, employees of Shell Group companies are dedicated to work full-time for the Foundation in sole pursuit of its charitable objectives. Their remuneration is based on The Shell Group Global Pay Policy and their performance is assessed against pre-determined personal targets concerning their work for the Foundation as well as their wider contribution to meeting the Foundation's overall charitable mission. The monthly average staff employed by Shell Group companies to work for the Foundation during the year was 22.2 (2018: 22.9). The monthly average split of employees between direct and support activities was direct 14.7 (2018: 14.1) and support 7.5 (2018: 8.8).

Employee expenditure included in Direct and Support costs (note 5) charges at cost in respect of the services of these Shell Group employees, including salaries, taxes and office overhead costs. The salary and taxes paid by Shell Group companies in relation to these employees are as follows:

	2019 \$000	2018 \$000
Wages and salaries	(2,830)	(2,832)
Social security	(366)	(310)
Other pension costs	(254)	(344)
Performance Share Plan (PSP)	(429)	(82)
	(3,879)	(3,568)

SHARE-BASED COMPENSATION PLANS

The principal share-based employee compensation plan applied under The Shell Group Global Pay Policy to Shell Foundation staff is the Performance Share Plan (PSP). Awards of Royal Dutch Shell plc shares under the PSP are granted to eligible Foundation employees based on performance. The actual amount of shares that may vest ranges from 0% to 200% of the awards, depending on the outcomes of prescribed performance conditions over a three-year period beginning on 1st January of the award year. Shares vest for nil consideration. The cash value of the awards is charged to The Foundation on vesting. The Foundation has estimated and recognised a liability of \$0.2 million at the year-end for PSPs granted between 2017 and 2019 that vest in future years.

The salary and taxes paid by Shell Group companies in relation to key management personnel, consisting of the Director, Chief Financial Officer and two Deputy Directors, are as follows:

	2019 \$000	2018 \$000
Wages and salaries	(704)	(955)
Social security	(120)	(110)
Other pension costs	(36)	(78)
Vesting performance share plan options	(429)	(82)
	(1,289)	(1,225)

The number of Shell Group employees working on Foundation activities whose emoluments were above \$ 60,000 is as follows.

\$000	2019	2018
60 - 70	3	1
70 - 80	2	1
80 - 90	1	2
90 - 100	2	2
100 - 110	3	2

Notes to the financial statements for the year ended 31 December 2019 (continued)

\$000	2019	2018
110 - 120	1	0
120 - 130	3	4
130 - 140	2	0
140 - 150	1	0
150 - 160	3	5
160 - 170	1	2
170 - 180	0	0
180 - 190	1	0
190 - 200	0	1
250 - 260	0	1
290 - 300	0	1
400 - 410	1	1
	24	23

Shell Group companies made contributions during the year to the respective defined benefit or defined contribution pension schemes in relation to these 24 employees of \$0.2 million (2018: \$0.3 million in relation to 21 employees).

9. Taxation

The Foundation is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in furtherance of the Foundation's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

10. Endowment

	2019 \$000	2018 \$000
Market value at 1 January	459,308	506,608
Purchase of investments	64,164	103,606
Sales/withdrawals	(72,372)	(105,414)
Realised and Unrealised gains	69,248	(40,793)
Movement of investment cash	904	(4,699)
Market value at 31 December	521,252	459,308
	2019 \$000	2018 \$000
The year end value is analysed as:		
Bonds - Overseas	46,798	45,153
Fixed income investments - UK	-	-
Fixed income investments - overseas	25,711	24,185
Equity investments - UK	24,796	20,122
Equity investments - overseas	313,659	264,523
Hedge funds - overseas	53,333	51,159
Real Estate	53,129	51,342
Forward foreign currency contracts	(123)	(13)
Other assets	1,273	1,066
Investment cash	2,676	1,771
Market value at 31 December	521,252	459,308

Notes to the financial statements for the year ended 31 December 2019 (continued)

The investment policy of the Trustees aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified asset allocation of global equities, hedge funds, fixed income funds and real estate.

The foreign currency exposure of the investment portfolio is hedged by the fund managers through the use of forward foreign exchange contracts. The mandate is to hedge 100% of non-US Dollar denominated bonds and 100% of non-US Dollar hedge fund investments. At the year-end 0% of bonds and 0% of hedge fund investments were non-US Dollar.

11. Social Investments

Programme Related Investments

Current	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
GroFin Africa Fund				
Start-up and growing businesses with investment needs from US\$ 50,000 to US\$ 1.5 million. Locations: Nigeria, Ghana, Rwanda, Tanzania, Uganda, Kenya, South Africa, Zambia. Investors: AFDB, EIB, Shell Foundation FMO, CDC, Norfund, FISEA, IFC, GroFin. Total fund size committed was \$160 million. The fund has been extended to August 2019 with distributions expected beyond 2019.				
Cost less impairment brought forward at 1 January	1,722	1,862	1,722	1,862
Movement from non-current to current	(270)	250	(270)	250
Sales	(442)	(390)	(442)	(390)
Redavia loan receivable				
Redavia provide turn-key re-deployable solar farms that reduce reliance on diesel generators and provide low-cost energy, with flexible rental agreements. Loan 1: \$0.4 million. 4% of the loan is repayable annually, with the loan repayable in full by 2027. Loan 2: €0.7 million (\$0.8 million), repayable in full by 31 December 2024. Loan 3: \$0.2 million, repayable after equity funding is received by Redavia (partially repaid in 2019).				
Cost less impairment brought forward at 1 January	203	30	203	30
Movement from non-current to current	14	14	14	14
Purchases	-	159	-	159
Sales	(99)	-	(99)	-
Lightning Hybrids Inc loan receivable				
Lightning Hybrids provide hydraulic hybrid regenerative braking drive systems for fleet vehicles. The loan agreement was updated in November 2016 and is repayable in full by 31 December 2020.				
Cost less impairment brought forward at 1 January	750	-	750	-
Movement from non-current to current	750	750	750	750
SparkMeter loan receivable				
The SparkMeter micro grid metering system enables utilities to implement pre-payment as well as real-time monitoring and control on micro grids and central grids alike. The meters' low cost, makes their use for low-consumption and off-grid customers economical and the integrated nature of the technology makes it simple to install and operate. Loan 1: \$0.4 million, repayable in full by December 2022. Loan 2: \$0.1 million, repayable in full by 1 December 2019. Loan 3: \$0.1 million, repayable in full by 1 December 2019.				
Cost less impairment brought forward at 1 January	185	-	185	-
Purchases	-	185	-	185
Husk Power Systems Inc loan receivable				
Husk is a leading off-grid utility, providing affordable, reliable and renewable power to rural communities. Operating in India, Tanzania and Kenya it designs, builds, owns & operates grid compatible plants, providing A/C power, which is suitable for all appliances. The loan is now expected to be paid 2019-2021.				
Cost less impairment brought forward at 1 January	433	-	433	-
Movement from non-current to current	108	434	108	434
Envirofit International Inc. loan receivable				
Envirofit is a social enterprise designing, producing, and selling efficient, durable and affordable cookstoves that create environmental, health, and social impacts for homes and institutions in developing nations. Envirofit loans were fully impaired in 2019 due to the performance and ensuing restructuring of Envirofit during the year.				
Cost less impairment brought forward at 1 January	250	-	250	-
Purchases	1,532	250	1,532	250
Impairment	(1,782)	-	(1,782)	-
Greenlight Planet loan receivable				
GLP designs and manufactures affordable solar energy products, including consumer finance component (PAYG). Creates innovative distribution partnerships and direct sales network to reach low income consumers and businesses. Loan 1: \$0.5 million is 50% repayable in 2020 and 50% in 2021; Loan 2: \$0.04 million is repayable over 5 years, expected to begin in 2020.				
Movement from non-current to current	250	-	250	-
Total Current Programme Related Investments	3,604	3,544	3,604	3,544

Notes to the financial statements for the year ended 31 December 2019 (continued)

Programme Related Investments

Non-Current	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
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Envirofit International Inc. Shareholding

Envirofit is a social enterprise designing, producing, and selling efficient, durable and affordable cookstoves that create environmental, health, and social impacts for homes and institutions in developing nations. The investment was fully impaired in 2019 due to the performance and ensuing restructuring of Envirofit during the year.

Cost less impairment brought forward at 1 January	4,532	4,532	4,532	4,532
Impairment	(4,532)	-	(4,532)	-

GroFin Africa Fund

Start-up and growing businesses with investment needs from US\$ 50,000 to US\$ 1.5 million. Locations: Nigeria, Ghana, Rwanda, Tanzania, Uganda, Kenya, South Africa, Zambia. Investors: AFDB, EIB, Shell Foundation FMO, CDC, Norfund, FISEA, IFC, GroFin. Total fund size committed was \$160 million. The fund has been extended to August 2019 with distributions expected beyond 2019.

Cost less impairment brought forward at 1 January	893	1,769	894	1,769
Movement from current to non-current	270	(250)	270	(250)
Impairment	(920)	(626)	(920)	(626)

GroFin Small Growing Businesses Fund (SGB)

A unique integrated solution of patient risk capital (US\$ 100 000 - US\$ 1.5 million) and end-to-end business support to start-up and growing businesses. Locations: Nigeria, Ghana, Zambia, Egypt, South Africa, Kenya, Tanzania, Rwanda, Uganda. Investors: Shell Foundation, KfW Development Bank, GroFin, the Dutch Good Growth Fund (DGGF), Norfund, Scholl Foundation, Calvert. Total anticipated fund size \$150 million.

Cost less impairment brought forward at 1 January	15,000	15,000	15,000	15,000
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ResponsAbility Energy Access Fund

The original investment was transferred from the Energy Access Fund to a new phase 2 fund - Africa Clean Power Fund. The fund is dedicated to providing debt financing to fast-growing companies which promote access to decentralized modern energy solutions, primarily in Africa and Asia. Total fund size anticipated \$151 million.

Cost less impairment brought forward at 1 January	2,000	2,000	2,000	2,000
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Energy Entrepreneurs Growth Fund investment

EEGF uses multiple investment instruments (including straight equity and long-term debt, plus mezzanine and guarantees) across multiple development stages. SF commitment is \$33 million to target a \$120 million fund, of which \$3m was invested in 2019.

Purchases	3,000	-	3,000	-
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Envirofit Inc loan receivable

Envirofit is a social enterprise designing, producing, and selling efficient, durable and affordable cookstoves that create environmental, health, and social impacts for homes and institutions in developing nations. They are also starting pay-as-you-go LPG (SmartGas) model. Shell Foundation holds 17.8% of the outstanding shares of Envirofit International Inc as at year end.

Purchases	800	-	800	-
Impairment	(800)	-	(800)	-

Lightning Hybrids Inc. loan receivable

Lightning Hybrids provide hydraulic hybrid regenerative braking drive systems for fleet vehicles such as buses and delivery trucks that generates better fuel economy, increased power, and reduced harmful emissions. The loan agreement was updated in November 2016 and is repayable in full by 31 December 2020.

Cost less impairment brought forward at 1 January	750	1,500	750	1,500
Movement from non-current to current	(750)	(750)	(750)	(750)

Redavia loan receivable

Redavia provide turn-key re-deployable solar farms that reduce reliance on diesel generators and provide low-cost energy, with flexible rental agreements. Loan 1: \$0.4 million. 4% of the loan is repayable annually, with the loan repayable in full by 2027. Loan 2: €0.7 million (\$0.8 million), repayable in full by 31 December 2024. Loan 3: \$0.2 million, repayable after equity funding is received by Redavia (partially repaid in 2019).

Cost less impairment brought forward at 1 January	1,125	1,194	1,125	1,194
Movement from non-current to current	(14)	(14)	(14)	(14)
Purchases	-	-	-	-
Sales	(10)	(55)	(10)	(55)

Rent to Own loan receivable

Rent to Own provide asset finance for rural entrepreneurs. They are an innovator in renewable energy productive-use asset financing in rural, non-mobile money geographies. The loan is repayable in full by December 2022.

Purchases	300	-	300	-
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Notes to the financial statements for the year ended 31 December 2019 (continued)

Programme Related Investments

Non-Current (continued)	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
SparkMeter loan receivable				
The SparkMeter micro grid metering system enables utilities to implement pre-payment as well as real-time monitoring and control on micro grids and central grids alike. The low-cost system consists of four hardware components, a cloud-based operator interface, and a mobile money or cash-based pre-payment system in order to unlock energy services for the off-grid population. The meters' low cost makes their use for low-consumption customers economical and the integrated nature of the technology makes it simple to install and operate. Loan 1: \$0.4 million, repayable in full by December 2022. Loan 2: \$0.1 million, repayable in full by 1 December 2019. Loan 3: \$0.1 million, repayable in full by 1 December 2019.				
Cost less impairment brought forward at 1 January	375	375	375	375
Factor(e) loan receivable				
Factor(e) identify disruptive, high risk technologies to solve critical energy bottlenecks in India and Kenya. They provide risk capital & engineering support – to test, de-risk and attract investment to scale promising solutions, since entrepreneurs working on new technologies often cannot find the technical and investor support they need. 6 loans have been made to Factor(e), repayable from 2026-2030.				
Cost less impairment brought forward at 1 January	6,744	5,000	6,744	5,000
Purchases	3,006	1,744	3,006	1,744
Sales	(700)	-	(700)	-
Gajam Group Limited (Dharma Life) loan receivable				
Operating in India, Dharma Life builds and trains a network of rural entrepreneurs, makes social-impact products accessible in rural markets and conducts innovative campaigns to create market demand. The loan is repayable in full by December 2022.				
Cost less impairment forward at 1 January	963	1,052	963	1,052
Purchases	-	-	-	-
Sales	(21)	(89)	(21)	(89)
Husk Power Systems Inc. loan receivable				
Husk is a leading off-grid utility, providing affordable, reliable and renewable power to rural communities. Operating in India, Tanzania and Kenya it designs, builds, owns & operates grid compatible plants, providing alternating current power, which is suitable for all appliances. The loan is now expected to be paid 2019-2021.				
Cost less impairment brought forward at 1 January	866	1,300	866	1,300
Movement from non-current to current	(108)	(434)	(108)	(434)
Persistent Energy Capital loan receivable				
Operating in underserved African countries, PEC identifies high potential, early-stage PAYG energy businesses, invests and scales them with critical knowledge, experience and networks in business, governance and financing. This is in order to address access to energy in smaller, or unproven African markets that existing market leaders have no plans to be in. Loan 1: \$0.5 million repayable in full by December 2026. Loan 2: \$2.5 million repayable in full by March 2027. Loan 3: \$0.5 million repayable in full by December 2027.				
Cost less impairment brought forward at 1 January	1,250	750	1,250	750
Purchases	-	500	-	500
Buen Manejo del Campo S.A. (Sistema Biobolsa) loan receivable				
Sistema combine manufacturing, sales and service of high quality bio-digester systems with consumer financing to enable affordable biogas solutions for productive use. They create innovative distribution partnerships across Africa and India to reach low income smallholder farmers reducing their fuel/fertiliser cost, enabling clean cooking/heating and improving access to electricity. Loan 1: \$0.5 million repayable in full by March 2027. Loan 2: \$0.4 million repayable in full by September 2028.				
Cost less impairment brought forward at 1 January	925	500	925	500
Purchases	-	425	-	425
Greenlight Planet loan receivable				
GLP designs and manufactures affordable solar energy products, including consumer finance component (PAYG). Creates innovative distribution partnerships and direct sales network to reach low income consumers and businesses. Loan 1: \$0.5 million is 50% repayable in 2020 and 50% in 2021; Loan 2: \$0.04 million is repayable over 5 years, expected to begin in 2020.				
Cost less impairment brought forward at 1 January	500	-	500	-
Movement from non-current to current	(250)	-	(250)	-
Purchases	40	500	40	500
Cardecho B.V. loan receivable				
Cardecho is a dedicated financing subsidiary of Envirofit. Loan 1: \$0.5 million will convert to equity in 2020 as per clause in loan agreement. Loan 2: \$0.2m is repayable as per the terms of the MOU.				
Purchases	700	-	700	-

Notes to the financial statements for the year ended 31 December 2019 (continued)

Programme Related Investments

Non-Current (continued)	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
Nayo Tropical Technology loan receivable				
Nayo Tropical Technology has operated in Africa's solar sector since 1997. Their three core business lines are solar mini-grid utilities, EPC contracting and warehousing and sourcing. The loan is repayable in full by February 2029.				
Purchases	700	-	700	-
Shortlist loan receivable				
Shortlist provides effective approaches to attract and develop talent – one of the biggest challenges for social enterprises trying to scale. It is using technology to identify candidate skills and attributes through real-time competency-based demonstrations rather than traditional CV-based methods. The loan is repayable in full by December 2024.				
Purchases	350	-	350	-
Social Investment Managers and Advisers (SIMA) loan receivable				
Shell Foundation has provided funding to SIMA to finance the set up and pilot of a fund targeting early stage distributors of Solar Energy products with smaller ticket financing. The loan is repayable in full by January 2025.				
Purchases	200	-	200	-
BBOXX loan receivable				
\$40k repayable grant to S4S to test and scale two gender-inclusive strategies. The loan is repayable in full by August 2024.				
Purchases	40	-	40	-
Science for Society Techno Services (S4S) loan receivable				
\$40k repayable grant to S4S to test and scale three gender-inclusive strategies. The loan is repayable in full by August 2024.				
Purchases	40	-	40	-
Nomou Iraq Fund				
The principal activities of the Company are to invest in small growing businesses (SGB) within Iraq to further employment in the country. The Company was established under a Cooperation Agreement with USAID. GroFin has been chosen as the key strategic partner to further the aims of the Company and manage the distribution of funds to carefully selected SGBs in Iraq. Shell Foundation has had successful relationship with GroFin in a number of ventures for many years.				
Cost less impairment brought forward at 1 January	2,247	2,420	-	-
Purchases	2,000	-	-	-
Impairment	(484)	(173)	-	-
Northern Iraq Investments				
A sustainable, development-impact-orientated vehicle for the provision of business support, start-up and early stage growth capital essential for the development of sustainable small and medium-sized businesses in the Northern region of Iraq.				
Purchases	2,000	-	-	-
Total Non-Current Programme Related Investments	43,027	38,170	37,265	35,923

Notes to the financial statements for the year ended 31 December 2019 (continued)

Mixed Motive Investments

	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
Mixed Motive Investments - Non-Current				

Aavishkaar Ventures Management Services – interest bearing convertible debt agreement

AVMS provides financial products and services in India and Kenya that are focussed on people who are in low income communities. Their six areas of special focus have a direct and immediate impact on the lives and livelihoods of low-income consumers. These sectors are: Clean Energy, Agriculture and Rural Business, Financial Services, Water and Sanitation, Healthcare, Education and Vocational Training. Interest bearing convertible debt agreement; convertible into ordinary equity shares on or before 9th anniversary of funding (October 2025).

Cost less impairment brought forward at 1 January	10,000	10,000	10,000	10,000
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Persistent Energy Capital investment

Operating in underserved African countries, PEC identifies high potential, early-stage PAYG energy businesses, invests and scales them with critical knowledge, experience and networks in business, governance and financing. This is in order to address access to energy in smaller, or unproven African markets that existing market leaders have no plans to be in. Investment of \$3.0 million to support Energy Entrepreneurs Growth Fund objectives.

Purchases	3,000	-	3,000	-
Total Non-Current Investments	56,027	48,170	50,265	45,923
Total Current Investments	3,604	3,544	3,604	3,544
Cost carried forward as at 31 December 2018	59,631	51,714	53,869	49,467

12. Subsidiary and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Name	Country of Incorporation	Nature of business	Interest
SF Investment Management Limited	United Kingdom	Investment management	100% ordinary shares

	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000

SF Investment Management Limited shareholding

Commitment to invest with GroFin Nomou Iraq Fund: A unique integrated solution of patient risk capital (\$ 0.1 million - \$2 million) and end-to-end business support to start-up and growing businesses in Basra, Iraq. Investors: Shell Foundation and USAID. Total fund capital committed \$8.7 million.

Cost less impairment brought forward at 1 January	-	-	2,523	2,702
Purchases	-	-	17,000	
Impairment	-	-	(2,593)	(179)
Cost carried forward as at 31 December 2019	-	-	16,930	2,523

Notes to the financial statements for the year ended 31 December 2019 (continued)

13. Debtors

Note	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
Amounts falling due within one year are:				
<i>Restricted donation – non-government related</i>				
Rockefeller Foundation	-	250	-	250
Shell International Ltd	-	1,000	-	1,000
<i>Restricted donation government related</i>				
Department for International Development	4,754	2,646	4,754	2,646
United States Agency for International Development	6,417	3,204	6,417	3,204
OPEC Fund for International Development	100	-	100	-
<i>Unrestricted convertible debt</i>				
Aavishkaar Ventures Management Services	-	86	-	86
<i>Unrestricted debtor</i>				
The Shell Centenary Scholarship Fund	490	-	490	-
<i>Prepayments and Accruals</i>	52	10	52	10
Amounts falling due after more than one year are:				
<i>Restricted donations government related</i>				
Department for International Development	200	249	200	249
United States Agency for International Development	-	250	-	250
<i>Unrestricted debtor</i>				
The Shell Centenary Scholarship Fund	-	481	-	481
Total debtors	12,013	8,176	12,013	8,176

14. Cash at bank and on hand

	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
Cash at Bank	22,774	13,456	11,431	13,169
Total cash at bank and on hand	22,774	13,456	11,431	13,169

For the purposes of the cash flow statement, cash includes bank balances, other than cash invested in institutional cash funds, which is classified as an investment.

15. Creditors: amounts falling due within one year

	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
Grants Payable	20,774	12,745	20,774	12,745
Trade Creditors – Shell International Limited	6,987	4,945	6,987	4,945
Accruals	99	11	66	-
	27,860	17,701	27,827	17,690

All programme support expenses, investment management costs and Foundation management expenses are initially incurred and paid through Shell International Limited. These expenses are then recharged at cost by invoice from Shell International Limited to the Foundation on a monthly basis. Shell Foundation accruals are booked as payable to Shell International Limited.

Notes to the financial statements for the year ended 31 December 2019 (continued)

16. Creditors: amounts falling due after more than one year

	Group 2019 \$000	Group 2018 \$000	Foundation 2019 \$000	Foundation 2018 \$000
Total grants payable	21,652	13,744	21,697	13,744
Less amounts falling due within one year (note 15)	(20,774)	(12,745)	(20,774)	(12,745)
Grants payable falling due after more than one year	878	999	923	999
Accrual for employee benefit	424	148	424	148
Payable to USAID for Nomou Iraq project	-	2,491	-	2,523
Total payables falling due after more than one year	1,302	3,638	1,347	3,670
Represented by:				
Grants payable in greater than one year but less than two years	878	999	923	999
Grants payable in greater than two years but less than three years	-	-	-	-
Accrual for employee benefit	424	148	424	148
USAID payable in greater than five years	-	2,491	-	2,523
	1,302	3,638	1,347	3,670

PAYABLE TO USAID

In 2018 Shell Foundation recognised a payable to USAID of \$2.5m. However, SF now believes that the eventual settlement amount cannot be reliably measured. See note 26: Guarantees and contingent liabilities.

17. Funds

Group	Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	459,308	10,469	(361)	(17,140)	68,976	521,252
Unrestricted Funds	42,472	7,200	(29,726)	17,140	-	37,086
Restricted Funds	9,535	34,880	(16,245)	-	-	28,170
	511,315	52,549	(46,332)	-	68,976	586,508
Foundation	Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	459,308	10,469	(361)	(17,140)	68,976	521,252
Unrestricted Funds	42,472	7,200	(29,726)	17,140	-	37,086
Restricted Funds	9,503	34,725	(16,245)	-	-	27,983
	511,283	52,394	(46,332)	-	68,976	586,321

Transfers were made between the expendable endowment and unrestricted funds during the year to fund the Foundation's annual activities.

Notes to the financial statements for the year ended 31 December 2019 (continued)

18. Analysis of net assets between funds

Group	Note	Unrestricted Funds 2019 \$000	Restricted Funds 2019 \$000	Endowment Funds 2019 \$000	Total 2019 \$000	Total 2018 \$000
Fixed Assets						
Endowment investment (at fair value)	10	-	-	521,252	521,252	459,308
Investments (at costs less impairment)	11	40,053	15,974	-	56,027	48,170
		40,053	15,974	521,252	577,279	507,478
Current Assets						
Debtors:						
amounts falling due within one year	13	542	11,271	-	11,813	7,196
amounts falling due after one year	13	-	200	-	200	980
		542	11,471	-	12,013	8,176
Cash at bank and on hand	14	11,431	11,343	-	22,774	13,456
Investments (at cost less impairment)	11	2,863	741	-	3,604	3,544
Creditors: amounts falling due within one year	15	(18,784)	(9,076)	-	(27,860)	(17,701)
Net Current Assets		(3,948)	14,479	-	10,531	7,475
Total Assets less Current Liabilities		36,105	30,453	521,252	587,810	514,953
Creditors: amounts falling due after more than one year	16	(1,146)	(156)	-	(1,302)	(3,638)
Net Assets		34,959	30,297	521,252	586,508	511,315

Notes to the financial statements for the year ended 31 December 2019 (continued)

18. Analysis of net assets between funds cont.

Foundation	Note	Unrestricted Funds 2019 \$000	Restricted Funds 2019 \$000	Endowment Funds 2019 \$000	Total 2019 \$000	Total 2018 \$000
Fixed Assets						
Endowment investment (at fair value)	10	-	-	521,252	521,252	459,308
Investments (at cost less impairment)	11	40,053	10,212	-	50,265	45,923
Subsidiary undertakings	12	-	16,930	-	16,930	2,523
		40,053	27,142	521,252	588,447	507,754
Current Assets						
Debtors						
amounts falling due within one year	13	542	11,271	-	11,813	7,196
amounts falling due after one year	13	-	200	-	200	980
		542	11,471	-	12,013	8,176
Cash at bank and on hand	14	11,431	-	-	11,431	13,169
Investments (at cost less impairment)	11	2,863	741	-	3,604	3,544
Creditors: amounts falling due within one year	15	(18,784)	(9,043)	-	(27,827)	(17,690)
Net Current Assets		(3,948)	3,169	-	(779)	7,199
Total Assets less Current Liabilities		36,105	30,311	521,252	587,668	514,953
Creditors: amounts falling due after more than one year	16	(1,147)	(200)	-	(1,347)	(3,670)
Net Assets		34,958	30,111	521,252	586,321	511,283

19. Reconciliation of movement in funds to net cash used in operating activities

	2019 Group \$000	2019 Foundation \$000	2018 Group \$000	2018 Foundation \$000
Net movement in unrestricted and restricted funds	13,249	13,094	6,584	6,573
Add back transfer from endowment fund	(17,140)	(17,140)	(16,302)	(16,302)
Add back investment income	(863)	(708)	(333)	(328)
Add back impairments	8,518	10,627	799	803
Net unrealised exchange (gain)/loss on unrestricted funds	-	-	27	27
Decrease in net debtors – unrestricted & restricted funds	(3,837)	(3,837)	4,237	4,237
Decrease in net creditors – unrestricted & restricted funds	7,823	7,814	(9,420)	(9,410)
Net cash used in operating activities	7,750	9,850	(14,408)	(14,400)

Notes to the financial statements for the year ended 31 December 2019 (continued)

20. Analysis of changes in Net debt

Group	Note	Balance at start of year \$000	Cash flows 000	Grants \$000	Net Investments \$000	Endowment Drawdown \$000	Third party payables \$000	Foreign exchange movements \$000	Balance at end of year \$000
Cash at Bank and in hand	14	13,456	40,455	(26,125)	(22,558)	17,500	-	46	22,774
Creditors: Amounts falling due within one year	15	(17,701)	-	(8,101)	-	-	(1,940)	(118)	(27,860)
Creditors: Amounts falling due after more than one year	16	(3,638)	-	120	2,491	-	(275)	-	(1,302)
Total		(7,883)	40,455	(34,106)	(20,067)	17,500	(2,215)	(72)	(6,388)

Foundation	Note	Balance at start of year \$000	Cash flows 000	Grants \$000	Net Investments \$000	Endowment Drawdown \$000	Third party payables \$000	Foreign exchange movements \$000	Balance at end of year \$000
Cash at Bank and in hand	14	13,169	29,400	(26,126)	(22,558)	17,500	-	46	11,431
Creditors: Amounts falling due within one year	15	(17,690)	-	(8,101)	-	-	(1,918)	(118)	(27,827)
Creditors: Amounts falling due after more than one year	16	(3,670)	-	75	2,523	-	(275)	-	(1,347)
Total		(8,191)	29,400	(34,152)	(20,035)	17,500	(2,193)	(72)	(17,743)

Notes to the financial statements for the year ended 31 December 2019 (continued)

21. Financial Instruments

The Group and Foundation have the following financial instruments:

Group	Note		2019 \$000	2018 \$000
Financial assets at fair value through the SOFA				
- Endowment	10	521,252	459,308	
			521,252	459,308
Financial assets that are debt instrument measured at amortised cost				
- Debtors	13	12,013	8,176	
			12,013	8,176
Financial assets that are debt instrument measured at cost less impairment				
- Programme related investment – Rent to Own Loan	11	300	-	
- Programme related investment – Lightning Hybrids Loan	11	1,500	1,500	
- Programme related investment – Redavia Loan	11	1,218	1,328	
- Programme related investment – SparkMeter Loan	11	560	560	
- Programme related investment – Factor(e) Loan	11	9,050	6,744	
- Programme related investment – Gajam Group Ltd (Dharma Life) Loan	11	942	963	
- Programme related investment – Husk Power Systems Inc. Loan	11	1,300	1,300	
- Programme related investment – Persistent Energy Capital Loan	11	1,250	1,250	
- Programme related investment – Buen Manejo del Campo S.A. (Sistema Biobolsa) Loan	11	925	925	
- Programme related investment – Green Planet Loan	11	540	500	
- Programme related investment – Envirofit Loan	11	-	250	
- Mixed motives investment – Aavishkaar Ventures Management Services convertible debt agreement	11	10,000	10,000	
- Programme related investment – Cardecho B.V. loan	11	700	-	
- Programme related investment – Nayo Tropical Technology loan	11	700	-	
- Programme related investment – Shortlist loan	11	350	-	
- Programme related investment – Social Investment Managers and Advisers (SIMA) loan	11	200	-	
- Programme related investment – BBOX loan	11	40	-	
- Programme related investment – Science for Society Techno Services (S4S) loan	11	40	-	
			29,615	25,320
Financial assets that are equity instrument measured at cost less impairment				
- Programme related investment – GroFin Africa Fund	11	1,254	2,615	
- Programme related investment – GroFin SGB Fund	11	15,000	15,000	
- Programme related investment – Envirofit	11	-	4,532	
- Programme related investment – responsAbility loan	11	2,000	2,000	
- Programme related investment – Nomou Iraq Fund	11	3,762	2,247	
- Programme related investment – Persistent Energy Capital Investment	11	3,000	-	
- Programme related investment – Energy Entrepreneurs Growth Fund (EEGF) Investment	11	3,000	-	
- Programme related investment – Northern Iraq Investments	11	2,000	-	
			30,016	26,394
Financial liabilities at fair value through the SOFA				
			-	-
Financial liabilities measured at amortised costs				
- Creditors and accruals	15,16	(29,162)	(21,339)	
			(29,162)	(21,339)
Other financial liabilities measured at fair value				
- Contingent liabilities	26	(2,000)	(3,500)	
			(2,000)	(3,500)

Notes to the financial statements for the year ended 31 December 2019 (continued)

The Group and the Foundation have the following financial instruments:

Foundation	Note		2019 \$000	2018 \$000
Financial assets at fair value through the SOFA				
- Endowment	10	521,252	459,308	
			521,252	459,308
Financial assets that are debt instrument measured at amortised cost				
- Debtors	13	12,013	8,176	
			12,013	8,176
Financial assets that are debt instrument measured at cost less impairment				
- Programme related investment – Rent to Own Loan	11	300	-	
- Programme related investment – Lightning Hybrids Loan	11	1,500	1,500	
- Programme related investment – Redavia Loan	11	1,218	1,328	
- Programme related investment – SparkMeter Loan	11	560	560	
- Programme related investment – Factor(e) Loan	11	9,050	6,744	
- Programme related investment – Gajam Group Ltd (Dharma Life) Loan	11	942	963	
- Programme related investment – Husk Power Systems Inc. Loan	11	1,300	1,300	
- Programme related investment – Persistent Energy Capital Loan	11	1,250	1,250	
- Programme related investment – Buen Manejo del Campo S.A. (Sistema Biobolsa) Loan	11	925	925	
- Programme related investment – Green Planet Loan	11	540	500	
- Programme related investment – Envirofit Loan	11	-	250	
- Mixed motives investment – Aavishkaar Ventures Management Services convertible debt agreement	11	10,000	10,000	
- Programme related investment – Cardecho B.V. loan	11	700	-	
- Programme related investment – Nayo Tropical Technology loan	11	700	-	
- Programme related investment – Shortlist loan	11	350	-	
- Programme related investment – Social Investment Managers and Advisers (SIMA) loan	11	200	-	
- Programme related investment – BBOX loan	11	40	-	
- Programme related investment – Science for Society Techno Services (S4S) loan	11	40	-	
			29,615	25,320
Financial assets that are equity instrument measured at cost less impairment				
- Programme related investment – GroFin Africa Fund	11	1,254	2,615	
- Programme related investment – GroFin SGB Fund	11	15,000	15,000	
- Programme related investment – Envirofit	11	-	4,532	
- Programme related investment – responsAbility loan	11	2,000	2,000	
- Programme related investment – Nomou Iraq Fund	11	-	-	
- Programme related investment – Persistent Energy Capital Investment	11	3,000	-	
- Programme related investment – Energy Entrepreneurs Growth Fund (EEGF) Investment	11	3,000	-	
- Programme related investment – Northern Iraq Investments	11	-	-	
			24,254	24,147
Financial liabilities at fair value through the SOFA				
			-	-
Financial liabilities measured at amortised costs				
- Creditors and accruals	15,16	(29,174)	(21,360)	
			(29,174)	(21,360)
Other financial liabilities measured at fair value				
- Contingent liabilities	26	(2,000)	(3,500)	
			(2,000)	(3,500)

Notes to the financial statements for the year ended 31 December 2019 (continued)

22. Derivative financial instruments

The Foundation holds an endowment which uses derivative financial instruments to hedge exposures. Although the derivative financial instruments entered into for hedging purposes are linked to the underlying transactions of the endowment, they do not meet the criteria for hedge accounting as the hedging relationships do not consist of hedging instruments and hedged items that meet certain criteria, and thus do not qualify for hedge accounting. They have been classified as non-hedging instruments in the below table.

	Contractual Notional Amount \$000	Fair value	
		Asset \$000	Liability \$000
2019			
Non-hedging instruments			
- Foreign exchange contracts	25,570	-	(123)
Total		-	(123)
Less: current portion		-	123
Non-current portion		-	-
2018			
Non-hedging instruments			
- Foreign exchange contracts	34,595	19,234	(32,437)
Total		19,234	(32,437)
Less: current portion		(19,234)	32,437
Non-current portion		-	-

23. Capital commitment

The Foundation had no capital commitments as at 31 December 2019.

24. Capital

The Foundation is a company limited by guarantee. The sole member has undertaken to contribute \$1 to the assets of the Foundation to meet its liabilities if called on to do so.

25. Related party transactions

The sole member of the Foundation is The Shell Petroleum Company Limited (SPCo). The ultimate parent company of SPCo is Royal Dutch Shell plc. The Foundation's investment manager is Shell Asset Management Company (SAMCo), which is also a subsidiary of Royal Dutch Shell plc. During the year the Foundation made payments of \$280,636 (2018: \$209,357), related tax accrued \$56,127 (2018: \$41,871) and generated accrued investment management costs of \$72,248 (2018: \$57,986), related tax accrued \$14,450 (2018: \$11,597), on normal business terms with SAMCo.

During the year the Foundation made payments of \$4.3 million (2018: \$10 million) and generated accrued costs of \$1.3 million (2018: \$4.3 million) on normal business terms with Shell International Limited.

Of the Foundation's current or former Trustees listed on page 3, the following are or were directors or officers of certain Shell Group companies: Ms Sinead Lynch, Mr Maarten Wetselaar, Mr Andrew Brown, Mr Wael Sawan and Mr Malcolm Brinded.

Notes to the financial statements for the year ended 31 December 2019 (continued)

The Shell Group has other charitable affiliates that are not formally related to the Foundation, such as The Shell Centenary Scholarship Fund in the UK and the Shell Oil Foundation in the USA.

Donations received included the following as disclosed in Note 2:

Entity Name	2019 \$000	2018 \$000
Shell Energy Europe Limited	6,000	6,000
Shell International Limited	-	1,000
BG Auction Donation	-	4

As part of Shell Foundation's approach as an engaged donor, Shell Foundation staff members often participate in the governance of strategic partners to maintain strength and skills of the Board. None of the Shell Foundation employees who serve on the Boards of these partners receive any remuneration for these duties.

Positions of influence of key management personnel, Sam Parker – Shell Foundation Director, Richard Gomes – Deputy Director, Pradeep Pursnani – Deputy Director, during 2019 were:

Shell Foundation Key Management Personnel	Organisation's Name	Position	Grant 2019 \$000	Grant 2018 \$000	Outstanding Liability 2019 \$000	Outstanding Liability 2018 \$000	Notes
Sam Parker	WRI Ross Centre for Sustainable Cities	Member of the Advisory Board	750	1,200	850	504	Grants provided to World Resources Institute and Centro de Transporte Sustentable.
Sam Parker	Stichting Smart Freight Centre	Board Member	735	1,234	112	114	
Sam Parker	Envirofit International Inc	Board Member	1,150	-	-	20	
Sam Parker	M-KOPA	Observer	450	800	150	800	
Pradeep Pursnani	Gajam Group Limited	Member of the Advisory Board	-	-	-	123	
Pradeep Pursnani	Factor(e) Ventures PBC	Board Member	1,000	809	1,059	353	
Pradeep Pursnani	Envirofit International Inc	Board Member	1,150	-	-	20	
Sam Parker	GroFin Africa Fund, GroFin SGB Fund and GroFin Nomou (MENA), Aspire Growth Fund, Aspire Small Business Fund	Member of the Advisory Council	-	-	78	78	GroFin Managers is a SF Grantee that belongs to the GroFin Group of Companies.
Richard Gomes	Global Off Grid Lighting Association (GOGLA)	Board Observer and Chair of Advisory Board	1,000	500	500	500	
Pradeep Pursnani	Logistimo	Board Member	700	-	-	-	
Richard Gomes	SafeBoda	Observer	700	800	100	100	
Richard Gomes	African Minigrid Developers Association (AMDA)	Observer	125	-	125	-	
Richard Gomes	Future Fit	Observer	-	644	277	636	

Notes to the financial statements for the year ended 31 December 2019 (continued)

Richard Gomes	Global Off Grid Lighting Association (GOGLA)	Observer	1,000	500	1,000	500
Richard Gomes	Open Capital	Advisory Council Member	-	150	50	150
Sam Parker Pradeep Pursnani	Envirofit International Inc	Board Member	Investment of 17.8% of the outstanding shares of Envirofit International Inc as at 2019 year end. (2018: Investment of 17.8% of outstanding shares of Envirofit International Inc. at the year-end)			
Sam Parker	GroFin SGB Fund	Member of the Advisory Council	Investment of \$15 million in GroFin SGB Fund at the 2019 year end (2018: \$15 million)			
Sam Parker	GroFin Africa Fund	Member of the Advisory Council	Investment in GroFin Africa Fund of \$1.3 million at the 2019 year end (2018: \$3.6 million)			
Pradeep Pursnani	Aavishkaar Venture Management Services Private Limited, part of The Aavishkaar-Intellectap Group	Board Member and Investment Committee Member	Convertible Debt Agreement of \$10 million with AVMS at the 2019 year end (2018: \$10 million)			
Richard Gomes	Tusker	Board Member	Whilst we do not have any grants with Tusker it is owned by Logistimo			
Pradeep Pursnani	Husk Power Systems	Board Member	Loan Receivable of \$1.3 million at the 2019 year end (2018: \$1.3million)			
Pradeep Pursnani	Factor[e] Ventures PBC	Board Member	Loan Receivable \$9.1 million at the 2019 year end (2018: \$6.7 million)			
Sam Parker	Factor[e] Ventures PBC	Investment Committee Member	Loan Receivable \$9.1 million at the 2019 year end (2018: \$6.7 million)			
Pradeep Pursnani	Gajam Group Limited	Member of the Advisory Board	Loan Receivable \$0.9 million at the 2019 year end (2018: \$1 million)			
Pradeep Pursnani	Envirofit International Inc	Board Member	Loan Receivable of nil at the 2019 year end (2018: \$0.3m)			

Pradeep Pursnani resigned as a Deputy Director of Shell Foundation on 31 March 2019.

26. Guarantees and contingent liabilities

At any time the Foundation may be in discussion with potential grantees or may even have made formal offers of grants to grantees, which are pending their acceptance.

In October 2012, Shell Foundation offered a seven year financial guarantee of \$1.5 million to Calvert Social Investment Foundation Inc. to cover a \$3 million loan facility to Envirofit International Inc. As of December 2015, Envirofit International Inc had drawn down this whole loan. In Q3 2016, Shell Foundation committed to a six year financial guarantee of \$2 million to Calvert Social Investment Foundation Inc. The guarantee is capped at \$2 million in aggregate and is in two parts – firstly a \$2 million guarantee to Calvert for pre-funding of the BIX carbon fund via Cardecho, and secondly \$2 million to Cardecho guaranteeing carbon credit instalments from Envirofit, which in part will be used to repay the Calvert pre-finance loan. In September 2019, the 2012 guarantee of \$1.5 million to Calvert Social Investment Foundation Inc. was called upon by Calvert for a face value of \$1.3 million.

Between 2016 and 2019, USAID donated a total of \$21 million to SF under the Iraq MENA II agreement. Under the agreement, these donations have been used to purchase share capital in SF Investment Management Limited, a wholly owned subsidiary, which then uses these funds to carry out the requirements of the agreement. At the conclusion of the programme Shell Foundation must liquidate SF Investment Management, including all remaining investments, and return any remaining funds to USAID. In prior years, Shell Foundation had recognised a payable to USAID (\$2.5m in 2018) equivalent to the net assets of SF Investment Management. However SF now believes that the eventual settlement amount cannot be reliably measured given that the programme is due to run until 2036 and there are too many factors impacting any potential estimate to make it reliable. As at 31 December 2019, the net assets of SF Investment Management are \$17.1 million (2018: \$2.5m).

Notes to the financial statements for the year ended 31 December 2019 (continued)

27. Post balance date events

The coronavirus (Covid-19) outbreak has developed rapidly across the world since the balance sheet date. This has affected many aspects of SF's work, and detail around the principal risks and uncertainties arising from the Covid-19 pandemic is provided in the Principal Risks and Uncertainties section.

SF has seen its work through its partners materially changed through restrictions imposed across the globe, intended to halt the spread of coronavirus. SF management and Trustees have reviewed at length how to pivot SF 2020 goals away from growth and incubation of new approaches, towards supporting our partners to maintain essential energy and mobility services for low-income communities in Africa and Asia during the Covid-19 crisis.

We are currently working to:

- Deploy resilience funding and additional non-financial support for portfolio partners;
- Capture evidence to show how enterprises who deliver decentralised renewable energy and modern mobility services can contribute toward national Covid-19 resilience efforts;
- Provide sector relief funds that can make low-cost capital available to off-grid energy providers affected by Covid-19;
- Deliver a steady flow of market insight to donors, policy-makers and social investors in the energy and health sectors to inform their decisions;
- Commission research to understand the implications of Covid-19 on SDG7 and highlight opportunities for effective interventions.

The way that SF interacts with its partners and stakeholders has materially changed, with our organisation adapting well to remote working. Trustees and management have an increased focus on the wellbeing of staff and partners, acknowledging and putting in place measures to mitigate the increased safeguarding and HSSE risks which can arise in crisis situations.

SF is largely funded by a large, unrestricted, liquid endowment. The value of this endowment fund has fallen significantly since the balance sheet date, and was valued at \$498m on 31 May 2020, versus \$521m as at 31 December 2019. For comparison, the endowment was valued at \$459m as at 31 December 2018 and large fluctuations in endowment value are expected and tolerated within the investment strategy. Given the outsize value of the endowment compared to near term withdrawal ambitions of around \$20m per year, the Trustees continue to follow a long term investment strategy with the majority of assets invested in return-seeking asset classes.

SF has a social investment portfolio of \$60m. Given Covid-19 effects being seen across the world, some of these investments may be impaired in the future if Covid-19 or other factors adversely affect their performance. However, there is currently no objective evidence of impairment of social investments, beyond that recognised at the balance sheet date. This will be closely monitored throughout the year, with significant management focus on performance of individual investments, and on any requests received from investees to renegotiate terms. However, SF takes a prudent approach to cash forecasting, and does not take into account any cash inflows from social investments in any forecasting or going concern assessments, even in the near term. This means that even if SF recognises large impairments later in 2020 and beyond, it has no impact at all on the going concern assessment and conclusions of Trustees, and has no impact on the cash flow forecasting or liquidity of SF.

The scale and duration of Covid-19 developments and impact remains uncertain and the SF Trustees will continue to regularly and closely consider risks, goals and strategies in response to the changing situation in order to continue to deliver our mission.

