
Report of the Trustees and Financial Statements 2022

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About Shell Foundation

Shell Foundation (SF) is a charity registered in England and Wales, founded by Shell in 2000, that creates and scales business solutions to empower underserved populations to earn a living income through access to clean energy products and services. A living income helps communities to escape poverty and hardship by accessing work, education and health services.

SF focuses its work to impact three customer groups:

- **Smallholder farmers:** those moving from subsistence to commercial farming on less than five acres of land; who can achieve a living income when they can produce crops efficiently and get that produce to market in good condition;
- **Microentrepreneurs:** urban, peri-urban and rural micro-enterprise owners engaged in the small-scale provision of goods and services for whom reliable and appropriate power can contribute to longer opening hours, lower costs, with net income increase; and
- **Urban transporters:** movers of people and goods whose income can increase by as much as 35% by shifting to electric vehicles from petrol or diesel vehicles.

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 address underlying market challenges behind global development problems and innovate new enterprise-based solutions to address them.

SF provides patient funding, strategic support and access to networks to help pioneers to validate new models, achieve financial independence and expand across geographies to reach as many people as possible. SF then works with sector partners – specialist intermediaries to facilitate growth and replication at an industry level, or large corporate partners already serving millions of our target customer groups – to maximise the scale and speed of its social impact.

Through its working model, SF has entered several strategic partnerships to amplify its impact in multiple countries across Africa and Asia.

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	
Ms Diana Fox Carney		
Ms Alice Chapple		
Professor Maggie Kigozi		
Ms Sinead Lynch		
Mr Wael Sawan		Resigned 1 January 2023
Mr Maarten Wetselaar		Resigned 1 November 2021
Mr Huibert Vigeveno		Appointed 25 November 2021
Mr Grzegorz Gut		Appointed 21 March 2023

Principal Officers

Mr Jonathan Berman	Chief Executive Officer	Appointed 6 May 2022
Mr Richard Gomes	Chief Operating Officer	(Acting CEO to 5 May 2022)
Ms Rachel Singh Davies	Chief Financial Officer and Company Secretary	(Acting Deputy CEO to 5 May 2022)

Registered Office

Shell Centre
York Road, London
SE1 7NA

Bankers

Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

Independent External Auditor

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

Audit and Risk Committee Members

Ms Alice Chapple
Ms Gail Klintworth
Ms Sinead Lynch
Mr Alan Howard – Co-opted –
Appointed 13 May 2022

Remuneration Committee Members

Ms Alice Chapple
Ms Gail Klintworth
Ms Sinead Lynch

Investment Manager

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

Independent Investment Advisor

Cazenove Capital
1 London Wall Place
London
EC2Y 5AU
United Kingdom

Investment Committee Members

Ms Gail Klintworth
Ms Sinead Lynch
Mr Jonathan Berman – Appointed 6 May 2022
Mr Alan Howard – Co-opted – Appointed 13 May 2022
Ms Rachel Singh Davies

Message from CEO



I was delighted to join Shell Foundation as its CEO in May 2022.

Shortly after taking up my new position, we brought together our Board of Trustees and the SF team to work on a new five-year strategy to enable 60 million people to earn a living income through clean energy in Africa and Asia by 2032. The strategy puts SF on a path to make a meaningful contribution to a low-carbon future that delivers inclusive growth. It builds on the work the team has done over many years to support early-stage innovation and leverage sector partnerships to bring sustainable impact.

Since its formation Shell Foundation has played a central role in creating an energy access sector; in the next 10 years, we will be at the heart of scaling it. We have a laser-like focus on supporting customers – in particular the rural farmers, the urban transporters and microentrepreneurs in both environments. We will be building partnerships with the entities that reach millions of our customers and can catalyse billions of dollars to support growth.

As I reflect on my first 12 months in the CEO role, I am encouraged by the continued impact we have been able to deliver to date: more than 871,000 jobs supported; almost 65 million tonnes of CO₂ reduced; more than 264,000 livelihoods improved; and \$9.4 billion in finance leveraged.

I also reflect on the success of our partnership with United States Agency for International Development (USAID) which we concluded in October having improved the lives of 15 million underserved people in Africa, delivered over 3.1 million new connections, leveraged \$441 million of additional financing into the sector, supported 45,000 jobs, and reduced carbon dioxide by over 386,000 metric tonnes. Our partnership with the UK's Foreign, Commonwealth & Development Office (FCDO) went from strength to strength. Our TIME¹ partnership was renewed in April with up to an additional £39m from FCDO added to the original £60m partnership. Our CASEE² partnership with FCDO, providing access to energy-enabled solutions for smallholder farmers and agricultural enterprises in sub-Saharan Africa and South Asia, was also extended.

We have prolonged our partnership efforts to attract more and different organisations into the sectors in which we work, which will be vital in accelerating the scaling of effective solutions and reaching millions of customers within the timeframes set by the SDGs³ and Paris Agreement.

We now have in place Memorandums of Understanding (MOUs) with the Development Finance Institutions of the UK, the Netherlands and the US. In April we announced a partnership with Nuveen, a leading global investment manager with over \$1.3 trillion of assets under management, to drive more capital to emerging market climate solutions. By working with others, we multiply our ability to serve our customers. We will be doing that in three ways: supporting early-stage innovation, scaling with entities who reach millions of our customers; and catalysing finance for those activities.

Our aspirations are ambitious. I'm optimistic that with the excellent team and partners we have built over several years, as well as new relationships we will forge in coming months, we will be successful in achieving our vision. I invite you to learn more about it in these pages and reach out where we can work together.

Jonathan Berman

¹ <https://shellfoundation.org/strategic-partnerships/> TIME – Transforming Inclusive Energy Markets

² <https://shellfoundation.org/catalysing-agriculture-by-scaling-energy-ecosystems-casee/> CASEE – Catalysing Agriculture by Scaling Energy Ecosystems

³ <https://www.undp.org/sustainable-development-goals> Sustainable Development Goals

Message from Chair of the Board of Trustees



Looking back at 2022, Shell Foundation continued to deliver significant impact through the many partners in whom we invest financial support, business management and market development advice, and the connections we facilitate for business building and further investment.

We are on track to exceed impact targets. Yet, despite the continued impact we have delivered over the past decade, the scale remains insufficient. In this decade of action, with some committed momentum in the most developed markets to the global low carbon agenda, the world cannot ignore the roughly two billion citizens who still have no or limited access to reliable energy and mobility. Shell Foundation focuses on addressing this gap to deliver scalable low carbon solutions to those with the greatest need.

We will seek to increase impact at scale over the next decade under our new CEO, Jonathan, who has a strong background in delivering impact through business solutions. The successful delivery of this strategy will depend on scaling last-mile solutions and increasing finance flows to real market solutions.

Partnerships remain crucial to impact and scale. I am heartened to see SF play a convening and catalytic role: expanding our programmes with FCDO; adding MOUs with DFC (US International Development Finance Corporation), FMO (Dutch development bank) and, most recently, BII (British International Investment); and partnering with an institutional asset manager in Nuveen.

Shell Foundation does not just partner and fund. It also researches. By sharing its research, market intelligence and experience, SF is in a critical position to steer more growth capital into the sectors and markets in which we work and ultimately alleviate poverty by increasing income levels for millions of its target customers.

On behalf of the trustees, I salute the SF team and thank all our partners for their progress. I am excited to see the momentum we can achieve through our new strategy over the coming years

Gail Klintworth

Shell Foundation Programmes



Shell Foundation Five-Year Strategy

Throughout 2022, SF underwent an extension strategy design project. The result was a new five-year strategy for 2023-2028, that builds on SF's reputation and experience but moves how we will deploy our capital in the future.

The new strategy lays out a vision to enable 60 million underserved consumers to achieve a living income through clean energy access by 2032.

Emerging market energy access is at an inflexion point ...

1.8 billion people could achieve a living income through distributed renewable energy (DRE). At current costs of capital and technology, this transformation will require investment of about \$350bn.

Shell Foundation is in an excellent position to address the affordable energy gap that limits millions of vulnerable people's achievement of a living income. We have built a solid reputation in advancing energy access and our funding has leveraged over \$9.4bn to date, improving the lives of over 264 million people.

Shell Foundation is recognised as a nimble, risk-tolerant player, able to partner effectively across corporates, financiers, governments and donors. But while we are proud of the results our unique position in the sector has yielded, we realise the urgent need for larger-scale solutions for the most vulnerable.

Future Strategy

By 2032, Shell Foundation will enable 60 million people to earn a living income with clean energy.

The new five-year strategy will shift SF's focus from *enterprise* success and an undifferentiated customer base to a focus on *customer* success with three primary customers in mind:

- **Smallholder farmers:** those moving from subsistence to commercial farming on less than five acres of land, who can achieve a living income when they can farm efficiently and get their produce to market in good condition;
- **Microentrepreneurs:** urban, peri-urban and rural micro-enterprise owners engaged in the small-scale provision of goods and services, for whom reliable and appropriate power can contribute to longer opening hours, lower costs, with net income increase; and
- **Urban transporters:** movers of people and goods whose income can increase by as much as 35% by shifting to electric vehicles from petrol or diesel vehicles.

These three segments represent the largest number of people whose income can be materially increased through clean energy. In total, they represent nearly 600 million people in sub-Saharan Africa and South Asia.

SF will pursue three deployment strategies to drive scale:

- Funding early-stage innovation, rooted in a consumer lens and robust investment strategy, supporting innovative businesses providing income-generating energy tech, with the potential to reach millions of customers in ways that are commercially viable.
- Co-fund delivery pilots, working with large companies, cooperatives and others already serving millions of SF's target customer groups, seeking to collaborate on R&D and supply chain initiatives that provide scaled market access to energy products for underserved customers.
- Attract institutional capital, using SF's expertise and experience to present the investment case in energy access solutions, concessional capital to de-risk opportunities and unlock commercial funding, and understanding of markets and business to develop and scale new and appropriate financing mechanisms.

Shell Foundation Five-Year Strategy

Diversity, Equity and Inclusion (DEI) inform how we will work. The strategy includes clear DEI commitments to enable an equal share of men and women to achieve a living income over the five-year strategy period. 20% of SF resources will be ringfenced to support the most marginalised (those living below 60% of living income), and there will be percentage targets for local ownership representation in the portfolio.

To deliver these commitments, we will consider DEI to define our:

- Investment criteria
- Resource allocation
- Design of programme and portfolio
- With whom we work
- What we track and measure

The new strategy sets SF on a path to make a meaningful contribution to the low-carbon future that sets Africa and India on a path to inclusive growth.

SF will connect global investors from across the public and private sectors with world-class businesses and innovative technology, empower as many women as men and catalyse local entrepreneurship.

For more information, please visit our [website](#).

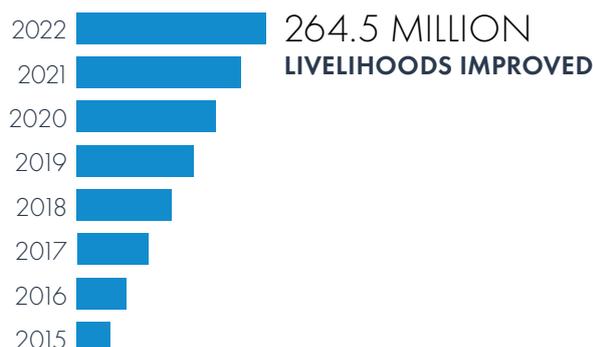
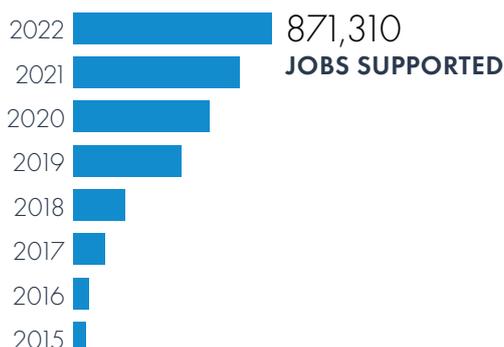
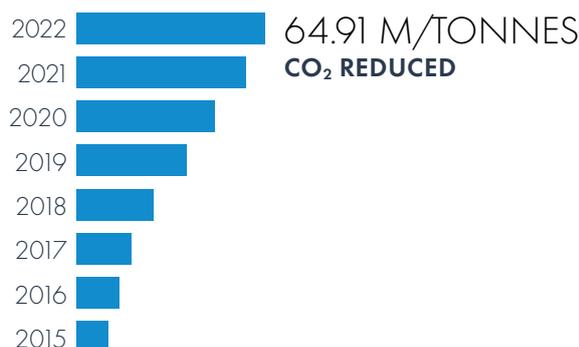
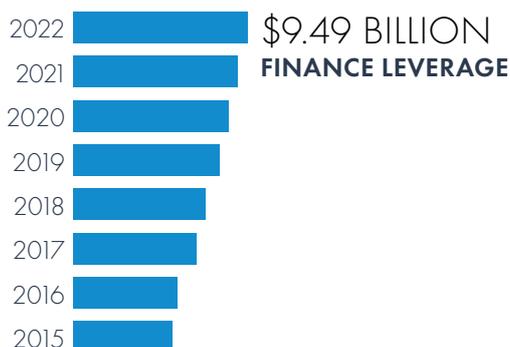
Shell Foundation Portfolio Impact

Shell Foundation’s cumulative impact is achieved through the work of all the various enterprises in its portfolio and calculated using a comprehensive set of indicators that feed into aggregate numbers. SF tracks and measures changes in performance against pre-defined milestones and targets, which allows for a meaningful analysis of the drivers of impact. SF measures its overall developmental impact by four broad metrics.



These four broad metrics are underpinned by indicators that are specific to each enterprise, depending on the sector and stage of business. Examples include:

- Low-income customers served, for example through product sales or passenger journeys
- Reduced emissions (aligned with GOGLA’s standardised impact metrics by several of SF’s energy partners) or water usage
- Jobs created, earnings increased, money saved
- Improved health or time saving



Note: The source of these data is that provided by our partners via the KPI reporting system.



—
PORTFOLIO
UPDATE
—



2022 Portfolio Highlights

In October 2022, the US International Development Finance Corporation (DFC) announced a participation of up to \$40m into the Energy Entrepreneurs Growth Fund (EEGF) which offers financing and assistance to companies that increase access to energy in sub-Saharan Africa.

Electric cooking has emerged as a key opportunity which has carbon finance potential and can scale with well capitalised appliance manufacturers entering these markets. SF worked with **Burn** and **PayGo** to understand the customer and new market opportunities to work with the large-scale partners. SF is working on a proposal to bring in large appliance manufacturing companies to improve product functionality and to drive down the cost, while working with in-country distributors to raise customer awareness.

An independent impact assessment reported a 40% net increase in revenue from farmers that were using **SunCulture's** solar water pumps. **Lorentz** – another solar water pump provider – has in the first phase of their pilot, realised a significant reduction in cost with the solar pump's distributor financing supported by SF, improving affordability and availability of irrigation pumps for farmers.

Sistema.bio, with SF support, demonstrated a considerable cost reduction of their biodigester through the monetisation of carbon credits, substantially improving the income opportunity for the farmers.

SF approved a project with **adOpes** to provide micro-loans to rural farmers through cooperative societies & MFIs to make the productive assets more accessible for women and low-income borrowers through reducing the need for collateral.



Shell Foundation Strategic Partnerships

TIME (TRANSFORMING INCLUSIVE ENERGY MARKETS)



Transforming
Energy
Access

TIME is a partnership between the Shell Foundation and the UK Foreign, Commonwealth and Development Office (FCDO) supporting a just, inclusive, clean energy transition by accelerating the impact of pioneering enterprises and creating new financial and business intermediaries to support scale and replication.

It is part of the wider FCDO research and innovation **Transforming Energy Access** (TEA) platform, which supports the technologies, business models and skills needed to enable an inclusive clean energy transition, contributing to SDG7⁴ and SDG13⁵ targets by 2030.

TIME entered its second phase in April 2022, with an additional budget of up to £39m from the FCDO, to be matched by SF. This has increased the total value of the partnership to £144 million between 2016 and 2027 (including up to £72m from FCDO).

The partnership takes an “ecosystem” approach. It addresses the core market barriers and bottlenecks for the sector such as supply, demand, finance and institutions. It helps to de-risk the sector for new and emerging innovators and enterprises by piloting and scaling up new, untested business models that can be replicated by new entrants and by reducing market barriers that constrain growth and dissuade new enterprises from entering the market. This in turn, unlocks private investment to further amplify impact and support growth of the sector.

As of December 2022, TIME supported 79 business models or business model applications that can be scaled for substantial impact, leveraged over £800m of capital, and improved the lives of nearly 19 million people.

In 2022, TIME supported 20 businesses and published 10 learning reports, on topics like cost savings for mini-grid developers through aggregated procurement, the potential in Aceleron’s Lithium battery technology, and a deep dive on Jaza’s battery-as-a-service model in Tanzania. Some key partner successes include TIME supported Zola to launch Rwanda’s first distributive mini-grid, Factor[e] completed its first close of \$30m of the Equator Fund, and Odyssey raised \$5m in venture capital.

⁴ Sustainable Development Goal 7 – Affordable and Clean Energy

⁵ Sustainable Development Goal 13 – Climate Action

Shell Foundation Strategic Partnerships

CASEE (CATALYSING AGRICULTURE BY SCALING ENERGY ECOSYSTEMS)



Shell Foundation’s CASEE programme is a seven-year £30m 50/50 partnership with FCDO to accelerate access to energy-enabled solutions for smallholder farmers and agricultural SMEs (small and medium sized enterprises) in sub-Saharan Africa and South Asia. Its work contributes to FCDO’s objectives on resilient agriculture and food security.

The partnership focuses on the agriculture ecosystem with both direct and indirect links to energy and its objectives are achieved through providing patient grant capital and hands-on business support to enterprise-based innovations that strengthen the energy and agriculture ecosystem, have the potential to scale up without long-term dependence on subsidy from donors, and can generate robust evidence and learning on pathways to scale.

To date, CASEE has partnered with, funded and/or co-created 19 enterprises, intermediaries and market enablers across Kenya, Zambia, Nigeria, Ghana, South Africa, Tanzania and India – impacting the lives of more than 400,000 people directly and more than 700,000 indirectly.

In 2022, CASEE brought three new businesses into the portfolio – EchoVC, Lorentz and adOpes – all three with the objective of helping to address funding challenges in the ecosystem. CASEE has disseminated evidence and knowledge on topics including climate finance and cold chain and storage, increasing incomes for the poorest.

Shell Foundation Strategic Partnerships

USAID SEAM (SCALING ENERGY ACCESS MARKETS)



USAID
FROM THE AMERICAN PEOPLE



SF's six-year Scaling Energy Access Markets in Africa (SEAM) partnership with the US Agency for International Development (USAID) and Power Africa met its objectives and came to its natural conclusion in October 2022.

Focusing on improved access to affordable renewable energy in off-grid households in sub-Saharan Africa, SEAM improved the lives of more than 15 million underserved people, delivered over 3.1 million new connections, leveraged \$441 million of additional financing into the sector, supported 45,000 jobs, and reduced carbon dioxide by over 386,000 metric tonnes.

The partnership facilitated the creation of new business models that blur the line between on- and off-grid with companies including Konexa and Zola. We supported Konexa to expand their distributed utility business model, and Zola to test their AC distributed mini-grid model, which they have since it launched successfully in Rwanda. The programme supported improved metering options for on- and off-grid companies with SparkMeter, helping to expand its customer reach, software capacity and research and development. We worked on incubating new diesel genset replacement technology with Factor[e] and supported Odyssey to build out its platform's tender coordination and vendor marketplace. With Nayo Tropical, we tested procurement at scale as a method of reducing construction costs and hence improve commercial viability of mini-grids in Nigeria.

As well as this, SEAM strengthened the sector by supporting the creation and growth of key trade associations and enabled the creation and management of the Household Solar Funders Group, bringing together 60 investors and funders to work on barriers to the domestic off-grid solar market. SEAM also enhanced improved access to finance through the testing of new models and funding investment vehicles to enable smaller household solar distributors to access institutional capital.

Although this current programme has ended, its successful results have positioned us for future partnerships with USAID and Power Africa and will drive the next phase of our relationship.

Shell Foundation Strategic Partnerships

NUVEEN

nuveen

A TIAA Company

In April 2022, SF signed a Memorandum of Understand (MOU) to partner with Nuveen – a leading global investment manager with over \$1.3 trillion of assets under management – with the aim to drive more capital to emerging market climate solutions.

Shell Foundation has provided catalytic funding and business support to innovative companies for more than 20 years, improving the livelihoods of more than 229m people. Many of SF's portfolio operate in target sectors for Nuveen's Global Impact strategy (the company's dedicated private equity impact strategy), including agri-renewables, agri-finance, energy for business, mini-grid renewables, mobility and off-grid utilities.

The partnership will formalise the relationship between Nuveen's Global Impact team and Shell Foundation, providing a source of institutional capital for suitable companies creating access to renewable energy and transport; and access to market experts, insights and leading emerging market climate solutions companies for Nuveen's Global Impact team.

Nuveen's Global Impact team expects to invest at least \$100m over the next five years into transformative companies serving climate-vulnerable communities in Africa and Asia, with the goal of increasing energy access, mitigating climate change and building climate resilience.

Shell Foundation Strategic Partnerships

FMO

FMO

Finance for Development

There are currently market gaps for early-stage energy access enterprises in sub-Saharan African and India to access various forms of capital, which limit their growth and ability to fundraise efficiently. To bridge these gaps, SF and Dutch development bank FMO signed a Memorandum of Understand (MOU) in September 2022 to support the just and inclusive energy transition in those regions.

Building on a previous MOU, this further agreement explores new climate financing opportunities, facilitates market-creating in cutting edge renewable spheres, and encourages a coordinated funding approach for the distributed renewable energy sector. The partnership has the potential to remove the barriers associated with the financing continuum for growth businesses in several impact sectors, scaling solutions serving small retail business owners, smallholder farmers and transporters of goods and people.

The three-year agreement will see FMO strive to make up to \$100m in financing available to support early to mid-stage enterprises in the focus sectors. SF aims to invest more than \$45m building a pipeline of high-impact and fast-growing businesses and this MOU has the power to leverage crucial sums of private and public capital into Africa's energy transition and the leading entrepreneurs and enterprises paving the way to meet SDG7.

Shell Foundation Strategic Partnerships

DFC



SF signed a Memorandum of Understanding (MOU) with DFC (in 2021) with the intention to work together to remove the barriers associated with the financing continuum and bridge the investment gap for early-stage, high-impact projects and enterprises by collaborating and promoting co-financing, co-investment, and co-insurance opportunities with an aim to mobilise private capital in our priority sectors.

To date over 24 potential transactions have been screened; this includes DFC investment into the Energy Entrepreneurs Growth Fund (EEGF) that through the use of blended finance allows EEGF to unlock additional capital and further its positive impact in improving access to energy and advancing women's economic empowerment. DFC's investment brings total commitments to the fund to \$106 million.

SF also plans to co-invest – alongside DFC – in SunFunder's Gigaton Fund with an agreement being signed in Q1 2023. This investment will use blended finance to unlock capital and scale climate and gender impact aligned with SF strategy and support DFC's investment into [Revfin](#).



Report of the Trustees and Financial Statements 2022

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 for the year ended 31 December 2022

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 2022.

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 18. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, UK GAAP FRS 102, the Statement of Recommended Practice 'Charities SORP' effective 1 January 2019.

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).

The Foundation is 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 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.

In addition to the endowment, the Foundation has received restricted and unrestricted donations from the Shell Group totalling \$270 million to the end of 2022.

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 CEO of the Foundation and other key staff. Trustees are requested annually to confirm any related party transactions.

The Trustees meet formally four times 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 who invite the Foundation CEO, CFO, external auditor and relevant experts 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.

The IC comprises two Trustees, the CEO 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 CEO, who reports on the performance against the strategic plan and budget as approved by the Trustees.

Report of the Trustees for the year ended 31 December 2022 (continued)

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 no longer possible that project objectives can be met.

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, concessionary 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 and Sustainable Mobility Programmes.*

Report of the Trustees for the year ended 31 December 2022 (continued)

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

The Statement of Financial Activities is included with the financial statements on page 28.

SF operates within strict budgets as approved by the Board on an annual basis. In 2022 all expenditure was within the agreed budgets and limits. Endowment withdrawals are in accordance with Investment Committee policy and per annual approval of SF Board.

Restricted income for 2022 is \$13.2m. This is higher than 2021 (\$6.6m), and restricted expenditure followed this pattern. This is in accordance with plan as a five year funding agreement with the Foreign, Commonwealth and Development Office (FCDO, formerly DFID) which was due to come to an end in 2021 was extended in 2022 for a further five years. Shell Foundation is well positioned to enter into other restricted funding partnerships and equally to ensure its activities and commitments can be met with unrestricted endowment resources.

Total unrestricted charitable expenditure was \$18.1m, compared to \$20m in 2021. The 2022 expenditure was lower mainly due to the focus on the strategy refresh in the middle part of the year, which led to certain potential commitments being held back while they were assessed for alignment with the new strategy. Charitable spend is expected to return to previous levels in 2023. \$7.0m of impairments on social investments was taken in 2022 compared with \$4m in 2021.

PRINCIPAL FUNDING SOURCES

The Foundation's annual grant programmes are funded by distributions from its endowment fund. Shell Group made unrestricted donations of \$8.9 million in 2022 (2021: \$7.5 million). Restricted donations totalling \$13.2 million (2021: \$6.6 million) were received from FCDO, USAID and World Resources Institute's Partnering for Green Growth and the Global Goals 2030 (P4G), enabling the Foundation to amplify its programme.

RESERVES

SF 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.

SF'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 set by the Investment Committee, reviewed regularly by the Audit and Risk Committee, and approved by the Board of Trustees. At year end the value of the endowment was \$535 million (2021: \$617 million) and total value of SF reserves was \$598 million (2021: \$675 million).

At the year end the balance in restricted funds was the value of social investments made under the FCDO TIME partnership. On debtor's 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.

SF seeks to incorporate Environmental, Social and Governance (ESG) considerations into the management of this endowment. The Investment objectives of the Foundation are set by an Investment Committee and management of the endowment in accordance with those objectives, either directly or through external fund managers, sits with Shell Asset Management Company (SAMCo).

To address the abovementioned ESG considerations, SF has made several choices in the way the endowment is managed. Firstly, the endowment's equity investments are managed against custom ESG benchmarks that have stronger governance positioning and a significantly lower carbon footprint versus standard market indices. Furthermore, external managers appointed through our asset manager are required to make explicit how ESG considerations are integrated in their investment processes. These managers are also asked to report to the United Nations-supported Principles for Responsible Investment (UNPRI) or, in the case of property investments, the Global Real Estate Sustainability Benchmark (GRESB).

SF believes in the power of responsible ownership. We use our influence over investee entities, through voting and engagement, to drive further progress on ESG matters. Given the breadth of our investment portfolio, implementation of these activities is supported

Report of the Trustees for the year ended 31 December 2022 (continued)

through an external provider of stewardship services. We have made robust steps in measuring and improving ESG considerations in our endowment and are committed to making further progress in this area. We aim to explore how we can better support the goals of the Paris Agreement and better support our mission through the endowment investment choices made and we are working with our asset and fund managers to increase data availability for our portfolio, including in relation to our alternative investments.

In 2022, financial markets were hit by the impact on many economies of higher inflation, which had been starting to build in 2021 and was exacerbated by the impact of the war in Ukraine and on energy and other commodity prices. This resulted in lower valuations for Equities and Fixed Income assets, which were underweight to benchmark for part of the year, compared to Hedge Funds and Real Estate, where valuations have tended to lag market events. The final quarter saw a recovery in all asset classes as the first signs appeared that inflation was peaking and beginning to reverse. Equities, Fixed Income, Hedge Funds and Real Estate all performed in line with or ahead of their benchmarks.

The total return of the portfolio for the year was negative (-11.5%) (2021: +11%) in line with the market benchmark.

The Equity portfolio returned -17.6% (2021: +14%) return over the year, with higher inflation and interest rates hitting consumer confidence and corporate earnings in many sectors. The losses in the portfolio were reversed to some extent in the fourth quarter as markets became more optimistic that the inflation peak had been passed. Fixed Income showed negative returns over the year (-13.1%), mainly driven by the emerging markets debt portfolio which was hit by higher yields in the hard currency market and the strength of the US dollar in the local currency market. These trends were reversed to an extent in the fourth quarter. The hedge fund portfolio performance was positive over 2022 (+3.7%), overperforming significantly versus the benchmark, driven by continued strong manager selection outcomes. Real Estate recorded a +16% total return for the year; however, higher interest rates have significantly affected valuations, particularly in low-yielding sectors such as residential and industrial, accompanied by a sharp drop in transaction volumes.

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

Since the year end, the valuations of Equity, Fixed Income and Hedge Funds have increased while Real Estate has decreased. SF has a long-term investment policy and as at May 2023, the Trustees remain comfortable that existing investment policy will be followed throughout future market volatility, with investment performance reviewed regularly by the Investment Committee.

In response to events in Ukraine, the Trustees reviewed the SF endowment portfolio's exposure to Russia. Exposure to fixed income and equity instruments with Russian country of residence amounted to \$5 million in Q1 as at 1 March 2022. There is no exposure as at May 2023.

PLANS FOR FUTURE PERIODS

See the review of achievements and performance on pages 7 to 18 for details of future plans.

Shell Foundation is largely funded from an expendable endowment which, even if faced with significant market volatility or negative sentiment, is well placed to fund all anticipated spending needs in coming years. In the event that restricted income is lower than seen in recent years, SF can modify spending plans and ambitions. SF has very few long-term commitments and so is able to 'right size' relatively easily, without jeopardising social impact already created.

With the impact of Covid-19 expected to recede, and increased interest as a result of COP26 in the sectors in which SF operates, the Trustees consider that SF has significant opportunities to enhance impact by increasing the funding it can deploy. Much of this additional funding will come through joint programmes with government agencies and impact investors.

SF also expects to play a role in the next few years as a facilitator of funding, by signing agreements with impact investors to provide a high quality pipeline of investible enterprises from its portfolio.

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.

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 was a primary focus during the Covid-19 pandemic and will continue to be monitored regularly with additional actions taken where necessary. SF has moved to a hybrid working model with most staff dividing their working time between office and home.

Report of the Trustees for the year ended 31 December 2022 (continued)

Partners: The Foundation is reliant on strategic partners to take programmes forward and build both developmentally sound and financially viable businesses that are scalable as solutions to the challenge of raising incomes in Shell Foundation’s target groups. This continues to be managed through the careful selection process for new partners, ongoing management of existing partners and considered review of the portfolio.

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 and Risk Committee where appropriate. The ARC is chaired by an external 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 endowment investments were negatively impacted in 2022 in by increasing inflation and the impact of the war in Ukraine but made some limited recovery in Q4 as global inflation appeared to have peaked counter-inflationary measures taken by central banks, with signs that many economies had proved more resilient than expected and would avoid significant recession. For further information on the Trustees’ 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. SF continues to develop its monitoring and evaluation software and methodologies. This will include piloting a framework to measure impact per dollar of SF spend using historical data and future projections on strategic partners, supporting partners across the programme areas to implement standardised GHG methodologies, and

developing SF’s approach to measuring its impact contribution from indirect investments including, funds, platforms and working with corporates.

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 continues to work 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, compliance capability and resources have been strengthened in 2022 with additional training provided to both staff and partners.

Portfolio management: The refreshed Strategy launched at the start of 2023 focuses on a smaller number of partners with a high potential for income increase for our target customer groups. This will result in a reduction in the number of portfolio through a phased process of partner graduations. The focus on scaleable and potentially larger partners and the graduation process will change the nature of portfolio management risk and require a different relationship with the some of the partners. The portfolio dashboard will be developed, integrating financial and impact metrics, to both monitor and compare partner and programme performance and inform progress towards outcomes. Senior management will continue to monitor the allocation of partners within the programme team as the portfolio evolves through 2023.

Health, Safety, Security and Environment (HSSE), including Safeguarding: SF’s 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 to respond to changing circumstances particularly in east Africa. 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 zero-tolerance Safeguarding policies and procedures and delivers an ongoing programme of Safeguarding training for all Foundation staff and its partners, to help individual partners to implement improved safeguarding policy and practice in their enterprises. SF has two SF Safeguarding Officers and a Safeguarding Trustee, plus a dedicated member of staff focusing on programme compliance, including Safeguarding, whilst we also retain the services of an external Safeguarding expert to assist with on-going training. 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.

Covid-19: As much of the world emerged from the Covid-19 pandemic in 2022, the SF portfolio of partners has continued to be resilient and is well placed to take opportunities for

Report of the Trustees for the year ended 31 December 2022 (continued)

growth. There have been issues with purchase and delivery of equipment by partners due to ongoing supply chain disruption partly caused by the stringent Covid-19 containment measures maintained in China for most of the year. This has impacted some of the Foundation's partners' ability to meet business plans and contractual milestones. The lifting of travel restrictions in most countries allowed SF staff to travel more frequently to meet current and potential partners and other institutions in the sector. Residual risk to SF's operations from Covid-19 is considered to be low in 2023.

UKRAINE: The impact on SF and partners of the ongoing situation in Ukraine has emerged as a risk in 2022 and is reviewed on a regular basis to ensure SF and partners are compliant with sanctions imposed on countries and individuals. Trustees and management are currently satisfied that there is no impact on partners.

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
23 June 2023

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 subsidiary (the 'group') for the year ended 31 December 2022 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 28, 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 group's and of the charitable company's affairs as at 31 December 2022 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period 17 months from when the financial statements are authorised for issue until 31 December 2024.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained in the annual report.

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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and 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.

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 21, 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 group's and the charitable company'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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the charitable company and determined that the most significant are the reporting requirements to the Charity Commission and reporting under the Companies Act 2006.
- We understood how group and charitable company is complying with those frameworks by obtaining an understanding of the group and charitable company's

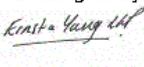
procedures to ensure compliance and understanding of the controls in place for management to detect breaches in laws and regulations. We also considered the oversight of those charged with governance (i.e. considering the potential for override of controls or other inappropriate influence over the perceptions of stakeholders as to the entity's performance and profitability), and the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.

- We assessed the susceptibility of the group and the charitable company's financial statements to material misstatement, including how fraud might occur by making enquiries of those charged with governance and management and considering the potential for override of controls or other inappropriate influence over the financial reporting process. We tested manual journal entries and performed procedures on significant estimates and judgements.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved confirming if management are aware of any breaches in laws and regulations or fraudulent activity, inspecting any correspondence between the charitable company and the Charity Commission, reading external specialist reports and the minutes of the Board, testing manual journal entries and undertaking the FRS 102 disclosure checklist to ensure relevant requirements are met.

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.

DocuSigned by:

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Stephen Reid (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
 Edinburgh

23 June 2023

Consolidated statement of financial activities for the year ended 31 December 2022

Company Registered Number: 4007273

	Note	Unrestricted Funds 2022 \$000	Restricted Funds 2022 \$000	Endowment Funds 2022 \$000	Total Funds 2022 \$000
Income and endowments from					
- Donations	2	8,889	13,222	-	22,111
- Donated services	2	564	-	-	564
- Investments	3	452	7	9,542	10,001
Total Incoming Resources		9,905	13,229	9,542	32,676
Expenditure on Raising Funds					
Investment management costs		(573)	-	-	(573)
Total Cost of Raising Funds		(573)	-	-	(573)
Charitable Activities					
- Access to Energy		(14,189)	(10,725)	-	(24,914)
- Sustainable Mobility		(3,922)	(850)	-	(4,772)
Total Charitable Activities	4	(18,111)	(11,575)	-	(29,686)
Total Resources Expended		(18,684)	(11,575)	-	(30,259)
Net gains on investments					
Realised and Unrealised gains on the revaluation and disposal of investment assets		-	-	(79,355)	(79,355)
Net income/(expenditure) before transfers		(8,779)	1,654	(69,813)	(76,938)
Transfers between funds		12,500	-	(12,500)	-
Net income/(expenditure)		3,721	1,654	(82,313)	(76,938)
Net Movement in Funds		3,721	1,654	(82,313)	(76,938)
Fund balances brought forward at 1 January		33,319	24,722	617,036	675,077
Fund balances carried forward at 31 December		37,040	26,376	534,723	598,139

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 2022 was \$76.9 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 statement of financial activities for the year ended 31 December 2021

Company Registered Number: 4007273

	Note	Unrestricted Funds 2021 \$000	Restricted Funds 2021 \$000	Endowment Funds 2021 \$000	Total Funds 2021 \$000
Income and endowments from					
- Donations	2	7,487	6,638	-	14,125
- Donated services	2	621	-	-	621
- Investments	3	342	9	10,620	10,971
Total Incoming Resources		8,450	6,647	10,620	25,717
Expenditure on Raising Funds					
Investment management costs		(553)	-	-	(553)
Total Cost of Raising Funds		(553)	-	-	(553)
Charitable Activities					
- Access to Energy		(16,610)	(8,137)	-	(24,747)
- Sustainable Mobility		(3,987)	(140)	-	(4,127)
Total Charitable Activities	4	(20,597)	(8,277)	-	(28,874)
Total Resources Expended		(21,150)	(8,277)	-	(29,427)
Net gain/(losses) on investments					
Realised and Unrealised gain/(losses) on the revaluation and disposal of investment assets		-	-	50,568	50,568
Net income/(expenditure) before transfers		(12,700)	(1,630)	61,188	46,858
Transfers between funds		21,500	-	(21,500)	-
Net income/(expenditure)		8,800	(1,630)	39,688	46,858
Net Movement in Funds		8,800	(1,630)	39,688	46,858
Fund balances brought forward at 1 January		24,519	26,352	577,348	628,219
Fund balances carried forward at 31 December		33,319	24,722	617,036	675,077

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 2021 was \$47 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 income and expenditure account for the year ended 31 December 2022

Company Registered Number: 4007273

	2022 \$000	2021 \$000
Income	22,675	14,746
Gains/(Loss) on investments	(79,355)	50,568
Interest and investment income	10,001	10,971
Gross (Expenditure)/Income in the reporting period	(46,679)	76,285
Expenditure	(23,347)	(25,664)
Impairment of Social Investments	(6,912)	(3,763)
Total	(30,259)	(29,427)
Net (Expenditure)/Income for the reporting period	(76,938)	46,858
Net (deficit)/surplus of income over expenditure for the year	(76,938)	46,858

Consolidated and charity balance sheets as at 31 December 2022

Company Registered Number: 4007273

	Note	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Fixed Assets					
Endowment	10	534,723	617,036	534,723	617,036
Social investments	11	66,107	62,552	55,206	49,604
Subsidiary undertakings	12	-	-	11,159	13,361
Total Fixed Assets		600,830	679,588	601,088	680,001
Current Assets					
Debtors:					
amounts falling due within one year	13	5,173	2,072	5,173	2,072
		5,173	2,072	5,173	2,072
Cash at bank and in hand	14	13,210	10,775	12,634	10,083
Social investments	11	1,498	1,602	1,498	1,602
Total Current Assets		19,881	14,449	19,305	13,757
Creditors: amounts falling due within one year	15	(19,565)	(17,469)	(19,466)	(17,402)
Provisions	16	(756)	(800)	(756)	(800)
Net Current Assets	19	(440)	(3,820)	(917)	(4,445)
Total Assets less Current Liabilities		600,390	675,768	600,171	675,556
Creditors: amounts falling due after more than one year	17	(2,251)	(691)	(2,283)	(723)
Net Assets		598,139	675,077	597,888	674,833
The funds of the Foundation:					
Endowment Funds	18	534,723	617,036	534,723	617,036
Unrestricted Funds	18	37,040	33,319	37,040	33,319
Restricted Funds	18	26,376	24,722	26,125	24,478
Total Foundation Funds		598,139	675,077	597,888	674,833

The accompanying notes form part of these financial statements.

The financial statements on pages 28 to 58, authorised for issue, approved by the Trustees and signed on their behalf by:

Gail Klintworth

Chair of the Board of Trustees

23 June 2023

Cash flow statement and consolidated cash flow statement for the year ended 31 December 2022

Company Registered Number: 4007273

	Note	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Net cash used in operating activities	20	(160)	(14,779)	(37)	(12,597)
Cash flow from investing activities					
Investment Income – unrestricted and restricted		458	351	451	342
Investment income from endowment funds		9,542	10,620	9,542	10,620
<i>Endowment Fund</i>	10				
Purchase of investments		(66,443)	(246,336)	(66,443)	(246,336)
Sale of investments		69,904	252,656	69,904	252,656
Gain/(Loss) on foreign exchange		(412)	(573)	(412)	(573)
Increase/(decrease) in investment cash		(91)	5,133	(91)	5,133
<i>Investments</i>	11				
Purchase of programme related investments		(11,048)	(15,353)	(11,048)	(10,353)
Sale of programme related investments		685	2,858	685	2,858
Investment in subsidiary		-	-	-	(1,500)
Net cash from investing activities		2,595	9,356	2,588	12,847
Cash flow from financing activities					
Transfer out from endowment fund		(12,500)	(21,500)	(12,500)	(21,500)
Transfer into unrestricted funds		12,500	21,500	12,500	21,500
Net cash used in financing activities		-	-	-	-
Net Increase/(decrease) in cash and cash equivalents		2,435	(5,423)	2,551	250
Cash and cash equivalents at the beginning of the year		10,775	16,198	10,083	9,833
Cash and cash equivalents at the end of the year		13,210	10,775	12,634	10,083

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2022

Company Registered Number: 4007273

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 entrepreneurial thinking to create new ways to deliver social and environmental change and economic growth in low-income areas of the world. In line with our mission and charitable independence, Shell Foundation decides what issues to tackle, in which countries, with which partners, as well as if and when to draw on our links to Shell in ways that we believe will achieve large-scale development outcomes.

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.

The Trustees have closely examined 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. As at 31 December 2022, the endowment value was \$535m and cash held in the bank was \$13m. At the current rate of planned withdrawals the fund is sufficient to cover 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 17 months from the date when the financial statements are authorised for issue, considering existing and budgeted commitments, operating costs, and a range of endowment valuations. In terms of the ability of the Foundation to meet all existing and planned commitments to end of the next 12 month operating cycle at 31 December 2024, the endowment would have to experience a fall in value of 83% 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.

In preparing the financial statements, the Trustees have considered the impact of the physical and transition risks of climate change and have concluded that it does not have a material impact on the carrying values of social investments and the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2022 year end date.

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.

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.

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

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 \$1.2105 (2021 was USD/GBP \$1.3516).

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 \$0.6 million were received in 2022 (2021: \$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 \$0.6 million in 2022 (2021: \$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.

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.

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

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 GB Pounds, Euros, and other local currencies. 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.

Shell Foundation has for the financial year 2022 taken a dual approach for impairment of Social Investments. Where there is a clear objective indicator for the value of impairments to be taken, such as a Fund Manager report, this has been used. Where there is no such indicator, and the repayment terms are several years in the future, a portfolio approach has been taken based on remaining terms of the loans, and a provision for doubtful debts recognised in the Financial Statements.

FINANCIAL ASSETS

(i) Classification

The Foundation classifies its financial assets in the following categories: at fair value through SOFA; and 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.

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.

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

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.

(a) Income and expenditure

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.

(b) Impairment of investments

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 based on valuation reports or other suitable benchmarks.

(c) Provisions for share-based payments

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 2022 (continued)

Company Registered Number: 4007273

2. Donations and other income

	2022 \$000	2021 \$000
Cash and accrued		
<i>Unrestricted donation</i>		
BG Group Ltd	2,726	1,209
Shell plc (formerly Royal Dutch Shell plc)	163	278
Shell Energy Europe Ltd	-	-
Shell Trading International Ltd	6,000	6,000
Shell Transport and Trading Ltd	-	-
Shell International Ltd – donated services	564	621
Total unrestricted donations	9,453	8,108
<i>Restricted donation – Non Government related</i>		
World Resources Institute	793	-
Total restricted donations – non Government related	793	-
<i>Restricted donation – Government related</i>		
Foreign, Commonwealth & Development Office	7,582	3,970
United States Agency for International Development	4,847	2,668
Total restricted donations – Government related	12,429	6,638
Total Donations and other income	22,675	14,746

Donations were received from the following regions: the United Kingdom \$17.0 million (2021: \$12.1 million), the United States of America \$4.8 million (2021: \$2.7 million) and others worldwide \$0.8 million (2021: \$0.0 million).

Restricted donations – government related

Foreign, Commonwealth & Development Office (FCDO)

FCDO TIME (Transforming Inclusive Energy Markets): Through the TIME partnership, FCDO and Shell Foundation, in collaboration, have committed £143.7 million (additional £73.7 million in 2022) to further their mutual objective of accelerating global access to modern energy services for low-income households and small businesses. Donations of \$2.7 million (2021: \$1.1 million) were received in 2022 against this programme, which relate to amounts recognised as income in both the current and prior years. Income of \$4.9 million (2021: \$1.4 million) was recognised in 2022, based on the value of the Shell Foundation commitments to partners made during the year.

FCDO POWERED India (Promotion of Women in Energy-Related Enterprises for Development): FCDO committed £3.0 million, over four and a half years ending in 2021, 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 \$0.2 million were received in 2022 (2021: \$1.3 million).

FCDO CASEE (Catalysing Agriculture by Scaling Energy Ecosystems): Through the CASEE partnership, FCDO 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. Donations of \$1.6 million (2021: \$1.7 million) were received in 2022 against this programme, which relate to amounts recognised as income in both the current and prior years. Income of \$2.6 million (2021: \$1.9 million) was recognised in 2022, 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 \$22.5 million over 21 years to support job creation in Iraq. 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. Donations of \$2.0m (2021: \$1.5 million) were received in 2022 against this programme. Income of \$2.0m (2021: \$1.5 million) was recognised in 2022. See note 27: Guarantees and contingent liabilities.

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 ending in September 2022. The aim was to increase the number of low-income households and businesses connections in Sub-Saharan Africa, providing access to clean, modern energy services. Donations of \$4.0 million (2021: \$3.4 million) were received in 2022 against this programme, which relate to amounts recognised as income in both the current and prior years. Income of \$2.8 million (2021: \$1.2 million) was recognised in 2022, based on the value of the Shell Foundation commitments to partners made during the year.

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

Restricted donations – non-government related

World Resources Institute (WRI)

In 2022, WRI's Partnering for Green Growth and the Global Goals 2030 (P4G) made available \$0.8 million to launch the first 1,000 PAYG e-bikes of three brands on Kenyan roads & access to inexpensive distributed charging, with quick scale to 10K bikes by 2024. Donations of \$0.3 million (2021: Nil) were received in 2022 against this programme, which relate to amounts recognised as income in the current year. Income of \$0.8 million (2021: Nil) was recognised in 2022, based on the value of the Shell Foundation commitments to partners made during the year.

Refer to agreement ESMAP prog

3. Investment income

	2022 \$000	2021 \$000
Interest	459	351
Fixed interest securities	270	834
Dividends	9,272	9,786
	10,001	10,971

4. Charitable Activities Expenditure by Programme

	Grants \$000	Direct costs \$000	Support costs \$000	2022 \$000	2021 \$000
Access to Energy	(10,412)	(10,450)	(4,052)	(24,914)	(24,748)
Sustainable Mobility	(2,799)	(1,226)	(747)	(4,772)	(4,126)
Total for 2022	(13,211)	(11,676)	(4,799)	(29,686)	(28,874)
Total for 2021	(16,165)	(8,972)	(3,737)		

The lower grant expenditure in 2022 was due to an increase in use of loans, and certain potential commitments being held back while they were assessed for alignment with the new strategy. Most of these commitments were made in early 2023. 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	2022 \$000	2021 \$000
Staff costs	(3,785)	(2,259)	(6,044)	(5,402)
External services	(1,235)	(934)	(2,169)	(2,148)
Travel	(424)	(125)	(549)	(67)
Impairment of investments	(6,912)	-	(6,912)	(3,763)
Donated expenses	-	(564)	(564)	(621)
Sundry	680	(302)	378	(315)
External audit fees (inclusive of VAT)	-	(141)	(141)	(113)
Legal fees	-	(406)	(406)	(238)
Trustee expenses	-	(68)	(68)	(42)
Total	(11,676)	(4,799)	(16,475)	(12,709)

External service costs are those paid directly to a third-party suppliers 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, while support costs are Foundation-wide.

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.

The external auditor was appointed in 2016 and the most recent terms of engagement signed on 18 June 2021.

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

6. Grants expenditure

The top 20 Grantees in 2022 (excluding repayable grants and social investments) are listed below, together with their corresponding 2021 commitments.

Grantee Name Purpose of Project	Programme	2022 \$'000	2021 \$'000
4R Digital Limited Supporting 4R Digital for the creation of the Carbon Value Exchange (CavEx), an innovative digital platform aimed to open access to global carbon financing markets as potential new revenue source to a wide range of micro and small-scale contributors of climate positive projects.	Access to Energy	1,209	-
M-KOPA Holdings Limited Supporting M-KOPA to demonstrate commercial viability of an e-mobility business model aimed to make e-motorcycles more affordable and reliable through PAYG technology.	Sustainable Mobility	1,058	-
SIMA (Social Investment Managers and Advisers LLC) For supporting the project "Pilot of SIMA - Angaza DFF" to demonstrate a low cost data led approach to financing solar distributors that have poor access to finance.	Access to Energy	1,000	1,460
Acleron Limited To explore the application of its circular economy technology within a containerised/ readily deployable format, feasibility testing of second life battery packs in larger standalone productive use and mini-grid settings.	Access to Energy	1,000	-
Havenhill Synergy Limited Supporting Havenhill to demonstrate a scale-up mini-grid model, with rapidly deploying sites, providing power to farmers, microenterprises and households	Access to Energy	955	-
Jaza Energy Inc For supporting the project "Accelerating Access to Energy for Low-Income Consumers in Rural Tanzania	Access to Energy	800	700
Positive Capital Partners Limited Support creation of the D-REC commercial market intermediary	Access to Energy	800	-
Open Capital Group Limited For the project "Kampala Integrated Transport Demonstration" to improve accessibility of mobility services for low-income consumers and to support deployment of GEAPP funding in Uganda.	Sustainable Mobility/ Access to Energy	750	-
EA Fruits and Farm Company Ltd For supporting the project "Learning grant – Building the business case for off grid solar solutions"	Access to Energy	650	-
Pula Advisors AG Grant funding to demonstrate the feasibility of providing income protection to maintain access to energy for rural populations by reducing SHS PAYGO default rates	Access to Energy	600	345
KOFA Holdings Limited Grant funding to demonstrate the viability and impact of their decentralised energy storage platform in West Africa.	Access to Energy	580	-
Raino Tech4Impact Ltd Grant funding to demonstrate increased access to energy for fish farmers through cold storage	Access to Energy	522	-
Subtotal		9,924	2,505

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

Grantee Name Purpose of Project	Programme	2022 \$'000	2021 \$'000
Brought forward subtotal for top 20 grantees from previous page		9,924	2,505
adOpes Limited To provide asset financing to rural farmers through SACCOS and MFIs and make the financial product more accessible for women and low-income borrowers	Access to Energy	500	-
Precise Consult International PLC/Precise Consult International LLC Aims to catalyse the creation of a local manufacturing market for SHS/SAS and PUE to reduce the time taken to meet the energy needs of low-income off-grid households in Ethiopia	Access to Energy	500	-
Odyssey Energy Solutions Inc For supporting the project "Financing solution to scale Energy as-a-Service model for Health Facility Electrification"	Access to Energy	500	1,213
Factor[e] Ventures PBC For Supporting the project "Outsourced Incubation and Equator Fund Social Investment"	Access to Energy	500	-
WhereIsMyTransport Grant funding to demonstrate automated real-time alerts in Kampala for scale in emerging market cities	Sustainable Mobility	486	-
Easy Matatu Limited Funding to scale a model to provide more reliable, safer, and cleaner shared transport to low and middle-income commuters in Uganda.	Sustainable Mobility	450	-
Roving Heights Nigeria Ltd Grant funding to support activities aligned with SF market accelerator work and GEA's mandate in Nigeria	Access to Energy	335	-
Global Off-Grid Lighting Association (GOGLA) To provide direct funding and support to up to 10 National renewable energy associations as pre-funding under the planned MI Facility.	Access to Energy	300	-
Subtotal		3,571	1,213
Total: Top 20 Grants		13,495	3,718
Total: Other Grants (including termination of grants awarded in prior years)		(284)	12,448
Total: Grants		13,211	16,166

7. Trustee Information

The Chair of the Board of Trustees, Ms GA Klintworth, received remuneration of £25,000 in 2022, under Article 21 (2) of the Articles of Association in respect of her contract for services as Chair (2021: £25,000). No pension contributions or other benefits were paid. The Foundation directly incurred or reimbursed travel expenses in relation to three Trustees, totalling \$42,062 (2021: \$4,216). The higher travel expenses in 2022 were incurred due to a Board meeting being held in Nairobi to enable the Trustees to visit partners and other stakeholders.

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 2022 (continued)

Company Registered Number: 4007273

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 employees are seconded by Shell Group Companies to work 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 Foundation and Shell Group companies to work for the Foundation during the year was 25.6 (2021: 23.9). The monthly average split of employees between direct and support activities was direct 16.8 (2021: 16.9) and support 8.9 (2021: 7.0).

The Foundation has employed a Chief Executive Officer in May 2022 under its direct payroll and the remuneration is based on the employment contract. The Foundation has no other direct employees. The Chief Executive Officer was engaged as a strategic consultant prior to the direct employment and received \$134k in respect of this service.

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 and taxes. The salary and taxes paid by Shell Group companies in relation to these employees and the salary and taxes paid by Shell Foundation are as follows:

	2022 \$000	2021 \$000
Wages and salaries	(3,807)	(2,790)
Social security	(357)	(340)
Other pension costs	(476)	(385)
Performance Share Plan (PSP)	(522)	(184)
	(5,162)	(3,699)

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 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 1 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 \$0.5 million at the year-end for PSPs granted between 2020 and 2022 that vest in future years.

The salary and taxes paid by Shell Foundation and Shell Group companies in relation to key management personnel, consisting of the Chief Executive Officer, Chief Financial Officer and a Chief Operating Officer, were as follows. The Chief Executive Officer was the highest paid employee in 2022 and his total remuneration for the year was \$418k comprising Base salary (\$214k), Sign-on bonus (\$132k), Performance Bonus (\$40k) and Pension costs (\$32k).

	2022 \$000	2021 \$000
Wages and salaries	(844)	(669)
Social security	(64)	(86)
Other pension costs	(65)	(48)
	(973)	(803)

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

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

USD \$000	2022	2021
60 – 70	0	0
70 – 80	2	2
80 – 90	2	2
90 – 100	0	0
100 – 110	1	3
110 – 120	1	6
120 – 130	3	3
130 – 140	3	2
140 – 150	2	0
150 – 160	1	2
160 – 170	2	1
170 – 180	2	2
180 – 190	0	0
190 – 200	3	1
200 – 210	2	0
220 – 230	2	0
330 – 340	1	0
380 – 390	0	1
410 – 420	1	0
	28	25

Shell Group companies made contributions during the year to the respective defined benefit or defined contribution pension schemes in relation to 26 employees of \$0.47 million (2021: \$0.39 million in relation to 25 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

	2022 \$000	2021 \$000
Market value at 1 January	617,036	577,348
Purchase of investments	66,443	246,336
Sales/withdrawals	(69,904)	(252,656)
Realised and Unrealised (losses)/gains	(78,943)	51,141
Movement of investment cash	91	(5,133)
Market value at 31 December	534,723	617,036

The year end value is analysed as:	2022 \$000	2021 \$000
Bonds – overseas	15,604	17,682
Emerging market debts - overseas	62,106	72,297
Equity investments – UK	22,241	27,221
Equity investments – overseas	303,969	376,014
Hedge funds – overseas	60,915	62,461
Real Estate	65,944	57,302
Forward foreign currency contracts	-	380
Other assets	1,112	937
Investment cash	2,832	2,742
Market value at 31 December	534,723	617,036

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

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, emerging market debts, 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 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
GroFin Africa Fund				
Start-up and growing businesses with investment needs from \$50,000 to \$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 is now in the liquidation phase, with further disbursements expected in 2023 and 2024.				
Cost less impairment brought forward at 1 January	277	398	277	398
Movement from current to non-current	(183)	-	(183)	-
Sales	(52)	(121)	(52)	(121)
Total GroFin Africa Fund (current)	42	277	42	277
Redavia loan receivable				
Redavia provided turn-key re-deployable solar farms that reduce reliance on diesel generators and provide low-cost energy, with flexible rental agreements. Redavia filed for insolvency on 15 November 2022 and all the loans have been fully impaired from that date.				
Cost less impairment brought forward at 1 January	273	303	273	303
Movement from non-current to current	-	-	-	-
Sales	(33)	(30)	(33)	(30)
Impairment	(240)	-	(240)	-
Total Redavia (current)	-	273	-	273
Lightning Hybrids Inc loan receivable				
Lightning Hybrids provide hydraulic hybrid regenerative braking drive systems for fleet vehicles to reduce carbon emissions. Repayment was made in full in May 2021 as Lightning became a listed company.				
Cost less impairment brought forward at 1 January	-	1,500	-	1,500
Sales	-	(1,500)	-	(1,500)
Total Lightning Hybrids (current)	-	-	-	-
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, renegotiated with a revised repayment date of 31 March 2024. Loan 2: \$0.1 million, renegotiated with a revised repayment date of 30 June 2023. Loan 3: \$0.1 million repayment received May 2021.				
Cost less impairment brought forward at 1 January	510	185	510	185
Movement from non-current to current	-	375	-	375
Sales	-	(50)	-	(50)
Total SparkMeter (current)	510	510	510	510
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 repayment period was extended and is repayable in instalments up until December 2023. Total of \$0.5 million repayment received until 2022.				
Cost less impairment brought forward at 1 January	542	867	542	867
Movement from non-current to current	433	(108)	433	(108)
Sales	(108)	(217)	(108)	(217)
Total Husk Power Systems (current)	867	542	867	542

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

Programme Related Investments (continued)

	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
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Envirofit International Inc. loan receivable

Envirofit develops a global product line of smart clean cooking technologies, including biomass and LPG, that cook faster while reducing fuel use, smoke and toxic emissions. Envirofit loans were fully impaired in 2019 due to performance. Shell Foundation provided a short term repayable grant in 2020 to enable access to an additional 200 cookstoves. The loan was fully impaired in 2021.

Cost less impairment brought forward at 1 January	-	25	-	25
Purchases	-	-	-	-
Sales	-	-	-	-
Impairment	-	(25)	-	(25)

Total Envirofit International Inc. (current)

-	-	-	-
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Greenlight Planet loan receivable

GLP designs and manufactures affordable solar energy products, including consumer finance component (PAYG). GLP creates innovative distribution partnerships and direct sales network to reach low income consumers and businesses. Loan 1: \$0.5 million balance was fully repaid in 2021; Loan 2: \$0.04 million was fully impaired in 2020 since the project did not achieve the outcome for which the repayment condition would be triggered.

Cost less impairment brought forward at 1 January	-	250	-	250
Movement from non-current to current	-	-	-	-
Sales	-	(250)	-	(250)

Total Greenlight Planet (current)

-	-	-	-
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Origen Fresh EPZ Limited loan receivable

Origen Fresh is a for-profit social enterprise producing 100% natural oils with emphasis on the empowerment of women and youths in the sourcing and supply chain. The loan is repayable in full by April 2023.

Cost less impairment brought forward at 1 January	-	-	-	-
Movement from non-current to current	79	-	79	-
Purchases	-	-	-	-

Total Origen Fresh EPZ Limited (current)

79	-	79	-
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Total Current Programme Related Investments

1,498	1,602	1,498	1,602
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	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
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GroFin Africa Fund investment

Start-up and growing businesses with investment needs from \$50,000 to \$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 is now in the liquidation phase, with further disbursements expected in 2023 and 2024 (see current).

Cost less impairment brought forward at 1 January	-	-	-	-
Movement from current to non-current	183	-	183	-
Impairment	-	-	-	-

Total GroFin Africa Fund (non-current)

183	-	183	-
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GroFin Small Growing Businesses Fund (SGB) investment

A unique integrated solution of patient risk capital (\$100,000 - \$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. The fund has been adversely affected by Covid-19 and Shell Foundation has impaired the investment based on GroFin forecasts.

Cost less impairment brought forward at 1 January	6,341	8,700	6,341	8,700
Impairment	(2,027)	(2,359)	(2,027)	(2,359)

Total GroFin SGB Fund (non-current)

4,314	6,341	4,314	6,341
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ResponsAbility Access to Clean Power Fund (ACPF) investment

The responsAbility Access to Clean Power Fund (ACPF) is a 10-year closed-ended fund set-up to provide debt financing for household-level energy access (e.g. solar home systems) as well as commercial & industrial applications primarily for off-grid solar energy solutions. Total fund size anticipated \$151 million. The fund was impaired by 10% per annum in 2020 and 2021, due to the risks of Shell Foundation's first loss position over the period of the investment.

Cost less impairment brought forward at 1 January	1,800	2,025	1,800	2,025
Purchases	-	-	-	-
Impairment	(225)	(225)	(225)	(225)

Total ResponsAbility ACPF (non-current)

1,575	1,800	1,575	1,800
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Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

Programme Related Investments (continued)

Non-Current (continued)	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Energy Entrepreneurs Growth Fund (EEGF) investment				
EEGF uses multiple investment instruments (including straight equity and long-term debt, plus mezzanine and guarantees) across multiple development stages. SF entered the fund in 2019 with a commitment of \$30 million. \$5.3m was invested in 2022 and \$13.0m has been invested to date.				
Cost less impairment brought forward at 1 January	7,667	3,000	7,667	3,000
Purchases	5,310	4,667	5,310	4,667
Impairment	(639)	-	(639)	-
Total EEGF (non-current)	12,338	7,667	12,338	7,667
SIMA Angaza Distributor Financing Fund investment				
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.				
Cost less impairment brought forward at 1 January	625	600	625	600
Purchases	-	25	-	25
Total SIMA Angaza Distributor Financing Fund (non-current)	625	625	625	625
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. Redavia repaid a further 4% and the balance of the loan was fully forgiven in 2020. Loan 2: €0.7 million (\$0.8 million), repayable in full by 31 December 2024. Loan 3: \$0.2 million, partially repaid in 2019. Redavia filed for insolvency on 15 November 2022 and all the loans have been fully impaired from that date.				
Cost less impairment brought forward at 1 January	605	638	605	638
Purchases	-	-	-	-
Sales	(73)	(33)	(73)	(33)
Impairment	(532)	-	(532)	-
Total Redavia (non-current)	-	605	-	605
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, renegotiated with a revised repayment date of 31 March 2024. Loan 2: \$0.1 million, renegotiated with a revised repayment date of 30 June 2023. Loan 3: \$0.1 million repayment received May 2021.				
Cost less impairment brought forward at 1 January	-	375	-	375
Movement from non-current to current	-	(375)	-	(375)
Total SparkMeter (non-current)	-	-	-	-
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. 13 loans have been made to Factor[e], repayable from 2023-2032.				
Cost less impairment brought forward at 1 January	13,118	10,550	13,118	10,550
Purchases	1,750	2,700	1,750	2,700
Impairment	-	(132)	-	(132)
Total Factor[e] (non-current)	14,868	13,118	14,868	13,118
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 repayment period was extended and is now repayable in full by December 2027.				
Cost less impairment brought forward at 1 January	900	919	900	919
Sales	(93)	(19)	(93)	(19)
Total Gajam Group Limited (non-current)	807	900	807	900
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 repayment period was extended and is repayable in instalments up until December 2023.				
Cost less impairment brought forward at 1 January	433	325	433	325
Movement from non-current to current	(433)	108	(433)	108
Total Husk Power Systems (non-current)	-	433	-	433

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

Programme Related Investments (continued)

Non-Current (continued)	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
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 to address access to energy in smaller, or unproven African markets that existing market leaders have no plans to be in. Each loan repayment period was extended by 5 years. Loan 1: \$0.5 million repayable in full by December 2031. Loan 2: \$0.3 million repayable in full by March 2032. Loan 3: \$0.5 million repayable in full by December 2032.				
Cost less impairment brought forward at 1 January	1,250	1,250	1,250	1,250
Total Persistent Energy Capital (non-current)	1,250	1,250	1,250	1,250
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. Loan 3: \$0.95 million repayable in full by December 2031.				
Cost less impairment brought forward at 1 January	925	925	925	925
Purchases	950	-	950	-
Total Buen Manejo del Campo S.A. (non-current)	1,875	925	1,875	925
Origen Fresh EPZ Limited loan receivable				
Origen Fresh is a for-profit social enterprise producing 100% natural oils with emphasis on the empowerment of women and youths in the sourcing and supply chain. The loan is repayable in full by April 2023.				
Cost less impairment brought forward at 1 January	79	-	79	-
Movement from non-current to current	(79)	-	(79)	-
Purchases	-	79	-	79
Total Origen Fresh EPZ Limited (non-current)	-	79	-	79
Cardecho B.V. loan receivable				
Cardecho is a carbon financing company. Loan 1: \$0.5 million will convert to equity, as per clause in loan agreement. Loan 2: \$0.2 million is repayable as per the terms of the MOU.				
Cost less impairment brought forward at 1 January	700	700	700	700
Total Cardecho B.V. (non-current)	700	700	700	700
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.				
Cost less impairment brought forward at 1 January	700	700	700	700
Total Nayo Tropical Technology (non-current)	700	700	700	700
Shortlist loan receivable				
Shortlist seeks to develop new 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.				
Cost less impairment brought forward at 1 January	350	350	350	350
Total Shortlist (non-current)	350	350	350	350
Science for Society Techno Services (S4S) loan receivable				
Loan 1: \$40k -to test and scale three gender-inclusive strategies. The loan was fully impaired in 2021 since the project did not achieve the outcome for which the repayment condition would be triggered. Loan 2: \$0.3 million-(fully repayable by June 2032) to accelerate the provision of working capital to S4S by using SF concessionary capital to leverage at least 2X working capital and asset financing debt.				
Cost less impairment brought forward at 1 January	-	40	-	40
Purchases	295	-	295	-
Sales	(24)	-	(24)	-
Impairment	-	(40)	-	(40)
Total S4S (non-current)	271	-	271	-
Amiran loan receivable				
Amiran Kenya is part of Balton CP, a British company with operations in eight African countries, distributing agricultural products to farmers and agribusinesses. The loan was fully impaired in 2020 since we were not expecting to receive any return. In June 2021, the original \$300k loan was cancelled and the impairment reversed. A further \$200k loan was issued but was later cancelled in October 2021.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	-	200	-	200
Sales	-	(500)	-	(500)
Impairment	-	300	-	300
Total Amiran (non-current)	-	-	-	-

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

Programme Related Investments (continued)

Non-Current (continued)	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Metro Africa Xpress (MAX) loan receivable				
Metro Africa Express is a social enterprise using mobile tech & financial inclusion to transform mobility systems & supply chains in West Africa. Loan 1: \$1 million is repayable by June 2027. Loan 2: \$0.3 million repayable by December 2030.				
Cost less impairment brought forward at 1 January	1,000	1,000	1,000	1,000
Purchases	250	-	250	-
Total Metro Africa Xpress (non-current)	1,250	1,000	1,250	1,000
WhereIsMyTransport loan receivable				
WIMT maps formal and informal public transport networks in emerging markets and uses its data and technology to make the end-to-end public transport experience more reliable, predictable, safe, inclusive and accessible for billions of people. The loan is repayable by 30 June 2030.				
Cost less impairment brought forward at 1 January	1,000	1,000	1,000	1,000
Total WhereIsMyTransport (non-current)	1,000	1,000	1,000	1,000
Energy Company of the Future Ltd (Konexa) loan receivable				
Konexa seeks to radically transform access, reliability and affordability of electricity, with the goal of reaching over 50 million customers through grid and off-grid solutions. The loan is repayable 18 months after the repayment trigger is met, which is expected to happen in 2023.				
Cost less impairment brought forward at 1 January	350	-	350	-
Purchases	-	350	-	350
Total Energy Company of the Future Ltd (non-current)	350	350	350	350
Odyssey Energy Solutions loan receivable				
Odyssey Energy Solutions is a technology business that has successfully built the mini-grid sector's only investment and asset management platform. The loan is repayable in full by July 2031.				
Cost less impairment brought forward at 1 January	500	-	500	-
Purchases	-	500	-	500
Total Energy Company of the Future Ltd (non-current)	500	500	500	500
Pula Advisors Limited loan receivable				
Pula is re-imagining agriculture insurance in Africa by building the financial resilience of farmers through agricultural insurance by providing them tools to deal with systemic shocks arising from climate change. The loan is repayable in full by July 2024.				
Cost less impairment brought forward at 1 January	50	-	50	-
Purchases	-	50	-	50
Total Pula Advisors Limited (non-current)	50	50	50	50
Globology Limited loan receivable				
Globology (WaterBus) 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 to the larger towns on the mainland. The loan issued in 2021 was forgiven in 2022.				
Cost less impairment brought forward at 1 January	217	-	217	-
Purchases	-	222	-	222
Sales	(86)	(5)	(86)	(5)
Impairment	(131)	-	(131)	-
Total Globology Limited (non-current)	-	217	-	217
Jali Finance Limited loan receivable				
Jali Finance is a Rwandan non-deposit taking financial institution, which works with motorcycle OEMs (Original Equipment Manufacturers) and dealers to deploy asset financing for two-wheeler ownership for livelihood purposes. The loan, denominated in Rwandan Francs, is repayable in full by March 2028.				
Cost less impairment brought forward at 1 January	148	-	148	-
Purchases	-	149	-	149
Sales	(5)	(1)	(5)	(1)
Total Jali Finance Limited (non-current)	143	148	143	148
NavAlt Solar and Electric Boats Private Ltd loan receivable				
NavAlt designs and manufactures electric boats and ferries combining advancements in electric vehicle technology, marine design and photovoltaics. The loan, issued in Indian Rupees, is repayable in full by August 2031.				
Cost less impairment brought forward at 1 January	911	-	911	-
Purchases	-	911	-	911
Sales	(95)	-	(95)	-
Total NavAlt Solar and Electric Boats Private Ltd (non-current)	816	911	816	911

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

Programme Related Investments (continued)

Non-Current (continued)	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Nithio FI B.V. loan receivable				
Nithio's AI-enabled energy financing platform drives energy access investments using standardised credit analytics and risk scoring solutions to combine detailed consumer insights with scalable, structured institutional debt financing. The loan is repayable in full by October 2031.				
Cost less impairment brought forward at 1 January	500	-	500	-
Purchases	-	500	-	500
Total Nithio FI B.V. (non-current)	500	500	500	500
Roving Heights Nigeria (NoMap) loan receivable				
Roving Heights Nigeria Limited is the implementing entity of the Nigeria Off-Grid Market Acceleration Programme ("NOMAP"), in connection with the pilot phase of its financing of productive use technologies in the Nigerian power sector. The loan is fully repayable by June 2026.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	240	-	240	-
Total Roving Heights Nigeria (non-current)	240	-	240	-
M-KOPA Holdings loan receivable				
M-KOPA is a connected asset financing platform that offers underbanked customers in Africa access to life-enhancing products and services. The loan is fully repayable by Q1 2026.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	234	-	234	-
Total M-KOPA Holdings (non-current)	234	-	234	-
Lorentz Impact Accelerator GmbH loan receivable				
LORENTZ GmbH is a German company that specialises in solar water pumping. The loan is provided to support test distributor financing for small holder irrigation pump distributors. The loan, issued in Euros, is repayable in full by December 2024.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	301	-	301	-
Sales	(16)	-	(16)	-
Total Lorentz Impact Accelerator GmbH (non-current)	285	-	285	-
KOFA Holdings Limited				
Kofa is creating an IoT enabled technology platform managing a decentralised battery network which provides customers with access to renewable energy on demand through their Battery as a Service model. The loan is fully repayable by July 2029.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	718	-	718	-
Total KOFA Holdings Limited (non-current)	718	-	718	-
Aristo Securities Pvt Ltd (RevFin)				
Shell Foundation has provided funding to RevFin to provide loans for electric vehicles (EV) to under banked customers to accelerate adoption of EVs for livelihoods across India. The loan, issued in Indian Rupees, is repayable by September 2032.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	1,001	-	1,001	-
Sales	(100)	-	(100)	-
Total Aristo Securities Pvt Ltd (non-current)	901	-	901	-
NOMOU Iraq Fund Investment				
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 a successful relationship with GroFin in a number of ventures for many years. Impairment is assessed by a comparison to the net assets of the fund.				
Cost less impairment brought forward at 1 January	4,641	4,881	-	-
Purchases	-	500	-	-
Impairment	(569)	(740)	-	-
Total NOMOU Iraq Fund (non-current)	4,072	4,641	-	-

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

Programme Related Investments (continued)

	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
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Non-Current (continued)

Northern Iraq Investments investment

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. Impairment is assessed by a comparison to the net assets of the fund.

Cost less impairment brought forward at 1 January	8,307	4,000	-	-
Purchases	-	4,500	-	-
Impairment	(1,478)	(193)	-	-

Total Northern Iraq Investments (non-current)	6,829	8,307	-	-
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Provision for Doubtful Debts

Shell Foundation expects that the effects of Covid-19 are likely to affect the whole social investment portfolio, as these debts become due. SF has made every effort to assess impairment on each individual investment. In some cases where the impact of Covid-19 is ongoing and there is an absence of reliable information available in order to estimate future cash inflows to SF, a general provision has been made taking into account factors such as instrument and tenor. It has therefore estimated a provision for doubtful debts as at 31 December 2022.

Cost less impairment brought forward at 1 January	(2,965)	(2,626)	(2,965)	(2,626)
Provision for doubtful debts	(1,980)	(339)	(1,980)	(339)
Release of Provision	908	-	908	-

Total Provision for Doubtful Debts (non-current)	(4,037)	(2,965)	(4,037)	(2,965)
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Total Non-Current Programme Related Investments	53,707	50,152	42,806	37,204
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Mixed Motive Investments

	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
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Mixed Motive Investments - Non-Current

Aavishkar Ventures Management Services (AVMS) – interest bearing convertible debt agreement

AVMS provides financial products and services in India and Kenya that are focused 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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Total AVMS	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. Equity investment of \$3.0 million in PEC. The investment was impaired by 20% in 2020, based on an assessment of the value of Shell Foundation's holding. No further impairment in 2022.

Cost less impairment brought forward at 1 January	2,400	2,400	2,400	2,400
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Total Persistent Energy Capital	2,400	2,400	2,400	2,400
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Total Non-Current Mixed Motive Investments	12,400	12,400	12,400	12,400
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Total Non-Current Investments	66,107	62,552	55,206	49,604
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Total Current Investments	1,498	1,602	1,498	1,602
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Cost carried forward as at 31 December 2022	67,605	64,154	56,704	51,206
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Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

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

SF Investment Management Limited shareholding

Commitment to invest with GroFin in the NOMOU Iraq Fund (NIF) and Northern Iraq Investments Limited (NIIL). NIF is 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. NIIL is 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. Investors: Shell Foundation and USAID. Total fund capital committed \$16.2 million. Business support for these funds is provided by the Iraq Business Support Facility (Note 6) for which SFIM provides grants. In 2022, no grants were provided to Iraq Business Support Facility. 2022 impairment is principally made up of the \$0.6 million impairment of NIF and \$1.5m impairment of NIIL (Note 11).

	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Cost less impairment brought forward as at 1 January	-	-	13,361	15,020
Purchases	-	-	-	1,500
Impairment	-	-	(2,202)	(3,159)
Cost carried forward as at 31 December 2022	-	-	11,159	13,361

13. Debtors

	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Amounts falling due within one year are:				
<i>Restricted donation - Non Government related</i>				
P4G	522	-	522	-
<i>Restricted donation - Government related</i>				
Foreign, Commonwealth and Development Office	4,545	813	4,545	813
United States Agency for International Development	106	1,259	106	1,259
<i>Prepayments and Accruals</i>	-	-	-	-
Total debtors	5,173	2,072	5,173	2,072

14. Cash at bank and in hand

	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Cash at Bank	10,210	5,775	9,634	5,083
Short term deposits	3,000	5,000	3,000	5,000
Total cash at bank and in hand	13,210	10,775	12,634	10,083

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.

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

15. Creditors: amounts falling due within one year

	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Grants Payable	12,540	12,205	12,540	12,205
Trade Creditors – Shell International Limited	5,811	3,749	5,811	3,749
Payroll Taxes Payable	2	-	2	-
Accruals	1,212	1,515	1,113	1,448
	19,565	17,469	19,466	17,402

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 regular basis. Shell Foundation accruals are booked as payable to Shell International Limited.

16. General Provisions

	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
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Calvert guarantee provision

In late 2020 Calvert Social Investment Foundation Inc indicated their intention to call the \$ 2 million guarantee from Shell Foundation in full (see Note 27). A provision was made as at 31 December 2020 and released in 2021 when the guarantee was paid.

Brought forward at 1 January	-	2,000	-	2,000
Provision	-	-	-	-
Release of provision	-	(2,000)	-	(2,000)
Total Calvert guarantee provision	-	-	-	-

Other general provisions

Shell Foundation has general provisions for grants and loans where payment is probable, but the timing is uncertain. Estimated timing of payments: 2023 £106k; 2024 \$400k; 2025 \$250k. \$500k is in the form of a concessionary loan and has been recognised as a social investment in the balance sheet.

Brought forward at 1 January	800	-	800	-
Provision	-	800	-	800
Release of provision	(44)	-	(44)	-
Total grant/loan provisions	756	800	756	800
Total Provisions	756	800	756	800

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

	Group 2022 \$000	Group 2021 \$000	Foundation 2022 \$000	Foundation 2021 \$000
Total grants payable	13,013	12,697	13,045	12,729
Less amounts falling due within one year (note 15)	(12,540)	(12,205)	(12,540)	(12,205)
Grants payable falling due after more than one year	473	492	505	524
Accrual for employee benefit	1,778	199	1,778	199
Total payables falling due after more than one year	2,251	691	2,283	723
Represented by:				
Grants payable in greater than one year but less than two years	473	492	505	524
Grants payable in greater than two years but less than three years	-	-	-	-
Accrual for employee benefit	1,778	199	1,778	199
	2,251	691	2,283	723

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

18. Funds

Group	Balance B/fwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance C/fwd \$000
Endowment Funds	617,036	9,542	-	(12,500)	(79,355)	534,723
Unrestricted Funds	33,319	9,905	(18,684)	12,500	-	37,040
Restricted Funds	24,722	13,229	(11,575)	-	-	26,376
	675,077	32,676	(30,259)	-	(79,355)	598,139

Foundation	Balance C/fwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance C/fwd \$000
Endowment Funds	617,036	9,542	-	(12,500)	(79,355)	534,723
Unrestricted Funds	33,319	9,905	(18,684)	12,500	-	37,040
Restricted Funds	24,478	13,222	(11,575)	-	-	26,125
	674,833	32,669	(30,259)	-	(79,355)	597,888

19. Analysis of net assets between funds

Group	Note	Unrestricted Funds 2022 \$000	Restricted Funds 2022 \$000	Endowment Funds 2022 \$000	Total 2022 \$000	Total 2021 \$000
Fixed Assets						
Endowment investment (at fair value)	10	-	-	534,723	534,723	617,036
Investments (at costs less impairment)	11	44,324	21,783	-	66,107	62,552
		44,324	21,783	534,723	600,830	679,588
Current Assets						
Debtors:						
amounts falling due within one year	13	-	5,173	-	5,173	2,072
amounts falling due after one year	13	-	-	-	-	-
		-	5,173	-	5,173	2,072
Cash at bank and in hand	14	7,755	5,455	-	13,210	10,775
Investments (at cost less impairment)	11	496	1,002	-	1,498	1,602
Creditors: amounts falling due within one year	15	(14,487)	(5,078)	-	(19,565)	(17,469)
Provisions	16	(756)	-	-	(756)	(800)
Net Current Assets		(6,992)	6,552	-	(440)	(3,820)
Total Assets less Current Liabilities		37,332	28,335	534,723	600,390	675,768
Creditors: amounts falling due after more than one year	17	(2,028)	(223)	-	(2,251)	(691)
Net Assets		35,304	28,112	534,723	598,139	675,077

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

19. Analysis of net assets between funds (continued)

Foundation	Note	Unrestricted Funds 2022 \$000	Restricted Funds 2022 \$000	Endowment Funds 2022 \$000	Total 2022 \$000	Total 2021 \$000
Fixed Assets						
Endowment investment (at fair value)	10	-	-	534,723	534,723	617,036
Investments (at cost less impairment)	11	44,324	10,882	-	55,206	49,604
Subsidiary undertakings	12	-	11,159	-	11,159	13,361
		44,324	22,041	534,723	601,088	680,001
Current Assets						
Debtors						
amounts falling due within one year	13	-	5,173	-	5,173	2,072
amounts falling due after one year	13	-	-	-	-	-
		-	5,173	-	5,173	2,072
Cash at bank and on hand	14	7,755	4,879	-	12,634	10,083
Investments (at cost less impairment)	11	496	1,002	-	1,498	1,602
Creditors: amounts falling due within one year	15	(14,487)	(4,979)	-	(19,466)	(17,402)
Provisions	16	(756)	-	-	(756)	(800)
Net Current Assets		(6,992)	6,075	-	(917)	(4,445)
Total Assets less Current Liabilities						
		37,332	28,116	534,723	600,171	675,556
Creditors: amounts falling due after more than one year	17	(2,028)	(255)	-	(2,283)	(723)
Net Assets		35,304	27,861	534,723	597,888	674,833

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

	2022 Group \$000	2022 Foundation \$000	2021 Group \$000	2021 Foundation \$000
Net movement in unrestricted and restricted funds	5,375	5,368	7,170	7,161
Deduct back transfer from endowment fund	(12,500)	(12,500)	(21,500)	(21,500)
Deduct back investment income	(458)	(451)	(351)	(342)
Add back impairments	6,912	7,068	3,621	5,847
Decrease in net debtors – unrestricted & restricted funds	(3,101)	(3,101)	3,004	3,004
Increase in net creditors – unrestricted & restricted funds	3,612	3,579	(6,723)	(6,767)
Net cash used in operating activities	(160)	(37)	(14,779)	(12,597)

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

21. 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	10,775	13,853	(18,313)	(5,257)	12,500	-	(348)	13,210
Creditors: Amounts falling due within one year	15	(17,469)	-	(416)	-	-	(1,945)	265	(19,565)
Creditors: Amounts falling due after more than one year	17	(691)	-	19	-	-	(1,579)	-	(2,251)
Total		(7,385)	13,853	(18,710)	(5,257)	12,500	(3,524)	(83)	(8,606)

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	10,083	13,969	(18,313)	(5,257)	12,500	-	(348)	12,634
Creditors: Amounts falling due within one year	15	(17,402)	-	(416)	-	-	(1,913)	265	(19,466)
Creditors: Amounts falling due after more than one year	17	(723)	-	19	-	-	(1,579)	-	(2,283)
Total		(8,042)	13,969	(18,710)	(5,257)	12,500	(3,492)	(83)	(9,115)

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

22. Financial Instruments

Interest rate benchmark reform 2022: Shell Foundation reviewed its financial instruments with regards to the interest rate benchmark reform and concluded that the changes had no effect on the value of the instruments.

The Endowment is made up of four asset classes: Equities, Fixed Income, Hedge Funds and Real Estate. All are priced at fair value as per the applicable accounting standard (IFRS13). All exchange listed equities are automatically priced using the last available closing price of the exchange in local currency (IFRS Level 1). Fixed income securities will be priced automatically on a daily basis using a published bid price (IFRS Level 1). Hedge funds are manually priced based on prices received from the hedge fund managers or administrators, normally on a monthly basis (IFRS Level 3). Real Estate is manually priced based on the valuations of independent external parties (IFRS Level 3).

Group	Note	Group 2022 \$000	Group 2021 \$00	Foundation 2022 \$000	Foundation 2021 \$000
Financial assets at fair value through the SOFA					
- Endowment	10	534,723	617,036	534,723	617,036
- Cash at bank and in hand	14	13,210	10,775	12,634	10,083
Total		547,933	627,811	547,357	627,119
Financial assets that are debt instrument measured at amortised costs					
- Debtors	13	5,173	2,072	5,173	2,072
Total		5,173	2,072	5,173	2,072
Financial assets that are debt instrument measured at costs less impairment					
Programme related investments					
Redavia loan	11	-	878	-	878
SparkMeter loan	11	510	510	510	510
Factor[e] loan	11	14,868	13,118	14,868	13,118
Gajam Group Ltd (Dharma Life) loan	11	807	900	807	900
Husk Power Systems Inc. loan	11	867	975	867	975
Persistent Energy Capital loan	11	1,250	1,250	1,250	1,250
Buen Manejo del Campo S.A. (Sistema Biobolsa) loan	11	1,875	925	1,875	925
Cardecho B.V. loan	11	700	700	700	700
Nayo Tropical Technology loan	11	700	700	700	700
Shortlist loan	11	350	350	350	350
Science for Society Techno Services (S4S) loan	11	271	-	271	-
Metro Africa Xpress loan	11	1,250	1,000	1,250	1,000
WherelsMyTransport loan	11	1,000	1,000	1,000	1,000
Energy Company of the Future Ltd (Konexa) loan	11	350	350	350	350
Odyssey Energy Solutions loan	11	500	500	500	500
Pula Advisors Limited loan	11	50	50	50	50
Globology Limited loan	11	-	217	-	217
Jali Finance Limited loan	11	143	148	143	148
Origen Fresh EPZ Limited loan	11	79	79	79	79
NavAlt Solar and Electric Boats Private Ltd loan	11	816	911	816	911
Nithio FI B.V. loan	11	500	500	500	500
Roving Heights Nigeria Loan	11	240	-	240	-
M-KOPA Holdings Loan	11	234	-	234	-
Lorentz Impact Accelerator GmbH loan	11	285	-	285	-
Kofa Holdings Limited loan	11	718	-	718	-
Aristo Securities Pvt Ltd loan	11	901	-	901	-
Provision for doubtful debts	11	(4,037)	(2,965)	(4,037)	(2,965)
Mixed motive investments					
Aavishkaar Ventures Management Services convertible debt agreement	11	10,000	10,000	10,000	10,000
Total		35,227	32,096	35,227	32,096

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

Group	Note	Group 2022 \$000	Group 2021 \$00	Foundation 2022 \$000	Foundation 2021 \$000
Financial assets that are equity instrument measured at cost less impairment					
Programme related investments					
GroFin Africa Fund investment	11	225	277	225	277
GroFin SGB Fund investment	11	4,314	6,341	4,314	6,341
responsAbility	11	1,575	1,800	1,575	1,800
NOMOU Iraq Fund	11	4,072	4,641	-	-
Energy Entrepreneurs Growth Fund (EEGF) investment	11	12,338	7,667	12,338	7,667
Northern Iraq Investments investment	11	6,829	8,307	-	-
SIMA Angaza Distributor Financing Fund investment	11	625	625	625	625
Mixed motive investments					
Persistent Energy Capital investment	11	2,400	2,400	2,400	2,400
Total		32,378	32,058	21,477	19,110
Financial liabilities at fair value through the SOFA					
Total		-	-	-	-
Financial liabilities measured at amortised costs					
Creditors, provisions and accruals	15,16,17	(22,572)	(18,960)	(22,505)	(18,925)
Total		(22,572)	(18,960)	(22,505)	(18,925)
Other financial liabilities measured at fair value					
Contingent liabilities	27	-	-	-	-
Total		-	-	-	-

23. Derivative financial instruments

The Foundation holds an endowment which uses derivative financial instruments to hedge some 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 table below. In 2022, there were no foreign exchange contracts used by the endowment.

	Contractual Notional Amount \$000	Fair value	
		Asset \$000	Liability \$000
2022			
Non-hedging instruments			
- Foreign exchange contracts	-	-	-
Total			
Less: current portion	-	-	-
Non-current portion			
2021			
Non-hedging instruments			
- Foreign exchange contracts	62,166	835	(455)
Total		835	(455)
Less: current portion		(835)	455
Non-current portion			

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

24. Capital commitment

The Foundation had no capital commitments as at 31 December 2022 (2021: Nil).

25. 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.

26. Related party transactions

The sole member of the Foundation is The Shell Petroleum Company Limited (SPCo). The ultimate parent company of SPCo is Shell plc. The Foundation's investment manager is Shell Asset Management Company (SAMCo), which is also a subsidiary of Shell plc.

During the year the Foundation made payments of \$370,928 (2021: \$336,354) and generated accrued investment management costs of \$153,783 (2021: \$120,251), on normal business terms with SAMCo.

Of the Foundation's current or former Trustees listed on page 4, the following are or were directors or officers of certain Shell Group companies: Ms Sinead Lynch, Mr Maarten Wetselaar, Mr Wael Sawan and Mr Huibert Vigeveno. The Shell Group has other charitable affiliates that are not formally related to the Foundation, such as the Shell Oil Foundation in the USA.

Donations received included the following as disclosed in Note 2:

Entity Name	2022 \$000	2021 \$000
BG Group Ltd	2,726	1,209
Shell plc	163	278
Shell Energy Europe Limited	-	-
Shell Trading International Limited	6,000	6,000
Shell Transport and Trading Ltd	-	-

Notes to the financial statements for the year ended 31 December 2022 (continued)

Company Registered Number: 4007273

26. Related party transactions (continued)

As part of Shell Foundation's approach as an engaged donor, Shell Foundation staff members 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. The board positions held by SF key management personnel in 2021 and 2022 are set out in the table below. Mr Sam Parker retired on 30 September 2021 and also resigned Board positions held with partners as CEO of Shell Foundation. These partners are not reported as related party transactions in 2022.

Shell Foundation Key Management Personnel	Organisation's Name	Position	Grant 2022 \$000	Grant 2021 \$000	Outstanding Liability 2022 \$000	Outstanding Liability 2021 \$000	Notes
Sam Parker	WRI Ross Centre for Sustainable Cities	Member of the Advisory Board	-	600	-	500	
Sam Parker	Stichting Smart Freight Centre	Board Member	-	298	-	143	
Sam Parker	Envirofit International Inc	Board Member	-	-	-	-	
Sam Parker	GroFin Africa Fund, GroFin SGB Fund and GroFin NOMOU/NII (MENA), Aspire Growth Fund, Aspire Small Business Fund	Member of the Advisory Council	-	2,100	-	-	
Richard Gomes	Global Off-Grid Lighting Association (GOGLA)	Board Observer	-	-	-	-	
Richard Gomes	Future Fit Foundation	Board Observer	-	500	383	500	
Richard Gomes	African Minigrid Developers Association (AMDA)	Board Observer	-	-	-	200	
Sam Parker/Jonathan Berman	Factor[e] Ventures	PBC Board Member	2,250	-	2,240	-	

Mr Sam Parker was a Board Member of Factor[e] Ventures until 20 April 2022 and Mr Jonathan Berman was a Board Member of Factor[e] Ventures from 20 April 2022.

Positions of influence of key management personnel, during 2022 were: Jonathan Berman – Chief Executive Officer, Richard Gomes – Chief Operating Officer, Rachel Singh Davies – Chief Financial Officer.

The Chief Executive Officer was engaged as a strategic consultant prior to the direct employment and received payments of \$134k for the services.

27. Guarantees and contingent liabilities

In Q3 2021, Shell Foundation committed to a 10 year financial guarantee of \$1.4 million to Calvert Impact Capital Inc. (CIC). The guarantee is capped at \$1.4 million and is a 20% first loss layer for CIC's \$7 million investment in the Lendable Fintech Credit Fund (LFCF). LFCF is targeting \$100 million, focused on emerging and frontier market fintech investments.

Between 2016 and 2022, USAID donated a total of \$24.5 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. SF takes the view 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 2022, the net assets of SF Investment Management are \$12.0 million (2021: \$13.6m).

28. Post balance date events

There have been no post balance sheet date events.

