
Report of the Trustees and Financial Statements 2017

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About Shell Foundation

Shell Foundation (SF) is an independent charity, established in 2000 by the Shell Group. SF works to create and scale new solutions to global development challenges by applying business thinking to major social and environmental issues linked to energy and mobility.

Learning from both success and failure it has gradually developed a new 'enterprise-based' model to catalyse lasting social and environmental impact on a global scale. This sees it deploy a blend of financial and non-financial resources to accelerate transformative innovation and harness private markets to deliver public benefit at scale.

SF's Approach

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

SF then creates specialist intermediaries to facilitate growth and replication at an industry level. By working in this way, SF now has several strategic partners – addressing issues as diverse as energy access, sustainable mobility and job creation through the SME sector – that are delivering large-scale impact in multiple countries across Africa, Asia and Latin America.

www.shellfoundation.org

Trustees, Directors, Officers and Advisors

Trustees, Directors, Officers and Advisors

Trustees (who are also Directors)

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

Mr Maxime Verhagen	Acting Chair, Nominated Trustee	
Mr Malcolm Brinded, CBE	Nominated Trustee	
Professor Margaret Kigozi	Nominated Trustee	Appointed 6 June 2017
Ms Diana Fox Carney	Nominated Trustee	Appointed 6 June 2017
Ms Alice Chapple	Nominated Trustee	
Mr Andrew Brown		
Mr Maarten Wetselaar		
Ms Sinead Lynch		Appointed 11 January 2017

Principal Officers

Mr Sam Parker	Director	
Shell Corporate Secretary Ltd	Secretary	
Mr Fraser Johnson	Chief Financial Officer	From 8 December 2017
Ms Rachel Singh Davies	Chief Financial Officer	From 2 March 2017 to 7 December 2017
Mr Paul Suller	Chief Financial Officer	To 1 March 2017

Registered Office

Shell Centre
York Road, London
SE1 7NA

Independent External Auditor

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

Audit and Risk Committee Members

Ms Sinead Lynch	Chair
Mr Stuart Chaplin	Co-opted
Mr Michael Clark	Co-opted
Ms Alice Chapple	

Bankers

Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

Investment Manager

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

Independent Investment Advisor

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

Investment Committee Members

Mr Malcolm Brinded, CBE	Chair
Ms Sinead Lynch	
Mr Stuart Chaplin	Co-opted
Mr Michael Clark	Co-opted
Mr Sam Parker	
Mr Fraser Johnson	



Our Focus

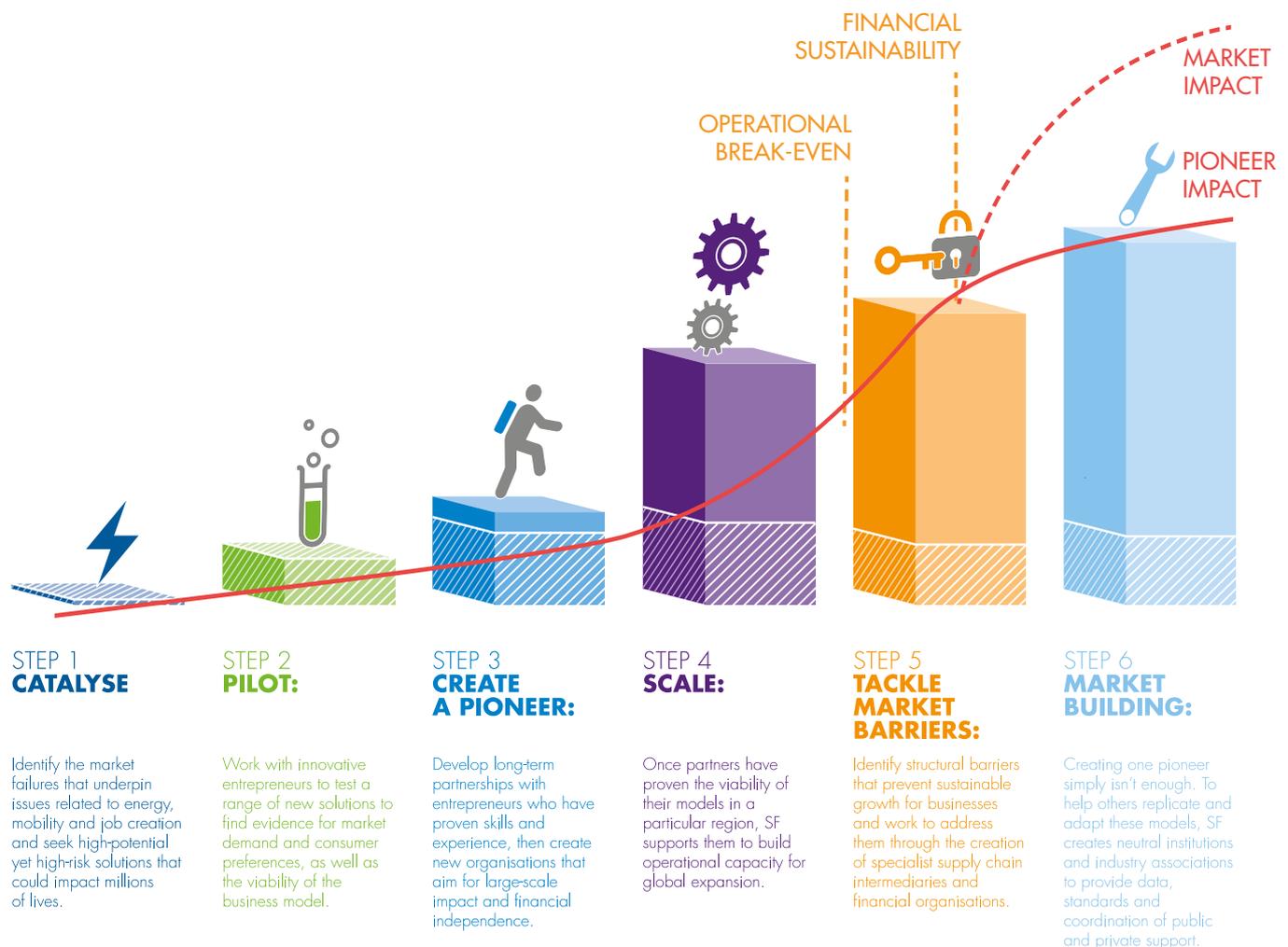
SF is an independent charity that applies a business approach to global development challenges which constrain access to energy and sustainable urban and rural mobility.

Since 2000, SF has worked with social enterprise partners to create new business solutions and deliver social and environmental impact on a global scale. SF provides a mix of business support, grant funding and market links to help entrepreneurs prove their

business models, achieve financial independence and expand into new markets. To support the growth and replication of these solutions, SF also creates specialist organisations to address market bottlenecks, such as financial vehicles and industry associations.

To date, SF has deployed \$310 million of grant funding into social enterprises and new market builders operating in Africa, Asia and Latin America.

Six Step Theory of Change



SHELL FOUNDATION OUTCOME INDICATORS

Performance Analysis

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

Partner Performance

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

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

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

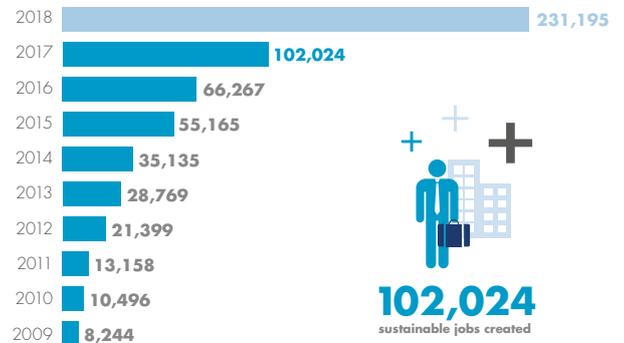
Continual Improvement

SF has updated its Monitoring and Evaluation framework in line with latest sector research and a commitment to continual improvement. This has resulted in a number of changes which are applied to our forecasts for 2018*:

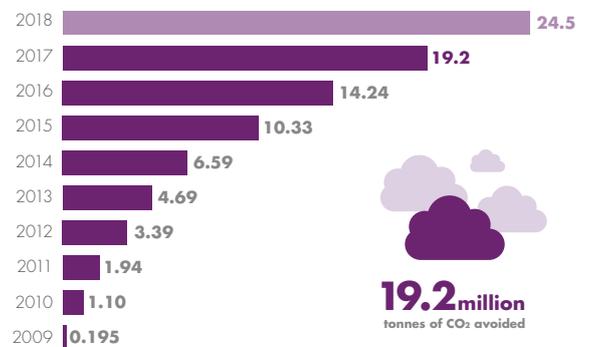
- **Jobs Created:** We have found that validating the jobs created by the supply chain partners of our investees is increasingly difficult as markets mature. Going forward we will count only the direct jobs created by portfolio partners, except in agriculture and financial intermediaries where validation is easier.
- **Carbon Reductions:** We have standardised the way that household energy partners calculate "CO₂ saving", using the Global Off-Grid Lighting Association's recommended CO₂ methodology (<https://www.gogla.org/impact>).
- **Livelihoods Improved:** Energy partners now discount the number of products sold to allow for loss and damage, while transport partners are now able to adjust for repeat customers. Some of our financial intermediaries will not report livelihoods improved where attribution is considered too uncertain.

*Data in respect of years 2009 to 2017 continues to reflect our previous methodology and had not been retrospectively adjusted. The cumulative forecast for 2018 reflects this historic data, plus a forecast using the new methodology for the year 2018.

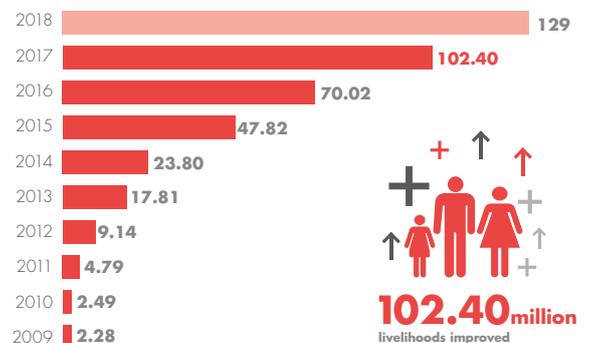
Jobs Created



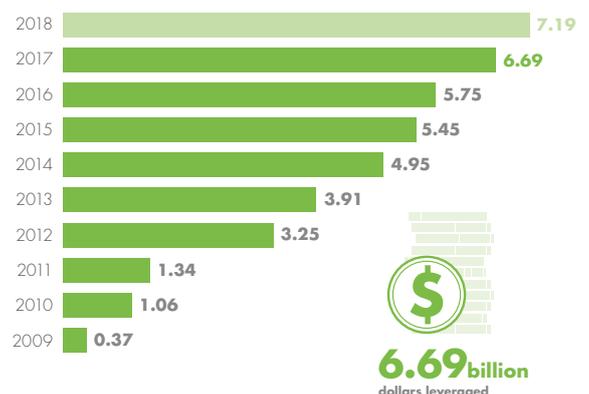
Carbon Reductions (million tonnes)



Livelihoods Improved (millions)



Leverage (\$ billions)



A man in a light-colored short-sleeved shirt and dark trousers is spraying a tall, rustic wooden water tower with a high-pressure hose. The tower is made of vertical wooden posts and horizontal rungs, with a black water tank at the top. The scene is set outdoors under a clear blue sky with some clouds. In the foreground, two large solar panels are visible, partially obscuring the bottom of the frame. The overall image conveys a message of sustainable energy and water access in a rural setting.

ACCESS TO ENERGY

At a Glance: Strategic Report – Achievements and Performance

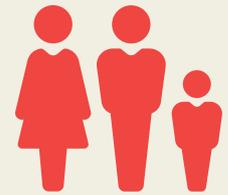
ACCESS TO ENERGY

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

We do this in the belief that energy is the bedrock of inclusive economic growth. Nearly two billion people lack access to reliable and affordable modern energy – severely constraining their health, education and earning potential. Of this group, 60% live entirely without electricity for cooking, lighting and heating at home, for community services, or for improving the productivity of small businesses and farms.

2 billion

people lack access to reliable and affordable modern energy



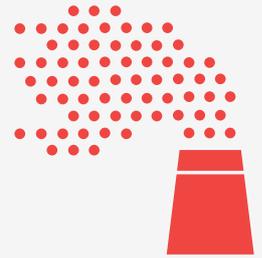
3,900

biogas units installed in Central and South America, East Africa and India by Sistema.bio



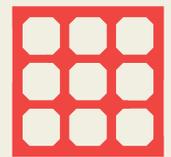
6.4 million

tonnes of CO₂ reduced by the use of Envirofit cookstoves



46 million

livelihoods improved by d.light's solar energy products



100+

members of the Global Off-Grid Lighting Association have sold more than 30 million solar products in Africa, Asia and Latin America



12,000

Dharma Life entrepreneurs (60% women) providing energy and social impact products to 40,000 villages in India



At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY

Household Energy

Around 1.2 billion people live without access to the power grid and currently spend an estimated \$27 billion annually on fuel-based lighting and mobile phone charging technologies.

SF aims to improve access to affordable, reliable and modern energy products for low-income households. In 2017, SF focused on scaling its portfolio of modern energy product manufacturers and improving the affordability of these products.

2017 key highlights

- Partnered with BBOXX, a PAYG solar product provider, to set up local operations in Democratic Republic of Congo, including hiring of local staff and agreeing distribution agreements with two local partners.
- Supported Envirofit, a clean cookstove producer, to pilot a Pay-as-you-Cook LPG stove that uses two-way mobile communication to provide the consumer with a more consistent and affordable gas supply.
- Worked closely with Sistema.bio, a producer and distributor of biogas digesters, on their Kenyan market entry, including providing extensive marketing and communications support and exploring several partnerships.

Future plans

SF will continue to engage with investors to attract commercial capital into scaling household energy businesses in established and frontier markets. SF will also be supporting the development of new low-cost energy-efficient appliances and innovative models for last-mile distribution and consumer finance.

46million

livelihoods impacted by d.light

600,000

solar home systems purchased on pay-as-you-go basis from M-KOPA Solar

6.4million

tonnes of CO₂ reduced by the use of Envirofit cookstoves



At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY

Off-grid utilities

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

2017 key highlights

- Worked closely with Husk, a hybrid solar/biomass mini-grid provider, on a \$20m blended fundraise, including commercial capital that will allow them to expand operations in Africa.
- Launched an island mini-grid in Uganda with Absolute Energy, a mini-grid operator specialising in rural utility sites, to bring power to 650 homes where previously a diesel generator powered only nine.
- Co-founded Odyssey, an online platform offering off-grid system design, modelling and procurement for developers and standardised financial assessment and project valuation to funders. The company has been contracted to do a tender for 200 mini-grids for the World Bank in Nigeria.
- Worked with SparkMeter, a provider of low-cost, smart electricity meters and software, to introduce their solution to leading mini-grid operators in India and Africa.

Future plans

SF will focus on ways to scale the impact of off-grid utility businesses and share learnings to help investors and policy-makers to support the growth of this sector.

\$20million

additional investment secured to scale-up Husk

65,315

livelihoods improved by SparkMeter's smart metering solutions

Up to

40%

energy costs saved by Redavia customers



At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY

Energy for Business

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

2017 key highlights

- Helped SunCulture develop their 'Rainmaker' solar irrigation pump, which has lowered the cost of irrigating one acre to \$500 (previously \$4,000), and enabled a new lower income demographic of customers to use the pumps for livestock, domestic uses and maize irrigation.
- Worked with Factor(E) to incubate pioneering enterprises working mostly with farmer groups, cooperatives or agri-supply chains.
- Supported Village Industrial Power to source and secure a corporate partnership with Nestlé for their agri-processing engine, which uses agricultural waste to provide smallholder farmers with heat and power.
- Linked Rent to Own, a business that provides consumer finance for energy products to rural entrepreneurs in Zambia, with other SF partners to expand their product offering which includes solar water pumps and solar home systems.

Future plans

We will continue to incubate and scale-up early stage technology companies that design, manufacture and distribute renewable energy agricultural assets for smallholder farmers. We also plan to find innovative ways to link farmers to markets and improve access to quality inputs and data.

475million

smallholder farmers in the world

80%

less water used with SunCulture system compared to furrow or flood irrigation methods

\$2.5million

of productive equipment disbursed by Rent To Own to low-income customers



At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY

Access to finance

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

2017 key highlights

- Helped BIX, a finance provider for social enterprises, to secure an investment of \$3.5m from IFC, which unlocked further funding from FMO and Anthos.
- Approved a relationship with Calvert Impact Capital, which unlocks long-term local debt and helps the continuum of capital for investment in the energy and mobility sector.
- Led research with Catalyst Off-Grid Advisors detailing the type and level of funding required to meet UN Sustainable Development Goal 7: Universal Access to Energy.

Calvert will deploy

\$45 million

of low-cost debt investments by 2019

\$203 million

of funding leveraged into SF's Access to Energy portfolio in 2017

RESOURCES EXPENDED

	2017	2016
	\$000	\$000
Grants	21,982	21,430
Direct costs	3,023	1,156
Support costs	1,848	814
TOTAL	26,853	23,400

At a Glance: Strategic Report – Achievements and Performance

ACCESS TO ENERGY: CASE STUDY



Sistema.bio provides hybrid reactor bio-digesters that transforms animal waste into renewable energy for cooking, heating, mechanical energy or electricity, and produces a natural organic fertiliser for smallholder farmers to use on their land.

Farmers put the waste through the bio-digester on a daily basis which enables them to improve the consistency of their energy supply, lower their energy costs, protect the environment and improve their farming activities

Sistema.bio also combines manufacturing, sales and service of the systems with consumer financing and creates innovative distribution partnerships across Latin America, Africa and India. This enables them to reach low-income smallholder farmers, reducing their fuel and fertiliser costs, enabling clean cooking and heating and improving access to electricity.

[Find out more at www.sistema.bio](http://www.sistema.bio)

3,900+

units installed

75,000

tonnes of CO₂ emissions avoided

23,400

livelihoods improved

65 million

tonnes of waste treated





**SUSTAINABLE
MOBILITY**


SafeBoda

At a Glance: Strategic Report – Achievements and Performance

SUSTAINABLE MOBILITY

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

At the heart of any thriving and prosperous society is the ability to move people and goods efficiently. Yet today, in major cities in emerging markets, people lack access to public transport and central districts are brought to a halt by traffic gridlock. 70% of CO₂ emissions come from cities and 85% of the world's traffic fatalities occur in low- and middle-income countries.

Heavy congestion and pollution is considered a normal part of daily life, disproportionately impacting the urban poor.

SF's Sustainable Mobility programme focuses on co-creating, supporting and scaling enterprises and institutions with innovative approaches to provide safer, cleaner and more affordable transport for low-income urban and rural communities.

\$7million+

value of motorcycles leased by Tugende since its inception



54,000+

trips taken in Bussi's van pooling commuter service – the first such service in Latin America and at least 30% cheaper than using other forms of private transport



665million

hours of travel time saved in 2017 alone by people using sustainable public transport solutions from WRI-EMBARQ



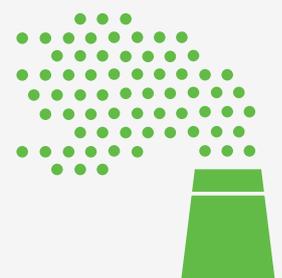
25,000

orders delivered to underserved communities by Tusker's rural crowd-sourced freight transportation service



6.7million

tonnes of CO₂ savings enabled by WRI-EMBARQ



At a Glance: Strategic Report – Achievements and Performance

URBAN MOBILITY

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

2017 key highlights

- Supported SafeBoda on the rollout of its motorcycle ride-hailing app, which was built by a pan-African development team and is designed for scale.
- Helped Tugende expand operations to its 7th location in Uganda. The company has now completed 3,000 leases to underserved, financially excluded customers, 28% of whom have gone on to start new businesses with their increased income and credit status.
- Partnered with WherelsMyTransport to provide data, route mapping and analytics services to informal and formal transport enterprises in Africa.

Future plans

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

4.5million

safer trips made in Kampala, Uganda through SafeBoda services

9.5million

passengers served on sustainable transport solutions by WRI-EMBARQ



At a Glance: Strategic Report – Achievements and Performance

RURAL MOBILITY

Rural communities are often isolated from goods and services by distance and infrastructure. By supporting mobility businesses, SF is connecting these communities with markets for trade and the fundamentals of education, health and employment.

2017 key highlights

- Supported Globology, a passenger ferry service operating between islands on Lake Victoria, to expand operations to Uganda and leveraged support from Shell Group to help strengthen leadership team.
- Worked with Tusker, a mobile platform that matches rural transport providers with small businesses in remote locations, to fulfil 25,000 orders, with 500% growth in monthly revenue.

Future plans

SF will continue to support pioneering solutions that connect rural, low-income consumers with essential products and services in an affordable manner, particularly where the introduction of technology has the potential to deliver significant impact to isolated communities.

25,000+

orders fulfilled using Tusker's rural crowd-sourced freight transportation service

74,000+

passengers transported to date on Globology's rural water transportation ferries

RESOURCES EXPENDED

	2017	2016
	\$000	\$000
Grants	3,959	4,225
Direct costs	407	779
Support costs	323	719
TOTAL	4,689	5,723



At a Glance: Strategic Report – Achievements and Performance

MOBILITY: CASE STUDY

TUGENDE

Tugende offers affordable finance to underserved, financially excluded customers in Uganda and Rwanda, enabling them to own a motorcycle on a lease-to-own basis.

Tugende also provides training on road safety and bike maintenance and drivers can increase earnings and use their bike as collateral to invest in other assets and businesses. After drivers complete their lease payments with Tugende, they double their take home earnings compared to renting through a landlord.

Tugende has financed around 7,000 motorcycles for its clients, and has already created 3,000+ new owners.

[Find out more at www.gotugende.com](http://www.gotugende.com)

7million+

value of motorcycles leased by Tugende since inception

3,000

repaid leases

28%

of Tugende customers have started new businesses





SME GROWTH

At a Glance: Strategic Report – Achievements and Performance

SME GROWTH

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

SF focuses on supporting underserved SMEs in developing countries to drive job creation and economic growth.

2017 key highlights

- Conducted a review of the GroFin business model to help the specialist SME financier and developer continue on a path of faster growth and take a leadership role in the sector.
- Supported Aavishkaar Venture Management Services (AVMS), an innovator in early-stage investing in India, to restructure into three core and understandable businesses for early stage investing, debt financing and advisory services.

Future plans

We will continue to provide governance and capacity-building support to maintain GroFin's growth, demonstrate a globally scalable model for SME growth and spur investment into SME funds. We also plan to catalyse and support market-building initiatives that will work towards tripling current funding into SMEs in emerging market by 2020.

More than

\$472million

of investment raised into GroFin

300,000

jobs created by Aavishkaar
Venture Management Services

\$520million

economic value added
per annum by GroFin



RESOURCES EXPENDED

	2017	2016
	\$000	\$000
Grants	773	(2,140)
Direct costs	1,990	4,218
Support costs	203	469
TOTAL	2,966	2,547

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INCUBATION

—



At a Glance: Strategic Report – Achievements and Performance

INCUBATION

This programme aims to test a diverse range of innovative models to identify which, if any, offer the potential to be both sustainable and scalable solutions that will increase access to energy and improve sustainable mobility in emerging countries.

SF's incubation strategy takes two main approaches: incubating new business models and technologies which can impact at least 10 million people and be globally scalable, and building new market enablers that can support growth.

Human Capital

- Advised the African Management Initiative (AMI), an entrepreneur training provider, on developing content specifically tailored to Access to Energy businesses, as well as market expansion into Nigeria.

Market Development

- In partnership with Precise Consult, SF co-created an initiative to accelerate access to off-grid energy in Ethiopia. The Accelerator will reduce market barriers through direct initiatives, working together with and advising government, public and private actors on how to combine efforts to tackle key bottlenecks.

Enabling Technology

SF is working with several businesses to explore platforms that increase data and information for social enterprises to maximise the impact they can deliver.

- Helped Catalyst, a backend software solution, to recruit key staff members and begin customer acquisition
- Co-founded Odyssey, an online platform offering off-grid system design, modelling and procurement for developers and standardised financial assessment and project valuation to funders.

RESOURCES EXPENDED

	2017	2016
	\$000	\$000
Grants	2,504	1,846
Direct costs	566	278
Support costs	227	305
TOTAL	3,297	2,429

Report of the Trustees and Financial Statements 2017

REPORT OF THE TRUSTEES

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FINANCIAL STATEMENTS 2017

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Report of the Trustees for the year ended 31 December 2017

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 2017.

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 6 to 23. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice 'Charities SORP (FRS 102)' effective 1 January 2015, the Companies Act 2006 and the Charities Act 2011.

STATUS AND ADMINISTRATION

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

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

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

Structure, Governance and Management

RELATIONSHIP WITH THE SHELL GROUP

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

Between incorporation and 31 December 2000, donations of \$259 million were received from the Shell Group, of which \$256 million was in the form of an expendable endowment and the balance as unrestricted funds.

In addition to the endowment, the Foundation has received restricted and unrestricted donations from the Shell Group totalling \$227 million to the end of 2017.

GOVERNANCE AND INTERNAL CONTROLS

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

The Trustees meet formally at least twice each year.

They review and approve:

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

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

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

Report of the Trustees for the year ended 31 December 2017 (continued)

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the FRS102 Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its member in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- 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 business, 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.

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 have additionality (e.g. leveraging support from other investors), and this may include convertible grants, repayable grants/loans, fund investments, equity, and financial guarantees. These social investments further the delivery of SF's charitable objectives and KPIs.

Report of the Trustees for the year ended 31 December 2017 (continued)

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.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

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

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

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

Financial Review

FINANCIAL ACTIVITIES

The Statement of Financial Activities is included with the financial statements on page 32.

PRINCIPAL FUNDING SOURCES

The Foundation's annual grant programmes are funded by distributions from its endowment fund. Shell Group made unrestricted donations of \$6 million in 2017, and agreed 'in principle' to funding beyond this in the event that the endowment does not generate sufficient income for the Foundation to achieve its objectives and maintain impact. Restricted donations totalling \$17.3 million were received from DFID, USAID and IADB enabling the Foundation to amplify its programme.

RESERVES

The Foundation holds an endowment reserve to sustain the funding of its annual programmes. The trustees adopted a new investment policy in 2011, which aims to maintain the real value of both distributions and the endowment asset value.

The Foundation's policy for unrestricted reserves is to maintain sufficient bank balances to meet payments due in the next three months. This level will be maintained by liquidating endowment assets as and when required. The reserve policy is reviewed regularly. There was a sufficient level of cash at the year end to meet the minimum unrestricted reserves requirement of \$10.9 million.

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

ENDOWMENT INVESTMENT POLICY AND PERFORMANCE

In 2011, following a review of the investment objectives and strategy, the Trustees adopted an investment policy which aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified portfolio of global equities, hedge funds, fixed income and, from 2018, 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.

Capital markets were bullish in 2017, on the back of strong and synchronised global growth and continued low interest rates. The total US dollar return of the Foundation for the year was 17.8%. This was mainly driven by a high allocation to equities, and a good performance of this asset class.

The total return on the equity portfolio was 26.4%, non-US dollar based investments helped the total return of the equity portfolio considerably. More moderate returns of 2.4% were generated by the fixed income portfolio, and 4.6% by the hedge fund portfolio. The excess return of the total portfolio above the benchmark amounted to 0.5%.

The actively managed European corporate credit component of the fixed income portfolio returned 4.3%, while the US treasury portfolio showed a more moderate 1.3% return.

Hedge funds returned 4.6%, outperforming the benchmark by 0.7%. Almost all major hedge fund strategies contributed to the overall performance. The excess return was mainly the result of good manager selection.

Report of the Trustees for the year ended 31 December 2017 (continued)

PLANS FOR FUTURE PERIODS

See the review of achievements and performance on pages 9 to 23 for details of future plans.

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, at their board meetings. None of the key risks is currently regarded as posing an unacceptable residual exposure.

These 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.

Strategic partners: The Foundation is reliant on strategic partners to take programmes forward and build both developmentally sound and financially viable businesses. This risk continues to be managed through the careful selection process for new strategic partners, and ongoing management of existing partners.

Independence and relationship with Shell: The Trustees explicitly recognise their charitable responsibilities in this regard by stating formally in the Shell Foundation's Business Principles that the Foundation's activities will always be consistent with achieving its mission and cannot promote the commercial interests of the Shell Group, and that any benefit that may accrue to the Shell Group from the Foundation's activities will be incidental and outweighed by the contribution to the Foundation's charitable objectives. Activities that could give rise to heightened independence concerns are identified and managed accordingly, including regular reporting to the Audit & Risk Committee where appropriate. The ARC is chaired by an external Trustee for the review of any matter which relates specifically to this risk.

Financial 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 strategy is met, there is a considerable allocation to return-seeking assets, meaning volatility in annual investment performance is expected and accepted. The Trustees have also secured agreement from Shell to provide additional 'top-up' unrestricted donations until at least 2020 if the endowment does not generate sufficient returns to achieve the Foundation's objectives and maintain impact.

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.

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

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

Portfolio management: This risk also relates to the growth in SF. As the number of partners has increased so have the demands of managing them effectively to ensure delivery of SF's objectives and donors' expectations. Senior management carefully monitors the allocation of partners within the programme team as new partners are added, existing partners mature and SF staffing changes. Partners are reallocated and the team strengthened when necessary.

Report of the Trustees for the year ended 31 December 2017 (continued)

Health, Safety, Security and Environment (HSSE):

SF's own staff frequently travel to remote or less developed 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 possible. 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 that its partners' activities may give rise to heightened risk associated with safeguarding requirements. A safeguarding best practice note has been shared with partners to assist them in managing this risk.

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:



Sinead Lynch
Director
25 September 2018

Independent Auditor's report to the member of Shell Foundation

Opinion

We have audited the financial statements of Shell Foundation (the 'charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2017 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 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company and group's affairs as at 31 December 2017 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

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

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

Other information

The other information comprises the information included in the annual report set out on page 3 to 29, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

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

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

We have nothing to report in this regard.

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

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

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 26 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company and group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management

either intends to liquidate the charitable company or to cease operations, or has no realistic alternative but to do so.

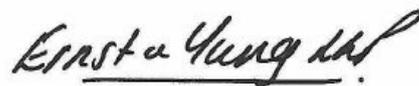
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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



Stephen Reid (Senior Statutory Auditor)

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

Date: *27 September 2018*

Notes:

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

Consolidated statement of financial activities for the year ended 31 December 2017

Company Registered Number: 4007273

	Note	Unrestricted Funds 2017 \$000	Restricted Funds 2017 \$000	Endowment Funds 2017 \$000	Total Funds 2017 \$000
Income and endowments from					
- Donations	2	6,030	17,293	-	23,323
- Donated services	2	1,346	-	-	1,346
- Investments	3	507	3	9,541	10,051
Total Incoming Resources		7,883	17,296	9,541	34,720
Expenditure on Raising Funds					
Investment management costs		-	-	(357)	(357)
Total Cost of Raising Funds		-	-	(357)	(357)
Charitable Activities					
- Access to Energy		(12,864)	(13,989)	-	(26,853)
- Sustainable Mobility		(4,689)	-	-	(4,689)
- Sustainable Job Creation		(2,821)	(145)	-	(2,966)
- Incubator		(1,791)	(1,506)	-	(3,297)
- Policy and Advocacy		(67)	-	-	(67)
Total Charitable Activities	4	(22,232)	(15,640)	-	(37,872)
Total Resources Expended		(22,232)	(15,640)	(357)	(38,229)
Net gains on investments					
Realised and Unrealised gains on the revaluation and disposal of investment assets		-	-	68,407	68,407
Net income/(expenditure) before transfers		(14,349)	1,656	77,591	64,898
Transfers between funds		13,643	-	(13,643)	-
Net income/(expenditure)		(706)	1,656	63,948	64,898
Net Movement in Funds		(706)	1,656	63,948	64,898
Fund balances brought forward at 1 January		40,780	3,693	442,660	487,133
Fund balances carried forward at 31 December		40,074	5,349	506,608	552,031

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 2017 was \$65 million surplus. All incoming resources, resources expended and resulting net movements in funds were derived from continuing activities.

The accompanying notes form part of these financial statements.

Consolidated statement of financial activities for the year ended 31 December 2016

Company Registered Number: 4007273

	Note	Unrestricted Funds 2016 \$000	Restricted Funds 2016 \$000	Endowment Funds 2016 \$000	Total Funds 2016 \$000
Income and endowments from					
- Donations	2	6,000	21,324	-	27,324
- Reduction of Payables	2	-	1,288	-	1,288
- Donated services	2	510	-	-	510
- Investments	3	144	6	7,808	7,958
Total Incoming Resources		6,654	22,618	7,808	37,080
Expenditure on Raising funds					
Investment management costs		-	-	(348)	(348)
Total Cost of Raising Funds		-	-	(348)	(348)
Charitable Activities					
- Access to Energy		(8,500)	(14,900)	-	(23,400)
- Sustainable Mobility		(5,723)	-	-	(5,723)
- Sustainable Job Creation		(3,758)	1,211	-	(2,547)
- Incubator		(2,429)	-	-	(2,429)
- Policy and Advocacy		(83)	-	-	(83)
Total Charitable Activities	4	(20,493)	(13,689)	-	(34,182)
Total Resources Expended		(20,493)	(13,689)	(348)	(34,530)
Net gains/(losses) on investments					
Realised and Unrealised gains on the revaluation and disposal of investment assets		-	-	17,514	17,514
Net income/(expenditure) before transfers		(13,839)	8,929	24,974	20,064
Transfers between funds		25,152	-	(25,152)	-
Net income/(expenditure)		11,313	8,929	(178)	20,064
Net Movement in Funds		11,313	8,929	(178)	20,064
Fund balances brought forward at 1 January		29,467	(5,236)	442,838	467,069
Fund balances carried forward at 31 December		40,780	3,693	442,660	487,133

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 2016 was \$20 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 2017

	2017 \$000	2016 \$000
Income	24,669	29,122
Gains on investments	68,407	17,514
Interest and investment income	10,051	7,958
Gross income in the reporting period	103,127	54,594
Expenditure	(38,229)	(34,530)
Total expenditure	(38,229)	(34,530)
Net surplus of income over expenditure for the year	64,898	20,064

Consolidated and charity balance sheets as at 31 December 2017

	Note	Group 2017 \$000	Group 2016 \$000	Foundation 2017 \$000	Foundation 2016 \$000
Fixed Assets					
Endowment	10	506,608	442,660	506,608	442,660
Investments	11	47,392	39,313	44,972	36,869
Subsidiary undertakings	12	-	-	2,702	2,715
Total Fixed Assets		554,000	481,973	554,282	482,244
Current Assets					
Debtors:					
amounts falling due within one year	13	11,266	10,067	11,266	10,067
amounts falling due after one year	13	1,147	2,390	1,147	2,390
		12,413	12,457	12,413	12,457
Cash at bank and in hand	14	14,385	18,820	14,094	18,522
Investments	11	1,992	2,849	1,992	2,849
Total Current Assets		28,790	34,126	28,499	33,828
Creditors: amounts falling due within one year	15	(26,604)	(24,777)	(26,595)	(24,768)
Net Current Assets	18	2,186	9,349	1,904	9,060
Total Assets less Current Liabilities		556,186	491,322	556,186	491,304
Creditors: amounts falling due after more than one year	16	(4,155)	(4,189)	(4,176)	(4,189)
Net Assets		552,031	487,133	552,010	487,115
The funds of the Foundation:					
Endowment Funds	17	506,608	442,660	506,608	442,660
Restricted income Funds	17	5,349	3,693	5,328	3,675
Unrestricted income Funds	17	40,074	40,780	40,074	40,780
Total Foundation Funds		552,031	487,133	552,010	487,115

The accompanying notes form part of these financial statements.

The financial statements on pages 32 to 60, authorised for issue, approved by the trustees and signed on their behalf by:



Sinead Lynch,
Director
25 September 2018

Cash flow statement and consolidated cash flow statement for the year ended 31 December 2017

	Note	Group 2017 \$000	Group 2016 \$000	Foundation 2017 \$000	Foundation 2016 \$000
Net cash used in operating activities	19	(9,939)	(2,838)	(9,953)	(2,836)
Cash flow from investing activities					
Cash expended on endowment fund fees		(357)	(348)	(357)	(348)
Investment Income – unrestricted and restricted		510	-	507	-
Investment income from endowment funds		9,541	7,808	9,541	7,808
Endowment Fund	10				
Purchase of investments		(122,958)	(131,757)	(122,958)	(131,757)
Sale of investments		129,126	152,010	129,126	152,010
Gain/(Loss) on foreign exchange		341	(860)	341	(860)
Decrease (Increase) in investment cash		(1,839)	(1,330)	(1,839)	(1,330)
Investments	11				
Purchase of programme related investments		(9,502)	(14,314)	(9,502)	(10,614)
Purchase of mixed motive investments		-	(10,000)	-	(10,000)
Sale of programme related investments		365	2,418	365	2,418
Net cash from investing activities		5,227	3,627	5,224	7,327
Cash flow from financing activities					
Transfer out from endowment fund		(13,643)	(25,152)	(13,643)	(25,152)
Transfer in to unrestricted funds		13,643	25,152	13,643	25,152
Net cash used in financing activities		-	-	-	-
Net decrease in cash and cash equivalents		(4,712)	789	(4,729)	4,491
Cash and cash equivalents at the beginning of the year		18,820	18,031	18,522	14,031
Foreign Currency Effect		277	-	301	-
Cash and cash equivalents at the end of the year		14,385	18,820	14,094	18,522

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2017

1. Summary of Significant Accounting Policies

GENERAL INFORMATION

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

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

STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with the 'Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102)', effective 1 January 2015, and in accordance with applicable United Kingdom accounting standards and the Companies Act 2006. The accounting policies have been applied consistently, other than where new policies have been adopted in accordance with the Charities Act 2011.

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 financial statements are prepared on a going concern basis.

The Trustees are assured of the Foundation's ability to continue on a going concern basis due to the liquid nature of the large endowment – the fund is sufficient to cover 20 years of expenditure at the current planned rate of around \$25 million per annum for unrestricted funds.

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.

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 GBP/USD \$1.3226 (2016 was GBP/USD \$1.2290).

Notes to the financial statements for the year ended 31 December 2017 (continued)

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 \$1.3 million were received in 2017 (2016: \$0.5 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

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.

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

Notes to the financial statements for the year ended 31 December 2017 (continued)

items primarily relate to UK operating costs, which are incurred in pounds sterling ('GBP'), as well as a proportion of grants awarded in GBP and Euros. All realised and unrealised gains and losses on exchange are reflected in the Statement of Financial Activities.

INVESTMENTS

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

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

FINANCIAL ASSETS

(i) Classification

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

1. Financial assets at fair value through the SOFA

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

2. Loans and receivables

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

(ii) Recognition and measurement

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

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

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 2017 (continued)

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.

The Foundation has significant influence in one associate entity:

- (i) Stichting Smart Freight Centre (SFC), with a 33% voting position on the Board. SFC has no equity or shares. Shell Foundation's share of net assets €0.08 million (year end 2016), and therefore equity accounting has not been applied as the amount is not considered material. Further information on the activity of SFC during the year is provided in the Sustainable Mobility section of the Report of the Trustees.
- (ii) Factor(E) PBC, with a 20% (2016: 33%) voting position on the Board. Factor(E) PBC was in a net liability position as at the end of their financial year ending 31 December 2017. While Factor(E) PBC was in a net liability position (\$0.15million), the Shell Foundation's share of the net liability was considered to not be material and therefore equity accounting has not been applied. Further information on the activity of Factor(E) PBC during the year is provided in the Access to Energy section of the Report of the Trustees.

CASH AND CASH EQUIVALENTS

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

Notes to the financial statements for the year ended 31 December 2017 (continued)

2. Donations and other income

	2017 \$000	2016 \$000
Cash and accrued		
Unrestricted		
Shell Trading International Ltd	6,000	6,000
Shell International Ltd – donated services	1,246	510
BG Shell Donation	30	-
Skadden – donated services	100	-
Restricted donation – Government related		
Department for International Development	10,911	18,611
United States Agency for International Development	6,182	2,100
OPEC Fund for International Development	-	700
Inter-American Development Bank	200	(87)
Other Income		
Restricted donation – Government related – payable reduction		
United States Agency for International Development	-	1,288
	24,669	29,122

The geographical markets donations were received from: United Kingdom \$18.3 million (2016: \$25.1 million), worldwide \$0.2 million (2016: \$0.7 million) and United States of America \$6.2 million (2016: \$2.1 million).

Restricted donations – government related

Department for International Development (DFID)

NEADM (new applications and delivery models): The UK committed £4.5 million (approximately \$6.9 million) to support a four-year programme to develop new, innovative clean energy products and business models specifically for low-income consumers in Africa and Asia. This programme was fully committed and income fully recognised in 2016. In 2017, there was an increase in income recognised of \$0.1 million due to differences in exchange.

DFID TIME (Transforming Inclusive Energy Markets): Through the TIME partnership, DFID and Shell Foundation, in collaboration, have committed £60.0 million to further their mutual objective of accelerating global access to modern energy services for low-income households and small businesses. Donations of £8.8 million (\$11.1 million) were received in 2017 against this programme, which relate to amounts recognised as income in both the current and prior years. Income of £8.0 million (\$10.3 million) was recognised in 2017, based on the value of the Shell Foundation commitments to partners made during the year."

DFID POWERED India (Promotion of Women in Energy-Related Enterprises for Development): DFID has committed £2.0 million, over three and a half years, to focus on increasing the employment of women in the energy value chain in India and, supporting the scale-up of women-led energy enterprises in India. Donations of £0.4 million (\$0.5 million) were received and recognised in 2017 against this programme.

United States Agency for International Development (USAID)

USAID SEAM (Scaling Energy Access Markets in Africa): Through the SEAM partnership, USAID and Shell Foundation have committed \$42.1 million grant funding over five years. The aim is to increase the number of low-income households and businesses connections in Sub-Saharan Africa, providing access to clean, modern energy services. Donations of \$1.8 million were received and recognised in 2017 against this programme and a further \$4.4 million income was recognised in 2017 based on the value of Shell Foundation commitments to partners.

OPEC Fund for International Development

Enhancing Energy Access for Agri-business Development in Africa and Asia: The project aims at creating a local renewable power source that could provide cheaper, more reliable and better quality energy to low-income households in rural areas of Africa and Asia. No donations were received in 2017 but \$0.7 million income was recognised in 2016, based on the value of Shell Foundation commitments to partners.

Notes to the financial statements for the year ended 31 December 2017 (continued)

Inter-American Development Bank (IADB)

IADB will make available up to \$1.0 million to accelerate social impact enterprises in Latin America and the Caribbean through the Shell Foundation incubation/scale-up methodology. The donation targets innovative market-based solutions in energy and sustainable infrastructure for the base of the pyramid population. \$0.2 million was received and recognised in 2017 against this programme. Further cash will be remitted on completion of certain milestones.

Other income – government related

United States Agency for International Development (USAID)

Nomou Iraq – USAID have committed a repayable donation of \$4.0 million to support job creation in Iraq. This has been invested with the GroFin Nomou Iraq Fund: A unique integrated solution of patient risk capital and end-to-end business support to start-up and growing businesses, to catalyse the SME sector as a major driver of sustainable job creation in Iraq. An impairment in this investment has been recognised during 2016 resulting in a subsequent reduction in the amount payable to USAID, which was recognised as income.

Notes to the financial statements for the year ended 31 December 2017 (continued)

3. Investment income

	2017 \$000	2016 \$000
Interest	510	150
Fixed interest securities	1,898	436
Dividends	7,643	7,372
	10,051	7,958

Investment income has been derived from dividends received from equity investments and interest from fixed interest securities held within the endowment fund. These amounts are reinvested in the endowment fund.

4. Charitable Activities Expenditure by Programme

	Grants \$000	Direct costs \$000	Support costs \$000	2017 \$000	2016 \$000
Access to Energy	(21,982)	(3,023)	(1,848)	(26,853)	(23,400)
Sustainable Mobility	(3,959)	(407)	(323)	(4,689)	(5,723)
Sustainable Job Creation	(773)	(1,990)	(203)	(2,966)	(2,547)
Incubator	(2,504)	(566)	(227)	(3,297)	(2,429)
Policy and Advocacy	-	(67)	-	(67)	(83)
Total for 2017	(29,218)	(6,053)	(2,601)	(37,872)	(34,182)
Total for 2016	(25,361)	(6,514)	(2,307)		

Direct costs include goods and services invoiced to the Foundation together with directly attributable manpower, 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	2017 \$000	2016 \$000
Manpower costs	(1,942)	(1,502)	(3,444)	(3,058)
External services	(976)	-	(976)	(153)
Communications	-	(252)	(252)	(359)
Travel	(636)	(79)	(715)	(483)
Training	(1)	(30)	(31)	(46)
Impairment of investments	(1,926)	-	(1,926)	(3,989)
External audit fees (inclusive of VAT)	-	(77)	(77)	(47)
Legal fees	-	-	-	(9)
Donated expenses	(100)	(538)	(638)	(510)
Trustee expenses	-	(7)	(7)	(21)
Sundry	(8)	(63)	(71)	(28)
Exchange gain/loss	(464)	(53)	(517)	(118)
Total	(6,053)	(2,601)	(8,654)	(8,821)

External service costs are those paid directly to a third party supplier for services (including professional fees and consultancy) rather than being paid via a grantee intermediary. Direct costs for external services shows costs at the project level, support costs are Foundation-wide. Within external services for 2017, \$58k payable has been recorded to Shell Group companies (2016: nil).

Net incoming resources are stated after charging auditor's remuneration for audit services ('External Audit Fees') as shown above. These are the fees for the audit of the Group's Financial Statements.

Notes to the financial statements for the year ended 31 December 2017 (continued)

6. Grants expenditure

The top 20 Grantees in 2017 (excluding repayable grants and social investments) are listed below, together with their corresponding 2016 commitments.

Grantee Name Purpose of Project	Programme	2017 \$'000	2016 \$'000
Calvert Social Investment Foundation Access to Finance and Gender	Access to Energy	3,500	-
Natural World Limited Scaling China Impact Ventures (previously called China Energy Incubator) Off-Grid Appliance Research	Access to Energy, Incubator	2,080	300
FactorE Ventures PBC Funding enterprises which enhance the environment and public health and alleviate poverty through developing and disseminating technologies and businesses that drive human development Factor[E] 2018 Funding	Access to Energy	1,800	1,900
d.light Design Accelerate energy access in Ethiopia & Sierra Leone	Access to Energy	1,500	1,700
Persistent Energy Capital LLC New models to accelerate energy access in underserved African markets New models to accelerate access to energy in underserved Africa markets	Access to Energy	1,050	300
Inficold Inc. Commercialising Efficient Cold Chain Cold Chain Energy Storage	Access to Energy	1,050	-
Global Off-Grid Lighting Association Multiyear Support to Achieve Long-Term Sustainability	Access to Energy	1,025	997
M-KOPA UK Limited Catalysing the Evolution of Off-Grid Power Markets	Access to Energy	1,000	1,375
LendEnable Limited Credit Assessment Solution for SMEs and SME Lenders in India and Africa Africa market entry and SME credit assessment tool for local energy and mobility enterprises	Access to Energy;	1,000	-
Rent To Own Further validating leasing for productive use agriculture assets	Access to Energy	950	294
Gajam Group Limited Dharma Life – Demonetisation Bridge Funding Bridge Financing Prior to Long Term Structuring for Dharma Life Gender Inclusion Strategies within the Energy Sector	Access to Energy	808	20
Absolute Energy Servizi Srl Absolute cost-reflective tariffs and new market entry	Access to Energy	751	-
Orb Energy Pte Ltd Scaling-up partnerships with MFIs and Banks as a viable alternative for PAYG solar in Kenya and India	Access to Energy	750	100
Odyssey Energy Solutions Inc Build Odyssey Platform	Access to Energy	750	-
Open Capital Group Ltd Uganda A2E Accelerator	Access to Energy	750	300
Subtotal	Access to Energy	18,764	7,286

Notes to the financial statements for the year ended 31 December 2017 (continued)

6. Grants expenditure (continued)

Grantee Name Purpose of Project	Programme	2017 \$'000	2016 \$'000
Brought forward subtotal for top 20 grantees from previous page		18,764	7,286
Stichting Smart Freight Centre Smart Freight Centre Growth 2017 Funding	Sustainable Mobility	1,096	1,125
Bussi Mobility Sapi De Cv Bussi Santa Fé Pilot and Accelerated Scaling	Sustainable Mobility	850	291
World Resources Institute World Resources Institute 2017 Funding	Sustainable Mobility	800	1,000
Centro de Transporte Sustentable Urban Innovation Mexico – Microbus Reform	Sustainable Mobility	750	-
Subtotal	Sustainable Mobility	3,496	2,416
Enterprise Projects Ventures Energy for Agriculture: Off-grid cold storage and food processing facilities	Incubator	994	-
Subtotal	Incubator	994	-
Total Top 20 Grants		23,254	9,702
Total: Other Grants		5,964	15,659
Total: Grants (excl. repayable grants and social investments)		29,218	25,361

Notes to the financial statements for the year ended 31 December 2017 (continued)

7. Trustee Information

No trustee received any remuneration from the Foundation during the year. The Foundation directly incurred or reimbursed travel expenses in relation to four trustees, totalling \$7,506 (2016: \$20,767 in relation to three trustees).

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

8. Employee Information

As an independent charity, Shell Foundation benefits in a number of ways from leveraging its links to Shell Group to achieve its mission and objectives. One example of this is with respect to staffing. The Foundation has no direct employees. Instead, employees of Shell Group companies are dedicated to work full-time for the Foundation in sole pursuit of its charitable objectives. Their remuneration is based on The Shell Group Global Pay Policy and their performance is assessed against pre-determined personal targets concerning their work for the Foundation as well as their wider contribution to meeting the Foundation's overall charitable mission. The monthly average staff employed by Shell Group companies to work for the Foundation during the year was 20.3 (2016: 17.3). The monthly average split of employees between direct and support activities was direct 11.8 (2016: 9.8) and support 8.5 (2016: 7.5).

Manpower expenditure included in Direct and Support costs (note 6) charges at cost in respect of the services of these Shell Group employees, including salaries, taxes and office overhead costs. The salary and taxes paid by Shell Group companies in relation to these employees are as follows:

	2017 \$000	2016 \$000
Wages and salaries	(2,488)	(2,332)
Social security	(275)	(233)
Other pension costs	(300)	(258)
Performance Share Plan (PSP)	(161)	(81)
	(3,224)	(2,904)

SHARE-BASED COMPENSATION PLANS

The principal share-based employee compensation plan applied under The Shell Group Global Pay Policy to Shell Foundation staff is the Performance Share Plan (PSP). Awards of Royal Dutch Shell plc shares under the PSP are granted to eligible Foundation employees based on performance. The actual amount of shares that may vest ranges from 0% to 200% of the awards, depending on the outcomes of prescribed performance conditions over a three-year period beginning on 1st January of the award year. Shares vest for nil consideration. The cash value of the awards is charged to The Foundation on vesting. The Foundation has estimated and recognised a liability of \$0.15 million at the year-end for PSPs granted between 2015 and 2017 that vest in future years.

The salary and taxes paid by Shell Group companies in relation to key management personnel, consisting of the Director, Chief Financial Officer and 3 Deputy Directors, are as follows:

	2017 \$000	2016 \$000
Wages and salaries	(871)	(1,028)
Social security	(91)	(113)
Other pension costs	(67)	(95)
Vesting performance share plan options	(161)	(81)
	(1,190)	(1,317)

Notes to the financial statements for the year ended 31 December 2017 (continued)

The number of Shell Group employees working on Foundation activities whose emoluments were above \$80,000 is as follows.

\$000	2017	2016
80 – 90	1	3
90 – 105	4	2
105 – 120	4	3
120 – 135	1	-
135 – 150	1	3
150 – 165	4	-
165 – 180	1	-
195 – 210	-	1
225 – 240	2	-
255 – 270	-	-
270 – 285	-	1
285 – 300	-	1
300 – 315	-	-
360 – 375	-	1
375 - 390	1	-
	19	15

Shell Group companies made contributions during the year to a defined benefit pension scheme of \$0.3 million in relation to these 19 employees (2016: \$0.2 million in relation to 15 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

	2017 \$000	2016 \$000
Market value at 1 January	442,660	442,866
Purchase of investments	122,941	131,757
Sales/withdrawals	(129,126)	(152,010)
Realised and Unrealised gains	68,294	18,717
Movement of investment cash	1,839	1,330
Market value at 31 December	506,608	442,660

The year end value is analysed as:	2017 \$000	2016 \$000
Bonds – Overseas	74,240	64,696
Fixed income investments – UK	3,708	3,412
Fixed income investments – overseas	38,118	31,566
Equity investments – UK	25,352	22,583
Equity investments – overseas	307,871	264,814
Hedge funds – overseas	50,838	48,580
Forward foreign currency contracts	(1,243)	1,335
Other assets	1,254	1,042
Investment cash	6,470	4,632
Market value at 31 December	506,608	442,660

Notes to the financial statements for the year ended 31 December 2017 (continued)

The investment policy of the trustees aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified asset allocation of global equities, hedge funds, fixed income funds and from 2018, 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. Investments

Programme Related Investments

Current	Group 2017 \$000	Group 2016 \$000	Foundation 2017 \$000	Foundation 2016 \$000
Envirofit Inc Shareholding				
Envirofit is a social enterprise designing, producing, and selling efficient, durable and affordable cookstoves that create environmental, health, and social impacts for homes and institutions in developing nations. Shell Foundation holds 17.8 % of the outstanding shares of Envirofit International Inc as at year end.				
Fair value brought forward at 1 January	-	1,000	-	1,000
Purchases	-	-	-	-
Sales	-	(1,000)	-	(1,000)
GroFin Africa Fund (GAF)				
Start-up and growing businesses with investment needs from US\$ 50,000 to US\$ 1.5 million. Locations: Nigeria, Ghana, Rwanda, Tanzania, Uganda, Kenya, South Africa, Zambia. Investors: AFDB, EIB, Shell Foundation FMO, CDC, Norfund, FISEA, IFC, GroFin. Total fund size committed was \$160 million. The fund has been extended to August 2019.				
Cost less impairment brought forward at 1 January	2,833	2,317	2,833	2,317
Movement from non-current to current	(606)	1,918	(606)	1,918
Purchases	-	-	-	-
Sales	(365)	(1,402)	(365)	(1,402)
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. 4% of the loan is repayable annually, with the loan is repayable in full by 2027.				
Cost less impairment brought forward at 1 January	16	-	16	-
Purchases	-	-	-	-
Movement from non-current to current	14	16	14	16
Sales	-	-	-	-
Rent to Own				
Rent to Own provide asset finance for rural entrepreneurs. They are an innovator in renewable energy productive-use asset financing in rural, non-mobile money geographies. The loan is repayable in full by Aug 2018.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	100	-	100	-
Sales	-	-	-	-
Total Current Programme Related Investments	1,992	2,849	1,992	2,849

Notes to the financial statements for the year ended 31 December 2017 (continued)

11. Investments (continued)

Programme Related Investments

Non-Current	Group 2017 \$000	Group 2016 \$000	Foundation 2017 \$000	Foundation 2016 \$000
Envirofit Inc. Shareholding				
Envirofit is a social enterprise designing, producing, and selling efficient, durable and affordable cookstoves that create environmental, health, and social impacts for homes and institutions in developing nations. Shell Foundation holds 17.8 % of the outstanding shares of Envirofit International Inc as at year end.				
Fair value brought forward at 1 January	4,532	4532	4,532	4532
Purchases	-	-	-	-
Sales	-	-	-	-
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 has been extended to August 2019.				
Cost less impairment brought forward at 1 January	3,055	7,707	3,055	7,707
Movement from non-current to current	606	(1,918)	606	(1,918)
Purchases	-	-	-	-
Sales	-	-	-	-
Impairment	(1,892)	(2,734)	(1,892)	(2,734)
GroFin Small and Growing Businesses Fund (SGB)				
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. Total fund size \$150 million.				
Cost less impairment brought forward at 1 January	9,250	4,800	9,250	4,800
Purchases	5,750	4,450	5,750	4,450
Sales	-	-	-	-
responsAbility Energy Access Fund				
The fund is dedicated to providing debt financing to fast-growing companies which promote access to decentralized modern energy solutions, primarily in Africa and Asia. Investors: Shell Foundation, a founding partner, is also a co-investor along with anchor investor IFC and other private investors including Skopos Impact Fund and The Adolf H. Lundin Charitable Foundation. Total fund size \$34 million.				
Cost less impairment brought forward at 1 January	2,000	-	2,000	-
Purchases	-	2,000	-	2,000
Sales	-	-	-	-
Lightning Hybrids Inc. loan receivable				
Lightning Hybrids provide hydraulic hybrid regenerative braking drive systems for fleet vehicles such as buses and delivery trucks that generates better fuel economy, increased power, and reduced harmful emissions. The loan agreement was updated in November 2016 and is repayable in full by 31 December 2020.				
Cost less impairment brought forward at 1 January	1,500	-	1,500	-
Purchases	-	1,500	-	1,500
Sales	-	-	-	-
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: \$400k. 4% of the loan is repayable annually, with the loan repayable in full by 2027. Loan 2: 702k (\$840k), and is repayable in full by 31 December 2024.				
Cost less impairment brought forward at 1 January	368	400	368	400
Movement from non-current to current	(14)	(16)	(14)	(16)
Purchases	840	-	840	-
Sales	-	(16)	-	(16)
SparkMeter loan receivable				
The SparkMeter micro grid metering system enables utilities to implement pre-payment as well as real-time monitoring and control on micro grids and central grids alike. The low-cost system consists of four hardware components, a cloud-based operator interface, and a mobile money or cash-based pre-payment system in order to unlock energy services for the off-grid population. The meters' low cost makes their use for low-consumption customers economical and the integrated nature of the technology makes it simple to install and operate. The loan is repayable in full by December 2022.				
Fair value brought forward at 1 January	375	-	375	-
Purchases	-	375	-	375
Sales	-	-	-	-

Notes to the financial statements for the year ended 31 December 2017 (continued)

11. Investments (continued)

Programme Related Investments

Non-Current (continued)	Group 2017 \$000	Group 2016 \$000	Foundation 2017 \$000	Foundation 2016 \$000
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. Loan 1: \$2,500k repayable in full by June 2026. Loan 2: \$2,500k repayable in full by Jan 2027.				
Cost less impairment brought forward at 1 January	2,500	-	2,500	-
Purchases	2,500	2,500	2,500	2,500
Sales	-	-	-	-
Impairment	-	-	-	-
Gajam Group Limited (Dharma Life) loan receivable				
Operating in India, Dharma Life builds and trains a network of rural entrepreneurs, makes social-impact products accessible in rural markets and conducts innovative campaigns to create market demand. The loan is repayable in full by December 2022.				
Cost less impairment forward at 1 January	989	-	989	-
Purchases	63	989	63	989
Sales	-	-	-	-
Husk Power Systems Inc. loan receivable				
Husk is a leading off-grid utility, providing affordable, reliable and renewable power to rural communities. Operating in India, Tanzania and Kenya it designs, builds, owns & operates grid compatible plants, providing alternating current power, which is suitable for all appliances. The loan is repayable in full by September 2026.				
Cost less impairment brought forward at 1 January	1,300	-	1,300	-
Purchases	-	1,300	-	1,300
Sales	-	-	-	-
Persistent Energy Capital loan receivable				
Operating in underserved African countries, PEC identifies high potential, early-stage PAYG energy businesses, invests and scales them with critical knowledge, experience and networks in business, governance and financing. This is in order to address access to energy in smaller, or unproven African markets that existing market leaders have no plans to be in. Loan 1: \$500k repayable in full by Dec 2026. Loan 2: \$250k repayable in full by Mar 2027.				
Cost less impairment brought forward at 1 January	500	-	500	-
Purchases	250	500	250	500
Sales	-	-	-	-
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. The loan is repayable in full by March 2027.				
Cost less impairment brought forward at 1 January	500	-	500	-
Purchases	-	500	-	500
Sales	-	-	-	-
Nomou Iraq Fund				
The principal activities of the Company are to invest in small growing businesses (SGB) within Iraq to further employment in the country. The Company was established under a Cooperation Agreement with USAID. GroFin has been chosen as the key strategic partner to further the aims of the Company and manage the distribution of funds to carefully selected SGBs in Iraq. Shell Foundation has had successful relationship with GroFin in a number of ventures for many years.				
Cost less impairment brought forward at 1 January	2,444	-	-	-
Purchases	-	3,700	-	-
Sales	-	-	-	-
Impairment	(24)	(1,256)	-	-
Total Non-Current Programme Related Investments	37,392	29,313	34,972	26,869
Mixed Motive Investments – Non-Current				
Aavishkaar Ventures Management Services – interest bearing convertible debt agreement				
AVMS provides financial products and services in India and Kenya that are focussed on people who are in low income communities. Their six areas of special focus have a direct and immediate impact on the lives and livelihoods of people at the Bottom of the Pyramid (BOP). 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	-
Purchases	-	10,000	-	10,000
Sales	-	-	-	-
Total Non-Current Investments	47,392	39,313	44,972	36,869
Total Current Investments	1,992	2,849	1,992	2,849
Cost carried forward as at 31 December 2017	49,384	42,162	46,964	39,718

Notes to the financial statements for the year ended 31 December 2017 (continued)

12. Subsidiary and related undertakings

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

Name	Country of Incorporation	Nature of business	Interest
SF Investment Management Limited	United Kingdom	Investment management	100% ordinary shares
		Group 2017 \$000	Group 2016 \$000
			Foundation 2017 \$000
			Foundation 2016 \$000
SF Investment Management Limited shareholding			
Commitment to invest with GroFin NOUMOU Iraq Fund: A unique integrated solution of patient risk capital (\$ 0.1 million - \$2 million) and end-to-end business support to start-up and growing businesses in Basra, Iraq. Investors: Shell Foundation and USAID. Total fund size \$33 million.			
Cost less impairment brought forward at 1 January		-	-
Purchases		-	2,715
Impairment		-	-
			(13)
			3,991
			-
			(1,276)
Cost carried forward as at 31 December 2017		-	-
			2,702
			2,715

13. Debtors

Note	Group 2017 \$000	Group 2016 \$000	Foundation 2017 \$000	Foundation 2016 \$000
Amounts falling due within one year are:				
<i>Restricted donations non-government related</i>				
Department for International Development	6,259	7,657	6,259	7,657
United States Agency for International Development	4,509	1,610	4,509	1,610
OPEC Fund for International Development	-	700	-	700
<i>Unrestricted Convertible Debt</i>				
Aavishkaar Ventures Management Services	498	100	498	100
Amounts falling due after more than one year are:				
<i>Restricted donations government related</i>				
Department for International Development	254	1,820	254	1,820
United States Agency for International Development	400	300	400	300
<i>Unrestricted debtor</i>				
The Shell Centenary Scholarship Fund	493	270	493	270
Total debtors	12,413	12,457	12,413	12,457

14. Cash at bank and on hand

	Group 2017 \$000	Group 2016 \$000	Foundation 2017 \$000	Foundation 2016 \$000
Cash at Bank	14,385	18,820	14,094	18,522
Total cash at bank and on hand	14,385	18,820	14,094	18,522

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 2017 (continued)

15. Creditors: amounts falling due within one year

	Group 2017 \$000	Group 2016 \$000	Foundation 2017 \$000	Foundation 2016 \$000
Grants Payable	20,425	18,121	20,425	18,121
Trade Creditors – Shell International Limited	6,169	6,647	6,169	6,647
Accruals	10	9	1	-
	26,604	24,777	26,595	24,768

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

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

	Group 2017 \$000	Group 2016 \$000	Foundation 2017 \$000	Foundation 2016 \$000
Total grants payable	21,747	19,208	21,747	19,208
Less amounts falling due within one year (note 15)	(20,425)	(18,121)	(20,425)	(18,121)
Grants payable falling due after more than one year	1,322	1,087	1,322	1,087
Accrual for employee benefit	152	399	152	399
Payable to USAID for Nomou Iraq project	2,681	2,703	2,702	2,703
Total payables falling due after more than one year	4,155	4,189	4,176	4,189
Represented by:				
Grants payable in greater than one year but less than two years	1,272	1,087	1,272	1,087
Grants payable in greater than two years but less than three years	50	-	50	-
Accrual for employee benefit	152	399	152	399
USAID payable in greater than five years	2,681	2,703	2,702	2,703
	4,155	4,189	4,176	4,189

Notes to the financial statements for the year ended 31 December 2017 (continued)

17. Funds

Group	Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	442,660	9,541	(357)	(13,643)	68,407	506,608
Unrestricted Funds	40,780	7,883	(22,232)	13,643	-	40,074
Restricted Funds	3,693	17,296	(15,640)	-	-	5,349
	487,133	34,720	(38,229)	-	68,407	552,031

Foundation	Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	442,660	9,541	(357)	(13,643)	68,407	506,608
Unrestricted Funds	40,780	7,883	(22,232)	13,643	-	40,074
Restricted Funds	3,675	17,293	(15,640)	-	-	5,328
	487,115	34,717	(38,229)	-	68,407	552,010

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

18. Analysis of net assets between funds

Group	Note	Unrestricted Funds 2017 \$000	Restricted Funds 2017 \$000	Endowment Funds 2017 \$000	Total 2017 \$000	Total 2016 \$000
Fixed Assets						
Endowment investment (at fair value)	10	-	-	506,608	506,608	442,660
Investments (at costs less impairment)	11	39,831	7,561	-	47,392	39,313
		39,891	7,561	506,608	554,000	481,973
Current Assets						
Debtors:						
amounts falling due within one year	13	498	10,768	-	11,266	10,067
amounts falling due after one year	13	493	654	-	1,147	2,390
		991	11,422	-	12,413	12,457
Cash at bank and on hand	14	11,270	3,115	-	14,385	18,820
Social investments (at cost less impairment)	11	1,892	100	-	1,992	2,849
Creditors: amounts falling due within one year	15	(13,040)	(13,564)	-	(26,604)	(24,777)
Net Current Assets		1,113	1,073	-	2,186	9,349
Total Assets less Current Liabilities		40,944	8,634	506,608	556,186	491,322
Creditors: amounts falling due after more than one year	16	(870)	(3,285)	-	(4,155)	(4,189)
Net Assets		40,074	5,349	506,608	552,031	487,133

Notes to the financial statements for the year ended 31 December 2017 (continued)

18. Analysis of net assets between funds (continued)

Foundation	Note	Unrestricted Funds 2017 \$000	Restricted Funds 2017 \$000	Endowment Funds 2017 \$000	Total 2017 \$000	Total 2016 \$000
Fixed Assets						
Endowment investment (at fair value)	10	-	-	506,608	506,608	442,660
Social investments (at cost less impairment)	11	39,831	5,141	-	44,972	36,869
Subsidiary undertakings	12	-	2,702	-	2,702	2,715
		39,831	7,843	506,608	554,282	482,244
Current Assets						
Debtors						
amounts falling due within one year	13	498	10,768	-	11,266	10,067
amounts falling due after one year	13	493	654	-	1,147	2,390
		991	11,422	-	12,413	12,457
Cash at bank and on hand	14	11,270	2,824	-	14,094	18,522
Social investments (at cost less impairment)	11	1,892	100	-	1,992	2,849
Creditors: amounts falling due within one year	15	(13,040)	(13,555)	-	(26,595)	(24,768)
Net Current Assets		1,113	791	-	1,904	9,060
Total Assets less Current Liabilities		40,944	8,634	506,608	556,186	491,304
Creditors: amounts falling due after more than one year	16	(870)	(3,306)	-	(4,176)	(4,189)
Net Assets		40,074	5,328	506,608	552,010	487,115

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

	2017 Group \$000	2017 Foundation \$000	2016 Group \$000	2016 Foundation \$000
Net movement in unrestricted and restricted funds	950	947	20,242	20,242
Add back transfer from endowment fund	(13,643)	(13,643)	(25,152)	(25,152)
Add back investment income	(510)	(507)	-	-
Add back impairments	1,926	1,892	3,989	3,989
Net unrealised exchange (gain)/loss on unrestricted funds	(498)	(498)	(5,082)	(5,082)
Decrease in net debtors – unrestricted & restricted funds	43	43	(5,082)	(5,082)
Increase in net creditors – unrestricted & restricted funds	1,793	1,813	3,165	3,167
Net cash used in operating activities	(9,939)	(9,953)	(2,838)	(2,836)

Notes to the financial statements for the year ended 31 December 2017 (continued)

20. Financial Instruments

The Group and the Foundation have the following financial instruments:

Group	Note		2017 \$000	2016 \$000
Financial assets at fair value through the SOFA				
- Endowment	10	506,608	442,660	
			506,608	442,660
Financial assets that are debt instrument measured at amortised cost				
- Debtors	13	12,413	9,967	
			12,413	9,967
Financial assets that are debt instrument measured at cost less impairment				
- Programme related investment – responsibility Loan	11	-	2,000	
- Programme related investment – Rent to Own Loan	11	100	-	
- Programme related investment – Lightning Hybrids Loan	11	1,500	1,500	
- Programme related investment – Redavia Loan	11	1,224	384	
- Programme related investment – SparkMeter Loan	11	375	375	
- Programme related investment – Factor(E) Loan	11	5,000	2,500	
- Programme related investment – Gajam Group Ltd (Dharma Life) Loan	11	1,052	989	
- Programme related investment – Husk Power Systems Inc. Loan	11	1,300	1,300	
- Programme related investment – Persistent Energy Capital Loan	11	750	500	
- Programme related investment – Buen Manejo del Campo S.A. (Sistema Biobolsa) Loan	11	500	500	
- Mixed motive investment – Aavishkaar Ventures Management Services convertible debt agreement	11	10,000	10,000	
			21,801	20,048
Financial assets that are equity instrument measured at cost less impairment				
- Programme related investment – GroFin Africa Fund	11	3,631	5,888	
- Programme related investment – GroFin SGB Fund	11	15,000	9,250	
- Programme related investment – Envirofit	11	4,532	4,532	
- Programme Related Investment – responsAbility loan	11	2,000	-	
- Programme related investment – Nomou Iraq Fund	11	2,420	2,444	
			27,583	22,114
Financial liabilities at fair value through the SOFA		-	-	
			-	
Financial liabilities measured at amortised costs				
- Creditors and accruals	15,16	(30,759)	(28,966)	
			(30,759)	(28,966)
Other financial liabilities measured at fair value				
- Contingent liabilities	25	(3,500)	(3,500)	
			(3,500)	(3,500)

Notes to the financial statements for the year ended 31 December 2017 (continued)

20. Financial Instruments (continued)

Foundation	Note	2017 \$000	2016 \$000
Financial assets at fair value through the SOFA			
- Endowment	10	506,608	442,660
		506,608	442,660
Financial assets that are debt instrument measured at amortised cost			
- Debtors	13	12,413	9,967
		12,413	9,967
Financial assets that are debt instrument measured at cost less impairment			
- Programme related investment – responsibility Loan	11	-	2,000
- Programme related investment – Rent to Own Loan	11	100	-
- Programme related investment – Lightning Hybrids Loan	11	1,500	1,500
- Programme related investment – Redavia Loan	11	1,224	384
- Programme related investment – SparkMeter Loan	11	375	375
- Programme related investment – Factor(E) Loan	11	5,000	2,500
- Programme related investment – Gajam Group Ltd (Dharma Life) Loan	11	1,052	989
- Programme related investment – Husk Power Systems Inc. Loan	11	1,300	1,300
- Programme related investment – Persistent Energy Capital Loan	11	750	500
- Programme related investment – Buen Manejo del Campo S.A. (Sistema Biobolsa) Loan	11	500	500
- Mixed motive investment – Aavishkaar Ventures Management Services convertible debt agreement	11	10,000	10,000
		21,801	20,048
Financial assets that are equity instrument measured at cost less impairment			
- Programme related investment – GroFin Africa Fund	11	3,631	5,888
- Programme related investment – GroFin SGB Fund	11	15,000	9,250
- Programme related investment – Envirofit	11	4,532	4,532
- Programme Related Investment – responsAbility loan	11	2,000	-
- Programme related investment – Nomou Iraq Fund	11	-	2,444
		25,163	22,114
Financial liabilities at fair value through the SOFA		-	-
		-	-
Financial liabilities measured at amortised costs			
- Creditors and accruals	15,16	(30,771)	(28,966)
		(30,771)	(28,966)
Other financial liabilities measured at fair value			
- Contingent liabilities	25	(3,500)	(3,500)
		(3,500)	(3,500)

Notes to the financial statements for the year ended 31 December 2017 (continued)

21. Derivative financial instruments

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

	Contractual Notional Amount \$000	Fair value	
		Asset \$000	Liability \$000
2017			
Non-hedging instruments			
- Foreign exchange contracts	41,085	-	(1,243)
Total		-	(1,243)
Less: current portion		-	1,243
Non-current portion			
Non-hedging instruments			
- Foreign exchange swaps	-	-	-
Total		-	-
Less: current portion		-	-
Non-current portion			
2016			
Non-hedging instruments			
- Foreign exchange contracts	72,560	2,031	(697)
Total		2,031	(697)
Less: current portion		(2,031)	697
Non-current portion			
Non-hedging instruments			
- Foreign exchange swaps	-	-	-
Total		-	-
Less: current portion		-	-
Non-current portion			

22. Capital commitment

The Foundation had the following capital commitments as at 31 December 2017:
GroFin SGB Fund Nil (2016: \$5.8 million).

Notes to the financial statements for the year ended 31 December 2017 (continued)

23. 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.

24. Related party transactions

The sole member of the Foundation is The Shell Petroleum Company Limited (SPCo). The ultimate parent company of SPCo is Royal Dutch Shell plc. The Foundation's investment manager is Shell Asset Management Company (SAMCo), which is also a subsidiary of Royal Dutch Shell plc. During the year the Foundation made payments of \$259,487 (2016: \$231,506), related tax accrued \$52,297, and generated accrued investment management costs of \$70,431 (2016: \$58,662), related tax accrued \$14,086, on normal business terms with SAMCo.

During the year the Foundation made payments of \$7.2 million (2016: \$1.9 million) and generated accrued costs of \$4.6 million (2016: \$7 million) on normal business terms with Shell International Limited.

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

Donations received included the following as disclosed in Note 2:

Entity Name	2017 \$000	2016 \$000
Shell Energy Europe Limited	6,000	6,000
BG Auction Donation	30	-

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

Position of influence of key management personnel, Sam Parker – Shell Foundation Director, Richard Gomes – Deputy Director, Pradeep Pursnani – Deputy Director, during 2017 were:

Shell Foundation Key Management Personnel	Organisation's Name	Position	Grant 2017 \$000	Grant 2016 \$000	Outstanding Liability 2017 \$000	Outstanding Liability 2016 \$000	Notes
Sam Parker	WRI Ross Centre for Sustainable Cities	Member of the Advisory Board	1,550	1,000	-	-	Grants provided to World Resources Institute and Centro de Transporte Sustentable.
Sam Parker	Stichting Smart Freight Centre	Board Member	1,096	1,100	120	-	
Pradeep Pursnani	Gajam Group Limited	Member of the Advisory Board	808	20	20	200	
Pradeep Pursnani	IntelleGrow	Board Member	-	-	-	400	Intellecap Advisory Services is a SF Grantee that belongs to the Aavishkaar - Intellecap group of companies. IntelleGrow belongs to the same group.

Notes to the financial statements for the year ended 31 December 2017 (continued)

24. Related party transactions (continued)

Shell Foundation Key Management Personnel	Organisation's Name	Position	Grant 2017 \$000	Grant 2016 \$000	Outstanding Liability 2017 \$000	Outstanding Liability 2016 \$000	Notes
Pradeep Pursnani	Aavishkaar Venture Management Services Private Limited, part of The Aavishkaar-Intellectap Group	Board Member	-	-	-	400	Intellectap Advisory Services is a SF Grantee that belongs to the Aavishkaar – Intellectap group of companies.
Pradeep Pursnani	Husk Power Systems Pvt	Board Member	-	1.6	200	400	
Pradeep Pursnani	Factor(E) Ventures Limited	Board Member	-	500	-	-	
Pradeep Pursnani	Factor(E) Ventures PBC	Board Member	1,800	1,400	1,100	100	
Pradeep Pursnani	Envirofit International Inc	Board Member	700	400	345	300	
Pradeep Pursnani	SparkMeter	Board Member	732	700	141	300	
Pradeep Pursnani	d.light	Observer	1,500	1,700	2,200	1,200	
Pradeep Pursnani	Redavia	Observer	-	1,700	-	500	
Pradeep Pursnani	GroFin Africa Fund, GroFin SGB Fund and GroFin Nomou (MENA), Aspire Growth Fund, Aspire Small Business Fund	Member of the Advisory Committees	265	250	227	270	GroFin Managers is a SF Grantee that belongs to the GroFin Group of Companies.
Richard Gomes	Global Off Grid Lighting Association (GOGLA)	Board Observer and Chair of Advisory Board	1,025	997	731	681	
Pradeep Pursnani	Logistimo	Board Member	-	650	204	600	
Richard Gomes	SafeBoda	Observer	-	1,200	-	968	
Pradeep Pursnani	Sangam	Investor Council Member	-	1,600	425	1,721	

Notes to the financial statements for the year ended 31 December 2017 (continued)

24. Related party transactions (continued)

Shell Foundation Key Management Personnel	Organisation's Name	Position	SF Involvement
Pradeep Pursnani	Envirofit International Inc	Board Member	Investment of 17.8% of the outstanding shares of Envirofit International Inc as at year end. (2016: Investment of 15.5% of outstanding shares of Envirofit International Inc. following the dilution in the first half of 2016, by a \$3 million FMO investment in Envirofit and the concurrent redemption of \$1 million)
Pradeep Pursnani	responsAbility Energy Access Fund	Board Member	Investment of \$2 million at 2017 year end (2016: \$2 million)
Pradeep Pursnani	GroFin SGB Fund	Member of the Advisory Committees	Investment of \$15 million in GroFin SGB Fund at 2017 year end (2016: \$9.25 million)
Pradeep Pursnani	GroFin Africa Fund	Member of the Advisory Committees	Investment in GroFin Africa Fund of \$3.6 million at 2017 year end (2016: \$5.9 million)
Pradeep Pursnani	Aavishkaar Venture Management Services Private Limited, part of The Aavishkaar-Intellectap Group	Board member	Convertible Debt Agreement of \$10 million with AVMS at 2017 year end (2016: \$10 million)
Pradeep Pursnani	BIX Fund Management BV	Board Member	Financial guarantee of \$2 million to Calvert Social Investment Foundation Inc. for pre-funding of the BIX carbon fund via Cardecho (2016: Issue of six year financial guarantee)
	Envirofit International Inc	Board Member	In October 2012, Shell Foundation offered a seven year financial guarantee of \$1.5 million to Calvert Social Investment Foundation Inc. to cover a \$3 million loan facility to Envirofit International Inc. As of December 2015, Envirofit International Inc had drawn down \$3 million of this loan.
Pradeep Pursnani	Husk Power Systems	Board Member	Loan Receivable \$1.3 million made in 2016
Pradeep Pursnani	Factor(E) Ventures PBC	Board Member	Loan Receivable \$5 million (2016: \$2.5 million)
Pradeep Pursnani	Redavia	Observer	Loan Receivable \$1.2 million (2016: \$0.4 million)
Pradeep Pursnani	Gajam Group Limited	Member of the Advisory Board	Loan Receivable \$1.0 million made in 2016
Pradeep Pursnani	SparkMeter	Observer	Loan Receivable \$0.4 million made in 2016

25. Guarantees and contingent liabilities

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

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

26. Post balance date events

The Foundation have not engaged in post balance date transactions outside of normal business transactions.

