

---

# Report of the Trustees and Financial Statements 2023

---

# Contents

## Shell Foundation Portfolio Impact

08

## Report of the Trustees

16

## Financial Statements 2023

24

### AT A GLANCE

About Shell Foundation	03
Trustees, Directors, Officers and Advisors	04
Message from Shell Foundation's CEO	05
Message from the Chair of the Board of Trustees	06
Shell Foundation Programmes	07
Shell Foundation Portfolio Impact	08
Shell Foundation Strategic Partnerships	09
Shell Foundation Net Zero Commitments	13
Guiding Principles of achieving Net Zero in our endowment investments	14

### REPORT OF THE TRUSTEES

Report of the Trustees for the year ended 2023	16
Independent Auditor's report to the members of Shell Foundation	22

### FINANCIAL STATEMENTS 2023

Consolidated statement of financial activities for the year ended 31 December 2023	24
Consolidated statement of financial activities for the year ended 31 December 2022	25
Consolidated income and expenditure account for the year ended 31 December 2023	26
Consolidated and charity balance sheets as at 31 December 2023	27
Cash flow statement and consolidated cash flow statement for the year ended 31 December 2023	28
Notes to the financial statements for the year ended 31 December 2023	29

# About Shell Foundation

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

SF focuses its work to impact three customer groups:

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

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

## SF's Approach

Shell Foundation supports early-stage tech innovation that increases incomes whilst cutting emissions for smallholder farmers, microentrepreneurs and urban transporters.

We then seek to scale that innovation by brokering partnerships with established businesses operating in Africa and South Asia.

We finance that scale with a continuum of capital commitments from leading donors, DFIs, and Impact Asset Managers, providing finance through seed, growth and commercial stages.

[www.shellfoundation.org](http://www.shellfoundation.org)

## Trustees, Directors, Officers and Advisors

### Trustees, Directors, Officers and Advisors

#### Trustees, Directors, Officers and Advisors Trustees (who are also Directors)

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

Ms Gail Klintworth	Chair	
Ms Vinita Bali		Appointed 18 May 2023
Ms Alice Chapple		
Ms Diana Fox Carney		Resigned 11 December 2023
Mr Grzegorz Gut		Appointed 21 March 2023
Professor Margaret Kigozi		Resigned 18 May 2023
Ms Sinead Lynch		
Mr Jack Ngare		Appointed 14 June 2023
Ms Olufunke Opeke		Appointed 14 June 2023
Mr Wael Sawan		Resigned 1 January 2023
Mr Huibert Vigeveno		

#### Principal Officers

Mr Jonathan Berman	Chief Executive Officer
Mr Richard Gomes	Chief Programme Officer
Ms Rachel Singh Davies	Chief Financial Officer and Company Secretary

#### Registered Office

Shell Centre  
York Road  
London SE1 7NA

#### Bankers

Lloyds Bank plc  
25 Gresham Street  
London EC2V 7HN

#### Independent External Auditor

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

#### Audit and Risk Committee Members

Ms Alice Chapple – Chair  
Ms Gail Klintworth  
Ms Sinead Lynch  
Mr Alan Howard – co-opted

#### Funding Approvals Committee

Ms Gail Klintworth – Chair  
Ms Alice Chapple  
Ms Diana Fox Carney – to 11 December 2023  
Ms Olufunke Opeke – from 11 December 2023  
Ms Sinead Lynch

#### Investment Manager

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

#### Independent Investment Advisor

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

#### Investment Committee Members

Ms Gail Klintworth – Chair  
Ms Alice Chapple  
Mr Grzegorz Gut – from 14 November 2023  
Ms Sinead Lynch  
Mr Alan Howard – co-opted  
Mr Jonathan Berman  
Ms Rachel Singh Davies

#### Remuneration Committee Members

Ms Gail Klintworth – Chair  
Ms Alice Chapple  
Ms Sinead Lynch

## Message from Shell Foundation CEO



As I reflect on 2023, I am filled with both pride and gratitude. The first year of a new strategy is often one of testing positions and refining approaches. The year has seen significant progress, a few areas for strengthening, and deeper learning.

We are increasingly convinced on two concepts: that for the energy transition to work for *anyone* it must work for *everyone*, specifically those who are living in energy and economic poverty; and that for energy solutions to scale to reach millions of customers they must be simultaneously income-generating whilst also cutting emissions. These beliefs have been tested and borne from numerous workstreams and engagements over the course of a busy 2023.

We became significantly more informed about the customers for whom we seek solutions. We will build those insights into every project going forward. We undertook formal insight studies across all three core customer groups (smallholder farmers, urban transporters and microentrepreneurs) in three geographies (Kenya, Nigeria and India). Among the many findings of these reports were archetypes within each customer group that we use to focus our work.

We extended our scaling partnerships with proven sector leaders, renewing our partnership with the US International Development Finance Corporation (DFC) through a Memorandum of Understanding (MOU) expansion intended to increase the flow of capital into clean energy solutions in emerging markets. We also deployed the first funding under our MOU with British International Investment (BII), funding a \$2.6m carbon credit pilot with one of SF's long-term innovation partners, SunCulture. This pilot will allow SunCulture to provide a 25-40% reduction in upfront product cost and reach an additional 9,000 smallholder farmers with solar irrigation technology in Kenya.

Internally, we recruited fresh staff who possess significant in-market experience, bringing new perspectives of, and expertise within, our regions. I was proud to see our investment process updated so that gender intentionality could be embedded into each of our project designs in 2023 and beyond.

We increased our profile at sector events – running a series of engagements through New York Climate Week in September and COP28 in UAE in November. This increased exposure to the international markets has strengthened confidence in our strategic vision and the position we hold influencing international corporates and financial institutions to join our charitable mission. By using our philanthropic status and approach to de-risk new technologies and markets we can leverage billions of dollars and resources into our markets to scale clean energy solutions that bring deep and lasting impact for emerging market populations.

As I write this in Spring 2024, it is with immense pride at the steps we have already taken to deliver against our ambitious strategic vision. I also look forward with excitement at working alongside innovators, existing and new scale partners and financial institutions, as well as our growing staff to deliver energy solutions that empower millions of farmers, transporters and entrepreneurs across Africa and South Asia to earn a living income.

**Jonathan Berman, Shell Foundation CEO**

## Message from the Chair of the Board of Trustees



It was immensely gratifying to see our five-year strategy come to life in 2023. To enable 60 million people to earn a living income through clean energy access by 2032 is an ambitious target, but one Shell Foundation is determined to meet.

Jonathan and the Shell Foundation team – new and existing – have risen to the challenge and the new strategic vision with vigour.

As a Board, we recognise that in delivering such a bold mission, interventions are more complex and take longer. But the potential for impact at scale is clear and inspiring. New staff bring skills and in-market knowledge that will add to the Foundation's effectiveness. This approach was mirrored at Board level. New Trustees were appointed, bringing with them new perspectives, more diversity of thought and, of course, leadership.

Partnership is critical to impact and scale and our renewed partnership with DFC will increase the flow of capital into clean energy solutions in emerging markets which increase security of supply and lower carbon emissions. Our other strategic partnerships with proven sector leaders will help us to scale and ensure our ambitious targets are met.

Shell Foundation carried out many research initiatives last year. This research is key for several reasons, not least assessing what works and what does not, and encouraging others to join with us and to provide more growth capital and resources into our sectors and markets. The studies on Shell Foundation's three customer groups across three regions of Africa and South Asia are also vital, ensuring the clean energy solutions are appropriate and affordable for those that need it most. I fully support the Foundation's position that for the energy transition to work for anyone, it must work for everyone.

Our journey continues and I am eager to see us pursue our mission of empowering millions of customers to earn a living income through clean energy solutions.

**Gail Klintworth**

# Shell Foundation Programmes



## Shell Foundation Portfolio Impact

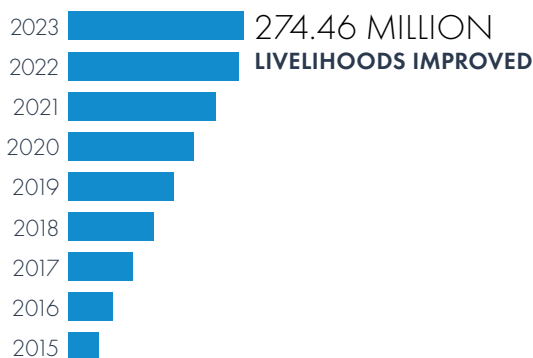
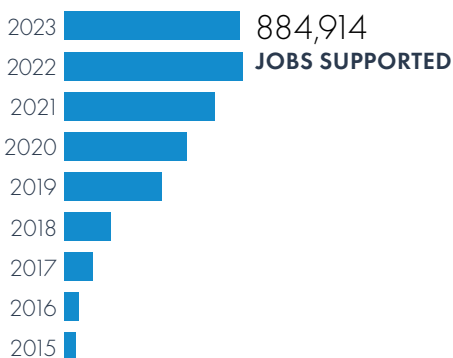
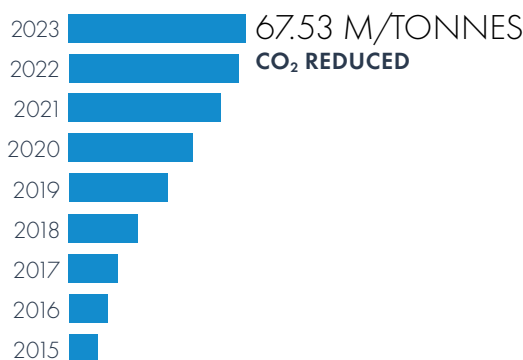
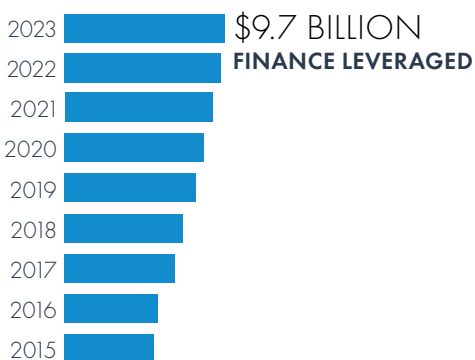
Shell Foundation’s cumulative impact is achieved through the work of all the various partnerships in its portfolio and calculated using a comprehensive set of indicators that feed into aggregate numbers. SF tracks and measures changes in performance against pre-defined milestones and targets, which allows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

As part of the new strategy, SF is currently reviewing these metrics and establishing an approach on how it measures and tracks progress on impact on income and closing the living income gap for its customers. This will involve reporting against new metrics in 2025.



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

- Low-income customers served, for example through product sales or passenger journeys
- Reduced emissions, in accordance with market standards relevant to the respective sectors that partners operate in, or water usage.
- Jobs created, earnings increased, money saved
- Improved health or time saving



Source for KPI data: Impact KPIs are self-reported quarterly by SF partners through the Shell Foundation Partner Management system.



## Shell Foundation Strategic Partnerships

### TIME (TRANSFORMING INCLUSIVE ENERGY MARKETS)



Transforming  
Energy  
Access

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

It is part of the FCDO's Transforming Energy Access (TEA) platform, which supports the technologies, business models and skills needed to enable an inclusive clean energy transition, contributing to SDG71 and SDG132 targets by 2030.

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

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

As of December 2023, TIME has supported 116 funding interventions for businesses that can be scaled for substantial impact, and up to 30 September 2023 it has leveraged almost £0.9 billion of capital and improved the lives of over 24 million people with improved access to clean energy.

In 2023, TIME supported 17 businesses and published seven learning reports, on topics like understanding the impact of electric pressure cookers in East Africa and Kofa Holdings' white paper on the potential benefits of a swappable battery network.

Some key partner successes include Kofa, who, with TIME support on R&D integration, agreed partnerships with TailG (EV OEM), Pash Global for solar charging infrastructure, and Max.ng for EV asset financing. TIME supported SureChill to facilitate the acquisition of an additional \$2.5 million in new equity from commercial and impact investors.

## Shell Foundation Strategic Partnerships

### CASEE (CATALYSING AGRICULTURE BY SCALING ENERGY ECOSYSTEMS)



**Shell Foundation’s CASEE programme is an eight-year £30 million 50/50 partnership with FCDO to accelerate access to energy-enabled solutions for smallholder farmers and agricultural SMEs (small and medium sized enterprises) in sub-Saharan Africa and South Asia. Its work contributes to FCDO’s objectives on resilient agriculture and food security. This programme was extended in 2023 to include an additional £10 million for “financial solutions” from the FCDO (not matched by SF) for the final four years of the partnership.**

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

To date, CASEE has partnered with, funded and/or co-created 21 enterprises, intermediaries and market enablers across Kenya, Zambia, Nigeria, Ghana, South Africa, Tanzania and India – impacting the lives of more than 600,000 people directly and nearly 900,000 indirectly.

In 2023, CASEE brought two new businesses into the portfolio – Villgro Innovations Foundation and AFEX Fair Trade Limited, both implementing pilots supporting productive use energy assets for farmers. CASEE has disseminated evidence and knowledge on topics including financial instruments better suited for women, alternative fuel sources, and promoting banana farming.

## Shell Foundation Strategic Partnerships

### BII



**In February 2023 Shell Foundation signed a memorandum of understanding (MoU) with British International Investment (BII), the UK's development finance institution and impact investor, to work in partnership to support the just and inclusive energy transition in sub-Saharan Africa and South Asia.**

Through the MoU, the institutions will provide investment to help address the finance barriers that exist for early to mid-stage businesses in sectors aligned with BII's strategic priorities and SF's charitable objectives including, but not limited to, distributed renewable energy, e-mobility and agri-tech, as well as supporting cross-cutting solutions in the areas of climate and gender inclusion.

It is estimated that 773 million people globally lack access to electricity, mostly in sub-Saharan Africa and Asia. Achieving Africa's energy and climate goals will require more than US\$190 billion each year from 2026 to 2030, with two-thirds going to clean energy. For South Asia to achieve its renewable energy potential, over US\$410 billion is required by 2030.

Unlocking more finance is critical to achieving these energy goals. Under this partnership, BII and SF will endeavour to make up to \$245 million financing available by 2026 to private sector projects that support investment into high-impact sustainable and clean energy solutions in sub-Saharan Africa and South Asia.

The MoU complements SF's long-term co-funding partnership with FCDO (the sole shareholder of BII), which provides early-stage and high-risk grant funding through the Transforming Energy Access (TEA) platform, and the Catalysing Agriculture by Scaling Energy Ecosystems (CASEE) programme.

In December 2023, BII & SF announced investments of \$2.1 million and \$0.5 million respectively into SunCulture, a Kenya-based company that provides solar-powered irrigation systems to smallholder farmers. The investment will help 9,000 more smallholder farmers in Kenya to increase farmland productivity in a sustainable way and contribute to the region's goal of enhancing food security.

## Shell Foundation Strategic Partnerships

### DFC



**In December 2023 Shell Foundation signed an MOU extension with the U.S. International Development Finance Corporation (DFC), intended to increase the flow of commercial capital into Distributed Renewable Energy (DRE) solutions in emerging markets.**

DFC and Shell Foundation entered an MOU in 2021 with the aim of deploying \$150 million into emerging market DRE solutions. Since then, the two organisations have established a strong working relationship and surpassed the expected total of capital deployed in less than two years.

The ongoing partnership will continue to build on the strong working relationships, processes, and institutional knowledge to help drive greater impact for the DRE sector. Highlights of the collaboration to date include:

- DFC's \$40 million commitment to the Shell Foundation-seeded Energy Entrepreneurs Growth Fund.
- Shell Foundation's \$3 million investment into the Mirova SunFunder Gigaton Fund, alongside DFC's \$100 million commitment.
- DFC's debt capital commitment of \$8.9 million to India-based S4S Technologies for a gender-inclusive, climate-resilience project alongside \$1.5 million of Shell Foundation de-risking capital.
- Collaboration on an innovative gender outcomes pilot with Shell Foundation and DFC clean mobility clients Ampersand and RevFin.

The MOU expansion is intended to substantially increase the flow of commercial capital into several focus areas within the DRE sector that align with DFC's strategic priorities and Shell Foundation's charitable objectives, including household energy, energy for mobility, and climate-focused agri-tech.

DFC and Shell Foundation have prioritized finding ways to promote greater investment in enterprises based in local countries. This is complemented by increased efforts for diverse and inclusive approaches to invest in and support improved outcomes for women clients in their respective portfolios. The MOU expansion reflects the intention to scale the results of this workstream so that it comprises the bedrock of multiple investments directly into enterprises and indirectly through funds and financial intermediaries.

---

## Shell Foundation Net Zero Commitments

Shell Foundation's charitable purpose is to alleviate poverty, by empowering under-served populations to earn a living income with clean energy products and services.

The critical importance of delivering this mission has, in recent years, been highlighted by record temperatures and severe weather events seen around the world. These climate shocks have acutely impacted the populations we seek to serve – populations that bear little responsibility for current and historic emissions, and have limited resources to mitigate, adapt or recover.

We are committed to bringing the full extent of our resources to address our mission and to join global efforts to reach net-zero carbon emissions by 2050, effectively reducing emissions enough to keep global temperature rise below 1.5°C in the long run, in line with the goals of the Paris Agreement.

We recognise the dire consequences for the global economy and society of failing in this mission.

In 2023, Shell Foundation adopted a strategy to reach net-zero carbon emissions by 2050 through its endowment investments. This step was in recognition that a significant source of SF's Scope 1-3 carbon emissions is our \$570m endowment, which is invested in various asset classes around the world.

In 2024, Shell Foundation will seek to develop a baseline for carbon emissions from our own activities. We will design a multi-year approach to these items, taking into account developing methodologies and SF's increasing external reporting obligations in this area.

---

## Guiding Principles of achieving Net Zero in our endowment investments

We believe engagement with the stewards of assets in our Endowment portfolio is the most effective way of effecting a transition to net zero carbon emissions in our portfolio. We favour engagement rather than divestment, since we are most interested in driving real world impact in reducing carbon emissions in our investees, rather than simply seeking to reduce SF's reported carbon emissions. However, this engagement approach needs to be justified with clear and targeted engagement goals, with consequences (divestment) if management fail to change course and effect real world change.

The primary ambition in any Paris Agreement-related policy is to achieve organic decrease in the issuer's carbon intensity. This reflects a real-world decrease in emissions, which ultimately limits climate change, rather than a portfolio reduction only. We recognise there will be different roles for each asset class, investment manager, and investment vehicle. We will prioritise progress over perfection, and maximise existing levers of influence in the investment industry, to make impact quickly and efficiently.

Net Zero by 2050 will only be achievable if meaningful decarbonisation progress is made by the key milestone dates of 2025, 2030 and 2040. Our engagement approach will include setting asset class and sector targets for these dates, reviewing progress against them and taking decisions during this time which keep us aligned to a 2050 Net Zero path.

---

# Report of the Trustees and Financial Statements 2023

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

[www.shellfoundation.org](http://www.shellfoundation.org)

# Report of the Trustees for the year ended 31 December 2023

## 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 2023.

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 8 to 14. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, UK GAAP FRS 102 and the Statement of Recommended Practice 'Charities SORP' effective 1 January 2019.

### STATUS AND ADMINISTRATION

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

The Foundation is registered in the United States of America under section 501(c)(4) of the Internal Revenue Code, identification number 98 0368454.

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

### Structure, Governance and Management

#### RELATIONSHIP WITH THE SHELL GROUP

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

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

In addition to the endowment, the Foundation has received restricted and unrestricted donations from the Shell Group totalling \$277 million to the end of 2023.

#### GOVERNANCE AND INTERNAL CONTROLS

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

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

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

The Board is supported in items 1-3 by an Audit and Risk Committee (ARC); by an Investment Committee (IC) for item 4; by a Remuneration Committee (RemCo) for item 8, and by a Funding Approvals Committee (FAC) for item 9.

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

The IC comprises three Trustees, the CEO and the CFO, advised by an independent investment advisor (Cazenove Capital). The Chair and a majority of the IC are Nominated Trustees. The remit of the IC is to establish, review, recommend and report to the Board on the Investment strategy and policy for all financial investments and the selection and performance of fund manager(s) including the Investment management agreement(s).

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

The Funding Approvals Committee consists of four Trustees of which the Chair and a majority are Nominated Trustees. The Committee reviews and approves material funding proposals, with regard to the level of social impact and public benefit they will deliver.

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



## Report of the Trustees for the year ended 31 December 2023 (continued)

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Foundation's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Foundation and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the Trustees are aware:

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

### GRANT COMMITMENTS

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

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

Certain milestones must be met by the grantee to receive scheduled grant payments to ensure they remain aligned to the Foundation's charitable objectives. The expectation upon signing the Letter of Commitment (LOC) is that the grantee will be able to achieve the milestones. Progress against milestones is monitored using a variety of methods including reports from the grantee, meetings with grantees, reviews of their activities, visits to the grantee sites and receiving feedback from the communities the grantee is serving. Where a grantee does not meet a milestone the payment of that instalment of the grant may be deferred until such time as the milestone has been met, or ultimately the grant may be terminated if it is deemed no longer possible that project objectives can be met.

### SOCIAL INVESTMENTS

SF makes use of a variety of non-grant instruments where appropriate to suit the partner's needs and deliver impact most effectively (e.g. leveraging support from other investors). These may include convertible grants, concessionary loans, fund investments, financial guarantees, and de-risking facilities for financial institutions.

All social investments are reviewed to ensure that any private benefit generated is incidental to the delivery of public benefit and SF's charitable objectives.

### OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The primary objective of the Foundation is to allieviate poverty, enabling millions of underserved people to earn a living income through creating and scaling enterprise solutions that provide access to clean energy products and services in Africa and Asia. Living income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household<sup>1</sup>; it factors in local spending patterns and inflation, whereas the international poverty line does not. The Foundation pursues its objective via grants and social investments made through its Smallholder farmers, Microentrepreneurs and Urban Transporters programmes.

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

<sup>1</sup> As defined by the Global Living Wage Coalition.

## Report of the Trustees for the year ended 31 December 2023 (continued)

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 funding to be awarded. The Foundation's Articles permit it to further these objectives anywhere in the world, and its policy is to act as a truly international foundation.

### Financial Review

#### FINANCIAL ACTIVITIES

The Statement of Financial Activities is included with the financial statements on page 24.

SF operates within strict budgets as approved by the Board on an annual basis. In 2023 all expenditure was within the agreed budgets and limits. Endowment withdrawals are in accordance with Investment Committee policy and per annual approval of SF Board.

Restricted income is principally received under the terms of a five year funding agreement with the Foreign, Commonwealth and Development Office (FCDO) which runs until 2027. Restricted income for 2023 is \$10.2 million. This is lower than 2022 (\$13.2 million), and restricted expenditure followed this pattern. Shell Foundation is well positioned to enter other restricted funding partnerships and equally to ensure its activities and commitments can be met with unrestricted endowment resources.

Total unrestricted charitable expenditure was \$28.8 million, compared to \$18.1 million in 2022. The 2023 expenditure was higher as it included commitments held back during 2022 while they were assessed for alignment with the new strategy. \$9.8 million of impairments on social investments was recognised in 2023 compared with \$7.0 million in 2022.

#### PRINCIPAL FUNDING SOURCES

The Foundation's programmes are funded by distributions from its endowment fund. Shell Group made unrestricted donations of \$7.1 million in 2023 (2022: \$8.9 million). Restricted donations totalling \$10.2 million (2022: \$13.2 million) were received from FCDO.

#### RESERVES

SF holds an expendable endowment to sustain the funding of its annual programmes. The investment policy adopted by Trustees aims to maintain the real value of both distributions and the endowment asset value. SF's endowment constitutes unrestricted reserves and is sufficient to meet the commitments and ambitions of the Foundation now and in the future. Commitments are met by liquidating endowment assets as and when required. The reserve policy is set by the Investment Committee, reviewed regularly by the Audit and Risk Committee, and approved by the Board of Trustees. At year end the value of the endowment was \$571 million (2022: \$535 million) and total value of SF reserves was \$644 million (2022: \$598 million).

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

#### ENDOWMENT INVESTMENT POLICY AND PERFORMANCE

The endowment is invested in a diversified portfolio of global Equities, Hedge funds, Fixed income and Real estate. Where necessary in order to mitigate any risk associated with currency exposure, the investment portfolio is partially hedged back to the Foundation's functional currency of US Dollars (by the investment manager) through the use of forward contracts.

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

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

SF believes in the power of responsible ownership. We use our influence in investee entities, through voting and engagement, to drive further progress on ESG matters. Given the breadth of our investment portfolio, implementation of these activities is supported through an external provider of stewardship services. We have made robust steps in measuring and improving ESG considerations in our endowment and are committed to making further progress in this area.

SF supports the goals of the Paris Agreement with a policy adopted in 2023 to reach Net Zero carbon emissions from its endowment by 2050. The initial strategy is one of engagement with asset class owners through our external provider and focus on the most carbon-intensive sectors for the economy. Interim targets have been set and progress will be reported at regular intervals and will inform future decisions on how we better support our mission through the endowment investment choices made. More information on this is set out on pages 13-14.

## Report of the Trustees for the year ended 31 December 2023 (continued)

In 2023, financial markets recovered from the negative impact in many economies of higher inflation, which had been exacerbated in 2022 by the impact of war in Ukraine on energy and other commodity prices. Equities and Fixed Income performed well, with Equities benefiting from high US tech stock valuations and fiscal stimulus. The exception was Real Estate where the valuation lag caught up with market events and reflected low transaction volume and weaker valuations in commercial property. All asset classes performed in line with their benchmarks.

The total return of the portfolio for the year was positive (12.3%) (2022: -11.5%) in line with the market benchmark.

The Equity portfolio returned 18.5% (2022: -17.6%) return over the year, with a full recovery of the 2022 losses experienced due to the inflationary effect of the war in Ukraine. US equities performed particularly strongly, largely driven by high tech stock valuations and by the significant fiscal stimulus of the Inflation Reduction Act; emerging market equities also performed strongly with the exception of China where the ongoing issues in the Real Estate sector exerted a drag on the economy as a whole. Fixed Income showed positive returns over the year (+10.5%), with a positive absolute performance with Emerging market debt benefitting from declining yields and positive foreign exchange returns. The hedge fund portfolio performance was positive in 2023 (+6.7%), overperforming significantly versus the benchmark. Real Estate recorded a negative return of -10.1% total return for the year (2022: +16%), driven by price corrections as the market was impacted by higher interest rates and low transaction volumes. The residential and alternative sectors were stronger performers than office and other commercial.

Over a three-year horizon, all asset categories apart from Fixed Income posted positive absolute returns.

Since the year end, the value of the endowment has increased, driven by valuations of Equity, and Hedge Funds in line with global markets. As at May 2024, the Trustees remain comfortable that existing investment policy will be followed throughout future market volatility, with investment performance reviewed regularly by the Investment Committee.

### PLANS FOR FUTURE PERIODS

See the review of achievements and performance on pages 8 to 14 for details of future plans.

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

SF also expects to play a role in the next few years as a facilitator of funding, by signing agreements with impact investors to

provide a high quality pipeline of investible enterprises from its portfolio.

### PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks include:

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

**Staff:** Its experienced and committed team is a key asset of SF and of fundamental importance to its success. The ability to attract, retain and motivate team members in key SF locations is therefore essential to SF's ongoing activity. In 2023 more staff were recruited in India, Kenya and Nigeria to be located in our core markets; this proximity to market brings benefits to delivery of strategy but also risks, with different approaches necessary to harness value for staff, SF and its beneficiaries. The Board seeks to ensure that any issues related to SF's team are managed timely and effectively by the leadership team. Staff wellbeing will continue to be monitored regularly with additional actions taken where necessary. SF maintains a hybrid working model with most staff dividing their working time between office and home.

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

**Independence and relationship with Shell:** The Trustees explicitly recognise their charitable responsibilities in this regard by stating formally in Shell Foundation's Business Principles that the Foundation's activities will always be consistent with achieving its mission and cannot promote the commercial interests of the Shell Group, and that any benefit that may accrue to the Shell Group from the Foundation's activities will be incidental and outweighed by the contribution to the Foundation's charitable objectives. Activities that could give rise to heightened independence concerns are identified and managed accordingly, including

## Report of the Trustees for the year ended 31 December 2023 (continued)

regular reporting to the Audit and Risk Committee (ARC) where appropriate. The ARC is chaired by a Nominated Trustee to provide robust scrutiny and independent risk assessment and response.

**Investment Risk:** The Trustees have implemented clear investment objectives, including long term Endowment fund return targets to fund SF's ongoing charitable objectives, and ESG and Net Zero commitments. There is a risk that the investment performance of the Endowment does not meet these targets and commitments. To ensure the Foundation's investment objectives are met, there is a considerable allocation to return-seeking assets, meaning volatility in annual investment performance is expected and accepted. The Investment Committee regularly reviews investment performance and strategy.

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.

For further information on the Trustees' assessment of going concern, please refer to the Basis of Preparation in Note 1 to the Financial Statements.

**Monitoring and Evaluation:** A delivery risk on monitoring and evaluation is recognised as the Foundation has grown significantly over recent years, requiring renewed focus on implementing efficient and systematic ways to measure its charitable performance and research outcomes. SF continues to develop its monitoring and evaluation software and methodologies. This includes piloting a framework to measure impact per dollar of SF spend using historical data and future projections on strategic partners, supporting partners across the programme areas to implement standardised GHG methodologies, and developing SF's approach to measuring its impact contribution from indirect investments including, funds, platforms and working with corporates. Trustees recognise a need to ensure that wherever SF supports carbon measurement, credits and trade, that the credits must be of the best quality and supporting real world carbon reductions. SF is seeking to make its internal carbon credit frameworks more robust, layered on top of international and market standards.

**Compliance:** The increase in the size and complexity of SF, combined with an ever more demanding external regulatory environment, presents a heightened compliance risk. As SF continues to work closely with external donors, Trustees regularly review compliance requirements with management to ensure they are understood and met alongside other legal, regulatory and reporting requirements.

**Portfolio management:** The refreshed Strategy launched at the start of 2023 focuses on a smaller number of partners with a high potential for income increase for our target customer groups. This resulted in a reduction in the number of partners in the portfolio in 2023 through a phased process of partner graduations. The focus on scalable and potentially larger partners and the graduation process will change the nature of portfolio management risk and require a different relationship with some of the partners. A new portfolio dashboard has been developed, integrating financial and impact metrics, to both monitor and compare partner and programme performance, inform progress towards outcomes and allow SF to quickly course correct to optimise for impact.

**Health, Safety, Security and Environment (HSSE):**

SF staff frequently travel to remote or developing places as they work with partners. The risks associated with this are carefully managed, including making use of the Shell Group's HSSE systems where available to respond to changing circumstances. In 2023 SF continued to provide mentoring and guidance on HSSE to relevant partners and monitored their HSSE systems as part of the annual partner assurance process.

**Safeguarding:** SF is conscious to avoid its actions or its partners' actions adversely affecting the safety, privacy and dignity of the people whose lives it aims to improve. To do this, SF has a zero-tolerance Safeguarding approach and procedures, delivering an ongoing programme of Safeguarding training for all Foundation staff and its partners, and helping individual partners to implement improved safeguarding policy and practice in their enterprises. SF has two Safeguarding Officers and a Safeguarding Trustee, plus a dedicated member of staff focusing on programme compliance, including Safeguarding. In 2023 SF strengthened its Safeguarding function, retaining the services of new external Safeguarding experts both in the UK and in our target markets to assist with on-going training and ensure a local approach to managing Safeguarding. Trustees and management have an increased focus on the wellbeing of staff and partners, assessing the need to mitigate potentially increased safeguarding and HSSE risks which can arise in crisis situations.

## Report of the Trustees for the year ended 31 December 2023 (continued)

### 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 auditor.

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 Auditor may require the report and financial statements to be laid before a general meeting by depositing a notice to that effect at the registered office of the Foundation not later than 28 days after the despatch of the financial statements and reports to Members.

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



**Gail Klintworth**

Chair of the Board of Trustees

28 June 2024

# Independent Auditor's report to the members of Shell Foundation

## Opinion

We have audited the financial statements of Shell Foundation (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 December 2023 which comprise the consolidated statement of financial activities, consolidated income and expenditure account, consolidated and charity balance sheets, cash flow statement and consolidated cash flow statement and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and on the charitable company's ability to continue as a going concern for a period of 18 months from when the financial statements are authorised for issue until 31 December 2025.

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

## Other information

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

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

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

We have nothing to report in this regard.

## Opinions on other matter prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

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

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

### Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the directors of the group and of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

### Use of our report

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

DocuSigned by:

9579FF3D61BD4E4..

**Stephen Reid (Senior statutory auditor)**

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

Date: 28 June 2024

## Consolidated statement of financial activities for the year ended 31 December 2023

Company Registered Number: 4007273

	Note	Unrestricted Funds 2023 \$000	Restricted Funds 2023 \$000	Endowment Funds 2023 \$000	Total Funds 2023 \$000
<b>Income and endowments from</b>					
- Donations	2	7,073	10,170	-	17,243
- Donated services	2	663	-	-	663
- Investments	3	1,056	40	9,622	10,718
<b>Total Incoming Resources</b>		<b>8,792</b>	<b>10,210</b>	<b>9,622</b>	<b>28,624</b>
<b>Expenditure on Raising Funds</b>					
Investment management costs		(952)	-	-	(952)
<b>Total Cost of Raising Funds</b>		<b>(952)</b>	<b>-</b>	<b>-</b>	<b>(952)</b>
<b>Charitable Activities</b>					
- Micro Entrepreneurs		(13,261)	(6,185)	-	(19,446)
- Urban Transporters		(9,027)	(131)	-	(9,158)
- Smallholder Farmers		(6,557)	(1,381)	-	(7,938)
<b>Total Charitable Activities</b>	4	<b>(28,845)</b>	<b>(7,697)</b>	<b>-</b>	<b>(36,542)</b>
<b>Total Resources Expended</b>		<b>(29,797)</b>	<b>(7,697)</b>	<b>-</b>	<b>(37,494)</b>
<b>Net gains on investments</b>					
Realised and Unrealised loss on the revaluation and disposal of investment assets		-	-	54,867	54,867
<b>Net income/(expenditure) before transfers</b>		<b>(21,005)</b>	<b>2,513</b>	<b>64,489</b>	<b>45,997</b>
Transfers between funds		28,500	-	(28,500)	-
<b>Net income/(expenditure)</b>		<b>7,495</b>	<b>2,513</b>	<b>35,989</b>	<b>45,997</b>
<b>Net Movement in Funds</b>		<b>7,495</b>	<b>2,513</b>	<b>35,989</b>	<b>45,997</b>
Fund balances brought forward at 1 January		37,040	26,376	534,723	598,139
<b>Fund balances carried forward at 31 December</b>		<b>44,535</b>	<b>28,889</b>	<b>570,712</b>	<b>644,136</b>

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 2023 was \$45.9 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 2022

Company Registered Number: 4007273

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

The Foundation has elected to take the exemption under section 48 of the Companies Act 2006 not to present the Foundation statement of financial activities. The Foundation's net movement in funds in 2022 was \$76.9 million deficit. All incoming resources, resources expended and resulting net movements in funds were derived from continuing activities.

The accompanying notes form part of these financial statements.

## Consolidated income and expenditure account for the year ended 31 December 2023

Company Registered Number: 4007273

	2023 \$000	2022 \$000
Income	17,906	22,675
Gains/(Loss) on investments	54,867	(79,355)
Interest and investment income	10,718	10,001
<b>Gross (Expenditure)/Income in the reporting period</b>	<b>83,491</b>	<b>(46,679)</b>
Expenditure	(27,705)	(23,347)
Impairment of Social Investments	(9,789)	(6,912)
<b>Total</b>	<b>(37,494)</b>	<b>(30,259)</b>
Net (Expenditure)/Income for the reporting period	45,997	(76,938)
<b>Net (deficit)/surplus of income over expenditure for the year</b>	<b>45,997</b>	<b>(76,938)</b>

## Consolidated and charity balance sheets as at 31 December 2023

Company Registered Number: 4007273

	Note	Group 2023 \$000	Group 2022 \$000	Foundation 2023 \$000	Foundation 2022 \$000
<b>Fixed Assets</b>					
Endowment	10	570,712	534,723	570,712	534,723
Social investments	11	73,360	66,107	61,737	55,206
Subsidiary undertakings	12	-	-	11,733	11,159
<b>Total Fixed Assets</b>		<b>644,072</b>	<b>600,830</b>	<b>644,182</b>	<b>601,088</b>
<b>Current Assets</b>					
Debtors:					
amounts falling due within one year	13	4,338	5,173	4,338	5,173
Cash at bank and in hand	14	15,650	13,210	15,229	12,634
Social investments	11	1,309	1,498	1,309	1,498
<b>Total Current Assets</b>		<b>21,297</b>	<b>19,881</b>	<b>20,876</b>	<b>19,305</b>
Creditors: amounts falling due within one year	15	(20,298)	(19,565)	(20,247)	(19,466)
Provisions	16	(300)	(756)	(300)	(756)
<b>Net Current Assets</b>	19	<b>699</b>	<b>(440)</b>	<b>329</b>	<b>(917)</b>
<b>Total Assets less Current Liabilities</b>		<b>644,771</b>	<b>600,390</b>	<b>644,511</b>	<b>600,171</b>
Creditors: amounts falling due after more than one year	17	(635)	(2,251)	(667)	(2,283)
<b>Net Assets</b>		<b>644,136</b>	<b>598,139</b>	<b>643,844</b>	<b>597,888</b>
<b>The funds of the Foundation:</b>					
Endowment Funds	18	570,712	534,723	570,712	534,723
Unrestricted Funds	18	44,535	37,040	44,535	37,040
Restricted Funds	18	28,889	26,376	28,597	26,125
<b>Total Foundation Funds</b>		<b>644,136</b>	<b>598,139</b>	<b>643,844</b>	<b>597,888</b>

The accompanying notes form part of these financial statements.

The financial statements on pages 24 to 50 authorised for issue, approved by the Trustees and signed on their behalf by:

**Gail Klintworth**

Chair of the Board of Trustees  
28 June 2024

## Cash flow statement and consolidated cash flow statement for the year ended 31 December 2023

Company Registered Number: 4007273

	Note	Group 2023 \$000	Group 2022 \$000	Foundation 2023 \$000	Foundation 2022 \$000
<b>Net cash used in operating activities</b>	20	<b>(10,305)</b>	<b>(160)</b>	<b>(10,109)</b>	<b>(37)</b>
<b>Cash flow from investing activities</b>					
Investment Income – unrestricted and restricted		1,097	458	1,056	451
Investment income from endowment funds		9,622	9,542	9,622	9,542
<i>Endowment Fund</i>	10				
Purchase of investments		(56,886)	(66,443)	(56,886)	(66,443)
Sale of investments		74,941	69,904	74,941	69,904
Loss on foreign exchange		(219)	(412)	(219)	(412)
Increase/(decrease) in investment cash		1,042	(91)	1,042	(91)
<i>Investments</i>	11				
Purchase of social investments		(19,499)	(11,048)	(17,499)	(11,048)
Repayment/Unrealised gain/ (loss) of social investments		2,647	685	2,647	685
Investment in subsidiary		-	-	(2,000)	-
<b>Net cash from investing activities</b>		<b>12,745</b>	<b>2,595</b>	<b>12,704</b>	<b>2,588</b>
<b>Cash flow from financing activities</b>					
Transfer out from endowment fund		(28,500)	(12,500)	(28,500)	(12,500)
Transfer in to unrestricted funds		28,500	12,500	28,500	12,500
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>2,440</b>	<b>2,435</b>	<b>2,595</b>	<b>2,551</b>
Cash and cash equivalents at the beginning of the year		13,210	10,775	12,634	10,083
<b>Cash and cash equivalents at the end of the year</b>		<b>15,650</b>	<b>13,210</b>	<b>15,229</b>	<b>12,634</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements for the year ended 31 December 2023

Company Registered Number: 4007273

## 1. Summary of Significant Accounting Policies

### GENERAL INFORMATION

Shell Foundation ('the Foundation') and its subsidiary, SF Investment Management Limited (together 'the Group') is an independent charity established by the Shell Group in 2000 to create and scale new solutions to global development challenges. We apply entrepreneurial thinking to create new ways to deliver social and environmental change and economic growth in low-income areas of the world. In line with our mission and charitable independence, Shell Foundation decides what issues to tackle, in which countries, with which partners, as well as if and when to draw on our links to Shell in ways that we believe will achieve large-scale development outcomes.

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

### STATEMENT OF COMPLIANCE

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

### BASIS OF PREPARATION

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

The Trustees have closely examined the ability of Shell Foundation to continue as a going concern and they remain assured of the Foundation's ability to continue on a going concern basis. Foundation activities are largely funded through withdrawals from a large, unrestricted, liquid endowment. As at 31 May 2024, the endowment value was \$590 million and cash held in the bank was \$17 million. At the current rate of planned withdrawals the fund is sufficient to cover 20 years of planned expenditure. The Trustees have reviewed in detail the ability of SF to continue as a going concern for a minimum period of 18 months from the date when the financial statements are authorised for issue, considering existing and budgeted commitments, operating costs, and a range of endowment valuations. In terms of the ability of the Foundation to meet all existing and planned commitments to end of the next 12-month operating cycle at 31 December 2025, the endowment would have to experience a fall in value of 87% before the Foundation would have to modify planned commitments, whilst remaining able to meet existing commitments. In addition, the Foundation has the ability to significantly modify future ambitions to match resources if required, although based on the stress test above, this is not anticipated.

In preparing the financial statements, the Trustees have considered the impact of the physical and transition risks of climate change and have concluded that it does not have a material impact on the carrying values of social investments, and the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2023 year-end date.

### BASIS OF CONSOLIDATION

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

### FOREIGN CURRENCY

#### *Functional and presentation currency*

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

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

#### *Transactions and balances*

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

At each period end, foreign currency monetary items are translated using the closing exchange rate. The exchange rate used at the year end to translate Sterling (GBP £) to US Dollars (USD \$) was USD/GBP \$1.2731 (2022: \$1.2105).

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

### FUND ACCOUNTING

Funds held by the Foundation are either:

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

### INCOME AND ENDOWMENTS

Donations and investment income are included in the Statement of Financial Activities when the Foundation is legally entitled to the income, receipt is probable and its amount can be measured reliably. Restricted donations include government grants as detailed further in Note 2. Donated services, if applicable, are included in income at a valuation, which is an estimation of the value to the Foundation. Donated services of \$0.7 million were received in 2023 (2022: \$0.6 million).

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

### EXPENDITURE

The related expense for Donated services is included in expenditure and is an estimation of the value to the Foundation. Related Donated services expenditure was \$0.7 million in 2023 (2022: \$0.6 million).

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

### COSTS OF RAISING FUNDS

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

### CHARITABLE ACTIVITIES

Charitable activity costs are comprised of grants, costs for processing grants and applications, direct costs invoiced to the Foundation, and for the administration and monitoring of projects. These costs include costs incurred for staff undertaking these activities. Staff costs include charges in respect of: employees and contractors of Shell Group companies seconded to SF; staff in market locations engaged through an employer of record, staff engaged as contractors to Shell Foundation; and the CEO who is a direct employee.

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 on 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 and statutory requirements. Indirect costs include a proportion of management (and other staff) time spent on strategic activities, together with donated overhead costs.

### VALUE ADDED TAX ('VAT')

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

# Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

## GAINS AND LOSSES ON FOREIGN EXCHANGE

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

## INVESTMENTS

Investments include the endowment and social investments in the form of investments in funds and concessionary loans made to partners for the purpose of delivering charitable objectives. Investments in funds are classified as either Mixed Motive Investments (MMIs) where a return is expected in addition to delivery of charitable objectives or Programme Related Investments (PRIs) where the investment is made wholly to achieve charitable objectives. Concessionary loans are classified as PRIs.

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

Shell Foundation has for the financial year 2023 taken a dual approach for impairment of MMIs and PRIs. Where there is a clear objective indicator for the value of impairments to be taken, such as a Fund Manager report, this has been used.

Where there is no such indicator, and for concessionary loans, the repayment dates are several years in the future, a portfolio approach has been taken based on remaining terms of the loans, and a provision recognised in the Financial Statements.

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.

## FINANCIAL ASSETS

### (i) Classification

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

#### 1. Financial assets at fair value through the SOFA

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

#### 2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

These are classified as non-current assets. The Foundation's loans and receivables comprise trade, contractual loans and cash on the balance sheet.

### (ii) Recognition and measurement

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

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

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

Company Registered Number: 4007273

### FINANCIAL INSTRUMENTS

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

### FINANCIAL LIABILITIES

#### (i) Classification

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

##### 1. Financial liabilities at fair value through the SOFA

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

##### 2. Financial liabilities at amortised cost

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

#### (ii) Recognition and measurement

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

### INVESTMENT IN SUBSIDIARIES AND PARTICIPATING UNDERTAKINGS

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

### CASH AND CASH EQUIVALENTS

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

### CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are evaluated and based on historical experience and reasonable expectations of future events.

#### (a) Income and expenditure

Income and expenditure are recognised where it is probable that there will be an inflow or outflow of resources; restricted income is accrued to the extent that the conditions for receipt have been met, and liabilities recognised for expenditure that has been committed by the Foundation to its partners via signed letters of commitment with the partners agreeing to any terms.

#### (b) Impairment of investments

Programme related investments and mixed motive investments are carried at cost less any provision for impairment. Such investments are not able to be carried at fair value as there is no open market for such investments. All investments are subject to impairment reviews based on valuation reports or other suitable benchmarks.



# Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

## GUARANTEES AND CONTINGENT LIABILITIES

All financial guarantees are disclosed as contingent liabilities in the Notes to the Accounts. At the end of each reporting period, the present circumstances are reviewed, and a provision recognised if it is considered more probable that Shell Foundation will be required to transfer economic benefits in settlement. The provision is recognised as grant expenditure in the SOFA and as a liability in the Balance Sheet.

SF reviews provisions at each reporting date and adjusts them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognised are recognised in the SOFA. If a transfer of resources is no longer needed to settle the obligation, the amount of the provision no longer required is reversed, with a corresponding credit to the grant expenditure in SOFA.

## 2. Donations and other income

	2023 \$000	2022 \$000
<b>Cash and accrued</b>		
<i>Unrestricted donation</i>		
BG Group Ltd	853	2,726
Shell plc (formerly Royal Dutch Shell plc)	220	163
Shell Trading International Ltd	6,000	6,000
Shell International Ltd – donated services	663	564
<b>Total unrestricted donations</b>	<b>7,736</b>	<b>9,453</b>
<i>Restricted donation – non-Government related</i>		
World Resources Institute	-	793
<b>Total restricted donations – non Government related</b>	<b>-</b>	<b>793</b>
<i>Restricted donation – Government related</i>		
Foreign, Commonwealth & Development Office	10,170	7,582
United States Agency for International Development	-	4,847
<b>Total restricted donations – Government related</b>	<b>10,170</b>	<b>12,429</b>
<b>Total Donations and other income</b>	<b>17,906</b>	<b>22,675</b>

Donations were received from the following regions: the United Kingdom \$17.9 million (2022: \$17.0 million), the United States of America \$0.0 million (2022: \$4.8 million) and others worldwide \$0.0 million (2022: \$0.8 million).

*Restricted donations – government related*

### Foreign, Commonwealth & Development Office (FCDO)

FCDO TIME (Transforming Inclusive Energy Markets): Through the TIME partnership, FCDO and Shell Foundation, in collaboration, have committed £143.7 million (additional £73.7 million in 2022) to further their mutual objective of accelerating global access to modern energy services for low-income households and small businesses. Donations of \$8.0 million (2022: \$2.7 million) were received in 2023 against this programme, which relate to amounts recognised as income in both the current and prior years. Income of \$8.9 million (2022: \$4.9 million) was recognised in 2023, based on the value of the Shell Foundation commitments to partners made during the year.

FCDO CASEE (Catalysing Agriculture by Scaling Energy Ecosystems): Through the CASEE partnership, FCDO and Shell Foundation, in collaboration, have committed £30.0 million to accelerate access to energy for smallholder farmers and agricultural SMEs (small and medium sized enterprises) in sub-Saharan Africa and South Asia. Donations of \$2.0 million (2022: \$1.6 million) were received in 2023 against this programme, which relate to amounts recognised as income in both the current and prior years. Income of \$1.3 million (2022: \$2.6 million) was recognised in 2023, based on the value of the Shell Foundation commitments to partners made during the year.

FCDO POWERED India (Promotion of Women in Energy-Related Enterprises for Development): FCDO committed £3.0 million, over four and a half years ending in 2021, to focus on increasing the employment of women in the energy value chain in India and, supporting the scale-up of women-led energy enterprises in India. No donations were received in 2023 (2022: \$0.2 million).

# Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

## United States Agency for International Development (USAID)

USAID IRAQ MENA II (Middle East and North Africa Investment Initiative): USAID committed a contingently repayable donation of \$24.5 million over 21 years to support job creation in Iraq. This has been invested with two GroFin funds to support small and medium-sized businesses in Iraq: GroFin Nomou Iraq Fund (NIF) in the South and GroFin Northern Iraq Investments (NII) in the North. No donations were received in 2023 (2022: \$2.0 million) against this programme. No income was recognised in 2023 (2022: \$2.0 million). See Note 27. Guarantees and contingent liabilities.

*Restricted donations – non-government related*

## World Resources Institute (WRI)

In 2022, WRI's Partnering for Green Growth and the Global Goals 2030 (P4G) made available \$0.8 million to launch the first 1,000 PAYG e-bikes of 3 brands on Kenyan roads & access to inexpensive distributed charging, with quick scale to 10K bikes by 2024. Donations of \$0.4 million (2022: \$0.3 million) were received in 2023 against this programme, which relate to amounts recognised as income in the current year. No income was recognised in 2023 (2022: \$0.8 million), based on the value of the Shell Foundation commitments to partners made during the year.

## 3. Investment income

	2023 \$000	2022 \$000
Interest	1,096	459
Fixed interest securities	299	270
Dividends	9,323	9,272
	<b>10,718</b>	<b>10,001</b>

## 4. Charitable Activities Expenditure by Programme

	Grants \$000	Impairment of Investments \$000	Direct costs \$000	Support costs \$000	2023 \$000	2022 \$000
Micro Entrepreneurs	(6,587)	(6,599)	(4,404)	(1,857)	<b>(19,447)</b>	-
Urban Transporters	(4,362)	(1,655)	(2,336)	(804)	<b>(9,157)</b>	-
Smallholder Farmers	(3,057)	(1,535)	(2,649)	(697)	<b>(7,938)</b>	-
Access to Energy	-	-	-	-	-	<b>(24,914)</b>
Sustainable Mobility	-	-	-	-	-	<b>(4,772)</b>
<b>Total for 2023</b>	<b>(14,006)</b>	<b>(9,789)</b>	<b>(9,389)</b>	<b>(3,358)</b>	<b>(36,542)</b>	<b>(29,686)</b>
Total for 2022	<b>(13,211)</b>	<b>(6,912)</b>	<b>(4,764)</b>	<b>(4,799)</b>	-	-

The Foundation's new strategy was launched at the start 2023 and is focused on three customer groups: Micro Entrepreneurs, Urban Transporters, and Smallholder Farmers. All expenditure in 2023 was classified under these three groups. Expenditure in 2022 was classified under the previous thematic areas of Access to Energy and Sustainable Mobility. The Foundation considers that reclassifying the 2022 expenditure to the 2023 customer group categories is not practical as the two cannot be accurately and meaningfully mapped to each other.

The grant expenditure was higher in 2023 as certain potential commitments were held back while they were assessed for alignment with the new strategy. Most of these commitments were made in early 2023. Impairments were made on a range of investments across the portfolio (see Note 11. Social Investments). Under the new strategy, SF expects to deploy a wider range of financial instruments, including an increase in Social Investments. To enhance clarity, impairment of Social Investments, which was previously presented under Direct costs, is presented separately from 2023. Impairments are dependent on market conditions and performance of the partner or fund, and can be volatile from year to year. Direct costs include goods and services invoiced to the Foundation together with directly attributable staff costs, and are allocated to the activity they relate to. Other support costs, that cannot be directly linked to an activity, are apportioned across the programme themes on the basis of total grant and direct costs. The activities making up these costs are shown in Note 5. Direct and Support Costs, on the next page.

# Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

## 5. Direct and Support Costs

	Direct costs \$000	Support costs \$000	2023 \$000	2022 \$000
Staff costs	(4,371)	(764)	(5,135)	(6,044)
External services	(1,828)	(603)	(2,431)	(2,169)
Travel	(762)	(33)	(795)	(549)
Donated expenses	-	(663)	(663)	(564)
Sundry	(2,428)	(618)	(3,046)	378
External audit fees (inclusive of VAT)	-	(182)	(182)	(141)
Legal fees	-	(432)	(432)	(406)
Trustee expenses	-	(63)	(63)	(68)
<b>Direct and Support Costs Total</b>	<b>(9,389)</b>	<b>(3,358)</b>	<b>(12,747)</b>	<b>(9,563)</b>

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, while support costs are Foundation-wide.

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

The external auditor was appointed in 2016 and the most recent terms of engagement signed on 06 June 2024.

## 6. Grants expenditure

The top 15 Grantees in 2023 (excluding concessionary loans and social investments) are listed below, together with their corresponding 2023 commitments.

Grantee Name Purpose of Project	Programme	2023 \$'000	2022 \$'000
<b>SIDBI (Small Industries Development Bank of India)</b> To catalyse and nurture the Electric Vehicle ("EV") Asset Financing Value Chain.	Urban Transporters	3,200	-
<b>Global Off-Grid Lighting Association (GOGLA)</b> To strategically transition Market Institutions (MIs) and provide initial seed capital for the MI Facilities.	Micro Entrepreneurs	2,100	300
<b>AFEX Fair Trade Limited</b> To pilot a new distribution model for the supply of a range of productive use of energy (PUE) assets to hard-to-reach and marginalized small holder farmers in rural Nigeria.	Smallholder Farmers	1,000	-
<b>Odyssey Energy Solutions Inc</b> For the expansion of Odyssey's Results Based Financing (RBF) platform across newer applications towards a path to viability.	Micro Entrepreneurs	1,498	500
<b>Villgro Innovations Foundation</b> For piloting PUE assets for Smallholder farmers on the ITC Ltd platform in India to test financial sustainability and impact of PUE assets on the income of farmers.	Smallholder Farmers	1,400	-
<b>African Mini-Grid Developers Association (AMDA)</b> To strategically transition Market Institutions (MIs) and provide initial seed capital for the MI Facilities.	Micro Entrepreneurs	1,100	-
<b>4 R Digital Limited</b> To develop and test two applications of the Carbon Value Exchange (CaVex) platform to use carbon finance to unlock additional financing solutions.	Micro Entrepreneurs	1,000	1,209
<b>SunCulture</b> For piloting the project of testing carbon credits as a tool to substantially reduce end customer price.	Smallholder Farmers	500	-
<b>Pash Advisory LLP</b> To scale the availability of EV charging infrastructure through strategic partnerships in West Africa	Urban Transporters	500	-
<b>Precise Consulting (Ethiopia Accelerator)</b> To strategically transition Market Institutions (MIs) and provide initial seed capital for the MI Facilities.	Cross Theme	470	500
<b>Subtotal</b>		<b>12,768</b>	<b>2,509</b>

# Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

Grantee Name Purpose of Project	Programme	2023 \$'000	2022 \$'000
<b>Brought forward subtotal for top 15 grantees from previous page</b>		<b>12,768</b>	<b>2,509</b>
<b>UOMA (Open Capital Advisors - Uganda Market Accelerator)</b> To strategically transition Market Institutions (MIs) and provide initial seed capital for the MI Facilities.	Micro Entrepreneurs	465	750
<b>Roving Heights - NoMAP (Nigeria Off-Grid Market Accelerator)</b> To strategically transition Market Institutions (MIs) and provide initial seed capital for the MI Facilities.	Micro Entrepreneurs	465	335
<b>Equatorial Power</b> For supporting the demand stimulation efforts to achieve positive EBITDA at Lolwe site.	Micro Entrepreneurs	433	-
<b>Mirova SunFunder Inc</b> To invest in the Junior Catalytic Tranche of a \$500 million Energy Debt Fund focused on emerging markets, supporting its investment strategy relating to EV transition.	Urban Transporters	300	-
<b>Ampersand Rwanda Ltd</b> To develop a new generation battery pack with an enhanced safety programme, scale Ampersand Academy to provide professional vocational training, and work towards SSA's first e-mobility carbon credit transaction together with South Pole Group.	Urban Transporters	270	-
<b>Subtotal</b>		<b>1,933</b>	<b>1,085</b>
<b>Total: Top 15 Grants</b>		<b>14,701</b>	<b>3,594</b>
<b>Total: Other Grants (including termination of grants awarded in prior years)</b>		<b>(695)</b>	<b>9,617</b>
<b>Total: Grants</b>		<b>14,006</b>	<b>13,211</b>

The grant awarded to Precise Consulting is listed under the programme "Cross Theme" as this project is contributing to multiple themes and not specific to a theme.

## 7. Trustee Information

The Chair of the Board of Trustees, Ms GA Klintworth, received an honorarium of £25,000 in 2023, under Article 21 (2) of the Articles of Association in respect of her contract for services as Chair (2022: £25,000). No pension contributions or other benefits were paid. The Foundation directly incurred or reimbursed travel expenses in relation to five Trustees, totalling \$28,543 (2022: \$42,062).

Trustees' liability has been purchased by the Foundation for the Nominated Trustees. Trustees who are employees of the Shell plc Group are automatically covered by the Shell Group Directors and Officers liability insurance policy. Insurance cover is permitted under clause 21 of the Foundation's Memorandum of Association.

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

### 8. Employee Information

Staff costs include charges in respect of employees and contractors of Shell Group companies seconded to SF; staff in market locations engaged through an employer of record, staff engaged as contractors to Shell Foundation; and the CEO who is a direct employee. Some staff are seconded by Shell Group Companies to work for the Foundation in sole pursuit of its charitable objectives. Their remuneration is based on 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 number of staff working for the Foundation during the year was 37.2 (2022: 25.6). The monthly average split of employees between direct and support activities was direct 21.6 (2022: 16.8) and support 15.6 (2022: 8.9).

The Foundation employs a Chief Executive Officer under its direct payroll. CEO remuneration is delegated to, overseen and approved by Shell Foundation Remuneration Committee.

Employee expenditure included in Direct and Support costs (note 5) charges at cost in respect of the services of the Shell Group employees and contractors, the employees engaged through the employer of record, the direct contractors and the CEO, including salaries and taxes. The salary and taxes paid by Shell Group companies and by Shell Foundation relation to these employees are as follows:

	2023 \$000	2022 \$000
Wages and salaries	(4,206)	(3,807)
Social security	(374)	(357)
Other pension costs	(495)	(476)
Performance Share Plan (PSP)	(79)	(522)
Performance Share Plan (PSP) – revised estimate for past awards	790	(0)
	<b>(4,364)</b>	<b>(5,162)</b>

### SHARE-BASED COMPENSATION PLANS

The principal share-based employee compensation plan applied under The Shell Group Global Pay Policy to relevant Shell Foundation staff is the Performance Share Plan (PSP). Awards of Shell plc shares under the PSP are granted to eligible Foundation employees based on performance. The actual number 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 (\$0.1) million at the year-end for PSPs granted between 2021 and 2023 that vest in future years. An adjustment of \$0.8 million has been made for revisions in the estimate of value of past year awards.

The salary and taxes paid by Shell Foundation and Shell Group companies in relation to key management personnel, consisting of the Chief Executive Officer, Chief Financial Officer and a Chief Programme Officer, were as follows. The Chief Executive Officer was the highest paid employee in 2023 and his total remuneration for the year was \$455k (2022: \$418k) comprising Base salary \$328k (2022: \$214k), Sign-on bonus \$0 (2022: \$132k), Performance Bonus \$78k (2022: \$40k), Pension costs \$49k (2022: \$32k). The remuneration for the Chief Executive Officer is set by the Remuneration Committee and is reviewed periodically in relation to performance. Remuneration was higher in 2023 as this was the first full year in office.

	2023 \$000	2022 \$000
Wages and salaries	(785)	(844)
Social security	(76)	(64)
Other pension costs	(124)	(65)
	<b>(985)</b>	<b>(973)</b>

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

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

USD \$000	2023	2022
60 – 70	1	0
70 – 80	3	2
80 – 90	2	2
90 – 100	1	0
100 – 110	2	1
110 – 120	2	1
120 – 130	2	3
130 – 140	2	3
140 – 150	4	2
150 – 160	1	1
160 – 170	5	2
170 – 180	1	2
180 – 190	1	0
190 – 200	1	3
200 – 210	0	2
220 – 230	1	2
230 – 240	1	0
280 – 290	1	0
330 – 340	0	1
380 – 390	0	0
410 – 420	0	1
470 – 480	1	0
	<b>32</b>	<b>28</b>

Shell Group companies made contributions during the year to the respective defined benefit or defined contribution pension schemes in relation to 24 employees of \$0.43 million (2022: \$0.47 million in relation to 26 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

	2023 \$000	2022 \$000
<b>Market value at 1 January</b>	<b>534,723</b>	<b>617,036</b>
Purchase of investments	56,886	66,443
Sales/withdrawals	(74,941)	(69,904)
Realised and Unrealised (losses)/gains	55,086	(78,943)
Movement of investment cash	(1,042)	91
<b>Market value at 31 December</b>	<b>570,712</b>	<b>534,723</b>

# Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

The year end value is analysed as:	2023 \$000	2022 \$000
Bonds – overseas	14,634	15,604
Emerging market debts - overseas	69,499	62,106
Equity investments – UK	24,852	22,241
Equity investments – overseas	341,480	303,969
Hedge funds – overseas	58,801	60,915
Real Estate	58,326	65,944
Forward foreign currency contracts	-	-
Other assets	1,330	1,112
Investment cash	1,790	2,832
<b>Market value at 31 December</b>	<b>570,712</b>	<b>534,723</b>

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

Where relevant, 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 no relevant exposures existed and no foreign exchange contracts were in place.

## 11. Social Investments

From 2023, adhering to the disclosure requirements of SORP, Shell Foundation has reduced the detail in Note 11 Social Investments to provide a clearer view of our social investments by category. We continue to provide details of social investments drawn down in the year and provide a breakdown of social investments in Note 22 Financial Instruments.

	Cost less impairment 2022 \$000	Movement from non-current to current \$000	Drawn \$000	Repaid \$000	Unrealised gain/(loss) \$000	Impairment \$000	Cost less impairment 2023 \$000
<b>FOUNDATION</b>							
<b>Programme Related Investments</b>							
<b>Current</b>							
Social investment funds	42	108	-	-	-	-	150
Concessionary loans	1,456	393	-	(690)	-	-	1,159
<b>Total Current</b>	<b>1,498</b>	<b>501</b>	<b>-</b>	<b>(690)</b>	<b>-</b>	<b>-</b>	<b>1,309</b>
<b>Non-Current</b>							
Social investment funds	19,035	(108)	3,858	-	-	(4,709)	18,076
Concessionary loans	23,771	(393)	9,060	(300)	(1,658)	(3,801)	26,679
<b>Total Non-Current</b>	<b>42,806</b>	<b>(501)</b>	<b>12,918</b>	<b>(300)</b>	<b>(1,658)</b>	<b>(8,510)</b>	<b>44,755</b>
<b>Total Programme Related Investments</b>	<b>44,304</b>	<b>-</b>	<b>12,918</b>	<b>(990)</b>	<b>(1,658)</b>	<b>(8,510)</b>	<b>46,064</b>
<b>Mixed motive Investments</b>							
<b>Non-Current</b>							
Equity investments	2,400	-	-	-	-	-	2,400
Quasi-equity investments	10,000	-	-	-	-	-	10,000
Social investment funds	-	-	4,581	-	-	-	4,581
<b>Total Mixed motive Investments</b>	<b>12,400</b>	<b>-</b>	<b>4,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,981</b>
<b>Total Foundation Social Investments</b>	<b>56,704</b>	<b>-</b>	<b>17,499</b>	<b>(990)</b>	<b>(1,658)</b>	<b>(8,510)</b>	<b>63,045</b>

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

	Cost less impairment 2022 \$000	Movement from non-current to current \$000	Drawn \$000	Repaid \$000	Unrealised gain/(loss) \$000	Impairment \$000	Cost less impairment 2023 \$000
<b>SUBSIDIARY UNDERTAKINGS</b>							
<b>Non-Current</b>							
Social investment funds	10,901	-	2,000	-	-	(1,277)	11,624
<b>Total Subsidiary Social Investments</b>	<b>10,901</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>(1,277)</b>	<b>11,624</b>
<b>Total GROUP Social Investments</b>	<b>67,605</b>	<b>-</b>	<b>19,499</b>	<b>(990)</b>	<b>(1,658)</b>	<b>(9,787)</b>	<b>74,699</b>

### Provision for Doubtful Debts

SF has made every effort to assess impairment on each individual investment. In some cases where there is an absence of reliable information available to estimate future cash inflows to SF, a provision has been made taking into account factors such as instrument and tenor. In 2023, SF increased its provision by \$2.0 million, which is included in the \$3.8 million concessionary loans impairment above.

### Social investments drawn in the year

#### FOUNDATION

##### Programme related investments

Social investment funds	Invested 2023 \$000	Total Commitment \$000	Description
Energy Entrepreneurs Growth Fund – additional drawdown	3,858	30,000	EEGF uses multiple investment instruments across multiple development stages. SF entered the fund in 2019. \$16.8 million has been invested to date.
<b>Subtotal</b>	<b>3,858</b>	<b>-</b>	

Concessionary loans	\$000	Term (years)	Description
A4&T Power Solutions Limited	996	3	Funding equipment for the construction of one large mini-grid site with 5,232 connections in Nigeria.
AFEX Fair Trade Limited	1,000	4	Funding a blended finance facility, matched with \$1 million by AFEX, providing access to productive use energy assets to 10,000 farmers.
Ampersand Rwanda Limited	500	10	Funding to develop a new generation battery pack with an enhanced safety programme, provide professional vocational training and work to monetise carbon credits.
Buen Manejo Del Campo India Private Ltd (Sistema.bio)	1,200	10	Funding to accelerate the energy and climate impact of innovative anaerobic biogas digesters, improving the lives and incomes of smallholder farmers.
Hamara Grid Private Limited	2,103	10	Funding socio-economic development across rural communities of North-East India through mini-grids.
Havenhill Synergy Limited	1,000	3	Funding equipment for the construction of Imane, a large mini-grid site, to provide power to 4,542 homes and businesses in Nigeria.
Mufin Green Finance Limited	968	5	A joint de-risking facility with Mufin contributing a matching sum of \$1 million, to accelerate retail lending for 2/3 wheeler EVs, reducing carbon and which low-income communities use for income generation.
Nayo Tropical Technology	1,293	3	Funding equipment to build 4 mini-grid sites with 7,225 connections in Nigeria.
<b>Subtotal</b>	<b>9,060</b>		
<b>Total programme related investments</b>	<b>12,918</b>		



# Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

## Mixed motive investments

Social investment funds	Invested 2023 \$000	Total Commitment \$000	Description
Echo VC Eco Pilot Fund I LP	400	2,500	The Fund provides capital to early-stage, African owned/managed businesses in SF target sectors.
Equator Africa Fund LP	1,181	5,000	\$43 million Fund to accelerate an equitable climate transition in Sub-Saharan Africa by providing essential capital and active support to climate-tech start-up ventures.
Mirova Gigaton Fund	3,000	3,000	£3 million junior catalytic investment in \$500 million Private Debt Fund targeting investments in distributed solar and storage segments, energy efficiency, electric mobility, smart meters, and low-carbon cooling.
SIMA Commercial & Industrial Solar Green Bond B.V.	-	3,500	Fund to promote the development of solar energy generation with commercial and industrial offtake arrangements in Africa by offering financing products to small/mid-scale solar energy solutions companies.

**Total mixed motive investments** **4,581**

**Total Foundation Social Investments drawn in the year** **17,499**

## SUBSIDIARY UNDERTAKINGS

Social investment funds	Invested 2023 \$000	Total Commitment \$000	Description
Northern Iraq Investments Fund – additional drawdown	2,000	10,500	A vehicle for the provision of business support, start-up and early stage growth capital for small and medium-sized businesses in Northern Iraq. The \$10.5 million commitment has now been fully invested.

**Total Subsidiary Social Investments drawn in the year** **2,000**

**Total Social Investments drawn in the year** **19,499**

## Concessionary Loans (Note 11)

Concessionary loans are provided to partners at below-market rates of interest. The majority of loans are provided at 0% interest, but in some cases, interest is charged for regulatory reasons or to test a specific market pilot. The highest rate of interest charged on a concessionary loan is 8%. No security is provided by recipients of the loans. Repayment is usually triggered by a partner reaching an agreed financial or operational milestone. The loan terms vary between 3 and 10 years for full repayment.

SF has commitments to funds in which it is currently invested but which have not yet been called, totalling \$22.6 million as at 31 December 2023.

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

### 12. Subsidiary and related undertakings

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

Name	Country of Incorporation	Nature of business	Interest
SF Investment Management Limited	United Kingdom	Investment management	100% ordinary shares
		<b>Group 2023 \$000</b>	<b>Group 2022 \$000</b>
			<b>Foundation 2023 \$000</b>
			<b>Foundation 2022 \$000</b>

#### SF Investment Management Limited shareholding

Commitment to invest with GroFin in the NOMOU Iraq Fund (NIF) and Northern Iraq Investments Limited (NIIL). NIF is a unique integrated solution of patient risk capital (\$0.1 million - \$2 million) and end-to-end business support to start-up and growing businesses in Basra, Iraq. NIIL is a sustainable, development-impact-orientated vehicle for the provision of business support, start-up and early stage growth capital essential for the development of sustainable small and medium-sized businesses in the Northern region of Iraq. Investors: Shell Foundation and USAID. Total fund capital committed \$18.2 million. Business support for these funds is provided by the Iraq Business Support Facility (Note 6) for which SFIM provides grants. In 2023, no grants were provided to Iraq Business Support Facility. 2023 impairment is principally made up of the \$0.3 million impairment of NIF and \$1.0 million impairment of NIIL. No further capital commitments are expected as the period of performance in the Cooperative Agreement with USAID ended in Sep 2023.

Cost less impairment brought forward as at 1 January	-	-	11,159	13,361
Purchases	-	-	2,000	-
Impairment	-	-	(1,426)	(2,202)
<b>Cost carried forward as at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>11,733</b>	<b>11,159</b>

### 13. Debtors

	<b>Group 2023 \$000</b>	<b>Group 2022 \$000</b>	<b>Foundation 2023 \$000</b>	<b>Foundation 2022 \$000</b>
<b>Amounts falling due within one year are:</b>				
<i>Restricted donation - Non Government related</i>				
P4G	79	522	79	522
<i>Restricted donation - Government related</i>				
Foreign, Commonwealth and Development Office	4,259	4,545	4,259	4,545
United States Agency for International Development	-	106	-	106
<i>Prepayments and Accruals</i>	-	-	-	-
<b>Total debtors</b>	<b>4,338</b>	<b>5,173</b>	<b>4,338</b>	<b>5,173</b>

### 14. Cash at bank and in hand

	<b>Group 2023 \$000</b>	<b>Group 2022 \$000</b>	<b>Foundation 2023 \$000</b>	<b>Foundation 2022 \$000</b>
Cash at Bank	8,377	10,210	7,956	9,634
Short term deposits	7,273	3,000	7,273	3,000
<b>Total cash at bank and in hand</b>	<b>15,650</b>	<b>13,210</b>	<b>15,229</b>	<b>12,634</b>

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 2023 (continued)

Company Registered Number: 4007273

### 15. Creditors: amounts falling due within one year

	<b>Group 2023 \$000</b>	Group 2022 \$000	<b>Foundation 2023 \$000</b>	Foundation 2022 \$000
Grants Payable	12,012	12,540	12,013	12,540
Trade Creditors – Shell International Limited	6,951	5,811	6,951	5,811
Payroll Taxes Payable	2	2	2	2
Accruals	1,333	1,212	1,281	1,113
	<b>20,298</b>	<b>19,565</b>	<b>20,247</b>	<b>19,466</b>

Some programme support expenses, investment management costs and Foundation management expenses are initially incurred and paid through Shell International Limited. These expenses are then recharged at cost by invoice from Shell International Limited to the Foundation on a regular basis. Accruals largely relate to invoices to be received from the third parties towards contract staff costs, legal expenses and programme related consultancy costs.

### 16. General Provisions

Shell Foundation has general provisions for grants and loans where payment is probable, but the timing is uncertain.

	<b>Group 2023 \$000</b>	Group 2022 \$000	<b>Foundation 2023 \$000</b>	Foundation 2022 \$000
Brought forward at 1 January	<b>756</b>	<b>800</b>	<b>756</b>	<b>800</b>
Provision	-	-	-	-
Release of provision	(456)	(44)	(456)	(44)
<b>Total grant/loan provisions</b>	<b>300</b>	<b>756</b>	<b>300</b>	<b>756</b>
<b>Total Provisions</b>	<b>300</b>	<b>756</b>	<b>300</b>	<b>756</b>

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

	<b>Group 2023 \$000</b>	Group 2022 \$000	<b>Foundation 2023 \$000</b>	Foundation 2022 \$000
Total grants payable	12,446	13,013	12,478	13,045
Less amounts falling due within one year (note 15)	(12,013)	(12,540)	(12,013)	(12,540)
<b>Grants payable falling due after more than one year</b>	<b>433</b>	<b>473</b>	<b>465</b>	<b>505</b>
Accrual for employee benefit	202	1,778	202	1,778
<b>Total payables falling due after more than one year</b>	<b>635</b>	<b>2,251</b>	<b>667</b>	<b>2,283</b>
<b>Represented by:</b>				
Grants payable in greater than one year but less than two years	433	473	465	505
Grants payable in greater than two years but less than three years	-	-	-	-
Accrual for employee benefit	202	1,778	202	1,778
	<b>635</b>	<b>2,251</b>	<b>667</b>	<b>2,283</b>

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

### 18. Funds

Group	Balance B/fwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance C/fwd \$000
Endowment Funds	534,723	9,622	-	(28,500)	54,867	570,712
Unrestricted Funds	37,040	8,792	(29,797)	28,500	-	44,535
Restricted Funds	26,376	10,210	(7,697)	-	-	28,889
	<b>598,139</b>	<b>28,624</b>	<b>(37,494)</b>	<b>-</b>	<b>54,867</b>	<b>644,136</b>

Foundation	Balance C/fwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance C/fwd \$000
Endowment Funds	534,723	9,622	-	(28,500)	54,867	570,712
Unrestricted Funds	37,040	8,792	(29,797)	28,500	-	44,535
Restricted Funds	26,125	10,169	(7,697)	-	-	28,597
	<b>597,888</b>	<b>28,583</b>	<b>(37,494)</b>	<b>-</b>	<b>54,867</b>	<b>643,844</b>

### 19. Analysis of net assets between funds

Group	Note	Unrestricted Funds 2023 \$000	Restricted Funds 2023 \$000	Endowment Funds 2023 \$000	Total 2023 \$000	Total 2022 \$000
<b>Fixed Assets</b>						
Endowment investment (at fair value)	10	-	-	570,712	<b>570,712</b>	534,723
Investments (at costs less impairment)	11	48,004	25,356	-	<b>73,360</b>	66,107
		<b>48,004</b>	<b>25,356</b>	<b>570,712</b>	<b>644,072</b>	<b>600,830</b>
<b>Current Assets</b>						
Debtors:						
amounts falling due within one year	13	-	4,338	-	<b>4,338</b>	5,173
amounts falling due after one year	13	-	-	-	-	-
		-	<b>4,338</b>	-	<b>4,338</b>	<b>5,173</b>
Cash at bank and in hand	14	12,240	3,410	-	<b>15,650</b>	13,210
Investments (at cost less impairment)	11	717	592	-	<b>1,309</b>	1,498
Creditors: amounts falling due within one year	15	(17,389)	(2,909)	-	<b>(20,298)</b>	(19,565)
Provisions	16	(300)	-	-	<b>(300)</b>	(756)
<b>Net Current Assets</b>		<b>(4,732)</b>	<b>5,431</b>	<b>-</b>	<b>699</b>	<b>(440)</b>
<b>Total Assets less Current Liabilities</b>		<b>43,272</b>	<b>30,787</b>	<b>570,712</b>	<b>644,771</b>	<b>600,390</b>
Creditors: amounts falling due after more than one year	17	(202)	(433)	-	<b>(635)</b>	(2,251)
<b>Net Assets</b>		<b>43,070</b>	<b>30,354</b>	<b>570,712</b>	<b>644,136</b>	<b>598,139</b>

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

### 19. Analysis of net assets between funds (continued)

Foundation	Note	Unrestricted Funds 2023 \$000	Restricted Funds 2023 \$000	Endowment Funds 2023 \$000	Total 2023 \$000	Total 2022 \$000
<b>Fixed Assets</b>						
Endowment investment (at fair value)	10	-	-	570,712	<b>570,712</b>	534,723
Investments (at cost less impairment)	11	48,005	13,732	-	<b>61,737</b>	55,206
Subsidiary undertakings	12	-	11,733	-	<b>11,733</b>	11,159
		<b>48,005</b>	<b>25,465</b>	<b>570,712</b>	<b>644,182</b>	<b>601,088</b>
<b>Current Assets</b>						
Debtors						
amounts falling due within one year	13	-	4,338	-	<b>4,338</b>	5,173
Cash at bank and on hand	14	12,240	2,989	-	<b>15,229</b>	12,634
Investments (at cost less impairment)	11	717	592	-	<b>1,309</b>	1,498
Creditors: amounts falling due within one year	15	(17,390)	(2,857)	-	<b>(20,247)</b>	(19,466)
Provisions	16	(300)	-	-	<b>(300)</b>	(756)
<b>Net Current Assets</b>		<b>(4,733)</b>	<b>5,062</b>	<b>-</b>	<b>329</b>	<b>(917)</b>
<b>Total Assets less Current Liabilities</b>						
		<b>43,272</b>	<b>30,527</b>	<b>570,712</b>	<b>644,511</b>	<b>600,171</b>
Creditors: amounts falling due after more than one year	17	(202)	(465)	-	<b>(667)</b>	(2,283)
<b>Net Assets</b>		<b>43,070</b>	<b>30,062</b>	<b>570,712</b>	<b>643,844</b>	<b>597,888</b>

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

	2023 Group \$000	2023 Foundation \$000	2022 Group \$000	2022 Foundation \$000
Net movement in unrestricted and restricted funds	10,008	9,967	5,375	5,368
Deduct back transfer from endowment fund	(28,500)	(28,500)	(12,500)	(12,500)
Deduct back investment income	(1,097)	(1,056)	(458)	(451)
Add back impairments	9,788	9,936	6,912	7,068
Decrease in net debtors – unrestricted & restricted funds	835	835	(3,101)	(3,101)
Increase in net creditors – unrestricted & restricted funds	(1,339)	(1,291)	3,612	3,579
<b>Net cash used in operating activities</b>	<b>(10,305)</b>	<b>(10,109)</b>	<b>(160)</b>	<b>(37)</b>

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

### 21. Analysis of changes in Net debt

Group	Note	Balance at start of year \$000	Cash flows 000	Grants \$000	Net Investments \$000	Endowment Drawdown \$000	Third party payables \$000	Foreign exchange movements \$000	Balance at end of year \$000
Cash at Bank and in hand	14	13,210	9,224	(23,042)	(12,439)	28,500	-	197	15,650
Creditors: Amounts falling due within one year	15	(19,565)	-	383	-	-	(993)	(123)	(20,298)
Creditors: Amounts falling due after more than one year	17	(2,251)	-	40	-	-	1,576	-	(635)
<b>Total</b>		<b>(8,606)</b>	<b>9,224</b>	<b>(22,619)</b>	<b>(12,439)</b>	<b>28,500</b>	<b>583</b>	<b>74</b>	<b>(5,283)</b>

Foundation	Note	Balance at start of year \$000	Cash flows 000	Grants \$000	Net Investments \$000	Endowment Drawdown \$000	Third party payables \$000	Foreign exchange movements \$000	Balance at end of year \$000
Cash at Bank and in hand	14	12,634	7,379	(23,042)	(10,439)	28,500	-	197	15,229
Creditors: Amounts falling due within one year	15	(19,466)	-	383	-	-	(1,040)	(124)	(20,247)
Creditors: Amounts falling due after more than one year	17	(2,283)	-	40	-	-	1,576	-	(667)
<b>Total</b>		<b>(9,115)</b>	<b>7,379</b>	<b>(22,619)</b>	<b>(10,439)</b>	<b>28,500</b>	<b>536</b>	<b>73</b>	<b>(5,685)</b>

# Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

## 22. Financial Instruments

Interest rate benchmark reform 2023: Shell Foundation reviewed its financial instruments with regards to the interest rate benchmark reform and concluded that the changes had no effect on the value of the instruments.

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

	Note	Group 2023 \$000	Group 2022 \$00	Foundation 2023 \$000	Foundation 2022 \$000
<b>Financial assets at fair value through the SOFA</b>					
- Endowment	10	570,712	534,723	570,712	534,723
- Cash at bank and in hand	14	15,650	13,210	15,229	12,634
<b>Total</b>		<b>586,362</b>	<b>547,933</b>	<b>585,941</b>	<b>547,357</b>
<b>Financial assets that are debt instrument measured at amortised costs</b>					
- Debtors	13	4,338	5,173	4,338	5,173
<b>Total</b>		<b>4,338</b>	<b>5,173</b>	<b>4,338</b>	<b>5,173</b>
<b>Financial assets that are debt instrument measured at costs less impairment</b>					
<b>Programme related investments</b>					
<b>Concessionary loans</b>					
SparkMeter	11	510	510	510	510
Factor(e)	11	14,868	14,868	14,868	14,868
Gajam Group Ltd (Dharma Life)	11	-	807	-	807
Husk Power Systems Inc.	11	217	867	217	867
Persistent Energy Capital	11	1,250	1,250	1,250	1,250
Buen Manejo del Campo S.A. (Sistema Biobolsa)	11	1,875	1,875	1,875	1,875
Cardecho B.V.	11	700	700	700	700
Nayo Tropical Technology	11	1,064	700	1,064	700
Shortlist	11	350	350	350	350
Science for Society Techno Services (S4S)	11	269	271	269	271
Metro Africa Xpress	11	1,250	1,250	1,250	1,250
WherelsMyTransport	11	-	1,000	-	1,000
Energy Company of the Future Ltd (Konexa)	11	350	350	350	350
Odyssey Energy Solutions	11	500	500	500	500
Pula Advisors Limited	11	50	50	50	50
Jali Finance Limited	11	119	143	119	143
Origen Fresh EPZ Limited	11	39	79	39	79
NavAlt Solar and Electric Boats Private Ltd	11	811	816	811	816
Nithio FI B.V.	11	500	500	500	500
Rovingheights Nigeria	11	240	240	240	240
M-KOPA Holdings	11	234	234	234	234
Lorentz Impact Accelerator GmbH	11	293	285	293	285
Kofa Holdings Limited	11	718	718	718	718
Aristo Securities Pvt Ltd (RevFin)	11	895	901	895	901
Ampersand Rwanda Limited	11	500	-	500	-
Buen Manejo Del Campo India Private Ltd (Sistema.bio (India))	11	1,192	-	1,192	-
Hamara Grid Private Limited	11	2,089	-	2,089	-
Mufin Green Finance Limited	11	962	-	962	-

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

	Note	Group 2023 \$000	Group 2022 \$00	Foundation 2023 \$000	Foundation 2022 \$000
Havenhill Synergy Limited	11	513	-	513	-
A4&T Power Solutions Limited	11	511	-	511	-
AFEX Fair Trade Limited	11	1,000	-	1,000	-
Provision for doubtful debts	11	(6,031)	(4,037)	(6,031)	(4,037)
<b>Subtotal</b>		<b>27,838</b>	<b>25,227</b>	<b>27,838</b>	<b>25,227</b>
<b>Mixed motive investments</b>					
Aavishkaar Ventures Management Services convertible debt agreement	11	10,000	10,000	10,000	10,000
<b>Total</b>		<b>37,838</b>	<b>35,227</b>	<b>37,838</b>	<b>35,227</b>
<b>Financial assets that are equity instrument measured at cost less impairment</b>					
<b>Programme related investments</b>					
Grofin Africa Fund	11	225	225	225	225
Grofin SGB Fund	11	1,204	4,314	1,204	4,314
ResponsAbility Fund	11	1,350	1,575	1,350	1,575
Nomou Iraq Fund	11	3,803	4,072	-	-
Energy Entrepreneurs Growth Fund (EEGF)	11	14,822	12,338	14,822	12,338
Northern Iraq Investments Fund	11	7,821	6,829	-	-
SIMA Angaza Distributor Financing Fund	11	625	625	625	625
<b>Subtotal</b>		<b>29,850</b>	<b>29,978</b>	<b>18,226</b>	<b>19,077</b>
<b>Mixed motive investments</b>					
Persistent Energy Capital	11	2,400	2,400	2,400	2,400
Mirova Gigaton Fund	11	3,000	-	3,000	-
Equator Africa Fund LP	11	1,181	-	1,181	-
Echo VC Eco Pilot Fund I LP	11	400	-	400	-
<b>Subtotal</b>		<b>6,981</b>	<b>2,400</b>	<b>6,981</b>	<b>2,400</b>
<b>Total</b>		<b>36,831</b>	<b>32,378</b>	<b>25,207</b>	<b>21,477</b>
<b>Financial liabilities at fair value through the SOFA</b>					
<b>Total</b>		-	-	-	-
<b>Financial liabilities measured at amortised costs</b>					
Creditors, provisions and accruals	15,16,17	(21,233)	(22,572)	(21,214)	(22,505)
<b>Total</b>		<b>(21,233)</b>	<b>(22,572)</b>	<b>(21,214)</b>	<b>(22,505)</b>
<b>Other financial liabilities measured at fair value</b>					
Contingent liabilities	27	-	-	-	-
<b>Total</b>		-	-	-	-



## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

### 23. Derivative financial instruments

At the end of 2023, there were no foreign exchange contracts in place (2022: Nil).

### 24. Capital commitments

The Foundation had no capital commitments as at 31 December 2023 (2022: Nil).

### 25. Capital

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

### 26. Related party transactions

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

During the year the Foundation made payments of \$973,072 (2022: \$370,928) in respect of investment management costs on normal business terms with SAMCo. This is inclusive of \$405,068 paid for 2022 invoices.

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 Huibert Vigeveno and Mr Grzegorz Gut. The Shell Group has other charitable affiliates that are not formally related to the Foundation, such as the Shell Oil Foundation in the USA.

Donations received included the following as disclosed in Note 2:

Entity Name	2023 \$000	2022 \$000
BG Group Ltd	853	2,726
Shell plc	220	163
Shell Trading International Limited	6,000	6,000

As part of Shell Foundation's approach as an engaged donor, Shell Foundation staff members participate in the governance of strategic partners to maintain strength and skills of the Board. None of the Shell Foundation employees who serve on the Boards of these partners receive any remuneration for these duties. The board positions held by SF key management personnel in 2023 and 2022 are set out in the table below. These partners are not reported as related party transactions in 2023.

Shell Foundation Key Management Personnel	Organisation's Name	Position	Grant 2023 \$000	Grant 2022 \$000	Outstanding Liability 2023 \$000	Outstanding Liability 2022 \$000
Jonathan Berman	Factor(e) Ventures PBC	Board Member	-	2,250	90	2,240
Richard Gomes	Global Off-Grid Lighting Association (GOGLA)	Board Observer	2,100	-	1,200	-
Richard Gomes	Future Fit Foundation	Board Observer	-	-	-	383
Richard Gomes	African Minigrid Developers Association (AMDA)	Board Observer	1,100	-	150	-

Positions of influence of key management personnel, during 2023 were: Jonathan Berman – Chief Executive Officer, Richard Gomes – Chief Programme Officer, Rachel Singh Davies – Chief Financial Officer.

## Notes to the financial statements for the year ended 31 December 2023 (continued)

Company Registered Number: 4007273

### 27. Guarantees and contingent liabilities

In Q3 2021, Shell Foundation committed to a ten year financial guarantee of \$1.4 million to Calvert Impact Capital Inc. (CIC). The guarantee is capped at \$1.4 million and is a 20% first loss layer for CIC's \$7 million investment in the Lendable Emerging Market Fintech Fund (LMFCF). LMFCF closed at \$110 million, focused on providing on and off balance sheet debt to fintechs that support micro, small and medium enterprises (MSMEs) and the digital business ecosystem across Africa and South East Asia.

Between 2016 and 2023, USAID donated a total of \$24.5 million to SF under the Iraq MENA II agreement. Under the agreement, these donations have been used to purchase share capital in SF Investment Management Limited, a wholly owned subsidiary, which then uses these funds to carry out the requirements of the agreement. At the conclusion of the programme Shell Foundation must liquidate SF Investment Management, including all remaining investments, and return any remaining funds to USAID. SF takes the view that the eventual settlement amount cannot be reliably measured given that the programme is due to run until 2036 and there are too many factors impacting any potential estimate to make it reliable. As at 31 December 2023, the net assets of SF Investment Management are \$12.0 million (2022: \$11.4 million).

### 28. Post balance date events

There have been no post balance sheet date events.

